



Press Release

[For immediate release]

## Kangda Environmental Announces 2024 Interim Results

### Income from Operating Services Grows Steadily, Net Profit Attributable to Owners of the Parent Jumps over 30%

#### Interim Results Highlights:

(RMB million)	For the six months ended 30 June		Change
	2024	2023	
Revenue	1,115.5	1,093.1	↑ 2.0%
Gross Profit	544.5	544.8	↓ 0.1%
EBITDA	495.4	475.2	↑ 4.3%
Net Profit	106.1	84.7	↑ 25.3%
Net Profit Margin	9.5%	7.8%	↑ 1.7 percentage point
Net Profit (attributable to owners of the parent)	108.6	81.8	↑ 32.8%
Earnings per Share (RMB cent)	5.08	3.82	↑ 33.0%

(29 August 2024, Hong Kong) — **Kangda International Environmental Company Limited** (“Kangda Environmental” or the “Company”, stock code: 6136.HK), announced the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Period”).

During the Period, due to the operation of new and expanded wastewater treatment facilities, actual processing volume of wastewater and reclaimed water increase by 2.6% comparing with the previous corresponding period, recached 624.1 million tons, which also lead to an increase of the Group’s total revenue by 2.0% comparing with the previous corresponding period to RMB1,115.5 million. However, as wastewater treatment tariff adjustment is still lagging behind and could not effectively cover the increased electricity and chemical costs, and depreciation and amortisation of newly completed projects slightly reduce gross profit margin for the Period



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Kangda International Environmental Company Limited

to 48.8% (down by 1 percentage point comparing with the previous corresponding period). Gross profit for the period was RMB544.5 million, almost the same as last year. If wastewater treatment tariff adjustment could be normalized and cover the increased costs, profitability would be improved significantly. Owing to decreased finance cost and expenses controls, profit attributable to owners of the parent for the period sharply increased by 32.8% comparing with the previous corresponding period, reached RMB108.6 million. Earnings per share was RMB 5.08 cent, increased by 33.0% year-on-year.

The Group adhered to enhancing operating cash flow, improving fund raising efficiency, and optimizing the balance sheet. Net cash inflow from operating activities was RMB160.9 million and is the highest level for interim period since 2017. In relation to financing activities, due to general reduction of interest rate of Chinese Mainland, the average interest rate for the period was to 5.53%, reduced by 0.53 percentage point comparing with the previous corresponding period, leading to the decrease in finance cost by 6.3% year-on-year to RMB274.2 million. As at 30 June 2024, 65.2% of borrowings are long-term and the long/short term debt ratio maintained healthy. Current ratio was 1.19, which is the best since 2019. Total liabilities to total assets steadily decreased continuously since 2019 to 69.24% (30 June 2023: 69.57%). The People's Bank of China announced reduction in the loan prime rate by 10 basic point In July and is expected to reduce continuously and will help to reduce future costs of financing activities.

The Group continued to invest in selected high quality wastewater treatment projects and focusing on operating urban wastewater treatment business. Revenue from operating services during the period accounted for 91.02% of the Group's total revenue, increased from 90.85% that of the previous corresponding period, utilization rate of facilities maintained at a relatively high level of 84%. As at 30 June 2024, the Group had entered into a total of 112 service concession arrangement projects with total daily treatment capacity reached 4.36 million tons, and the daily treatment capacity in operation was 4.14 million tons.

During the first half of 2024, the central government continued to improve and optimize policies in relation utility and environmental protection industries, and issued policy documents such as the "The Administrative Measures for Infrastructure and Public Utilities Concession", the "Notice on Strengthening the Construction and Operation Maintenance of Urban Domestic Wastewater Pipe Networks", the "Guidance Opinion on Speeding Up of Water Saving Industry", etc. to promote fair competition environment and market regulation, set targets for urban wastewater collection and treatment, promote usage of reclaimed water and encourage financial institutions to support financing activities for wastewater treatment projects. Besides, the third plenary session of the 20th Central Committee of the Communist Party of China



# 康達國際環保有限公司

## Kangda International Environmental Company Limited

passed the “Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization”, which suggested constructing comprehensive environmental management system, and to optimizing the pricing mechanism of the utility industry by pricing reform. The NDRC recently issued the “Notice on Fully Promoting the Regular Issuance of Real Estate Investment Trusts (REITs) Projects in the Infrastructure Sector” , promoting the regular issuance of REITs. The Group will actively revitalize existing assets through the REITs mechanism when suitable opportunities arise. The Group will continue to deepen energy saving and consumption reduction measures, contributing to the improvement of national ecological environment quality while increasing operational efficiency and strictly controlling operational cost, and strive for better returns for shareholders.

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### **About Kangda International Environmental Company Limited**

Kangda International is a leading water environmental pollution control enterprise in China, mainly engaged in comprehensive urban environmental control services in Chinese Mainland with investment, construction and operation of water infrastructure as the core. Currently, Kangda International’s wastewater treatment business had already spread to 16 provinces and municipalities in China, including Shandong, Henan, Heilongjiang, Shanxi, Zhejiang, Guangdong, Anhui, Jiangsu, Beijing, Tianjin, Hebei, Jilin, Liaoning, Shaanxi, Sichuan and Fujian, daily treatment capacity exceeds 4.3 million tons.