KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED
康達國際環保有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 6136)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

- Revenue was approximately RMB1,061.2 million, representing a decrease of approximately 9% over the corresponding period last year mainly owing to the decrease in revenue from construction services.
- Despite the decrease in revenue, gross profit increased to RMB590.8 million, representing a slight increase of approximately 1% over the corresponding period last year. Due to successful cost saving measures, gross profit margin increased by 6 percentage points to 56% comparing with that of the corresponding period last year.
- Finance costs was RMB209.6 million, representing a decrease of approximately 10% comparing with the corresponding period last year mainly owing to the decrease in average borrowing interest rates and the decrease in average balance of loans and other borrowings.
- Profit attributable to owners of the parent was RMB190.0 million, significantly increased by 84% comparing with the corresponding period last year, mainly due to the combined effect of cost saving measures, the decrease in finance costs, and the decrease in other and income tax expenses.
- Basic and diluted earnings per share attributable to ordinary equity holders of the parent were RMB8.24 cents and RMB8.24 cents, respectively, representing an increase of approximately 71% and 71% as compared with that of the corresponding period last year.
- Gearing ratio (calculated by total liabilities divided by total assets) as at 30 June 2026 was 65.4%, decreased by 2.4 percentage points as compared with 67.8% as at 30 June 2025.
- The Board did not recommend the payment of interim dividend for the six months ended 30 June 2026.

The board (the "Board") of directors (the "Directors") of Kangda International Environmental Company Limited (the "Company") is pleased to announce the unaudited interim condensed consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2026 (the "Reporting Period") together with the comparative figures for the corresponding period in 2025 and the relevant explanatory notes as set out below.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2026

	Notes	**For the six months ended 30 June 2026 RMB'000 (Unaudited)**	For the six months ended 30 June 2025 *RMB'000* (Unaudited)
REVENUE	*4*	**1,061,173**	1,166,493
Cost of sales		**(470,345)**	(579,227)
Gross profit		**590,828**	587,266
Other income and gains	*5*	**32,070**	38,097
Selling and distribution expenses		**–**	(693)
Administrative expenses		**(115,521)**	(121,716)
Other expenses		**(61,784)**	(97,033)
Finance costs	*6*	**(209,554)**	(232,687)
Share of losses of:			
Associates		**(247)**	(797)
Joint ventures		**(1,322)**	(2,448)
PROFIT BEFORE TAX	*7*	**234,470**	169,989
Income tax expense	*8*	**(41,571)**	(62,594)
PROFIT FOR THE PERIOD		**192,899**	107,395
Profit attributable to:			
Owners of the parent		**190,023**	103,441
Non-controlling interests		**2,876**	3,954
		192,899	107,395
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic for profit for the period (expressed in RMB per share)	*9*	**8.24 cents**	4.83 cents
Diluted for profit for the period (expressed in RMB per share)	*9*	**8.24 cents**	4.81 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2026

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**–**	5,000
Income tax effect	**–**	(750)
	–	4,250
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**–**	4,250
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**192,899**	111,645
Total comprehensive income attributable to:		
Owners of the parent	**190,023**	107,691
Non-controlling interests	**2,876**	3,954
	192,899	111,645

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2026

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**49,131**	50,810
Investment properties		**3,495**	3,551
Investments in associates		**234,764**	235,011
Investments in joint ventures		**69,340**	70,662
Service concession intangible assets		**1,435,185**	1,443,148
Other intangible assets		**974**	1,122
Contract assets		**215,249**	396,732
Goodwill		**17,170**	17,170
Financial receivables	*10*	**9,499,378**	9,527,339
Deferred tax assets		**81,287**	76,474
Right-of-use assets		**3,124**	4,047
Prepayments, other receivables and other assets		**14,971**	15,747
Total non-current assets		**11,624,068**	11,841,813
CURRENT ASSETS			
Inventories		**14,519**	15,044
Contract assets		**46,963**	87,929
Equity investments designated at fair value through other comprehensive income		**404,000**	404,000
Financial receivables	*10*	**2,014,394**	1,976,967
Trade and bills receivables	*11*	**3,273,665**	3,004,689
Prepayments, other receivables and other assets		**848,473**	834,917
Financial assets at fair value through profit or loss		**164**	158
Pledged deposits		**120,071**	137,894
Cash and cash equivalents		**223,896**	258,951
		6,946,145	6,720,549
Assets of disposal groups classified as held for sale		**201,675**	127,064
Total current assets		**7,147,820**	6,847,613

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
30 June 2026

	Notes	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
CURRENT LIABILITIES			
Trade and bills payables	12	**1,737,058**	1,561,649
Other payables and accruals		**165,544**	130,889
Interest-bearing bank and other borrowings		**2,817,287**	3,406,543
Lease liabilities		**1,671**	1,749
Tax payable		**119,775**	106,484
Deferred income		**17,620**	11,840
Total current liabilities		**4,858,955**	5,219,154
NET CURRENT ASSETS		**2,288,865**	1,628,459
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,912,933**	13,470,272
NON-CURRENT LIABILITIES			
Trade and bills payables	12	**515**	348
Interest-bearing bank and other borrowings		**6,189,887**	5,930,146
Lease liabilities		**1,693**	2,418
Deferred income		**17,550**	17,550
Deferred tax liabilities		**1,204,965**	1,204,368
Total non-current liabilities		**7,414,610**	7,154,830
Net assets		**6,498,323**	6,315,442
EQUITY			
Equity attributable to owners of the parent			
Share capital		**18,651**	18,651
Reserves		**6,387,145**	6,207,140
		6,405,796	6,225,791
Non-controlling interests		**92,527**	89,651
Total equity		**6,498,323**	6,315,442

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2026

1. CORPORATE AND GROUP INFORMATION

Kangda International Environmental Company Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 July 2014.

