

Singapore Exchange Securities Trading Limited, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA EVERBRIGHT WATER LIMITED

中國光大水務有限公司

(Incorporated in Bermuda with limited liability)

(Hong Kong Stock Code: 1857)

(Singapore Stock Code: U9E)

ANNOUNCEMENT

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

HIGHLIGHTS

- Revenue decreased by 22% to HK\$5,355,110,000 (FY2024: HK\$6,851,918,000)
- EBITDA decreased by 12% to HK\$1,934,630,000 (FY2024: HK\$2,197,255,000)
- Profit before tax decreased by 16% to HK\$1,213,859,000 (FY2024: HK\$1,446,060,000)
- Profit attributable to equity holders of the Company decreased by 17% to HK\$842,475,000 (FY2024: HK\$1,019,609,000)
- Final dividend of HK4.22 cents (equivalent to 0.69 Sing cent) per ordinary share (FY2024: HK5.81 cents (equivalent to 1.02 Sing cents) per ordinary share). Total dividend for FY2025 of HK10.31 cents (equivalent to 1.68 Sing cents) per ordinary share (FY2024: HK11.90 cents (equivalent to 2.07 Sing cents) per ordinary share)

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Everbright Water Limited (the “Company”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2025 (“FY2025” or the “year under review”) (the “FY2025 Annual Results”), together with the comparative figures for the financial year ended 31 December 2024 (“FY2024”). The consolidated financial statements for FY2025 have been audited by KPMG LLP and KPMG in Singapore and Hong Kong respectively, in accordance with International Standards on Auditing. The reports of KPMG LLP and KPMG on the audit of the consolidated statements do not contain any qualification, disclaimer of opinion, adverse opinion or emphasis of matter. The FY2025 Annual Results have been reviewed by the audit committee of the Company (the “Audit Committee”).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>Notes</i>	FY2025 <i>HK\$'000</i>	FY2024 <i>HK\$'000</i>	Increase/ (decrease) %
REVENUE	4	5,355,110	6,851,918	(22%)
Direct costs and operating expenses		<u>(2,997,189)</u>	<u>(4,234,456)</u>	(29%)
Gross profit		2,357,921	2,617,462	(10%)
Other (losses)/income and gains, net	5	(23,310)	65,187	NM
Administrative and other operating expenses		(642,097)	(702,557)	(9%)
Finance income	6	8,285	13,529	(39%)
Finance costs	6	(484,723)	(541,076)	(10%)
Share of losses of associates		(2,591)	(7,174)	(64%)
Share of profit of a joint venture		374	689	(46%)
PROFIT BEFORE TAX	7	1,213,859	1,446,060	(16%)
Income tax expense	8	(292,524)	(319,066)	(8%)
PROFIT FOR THE YEAR		<u>921,335</u>	<u>1,126,994</u>	(18%)
OTHER COMPREHENSIVE INCOME/ (LOSS)				
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:				
Exchange differences arising on translation of functional currency to the presentation currency		<u>535,667</u>	<u>(270,523)</u>	NM
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX		<u>535,667</u>	<u>(270,523)</u>	NM
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,457,002</u>	<u>856,471</u>	70%

NM – Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)*For the year ended 31 December 2025*

	<i>Notes</i>	FY2025 <i>HK\$'000</i>	FY2024 <i>HK\$'000</i>	Increase/ (decrease) %
PROFIT ATTRIBUTABLE TO:				
Equity holders of the Company		842,475	1,019,609	(17%)
Holders of perpetual capital instruments		15,687	25,047	(37%)
Non-controlling interests		63,173	82,338	(23%)
		<u>921,335</u>	<u>1,126,994</u>	(18%)
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Equity holders of the Company		1,343,768	769,515	75%
Holders of perpetual capital instruments		15,687	25,047	(37%)
Non-controlling interests		97,547	61,909	58%
		<u>1,457,002</u>	<u>856,471</u>	70%
EARNINGS PER SHARE				
ATTRIBUTABLE TO				
EQUITY HOLDERS				
OF THE COMPANY				
– Basic and diluted	10	<u>HK29.45 cents</u>	<u>HK35.64 cents</u>	(17%)

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

	Notes	Group		Company	
		31 December 2025 HK\$'000	31 December 2024 HK\$'000	31 December 2025 HK\$'000	31 December 2024 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment		988,531	989,156	-	-
Right-of-use assets		84,271	82,310	-	-
Investment properties		11,219	10,918	-	-
		<u>1,084,021</u>	<u>1,082,384</u>	<u>-</u>	<u>-</u>
Intangible assets		2,657,491	2,318,584	-	-
Goodwill		1,379,160	1,342,426	-	-
Interests in subsidiaries		-	-	12,997,537	10,322,881
Interests in associates		3,448	3,540	-	-
Interest in a joint venture		2,325	1,903	-	-
Other receivables	11	268,153	255,498	-	-
Contract assets	12	21,019,636	20,883,947	-	-
Other financial asset	13	3,300	-	3,300	-
Deferred tax assets		89,429	42,954	-	-
		<u>26,506,963</u>	<u>25,931,236</u>	<u>13,000,837</u>	<u>10,322,881</u>
Total non-current assets					
CURRENT ASSETS					
Inventories		97,852	57,159	-	-
Trade and other receivables	11	6,945,514	5,846,666	7,910,147	9,381,972
Contract assets	12	2,352,519	2,173,568	-	-
Other financial asset	13	-	32,928	-	-
Cash and cash equivalents	14	2,315,393	1,847,805	138,737	122,815
		<u>11,711,278</u>	<u>9,958,126</u>	<u>8,048,884</u>	<u>9,504,787</u>
Total current assets					

STATEMENTS OF FINANCIAL POSITION (Continued)

As at 31 December 2025

	Notes	Group		Company	
		31 December 2025 HK\$'000	31 December 2024 HK\$'000	31 December 2025 HK\$'000	31 December 2024 HK\$'000
CURRENT LIABILITIES					
Trade and other payables	15	3,507,746	3,283,728	180,224	166,888
Borrowings		6,460,611	4,181,329	5,694,711	3,002,204
Current tax liabilities		51,500	53,013	–	–
Lease liabilities		6,305	3,341	–	–
Total current liabilities		<u>10,026,162</u>	<u>7,521,411</u>	<u>5,874,935</u>	<u>3,169,092</u>
NET CURRENT ASSETS		<u>1,685,116</u>	<u>2,436,715</u>	<u>2,173,949</u>	<u>6,335,695</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,192,079</u>	<u>28,367,951</u>	<u>15,174,786</u>	<u>16,658,576</u>
NON-CURRENT LIABILITIES					
Other payables	15	55,046	61,406	–	–
Borrowings		10,863,124	12,208,281	4,391,901	5,833,775
Deferred tax liabilities		2,238,133	2,105,199	–	–
Lease liabilities		1,385	1,387	–	–
Total non-current liabilities		<u>13,157,688</u>	<u>14,376,273</u>	<u>4,391,901</u>	<u>5,833,775</u>
NET ASSETS		<u>15,034,391</u>	<u>13,991,678</u>	<u>10,782,885</u>	<u>10,824,801</u>
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	16	2,860,877	2,860,877	2,860,877	2,860,877
Reserves		9,974,610	8,974,243	7,166,322	7,156,942
		<u>12,835,487</u>	<u>11,835,120</u>	<u>10,027,199</u>	<u>10,017,819</u>
Perpetual capital instruments		755,686	806,982	755,686	806,982
Non-controlling interests		1,443,218	1,349,576	–	–
TOTAL EQUITY		<u>15,034,391</u>	<u>13,991,678</u>	<u>10,782,885</u>	<u>10,824,801</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Company										
	Share capital	Share premium	Foreign currency translation reserve	Statutory reserve	Contributed surplus reserve	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group											
At 1 January 2025	2,860,877	1,599,765	(1,625,513)	899,590	1,229,302	8,203	6,862,896	11,835,120	806,982	1,349,576	13,991,678
Profit for the year	-	-	-	-	-	-	842,475	842,475	15,687	63,173	921,335
Other comprehensive income for the year:											
Foreign currency translation differences	-	-	501,293	-	-	-	-	501,293	-	34,374	535,667
Total comprehensive income for the year	-	-	501,293	-	-	-	842,475	1,343,768	15,687	97,547	1,457,002
Transfer to statutory reserve	-	-	-	117,141	-	-	(117,141)	-	-	-	-
Transactions with owners in their capacity as owners:											
2024 final dividend declared	-	-	-	-	-	-	(166,823)	(166,823)	-	-	(166,823)
2025 interim dividend declared	-	-	-	-	-	-	(174,150)	(174,150)	-	-	(174,150)
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	-	755,686	-	755,686
Redemption of perpetual capital instruments	-	-	-	-	-	-	(2,428)	(2,428)	(806,982)	-	(809,410)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	(15,687)	-	(15,687)
Capital contributions received by non-wholly-owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	14,243	14,243
Dividends declared to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	(18,148)	(18,148)
At 31 December 2025	<u>2,860,877</u>	<u>1,599,765</u>	<u>(1,124,220)</u>	<u>1,016,731</u>	<u>1,229,302</u>	<u>8,203</u>	<u>7,244,829</u>	<u>12,835,487</u>	<u>755,686</u>	<u>1,443,218</u>	<u>15,034,391</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2025

	Attributable to equity holders of the Company										
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Foreign currency translation reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Contributed surplus reserve <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>	Perpetual capital instruments <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Group											
At 1 January 2024	2,860,877	1,599,765	(1,375,419)	776,715	1,229,302	8,203	6,306,678	11,406,121	806,982	1,239,239	13,452,342
Profit for the year	-	-	-	-	-	-	1,019,609	1,019,609	25,047	82,338	1,126,994
Other comprehensive loss for the year:											
Foreign currency translation differences	-	-	(250,094)	-	-	-	-	(250,094)	-	(20,429)	(270,523)
Total comprehensive income for the year	-	-	(250,094)	-	-	-	1,019,609	769,515	25,047	61,909	856,471
Transfer to statutory reserve	-	-	-	122,875	-	-	(122,875)	-	-	-	-
Transactions with owners in their capacity as owners:											
2023 final dividend declared	-	-	-	-	-	-	(165,424)	(165,424)	-	-	(165,424)
2024 interim dividend declared	-	-	-	-	-	-	(175,092)	(175,092)	-	-	(175,092)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	(25,047)	-	(25,047)
Capital contributions received by non wholly-owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	48,428	48,428
At 31 December 2024	<u>2,860,877</u>	<u>1,599,765</u>	<u>(1,625,513)</u>	<u>899,590</u>	<u>1,229,302</u>	<u>8,203</u>	<u>6,862,896</u>	<u>11,835,120</u>	<u>806,982</u>	<u>1,349,576</u>	<u>13,991,678</u>

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to equity holders of the Company								
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Contributed surplus reserve HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Perpetual capital instruments HK\$'000	Total equity HK\$'000
Company									
At 1 January 2025	2,860,877	389,715	(1,472,613)	7,639,082	64,953	535,805	10,017,819	806,982	10,824,801
Profit for the year	-	-	-	-	-	146,796	146,796	15,687	162,483
Other comprehensive income for the year:									
Foreign currency translation differences	-	-	205,985	-	-	-	205,985	-	205,985
Total comprehensive income for the year	-	-	205,985	-	-	146,796	352,781	15,687	368,468
Transactions with owners in their capacity as owners:									
2024 final dividend declared	-	-	-	-	-	(166,823)	(166,823)	-	(166,823)
2025 interim dividend declared	-	-	-	-	-	(174,150)	(174,150)	-	(174,150)
Issuance of perpetual capital instruments	-	-	-	-	-	-	-	755,686	755,686
Redemption of perpetual capital instruments	-	-	-	-	-	(2,428)	(2,428)	(806,982)	(809,410)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	(15,687)	(15,687)
At 31 December 2025	<u>2,860,877</u>	<u>389,715</u>	<u>(1,266,628)</u>	<u>7,639,082</u>	<u>64,953</u>	<u>339,200</u>	<u>10,027,199</u>	<u>755,686</u>	<u>10,782,885</u>
Company									
At 1 January 2024	2,860,877	389,715	(1,338,525)	7,639,082	64,953	379,366	9,995,468	806,982	10,802,450
Profit for the year	-	-	-	-	-	496,955	496,955	25,047	522,002
Other comprehensive loss for the year:									
Foreign currency translation differences	-	-	(134,088)	-	-	-	(134,088)	-	(134,088)
Total comprehensive income for the year	-	-	(134,088)	-	-	496,955	362,867	25,047	387,914
Transactions with owners in their capacity as owners:									
2023 final dividend declared	-	-	-	-	-	(165,424)	(165,424)	-	(165,424)
2024 interim dividend declared	-	-	-	-	-	(175,092)	(175,092)	-	(175,092)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	(25,047)	(25,047)
At 31 December 2024	<u>2,860,877</u>	<u>389,715</u>	<u>(1,472,613)</u>	<u>7,639,082</u>	<u>64,953</u>	<u>535,805</u>	<u>10,017,819</u>	<u>806,982</u>	<u>10,824,801</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	FY2025 HK\$'000	FY2024 HK\$'000
Cash flows from operating activities			
Profit before tax		1,213,859	1,446,060
Adjustments for:			
Depreciation of property, plant and equipment	7	61,609	50,502
Depreciation of right-of-use assets	7	10,796	10,873
Amortisation of intangible assets	7	163,643	148,744
Loss on disposals of property, plant and equipment	7	68	630
Finance costs	6	484,723	541,076
Finance income	6	(8,285)	(13,529)
Share of losses of associates		2,591	7,174
Share of profit of a joint venture		(374)	(689)
Fair value changes of other financial assets, net	5	(459)	(7,500)
Gain on disposal of other financial asset	5	(108)	–
Allowance for expected credit losses on trade receivables, net	7	85,210	164,170
(Write-back of allowance)/allowance for expected credit losses on other receivables, net	7	(8,557)	20,523
Allowance for expected credit losses on contract assets, net	7	1,258	1,623
Effect of foreign exchange rates changes, net		74,169	(31,634)
Operating cash flows before working capital changes		2,080,143	2,338,023
Changes in working capital:			
(Increase)/decrease in inventories		(38,338)	283
Decrease/(increase) in contract assets		502,623	(1,362,547)
Increase in trade and other receivables		(1,135,524)	(865,498)
(Decrease)/increase in trade and other payables		(12,958)	113,634
Cash generated from operations		1,395,946	223,895
People's Republic of China ("PRC") income tax paid		(272,696)	(281,834)
Net cash flows generated from/(used in) operating activities		1,123,250	(57,939)

