



2025

Kangda International Environmental
Company Limited

Environmental, Social
and Governance Report

HONGKONG

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ABOUT THIS REPORT

Overview and Basis of Preparation

This Environmental, Social and Governance (ESG) report of Kangda International Environmental Company Limited (“Kangda International”, “the Company”, or “we”) is prepared in accordance with the **Environmental, Social and Governance Reporting Code**, as set out in Appendix C2 of the Listing Rules of The Stock Exchange of Hong Kong Limited (hereinafter referred to as “SEHK”), covering the Company’s performance and information for the year ended 31 December 2025 (“the Reporting Period”) in areas such as business development, employee care, environmental protection, and community investment.

Scope and Boundary of the Report

This report discloses information covering the urban water services projects, water environmental comprehensive treatment, and rural sewage treatment projects undertaken by Kangda International and its subsidiaries. Unless otherwise specified, all monetary amounts mentioned in this report are denominated in RMB.

The content of this report adheres to the principles of “Materiality”, “Quantitative”, “Balance”, and “Consistency” as outlined in the SEHK’s ESG Reporting Code. These principles are determined based on materiality assessments and stakeholder opinions. For detailed processes, please refer to the “Maintaining Steady Development” section.

Materiality: The Company identifies ESG topics that are significant to both the Company and its stakeholders through active online and offline communications. The disclosed content in this report responds to the information collected during the materiality assessment.

Quantification: Key performance indicators disclosed in this report are measurable.

Balance: The report objectively presents the Company’s efforts in environmental protection, social responsibility, and governance.

Consistency: The report uses consistent data disclosure methods as in previous years, allowing for meaningful comparisons across different years. Any changes that may affect comparability with past reports are explained in the corresponding sections.

Disclaimer

This report contains forward-looking statements, including but not limited to terms such as “will”, “expect”, “forecast”, “future”, “intend”, “estimate”, “plan”, “believe”, “potential”, “continue”, “sustain”, “target”, “objective”, “may”, and similar expressions. These statements are based on current expectations, assumptions, estimates, and forecasts, and are subject to uncertainties that may cause actual results to differ materially. Kangda International does not undertake any obligation to update any forward-looking statements in this report, except as required by applicable laws. Kangda International shall not be held liable for any consequences arising from judgments made by individuals based on the information contained in this report.

Report Languages

This report is available in Simplified Chinese, Traditional Chinese, and English versions. In case of any discrepancies, the Simplified Chinese version shall prevail.

Confirmation and Approval

The contents of this report were confirmed by the management and the Board of Directors on 19 March 2026. The electronic version of the report can be accessed on the SEHK’s website under Kangda International’s “Financial Reports/Environmental, Social, and Governance Information” section or on the Company’s official website. For any questions or comments regarding this report, please contact us through the following means:

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Message From Management

In an era of accelerating climate change, rapid technological advancement, and an industry shaped by both challenges and opportunities, Kangda International remains steadfast and resilient in navigating uncertainty. Guided by our long-term vision of “Creating a First-Class Environmental Protection and Creating a Century Enterprise” and our corporate mission to “Create an Environment with Greener Water, Lusher Mountains and Bluer Skies”, we stay focused amid uncertainty, proactively seek change in the face of challenges, and steadfastly pursue green, innovative, and sustainable growth.



Governance as the Foundation for Steady Growth

We are committed to compliant operations, and have established a robust corporate governance framework. We uphold laws, regulations, and business ethics across the entire value chain, from investment and construction to operations. By strengthening supply chain responsibility management, we aim to cultivate an efficient, transparent, and environmentally sustainable industry ecosystem. Regular engagement with stakeholders allows us to turn external expectations into actionable internal improvements, ensuring every step of our growth withstands public scrutiny.



Quality as the Engine for Long-Term Operations

We follow an integrated “Planning-Investment-Construction-Operation” model, and maintain a comprehensive quality management system across the project lifecycle to ensure high-standard project delivery and stable operations. By optimizing processes, controlling equipment performance and chemical dosing, and leveraging digital platforms for monitoring and early warning, we ensure stable wastewater treatment and effluent quality. Additionally, we promote collaboration among enterprises, universities, and research institutions to support knowledge sharing and standard-setting initiatives. Through an open and integrative approach, we support sustainable corporate growth and contribute to industry advancement.

Talent as the Core for Future Growth

We adhere to an employee-centered development philosophy, fostering a fair, inclusive, and safe workplace while strengthening mechanisms to protect employee rights and maintaining open communication channels. We continuously refine our full-cycle employee training and development framework, optimize incentive mechanisms, and expand career pathways to support employees in developing skills and realizing their professional potential. Through regular safety training and drills, along with comprehensive health-care and cultural initiatives, we enhance employees’ sense of belonging and well-being, cultivating a community where employees and the Company grow together, aligned in purpose and offering mutual support.

Green Operations as the Driver for Ecological Sustainability

We firmly believe that technological innovation serves as the core engine driving green transformation. We have integrated environmental principles into every aspect of our operations. Significant progress has been achieved in areas such as resource recycling, pollutant control, and energy conservation. We continuously advance the refinement and digitalization of our operations, striving to make every wastewater treatment facility a green hub that integrates with the community, sustains life, and delivers tangible ecological value.

Society as the Partner for Shared Value Creation

We integrate operational activities with community development, establishing regular and interactive platforms for environmental education and public outreach. Through these channels, we engage the public through vivid, hands-on experiences, disseminating knowledge on water resource protection and enhancing environmental awareness. We also encourage and systematically organize our employees to participate in volunteer services and social welfare initiatives, taking concrete actions in areas such as rural revitalization, community service, and environmental education. These efforts embody our dedication to fulfilling the social responsibilities of a corporate citizen and demonstrate our commitment to creating shared value.

The silent mountains bear witness to our dedication, and the flowing waters tell the story of our steadfast mission. Looking to the future, we will take our vision as a guiding light, uphold modern governance, leverage technology, unify talent, and create societal value. Together with our partners, we will protect the environment and contribute lasting efforts toward a harmonious coexistence between humans and nature.

Statement By The Board Of Directors

Board Responsibilities

We adhere to sustainable development principles, having established a comprehensive ESG governance framework comprising the Board of Directors, the Audit Committee, and the ESG Daily Operations Working Group. The Company ensures ESG management is fully integrated into daily operations and decision-making processes.

As the highest decision-making body, the Board of Directors assumes primary responsibility for the Company's ESG strategy and performance. The Audit Committee, authorized by the Board of Directors, is responsible for reviewing and advising on the ESG strategy and framework, identifying ESG risks and opportunities, and overseeing ESG guidelines, policies, and objectives. In addition, the Audit Committee reviews the Company's annual ESG report and submits recommendations to the Board, which ultimately approves the ESG report.

ESG Implementation

The ESG Daily Operations Working Group, serving as the executive body, is responsible for executing the ESG governance strategies established by the Board and the Audit Committee. This includes developing ESG objectives and action plans, regularly reporting ESG progress to the Audit Committee, and preparing the ESG report.

During the Reporting Period, the Audit Committee convened two meetings to discuss topics of interest to stakeholders and to assess the progress of ESG initiatives in stages. We conducted a materiality assessment of ESG issues based on stakeholders' actual expectations. This process involved identifying climate change risks, opportunities, and response measures, as well as reviewing environmental objectives such as energy consumption and resource utilization. The recommendations raised during the meetings were submitted to the Board for approval and subsequently implemented by the ESG Daily Operations Working Group, with the Audit Committee overseeing the progress of related activities. For more detailed information on these activities, please refer to sections "1.3 Materiality Issue Analysis", "4.1.2 Environmental Goals", and "4.4 Responding to Climate Change" of this report.

ESG Risk Management and Objective Oversight

We have fully realized that ESG issues can potentially impact our business development and pose associated risks. Our Board of Directors and Audit Committee maintain active communication with stakeholders based on national policies, industry standards, and regulatory requirements. We regularly conduct identification and assessment of material issues and hold discussions on ESG-related risks. The analysis results of the year's material issues have been reviewed and approved by the Board of Directors.



About Us

Company Profile

We, Kangda International Environmental Company Limited (HK 06136), established in 2011, are a leading environmental pollution treatment enterprise in China. We provide comprehensive water service project solutions and services, with core businesses covering sewage treatment, environmental pollution treatment, and solid waste treatment in the field of comprehensive urban environmental treatment. Since our listing on the Main Board of the SEHK on 4 July 2014, we have maximized industrial capital synergies through diversified models such as equity mergers and acquisitions, TOT (Transfer-Operate-Transfer), BOT (Build-Operate-Transfer), and PPP (Public-Private Partnership).



We place high importance on scientific development and adhere to leading the enterprise forward through technological innovation, assembling an innovation team of technical experts and renowned scholars from both domestic and international backgrounds, and establishing an expert committee to safeguard technological innovation. We actively promote independent research and development while flexibly utilizing external methods such as patent acquisition, mergers and acquisitions, and joint ventures to build an open and collaborative innovation system. In addition, we have established strategic partnerships with research institutions and universities such as China Ship Scientific Research Center and Tianjin Municipal Engineering Design and Research Institute, comprehensively promoting the integration of industry, academia, and research, continuously contributing to industry innovation.

Since establishment, we have earned numerous honors through exceptional capabilities. We serve as the vice president unit of the China Environment Chamber of Commerce and are the first batch of AAA credit rating enterprises of China Association of Environmental Protection Industry (CAEPI). We have been honored multiple times as the top 50 environmental enterprise in China and have also served two consecutive terms as the vice president unit of CAEPI. We have obtained China Environmental Protection Association Level 1 Operational Service Capability Certification for Industrial Wastewater and Domestic Sewage Treatment, and ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System certifications. We also hold a first-class qualification for municipal public engineering construction issued by the Ministry of Housing and Urban-Rural Development.

We adhere to the core values of "Sincere Commitment and Repaying the Society", actively following sustainable development principles, advancing regional ecological civilization construction, and contributing to the creation of a harmonious coexistence between humans and nature. Guided by the "Carbon Peaking & Carbon Neutrality" goals, we seize strategic opportunities to strengthen synergy across the water industry chain. We focus on expanding high-quality projects such as reclaimed water reuse and industrial wastewater treatment, committed to sharing value among the Company, society and environment.

<p>Nine-Word Principle</p> <p>Following Rules, Pursuing Self-discipline and Fulfilling Duties</p> 	<p>Corporate Mission</p> <p>Create an Environment with Greener Water, Lusher Mountains and Bluer Skies</p> 	<p>Corporate Vision</p> <p>Create a First-Class Environmental Protection Create a Century Enterprise</p> 	<p>Corporate Core Values</p> <p>Sincere Commitment and Repaying the Society</p> 
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Business Overview

We fully implement the concept of sustainable development and focus on urban water sector, water environment comprehensive treatment and rural sewage treatment. Currently, our business network spans 16 provinces and municipalities, including Shandong, Henan, Heilongjiang, Shanxi, and Zhejiang. During the Reporting Period, we achieved simultaneous improvements in operational efficiency and economic benefits through targeted upgrading and expansion projects, achieving a total revenue of RMB2,426.9 million.

Urban Water Services



We have comprehensively laid out the urban water industry chain through diversified models such as BOT, TOT, PPP, and operations and maintenance contracts, which continuously enhances the Company's profitability and industry competitiveness. Our business scope covers the design, construction, upgrading, and operation of sewage treatment plants, reclaimed water treatment plants, sludge treatment plants, and water supply plants, as well as the operations and maintenance services for sewage treatment facilities entrusted by the government. By the end of the Reporting Period, we operated 106 concession projects, including 100 sewage treatment plants, 1 water supply plant, 3 sludge treatment plants, and 2 reclaimed water treatment plants, generating operational revenue of RMB2,267.2 million.

Heat Map of the Geographical Distribution of Kangda International Projects



Key Performance

Kangda International 2025 Economic Indicators

Revenue RMB

2,426.9 million

Gross profit RMB

1,090.6 million

Selling and distribution expenses RMB

0.9 million

Net profit RMB

243.5 million

Total assets RMB

18,689.4 million

Kangda International 2025 Environmental Indicators

- Obtained **ISO 14001:2015** Environmental Management System Certification
- Continuously optimizing **environmental performance**: significant achievements in water conservation, ongoing reduction in solid waste generation
- COD processing capacity of **268,000** tonnes
- Wastewater discharge volume decreased by approximately **11.1%** compared to 2024

Kangda International 2025 Social Indicators


- Obtained **ISO 9001:2015** Quality Management System Certification
- Set an annual target for effluent compliance rate, achieving **100%** compliance throughout the year
- Accumulated a total of **41** intellectual property rights, including patents and trademarks
- Equipment suppliers certified under **ISO 9001** Quality Management System and **ISO 14001** Environmental Management System accounted for **100%** and **88.5%**
- Total employee training hours reached **36,814** hours for the year, with an average of **16.83** hours per employee
- Obtained **ISO 45001:2018** Occupational Health and Safety Management System Certification
- Achieved zero major safety incidents and production liability accidents throughout the year, with no employee fatalities or serious injuries due to work-related accidents

Kangda International 2025 Governance Indicators

- Completed compliance rectification follow-up audits for **11** companies, operational cost audits for **5** companies, and engineering cost audits for **10** projects
- Conducted **third-party risk assessments** annually
- Among **8** directors, there are **4** executive directors (including **1** female director), **1** non-executive director, and **3** independent non-executive directors

01

Maintaining Steady Development



Kangda International regards sustainable development as the cornerstone of long-term stability and success. We continuously improve our ESG governance structure, driving the deep integration of ESG principles into operations. Through close communication with stakeholders, we actively assess ESG issues and respond to stakeholders' expectations, guiding the Company toward a high-quality, sustainable future.