The Company is an investment holding company and its subsidiaries are engaged in the design, construction, operation and maintenance of wastewater treatment plants (the "WTPs"), reclaimed water treatment plants (the "RWTPs"), water distribution plants (the "WDPs"), sludge treatment plants (the "STPs") and other municipal infrastructures in the People's Republic of China (the "PRC", or Chinese mainland, which excludes for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC or Hong Kong, the Macau Special Administrative Region of the PRC or Macau, and Taiwan).

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and in compliance with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income, which has been measured at fair value and are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand, except when otherwise indicated.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES (continued)

2.2 Changes to the Group's accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended IFRS Accounting Standards for the first time for the current period's financial information.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to IFRS Accounting Standards — Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*

The nature and impact of the amended IFRS Accounting Standards are described below:

(a) Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Since the Group's accounting policy for the derecognition of financial assets and liabilities in prior years aligned with the amendments and the Group did not have the financial assets that were addressed by the amendments, the amendments did not have any impact on the interim condensed consolidated financial information. The Group will provide additional disclosures for its equity investments designated at fair value through other comprehensive income in the Group's consolidated financial statements for the year ending 31 December 2026.

(b) Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial information.

(c) Annual Improvements to IFRS Accounting Standards — Volume 11 set out narrow scope amendments to IFRS 1, IFRS 7 (and the accompanying Guidance on implementing IFRS 7), IFRS 9, IFRS 10 and IAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding IFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) the segment of Urban Water Treatment engages in the design, construction, upgrade and operation of WTPs, RWTPs, STPs, WDPs, and in the O&M (operation and maintenance of wastewater treatment facilities entrusted by governments);

(b) the segment of Water Environment Comprehensive Remediation engages in river harnessing and improvement, foul water body treatment, sponge city construction; and

(c) the segment of Rural Water Improvement engages in the construction and operation related to "the Water Environment Facilities of Beautiful Village" such as: wastewater treatment facilities and pipeline construction for collecting wastewater so as to achieve rural living environment improvement.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that unallocated income and gains, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude investment properties, unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, other receivables and other assets, unallocated pledged deposits, unallocated cash and cash equivalents, unallocated investments in associates and a joint venture, and other unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude unallocated other payables and accruals, lease liabilities, and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2026 (Unaudited)	Urban Water Treatment *RMB'000*	Water Environment Comprehensive Remediation *RMB'000*	Rural Water Improvement *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	**1,039,091**	**18,969**	**3,113**	**1,061,173**
Total segment revenue	**1,039,091**	**18,969**	**3,113**	**1,061,173**
Segment results	**329,755**	**16,618**	**(19,944)**	**326,429**
Reconciliation:				
Unallocated income and gains				**4,128**
Share of loss of an unallocated associate				**(72)**
Share of gain of an unallocated joint venture				**384**
Corporate and other unallocated expenses				**(22,211)**
Unallocated lease-related finance costs				**(76)**
Unallocated finance costs (other than interest on lease liabilities)				**(74,112)**
Profit before tax for the period				**234,470**
Other segment information				
Share of losses of associates	**–**	**(175)**	**–**	**(175)**
Share of loss of an unallocated associate				**(72)**
Share of loss of a joint venture	**(1,706)**	**–**	**–**	**(1,706)**
Share of gain of an unallocated joint venture				**384**
Depreciation and amortisation	**32,920**	**6**	**11,608**	**44,534**
Unallocated depreciation and amortisation				**1,215**
Total depreciation and amortisation				**45,749**

3. OPERATING SEGMENT INFORMATION (continued)

At 30 June 2026 (Unaudited)	Urban Water Treatment *RMB'000*	Water Environment Comprehensive Remediation *RMB'000*	Rural Water Improvement *RMB'000*	Total *RMB'000*
Segment assets				
Reconciliation:				
Corporate and other unallocated assets				**638,844**
Total assets				**18,771,888**
Segment liabilities				
Reconciliation:				
Corporate and other unallocated liabilities				**72,094**
Total liabilities				**12,273,565**
Other segment information				
Investments in associates	**–**	**234,554**	**–**	**234,554**
Unallocated investments in associates				**210**
Investment in a joint venture	**63,289**	**–**	**–**	**63,289**
Unallocated investment in a joint venture				**6,051**
Capital expenditure	**31,781**	**–**	**3,124**	**34,905**
Unallocated amounts				**243**
Total capital expenditure*				**35,148**

* Capital expenditure consists of additions to property, plant and equipment and intangible assets during the six months ended 30 June 2026.