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*
For the year ended 31 December 2025

	<i>Notes</i>	FY2025 HK\$'000	FY2024 HK\$'000
Cash flows from investing activities			
Purchases of property, plant and equipment		(32,019)	(85,909)
Proceeds from disposals of property, plant and equipment		1	314
Payment for additions of intangible assets		(312,674)	(295,631)
Decrease/(increase) in amounts due from an associate		5,392	(9,012)
Investment in other financial asset		(3,248)	–
Proceeds from redemption and disposal of other financial assets		61,665	80,278
Interest received		8,285	13,529
		<hr/>	<hr/>
Net cash flows used in investing activities		(272,598)	(296,431)
Cash flows from financing activities			
Capital contributions from non-controlling shareholders of subsidiaries		14,243	48,428
Proceeds from the issuance of medium-term notes ("MTN")		2,677,800	1,631,700
Proceeds from issuance of asset-backed securities ("ABS")		–	2,065,300
Proceeds from the issuance of perpetual capital instruments		757,960	–
New bank loans		2,587,719	4,502,515
Payment for expenses related to issuance of MTN and ABS		(8,120)	(9,759)
Payment for expenses related to issuance of perpetual capital instruments		(2,274)	–
Repayments of corporate bonds		–	(761,460)
Repayments of MTN		(1,072,200)	(1,087,800)
Repayments of ABS		(203,526)	(147,474)
Redemption of perpetual capital instruments		(809,410)	–
Repayments of bank loans		(3,536,974)	(4,971,167)
Interest paid		(454,277)	(536,096)
Principal elements of lease payments		(7,827)	(8,093)
Interest elements of lease payments	6	(326)	(381)
Increase in restricted bank balances		(52,922)	(197)
Dividends paid to the shareholders of the Company (the "Shareholders")		(341,782)	(342,238)
Distribution paid to holders of perpetual capital instruments		(25,008)	(25,047)
Dividend paid to a non-controlling shareholder of a subsidiary		(15,714)	–
		<hr/>	<hr/>
Net cash flows (used in)/generated from financing activities		(492,638)	358,231
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		1,828,428	1,861,907
Effect of exchange rate fluctuations on cash and cash equivalents, net		55,272	(37,340)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year		2,241,714	1,828,428

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations) issued by the International Accounting Standards Board (the “IASB”).

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2024 except for the changes in accounting policies made thereafter in adopting the new and amended IFRSs issued by the IASB, which became effective for the first time for the current year’s financial statements, as further detailed below. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated. These financial statements have been reviewed by the Audit Committee.

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2025 but are extracted from those consolidated financial statements.

The Group has adopted the following amended IFRSs for the first time for the current year’s financial statements.

Amendments to IAS 21

Lack of Exchangeability

The adoption of the above amended IFRSs had no significant effects on the results and financial position for the current or prior accounting years which have been prepared and presented.

2. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and amended IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	<i>Annual Improvements to IFRS Accounting Standards – Volume 11¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature – dependent Electricity¹</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 19	<i>Amendments to Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual periods beginning on or after 1 January 2027

³ No mandatory effective date yet but available for adoption

3. OPERATING SEGMENT INFORMATION

Operating segments are identified based on the internal reports about components of the Group that are regularly reviewed by the Company's management (the "Management") and the Board for the purpose of resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group operates in a single business segment which is the water environment management business. No operating segments have been aggregated to form the following reportable operating segment.

3. OPERATING SEGMENT INFORMATION *(Continued)*

Business segment

The Group had only one operating segment for the year ended 31 December 2025 (FY2024: one), namely the water environment management business, the details of which are set out below:

- Water environment management – Engagement in municipal waste water treatment, industrial waste water treatment, water supply, reusable water, sludge treatment and disposal, sponge city construction, river-basin ecological restoration, livestock and poultry manure resources utilisation, research and development (“R&D”) of water environment technologies and engineering construction.

Geographical information

(a) Revenue from external customers

	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
Chinese Mainland	5,334,148	6,833,305
Germany	20,962	18,613
	<u>5,355,110</u>	<u>6,851,918</u>

The revenue information of continuing operations above is based on the location at which the services were provided.

(b) Non-current assets

	At 31 December 2025 HK\$'000	At 31 December 2024 <i>HK\$'000</i>
Chinese Mainland	26,409,571	25,884,707
Hong Kong	2,770	959
Singapore	2,765	583
Germany	103	130
Mauritius	2,325	1,903
	<u>26,417,534</u>	<u>25,888,282</u>

The non-current assets of continuing operations are presented based on the geographical location of the assets and exclude deferred tax assets (“specified non-current assets”). For property, plant and equipment, right-of-use assets, and investment properties, the location is determined by the physical location of the asset. For intangible assets, goodwill, contract assets and other receivables, the location is based on the operations to which they are allocated. For interests in associates, a joint venture and other financial asset, the location is determined by the operations in which the investments are held.

3. OPERATING SEGMENT INFORMATION (Continued)

Major customers

	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
Customer 1**	748,271	846,890
Customer 2**	<u>N/A*</u>	<u>941,466</u>

* The corresponding revenue from this customer is not disclosed as such revenue alone did not account for 10% or more of the Group's revenue.

** The customers are local government authorities.

4. REVENUE

	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
Revenue from contracts with customers		
Construction service revenue from service concession arrangements	1,088,540	2,646,298
Operation income from service concession arrangements	2,967,743	2,820,981
Sales of machineries and technical service income	195,687	287,628
	4,251,970	5,754,907
Revenue from other sources		
Finance income from service concession arrangements	1,103,140	1,097,011
	5,355,110	6,851,918
Timing of revenue recognition:		
At a point in time	165,110	238,075
Over time	4,086,860	5,516,832
	4,251,970	5,754,907
Finance income from service concession arrangements	1,103,140	1,097,011
	5,355,110	6,851,918

The aggregated amount of construction service revenue, finance income and operation income from service concession arrangements are derived from the local government authorities in the PRC for the year ended 31 December 2025 amounted to HK\$5,050,278,000 (FY2024: HK\$6,427,112,000).

5. OTHER (LOSSES)/INCOME AND GAINS, NET

	<i>Notes</i>	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
Government grants	<i>(a)</i>	27,202	32,442
Value-added tax (“VAT”) refunds	<i>(b)</i>	8,033	2,643
Late payment charges on VAT	<i>(c)</i>	(44,774)	–
Fair value gains, net:			
Other financial assets – unlisted investments		–	7,036
Other financial assets – unlisted equity investment		459	464
Gain on disposal of other financial asset – unlisted equity investment		108	–
Sundry (expenses)/income		(14,338)	22,602
		(23,310)	65,187

Notes:

- (a) Government grants of HK\$27,202,000 (FY2024: HK\$32,442,000) were granted during the year ended 31 December 2025 to subsidise certain waste water treatment plants of the Group in the PRC. The receipt of such grants is unconditional. There is no assurance that the Group will continue to receive such grants in the future.
- (b) VAT refunds of HK\$8,033,000 (FY2024: HK\$2,643,000) were received during the year ended 31 December 2025 in relation to certain of the Group’s waste water treatment and reusable water projects in operation in the PRC. The receipt of such tax refunds is unconditional. There is no assurance that the Group will continue to receive such tax refunds in the future.
- (c) In 2022, certain subsidiaries of the Group received VAT refunds totalling HK\$77,392,000 from the local tax bureau following a change in the VAT exemption incentive policies. During the year ended 31 December 2025, upon the tax examination by the local tax bureau, these subsidiaries were asked and have returned the VAT refunds of the same amount (“returned VAT refunds”). In addition, late payment charges of HK\$44,774,000 were paid by these subsidiaries. Due to the different interpretations on tax rules and regulations, the Management is of the view that the VAT refunds of HK\$77,392,000 received by the Group in 2022 were made in accordance with the relevant VAT exemption incentive policies at that time, and is taking the necessary steps to recover the returned VAT refunds and late payment charges. However, based on legal advice, the likelihood of recovering the returned VAT refunds and the late payment charges is remote. Accordingly, the returned VAT refunds of HK\$77,392,000 are included in “Direct costs and operating expenses”, while the late payment charges of HK\$44,774,000 are included in “Other (losses)/income and gains, net”.

6. NET FINANCE COSTS

	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
<u>Finance income</u>		
Interest income on:		
Bank deposits	8,047	13,204
Amount due from an associate	238	325
	<u>8,285</u>	<u>13,529</u>
 <u>Finance costs</u>		
Interest expense on:		
Bank and other loans	(214,335)	(302,677)
Corporate bonds, ABS and MTN	(270,062)	(238,018)
Lease liabilities	(326)	(381)
	<u>(484,723)</u>	<u>(541,076)</u>
 Net finance costs	 <u>(476,438)</u>	 <u>(527,547)</u>

7. PROFIT BEFORE TAX

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

	<i>Notes</i>	FY2025 HK\$'000	FY2024 HK\$'000
Depreciation			
– property, plant and equipment	<i>(a)</i>	61,609	50,502
– right-of-use assets	<i>(a)</i>	10,796	10,873
Amortisation			
– intangible assets	<i>(a)</i>	163,643	148,744
Loss on disposals of property, plant and equipment		68	630
Cost of construction services from service concession arrangements	<i>(b)</i>	850,169	2,194,521
R&D costs	<i>(c)</i>	36,602	50,060
Rental expense from short-term leases		1,621	1,562
Allowance for expected credit losses on trade receivables, net (Write-back of allowance)/allowance for expected credit losses on other receivables, net		85,210 (8,557)	164,170 20,523
Allowance for expected credit losses on contract assets, net		1,258	1,623
Foreign exchange losses/(gains), net		97,106	(14,093)
Employee benefit expenses:	<i>(d)</i>		
– Wages, salaries, allowances and benefits in kind		464,861	444,290
– Retirement scheme contributions	<i>(e)</i>	54,948	47,689
		519,809	491,979
Fees paid to auditor of the Company and affiliates of auditor of the Company:			
– Audit fees		1,765	1,668
– Non-audit fees		1,803	1,139

Notes:

- (a) Amortisation of intangible assets, depreciation of property, plant and equipment and right-of-use assets in total of HK\$218,164,000 (FY2024: HK\$195,477,000) for the year ended 31 December 2025 were included in “Direct costs and operating expenses” in the consolidated statement of comprehensive income.
- (b) Included in “Direct costs and operating expenses” in the consolidated statement of comprehensive income.
- (c) R&D costs included HK\$28,979,000 (FY2024: HK\$44,927,000) related to the cost of inventories consumed, employee benefit expenses and depreciation expenses. These expenses were either included in the respective expense categories separately disclosed above or in cost of inventories consumed.
- (d) Employee benefit expenses, included Directors' remuneration, employee benefit expenses in cost of construction services and employee benefit expenses in R&D costs.
- (e) There were no forfeitures of contributions to retirement schemes in 2025 and 2024 that could be used to reduce future contributions to the retirement schemes.

8. INCOME TAX EXPENSE

No provision for Singapore and Hong Kong income tax was made as the Group did not earn any income subject to Singapore or Hong Kong income tax during the year ended 31 December 2025 (FY2024: nil).

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules (“Pillar Two model rules”) for a new global minimum tax reform applicable to large multinational enterprises. The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. The Company is incorporated in Bermuda which has enacted a corporate income tax regime aligned with Pillar Two principles, imposing a 15% tax rate effective from 1 January 2025 for in-scope multinational enterprise groups. In 2024, the Hong Kong SAR Government amended the Inland Revenue Ordinance to introduce a domestic minimum top-up tax which takes effect from 1 January 2025. The Group also operates primarily through subsidiaries in Chinese Mainland, where legislation to implement Pillar Two has not yet been enacted. Management has assessed the impact of the Pillar Two rules based on the Group’s current structure and statutory tax rates in its principal jurisdictions. The implementation of Pillar Two is not expected to have a material effect on the Group’s consolidated financial statements.