1.1 Corporate Governance

Kangda International strictly complies with relevant laws and regulations, such as the *Company Law of the People's Republic of China* and the *Code of Conduct for Directors of Listed Issuers on Securities Trading*, upholding compliance standards to ensure the Company's steady development. We continuously improve governance capabilities, fulfilling our responsibilities to shareholders and other stakeholders through standardized and meticulous operational management system.

We have established a corporate governance structure characterized by clear hierarchy, well-defined responsibilities, and standardized operations. As the Company's highest decision-making body, the Board of Directors comprehensively coordinates and oversees business activities to safeguard the interests of shareholders and other stakeholders. The board has established three committees: the Nomination Committee, the Remuneration Committee, and the Audit Committee, each responsible for managing the appointment of directors, executive compensation schemes, and the effectiveness of our risk management system. As of the end of the Reporting Period, the Board consists of eight members, including four executive directors (one of whom is female), one non-executive director, and three independent non-executive directors. Board members have diverse backgrounds and independent perspectives, enhancing decision-making quality and transparency from the top down and ensuring the Company's steady development.



Kangda International's Corporate Governance Structure



The Board of Directors

- Responsible for formulating the Company's development strategy and overseeing the performance of the management team, ensuring effective corporate governance and compliant operations, and safeguarding the interests of shareholders and other stakeholders



The Nomination Committee

- Review the size, structure, and composition of the board to ensure alignment with the Company's demand
- Provide recommendations to the board on the appointment or reappointment of directors, as well as the succession plans for directors (especially the chairman and CEO)
- Review and optimize the diversity policy



The Remuneration Committee

- Based on corporate policies set by the board, review and approve management's compensation proposals
- Provide recommendations to the board on the remuneration policies for individual executive directors and senior management.



The Audit Committee

- Oversee the appointment of external auditors, monitor the integrity of financial statements, annual reports, and other documents
- Provide recommendations on the ESG strategy and framework, identify ESG risks, and establish and assess ESG policies, strategies, and objectives
- Engage with the management team on risk management and internal control systems

1.2 ESG Management

We have established a comprehensive ESG governance structure, clearly delineating the responsibilities of decision-making, execution, and oversight levels to ensure ESG principles are integrated into stages from strategic planning to daily operations. We regularly engage with stakeholders to accurately identify and address core concerns, advancing sustainable development.

1.2.1 ESG Philosophy and Objectives

We practice the corporate mission of “create an environment with greener water, lush mountains and bluer skies”, deeply implementing ESG development principles. With systematic governance structure as our foundation, supported by responsible social practices, and driven by environmental technological innovation, we continuously create sustainable value, promoting synergistic outcomes for the economy, environment, and society.

We actively safeguard the interests of stakeholders, valuing and respecting the concerns of all parties. Guided by the ESG objectives, we translate our commitment to sustainable development into concrete actions.

Kangda International ESG Objectives



1.2.2 ESG Governance Structure

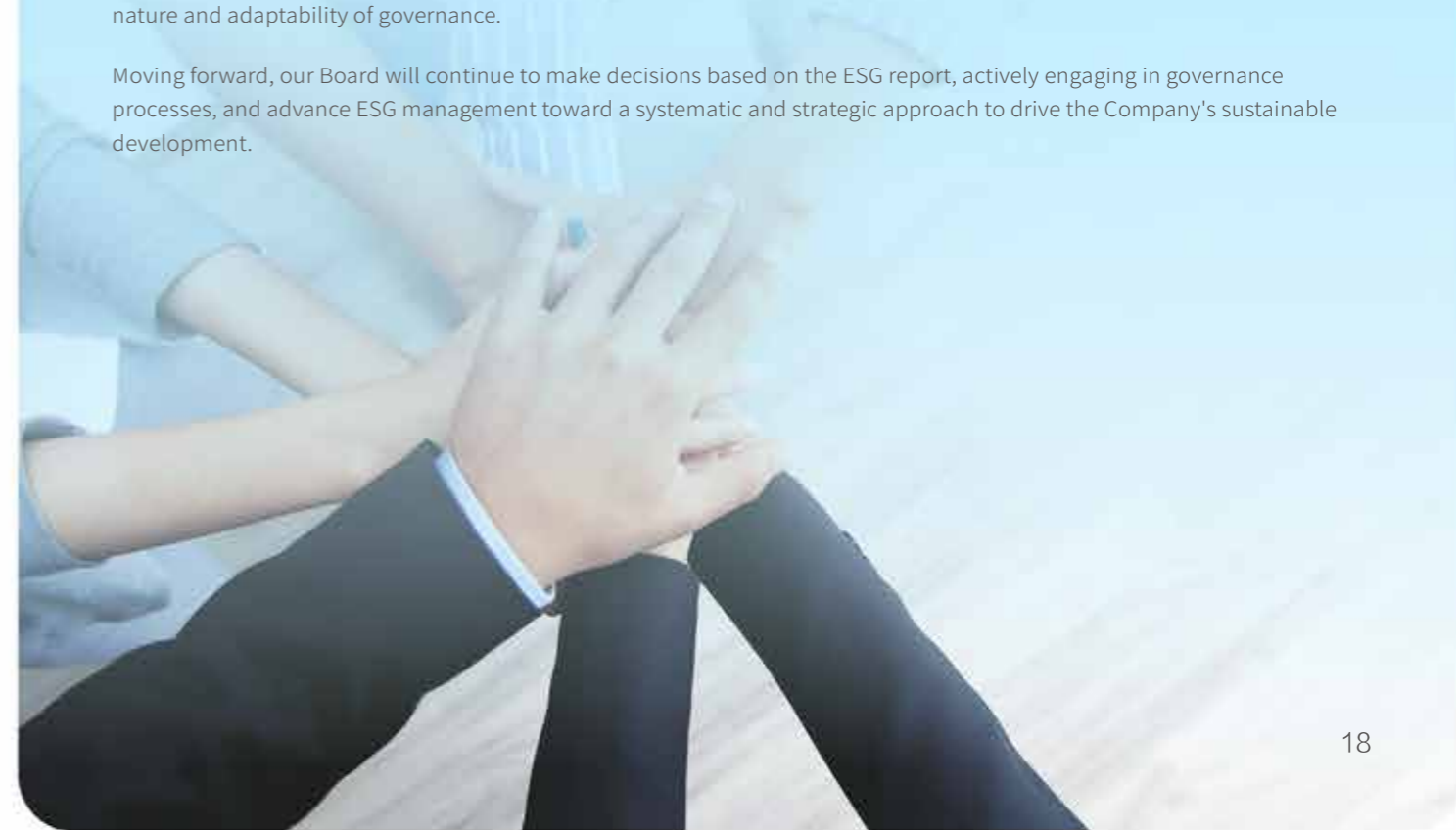
To implement ESG principles and enhance the Company's ESG management capabilities, we have established a three-tier ESG governance structure comprising the Board of Directors, the Audit Committee, and the ESG Working Group.

Kangda International ESG Governance Structure



In addition, the Company has assigned dedicated positions for collecting ESG information, gathering feedback, and preparing reports. Through clear and objective disclosure, we timely communicate ESG progress to stakeholders. This year, the Board of Directors has specifically reviewed and approved updates to climate change risks, further enhancing the forward-looking nature and adaptability of governance.

Moving forward, our Board will continue to make decisions based on the ESG report, actively engaging in governance processes, and advance ESG management toward a systematic and strategic approach to drive the Company's sustainable development.



1.3 Materiality Issue Analysis

We maintain close contact with stakeholders and respond promptly and accurately to their requests. We continuously improve ESG management initiatives based on relevant feedback to ensure the Company's sustainable operations.

1.3.1 Stakeholder Communication

We have established a stakeholder communication mechanism, collecting and analyzing concerns and evaluations from various parties through online and offline channels. Based on feedback, we promptly assess our operational impacts on society and environment, dynamically adjusting our ESG initiatives to ensure corporate development aligns with stakeholder's expectations. During the Reporting Period, the issues of concern to different stakeholders and the corresponding communication responses are as follows:

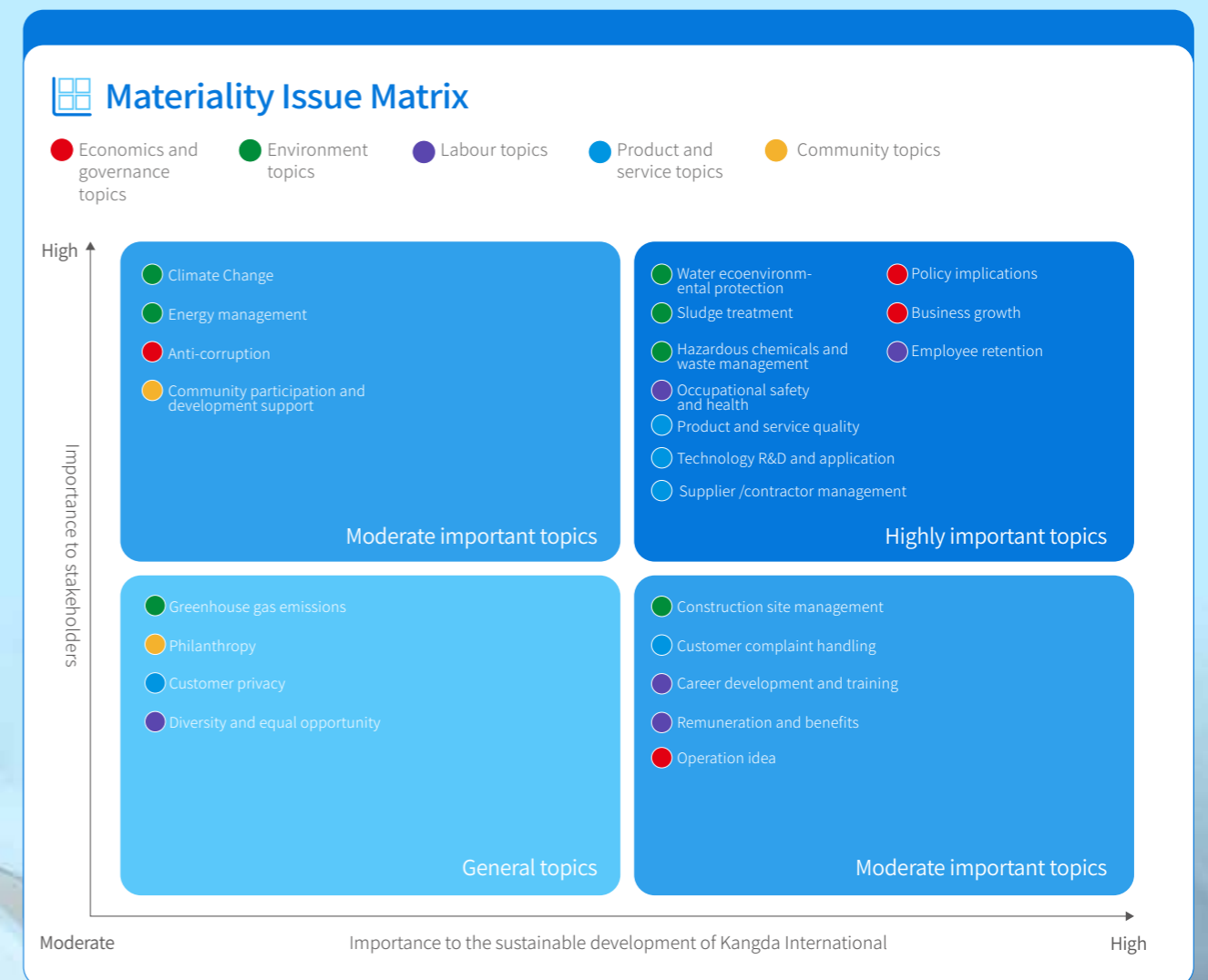
Stakeholder Concerns and Communication Methods

Stakeholders	Topics	Communication and Response Methods
Shareholders / Investors	Business Development Policy Implications Product and Service Quality Employee Stability	Shareholders' Meetings / Periodic Reports / Ad Hoc Announcements On-Site Roadshow and Reverse Roadshow Research Telephone and E-mail Communication
Government & Regulators	Policy Implications Water Ecology Chemicals Management Sludge Treatment	Periodic Reports/Interim Announcements Reporting and Reception Correspondence Field Research
Customers	Product and Service Quality Technology Development and Application Supplier/Contractor Management Customer Complaint Handling	Hotline Information Feedback Satisfaction Survey
Employees	Occupational Safety and Health Employee Stability Compensation and Benefits Business Development	Safety Training and Conference Professional Training Employee Activities Daily Communication
Partners (suppliers, contractors, etc.)	Supplier/Contractor Management Business Performance Policy Implications Construction Site Management	Public Tender Annual Evaluation Field Research Supplier Meetings
Community	Philanthropy Community Engagement and Development Support Water Ecology Sludge Treatment	Community Events/Announcements/ Press Releases Interviews & Surveys Field Research

1.3.2 Materiality Issue Matrix

Considering the Company's operational conditions, macro industry policies, ESG regulatory requirements, and other factors, we conducted a materiality issue analysis in 2025. We identified, classified, and assessed ESG issues, forming a materiality issue matrix.

During the Reporting Period, we identified a total of 23 ESG issues, including 10 highly important issues, 9 moderately important issues, and 4 generally important issues.