3. OPERATING SEGMENT INFORMATION (continued)

For the six months ended 30 June 2025 (Unaudited)	Urban Water Treatment *RMB'000*	Water Environment Comprehensive Remediation *RMB'000*	Rural Water Improvement *RMB'000*	Total *RMB'000*
Segment revenue				
Sales to external customers	1,136,702	15,749	14,042	1,166,493
Total segment revenue	1,136,702	15,749	14,042	1,166,493
Segment results	275,909	13,078	(6,440)	282,547
Reconciliation:				
Unallocated income and gains				4,673
Share of loss of an unallocated associate				(5)
Share of loss of an unallocated joint venture				(641)
Corporate and other unallocated expenses				(20,334)
Unallocated lease-related finance costs				(30)
Unallocated finance costs (other than interest on lease liabilities)				(96,221)
Profit before tax for the period				169,989
Other segment information				
Share of losses of associates	–	(792)	–	(792)
Share of loss of an unallocated associate				(5)
Share of loss of a joint venture	(1,807)	–	–	(1,807)
Share of loss of an unallocated joint venture				(641)
Depreciation and amortisation	45,179	4	11,656	56,839
Unallocated depreciation and amortisation				1,722
Total depreciation and amortisation				58,561

3. OPERATING SEGMENT INFORMATION (continued)

At 31 December 2025 (Audited)	Urban Water Treatment *RMB'000*	Water Environment Comprehensive Remediation *RMB'000*	Rural Water Improvement *RMB'000*	Total *RMB'000*
Segment assets	16,248,492	1,190,876	603,314	18,042,682
Reconciliation:				
Corporate and other unallocated assets				646,744
Total assets				18,689,426
Segment liabilities	11,562,221	323,190	430,160	12,315,571
Reconciliation:				
Corporate and other unallocated liabilities				58,413
Total liabilities				12,373,984
Other segment information				
Investments in associates	–	234,729	–	234,729
Unallocated investments in associates				282
Investment in a joint venture	64,995	–	–	64,995
Unallocated investment in a joint venture				5,667
Capital expenditure	15,740	–	–	15,740
Unallocated amounts				5
Total capital expenditure*				15,745

* Capital expenditure consists of additions to property, plant and equipment and intangible assets during the six months ended 30 June 2025.

4. REVENUE

Revenue represents: (1) an appropriate proportion of contract revenue of construction contracts under Build-Operate-Transfer (the "BOT") arrangements, Engineering Procurement Construction (the "EPC") arrangements and other construction service projects, net of tax and government surcharges; (2) the revenue from operation of WTPs, RWTPs, WDPs, STPs or other municipal infrastructures under BOT arrangements, Transfer-Operate-Transfer (the "TOT") arrangements, and the provision of Operation and Maintenance services; and (3) financial income from service concession arrangements. The amount of each significant category of revenue during the six months ended 30 June 2026 is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Revenue from operating services	**644,852**	664,516
Revenue from construction services	**64,848**	143,189
Financial income from service concession arrangements	**351,473**	358,788
Total	**1,061,173**	1,166,493

Revenue from construction services, operating services of wastewater treatment, reclaimed water treatment, water distribution and sludge treatment and financial income from service concession arrangements are recognised over time.

The aggregated revenue from construction services, operating services and financial income from service concession arrangements derived in Chinese mainland amounted to RMB1,061,173,000 and RMB1,166,493,000 for the six months ended 30 June 2026 and 2025, respectively.

5. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(note a)*	**19,808**	27,456
Interest income from loans to a third party	**5,079**	5,385
Interest income from loans to a joint venture and an associate	**1,316**	985
Bank interest income	**605**	462
Rental income less depreciation of investment properties	**451**	267
Others	**4,811**	3,542
Total	**32,070**	38,097

Note:

(a) Government grants primarily represented the value-added tax refund and the environmental protection funds for environmental technological improvements granted by government authorities. Certain environmental protection funds related to the upgrading of WTPs granted by government authorities are recognised as deferred income that is recognised in profit or loss on a systematic basis over the expected upgrade interval cycle. There are no unfulfilled conditions or contingencies relating to other government grants.

6. FINANCE COSTS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on interest-bearing bank and other borrowings	**209,478**	232,657
Interest on lease liabilities	**76**	30
Total	**209,554**	232,687

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Cost for operation services	**420,535**	466,385
Cost for construction services	**49,810**	112,842
Total of cost of sales	**470,345**	579,227
Depreciation of property, plant and equipment	**1,886**	2,428
Depreciation of investment properties	**56**	309
Depreciation of right-of-use assets	**916**	205
Amortisation of service concession intangible assets	**42,743**	55,459
Amortisation of other intangible assets	**148**	160
Loss on disposal of subsidiaries	**–**	20,656
Impairment of financial receivables	**40,394**	57,053
Impairment of contract assets	**6,482**	–
Impairment of prepayments, other receivables and other assets	**1,823**	39
Impairment of trade and bills receivables	**6,047**	15,522
Exchange differences, net	**7**	268

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

The major components of income tax expense in the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current		
— Chinese mainland profits tax	**45,787**	30,757
Deferred	**(4,216)**	31,837
Income tax charge for the period	**41,571**	62,594

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,307,008,500 (2025: 2,148,348,703) outstanding during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**190,023**	103,441

	Number of Shares	
	30 June	30 June
	2026	2025
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation	**2,307,008,500**	2,139,735,000
Effect of dilution — weighted average number of ordinary shares:		
Share options	**–**	8,613,703
Total	**2,307,008,500**	2,148,348,703

10. FINANCIAL RECEIVABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Receivables for service concession arrangements	**11,517,924**	11,508,458
Impairment	**(4,152)**	(4,152)
	11,513,772	11,504,306
Portion classified as current assets	**(2,014,394)**	(1,976,967)
Non-current portion	**9,499,378**	9,527,339

Receivables for service concession arrangements arose from the service concession contracts to build and operate WTPs or STPs and were recognised to the extent that the Group has an unconditional contractual right to receive cash from or at the direction of governmental authorities or their designees (the "Grantors").

Financial receivables were unbilled receivables, mainly due from governmental authorities in Chinese mainland, as the Grantors in respect of the Group's service concession arrangements. The Group does not hold any collateral or other credit enhancements over these balances. Financial receivables represented contract assets as the rights to considerations have yet to be unconditional.