Tax for the PRC operations is charged at the statutory rate of 25% based on the assessable profits in accordance with the tax rules and regulations in the PRC. Certain PRC subsidiaries of the Group were subject to a preferential tax rate of 15% pursuant to the relevant tax rules and regulations, and certain PRC subsidiaries of the Group were subject to tax at half of the foregoing statutory rate or fully exempted from income tax pursuant to the relevant tax rules and regulations.

	FY2025 HK\$’000	FY2024 HK\$’000
Current – PRC:		
Charge for the year	260,743	257,271
Under/(over)-provision in prior years	9,019	(5,850)
Deferred	22,762	67,645
	<hr/>	<hr/>
Total tax expense for the year	292,524	319,066
	<hr/>	<hr/>

9. DIVIDENDS

	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
Dividends for the financial year:		
Interim – 6.09 Hong Kong cents (“HK cents”) (equivalent to 0.99 Singapore cent (“Sing cent(s)”) (FY2024: HK6.09 cents (equivalent to 1.05 Sing cents)) per ordinary share	174,150	175,092
Proposed final – HK4.22 cents (equivalent to 0.69 Sing cent) (FY2024: HK5.81 cents (equivalent to 1.02 Sing cents)) per ordinary share	120,729	166,217
	294,879	341,309
Final dividend for the previous financial year which was paid during the financial year – HK5.81 cents (equivalent to 1.02 Sing cents) (FY2024: HK5.81 cents (equivalent to 0.99 Sing cent)) per ordinary share		
	166,823	165,424

The proposed final dividend for FY2025 is subject to the approval of the Shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group’s profit attributable to equity holders of the Company for the year divided by the weighted average number of ordinary shares of the Company in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year.

	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
Profit attributable to equity holders of the Company for the year	842,475	1,019,609
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the year	2,860,877	2,860,877
	HK cents	<i>HK cents</i>
Basic and diluted earnings per share	29.45	35.64

11. TRADE AND OTHER RECEIVABLES

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Non-current		
Other receivables	21,998	21,922
Less: Impairment	<u>(8,360)</u>	<u>(8,573)</u>
	13,638	13,349
Recoverable VAT	157,193	162,952
Prepayments	<u>97,322</u>	<u>79,197</u>
	<u>268,153</u>	<u>255,498</u>
Current		
Trade receivables	7,337,281	6,071,978
Less: Impairment	<u>(886,285)</u>	<u>(778,263)</u>
	6,450,996	5,293,715
Other receivables and sundry deposits	370,446	410,064
Less: Impairment	<u>(43,166)</u>	<u>(50,033)</u>
	327,280	360,031
Recoverable VAT	84,199	100,972
Prepayments	<u>83,039</u>	<u>91,948</u>
	<u>494,518</u>	<u>552,951</u>
	<u>6,945,514</u>	<u>5,846,666</u>
Total	<u>7,213,667</u>	<u>6,102,164</u>

11. TRADE AND OTHER RECEIVABLES (Continued)

The movements in allowance for expected credit losses on trade receivables are as follows:

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
At the beginning of the year	778,263	626,215
Allowance recognised, net (note 7)	85,210	164,170
Exchange realignment	<u>22,812</u>	<u>(12,122)</u>
At the end of the year	<u>886,285</u>	<u>778,263</u>

The movements in allowance for expected credit losses on other receivables are as follows:

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
At the beginning of the year	58,606	38,969
(Write-back of allowance)/allowance recognised, net (note 7)	(8,557)	20,523
Exchange realignment	<u>1,477</u>	<u>(886)</u>
At the end of the year	<u>51,526</u>	<u>58,606</u>

11. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade receivables based on the date of invoice (or date of revenue recognition, if earlier) and net of allowance, as at the end of the reporting period is as follows:

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 1 month	666,852	557,066
More than 1 month but within 2 months	468,594	518,716
More than 2 months but within 4 months	668,685	625,655
More than 4 months but within 7 months	813,374	783,377
More than 7 months but within 13 months	1,269,152	959,159
More than 13 months	<u>2,564,339</u>	<u>1,849,742</u>
	<u>6,450,996</u>	<u>5,293,715</u>

Trade receivables are due within 30 to 90 days from the date of billing.

All the current portions of trade and other receivables are expected to be recovered or recognised as expenses within one year.

12. CONTRACT ASSETS

Group

		At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current			
Service concession assets	<i>(a)</i>	21,030,064	20,900,262
Less: Impairment	<i>(c)</i>	<u>(10,428)</u>	<u>(16,315)</u>
		21,019,636	20,883,947
Current			
Service concession assets	<i>(a)</i>	2,202,277	2,063,829
Less: Impairment	<i>(c)</i>	<u>(1,092)</u>	<u>(1,611)</u>
		2,201,185	2,062,218
Other contract assets	<i>(b)</i>	163,420	115,153
Less: Impairment	<i>(c)</i>	<u>(12,086)</u>	<u>(3,803)</u>
		151,334	111,350
		2,352,519	2,173,568
Total		<u>23,372,155</u>	<u>23,057,515</u>

12. CONTRACT ASSETS (Continued)

Notes:

- (a) Service concession assets of HK\$23,232,341,000 as at 31 December 2025 (31 December 2024: HK\$22,964,091,000) bear interest at rates ranging from 3.50% to 7.83% (31 December 2024: 3.85% to 7.83%) per annum. As at 31 December 2025, balances totalling HK\$21,742,913,000 (31 December 2024: HK\$20,425,618,000) are related to the service concession arrangements with operation commenced. The amounts are not yet due for payment and will be settled by revenue generated during the operating periods of the service concession arrangements. Amounts billed will be transferred to trade receivables (note 11).

As at 31 December 2025, service concession assets of HK\$1,210,995,000 (31 December 2024: HK\$1,217,987,000) were transferred but not derecognised under the Group's asset-backed security program.

- (b) Other contract assets of HK\$163,420,000 as at 31 December 2025 (31 December 2024: HK\$115,153,000) comprised contract assets arising from the performance of construction management service contracts. Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

- (c) Impairment assessment

As at 31 December 2025, HK\$23,606,000 (31 December 2024: HK\$21,729,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 11.

The movements in the allowance for expected credit losses on contract assets are as follows:

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
At the beginning of the year	21,729	20,454
Allowance recognised, net (note 7)	1,258	1,623
Exchange realignment	619	(348)
	<u>23,606</u>	<u>21,729</u>
At the end of the year	<u>23,606</u>	<u>21,729</u>

As at 31 December 2025, certain of the Group's concession rights of the water environment management projects (comprising concession rights of intangible assets, contract assets and trade receivables) with an aggregate carrying amount of HK\$9,205,370,000 (31 December 2024: HK\$8,782,066,000) were pledged to secure bank loan facilities granted to the Group and the issuance of ABS (31 December 2024: bank loan facilities and the ABS).

13. OTHER FINANCIAL ASSET

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Non-current		
Unlisted equity investment, at fair value through other comprehensive income	3,300	–
Current		
Unlisted equity investment, at fair value through profit or loss	(a) –	32,928
	3,300	32,928

Note:

- (a) As at 31 December 2024, the above unlisted equity investment represents the 6% equity interest in Yancheng CCCC Shanghai Dredging Water Environment Investment Co., Ltd., which was fully disposed of during FY2025.

14. CASH AND CASH EQUIVALENTS

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Cash on hand and bank balances	2,241,714	1,828,428
Restricted bank balances	73,679	19,377
	2,315,393	1,847,805

As at 31 December 2025 and 2024, the restricted bank balances represent deposits set aside for construction payments and deposits pledged to banks for the issuance of guarantees by the banks to the grantors in respect of the specific performance duties by the Group under certain service concession agreements.

Cash and cash equivalents of the Group as at 31 December 2025 included deposits of HK\$48,404,000 (31 December 2024: HK\$66,990,000) placed with a related party bank, which is a fellow subsidiary of the Company.

15. TRADE AND OTHER PAYABLES

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Non-current		
Deferred government grants	<u>55,046</u>	<u>61,406</u>
Current		
Trade payables	2,600,019	2,414,850
Distribution payable to holders of perpetual capital instruments	15,938	24,726
Dividend payables to non-controlling shareholders of non-wholly-owned subsidiaries	8,345	5,741
Interest payable	168,748	145,362
Other tax payables, other creditors and accrued expenses	<u>714,696</u>	<u>693,049</u>
	<u>3,507,746</u>	<u>3,283,728</u>
Total	<u>3,562,792</u>	<u>3,345,134</u>

Trade payables of the Group totalling HK\$2,002,276,000 as at 31 December 2025 (31 December 2024: HK\$1,826,276,000) represent construction payables for the Group's projects under Build-Operate-Transfer and Build-Own-Operate arrangements.

The ageing analysis of trade payables based on the date of invoice (or date of recognition, if earlier), as at the end of the reporting period is as follows:

Group

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Within 6 months	1,834,549	1,543,260
Over 6 months	<u>765,470</u>	<u>871,590</u>
	<u>2,600,019</u>	<u>2,414,850</u>

16. SHARE CAPITAL

Group and Company

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Authorised: 10,000,000,000 ordinary shares of par value of HK\$1.00 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid: 2,860,876,723 ordinary shares of par value of HK\$1.00 each	<u>2,860,877</u>	<u>2,860,877</u>
	No. of shares '000	Amount <i>HK\$'000</i>
Issued and fully paid: At 31 December 2024, 1 January 2025, 30 June 2025 and 31 December 2025	<u>2,860,877</u>	<u>2,860,877</u>

The Group and the Company did not have any treasury shares as at 31 December 2025 and 2024.

17. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 31 December 2025 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

Business Review

In FY2025, the global environment remained complex and volatile, with persistent uncertainties and challenges. Against this backdrop, China achieved the closing targets of the “14th Five-Year” Plan, with economic development displaying a trajectory of stable growth, improved quality and efficiency, and accelerated transformation. Guided by China’s goals of “Peaking Carbon Dioxide Emissions and Achieving Carbon Neutrality” (“Dual Carbons”), the pace of China’s transition towards a greener economy and society further accelerated, providing strong momentum for high-quality development. At the same time, the pathways for green transformation and upgrading in China’s environmental protection industry and the enterprises within the industry have steadily become clearer, moving towards a new stage of higher efficiency and greater sustainability.

As a leading water environment management service enterprise in China, the Group, in FY2025, adhered to its sustainable development goals of pollution reduction, carbon reduction, green expansion, and growth, and upheld the overarching principle of “Making Progress with Stability”. During the year under review, through the deepening of refined management, the Group effectively achieved a steady improvement in gross profit margin, enhanced efficiency in the collection of trade receivables, and continued enhancement in operating cash flow, demonstrating high-quality operating resilience. In terms of business deployment, the Group actively explored new businesses, expanded into new regions, and developed new models, driving a more diversified business structure and laying a solid foundation for the long-term development. At the same time, by flexibly leveraging a diversified portfolio of financing tools, the Group effectively reduced financing costs and ensured its financial position remained healthy and robust. Benefiting from the coordinated advancement of all efforts, the Group’s industry-leading position was further solidified.

In terms of operating results for FY2025, the Group recorded revenue of HK\$5.36 billion, a 22% decline from HK\$6.85 billion in FY2024; earnings before interest, taxes, depreciation and amortisation (“EBITDA”) amounted to HK\$1.93 billion, representing a 12% decline from HK\$2.20 billion in FY2024; profit attributable to equity holders of the Company fell by 17% to HK\$842.48 million, compared with HK\$1,019.61 million in FY2024; basic earnings per share decreased by 17%, or HK6.19 cents, to HK29.45 cents, down from HK35.64 cents in FY2024; overall gross profit margin was 44%, an improvement of 6 percentage points (“ppt”) from 38% in FY2024. The Group continued to maintain a healthy financial position, with diversified financing channels and a portfolio of quality assets.

In terms of market expansion, during the year under review, the Group adopted a balanced strategy focused on “optimising existing assets, achieving incremental breakthroughs and developing new business areas”. It advanced both traditional and emerging business lines while strengthening the synergy between asset-light and asset-heavy businesses, forming a coordinated and comprehensive market expansion approach. First, the Group accelerated its key regional presence. Domestically, the Group strengthened its presence in China’s core regions by acquiring a minority equity stake in an industrial waste water treatment project serving the cosmetics manufacturing sector in Huadu District, Guangzhou City of Guangdong Province. The related closing process would be completed in 2026 as scheduled. This marked a dual breakthrough in both new markets and niche business areas. Internationally, the Group expanded its footprint in Southeast Asia by securing equipment procurement service contracts for a municipal water plant in Thailand, further supporting China’s “Belt and Road” Initiative. Second, the Group broadened its business scope. While consolidating its traditional strengths, the Group continued to extend along both the upstream and downstream segments of the industry value chain. Notably, the Group signed an investment cooperation agreement with Daxing District People’s Government of Beijing Municipality in relation to zero-carbon energy projects, establishing a new benchmark for green development in the capital of China. In addition, the Group actively explored opportunities in agricultural waste resource utilisation across Guangdong, Shandong and Hebei provinces. Third, the Group continued to innovate its business models. Leveraging its in-house platforms, including Xuzhou Municipal Engineering Design Institute Co., Ltd. and the engineering centre, the Group accelerated the commercialisation and application of technological achievements, with its self-developed intelligent oxygen-supply equipment successfully commercialised and sold to external customers. Meanwhile, multiple asset-light services were implemented across the Group’s water projects in locations including Dandong City. Through a series of smaller-scale initiatives, the Group broadened its income streams and strengthened professional capabilities for its projects, demonstrating the collective effect of modest projects in generating significant value. In FY2025, the Group invested in and implemented 2 projects (including the aforesaid acquisition project), in addition to the extension of the concession rights for one existing project, with a total investment value of approximately RMB223 million. It also undertook various asset-light projects and services, with a total contract value of approximately RMB266 million. The newly secured projects and services have added a designed daily water treatment capacity of 11,050 m³ (including operations and management (“O&M”) capacity).