1.4 Compliance Management

We adhere to compliant operations, integrating compliance requirements into strategic decision-making and daily operations. Simultaneously, we continuously improve risk identification and response mechanisms, establishing a risk management system to safeguard the interests of all parties and drive the Company's steady growth.

1.4.1 Compliance Management

We strictly comply with laws and regulations such as the *Audit Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China*. We have established and implemented internal systems such as the *Anti-Fraud Management System of Kangda International*, the *Basic Standards for Internal Audit*, the *Internal Audit Management System*, and the *Code of Business Conduct on Anti-Fraud*. We uphold ethical business standards, regulating the integrity and ethical conduct of the Company and employees through high ethical standards. We maintain a zero-tolerance policy toward corruption, bribery, and similar behaviors. Regular anti-corruption training is conducted for the Board and all employees to improve integrity awareness and foster a transparent environment built on honesty.

This year, we published three issues of anti-corruption journal, with content posted on the online office system bulletin board for all employees to read and study. Additionally, based on internal control and corruption issues identified through audit work, we provided warning training to the Board and employees to strengthen risk identification and behavioral standards. During the Reporting Period, we did not encounter any corruption-related litigation cases.

Reporting Mechanism

We have established and refined systems such as the *Employee Reporting Policy* to encourage employees and partners to report all types of violations. We require the departments receiving reports to register and report to management immediately upon receipt, and implement appropriate disciplinary actions based on the investigation results.

To ensure the effectiveness and security of the reporting mechanism, we provide multiple reporting channels including telephone and email, and support both anonymous and named reporting. We strictly maintain the confidentiality of whistleblowers' information and prohibit any form of retaliation, harassment, or discrimination against them. Our policies clearly state that any retaliation against whistleblowers will face severe disciplinary actions, with termination of employment for serious offenses. During the Reporting Period, we did not receive any whistleblower reports.

Anti-Corruption and Anti-Bribery Reporting Hotline and Email:

Hotline 023-6186 7966

Email neishenbu@kangdaep.com whistle-blowing@kangdaep.com

(Exclusively for Kangda International Audit Committee)

1.4.2 Risk Management

We have established a risk management system comprising the Board of Directors, the Audit Committee, the Internal Audit Department, and various functional departments. Through clear responsibilities and efficient coordination, the Company achieves comprehensive coverage of risk management activities.

Kangda International Risk Management Structure



To enhance risk management systems, we annually engage independent third-party organizations to conduct a comprehensive review and assessment of our risk management system. Based on the findings of the report, we implement targeted control optimizations, strengthening our risk management capabilities and bolstering the overall resilience against risks.

During the Reporting Period, we conducted compliance rectification follow-up audits for 11 companies, compliance audits for 1 company, carried out operational cost audits for 5 companies, engineering cost audits for 10 projects, performed special audits on 2 engineering projects, executed post-investment evaluations for 2 investment projects. For each audit, we issued specific recommendations and mandated that the involved project companies and relevant personnel promptly address any identified issues.

02

Strengthening Service Quality



We consistently regard service quality as a core cornerstone of our corporate development. Guided by our vision of “Creating a First-Class Environmental Protection and Creating a Century Enterprise”, we build on our traditional water treatment business while continuing our transition towards comprehensive urban ecological services. We implement quality management systems across the entire project lifecycle, driving transformation and upgrading through innovative technologies. Working with our supply chain and partners, we co-build an environmental governance ecosystem network and actively explore smart-city solutions for environmental governance, helping cities shape a new landscape for sustainable development.

2.1 Quality Management

Quality is the fundamental safeguard for our development, and quality management runs through the entire project lifecycle. Through systematic management, we continuously enhance service quality. Leveraging a well-established quality management system and sound management policies, we extend quality control across the full process of project construction and operations management, establishing a full-chain closed-loop management mechanism to support our sustainable development with excellence.

2.1.1 Project Construction

We strictly comply with national laws and regulations, including the **Construction Law of the People's Republic of China**, the **Regulation on the Quality Management of Construction Projects**, and the **Compulsory Provisions of Engineering Construction Standards (Building)**, as well as relevant industry standards, embedding compliance requirements throughout the entire project process. We have established and continuously improved our internal management systems. Prior to commencement of construction, we obtain all necessary administrative permits and key qualification documents, including the **Construction Project Planning Permit**, the **Construction Land Planning Permit**, and the **Construction Permit for Building Engineering**, to ensure that all construction activities are carried out in accordance with applicable laws and regulations.

In 2025, we optimized our organizational structure by integrating the Technical Department and the Operations Department into a unified Technical Operations Department. Through functional collaboration and streamlined staffing, we further strengthened our focus on the day-to-day operation and management of water plants, enhancing system-wide coordination and overall operational efficiency. We also established a multi-tiered inspection mechanism to provide real-time oversight across the entire construction lifecycle, controlling quality risks at every stage and steadily improving construction quality.

The Three-Inspection System

We strictly implement the "Three-Inspection System". During project construction, we carry out self-inspections by construction teams, mutual inspections during team handovers, and professional supervision acceptance, ensuring that the quality of every process is controllable and managed in a closed loop. We clearly require that no subsequent work may commence until the supervising entity has inspected and confirmed the completion of the previous phase. This enables whole-process quality control and reinforces the bottom line of project quality.

We continue to benchmark against the ISO 9001:2015 international quality management system standard, establishing a professional quality inspection team to strengthen quality control and risk prevention throughout the entire construction process. We also have put in place a collaborative mechanism that integrates administrative support with technical supervision, building a "self-inspection + professional quality inspection" quality control model. This enables closed-loop management of quality responsibilities and provides a solid assurance for the high-quality delivery of our projects.

Quality Management System



Quality Standards

- We implement the ISO 9000 series international quality management system standards to achieve standardized and well-controlled quality management.



Quality Inspection Team

- We strengthen accountability for quality inspections by establishing a quality inspection leadership team led by the project manager, with construction team leaders, technical leaders, and quality inspectors to coordinate and oversee overall project quality control.



Two-Level Self-Inspection

- First Level: A project quality self-inspection team composed of construction team leaders, technical leaders, and quality inspectors conducts a preliminary review of project execution.
- Second Level: The project quality inspection department, together with laboratories and surveying teams, carries out quality inspections to ensure key activities and critical processes meet required standards.



Professional Quality Inspection

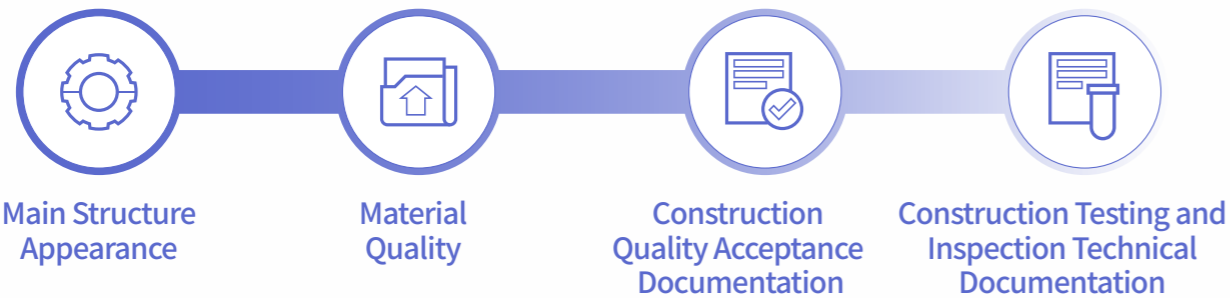
- We recruit professionally trained and appropriately qualified quality inspectors to implement whole-process control through pre-intervention, in-process inspections, and post-completion acceptance, and grant them the authority to veto nonconforming work. Quality inspectors report directly to the project manager, ensuring independent and efficient quality oversight.



We continue to optimize project construction management and strictly control delivery quality. We have established a regular quality inspection mechanism. Through quarterly and annual inspections, we conduct comprehensive checks against design drawings and mandatory national standards to ensure implementation throughout the entire project process aligns precisely with design requirements and national standards, enabling controllable quality and traceable processes.

During the Reporting Period, we carried out quality inspections for the upgrading and renovation project of the No. 1 Wastewater Treatment Plant in Rushan (Rushan Kangda Water Co., Ltd.), the process and technical renovation project of the Yuhe Wastewater Treatment Plant (Weifang Kangda Environmental Protection Co., Ltd.), the effluent quality improvement project of the Gaomi No. 3 Wastewater Treatment Plant, the water quality and capacity enhancement project of the Harbin Qunli Sewage Treatment Plant, and the water quality improvement project of the Fendong Wastewater Treatment Plant, effectively ensuring the on-schedule and high-quality delivery of all projects.

Quality Inspection Assessment Items



We have also established an ongoing quality supervision mechanism covering key stages such as construction preparation, material procurement, receipt inspection, warehousing logistics, construction operations, and final acceptance. This further strengthens end-to-end quality management across the entire chain and ensures that quality control measures at each stage are effectively implemented.

Project Construction Phase Quality Assurance Measures



In addition, we developed the 2025 annual training plan and organized engineering and construction training programs covering construction management, equipment management, project documentation, and contract management. Participants included frontline technical staff such as project managers, construction supervisors, and quality inspectors. These programs strengthened the team's quality awareness and professional capabilities, and continuously fostered a quality culture featuring full participation and whole-process control.



2.1.2 Project Operations

We strictly comply with national laws and regulations, including the **Product Quality Law of the People's Republic of China**, and the **Water Pollution Prevention and Control Law of the People's Republic of China**. Based on industry characteristics, we have established internal management policies such as the **Technical Specification for Operation**, the **Maintenance, and Safety of Urban Sewage Treatment Plant**, the **Operational Instruction for Equipment in Urban Sewage Treatment Plants**, the **Operation Instruction for Process in Urban Sewage Treatment Plants** and the **Measure for the Administration of Facilities and Equipment**, continuously improving the standardization of project operations and management. In 2025, we updated the **Measures for Facility and Equipment Management**, the **Kangda Group Measures for Maintenance Cost Management (2026)**, and the **Operating Company Measures for the Management of Scrap and Obsolete Materials**. These updates refined the definition scope for critical equipment and scrap/obsolete materials, and strengthened maintenance cost management.

We have established a multi-tiered operations management system, with primary accountable roles including the Director and Deputy Directors, Managers, and District Directors. Supported by professional technical expertise and a whole-process quality supervision mechanism, this system comprehensively ensures the efficient and stable operation of our wastewater treatment plants and the sustained compliance of effluent quality standards.

As of the end of the Reporting Period, we have maintained ISO 9001:2015 Quality Management System certification and obtained the China Association of Environmental Protection Industry's first-level operational service capability certification for industrial wastewater and centralized municipal wastewater treatment.



Quality Management System Certificate



China Environmental Services Certification Certificate



During project operations, we implemented multiple quality assurance measures to ensure that effluent quality remains consistently in compliance with GB 18918-2002 **Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants**. Throughout the Reporting Period, we did not receive any customer complaints.

Annual Effluent Compliance Rate Targets and Achievements for 2025

Target	Achieve a 100% effluent compliance rate for the entire year.
Achievement	Attained a 100% effluent compliance rate throughout the year.

Quality Assurance Measures in Kangda International's Project Operations



Personnel Structure Optimization

- Through systematic analysis of workforce structures, we dynamically optimize the allocation of specialized positions at water treatment plants, improving job-person fit and alignment of professional competencies.
- We organize employees to participate in government training programs and assessments, and support them in obtaining professional certifications such as electrician and welder licenses.



Equipment Maintenance Management

- We have established a tiered equipment maintenance management system, developing differentiated maintenance plans for critical equipment, auxiliary equipment, and general equipment.
- We develop equipment maintenance and servicing plans and conduct monthly tracking and performance assessments of implementation, enhancing the standardization of equipment management.
- We promote an "asset ledger + risk warning" mechanism for equipment operation and maintenance, increasing inspection frequency and improving abnormal-issue response efficiency, while strengthening dedicated management of critical equipment.



Process Optimization and Enhancement

- For plants with risks of non-compliant effluent, we review current process operating conditions, identify bottlenecks, and enhance effluent stability through operating parameter optimization and partial process upgrades.
- During the Reporting Period, we replaced the wet dosing method for activated carbon, which is difficult to control accurately, with dry jet dosing, significantly improving dosing effectiveness.



Reagent Management

- We have strengthened a full life-cycle management system for chemicals, covering procurement, sample sealing, and dosing, supported by multi-level testing and refined management to ensure safe and controllable chemical use and continuously support stable wastewater treatment operations.
- During the Reporting Period, we added a smart water operations and maintenance position and a process control specialist position to further enhance refined chemical dosing management.



Monitoring and Control Enhancement

- Establish a three-dimensional assessment system covering "quality, quantity, and efficiency," add manual monitoring points at key process steps, and strengthen control over core indicators such as effluent quality, energy consumption, and operating load.
- Improve monitoring record ledgers in parallel to enable full life-cycle data traceability, and strengthen data analysis and abnormality warning functions.