An impairment analysis is performed at each reporting date using a provision matrix. The provision matrix is initially based on the probabilities of default rates which are estimated based on historical observed default rates and published credit ratings of credit bonds issued in Chinese mainland. The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information.

During the six months ended 2026, RMB160,849,000 (six months ended 30 June 2025: RMB148,657,000) of financial receivables on the statement of financial position arising from construction services were reduced once the performance obligation was satisfied.

At 30 June 2026, the Group's financial receivables with a carrying value of RMB5,542,223,000 (31 December 2025: RMB5,757,038,000) were pledged to secure certain interest-bearing bank and other borrowings granted to the Group.

11. TRADE AND BILLS RECEIVABLES

Trade and bills receivables represent the unsettled amounts being billed to the customers in accordance with the terms specified in the contracts governing the relevant transactions. The Group does not have a standardised and universal credit period granted to the construction service customers. The credit period of individual construction service customer is considered on a case-by-case basis. Trade and bills receivables are non-interest-bearing.

An ageing analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date or billing date and net of loss allowance, is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**527,092**	609,977
4 to 6 months	**441,958**	466,295
7 to 12 months	**789,346**	632,828
Over 12 months	**1,515,269**	1,295,589
Total	**3,273,665**	3,004,689

12. TRADE AND BILLS PAYABLES

The credit periods granted by each individual supplier are on a case-by-case basis and set out in the supplier contracts. An ageing analysis of the Group's trade and bills payables as at the end of each reporting period is as follows:

	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**414,084**	264,053
4 to 6 months	**142,212**	71,316
7 to 12 months	**301,673**	177,019
Over 12 months	**879,604**	1,049,609
Total	**1,737,573**	1,561,997
Portion classified as current liabilities	**(1,737,058)**	(1,561,649)
Non-current portion	**515**	348

13. DIVIDEND

The board of directors did not recommend payment of an interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2026, Kangda International Environmental Company Limited (the "Company," together with its subsidiaries collectively referred to as the "Group") continued to strengthen various cost reduction and efficiency enhancement measures, including energy conservation and consumption reduction, supply chain optimization, replacement of high-cost loans, and recovery of accounts receivable and lowering debt levels by divesting underperforming projects, thereby enhancing the Group's profitability from multiple aspects.

In summary, for the six months ended 30 June 2026 (the "Period"), total revenue decreased by approximately 9% year-on-year to RMB1,061.2 million, mainly due to reduced revenue from construction services. Meanwhile, wastewater treatment services have steadily progressed, with the actual wastewater treatment volume reaching 615.5 million tons during the Period, representing an increase of approximately 3% compared to the corresponding period last year. Benefiting from cost control measures, overall cost of sales for the Period decreased significantly by approximately 19% year-on-year to RMB470.3 million, while gross profit margin increased to 56%, representing an increase of approximately 6 percentage points compared to the corresponding period last year. Overall gross profit reached RMB590.8 million, representing a slight increase of approximately 1% compared to the corresponding period last year. Due to the relatively lower one-off impact of losses and provisions related to project disposals during the Period, other expenses decreased by 36% year-on-year to RMB61.8 million. Due to the simultaneous decrease in borrowing interest rates and total liabilities, financing costs for the Period decreased by approximately 10% compared to the corresponding period last year, reaching RMB209.6 million. Taking all these factors into account, the profit attributable to owners of the parent for the Period increased significantly by approximately 84% year-on-year to RMB190.0 million.

The Group insists on focusing on its core municipal wastewater treatment business, working diligently to reduce costs and improve quality. Currently, the average utilisation rate of the overall wastewater treatment capacity remains at a high level of 83%. The Group recorded net operating cash inflow of RMB284.3 million for the Period. In terms of financing activities, due to lower total liabilities balance and interest rates, financing costs for the Period decreased by RMB23.1 million to RMB209.6 million compared to the corresponding period last year, while the average borrowing interest rate for the Period was 4.57%, representing a decrease of 0.28 percentage points compared to the corresponding period last year. As of 30 June 2026, the total amount of interest-bearing bank and other borrowings was RMB9,007.2 million, representing a decrease of RMB577.5 million compared to that as of 30 June 2025, reflecting the effectiveness of ongoing deleveraging measures. As of 30 June 2026, long-term borrowings accounted for 68.7% of total borrowings, with a balanced and stable ratio of long-term to short-term debt. The current ratio at the end of the Period was 1.47, the Group's highest level in the past 10 years.

During the Period, the Group obtained issuer credit ratings from three international rating agencies for the first time — specifically "BB-" from S&P Global Ratings, "Ba3" from Moody's, and "BBg+" from China Chengxin (Asia Pacific)–laying a solid foundation for the comprehensive planning of its future onshore and offshore financing mix.

DEVELOPMENT STRATEGY AND FUTURE OUTLOOK

The nation has always paid close attention to the development of water resource management and water environment management and other related fields and industries. In 2026, the State Council, National Development and Reform Commission, Ministry of Ecology and Environment, and other departments successively issued documents formulating policies for water resources and ecological environment protection, to publicly solicit opinions and share successful cases of water resource utilization. This includes the "Working Plan for Environmental Criteria during the 15th Five-Year Plan Period (Exposure Draft)", "Notice on Recommending Advanced Water Pollution Prevention and Control Technologies", "15th Five-Year Plan for Building a Beautiful China", and "Typical Practices in Urban Reclaimed Water Utilization", which clarify ecological environment quality targets by 2030 and promote basic environmental research, encouraging the development of water pollution prevention technologies and promoting the use of reclaimed water. The Group believes the wastewater treatment industry will continue to develop in a more regulated, advanced, and healthy direction.