As at 31 December 2025, the Group invested in and held 172 environmental protection projects, with a total investment of approximately RMB31.85 billion. Additionally, it undertook a range of asset-light projects and services, including O&M, engineering, procurement and construction (“EPC”), EPCO (Engineering Design-Procurement-Construction-Operation), equipment supply and technical services. The Group has a business presence in more than 60 districts, counties and cities across 13 provinces, autonomous regions and municipalities in China, in addition to overseas markets such as Mauritius.

A summary of the number of project(s) and water treatment/supply capacity is set out below:

Project Type ⁽¹⁾	Number of Projects	Water Treatment/Supply Capacity (m³/day)
Municipal waste water treatment projects ⁽²⁾	139	5,823,000
Industrial waste water treatment projects ⁽²⁾	28	507,050
Reusable water projects ⁽²⁾	8	324,600
River-basin ecological restoration projects	6	115,000
Water supply projects	3	250,000
Raw water protection project	1	600,000
Sludge treatment and disposal projects	2	Not applicable
Livestock and poultry manure resource utilisation project	1	Not applicable
Total	188	7,619,650

Notes:

⁽¹⁾ EPC project(s) excluded

⁽²⁾ Project(s) with O&M capacity included

In terms of operations management, during the year under review, the Group aligned proactively with the industry trend of “Operational Excellence Is King”, and continued to place refined management at the core of its operations. With cost control and revenue growth as key drivers, the Group further deepened the integration of digitalisation and intelligent transformation with refined operations, thereby continuously strengthening its development foundation. In respect of cost control, the Group streamlined its supply chain and optimised procurement processes, achieving notable reductions in key operating cost items, including unit procurement costs and chemical consumption per tonne of water. At the same time, through precise analysis and targeted upgrades of energy and material usage within production processes, the Group further enhanced control over overall operating costs. In respect of efficiency enhancement, supported by the development of intelligent capabilities, the Group deployed a range of practical digital applications such as “dark factory”, artificial intelligence-driven visual inspections and intelligent dosing algorithms. These initiatives effectively strengthened automation, improved operational efficiency and reduced reliance on manual labour and material consumption, further aligning refined management, intelligent production and performance optimisation. Leveraging its existing projects, the Group secured over 30 revenue-generating business contracts and over 10 energy management contracting (“EMC”) service contracts, enhancing utilisation efficiency of existing projects and generating additional revenue streams. As at 31 December 2025, solar power generation facilities had been put into operation at 12 projects, with a total installed capacity of approximately 20 MWp, generating an average annual power of approximately 20 million kWh. In FY2025, the Group secured various subsidies in an aggregate amount exceeding RMB42 million. Additionally, it treated approximately 1.811 billion m³ of waste water, supplied approximately 103 million m³ of raw water and over 40 million m³ of reusable water.

In terms of safety and environmental management, during the year under review, the Group continued to uphold safety and environmental management as the foundation of its business development. Through a systematic framework, the Group reinforced its operational baseline, strictly implemented the safety production accountability system, and further deepened the dual-prevention mechanism covering risk classification and control as well as hazard identification and remediation. Leveraging smart factory development, the Group promoted the transformation of safety management from a human-reliant approach to a technology-led approach. Throughout the year under review, the Group’s safety production situation remained stable and under control.

In the area of technological innovation, during the year under review, the Group continued to drive technological innovation in the “water-related” field, focusing on addressing business development and operational challenges, introducing new technologies, and strengthening the related technological pipeline. The application of technologies in areas such as sulfur-based autotrophic denitrification and high-density sludge treatment across multiple projects enhanced automation levels and supported the ongoing development of “dark factory”. The integrated intelligent oxygen-supply equipment was appraised to have reached an internationally-leading level, and the Group signed one external supply contract and four internal EMC projects, with the related projects achieving notable results in cost savings and revenue gains. The “dark factory” pilot program continued to progress steadily. The Group completed the relevant upgrading and retrofitting work for Shandong Ji’nan East Station Area Underground Waste Water Treatment Project, where key equipment has achieved full automation coverage, with both operating efficiency and the intelligent capability significantly enhanced. In FY2025, the Group secured 25 new intellectual property rights and published 2 key research papers.

In relation to project construction, during the year under review, 4 projects of the Group commenced construction, with a designed daily water treatment and supply capacity of 54,000 m³; and 9 projects were completed and commenced operations, contributing a designed daily water treatment and supply capacity of 835,000 m³ and a designed daily sludge treatment capacity of 125 tonnes.

In terms of capital market deployment, during the year under review, the Group continued to optimise its financing structure by adjusting loan maturities, currencies, and interest-rate profiles to effectively reduce overall financial costs and enhance capital efficiency. Concurrently, the Group strengthened its management of trade receivables to better control liquidity risks and ensure a sound financial position to support sustainable business growth. The Group's key financing arrangements in FY2025 are set out below:

Issuance Date	Financing Arrangements and Uses of Proceeds	Issuance Size (RMB)
January 2025	Issuance of the 2025 first tranche MTN in the Chinese Mainland, the proceeds of which were used to replenish the working capital of the Company.	1.5 billion
April 2025	Issuance of the 2025 second tranche MTN in the Chinese Mainland, the proceeds of which were used to repay the outstanding debts of the Company.	1 billion
June 2025	Issuance of the 2025 third tranche MTN in the Chinese Mainland, the proceeds of which were used to redeem the existing perpetual MTN of the Company.	0.7 billion

In the area of social responsibility, the Group remained focused on its principal businesses and core strength while actively fulfilling its corporate citizenship responsibilities. During the year under review, the Group participated extensively in various industry exchanges and maintained close communication with government authorities, industry peers and academic experts on industry trends and development pathways, thereby enhancing its influence in the industry. Additionally, the Group continued to leverage its operating projects to carry out environmental public-welfare and community-building activities across multiple regions. In particular, for the eighth consecutive year, it launched the “World Environment Day” philanthropic campaign, establishing a recognisable public-welfare brand. As at 31 December 2025, a total of 49 projects under the Group had been opened to the public. In FY2025, these projects received more than 9,800 visitors from all walks of life through on-site visits and exchanges, effectively serving as important community platforms for environmental education and the promotion of ecological awareness.

During the year under review, driven by its steadfast commitment to business development, operations management, and social responsibility, the Group received numerous prestigious awards and recognitions. A summary of the key accolades is set out below:

Award	Awarding Organisation
Shortlisted as one of “Top Ten Influential Enterprises in China’s Water Industry” (for the 8 th consecutive year)	E20 Environment Platform
Honoured with the “Highest Weighted Return on Equity Over Three Years” and the “Overall Sector Winner” in the Utilities Sector under the Centurion Club	Singapore financial media The Edge Singapore
Received the “Outstanding High-Quality Development Listed Company” prize	China Securities Golden Bauhinia Awards
Received the “Benchmark Award for Smart and Circular Water Ecological Governance”	First Macao 2025 ESG Awards for Excellence
Included in <i>Sustainability Yearbook (China Edition)</i> for the first time	S&P Global
Received First Prize of the Heilongjiang Provincial Technological Invention Award	Department of Science and Technology of Heilongjiang Province
Everbright Water (Suzhou) Limited and Everbright Water (Zibo) Limited (“Zibo Water”) being shortlisted in the “First Batch of Ecological Civilisation Education Practices Venues for the Youth”	Center for Environmental Education and Communications of the Ministry of Ecology and Environment of China
Binzhou Development Zone Waste Water Treatment Project in Shandong Province was shortlisted in the fifth batch of “National List of Environmental Protection and Municipal Waste Water and Waste Treatment Facilities Opened to the Public”	Ministry of Ecology and Environment of China
Zibo Water was recognised as a “Key Enterprise in Shandong Province’s Water Conservation Industry”	Department of Water Resources of Shandong Province and Department of Industry and Information Technology of Shandong Province

Award

Awarding Organisation

Zibo Zhangdian East Chemical Industry Park Industrial Waste Water Treatment Project in Shandong Province was recognised as one of the “Excellent Cases on Waste Water Treatment in Industrial Parks”

E20 Environment
Platform

Zibo Water and Binzhou Development Zone Waste Water Treatment Project in Shandong Province were recognised as “Excellent Cases on Municipal Waste Water Treatment”

E20 Environment
Platform

The Company remains committed to sharing fruitful operating results with the shareholders of the Company (the “Shareholders”) and creating value for them through its sustainable corporate development. The Board has recommended a final dividend of HK4.22 cents (equivalent to 0.69 Sing cent) per ordinary share for FY2025 (FY2024: HK5.81 cents (equivalent to 1.02 Sing cents) per ordinary share). As a result, the total dividend for FY2025 amounts to HK10.31 cents (equivalent to 1.68 Sing cents) per ordinary share (FY2024: HK11.90 cents (equivalent to 2.07 Sing cents) per ordinary share).

Business Prospects

The year 2026 marks the start of China’s “15th Five-Year Plan” and represents a pivotal year for the Group as it navigates an increasingly complex operating environment. Looking ahead, the Group will proactively identify, assess and seize opportunities in both China and the global environmental protection industry, particularly those arising from the green, low-carbon transition and the industry’s focus on high-quality development. It will continue to strengthen its foundations through clear strategic directions, and, guided by higher standards, will strive for excellence in quality and efficiency enhancement, safe production and trade receivables management. At the same time, the Group will deepen its “water-related” strategic positioning, pursuing breakthroughs in key regions, while reinforcing its technological innovation and talent pipeline, to comprehensively advance high-quality development and create long-term value for the Shareholders, society and the environment.

Financial Review

In FY2025, the revenue of the Group decreased by 22% to HK\$5,355.11 million compared with the revenue of HK\$6,851.92 million in FY2024, among which the construction service revenue decreased to HK\$1,088.54 million (FY2024: HK\$2,646.30 million), the operation income increased to HK\$2,967.74 million (FY2024: HK\$2,820.98 million) and the finance income remained at a similar level of HK\$1,103.14 million (FY2024: HK\$1,097.01 million). Gross profit of the Group decreased from HK\$2,617.46 million in FY2024 to HK\$2,357.92 million in FY2025, representing a decrease of 10%. The profit of the Group decreased from HK\$1,126.99 million in FY2024 to HK\$921.34 million in FY2025, representing a decrease of 18%. The profit attributable to equity holders of the Company in FY2025 amounted to HK\$842.48 million, representing a decrease of 17% over FY2024.

	FY2025 HK\$'000 (Unaudited)	FY2024 <i>HK\$'000</i> (Unaudited)	Increase/ (decrease) %
Revenue for the first half year	3,279,565	3,352,595	(2%)
Profit for the first half year	625,324	627,568	(0.4%)
Revenue for the second half year	2,075,545	3,499,323	(41%)
Profit for the second half year	296,011	499,426	(41%)

Consolidated Statement of Comprehensive Income

Revenue

Overall, the Group's revenue decreased by HK\$1,496.81 million or 22%, from HK\$6,851.92 million in FY2024 to HK\$5,355.11 million in FY2025.

Construction service revenue decreased to HK\$1,088.54 million in FY2025 from HK\$2,646.30 million in FY2024, representing a decrease of HK\$1,557.76 million or 59%. The decrease was primarily driven by fewer construction activities in FY2025 compared to FY2024.

Operation income was HK\$146.76 million or 5% higher than FY2024. This increase was primarily attributable to the commencement of operations of new projects in FY2025.

Direct costs and operating expenses

Direct costs and operating expenses decreased by HK\$1,237.27 million or 29%, from HK\$4,234.46 million in FY2024 to HK\$2,997.19 million in FY2025. The decrease was primarily driven by a reduction in cost of construction services, which fell by HK\$1,344.35 million or 61%, from HK\$2,194.52 million in FY2024 to HK\$850.17 million in FY2025. The decrease in cost of construction services is in line with the corresponding decrease in construction service revenue.

Gross profit margin

Overall gross profit margin in FY2025 increased to 44% (FY2024: 38%). Such increase was primarily attributable to the decrease in proportion of the construction service revenue recognised within the total revenue in FY2025 in comparison to FY2024. In general, construction services have a lower gross profit margin than operating services, and thus a larger (smaller) proportion of construction service revenue will reduce (increase) the overall gross profit margin. In FY2025, construction service revenue accounted for about 20% (FY2024: 39%) of total revenue. Therefore, the overall gross profit margin increased by 6 ppt compared to FY2024.

Other (losses)/income and gains, net

Other (losses)/income and gains, net mainly consisted of government grants, VAT refunds, fair value changes of financial assets at fair value through profit or loss, non-recurring expenses and other sundry (expenses)/income. Other (losses)/income and gains, net decreased by HK\$88.50 million from net income and gains of HK\$65.19 million in FY2024 to net expenses and losses of HK\$23.31 million in FY2025. The decrease was attributable to the recognition of late payment charges on VAT of HK\$44.77 million (note 5(c)). The breakdown of other (losses)/income and gains, net is set out below.