Parameter Optimization

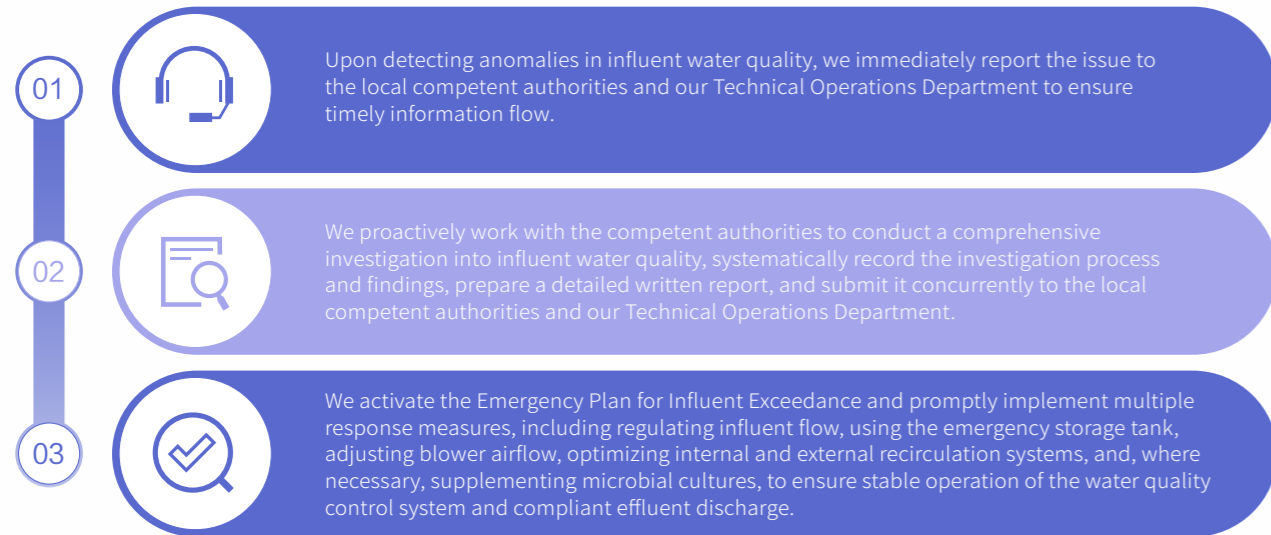
- Centered on a model of "influent water quality, sludge activity, monitoring instrument and meter data, and effluent indicators," establish a stepped strategy for operational process parameter optimization and dynamically adjust operating parameters.



We continue to advance the development of our quality information management system by leveraging a unified online platform and an online monitoring system. This enables standardized collection of project operations and maintenance data and dynamic supervision of influent water quality, effluent compliance performance, and chemical dosing quality, effectively enhancing cross-functional management and collaboration efficiency.

In response to anomalies in influent water quality, we have developed an **Emergency Plan for Influent Water Not Meeting Quality Standards**. The plan establishes a rapid response mechanism combining intelligent warning and manual intervention, effectively safeguarding effluent water quality and improving the operating efficiency of wastewater treatment systems.

Influent Water Quality Exceedance Treatment Process



Suzhou Phase I Total Nitrogen Removal Optimization and Retrofit

To address insufficient total nitrogen removal at the Suzhou Phase I wastewater treatment plant, we implemented an optimization retrofit. The downstream oxidation ditch was converted into an anoxic tank, part of the aeration equipment was decommissioned, plug flow devices were added, and new carbon dosing points were installed to precisely supplement influent carbon. After implementation, total nitrogen removal improved significantly and effluent quality became more stable, supporting sustained compliance. In 2025, despite a year on year increase of 941,600 tonnes in treated volume, carbon source consumption fell by 15% and effluent total nitrogen decreased by 12% year on year.

We regularly organize quality training for project operations teams to communicate standards and key technical requirements, strengthening frontline quality awareness and practical skills. During the Reporting Period, we ran dedicated training on chemical testing and laboratory analysis, with the lab director providing a full walkthrough of procedures through theory and practical video demonstrations. This improved the standardization of chemical quality assessments and enhanced overall water quality control.

2025 Quality Management Related Training

Operational Management	Quality Enhancement	Process Technology
We conduct company-wide operations management training covering fee collection management, safety production, equipment management, and process control. The training aims to raise safety awareness, deepen understanding of the characteristics of high-risk operations and related preventive measures, and strengthen technicians' capability in adjusting operating parameters.	We deliver quality enhancement training focusing on construction quality and installation quality management. The training clarifies quality standards, reinforces whole-process quality awareness, and improves overall project quality.	We provide technical training programs centered on biological treatment processes (A/A/O and MBR membrane technology), biochemical system operation management, sludge treatment and dewatering techniques, and energy-saving and consumption-reduction strategies, cultivating refined process management capabilities.



2.2 Intellectual Property Protection

We place great emphasis on the construction of a robust intellectual property protection management system, viewing it as a crucial foundation for supporting technological innovation and the commercialization of achievements. We strictly adhere to relevant laws and regulations, including the **Patent Law of the People's Republic of China**, the **Trademark Law of the People's Republic of China**, and the **Anti-Unfair Competition Law of the People's Republic of China**. By systematically regulating the process of intellectual property application and approval, we ensure the effective commercialization of innovation achievements.

In terms of intellectual property protection, we focus on key areas such as trademark registration and patent applications, continuously strengthening the full-chain protection and standardized management of intellectual property. As of the end of the Reporting Period, we have accumulated 12 patents, and our water services operation companies hold 29 patents, bringing the total to 41 patents.

To enhance our core competitiveness and contribute to the green transformation of the industry, we continuously drive the commercialization of innovation achievements, transitioning from technological breakthroughs to engineering applications. By systematically optimizing treatment processes and operational parameters, we have improved wastewater treatment efficiency and ensured stable, compliant effluent quality. At the same time, we have significantly reduced the amount of chemical additives used, effectively lowering operational costs and environmental load, thereby providing valuable practical experience for process upgrades in the industry.



2.3 Supply Chain Management

We have established a comprehensive supplier management system covering the full lifecycle, focusing on enhancing supply chain resilience. We have built a multi-dimensional evaluation mechanism that implements dynamic and standardized comprehensive supplier evaluation management, centered on key aspects such as project quality, safety management, and civilized construction. At the same time, we incorporate environmental protection, social responsibility, and corporate governance as core evaluation dimensions. This drives suppliers to continuously improve in green production, compliant operations, and sustainable responsibility fulfillment, effectively enhancing the overall reliability and risk-resistance capability of the supply chain.

We have implemented management policies such as the **Supplier Management System** and the **Contractor Management System** to serve as systematic operational guidelines for the full lifecycle management of suppliers. By clearly defining responsibilities and execution standards at each stage, we ensure the orderly development of supplier management. We apply stringent entry and screening management for all types of suppliers, conducting comprehensive qualification reviews and capability assessments. With a particular focus on professional staffing and past safety records, we strictly carry out admission and screening procedures to ensure that the overall qualifications and fulfillment capabilities of our suppliers meet our standards.

At the supplier admission stage, we require all suppliers to possess the required national qualifications and pass certifications for quality, environment, and occupational health and safety systems. Furthermore, we mandate the signing of integrity agreements to clearly define business ethics responsibilities during the cooperation process. For specialized positions, we also require suppliers to implement regular training and safety education to continuously improve the professional capabilities and safety literacy of their personnel.

Equipment Supplier Selection

Qualification Assessment

We conduct a comprehensive evaluation of the supplier's manufacturing capability, market influence, and customer reputation to fully identify high-quality partners with stable delivery and reliable fulfillment capabilities.

Quality Control

We establish strict technical performance standards and set clear requirements for the material and brand of core components. By strengthening equipment selection management from the source, we effectively reduce equipment failure rates and ensure the long-term stable operation of the system.

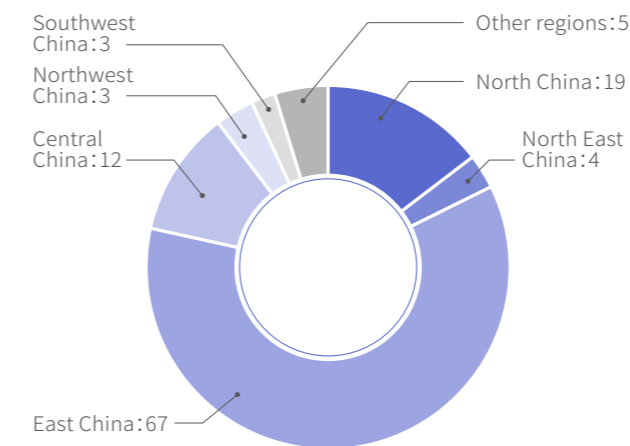
We systematically identify potential environmental and social risks in the supply chain, strengthening our risk warning and proactive control capabilities. We implement a tiered management system for suppliers, with a focus on their environmental compliance performance and labor rights protection practices. At the same time, we reinforce integrity building to further enhance the compliance and sustainable operational capabilities of the supply chain. We have also established a multi-dimensional evaluation mechanism, implementing dynamic tiered management for suppliers based on the cooperation model and business needs. Through performance tracking and risk warning mechanisms, full-cycle and meticulous closed-loop control is achieved.



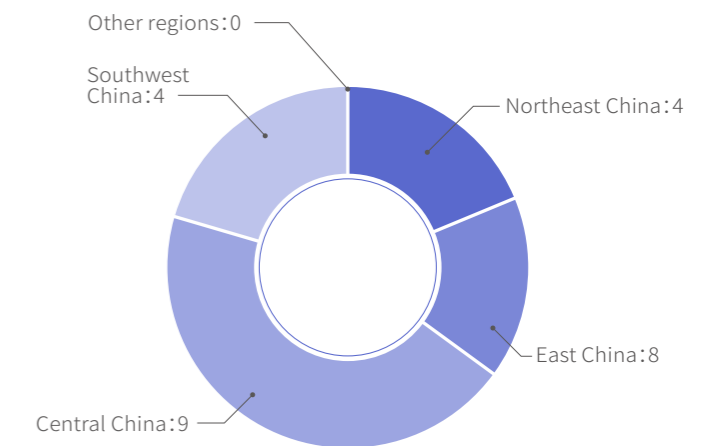
We have established a comprehensive annual supplier evaluation mechanism. Every two years, all construction suppliers are subject to a thorough assessment centered on core indicators such as safety management, civilized construction, engineering quality, construction progress, cost control, and financial performance. The evaluation results serve as an important basis for determining future cooperation. For suppliers who fail the evaluation, we will issue a rectification notice and implement closed-loop tracking. For those who do not complete the rectification on time or fail to meet the rectification requirements, we terminate the cooperation in accordance with regulations, effectively strengthening the full lifecycle management of suppliers.

As of the end of the Reporting Period, we have a total of 219 suppliers, with the specific distribution and certification status outlined below.

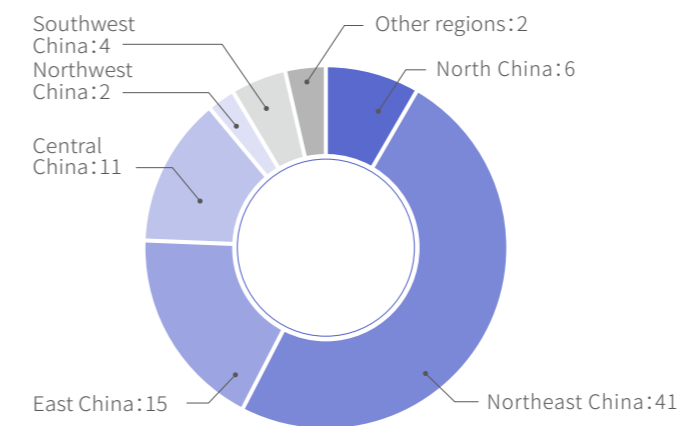
Distribution of equipment suppliers during project construction



Distribution of engineering contractors during project construction



Distribution of chemical suppliers during project operations



Kangda International Supplier Certification Proportions

	Proportion Certified by ISO 9001		Proportion Certified by ISO 14001		Proportion Certified by Other ISO Systems	
	Proportion	Count	Proportion	Count	Proportion	Count
Equipment Suppliers	100.00%	113	88.50%	100	88.50%	100
Engineering Contractors	52.00%	13	52.00%	13	52.00%	13
Chemical Suppliers	6.17%	5	3.70%	3	13.58%	11

2.4 Industry Cooperation

Driven by an open and collaborative philosophy, we leverage our technical expertise and project experience in the water treatment field to actively engage in the construction of the industry ecosystem. We deeply participate in industry forums and technical exchanges, continuously promoting the integration of industry, academia, and research, and working together with our partners to explore paths for sustainable industry development.

Kangda International attended the "Yangtze River Economic Belt Environmental Protection Industry Collaborative Innovation Promotion Conference and the 14th Volatile Organic Compounds (VOCs) Emission Reduction and Control Conference"



In October 2025, we attended the "Yangtze River Economic Belt Environmental Protection Industry Collaborative Innovation Promotion Conference and the 14th Volatile Organic Compounds (VOCs) Emission Reduction and Control Conference", jointly hosted by the China Association of Environmental Protection Industry and the Anhui Provincial Environmental Protection Industry Association. The conference conducted an industry analysis focused on the direction of ecological environmental governance for the "15th Five-Year Plan." It featured in-depth discussions on VOCs pollution prevention and control policies, technological innovation, and multi-pollutant synergistic treatment, contributing practical solutions to promote the high-quality development of the industry.

Kangda International Attends the "4th Council Meeting of the 5th Session of the Chongqing Environmental Protection Industry Association"



In December 2025, we attended the 4th Council Meeting of the 5th Session of the Chongqing Environmental Protection Industry Association. The meeting reviewed and approved the association's 2025 work report, along with several industry standards and cooperation documents. During the conference, we listened to the President's review of the 2025 work, conducted an in-depth study of development opportunities and directions for the environmental protection industry under the framework of a unified national market, and carefully internalized the requirements regarding integrity and discipline construction. Our participation further strengthened our development conviction to earn support and recognition through our own strengths and innovation.