The Group will continue to deepen energy-saving and consumption-reducing measures to optimize operational efficiency. As upward adjustment of wastewater treatment tariff resumes to a normal pace, we believe that the Group's gross profit margin will continue to improve. The Group will also accelerate the divestment of underperforming projects, addressing long-outstanding accounts receivable issues and reduce debt burden while recovering cash at the same time. With the overall liability level steadily declining, the Group will be able to optimize its liability structure more quickly and replace existing high-interest financing, thereby further reducing financial expenses. The implementation of various development strategies will enhance the Group's profitability and cash flow from multiple perspectives, including revenue, operating costs, and financial expenses, making the Group's financial position more robust and providing better returns to shareholders.

BUSINESS REVIEW

During the six months ended 30 June 2026, the Group's principal business activities remained focusing on the Urban Water Treatment, followed by the existing projects of Water Environment Comprehensive Remediation and the Rural Water Improvement.

The scope of Urban Water Treatment includes the design, construction, upgrade and operation of WTPs, RWTPs, STPs, WDPs, and in the operation and maintenance of wastewater treatment facilities entrusted by governments (the "O&M"). The Group's business has covered the overall industry chain in Urban Water Treatment industry by executing contracts of BOT, TOT, Public-Private-Partnership (the "PPP"), Build-Own-Operate (the "BOO"), EPC and O&M. The Group had 103 service concession arrangement projects under operation while its operational treatment capacity was over 4 million tons per day as at 30 June 2026.

The scope of Water Environment Comprehensive Remediation includes river harnessing and improvement, foul water body treatment and sponge city construction. The Group engages in Water Environment Comprehensive Remediation by executing previously signed contracts of PPP and EPC.

The scope of Rural Water Improvement includes the construction and operation related to "the Water Environment Facilities of Beautiful Village" such as: wastewater treatment facilities and pipeline construction for collecting wastewater so as to achieve rural living environment improvement. The Group started to carry out this business since 2016 by executing the contracts of PPP.

In the future, the Group will continuously focus on the business of Urban Water Treatment to get steady cash flows and invest in high-quality, value-adding upstream and downstream businesses of water industry. The Group is very confident about the Group's prospects and future profitability and we will dedicate more efforts to enhance the profitability and effectiveness of the Group.

1.1 Urban Water Treatment

As at 30 June 2026, the Group had entered into a total of 106 service concession arrangements projects, including 100 wastewater treatment plants, 1 water distribution plant, 3 sludge treatment plants and 2 reclaimed water treatment plants. The Group will further expand its Urban Water Treatment chain in the future, in order to improve its profitability and competitiveness.

Analysis of the Group's projects on hand as at 30 June 2026 is as follows:

	Daily wastewater treatment capacity	**Daily water distribution capacity**	**Daily reclaimed water treatment capacity**	**Daily sludge treatment capacity**	**Total**
(Tonnes)					
In operation	4,039,500	–	65,000	550	4,105,050
Not yet start operation/ Not yet transferred	80,500	30,000	–	–	110,500
Total	4,120,000	30,000	65,000	550	4,215,550
(Number of projects)					
In operation	98	–	2	3	103
Not yet start operation/ Not yet transferred	2	1	–	–	3
Total	100	1	2	3	106

	Number of projects	Treatment capacity *(Tonnes/Day)*	Actual processing volume during the six months ended 30 June 2026 *(Million Tonnes)*
Wastewater treatment services			
Shandong	44	1,190,000	180.1
Henan	22	1,040,000	153.0
Heilongjiang	6	425,000	65.7
Shanxi	2	350,000	55.4
Zhejiang	2	250,000	43.1
Guangdong	3	190,000	31.6
Anhui	2	160,000	25.7
Jiangsu	5	100,000	18.0
Other provinces/municipalities*	14	415,000	41.1
	100	4,120,000	613.7
Water distribution services	1	30,000	–
Reclaimed water treatment services	2	65,000	1.8
Total	103	4,215,000	615.5
Sludge treatment services	3	550	–
Total	106	4,215,550	615.5

* Other provinces/municipalities include Beijing, Tianjin, Hebei, Jilin, Liaoning, Shaanxi, Sichuan and Fujian.

1.1.1 Operation Services

As at 30 June 2026, the Group had 98 wastewater treatment projects, 2 reclaimed water treatment projects and 3 sludge treatment projects in operation in Chinese Mainland. Total daily treatment capacity of wastewater treatment plants, reclaimed water treatment plants, and sludge treatment plants in operation for the six months ended 30 June 2026 reached 4,039,500 tonnes (2025: 4,039,500 tonnes), 65,000 tonnes (2025: 65,000 tonnes), and 550 tonnes(2025: 550 tonnes), respectively. For the six months ended 30 June 2026, the annualized utilization rate for wastewater and reclaimed water treatment plants in operation was approximately 83% (six months ended 30 June 2025: 81%). The actual average water treatment tariff for the six months ended 30 June 2026 was approximately RMB1.63 per tonne (2025: approximately RMB1.62 per tonne). The actual aggregate processing volume for the six months ended 30 June 2026 was 615.5 million tonnes, representing an increase of 3% compared to the corresponding period last year (six months ended 30 June 2025: 595.0 million tonnes).