	FY2025	FY2024
	HK\$'000	HK\$'000
Government grants	27,202	32,442
VAT refunds	8,033	2,643
Late payment charges on VAT	(44,774)	–
Fair value gains, net:		
Other financial assets – unlisted investments	–	7,036
Other financial assets – unlisted equity investment	459	464
Gain on disposal of other financial asset – unlisted equity investment	108	–
Sundry (expenses)/income	(14,338)	22,602
	(23,310)	65,187

Administrative and other operating expenses

Administrative and other operating expenses mainly consisted of staff costs, business development expenses, net foreign exchange differences, legal and professional fees, R&D expenses, other taxes, as well as allowance for expected credit losses on trade receivables, other receivables and contract assets.

Other operating expenses for FY2025 included the (a) allowance for expected credit losses on trade receivables amounting to HK\$85.21 million (FY2024: HK\$164.17 million); (b) write-back of allowance for expected credit losses on other receivables amounting to HK\$8.56 million (FY2024: allowance of HK\$20.52 million); and (c) allowance for expected credit losses on contract assets amounting to HK\$1.26 million (FY2024: HK\$1.62 million). The allowance for expected credit losses on trade receivables in FY2025 was mainly due to the increase in the gross carrying amount of trade receivables as at 31 December 2025.

Aside from the other operating expenses mentioned above, administrative expenses increased by HK\$47.95 million or 9%, from HK\$516.24 million in FY2024 to HK\$564.19 million in FY2025. The increase in administrative expenses was mainly attributed to recognition of net foreign exchange losses in FY2025, which is in contrast to net gains in FY2024.

Administrative expenses for FY2025 included, *inter alia*, net loss on disposals of property, plant and equipment of HK\$68,000 (FY2024: HK\$0.63 million).

Finance costs

Finance costs decreased to HK\$484.72 million in FY2025 from HK\$541.08 million in FY2024. The decrease was primarily due to a lower average lending rate in FY2025 compared to FY2024, which outweighed the impact of the increase in the average balance of borrowings in FY2025 compared to FY2024. The decrease in average lending rate resulted from refinancing of MTN matured in FY2025 and bank borrowings with the issuance of MTN bearing lower interest rates.

Income tax expense

Income tax expense decreased by 8%, from HK\$319.07 million in FY2024 to HK\$292.52 million in FY2025, reflecting the decline in profits before tax.

Income tax expense for FY2025 included, *inter alia*, underprovision of income tax in respect of prior years amounting to HK\$9.02 million (FY2024: overprovision of HK\$5.85 million).

Consolidated Statement of Financial Position

As at 31 December 2025, the Group's total assets amounted to approximately HK\$38.22 billion with net assets amounting to HK\$15.03 billion. Net asset value per share attributable to equity holders of the Company was HK\$4.49 per share, representing an increase of 8% as compared to HK\$4.14 per share as at the end of FY2024. As at 31 December 2025, the gearing ratio (total liabilities over total assets) of the Group was 60.7%, which decreased slightly by 0.3 ppt from 61.0% at the end of FY2024.

Assets

Total assets of the Group increased by HK\$2.33 billion, from HK\$35.89 billion as at 31 December 2024 to HK\$38.22 billion as at 31 December 2025. This increase in total assets was mainly driven by growth in contract assets, intangible assets, trade and other receivables and cash and cash equivalents.

Investment properties amounted to HK\$11.22 million as at 31 December 2025. Investment properties are stated at fair value, which reflects the market conditions at the end of the year under review. There was no change in fair value during FY2025.

Contract assets (including both current and non-current portions) increased by HK\$314.64 million, from HK\$23.06 billion as at 31 December 2024 to HK\$23.37 billion as at 31 December 2025 while intangible assets increased by HK\$338.91 million, from HK\$23.19 billion as at 31 December 2024 to HK\$26.57 billion as at 31 December 2025. The increase in both contract assets and intangible assets was primarily attributable to the recognition of construction service revenue for new waste water treatment plants, as well as the expansion and upgrading projects for several existing waste water treatment plants during FY2025.

Trade and other receivables (including both current and non-current portions) of the Group increased from HK\$6.10 billion as at 31 December 2024 to HK\$7.21 billion as at 31 December 2025. Among them, trade receivables increased by HK\$1.16 billion, from HK\$5.29 billion as at 31 December 2024 to HK\$6.45 billion as at 31 December 2025, which was mainly due to the commencement of operations of additional BOT projects, which generated higher billable amounts and therefore increased trade receivable balances in FY2025 compared to FY2024.

Other financial assets as at 31 December 2025 amounted to HK\$3.30 million. The decrease in other financial assets by HK\$29.63 million was primarily due to disposal of the 6% unlisted equity interest in Yancheng CCCC Shanghai Dredging Water Environment Investment Co., Ltd. during FY2025.

Liabilities

Total borrowings (including both current and non-current portions) increased by HK\$934.13 million. This increase was mainly due to the issuance of MTN with proceeds amounting to HK\$2,677.80 million and new bank loans amounting to HK\$2,587.72 million, offset by repayments of MTN of HK\$1,072.20 million, repayments of ABS of HK\$203.53 million and repayments of bank loans amounting to HK\$3,536.97 million in FY2025.

As at 31 December 2025, the Group was in net current asset position of HK\$1,685.12 million, representing a decrease of HK\$751.60 million from HK\$2,436.72 million as at 31 December 2024. This drop was primarily due to reclassification of the three tranches of MTN amounting to HK\$3.85 billion matured in 2026, from non-current liability to current liability as at the end of FY2025. Accordingly, the current ratio has fallen from 1.32 as at 31 December 2024 to 1.17 as at 31 December 2025.

Equity

The Group's total equity amounted to HK\$15.03 billion as at 31 December 2025 (31 December 2024: HK\$13.99 billion). This increase was mainly due to the (i) recognition of profit amounting to HK\$921.34 million in FY2025; (ii) recognition of foreign currency translation gain of HK\$535.67 million arising from appreciation of RMB against HK\$; (iii) decrease of HK\$166.82 million in equity due to declaration and payment of 2024 final dividend; (iv) decrease of HK\$174.15 million in equity due to declaration and payment of 2025 interim dividend; (v) net decrease of HK\$51.30 million due to issuance of perpetual capital instruments of HK\$755.69 million and redemption of perpetual capital instruments of HK\$806.98 million; (vi) capital contributions of HK\$18.15 million by non-controlling shareholders of subsidiaries during FY2025; and (vii) decrease of HK\$14.24 million in equity due to declaration of dividends to non-controlling shareholders of subsidiaries during FY2025.

Consolidated Statement of Cash Flows

Cash and cash equivalents as stated in the consolidated statement of cash flows increased from HK\$1.83 billion as at 31 December 2024 to HK\$2.24 billion as at 31 December 2025. Cash and cash equivalents included in the consolidated statement of cash flows are reconciled as follows:

	At 31 December 2025 <i>HK\$'000</i>	At 31 December 2024 <i>HK\$'000</i>
Cash and cash equivalents as stated in the consolidated statement of financial position	2,315,393	1,847,805
Less: Restricted bank balances	<u>(73,679)</u>	<u>(19,377)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>2,241,714</u>	<u>1,828,428</u>

Cash flows from operating activities

The Group had cash inflow of HK\$2,080.14 million (FY2024: HK\$2,338.02 million) before the changes in working capital during FY2025. The changes in working capital resulted in cash outflow of HK\$684.20 million in FY2025, and payment of income tax resulted in cash outflow of HK\$272.70 million in FY2025. As a result, the Group recorded a net cash inflow of HK\$1,123.25 million from operating activities in FY2025. The changes in working capital in FY2025 arose mainly from:

- (i) the increase in inventories by HK\$38.34 million;
- (ii) the decrease in contract assets by HK\$502.62 million;
- (iii) the increase in trade and other receivables by HK\$1,135.52 million; and
- (iv) the decrease in trade and other payables by HK\$12.96 million.

Cash flows from investing activities

In FY2025, the Group recorded a net cash outflow of HK\$272.60 million from investing activities. The net cash outflow mainly arose from:

- (i) the payment of HK\$32.02 million for the purchases of property, plant and equipment;
- (ii) the payment of HK\$312.67 million for the additions of intangible assets;
- (iii) the decrease in amounts due from an associate by HK\$5.39 million;
- (iv) the payment of HK\$3.25 million for the investment in other financial asset;
- (v) the receipt of proceeds from redemption and disposal of other financial assets amounted to HK\$61.67 million; and
- (vi) the receipt of interest of HK\$8.29 million.

Cash flows from financing activities

The Group recorded a net cash outflow of HK\$492.64 million from financing activities in FY2025. The net cash outflow was mainly caused by:

- (i) the capital contributions of HK\$14.24 million from non-controlling shareholders of subsidiaries;
- (ii) the receipt of proceeds of HK\$2,677.80 million from the issuance of MTN;
- (iii) the receipt of proceeds of HK\$757.96 million from the issuance of perpetual capital instruments;
- (iv) the repayments of MTN of HK\$1,072.20 million;
- (v) the repayments of ABS of HK\$203.53 million;
- (vi) the redemption of perpetual capital instruments of HK\$809.41 million;
- (vii) the net repayment of bank loans of HK\$949.26 million;
- (viii) the payment of interest of HK\$454.28 million;
- (ix) the payment of expenses related to issuance of MTN and perpetual capital instruments of HK\$10.39 million;
- (x) the payment of principal and interest elements of lease payments of HK\$8.15 million;
- (xi) the increase in restricted bank balances by HK\$52.92 million;
- (xii) the payment of dividends of HK\$341.78 million to the Shareholders;
- (xiii) the payment of distribution of HK\$25.01 million to the holders of perpetual capital instruments; and
- (xiv) the payment of dividend of HK\$15.71 million to a non-controlling shareholder of a subsidiary.

Earnings Per Share

The calculation of the basic earnings per share is based on the Group's profit attributable to equity holders of the Company for the year divided by the weighted average number of ordinary shares of the Company in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year.

	FY2025 HK\$'000	FY2024 <i>HK\$'000</i>
Profit attributable to equity holders of the Company for the year	<u>842,475</u>	<u>1,019,609</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the year	<u>2,860,877</u>	<u>2,860,877</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	<u>29.45</u>	<u>35.64</u>

Net Asset Value Per Share

	Group		Company	
	At 31 December 2025 <i>HK\$</i>	At 31 December 2024 <i>HK\$</i>	At 31 December 2025 <i>HK\$</i>	At 31 December 2024 <i>HK\$</i>
Net asset value per ordinary share based on the issued share capital as at the end of the respective year	<u>4.49</u>	<u>4.14</u>	<u>3.50</u>	<u>3.50</u>

Net asset value per ordinary share was calculated by dividing the net asset value attributable to equity holders of the Company by the number of ordinary shares outstanding, excluding treasury shares, as at the end of the respective financial year.

Financial Resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and minimise cost of funds. Its primary sources of financing for operations include internally-generated cash flows, loan facilities from banks, and proceeds raised from issuance of corporate bonds, ABS, MTN, super and short-term commercial papers and perpetual capital instruments. As at 31 December 2025, the Group had cash and bank balances of approximately HK\$2.32 billion, representing an increase of HK\$467.59 million as compared to HK\$1.85 billion at the end of FY2024. Most of the Group's cash and bank balances were denominated in HK\$ and RMB, representing approximately 98%.

Borrowings and Debt Securities of the Group

Amounts payable within one year or less, or on demand

At 31 December 2025		At 31 December 2024	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
518,270	5,942,341	452,917	3,728,412

Amounts payable after one year

At 31 December 2025		At 31 December 2024	
Secured HK\$'000	Unsecured HK\$'000	Secured HK\$'000	Unsecured HK\$'000
4,152,658	6,710,466	4,268,921	7,939,360

The Group is dedicated to diversifying its financing channels and increasing bank loan facility limits to reserve funding for developing water environment management business. As at 31 December 2025, the Group had outstanding borrowings of HK\$17.32 billion, representing an increase of HK\$934.13 million as compared to HK\$16.39 billion as at the end of FY2024. The borrowings included secured interest-bearing borrowings of HK\$4.67 billion and unsecured interest-bearing borrowings of HK\$12.65 billion. The borrowings are all denominated in RMB. Borrowings at fixed rates and at floating rates accounted for 60% and 40% of the total borrowings, respectively. As at 31 December 2025, the Group had bank loan facilities of HK\$12.90 billion, of which HK\$5.54 billion remained unutilised. The remaining terms of the bank loan facilities range from 1 to 17 years. During FY2025, while paying vigilant attention to and monitoring interest rate risks continuously and cautiously, the Group did not adopt any interest rate hedging policy.

Foreign Exchange Risks

The Group mainly operates in the PRC. Currency exposure arises within entities of the Group when transactions are mainly denominated in foreign currencies such as United States dollars (“US\$”), Euro, Singapore dollars, Korean won, HK\$ and RMB. In addition, the Group is exposed to currency translation risk upon translation of the net assets of foreign operations into the Group’s reporting currency of HK\$. During FY2025, the Group was affected by fluctuations in the exchange rates and did not adopt any formal hedging policies nor use any financial instrument for hedging purposes. Although the Group was exposed to foreign currency exchange risks, the Board believes that the future currency fluctuations will not have any material impact on the Group’s operations.