Suzhou Water Plant and Suzhou University Jointly Establish an Internship and Practical Training Base



In 2025, the internship and practical training base jointly established by Suzhou Water Plant and Suzhou University normalized the implementation of ecological study activities. Suzhou Water Plant hosted students of various age groups on multiple occasions. Through field visits, interactive explanations, and immersive experiences, the plant promoted the transition of environmental education from the classroom to practice, helping to enhance the ecological civilization awareness of young people.



Facing a rapidly changing industry environment, we have always regarded collaborative cooperation as the core driver for sustainable development. By integrating our operational experience and technical capabilities, we proactively explore standardized development criteria for the industry, promote knowledge sharing and capacity building with our partners in an open and collaborative spirit. During the Reporting Period, Suzhou Water Plant revised the **Interim Measures for the Operational Supervision and Evaluation of Sewage Treatment Facilities of Suzhou City Management Bureau** for the use of the Suzhou City Management Bureau. This provides a standardized basis for the operational supervision of regional sewage treatment facilities and helps enhance the level of industry management standardization.

03

Cultivating Talent Resources



Kangda International always places employees' rights and interests in an important position in the Company's development and is committed to fostering a healthy, dynamic, and inclusive workplace environment. We continuously improve our compensation and benefits system, provide diversified skills training, and create a healthy and safe working environment, supporting employees in realizing their personal value and professional aspirations.



3.1 Employment

We adhere to compliant employment practices and actively foster a diverse and inclusive working environment. Through open and transparent recruitment processes, we attract outstanding talent and support the Company's high-quality development.

3.1.1 Compliant Employment

We strictly comply with the **Labor Law of the People's Republic of China**, the **Labor Contract Law of the People's Republic of China**, the **Social Insurance Law of the People's Republic of China**, the **Work Injury Insurance Regulations**, and other relevant laws and regulations. We have formulated and implemented regulations such as the **Staffing Management System**, the **Recruitment Management System**, and the **Employee File Management Measures**, effectively safeguarding the legal rights of employees.



We strictly comply with the laws and regulations such as the **Law of the People's Republic of China on the Protection of Minors** and the **Provisions on the Prohibition of Using Child Labor**. We resolutely prevent any form of child labor or forced labor. During the recruitment process, we rigorously verify applicants' age, identity information, and relevant supporting documents. Multiple verification and compliance review mechanisms are established to prevent risks at the source, including illegal employment practices, falsified work experience, and multiple labor relationships.

During the Reporting Period, we adhered to the core principles of "compliance, standardization, and digitalization" in personnel management, continuously optimizing key processes such as contract management and employee resignation procedures to effectively mitigate employment risks. In 2025, we maintained a 100% coverage rate for employee social insurance and a 100% labor contract signing rate.

We actively foster a diverse and equitable working environment, ensuring that employees are not subject to any form of discrimination based on race, gender, age, religious belief, cultural background or other factors. Through regular training and cultural activities, we enhance the team's awareness of diversity and inclusion. We have also established a comprehensive employee grievance mechanism, providing channels such as a 24-hour complaint hotline and dedicated email to ensure that employee complaints are addressed promptly and fairly.

During the Reporting Period, we did not have any violations related to child labor or forced labor.

3.1.2 Talent Recruitment

We are committed to establishing an equitable, transparent, and standardized recruitment system. We identify and attract outstanding talents who closely align with our corporate values. We continuously bring in new talents with both professional expertise and strong growth potential, injecting fresh momentum into the Company's development.

During the Reporting Period, we continuously optimized the talent recruitment process, expanded recruitment channels, and precisely released job requirements, thereby improving recruitment efficiency and shortening the onboarding cycle. We advanced social recruitment to optimize the structure of talent sources and enhance the fairness and standardization of recruitment. Simultaneously, we strengthened background verification for candidates, providing more reliable and high-quality human resource to support the Company's operations and development.

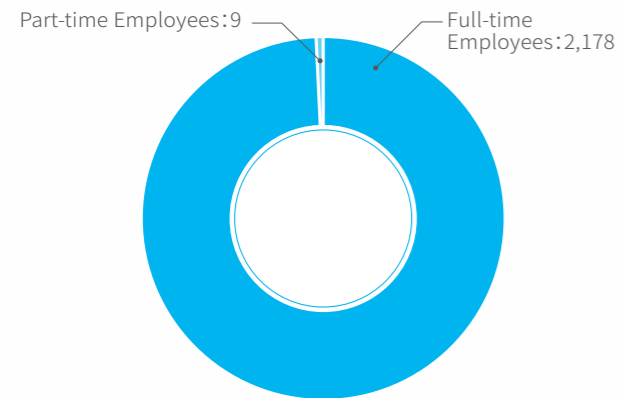
In terms of talent attraction and retention, we adopted a share option scheme for key talents and granted them critical authorizations, including participation in project decision-making and strategic initiatives. This approach aligns individual development with the Company's long-term value growth, thereby enhancing talent stability and strengthening organizational cohesion.

Kangda International Talent Recruitment Process

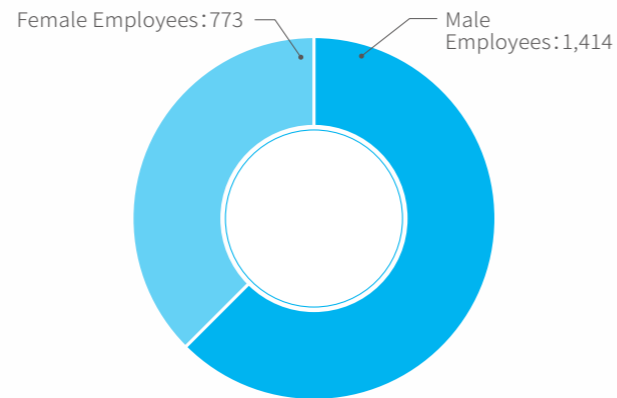


As of 31 December 2025, we employ a total of 2,187 people. The following is the breakdown of employees by employment type, gender, age, level, and region:

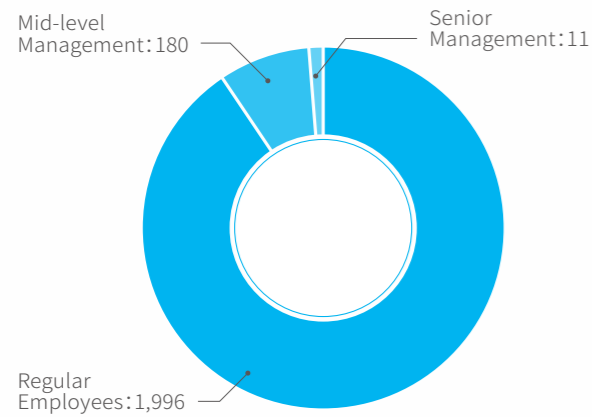
Employee Breakdown By Employment Type (Unit: People)



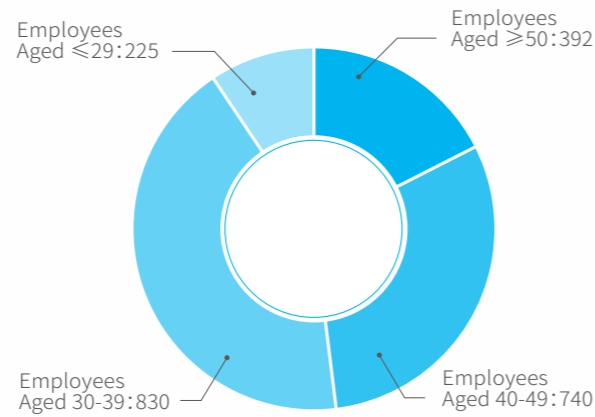
Employee Breakdown By Gender (Unit: People)



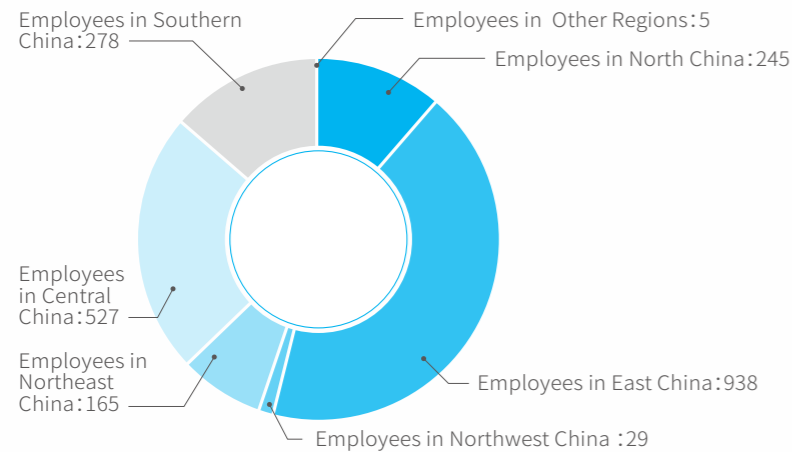
Employee Breakdown By Level (Unit: People)



Employee Breakdown By Age (Unit: People)

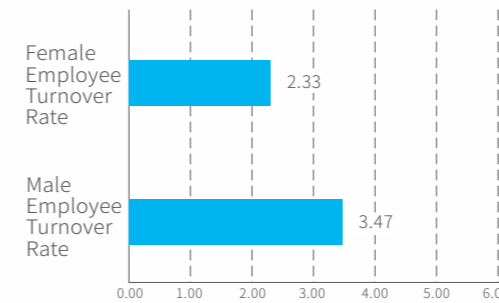


Employee Breakdown By Region (Unit: People)

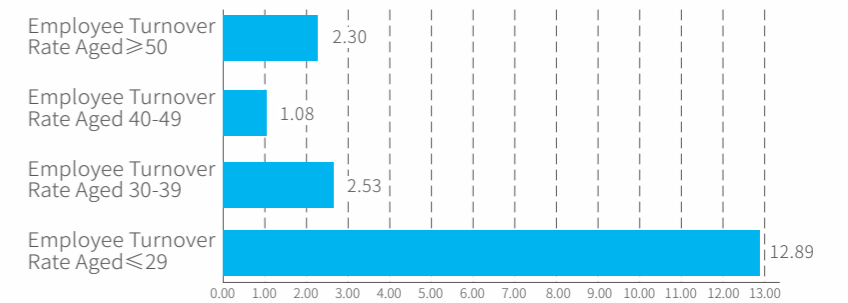


The overall employee turnover rate for Kangda International in 2025 is 3.06%, as shown below:

Employee Turnover Rate By Gender (Unit: %)



Employee Turnover Rate By Age (Unit: %)



3.2 Employee Development

We adhere to a people-oriented management philosophy and regard employees as outstanding and reliable partners. We have established a comprehensive performance assessment system and a tiered and categorized training system. Centered on job competencies and business needs, we continuously enhance employees' professional skills and empower the growth of every employee.

3.2.1 Compensation and Performance Assessment

We have built a fair and transparent compensation management system and provided all employees with a remuneration structure composed of base salary and performance incentives. During the Reporting Period, we continuously optimized the performance assessment management system by incorporating fee collection rewards and penalties into the special performance assessment, making the assessment indicators closely aligned with actual business operations. Performance outcomes are linked to salaries, annual bonuses, and special incentives, and serve as key references for position adjustments, promotions, and the selection of talent reserves, thereby driving employees' intrinsic motivation for sustained dedication.

Employee Performance Assessment Management System

<p>Assessment Methods</p>	<ul style="list-style-type: none"> Comprise monthly assessments, annual assessments, and specialized performance assessments
<p>Assessment Dimensions</p>	<ul style="list-style-type: none"> Professional Skills Testing: Evaluate employees' professional proficiency in areas such as job responsibilities, operational techniques, and equipment operation standards Self-Assessment: Require employees to evaluate themselves on dimensions such as job competence, work ability awareness, and career planning Management Evaluation: Involve direct leaders and senior management in evaluating employees across dimensions such as work ability, work attitude, team collaboration, and innovation capability
<p>Management Process</p>	<ul style="list-style-type: none"> Cover key stages including target setting, process tracking, performance evaluation, and results application, forming a closed-loop management system

3.2.2 Employee Cultivation

We enhance employees' professional capabilities and overall competencies through a systematic and diversified training system. During the Reporting Period, we revised the **Training Management System** with goals of "professionalization, standardization, digitalization, and full coverage," further strengthening the employee training system to ensure a robust talent pool that supports the Company's operations and growth.