Total operation revenue of the Group's Urban Water Treatment services recorded for the six months ended 30 June 2026 was RMB644.9 million, representing a decrease of approximately 1% as compared to the corresponding period of last year (six months ended 30 June 2025: RMB649.8 million). The corresponding decrease was primarily due to the disposal of service concession projects in the second half of last year.

1.1.2 Construction Services

The Group entered into a number of service concession arrangements under BOT, BOO and PPP contracts in relation to its Urban Water Treatment business. Under the International Financial Reporting Interpretation Committee 12 Service Concession Arrangements, the Group recognises the construction revenue with reference to the fair value of the construction service delivered in the building phase. The fair value of such service is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the inception date of service concession agreement. Construction revenue from BOT, BOO, PPP and EPC projects is recognized by using the percentage-of-completion method.

For the six months ended 30 June 2026, construction revenue was recognised for 15 projects, including 13 wastewater treatment plants, 1 water distribution plant, and 1 sludge treatment plant, which were mainly located in Shandong, Henan and Heilongjiang provinces in Chinese Mainland. Total construction revenue of those projects for the six months ended 30 June 2026 was RMB48.8 million, representing a year-on-year decrease of approximately 64% (six months ended 30 June 2025: RMB133.7 million). The corresponding decrease was primarily due to the completion and commission of new upgrade projects. As at 30 June 2026, the total daily treatment capacity of the service concession arrangements plants, which were still in the construction stage, was 30,500 tonnes, including 500 tonnes of wastewater treatment plant and 30,000 tonnes of water distribution plant.

1.2 Water Environment Comprehensive Remediation

In the first half of 2026, the Group continued to devote efforts to implementing the existing projects of Water Environment Comprehensive Remediation. The Group devoted efforts to lower the risk and enhance the reasonable profit for the existing projects. The Group will integrate resources to execute the Water Environment Comprehensive Remediation projects under the contracts of EPC and O&M.

The Group had 4 Water Environment Comprehensive Remediation projects under construction during the six months ended 30 June 2026. The projects were mainly located in Henan province in Chinese Mainland. For the six months ended 30 June 2026, total revenue of those projects was RMB19.0 million, representing an increase of approximately 21% as compared to the corresponding period last year (six months ended 30 June 2025: RMB15.7 million). The corresponding increase was primarily driven by more construction work recognized in the current period from EPC projects signed last year.

1.3 Rural Water Improvement

The Group had 2 Rural Water Improvement projects during the six months ended 30 June 2026. The projects were located in Guangdong province in Chinese Mainland. For the six months ended 30 June 2026, total revenue of those projects was RMB3.1 million, representing a year-on-year decrease of approximately 78% (six months ended 30 June 2025: RMB14.0 million). The corresponding decrease was primarily due to the decrease in the operation revenue.

FINANCIAL ANALYSIS

Revenue

For the six months ended 30 June 2026, the Group recorded a revenue of RMB1,061.2 million, representing a decrease of approximately 9% as compared to the previous corresponding period of RMB1,166.5 million. The decrease was mainly due to the completion and commission of new upgrade projects of Urban Water Treatment, which result in the decrease in construction revenue.

Cost of Sales

The Group's cost of sales for the six months ended 30 June 2026 amounted to RMB470.3 million, including construction costs of RMB49.8 million and operation costs of water treatment plants of RMB420.5 million, representing a decrease of approximately 19% as compared to the previous corresponding period of RMB579.2 million. The decrease was mainly due to the decrease in construction costs of new upgrade projects of Urban Water Treatment, and the decrease in operation costs driven by energy-saving and consumption-reducing measures executed.

Gross Profit Margin

For the six months ended 30 June 2026, the Group's gross profit margin was approximately 56%, representing an increase of 6 percentage points as compared to the previous corresponding period of approximately 50%. The increase was primarily due to the decrease in the proportion of construction revenue and the improvement in operation gross profit margin.

Other Income and Gains

The Group recorded other income and gains of RMB32.0 million for the six months ended 30 June 2026, representing a decrease of approximately 16% as compared to the previous corresponding period of RMB38.1 million. The amount for the Reporting Period primarily included government grants of RMB19.8 million, which mainly comprised of VAT refund under "Notice on the Issuing of the Catalogue of Value-Added Tax Preferences for Products and Labor Services Involving the Comprehensive Utilization of Resources (Cai Shui [2015] No. 78)"* (關於印發《資源綜合利用產品和勞務增值税優惠目錄》的通知(財税 [2015] 78 號文)) and grants for environmental protection, interest income of RMB6.4 million from loans to a third party, a joint venture, and an associate.

* *For identification purposes only*

Administrative Expenses

The Group's administrative expenses for the six months ended 30 June 2026 was RMB115.5 million, representing a decrease of approximately 5% as compared to the previous corresponding period of RMB121.7 million. The decrease was mainly due to the Group's adoption of refined management, optimization of internal management processes and strict control of non-essential expenses, and no share option expenses incurred in the current period .

Other Expenses

Other expenses for the six months ended 30 June 2026 was RMB61.8 million, representing a decrease of approximately 36% as compared to the previous corresponding period of RMB97.0 million. The decrease was mainly due to the reduction in the losses on disposal of subsidiaries or service concession assets to facilitate capital recovery.

Finance Costs

The Group's finance costs for the six months ended 30 June 2026 of RMB209.6 million, representing a decrease of approximately 10% as compared to the previous corresponding period of RMB232.7 million. The decrease in finance costs was mainly due to the decrease in average borrowing rate of 0.28 percentage points as compared to the previous corresponding period, and the decrease in average balance of interest-bearing bank and other borrowings. The average interest rate for the Reporting Period was 4.57%.