Pledge of Assets

Certain bank loan facilities and ABS of the Group as at 31 December 2025 were secured by certain revenue, intangible assets, contract assets and trade receivables in connection with the Group’s service concession arrangements. As at 31 December 2025, the aggregate net book value of pledged assets amounted to HK\$9.21 billion.

Commitments

As at 31 December 2025, the Group had outstanding purchase commitments of HK\$118.61 million in connection with construction contracts and an outstanding capital commitment of HK\$2.20 million in connection with capital contribution to an unlisted equity investment. The Group intends to finance the above commitments using internal resources of funds, external borrowings, or a combination of both.

Contingent Liabilities

As at 31 December 2025, the Company provided financial guarantee to one subsidiary. The Board does not consider it probable that a claim will be made against the Company under the guarantee. The maximum liability of the Company as at 31 December 2025 for the provision of the guarantee was HK\$1.73 billion. Notwithstanding the above, the Group did not recognise any contingent liabilities at the consolidated level as at 31 December 2025.

Interested Person Transactions Mandate and Aggregate Value of such Transactions

The Company obtained approval from the Shareholders on the renewal of a general mandate (the “IPT Mandate”) for interested person transactions (the “IPTs”) in its annual general meeting held on 23 April 2025 pursuant to Rule 920 of the listing manual (the “SGX Listing Manual”) of Singapore Exchange Securities Trading Limited (“SGX”). The aggregate value of the IPTs in excess of SGD100,000 during FY2025 is set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during FY2025 (excluding transactions less than SGD100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate during FY2025 (excluding transactions less than SGD100,000)
China Everbright Environment Group Limited	Controlling shareholder	Nil	HK\$210,591,000 (equivalent to SGD33,846,000)
Sun Life Everbright Life Insurance Co., Ltd.	Associate of the controlling shareholder	Nil	HK\$16,185,000 (equivalent to SGD2,717,000)
Everbright Securities Company Limited	Associate of the controlling shareholder	Nil	HK\$4,157,000 (equivalent to SGD698,000)
China CYTS Tours Holding Co., Ltd.	Associate of the controlling shareholder	HK\$778,000 (equivalent to SGD131,000)	Nil

INTERNAL MANAGEMENT

Corporate management and risk control are essential for ensuring the Group's efficient, sound and sustainable development. The Group has established a comprehensive corporate governance framework under which the Board has established five committees (the "Board Committees"), namely the Audit Committee, the Remuneration Committee, the Nominating Committee, the Strategy Committee and the Sustainability Committee. Additionally, the Group has formed the Chief Executive Officer's Office (formerly known as the Management Committee) as its principal executive body responsible for overseeing day-to-day operational and managerial functions. The Chief Executive Officer's Office holds meetings regularly to review current operations and management, coordinate the implementation of strategic initiatives, and ensure efficient and orderly business operations, thereby supporting the Group's sustainable development.

The Group has set up various functional departments, including the Investment & Development Department, the Technology & Development Department, the Operations and Information Management Department, the Safety & Environmental Management Department, the Budget Management Department, the Procurement Management Department, the Finance Management Department, the Human Resources Department, the Supervision Department, the Internal Audit Department, the Legal & Risk Management Department, and the General Management Department. Moreover, to meet business needs, the Group has also set up six regional management centres and two business management centres to ensure effective project management by region and foster beneficial synergies.

The Group has continuously improved its internal management by establishing a comprehensive management framework and emergency response system. Additionally, the Group has further strengthened its risk management and internal control systems and mechanisms. These systems standardise management processes throughout project investment, construction and operations, effectively identifying and controlling risks while improving overall operational efficiency and effectiveness.

During the year under review, the Group established an Asset Preservation Management Department and optimised the structure of management-level committees, continuously enhancing its organisational structure and clarifying the division of responsibilities within its management team. The Group has also developed a comprehensive supervision system, and robust audit processes, while continuously refining its management mechanisms, and steadily enhancing corporate compliance management and risk prevention and control capabilities, thereby laying a solid foundation for its long-term stable development.

HUMAN RESOURCE MANAGEMENT

Talent is the most valuable asset of an enterprise and the primary driving force behind its development. The Group highly values its employees, adhering to a “People-Oriented” philosophy. It protects the interests and well-being of its employees, enriching their lifestyles and cultivating their values. During the year under review, the Group thoroughly implemented the talent-driven strategy, focusing on the continuous development of various talent teams. By combining both online and offline methods, the Group organised specialised trainings on various topics, such as “Cloud-like Sailing Project”, “Sail Plan” and “Empowering Management Talent”. These efforts aimed to empower managers and employees through continuous learning, preparing them to embrace new opportunities and challenges. The Group also established and enhanced a diversified job-grade system to provide employees with clear and accessible career development pathways, thereby promoting talent pipeline development and enhancing organisational performance. The Group also built a dynamic personnel selection and appointment mechanism, along with smooth career progression channels for employees. In addition to facilitating internal transfers between regions and departments, the Group effectively leveraged the internal talent pool by giving priority to its existing employees for managerial positions in the functional departments at the headquarters and various project companies. This approach enabled the promotion of outstanding frontline employees and young talent to key positions, thereby ensuring a strong talent foundation for the Group’s high-quality development. The Group continued to optimise remuneration distribution plans, prioritising front-line production staff, key core positions, urgently needed talent, and departments and individuals with outstanding results in performance evaluations to better leverage the incentive effect of remuneration.

As at 31 December 2025, the Group had a total of 1,926 employees (including those in Hong Kong and Singapore). Their remunerations are determined based on qualifications, experience, job nature, performance and market conditions. In addition to discretionary bonuses, the Group offers other benefits such as pension schemes, medical insurance as well as other protection schemes in accordance with the local laws and regulations. The Group is also committed to providing equal opportunities for all employees in various aspects and supporting their continuous professional development to enhance their knowledge, skills and professionalism.

PRINCIPAL RISKS AND UNCERTAINTIES

During the year under review, the Group continued to strengthen its risk management initiatives. Based on the requirements set out in its *Risk Management Policy* and *Risk Management Manual*, the Group thoroughly identified and assessed the principal risks faced during the year under review, and formulated and implemented targeted control measures, which proved to be effective overall. However, taking into account the complexity and diversity of external factors affecting the principal risks that were beyond the Group's control, except for construction project management risk which showed a downward trend due to the decrease in the number of construction projects undertaken by the Group, the risk levels of other principal risks remained unchanged during the year under review. During the year under review, the Group's principal risks were as follows:

1. Policy Changing Risk

Description: The Group faces risks arising from regulatory and policy changes in the PRC, particularly in relation to waste water treatment, river-basin ecological restoration, sponge city construction, reusable water, water supply, waste water source heat pump, potential new business investment projects and Public-Private Partnership (“PPP”) model. The Group needs to take timely and effective measures to address such policy changes to ensure that its operating results and development prospects are not adversely affected.

Responsive measures: (1) **Closely monitoring changes in laws and policies.** The Group has assigned dedicated personnel to regularly update and summarise the national laws and policies, and keep a close watch on significant regulatory and policy developments within the industry. (2) **Organising teams and engaging experts to conduct research and interpretation.** For significant regulatory and policy development, the Group organised internal teams to study and interpret, and promptly disseminate relevant updates within the organisation. External experts were also engaged to provide explanations on new regulations when necessary. (3) **Promptly adjusting strategies and business models.** The Group continuously monitored laws and policies related to “Dual Carbons” and environmental protection regulations, legislative developments concerning PPP model. It paid close attention to the establishment, amendment and repeal of relevant regulations. In parallel, it studied market trends and new business models, and adjusted its development strategy accordingly to align with evolving environmental protection policies, ensuring sustainable business growth of the Group.

The existing control measures are effective as a whole and the risk level remains unchanged.

2. New Business Investment and Market Competition Risks

Description: The Group actively promoted its “technology-driven, globally-connected, and eco-oriented” strategy. However, competition in the traditional water services market in the Chinese Mainland remained intense, and growth in the Group’s traditional business segments had slowed down in recent years. Markets outside the Chinese Mainland were affected by geopolitical tensions, regulatory differences, and commercial and cultural variances, requiring careful evaluation and cautious project expansion. In emerging businesses, these activities accounted for a relatively small proportion of the Group’s overall revenue and profit, underscoring the need to accelerate their development and generate new sources of profit growth.

Responsive measures: (1) **Focusing on the main responsibilities and principal businesses and adhering to high-quality development.** The Group reviewed and optimised its development strategies by concentrating on its main “water-related” responsibilities and principal businesses. Additionally, the Group enhanced its market competitiveness through cost reduction and efficiency enhancement, and expansion of upstream and downstream operations. The Group fully tapped into customer needs to drive its “To B” (business-to-business) business development and fully strengthened its efforts in expanding in core regions. (2) **Enhancing research into new business areas.** In addition to solidifying its traditional businesses, the Group, during the year under review, arranged for a professional research team to enhance research efforts on new business opportunities and business expansion to actively pursue new business models and identify new opportunities within the water industry and the Group’s business development. (3) **Increasing efforts to expand its business outside the Chinese Mainland.** The Group has been actively expanding its business in key regions outside the Chinese Mainland by strengthening its business development team and enhancing its business expansion system. (4) **Driving business development through technological advancement.** The Group has been deepening integrated collaboration with governments, enterprises, and universities, promoting coordinated development and breakthroughs in market expansion, core technology R&D, and industrial ecosystem development. (5) **Actively pursuing opportunities for mergers and acquisitions in key regions.** The Group closely monitored high-quality projects in key regions and actively pursued opportunities for mergers and acquisitions to expand its business scale and enhance core competitiveness.

The existing control measures are effective as a whole. However, given the competitive landscape of China’s environmental water industry, as well as the longer lead time required for thorough research and prudent commercial assessment of new businesses or environmental water projects outside the Chinese Mainland, the risk level remains unchanged.

3. Environmental Compliance and Safety Production Management Risks

Description: During the year under review, the PRC government introduced and revised a number of laws and regulations relating to environmental compliance and safety production management, strengthening regulatory oversight and penalties, and gradually establishing a comprehensive liability mechanism for ecological and environmental damage. Given the large number of the Group's construction and operational projects, as well as their wide geographical distribution spanning north and south, the Group faces significant pressure in managing environmental compliance and production safety.

Responsive measures: (1) **Adhering to systematic thinking and controlling at source.** The Group has strengthened its control across all key stages, including business development, design, engineering construction and operation. These efforts aim to proactively avoid and mitigate adverse factors and potential risks at the early stages of such projects. (2) **Emphasising the construction of safety management.** The Group fully implemented the accountability of safety and environment for all personnel, and promoted the implementation of a systematic production safety governance plan, enhancing safety and environmental awareness as well as sense of responsibility among employees, strengthening the supervisory assessment of accountability, and supervising the implementation of safety and environmental requirements. (3) **Conducting investigations and specialised rectifications.** During the year under review, the Group continued to conduct investigations and implement remediation measures at all levels to address potential accident hazards in both under-construction and operating projects. (4) **Enhancing education and trainings.** The Group implemented a registration management system for safety and environmental personnel, strengthening the training and assessment of registered personnel. Through the safety and environmental management qualification examination and external experts training, it further enhanced the awareness of environmental risk prevention among the safety and environmental management personnel, and improved the capability of environmental compliance management. (5) **Strengthening monitoring and early warnings.** The Group fully utilised the information sharing platform, environmental protection monitoring platform and inspection platform. These platforms are designed to closely track precautionary warnings of project operation indicators, provide early warnings and preventive measures, and implement precautionary controls. Regular emergency drills were conducted to continuously improve the Group's preparedness and response to production safety incidents.

The existing control measures are effective as a whole. However, given the Group's large number of projects under construction and operation, the risk level remains unchanged.

4. Trade Receivables Risk

Description: The Group's primary customers are local PRC governments in the regions where its projects are located. A deterioration in these customers' financial capacity or delays in the payment of service charges could negatively affect the Group's capital management and profitability. During the year under review, affected by the macroeconomic environment, international trade frictions, and the PRC government's local government debt control measures, the Group, despite attaching great importance to trade receivable management and actively taking various measures to collect outstanding balances, still maintained a relatively high level of trade receivables.