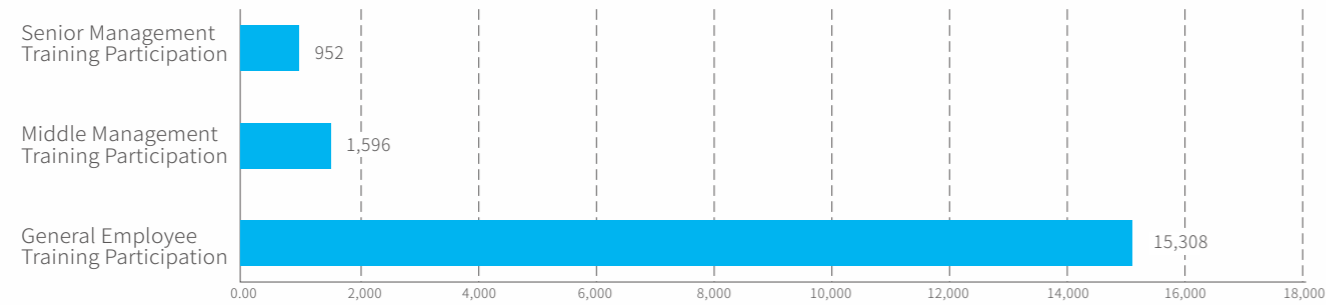
Employee Training

<p>Tiered and Categorized Training System</p>	<p>Multi-Dimensional Training Methods</p>
<ul style="list-style-type: none"> New Employee Training: Cover corporate culture, rules and regulations, safety and compliance, and job responsibilities to ensure that new employees can quickly adapt to their positions On-the-Job Skill Training: Provide multi-dimensional skill training covering water treatment processes, system operations, quality management, and emergency response Management Capability Training: Focus on enhancing management capabilities such as team management, target and performance management, project management, and risk control Professional and Technical Training: Include certification acquisition and continuing education in areas such as professional qualifications, professional titles, specialized operations, and industry accreditations 	<ul style="list-style-type: none"> Internal Training: Deliver through internal instructors, thematic lectures, and case-sharing sessions External Training: Provide external resources via professional institutions and online learning platforms Practical Training: Conduct through hands-on approaches such as on-site instruction, simulation exercises, and job rotation learning

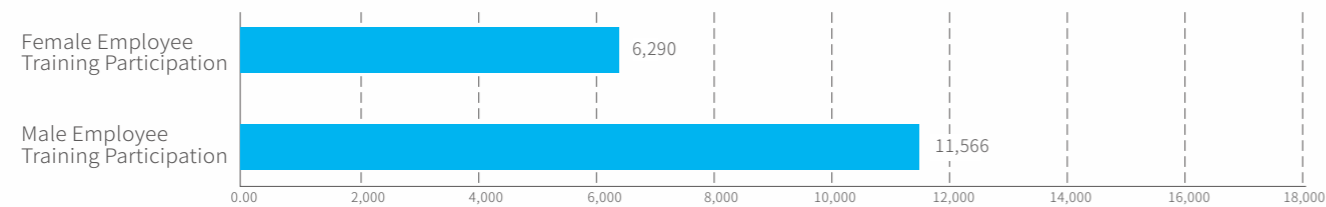


During the Reporting Period, we trained a total of 17,856 person-times, with a total training duration of 36,814 hours, resulting in an average of 16.83 hours of training per employee.

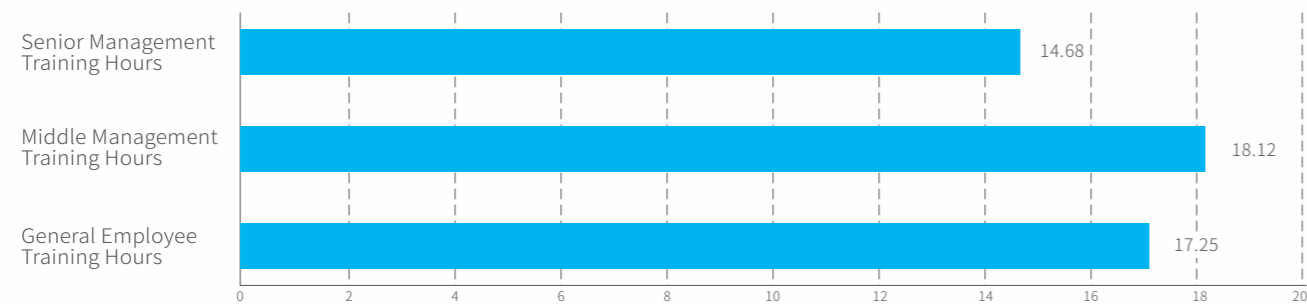
Training Participation Breakdown By Level (Unit: Person-Time)



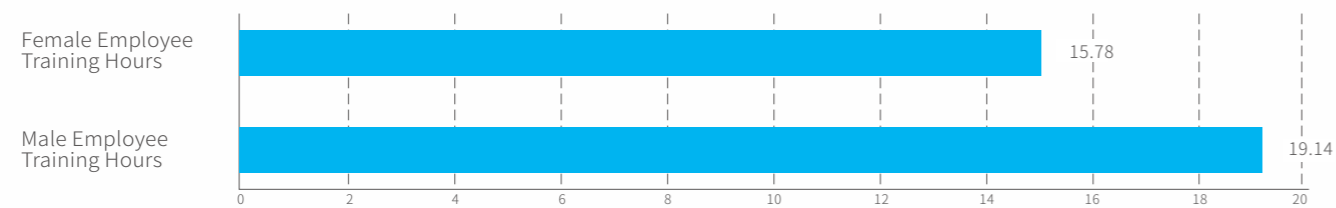
Training Participation Breakdown By Gender (Unit: Person-Time)



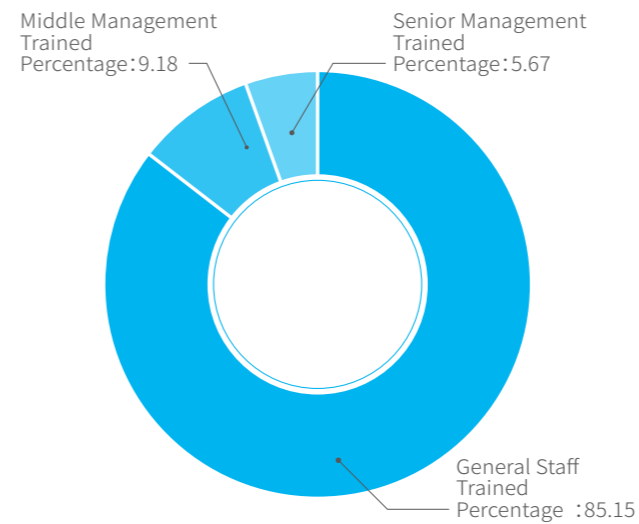
Training Duration Breakdown By Level (Unit: Hours)



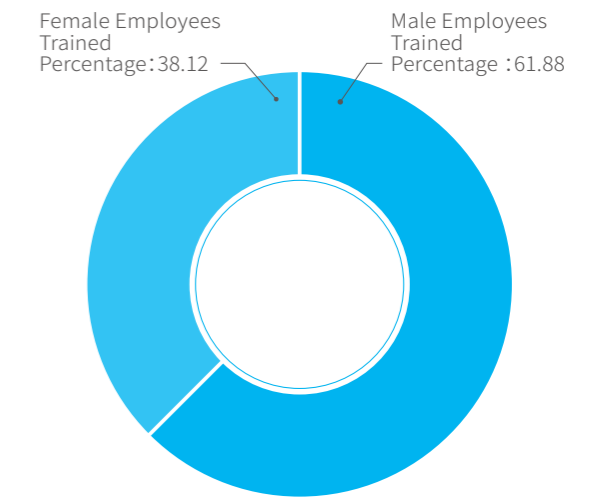
Training Duration Breakdown By Gender (Unit: Hours)



Percentage of Trained Employees By Level (Unit: %)



Percentage of Trained Employees By Gender (Unit: %)



3.3 Employee Care

Kangda International firmly believes that employees' well-being and sense of fulfillment are key pillars supporting the Company's sustainable growth. We continuously enhance employees' sense of belonging and cohesion by improving the employee benefits system, maintaining diverse and open communication channels, and organizing caring initiatives as well as cultural and sports activities.

3.3.1 Employee Benefits

We strictly comply with laws and regulations such as the **Labor Contract Law of the People's Republic of China** and the **Social Insurance Law of the People's Republic of China**. We have formulated and implemented internal systems such as the **Regulations on Salary Management for Member Enterprises**. We have established a multidimensional welfare protection system covering all employees, providing comprehensive care and support for employees.

Employee Benefits System

Statutory Benefits



- **Leave Benefits:** We grant employees statutory holidays, marriage leave, bereavement leave, maternity leave, parental leave, nursing leave, sick leave, and annual leave
- **Five Insurance and One Fund:** We provide employees with basic pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund in accordance with applicable laws and regulations

Health Support



- **Team Building:** We regularly organize sports events and team-building programs
- **Environment Creation:** We regularly maintain office relaxation spaces to provide employees with a comfortable rest area
- **Health and Well-Being Support:** We offer fitness facilities and annual free health check-ups to encourage employees to maintain an active and healthy lifestyle
- **Commercial Insurance:** We provide company-wide accident insurance and supplementary medical insurance for all on-duty employees, covering accidental injuries and hospitalization

Financial Allowances



- **Work-related Allowances:** We provide communication allowances, transportation allowances, meal allowances, night shift/on-duty allowances, high-temperature allowances, and cold-weather allowances
- **Living-related Allowances:** We provide housing allowances, health check-up allowances, and holiday and birthday allowances
- **Special-purpose Allowances:** We provide certificate allowances, overseas allowances, project allowances, and travel-related allowances

3.3.2 Employee Communication

We actively establish diversified communication channels and carefully listen to every opinion and feedback from employees. We collect employees' opinions through suggestion boxes, face-to-face communication, email, and hotline services. We respond to their concerns in a timely manner and promote harmonious and stable labor relations.

Communication Channels and Engagement Initiatives

Offline Channels

- Employee suggestion boxes are set up in various office areas and production lines to allow employees to provide feedback and suggestions at any time.
- Management regularly visits water plants, operational sites, and project locations to listen to employees' concerns face to face; identified issues are promptly addressed, with corrective actions promoted and follow-up implementation tracked.
- Regular employee communication activities are conducted, organizing discussions on topics such as institutional processes, remuneration and benefits, and career development, and encouraging employees to fully express their views and communicate openly.

Online Channels

- A dedicated email channel to the CEO is established, providing employees with a direct channel to provide feedback to senior management.
- The employee grievance mechanism is improved, strictly following principles of authenticity, confidentiality, and effectiveness; all reports are investigated independently and fairly to safeguard the legal rights of employees.
- Complaint handling processes are optimized, ensuring that employees' reasonable appeals are received and resolved promptly through a first-contact responsibility system.

3.3.3 Employee Care Activities

We attach great importance to employees' physical and mental health and their daily life needs. From multiple dimensions, we organize a variety of cultural and sports activities, advocate healthy lifestyles, strengthen team cohesion, and enhance employees' sense of well-being.

We provide support during key life events such as marriage, childbirth, children's schooling, and bereavement of immediate family members through cash gifts or presents. For female employees, we arrange a holiday leave and provide care packages on International Women's Day. In addition to the statutory maternity leave required by national regulations, we offer an additional 7-15 days of flexible maternity leave. Furthermore, we have established an employee assistance mechanism to support employees experiencing financial difficulties, sudden illness, or accidents, offering timely aid, consolation payments, and living allowances. We also regularly carry out holiday visits, home visits, and one-to-one assistance, offering necessary living and psychological support while conveying the Company's care and warmth.



Employee Engagement Activities

3.4 Employee Health

We regard occupational health and safety as an important foundation for stable operations and continuously improve our safety management system. Through structured safety training, regular emergency drills, and standardized safety supervision, we have established a prevention-oriented, all-staff safety management mechanism that continuously enhances safety performance and ensures employees' health and well-being.

3.4.1 Safety Production

We always place employee health and safety as a top priority and are committed to creating a healthy, safe, and inclusive working environment. We strictly comply with the **Work Safety Law of the People's Republic of China**, the **Measures for the Administration of Contingency Plans for Work Safety Accidents**, and other relevant laws and regulations, and follow internal safety management policies to regulate responsibilities in production and construction. In line with the annual work safety target management requirements, we sign the **Operation Target Responsibility Letter** with each operating company to ensure that safety responsibilities are implemented at all levels.

Safety Management Objectives

No serious injuries or higher safety liability accidents throughout the year.






Minor injury rate below one per thousand.

Achievement of Safety Management Objectives

As of the end of the Reporting Period, none of our projects experienced serious injuries or above safety liability accidents, and the minor injury rate was significantly lower than the target of one per thousand.

To prevent safety risks during production and operations, we conduct annual safety management activities, including hidden danger investigation, hazard identification, safety training, and emergency drills. During the Reporting Period, safety performance was included in the annual assessment of frontline water plants with assigned weightings. We also strictly implemented the one-vote veto system for safety management. Water plants that experienced safety responsibility accidents during the assessment period were disqualified from annual safety awards, excellence evaluations, and related performance incentives. These measures further strengthened safety management constraints and ensured stable operations.

Safety Production Management Measures

 <h3>Safety Hazard Inspection</h3>	<ul style="list-style-type: none"> We conduct multi-dimensional hazard identification through daily inspections, special patrol inspections, and inspection activities led by responsible personnel at different management levels We address identified safety issues through measures including enhanced inspection records, upgrading of outdated equipment, and safety training sessions, with follow-up verification and acceptance conducted by the Safety Leadership Group to ensure a closed-loop management process During the Reporting Period, we achieved a 100% rectification rate for identified safety hazards
 <h3>Major Hazard Sources Identification</h3>	<ul style="list-style-type: none"> We conduct hazard identification regularly for key activities such as chemical storage and handling, as well as mechanical equipment operation on construction sites, and implement targeted preventive measures accordingly We apply special rectification measures to high-risk areas, including foundation pit edge protection and chemical storage, to minimize accident risks
 <h3>Safety Training</h3>	<ul style="list-style-type: none"> We have established mandatory safety training courses for all employees, covering topics such as work safety, fire safety, emergency drills, confined space operations, and equipment safety. The training emphasizes institutional compliance, risk identification, the proper use of personal protective equipment, and accident case studies, ensuring full participation of employees in key positions such as frontline operations and maintenance, engineering, and duty personnel For high-risk positions, including electricians, welders, and confined space operators, we provide training and assessments conducted by competent authorities and ensure that employees are certified to work. We also encourage employees to participate in safety officer qualifications and occupational health training to improve compliance and management capabilities
 <h3>Emergency Drills</h3>	<ul style="list-style-type: none"> We organize comprehensive drills, including environmental emergency response drills, hazardous waste disposal drills, and confined space operation safety management drills, to verify the effectiveness of emergency response plans and enhance on-site response capabilities
 <h3>Safety Risk Alerts</h3>	<ul style="list-style-type: none"> Based on seasonal characteristics and operational risks, we regularly issue safety production alerts and management requirements. We proactively implement preventive measures and strengthen risk warnings and process control

Confined Space Emergency Drill

In June 2025, Kangda International Jiaozuo Branch Company organized a special simulated emergency drill for confined space accidents, focusing on testing the applicability of the confined space work emergency plan and the team's ability to collaborate in response. The drill simulated a scenario where personnel were poisoned due to harmful gases during a pipeline cleaning operation in a well, and emergency response and rescue procedures were carried out according to the plan, enhancing employees' ability to prevent similar risks.