Share of Losses of Associates

The Group's share of losses of associates for the six months ended 30 June 2026 was RMB0.2 million, representing a climb decrease as compared to the share of losses of associates of RMB0.8 million in the previous corresponding period. The Group will further execute practical ways to reduce the losses brought by the associates.

Income Tax Expense

Income tax expense for the six months ended 30 June 2026 included the current PRC income tax of RMB45.8 million and deferred tax expenses of negative RMB4.2 million, which were RMB30.8 million and RMB31.8 million for the previous corresponding period, respectively. The Group's effective tax rate for the six months ended 30 June 2026 was approximately 18%, representing a decrease of 19 percentage points as compared with approximately 37% for the previous corresponding period, which was mainly due to the decrease in effect of expenses not deductible for tax, and the decrease in effect of tax losses not recognized.

Financial Receivables

	As at	
	30 June 2026	31 December 2025
	RMB'000	*RMB'000*
Receivables for service concession arrangements	**11,513,772**	11,504,306
Portion classified as current	**(2,014,394)**	(1,976,967)
Non-current portion	**9,499,378**	9,527,339

When the Group bills or receives a payment under financial asset model service concession arrangements during the concession period, it will apportion such payment among: (i) a repayment of the financial receivables (if any), which will be used to reduce the carrying amount of the financial receivables on the statement of financial position; (ii) financial income, which will be recognised as revenue in profit or loss; and (iii) revenue from operation services recognised in profit or loss. During the six months ended 30 June 2026, RMB160,849,000 (six months ended 30 June 2025: RMB148,657,000) of financial receivables on the statement of financial position arising from construction services were reduced once the performance obligation was satisfied, and this reduction has no impact on profit or loss.

As at 30 June 2026, the Group's financial receivables of RMB11,513.8 million (31 December 2025: RMB11,504.3 million) increased by RMB9.5 million, which was mainly due to the increase in financial receivables which were reclassified from contract assets once the construction and upgrade period is ended for the water treatment projects, which were partially offset by increase in the portion transferred to assets of disposal groups classified as held for sale.

Contract Assets

	As at 30 June 2026 *RMB'000*	As at 31 December 2025 *RMB'000*
Contract assets	**262,212**	484,661
Portion classified as current	**(46,963)**	(87,929)
Non-current portion	**215,249**	396,732

As at 30 June 2026, the Group's contract assets of RMB262.2 million (31 December 2025: RMB484.7 million), decreased by RMB222.5 million, mainly due to the net impact of reclassification from contract assets to financial receivables, assets of disposal groups classified as held for sale, and the increase of construction of the Group's projects under BOT, PPP, and EPC contracts.

Trade And Bills Receivables

As at 30 June 2026, the Group's trade and bills receivables of RMB3,273.7 million (31 December 2025: RMB3,004.7 million) mainly arose from the provision of wastewater treatment and sludge treatment services for Urban Water Treatment projects, construction services for the Group's Water Environment Comprehensive Remediation projects, and the construction and operation services for Rural Water Improvement projects. The balance increased by RMB269.0 million, mainly due to (i) the increase in Urban Water Treatment projects receivables of approximately RMB284.3 million, (ii) the net decrease of Water Environment Comprehensive Remediation projects receivables of approximately RMB3.2 million, which included EPC project receivables of approximately RMB14.5 million arising from the progress billing and cash collection from EPC projects of approximately RMB17.7 million.

Prepayments, Other Receivables and Other Assets

As at 30 June 2026, the Group's prepayments, other receivables and other assets of RMB863.4 million (31 December 2025: RMB850.7 million) increased by RMB12.7 million, mainly arising from the increase in other operational receivables of approximately RMB25.4 million, which was partially offset by the decrease in prepayments and deductible input VAT of approximately RMB12.5 million.

Cash and Cash Equivalents

As at 30 June 2026, the Group's cash and cash equivalents of RMB223.9 million (31 December 2025: RMB259.0 million) decreased by RMB35.1 million as compared with that as at the end of previous period. The decrease was due to the increase in cash outflows in financing activities of the Group.

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Net cash flows from operating activities[1]	**284,256**	394,172
Net cash flows from/(used in) investing activities	**8,392**	(74,235)
Net cash flows used in financing activities	**(327,785)**	(260,488)
Net(decrease) /increase in cash and cash equivalents	**(35,137)**	59,449
Effect of foreign exchange rate changes	**82**	(41)
Cash and cash equivalents at beginning of the period	**258,951**	177,096
Cash and cash equivalents at end of the period	**223,896**	236,504
Cash and cash equivalents attributable to assets of disposal groups classified as held for sale	**–**	(41)
Cash and cash equivalents as stated in the statement of financial position	**223,896**	236,463

Note:

(1) For the six months ended 30 June 2026 and 2025, the Group invested RMB109.8 million and RMB81.2 million, respectively, in the Group's BOT/TOT and PPP projects. Such investments were accounted for as cash flows used in operating activities. Under the relevant accounting treatment, part of such cash outflows used in operating activities was used to form the non-current portion of financial receivables and contract assets in the Group's interim condensed consolidated statement of financial position. For the six months ended 30 June 2026 and 2025, the Group would have incurred cash inflows of RMB394.0 million and RMB475.4 million, respectively, if the Group's investments in BOT/TOT and PPP activities were not accounted for as cashflows used in operating activities.

Trade and Bills Payables

As at 30 June 2026, the Group's trade and bills payables of RMB1,737.6 million (31 December 2025: RMB1,562.0 million) increased by RMB175.6 million. The increase was primarily due to the increase in liabilities under supplier finance arrangement.