Responsive measures: (1) **Optimising the management mechanism.** During the year under review, the Group placed high emphasis on the collection of trade receivables, treating it as a top priority. Each project's trade receivables were systematically recorded in detailed accounts for administration. The Group also regularly held specialised meetings to analyse the situation of trade receivables, formulated working plans and collection strategies, and incorporated the collection of trade receivables into performance evaluation. A comprehensive working mechanism encompassing "dedicated teams, detailed accounts, performance incentives, and systematic assessments" has been established across all levels. (2) **Categorising trade receivables and implementing measures to maximise collections.** For undisputed arrears, the Group enhanced its oversight and follow-up with project companies, assigned designated personnel to liaise with local governments for collection, and applied appropriate pressure on local governments to expedite payment. For arrears where the water fee has not been determined due to unsettlement of projects, the Group ensured that relevant procedures for finalising water fees were promptly completed to accelerate collections. For disputed arrears, the Group reinforced efforts in dispute resolution through active negotiation, including on-site visits and engagement with relevant government authorities. For corporate customer trade receivables, the Group promptly initiated litigation as necessary to safeguard its rights in accordance with the law. (3) **Strengthening liquidity management.** The Group enhanced liquidity management by forecasting cash flows across the entire operating cycle and optimising capital utilisation efficiency. It also made use of financial instruments to accelerate cash inflow return. (4) **Incorporating trade receivables into performance assessment mechanism.** The Group implemented an internal accountability system for trade receivable collection, associating the collection of trade receivables with performance evaluations and rewards or penalties. Departments and personnel responsible for the collection of trade receivables were issued warnings based on the degree of responsibility, while those accountable for bad debt losses due to mismanagement were subject to penalties in accordance with the Group's policies. (5) **Adopting multiple measures to broaden payment collection channels.** By comprehensively considering and studying the use of financial instruments and application of other diversified approaches, the Group achieved an effective combination of short-term breakthroughs and long-term governance.

The existing control measures are effective as a whole. However, the risk level remains unchanged due to significant balance of trade receivables.

5. Construction Project Management Risk

Description: Due to the tight project timelines required by governments and the incomplete preliminary procedures prior to the handover of projects by government implementing units, the Group needs to devote substantial effort to completing the necessary compliance procedures. While ensuring project quality, production safety, budget control, and legal compliance, the Group fully coordinates the management of all participating units, resulting in significant management pressure and challenges.

Responsive measures: **(1) Ensuring safety is not compromised.** The Group rigorously managed safety across all construction projects, standardised work procedures, and strengthened inspections and supervision. **(2) Strengthening project information management.** The Group implemented a project management information system to oversee the entire project management process and conducted regular data analysis to strengthen its project management capabilities. **(3) Strengthening control over construction progress.** The Group closely monitored the progress of each construction project and organised special meetings in a timely manner to analyse underlying issues and implement targeted measures for projects experiencing delays. **(4) Enhancing control over construction budgets.** To reduce construction costs, the Group enforced strict control over engineering budgets by enhancing contract negotiation, controlling construction budgets, supervising construction units and subcontractors, conducting on-site supervisions and inspections, and rigorously examining approvals. **(5) Completing compliance procedures to ensure lawful operations.** The Group ensured that all construction operations complied with legal and regulatory requirements, standardising management processes across both pre-construction and construction phases.

The existing control measures are effective as a whole. Despite the relatively longer construction period and a number of uncontrollable factors such as government schedule requirements and cost fluctuations, the risk level is on a downward trend due to the decrease in the number of construction projects of the Group.

6. Staff Deployment Risk

Description: The cultivation of key management and technical personnel in the water services industry requires a relatively long lead time. At the same time, the complex and rapidly changing external environment places higher demands on the professional skills and overall capabilities of the workforce, creating a need for versatile leaders with both business acumen and management expertise.

Responsive measures: (1) **Cultivating corporate culture.** During the year under review, the Group remained committed to fostering a positive corporate culture to promote a conducive working environment and ensure the overall stability of its workforce. (2) **Establishing a talent reserve pool and conducting regular employee training.** The Group placed great emphasis on talent development and employee training, regularly engaging external experts to provide professional training, with particular attention given to enhancing the capabilities of reserve cadres and young employees in areas such as risk and compliance, leadership, strategic thinking, and innovation. (3) **Optimising the selection and appointment system and streamlining the promotion paths for employees.** The Group optimised its talent selection system by identifying the outstanding talents through internal competitions, and providing targeted training to the next generation of the Group's workforce. This approach effectively addressed key vacancies and dual-role issues in certain projects, opened development channels for cadres in critical management positions, and activated both internal and external talent markets. During the year under review, the Group's workforce remained stable and all relevant works were carried out in an orderly manner.

The existing control measures are effective as a whole and the risk level remains unchanged.

7. Financing Management Risk

Description: Any adverse changes in the external financing environment may negatively impact the Group's financing arrangements, financing costs, and overall financial position. In addition, a relatively high level of trade receivables or delays in their collection may continue to exert pressure on its cash flow.

Responsive measures: **(1) Formulating financing plans through scientific methods.** During the year under review, the Group closely monitored the financing environments both within and outside the Chinese Mainland as well as the trends in RMB exchange rates. Additionally, the Group made prudent forecasts of capital needs, coordinated the management of funds within and outside the Chinese Mainland, and formulated the financing plans by taking into account the actual financial ratios and loan restrictions, thereby effectively controlling financing costs and risks. **(2) Adjusting the loan structure in a timely manner.** Through various financing channels, the Group adjusted its loan structure as and when appropriate, and strictly controlled the gearing ratio and use of capital to ensure adequate capital reserves, while maintaining manageable financing costs. **(3) Strengthening liquidity management.** During the year under review, the Group continued to urge various project companies to actively collect waste water treatment service fees, striving to reduce the scale of trade receivables and overdue trade receivable balances.

The existing control measures are effective as a whole and the risk level remains unchanged.

8. Cost Control Risk

Description: Affected by market fluctuations and relevant policies of the PRC government, upstream suppliers may increase prices due to regulatory requirements, capacity constraints, and rising costs, thereby giving rise to the risk of higher future costs for the Group.

Responsive measures: (1) **Maximising operating capabilities.** The Group has consistently focused on energy saving and efficiency improvement in its operations. Through measures such as operational benchmarking and refined management, the Group has successfully reduced production costs and achieved notable results. (2) **Leveraging the advantages of centralised procurement.** The Group fully leveraged centralised and regional procurement to benefit from economies of scale and greater flexibility. By expanding its pool of qualified suppliers and fostering strong cooperative relationships with long-term suppliers, the Group effectively controlled procurement costs while maintaining procurement quality. (3) **Strengthening budget management and process control.** The Group reinforced strict budget controls for all under-construction and operating projects and conducted regular assessments to monitor project investments and operating costs. The Group held periodic analysis meetings to review operational conditions and conducted specialised studies on cost control. (4) **Accelerating technology development.** The Group conducted research on topics including, but not limited to, unmanned factories and Intelligent Water. By leveraging the application of artificial intelligence, the Group explored innovative operational and management models for waste water treatment plants.

The existing risk control measures are effective as a whole and the risk level remains unchanged.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group continues to deepen its focus on the water environment management business, steadily expanding its portfolio of high-quality water projects and further consolidating its market position through a prudent and pragmatic development strategy. Leveraging its mature business model, comprehensive project management capabilities and extensive industry experience, the Group actively promotes continuous improvement in water environment quality in the regions where it operates, contributing to the advancement of national ecological civilisation development. With water as its core foundation, the Group pursued forward-looking deployment along the “water-related” industry chain, continuously fostering upstream and downstream collaboration to drive value innovation and enhance overall operational efficiency.

In line with China’s “Dual Carbons” strategic objectives, the Group has continued to refine its greenhouse gas management and information disclosure framework, while actively advancing “Low-Carbon Demonstration Projects” at the project level that integrate carbon reduction, pollution mitigation and resource utilisation measures. These efforts aim to facilitate the green and low-carbon transition of the industry and support high-quality development. Meanwhile, the Group continuously reviews and optimises its internal management processes to enhance its capabilities in managing carbon emissions and energy consumption. All of the Group’s projects have either obtained or are actively pursuing internationally recognised management system certifications, including ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. Prior to project investment and construction, the Group systematically identifies and assesses potential environmental and social risks, and ensures that all construction projects obtain the requisite environmental impact assessment approvals and relevant administrative permits before commencement.

As a leading integrated water environment management service enterprise in China, the Group places strong emphasis on compliance management and operational performance across its project portfolio. Guided by principles of professionalism, standardisation and efficiency, the Group strictly carries out project construction and operations in accordance with the requirements set out in environmental impact assessment reports and their corresponding approval documents. The Group ensures that effluent discharge indicators of all operational projects meet or exceed the Grade 1A standard stipulated under the *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant* (GB18918-2002). The Group continues to monitor and disclose operational performance across key environmental aspects, including waste water treatment and effluent monitoring, odour control, noise control, waste management, energy and material usage, water resource utilisation, as well as climate resilience. Through these measures, the Group’s projects effectively mitigate potential environmental impacts associated with municipal and industrial waste water discharge, safeguard public health and promote the sustainable development of the water environment. During FY2025, the Group recorded no incidents of material non-compliance with relevant environmental, social or workplace safety laws and regulations that resulted in significant adverse impacts on its operations.

To ensure consistency in project operational practices and to fully integrate social responsibility into business operations and daily management, the Group continued to implement its risk management and internal control systems and the “Intelligent Water” Information Management System. These systems strengthen internal controls and risk prevention from both institutional and technological perspectives. The Group continuously optimises its management systems and enhances emergency response capabilities to support sustainable development. The above systems have been fully implemented across all organisational levels, covering all employees of the Group as well as on-site third-party contractors and subcontractors. The Group also adopts preventive measures to address potential environmental, social and governance (“ESG”) risks arising during investment and operational processes, with an aim of mitigating their potential impact on business development. In addition, the Group continues to identify and assess climate-related risks and opportunities across its operations, including extreme weather events, changes in policies and regulatory requirements, environmental compliance risks, and technological advancement and innovation, with regular reviews and updates conducted to refine response strategies. Furthermore, the Company has also established a Sustainability Committee to further strengthen the oversight of its ESG-related initiatives and strategies. The Sustainability Committee is responsible for reviewing relevant policies and practices, as well as evaluating ESG-related issues and risks that may affect the Group’s overall sustainability performance.

The Group consistently places importance on the transparency, reliability and consistency of information disclosure. In accordance with applicable requirements, the Group continues to disclose environmental information relating to project operations to the public by uploading relevant materials to the Company’s website and platforms designated by local government authorities for public access and supervision. Such disclosures include environmental impact assessment approval documents, annual environmental monitoring plans, emergency response plans for environmental incidents, as well as monitoring results for waste water, air emissions and noise. These disclosures demonstrate the Group’s commitment to proactively fulfilling its environmental and social responsibilities and promoting sustainable development.

In addition, the Group actively responds to national initiatives and remains committed to advancing environmental education and public engagement, with the aim of enhancing public awareness of water resource protection and environmental sustainability. The Group continues to open its waste water treatment facilities and project sites to the public, developing them into environmental education and outreach platforms that integrate site visits, hands-on learning and science education. Through a combination of online and offline approaches, the Group further broadens the scope and reach of public participation. At the same time, the Group collaborates with local ecological and environmental authorities, research institutions and relevant social organisations to carry out diversified environmental education and outreach activities, advocating water conservation, cultivating public engagement and a sense of responsibility towards environmental protection, and promoting sustainable development within the community.

The Group remains committed to the philosophy of “Development Driven by Technological Innovation” and continues to embed this principle into its business operations and project management practices. This commitment is reflected in the Group’s ongoing efforts to strengthen the application of advanced technologies and to actively promote collaboration between industry and academia. Throughout the year under review, the Group implemented a number of optimisation initiatives in technical management and application, and carried out corresponding technical upgrades and retrofits for newly developed and operating projects. In addition, the Group expanded pilot applications of intelligent and precision control systems in waste water treatment processes across key operational areas.

As at 31 December 2025, a total of 49 projects of the Group were officially opened to the public. During FY2025, these projects received 235 batches of visitors, exceeding 9,800 visitors in total.

In recognition of the Group’s sustained commitment and achievement in promoting community environmental education, a number of the Group’s projects received multiple accolades during FY2025. Among them, 24 projects were recognised as national, provincial or municipal-level honorary titles, including “Environmental Education Hub”, “Science Popularisation and Education Base” and “Open Day Promotion and Education Centre”.

CORPORATE GOVERNANCE

The Board and Management firmly believe that high standards of corporate governance form the cornerstone of the Group. Accordingly, they will continue to uphold robust corporate governance practices to enhance the long-term value of the Company and returns for the Shareholders, and to safeguard the Shareholders’ interests.

The Company’s corporate governance practices are in line with the (i) principles and provisions under Singapore’s Code of Corporate Governance 2018 (the “SG CG Code”); and (ii) principles and code provisions of the Corporate Governance Code (the “HK CG Code”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK Listing Rules”). In the event of any conflicts between the SG CG Code and the HK CG Code, the Company will comply with the more stringent requirements. Throughout FY2025, the Company has complied with the principles and provisions under the SG CG Code and the HK CG Code.

Details of the Company’s corporate governance practices will be set out in the FY2025 annual report.

DEALINGS IN THE SECURITIES

The Company has adopted an internal code (the “Internal Code”) governing dealings in securities by Directors, officers and relevant employees of the Group who are likely to be in possession of unpublished price-sensitive information of the Group. The Internal Code is in line with the requirements of the SEHK Listing Rules and the HK CG Code on terms no less exacting than the *Model Code for Securities Transactions by Directors of Listed Issuers* (the “Model Code”) as set out in Appendix C3 to the SEHK Listing Rules, in addition to the requirements of the SGX Listing Manual and the SG CG Code. The Internal Code has been disseminated to all the Directors, officers and relevant employees of the Group.