3.4.2 Occupational Health

We strictly comply with the **Occupational Disease Prevention and Control Law of the People's Republic of China**, the **Occupational Health Examination Management Measures**, and other applicable laws and regulations. We have formulated and implemented the **Occupational Health and Safety Management System** and continuously improved the occupational health management system to safeguard employees' occupational health and legal rights and interests. During the Reporting Period, we have passed the annual audit for the ISO 45001:2018 Occupational Health and Safety Management System certification.



Occupational Health and Safety Management System Certificate

Over the past three years, there have been no work-related deaths of employees at Kangda International.

Occupational Health & Safety Metrics

Occupational Health & Safety Metrics	2025
Number of Work-related Injuries (persons)	5
Lost Work Hours Due to Injuries (hours)	1,260
Number of Commuting Traffic Accidents (cases)	5

Occupational Health Prevention Measures



Employee Health Management

- Provide annual health check-ups for all employees, with specialized occupational health examinations for those exposed to occupational disease hazards
- Establish labor health and occupational disease records to dynamically record and analyze employee's health data
- Provide employee health consultation services and regularly carry out safety and occupational disease prevention awareness activities to enhance overall health awareness and protective capabilities



On-site Safety Protection

- Standardize the distribution, management, and maintenance of personal protective equipment (PPE), improve the physical protective facilities at the construction site, and ensure a safe and reliable working environment for employees



Occupational Health Protection

- Conduct pre-employment and on-the-job occupational health examinations for employees in positions exposed to occupational disease hazards, in accordance with regulations
- Ensure that employees affected by occupational diseases receive statutory benefits such as work injury insurance and conduct regular follow-up management

04

Practicing Green Development



We uphold the mission of “Create an Environment with Greener Water, Lusher Mountains and Bluer Skies”, embedding environmental protection into our core development values. We continuously enhance our environmental management system, drive process innovation to improve resource efficiency, strengthen the application of environmental technologies to ensure compliance with emission standards, proactively address climate change, and safeguard biodiversity.

4.1 Environmental Management

As a company with extensive experience in integrated sewage management, we integrate environmental responsibility into our business operations and management. By establishing a systematic environmental management system and setting clear environmental objectives, we continuously enhance resource utilization efficiency and comprehensively reduce environmental impacts. We strictly implement compliance requirements for emissions, actively promote resource recycling and reuse, and are committed to achieving green and low-carbon operations.



4.1.1 Systematic Management

We strictly comply with the *Environmental Protection Law of the People's Republic of China* and other relevant laws and regulations. We have formulated and implemented internal policies, including the *Environmental, Occupational Health and Safety Inspection System*, the *Environmental Factor, Hazard Source Identification and Evaluation Management System*, and the *Standardization Manual for Civilized Construction at Construction Sites* to guide environmental and safety management. We have obtained the ISO 14001:2015 Environmental Management System Certification and have passed the annual audits continuously, ensuring the sustained and effective operation of our environmental management system.



Environmental Management System Certificate

Environmental Management Principles

Project Construction

We adhere to green construction principles throughout project construction, applying low-carbon, environmentally friendly practices to minimize impacts on the environment

Daily Office Operations

We actively foster a green office culture and encourage employees to adopt energy-saving practices, jointly creating an environmentally friendly and sustainable office environment

Production Operation

We systematically implement a green operations practice, focusing on energy saving, emission reduction, efficient resource use, and the improvement of our environmental management system to continuously enhance environmental performance and support green and low-carbon development



Full-Cycle Green Management

We deeply integrate green and environmental protection principles throughout the entire life cycle of our projects, covering every stage from design and construction to operation. We work proactively to prevent and reduce the environmental impact of our operations, while continually strengthening our awareness of environmental responsibility.



Green Design

We strictly implement national standards, including the **Design Standards for Energy Efficiency of Residential Buildings in the Hot Summer and Cold Winter Region**, and incorporate environmental protection and energy efficiency considerations from the earliest design stage.

Green Manufacturing

We strictly comply with standards such as the **Evaluation Standard for Green Construction of Buildings** and implement the principle of "Four Savings and One Environmental Protection" throughout the construction process.

Green Construction

Through dedicated construction plans, we standardize work procedures and on-site management, with a focus on ecological protection, to achieve orderly construction and environmentally friendly outcomes.

Green Operations

We have established environmental monitoring, risk early-warning, and inspection mechanisms for the operational stage to maintain stable, compliant, and green operations.

Response to Environmental Violations

We have established a full-process closed-loop management mechanism covering incident reporting, response, resolution, and improvement. Through a systematic approach, we aim to ensure timely incident response and effective incident handling, while minimizing environmental impacts.



4.1.2 Environmental Goals

We are committed to strengthening our commitment to environmental protection. Driven by compliance, efficiency, and innovation, we continue to advance energy conservation, consumption reduction, clean production, and green development, while exploring innovative approaches to sustainable environmental management.

Since 2021, we have established comprehensive environmental targets across four core areas: water management, energy use, waste management, and greenhouse gas emissions. Through initiatives such as technological advancement, enhanced scientific management practices, and improved resource utilization efficiency, we have embedded green principles throughout our entire production and operations value chain.

Four Environmental Goals and Actions



4.2 Resource Utilization

We focus on water resources, office resources, and materials management, continuously optimizing resource utilization efficiency through scientific management and technological innovation. We consider improving resource efficiency a key lever for green development and are committed to driving green and low-carbon operations and management.

4.2.1 Water Resource Management

We strictly adhere to policies such as the **National Water Conservation Action Plan** and have established and implemented internal systems, including the **Water Conservation Management System**, the **Regular Inspection System for Water-Using Equipment and Pipes**, and the **Manual on Water Conservation for Employees**. We strengthen the management of water usage throughout the production and office processes, promote water efficiency and conservation, and encourage recycling and reuse, contributing to the sustainable use of water resources.

During the Reporting Period, we achieved significant results in water resource management, with no incidents of non-compliance related to water acquisition or usage.

Water Conservation Measures

Production Water

- Reclaimed Water Reuse System: We promote reclaimed water technologies, reusing treated effluent for production and auxiliary operations, and reserve it as fire-fighting water, forming an internal water recycling system within the factory
- Industrial Reuse Cooperation: We cooperate with nearby water-using units to ensure a stable supply of treated reclaimed water for industrial cooling and purposes, promoting cross-industry resource utilization
- Rainwater Harvesting: We have installed a rainwater collection system, where rainwater is collected, settled, and filtered for use in vehicle washing, dust control, and other non-production activities, thereby reducing tap water consumption
- Cooling Water System Retrofit: We have upgraded the magnetic coagulation flushing and cooling water supply systems, replacing tap water with treated effluent, significantly reducing water consumption
- Ecological Supplementary Water Cooperation: In collaboration with local governments, we channel reclaimed water into river ecological supplementation systems, and urban landscape water bodies, improving water quality

Office Water

- Promotion of Water-Saving Fixtures: We install water-saving devices in offices and living areas, such as sensor-operated faucets and water-efficient sanitary fixtures, reducing water waste at the source
- Enhancement of Water Conservation Awareness: We regularly conduct water conservation awareness campaigns through internal bulletin boards, advocacy activities, and training to raise employees' awareness and foster a culture of water conservation across the company

Reclaimed Water Reuse Collaboration Project with Universities



Kangda International's Zhengzhou Xinzhongzhou No. 2 Sewage Treatment Plant has partnered with Sias University to supply approximately 33,200 tonnes of treated reclaimed water daily for the university's ground-source heat pump system. This project converts "wastewater" into "green energy" for heating and cooling. The project saves over 30 million kWh of electricity annually, reduces carbon dioxide emissions by approximately 31,600 tonnes per year, and conserves nearly 10 million tonnes of fresh water. It also helps reduce the university's annual operational costs by more than RMB55 million, providing a replicable model for regional wastewater resource recycling.

Tianjin Ninghe Phase III Cooling Water System Retrofit Project



In the Tianjin Ninghe Phase III expansion project, the sludge pumps of the original magnetic coagulation sedimentation tank used municipal tap water as the cooling water source. The cooling water system was vulnerable to fluctuations in external water supply, resulting in operational stability risks and higher water costs. During the Reporting Period, the Company retrofitted the system, switching the cooling water source to internally recycled water while keeping municipal water as an emergency backup. Following the retrofit, the cooling system's operational stability improved significantly, saving the Company approximately RMB300,000 annually in water costs.



Kangda International Water Resource Consumption



Water Resource Indicators	2023	2024	2025
Total water consumption (ten thousand cubic meters) ^①	43.72	43.70	33.44
Water consumption intensity (cubic meters per thousand cubic meters of water treated)	0.34	0.34	0.31

^① The variation in water consumption for the year 2025 is primarily due to adjustments in the statistical methodology resulting from the divestiture of certain projects.

4.2.2 Office Resource Management

We uphold the principles of green and low-carbon development, implementing green office practices and refined management. We advocate for energy-saving and consumption reduction, as well as green commuting, with the goal of establishing a sustainable, circular green operations model.

Green Office Initiatives

Reducing Office Energy Consumption

- We use energy-efficient lighting and heating systems throughout the office and adjust nighttime lighting levels and schedules. We also encourage energy-saving behaviors among employees through signage and reminders to turn off lights and equipment when not in use, reducing overall office energy consumption

Promoting Resource Reduction

- We provide employees with direct drinking water to reduce bottled water usage, promote paperless office practices and the use of online office systems, and monitor paper consumption to effectively control plastic and paper waste

Encouraging Green Commuting

- We encourage employees to prioritize public transportation or electric vehicles (EVs) for commuting, reducing commuting-related carbon emissions

4.2.3 Material Management

We place great emphasis on materials management and strengthen process controls across the procurement, use, and disposal of chemicals and construction materials to improve material utilization efficiency, reduce resource consumption, and minimize environmental risks. We have formulated and implemented internal systems, including the **Chemical Procurement Management Methods** and the **Centralized Procurement Management Methods of Chemicals**. We have also developed a chemical management system that covers the entire lifecycle of chemicals from procurement and use to storage and disposal, thereby enhancing chemical risk management and ensuring regulatory compliance.

Chemical Management Measures

Procurement Management

- We conduct qualification reviews of chemical suppliers to ensure chemicals are sourced in compliance and meet quality standards
- All chemicals undergo quality inspections before storage to ensure they meet usage standard

Usage Management

- We follow chemical dosing plans to precisely control the dosage and application methods

Storage and Disposal management

- We standardize the storage conditions of chemicals to avoid environmental and safety risks during storage
- We have established a chemical waste disposal mechanism to ensure compliance with disposal regulations

We adhere to the principles of green construction and focus on managing construction materials efficiently throughout the entire process. Through measures such as optimizing material selection, promoting material recycling, and minimizing land use, we improve resource utilization efficiency in project construction, achieving efficient resource allocation and minimizing environmental impact.

Measures for Rational Use of Construction Materials



Selection of Construction Materials

- We prioritize the use of steel and aluminum molds instead of traditional wooden molds to increase mold turnover rates and reduce resource waste
- We use ready-mixed concrete to ensure building quality and improve construction efficiency
- We introduce low-carbon and durable materials, such as high-strength bamboo and anti-corrosion boards, to reduce the use of high-energy-consuming building materials



Optimization of Construction Processes

- We optimize key processes by promoting reusable steel sheet pile and steel structure support systems, replacing traditional disposable reinforced concrete support, thereby reducing material consumption and construction waste



Recycling of Construction Materials

- We use crushed concrete debris for temporary road paving or backfilling, improving the recycling rate of solid construction waste
- We recycle waste steel bars and process them into tie bars, stirrups, and other auxiliary components, reducing the demand for new steel
- Fences, steel pipe protection, and molds are managed according to standardized procedures, encouraging multiple reuses to extend service life
- Replaceable equipment parts are professionally cleaned, repaired, and restored for reuse, reducing the need for new materials
- Old pipes and steel are converted into repair brackets, operation platforms, and other auxiliary facilities, and used in non-core areas to maximize material efficiency



Saving on Construction Land

- We rent idle areas as temporary office spaces to reduce the need for newly built temporary facilities
- We optimize the design of temporary facilities, planning and building them based on the minimum necessary area
- We prioritize using existing nearby residential buildings as functional spaces, minimizing the land required for new temporary structures

Kangda International Resource Consumption

Resource Consumption Indicators	Unit	2023	2024	2025
Paper Consumption	Tonnes	1.93	1.89	2.03
Metal Resource Consumption ^②	Tonnes	2,867.00	2,865.00	3,885.00
Timber Resource Consumption	Tonnes	498.00	486.00	659.00
Plastic Resource Consumption ^③	Tonnes	445.00	442.00	599.00
Lubricating Oil Consumption	Tonnes	23.57	23.33	21.93
Chemical Consumption	Tonnes	301,146.56	301,098.56	349,256.56
Construction Material Consumption (including earthwork, masonry, mortar, and concrete)	Tonnes	354,921.00	349,842.00	474,512.00

② The consumption of metals, timber, and other construction consumables in 2025 increased year-on-year, primarily due to the initiation of several new projects and the resumption of previously suspended projects. This expansion of main structural works and increased construction output led to a rise in overall demand for materials during the structural phase.