Other Payables and Accruals

As at 30 June 2026, the Group's other payables and accruals of RMB165.5 million (31 December 2025: RMB130.9 million), increased by RMB34.6 million, which was mainly due to the increase in advance service concession assets disposal payment and dividend payables.

Liquidity and Financial Resources

The Group's principal liquidity and capital requirements primarily relate to investments in Urban Water Treatment projects, Water Environment Comprehensive Remediation projects, and Rural Water Improvement projects, merger and acquisition of subsidiaries, costs and expenses related to the operation and maintenance of the Group's facilities, working capital and general corporate purpose.

As at 30 June 2026, the carrying amount of the Group's cash and cash equivalents was RMB223.9 million, representing a decrease of approximately RMB35.1 million as compared to RMB259.0 million as at 31 December 2025, which was mainly due to the net cash inflows of RMB284.3 million from operating activities, the net cash outflows used in financing activities of RMB327.8 million for debt repayment and interest payment.

As at 30 June 2026, the Group's total interest-bearing debts decreased to RMB9,007.2 million (31 December 2025: RMB9,336.7 million), 68.7% (31 December 2025: 63.5%) of the Group's interest-bearing debts are long term; over 74% of interest-bearing bank and other borrowings bear interest at floating rates.

As at 30 June 2026, the Group had banking facilities amounting to RMB9,502.4 million, of which RMB1,458.7 million have not been utilized. The unutilized amount of RMB278.8 million were mainly limited to be utilized on environmental protection infrastructure and comprehensive management.

As at 30 June 2026, the gearing ratio of the Group (calculated by total liabilities divided by total assets) decreased by 2.4 percentage points as compared with the previous corresponding period, decreased to 65.4%, while the gearing ratio was 67.8%, as at the corresponding period last year.

Charges on the Group's Assets

Outstanding balance of interest-bearing bank and other borrowings as at 30 June 2026 was approximately RMB9,007.2 million, which were repayable within one month to nineteen years and were secured by financial receivables, service concession intangible assets, trade receivables, equity interests in an investment company, contract assets, pledged deposits, and property, plant and equipment of which the total amounts of the pledge of assets amounted to RMB9,975.1 million.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 2,149 employees as at 30 June 2026. The remuneration package of the Group is generally determined with reference to market conditions and individual performance. Salaries are normally reviewed annually based on performance appraisals and other relevant factors. The Group provides external and internal training programs to its employees.

In respect of pension scheme contributions, the Group adopts a defined contribution plan. The Group's contributions to the defined contribution plan are recognised as expenses when incurred. Forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may not be used by the Group and its subsidiaries to reduce the existing level of contributions.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities (31 December 2025: Nil).

FOREIGN EXCHANGE RISK

Majority of the subsidiaries of the Company operate in the PRC with most of the transactions denominated and settled in RMB. As at 30 June 2026, except for the bank deposits and certain amount of interest-bearing bank borrowings denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. Currently, the Group has not used derivative financial instruments to hedge its foreign currency risk.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, no significant events took place subsequent to 30 June 2026.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Adapting and adhering to the recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the factors that lead to the success of the Company and in balancing the interests of its shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

The Company has adopted the code provisions included in the corporate governance code (the "Corporate Governance Code") as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Board is of the view that during the six months ended 30 June 2026, the Company has complied with the Corporate Governance Code and there has been no deviation from the code provisions as set forth under the Corporate Governance Code.

The Group further strengthened the control over budget, risk, performance and responsibilities, optimized management approaches and strategies, improved supporting mechanism and enhanced control effectiveness and operational efficiency of the Group.

The Group enhanced overall control over target responsibilities and budget control, which was promoted and implemented within the entities under the Group as well as management level, and implemented the main body responsibility system through an organic combination of the trinity of responsibilities, authority and rights to fully stimulate team members' initiative.

The Group also took initiative to enhance efforts in fund management, financial risk control, project investment decisions, legal risk control, information disclosure and maintenance of investor relationship to strive for more effective and transparent management in accordance with the Corporate Governance Code.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

AUDIT COMMITTEE AND REVIEW OF THE INTERIM RESULTS

The Company has established an audit committee (the "Audit Committee") to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, overseeing the audit process, monitor, review and assist in the research of the Company's environmental, social and governance matters, and performing other duties and responsibilities as assigned by the Board. As at 30 June 2026, the Audit Committee consisted of three independent non-executive Directors, being Mr. Chau Kam Wing (chairman), Mr. Peng Yongzhen, and Mr. Liew Fui Kiang.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2026. The Audit Committee has also discussed matters with respect to the accounting policies, the practices adopted by the Company and the internal control with senior management members of the Company.

The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2026 has also been reviewed by the Company's auditor, Ernst & Young, in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix C3 to the Listing Rules as a code of conduct regarding the Directors' dealings in the Company's securities.

The Company has made specific enquiry to all of the Directors and all of the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2026.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.kangdaep.com. The interim report of the Group for the six months ended 30 June 2026 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Company's shareholders in due course.

By order of the Board
Kangda International Environmental Company Limited
Chairman
Mr. Du Lindong

Hong Kong, 12 August 2026

As at the date of this announcement, the Board comprises seven Directors, namely Mr. Du Lindong, Mr. LI Zhong, Ms. LIU Yujie, and Mr. DUAN, Jerry Linnan as executive Directors; and Mr. CHAU Kam Wing Donald, Mr. PENG Yongzhen and Mr. LIEW Fui Kiang as independent non-executive Directors.