The Directors, officers and relevant employees of the Group have been informed not to deal in the Company’s securities at all times whilst in possession of unpublished price-sensitive information and during the periods commencing:

- (a) 30 days immediately preceding the publication date of the announcement of the Company’s interim results (and quarterly results, if any) or, if shorter, the period from the end of the relevant half-year (and the relevant quarter, if applicable) up to the publication date of the results; and
- (b) 60 days immediately preceding the publication date of the announcement of the Company’s full-year results or, if shorter, the period from the end of financial year and up to the publication date of the results.

The Directors, officers and relevant employees of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or while they are in possession of unpublished inside information or price-sensitive information of the Company and they are not to deal in the Company’s securities on short-term considerations.

Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard as set out in the Model Code and the Internal Code throughout their tenure during FY2025.

DIVIDEND

(a) Current financial year reported on

Any dividend declared for the current financial year reported on? Yes

As part of the Directors' continuing efforts to enhance the Shareholders' return, the Directors have recommended a final dividend of HK4.22 cents (equivalent to 0.69 Sing cent) per ordinary share for FY2025, which is subject to the approval by the Shareholders at the forthcoming annual general meeting to be held on or around 22 April 2026 (Wednesday) (the "AGM").

Name of Dividend	FY2025 Proposed Final Dividend
Dividend Type	Cash
Dividend Amount	HK4.22 cents (equivalent to 0.69 Sing cent) per ordinary share
Tax Rate	One-Tier Tax Exempt

(b) Corresponding period of the immediately preceding financial year

Name of Dividend	FY2024 Final Dividend
Dividend Type	Cash
Dividend Amount	HK5.81 cents (equivalent to 1.02 Sing cents) per ordinary share
Tax Rate	One-Tier Tax Exempt

(c) Date payable

Subject to the Shareholders' approval, the FY2025 Proposed Final Dividend will be paid on or around 22 May 2026 (Friday).

(d) Books closure date

Details on closure of books are set out in the section below entitled "Closure of Register of Transfer and Register of Members – (b) For determining the entitlement to the FY2025 Proposed Final Dividend".

Annual General Meeting

The AGM is expected to be held on or around 22 April 2026 (Wednesday). The notice of the AGM will be published on the SGXNet and the websites of Hong Kong Exchanges and Clearing Limited ("HKEx") and the Company and its printed version will be despatched to the relevant Shareholders in due course*.

* *The Company has adopted an electronic communication regime. For details, please refer to the announcement of the Company dated 10 July 2023.*

Closure of Register of Transfer and Register of Members

- (a) For determining the entitlement to attend and vote at the AGM

For Singapore Shareholders

The Register of Transfer and Register of Members of the Company will be closed at 5:00 p.m. (Singapore time) on 16 April 2026 (Thursday) for the purpose of determining the entitlement of Singapore Shareholders to attend and vote at the AGM. Duly completed registrable transfers of shares received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5:00 p.m. (Singapore time) on 16 April 2026 (Thursday) will be registered to determine Singapore Shareholders' entitlements to attend and vote at the AGM.

For Hong Kong Shareholders

The Hong Kong branch register of members of the Company will be closed from 17 April 2026 (Friday) to 22 April 2026 (Wednesday), both days inclusive, for the purpose of determining the entitlement of Hong Kong Shareholders to attend and vote at the AGM. Duly completed registrable transfers of shares received by the Company's Hong Kong Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, up to 4:30 p.m. (Hong Kong time) on 16 April 2026 (Thursday), will be registered to determine Hong Kong Shareholders' entitlements to attend and vote at the AGM.

- (b) For determining the entitlement to the FY2025 Proposed Final Dividend

For Singapore Shareholders

The Register of Transfer and Register of Members of the Company will be closed at 5:00 p.m. (Singapore time) on 28 April 2026 (Tuesday), being the Singapore Books Closure Date for the purpose of determining the entitlement of the Singapore Shareholders to the FY2025 Proposed Final Dividend.

Duly completed registrable transfers of shares received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5:00 p.m. (Singapore time) on 28 April 2026 (Tuesday) will be registered before entitlements to the FY2025 Proposed Final Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. (Singapore time) on 28 April 2026 (Tuesday) will rank for the FY2025 Proposed Final Dividend.

For Hong Kong Shareholders

The Hong Kong branch register of members of the Company will be closed from 29 April 2026 (Wednesday) to 30 April 2026 (Thursday), both days inclusive, during this period no transfer of shares will be registered. Shareholders whose names appear on the Hong Kong branch register of members of the Company as at 4:30 p.m. (Hong Kong time) on 28 April 2026 (Tuesday) will be entitled to the FY2025 Proposed Final Dividend.

Duly completed registrable transfers of shares received by the Company's Hong Kong Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, up to 4:30 p.m. (Hong Kong time) on 28 April 2026 (Tuesday), will be registered before entitlements to the FY2025 Proposed Final Dividend are determined.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities for the year ended 31 December 2025. As at 31 December 2025, the Company did not have any subsidiary holdings.

Convertibles, Preference Shares and Treasury Shares

The Company did not have any outstanding convertibles, preference shares and treasury shares as at 31 December 2025 and 2024. During the year ended 31 December 2025, there were no sales, transfers, disposal, cancellation and/or use of treasury shares.

Disclosure on acquisition or disposal of shares in companies pursuant to Rule 706A of the SGX Listing Manual

Incorporation of Subsidiaries

During FY2025, the Company had incorporated the following indirectly owned subsidiaries:

- | | | |
|------------------------|---|--|
| (a) Name of Company | : | EW (Zhengzhou) Water Operation Co., Ltd. |
| Date of Incorporation | : | 15 January 2025 |
| Place of Incorporation | : | PRC |
| Registered Capital | : | RMB6 million |
| Principal Activities | : | Waste water treatment and reusable water; water pollution management |

Interest held by Everbright Water (Shenzhen) Limited, an indirect wholly-owned subsidiary of the Company : 66%

(b) Name of Company : EW Operation Environmental Protection (Suizhou) Co., Ltd.

Date of Incorporation : 20 March 2025

Place of Incorporation : PRC

Registered Capital : US\$1 million

Principal Activities : Waste water treatment and reusable water; water pollution management

Interest held by New Efficient Limited, an indirect wholly-owned subsidiary of the Company : 100%

(c) Name of Company : EW New Energy (Beijing) Co., Ltd.

Date of Incorporation : 21 August 2025

Place of Incorporation : PRC

Registered Capital : RMB35 million

Principal Activities : R&D of unconventional water resource utilisation technologies

Interest held by China Everbright Water Management Limited, an indirect wholly-owned subsidiary of the Company : 100%

(d) Name of Company : EW Environmental Protection (Nanjing) Co., Ltd.

Date of Incorporation : 26 September 2025

Place of Incorporation : PRC

Registered Capital : RMB2 million

Principal Activities : Waste water treatment and reusable water; water pollution management

Interest held by Everbright : 100%
Water (Zibo) Limited, an indirect wholly-owned subsidiary of the Company

Dissolution/Strike Off of Subsidiaries

EW Environmental Protection (Jiangyin) Co., Ltd., an indirect wholly-owned subsidiary of the Company incorporated in the PRC, was struck off the register on 11 August 2025.

Save for the above, during FY2025, there were no acquisitions or disposals of shares resulting in any entity becoming or ceasing to be a subsidiary or associated company of the Company, as required by Rule 706A of the SGX Listing Manual.

Where a forecast, or a prospect statement, has been previously disclosed to Shareholders, any variance between it and the actual results.

None.

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) of the SGX Listing Manual

There is no person occupying a managerial position in the Company or its principal subsidiaries who is a relative of a Director or chief executive officer or substantial Shareholder of the Company for the years ended 31 December 2025 and 2024.

Publication of Annual Results and Annual Report

The annual results announcement for FY2025 is published on (i) the SGXNet at <https://www.sgx.com>; (ii) the website of HKEx at <https://www.hkexnews.hk>; and (iii) the Company's website at <https://www.ebwater.com> by going to "Investor Relations" and clicking on the hyperlink "Announcements & Circulars – SGX" or "Announcements & Circulars – HKEX". The FY2025 annual report of the Company containing, among others, all the information required by the SEHK Listing Rules and the SGX Listing Manual will be published on the SGXNet and the websites of HKEx and the Company, and its printed version will be despatched to the relevant Shareholders*.

Confirmation that the issuer has procured undertakings from all its Directors and executive officers under Rule 720(1) of the SGX Listing Manual

Pursuant to Rule 720(1) of the SGX Listing Manual, the Company has procured undertakings from all its Directors and executive officers.

* *The Company has adopted an electronic communication regime. For details, please refer to the announcement of the Company dated 10 July 2023.*

Confirmation by the Board pursuant to Rule 705(5) of the SGX Listing Manual

We, the undersigned, do hereby confirm on behalf of the Board that to the best of our knowledge, nothing has come to the attention of the Board which may render the audited financial results of the Group for FY2025 to be false or misleading in any material aspect.

On behalf of the Board
China Everbright Water Limited

Luan Zusheng

Non-Executive Director and Chairman

Xiong Jianping

Executive Director and Chief Executive Officer

Hong Kong and Singapore, 27 February 2026

As at the date of this announcement, the Board comprises: (i) a non-executive Director, namely Mr. Luan Zusheng (Chairman); (ii) an executive Director, namely Mr. Xiong Jianping (Chief Executive Officer); and (iii) four independent non-executive Directors, namely Ms. Hao Gang, Mr. Ng Joo Hee Peter, Mr. Soh Kok Leong and Ms. Chan Pui Shan Sandy.

APPENDIX

Independent Auditors' Report

Members of the Company
China Everbright Water Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of China Everbright Water Limited ('the Company') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 7 to 105.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board ('IFRS Accounting Standard') so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2025 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code'), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessing expected credit loss allowance of trade receivables	
<i>Refer to note 23 to the consolidated financial statements and the accounting policies in note 2.4.</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the Group’s total gross carrying amount of trade receivables was HK\$7,337,281,000, with an allowance for expected credit losses (“ECLs”) of these assets of HK\$886,285,000.</p> <p>Management measures the loss allowance for trade receivables at an amount equal to the lifetime ECL, based on the historical repayment and loss patterns for different groups of the customers, and ageing of trade receivables.</p> <p>The loss allowance is assessed collectively using a provision matrix, based on factors such as the ageing of trade receivable balances, the repayment history of the Group’s customers and credit risk profile of the customers (including segmentation).</p> <p>We identified the assessment for the loss allowance of trade receivables as a key audit matter because this assessment of ECLs is inherently subjective and involves significant management estimation.</p>	<p>Our audit procedures to assess the ECL allowance for trade receivables included the following:</p> <ul style="list-style-type: none"> • understood and evaluated the Group’s policy and method for estimating the ECL allowance with reference to the requirements of the applicable accounting standard; • assessed the appropriateness of the key assumptions used by management in the ECL assessment, including the basis for segmentation of the trade receivables based on similar credit risk profile of its customers; • assessed the inputs used by the management in the ECL assessment, including whether the trade receivables were categorised in the appropriate ageing bucket by comparing individual items to the relevant underlying billing notice, on a sample basis; and • re-performed the calculation of the ECL allowance as at 31 December 2025 based on the Group’s ECL allowance policies, inputs and assumptions.

Impairment assessment of goodwill	
<i>Refer to note 17 to the consolidated financial statements and the accounting policies in note 2.4.</i>	
The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the carrying amount of goodwill of the Group was HK\$1,379,160,000, which had been allocated to the three cash generating units (“CGUs”) comprising wastewater treatment plants. Goodwill represented 5% of the Group’s total non-current assets.</p> <p>Management performs impairment test on goodwill annually at the end of each reporting period or whenever there is an indication of impairment. This involves comparing the carrying value of each CGU to which goodwill has been allocated with its respective recoverable amount, determined as the higher of value in use and fair value less costs of disposal, to assess whether an impairment loss should be recognised. Value in use is assessed based on discounted cash flow forecasts.</p> <p>This assessment requires the exercise of significant estimation about the future market conditions and future cash flows including sales growth rates and discount rates, all of which involve inherent uncertainty.</p> <p>We identified the impairment assessment of goodwill as a key audit matter as the goodwill impairment assessments prepared by management involve significant estimation and assumptions which could be subject to management bias.</p>	<p>Our audit procedures to assess the impairment of goodwill included the following:</p> <ul style="list-style-type: none"> • understood and evaluated the design and implementation of key internal controls over the impairment assessment of goodwill; • assessed the appropriateness of management’s identification of the CGUs, with reference to the requirements of the prevailing accounting standards; • compared the cashflow forecasts prepared in the previous year with the actual performance of the businesses for the current year and inquired with management about any significant variations identified to assess whether there were any indications of management bias; • evaluated the appropriateness of the valuation methodology with reference to the requirements of the prevailing accounting standards, and evaluated the reasonableness of the discount rates used by the management by benchmarking against those of comparable companies, with the assistance of our internal valuation specialists; • assessed the reasonableness of sales growth rates applied, with reference to our understanding of the business, historical trends and available industry information and market data; • performed sensitivity analyses of the sales growth rates and discount rates, and considered the resulting impact on the impairment assessment for the year and whether there were any indicators of management bias; • re-performed the calculation of the recoverable amounts of each CGU as at 31 December 2025 based on the inputs and assumptions to assess the mathematical accuracy; and • assessed the reasonableness of the disclosure in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Shareholdings ('the Report') which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Yeo Lik Khim.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 February 2026