③ The consumption of plastic resources also increased in 2025, primarily due to the commencement of multiple water supply pipeline construction projects, which resulted in a higher demand for plastic pipes.

4.3 Compliance with Emissions

We consider environmental protection as a core responsibility for sustainable development. With a focus on key areas including wastewater, air emissions, solid waste, and noise, we implement integrated controls and pursue continuous improvement to drive synergistic growth between environmental performance and business operations.

4.3.1 Wastewater Emissions Control

We strictly comply with the **Water Pollution Prevention and Control Law of the People's Republic of China** and other relevant regulations, considering wastewater discharge management as a core component of our environmental management system. Through continuous optimization of wastewater treatment processes, the construction of centralized sludge storage facilities, and participation in industry standardization efforts, we systematically enhance wastewater treatment effectiveness, ensuring stable and compliant effluent quality while continuously reducing operational environmental risks.

Wastewater Emissions Management Measures

Process Transformation to Improve Effluent Stability

- **Nitrification Liquid Internal Reflux System Retrofit:** By retrofitting the internal reflux system, we enhance the utilization of carbon sources in the denitrification process, reducing the amount of external carbon source required, thereby enhancing wastewater treatment efficiency and lowering operational costs
- **Tank Structure Optimization:** To address historical issues such as the absence of internal reflux systems, we have implemented process modifications that increase the total nitrogen treatment capacity and reduce the amount of carbon source required
- **Chemical Dosing Point Optimization:** We have relocated the phosphorus-removal chemical dosing point from the end of the process to an intermediate stage, improving the effectiveness of chemical-pollutant contact and reaction. This has effectively reduced chemical consumption and helped control phosphorus-removal costs

Construction of Centralized Sludge Storage Tank

- **Wastewater Return Flow Management:** Construction wastewater and foundation pit drainage are routed via the plant's return pipeline network to the front end of the magnetic coagulation system, where they are treated and discharged in compliance with relevant standards
- **Centralized Sludge Treatment:** We have built a dedicated sludge storage tank to enable staged sedimentation and purification of construction sludge, thereby reducing its impact on the surrounding environment

Establishing a Standardized Wastewater Treatment Plant System

- We have assisted relevant government departments in formulating a standardized wastewater treatment plant system and participated in experience-sharing activities for wastewater treatment plants

Kangda International Wastewater Discharge

Wastewater Discharge Indicators	2023	2024	2025
Wastewater Discharge Volume (cubic meters)	650.00	630.00	560.00



4.3.2 Air Emissions Control

We strictly adhere to the **Air Pollution Prevention and Control Law of the People's Republic of China** and other relevant laws and regulations. Following our internal operational management systems, we implement refined control measures for key emission sources, including construction dust and operational odors. We also regularly engage independent third-party agencies to monitor emissions, to continuously reduce the environmental impact.

Dust Control Measures



A water spraying dust suppression system is set up on the construction site, with dedicated personnel cleaning the roads daily to prevent dust accumulation and pollution

We use fog cannons to suppress dust on the construction site throughout and cover exposed soil with fine mesh netting to effectively control dust dispersion, ensuring good air quality at construction sites

We have installed a dust monitoring system to continuously track concentrations of particulate matter such as PM2.5 and PM10. The system is connected to an IoT platform for remote monitoring. When the monitoring values exceed preset thresholds, the system automatically triggers alerts and notifies the responsible parties to ensure rapid response and handling of dust issues

We have set up a vehicle washing shelter equipped with automatic washing devices to clean the tires and bodies of all vehicles entering and exiting the site, preventing secondary pollution of the surrounding roads

We strictly adhere to the requirements of the **Discharge standard of pollutants for municipal wastewater treatment plant (GB 18918-2002)** and the **Odor Pollutant Emission Standards (GB 14554-93)**. We systematically control the special gases generated during the sewage treatment process to ensure environmental compliance and minimize impact on the surrounding environment.

Odor Emissions Control



We use deodorization processes, such as biofilters, along with high-efficiency odor removal equipment to centrally treat odors generated during production, ensuring that the emissions meet the discharge standards

We regularly monitor and assess odor concentrations and upload the monitoring data to the pollution discharge permit management platform for transparent compliance management

Based on real-time monitoring data and operational results, we continuously optimize deodorization process parameters and operating methods to improve odor treatment efficiency and system stability

4.3.3 Solid Waste Control

We strictly comply with the **Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes** and other relevant laws and regulations. In accordance with internal systems such as the **Manual for Hazardous Waste Management**, we continuously optimize our waste management system. Through process modifications, resource conversion, classified disposal, recycling, and centralized treatment, we actively promote waste reduction at the source and resource utilization.

Solid Waste Control

<p>Process Modification</p>	<ul style="list-style-type: none"> We optimize the sludge dewatering process and reduce chemical reagent usage, thereby lowering sludge generation at the source We implement the "sludge concentration tank + centrifuge dewatering" process to lower sludge moisture content and reduce overall sludge volume
<p>Sludge Resource Utilization</p>	<ul style="list-style-type: none"> We convert treated sludge into brick-making raw materials or soil conditioners, achieving high-value recycling We transport the sludge to cement plants for incineration, where the organic matter in the sludge is converted into heat energy, and the inorganic components are integrated into the cement, maximizing the reuse of both energy and materials
<p>Waste Classification Management</p>	<ul style="list-style-type: none"> We set up waste classification areas at construction sites and office areas, with designated collection points for recyclables, hazardous waste, and other waste to ensure proper sorting and disposal Construction waste, sludge, and other by-products are placed in segregated storage areas, professionally transported, and disposed of in full compliance with regulations
<p>Soil Backfilling and Excavation Waste Transport</p>	<ul style="list-style-type: none"> Soil with good quality generated during construction is recovered and reused for backfilling pits and landscaping, reducing the need for purchased soil We use brick debris, concrete blocks, and other construction waste to pave temporary roads, improving resource utilization
<p>Centralized Hazardous Waste Treatment</p>	<ul style="list-style-type: none"> We establish a regular inspection and collection system to collect hazardous waste such as used toner cartridges, batteries, and ink Hazardous waste is treated by licensed professional agencies to eliminate environmental risk

Kangda International Solid Waste Emission



Solid Waste Emission Indicators	Unit	2023	2024	2025
Domestic Waste Generation	Tonnes	265.25	255.09	240.27
Construction Waste	Tonnes	125.00	120.00	120.00
Non-Hazardous Waste Generation	Tonnes	390.25	204.00	197.60
Non-Hazardous Waste Generation Density	Tonnes / Thousand Cubic Meters of Water Treatment	0.0003	0.0002	0.0002
Hazardous Waste Generation	Tonnes	32.15	32.12	30.54
Hazardous Waste Generation Density	Gram / Cubic Meter of Water Treatment	0.0252	0.0251	0.0285



4.3.4 Noise Control

We comply with the **Law of the People's Republic of China on Noise Pollution Prevention and Control** and other relevant laws and regulations, incorporating noise management into our project environmental management system. Through a combination of equipment upgrades, physical isolation, and dynamic monitoring, we significantly reduce noise pollution and are committed to creating a quiet and harmonious community environment.

Noise Management Measures

Noise Reduction at Source and Equipment Upgrading

- Traditional high-noise blowers are replaced with efficient, low-noise magnetic suspension blowers to reduce equipment operational noise at the source
- Low-noise construction machinery is used during the construction phase to replace conventional high-noise equipment

Process Isolation and Propagation Control

- Soundproof barriers are installed at construction sites to prevent construction noise from spreading to surrounding areas

Standardized Management and Dynamic Optimization

- We strictly limit night-time construction hours to avoid disturbing surrounding residents
- We deploy real-time noise monitoring equipment to continuously monitor noise levels, dynamically adjusting construction plans based on monitoring data to ensure compliance with national standards

Low-Noise Construction Using Wire Saw Cutting Method



To minimize the impact of construction on nearby residents, we employed wire saw cutting method for the renovation of a water plant in Harbin, instead of conventional high-noise demolition methods to dismantle large underground concrete channels. This technique offers low vibration, low noise, and precise cutting, significantly reducing on-site noise relative to traditional methods and helping maintain a quiet living environment for the surrounding community.

4.4 Responding Climate Change

We deeply understand the significant impact of climate change on achieving sustainable corporate development and recognize the critical responsibility that businesses should undertake in addressing this global challenge. We proactively align with the national “Carbon Peaking & Carbon Neutrality” strategic goals, and continue to explore and advance practical, actionable climate change response initiatives.

We fulfill our climate responsibilities by continuously increasing investment in the research, development and innovation of green technologies, promoting the broad application of environmental protection technologies, and steadily advancing carbon reduction practices from within our own operations. Building on the Task Force on Climate-related Financial Disclosures (TCFD) framework, we dynamically identify climate-related risks and systematically formulate multi-tiered response strategies to continuously enhance our resilience and adaptability in the context of climate change.

4.4.1 Governance

We have incorporated climate-related issues into our ESG governance structure, ensuring that climate change considerations are deeply integrated with our strategic planning. The Board of Directors is responsible for reviewing and guiding the formulation of climate change-related strategies, identifying material climate risks, and overseeing the implementation of response measures. The Audit Committee under the Board assumes responsibility for the systematic identification and assessment of climate-related risks, formulates corresponding contingency plans, and ensures that the Company can effectively address the challenges and opportunities arising from climate change.

4.4.2 Strategy

We continuously monitor the potential risks posed by climate change and, following the TCFD framework and recommendations, the International Financial Reporting Standards Sustainability Disclosure Standards No. 2 Climate-related Disclosures (IFRS S2) and Part D (Climate-related Disclosures) of Appendix C2 to the SEHK Listing Rules. We systematically identify and assess climate-related risks and opportunities, and examine the potential impacts of climate change on our operations from multiple dimensions. During the Reporting Period, the Company further enhanced its climate change risk management framework and, based on actual business operations, conducted an in-depth assessment of the potential impacts of climate change across business segments. We also continued to integrate our climate risk management system with response mechanisms, comprehensively strengthening our resilience and adaptability to climate change challenges and effectively safeguarding the Company’s sustainable development.

In terms of scenario analysis, we have made comprehensive reference to the Intergovernmental Panel on Climate Change (IPCC) RCP8.5^④ scenario and, taking into account our development strategy, global climate trends and shared carbon neutrality goals, divided the assessment horizon of our climate scenario analysis into three phases (short, medium and long term) to enhance the forward-looking nature of our strategy and the scientific rigor of decision-making.

List of Significant Climate Change Risks and Opportunities

Description of Relevance		Financial Impacts	Time Period	Response Initiatives	
Physical Risks					
Acute Physical Risks	Strong Winds / Cyclones / Typhoons, Floods, Droughts	In recent years, extreme climate events have become increasingly frequent, with many regions continually facing challenges such as strong winds, heavy rainfall and prolonged droughts. According to climate change projections, future climate fluctuations may further intensify, and floods and typhoons will impact our facilities, operations and employee safety in both coastal and inland areas, placing particular pressure on the stability of water resources and the reliability of wastewater treatment.	Increase in operating costs Decrease in operating revenue	Short term/ Medium term/ Long term	<ul style="list-style-type: none"> Facility protection and emergency upgrades: Enhance protection standards for production areas and pipeline networks; construct flood barriers and reinforce equipment foundations; establish an intelligent monitoring and remote emergency takeover system for data centers; develop an extreme-weather emergency response framework to ensure operational safety and rapid recovery; Distributed water source layout: Advance multi-source water dispatching and regional mutual-aid mechanisms; deploy mobile water-supply and emergency treatment equipment to improve system flexibility and disaster resilience; <p>Risk monitoring and early-warning system: Build a real-time early-warning platform linked with meteorological authorities; implement risk zoning and dynamic control using a Geographic Information System to mitigate disaster impacts</p>

Description of Relevance		Financial Impacts	Time Period	Response Initiatives	
Physical Risks					
Acute Physical Risks	Extreme Weather	According to research by the National Climate Assessment, under the RCP8.5 scenario, it is expected that by 2081–2100, extreme high-temperature weather in China will increase by 3.6 to 7° C compared to the baseline period of 1985–2005. The central and eastern regions will experience the most significant temperature rise, with the average temperature increase potentially reaching around 6 ° C. This change indicates that extreme heat events will become more frequent and intense in the future, which will have a profound impact on infrastructure, energy supply, and daily life. At the same time, the frequency and intensity of extreme cold events are expected to rise, potentially causing supply water networks and sewage facilities to break due to the cold, thus adversely affecting the operation efficiency of wastewater treatment systems.	Increase in operating costs	Medium term/ Long term	<ul style="list-style-type: none"> • Smart temperature control and protective technologies: Implement automated ventilation and cooling systems in critical operating areas; add insulation and heat-tracing solutions; enhance the weather resistance of facilities to safeguard operational efficiency; • Safe operations and employee health management: Optimize work schedules during hot and cold seasons; provide heat-stress and cold-weather protection training and health monitoring to reduce personnel safety risks; • Energy and equipment resilience optimization: Select energy-efficient, high-temperature-resistant equipment; establish backup systems to reduce shutdowns and losses caused by abnormal temperatures

Description of Relevance		Financial Impacts	Time Period	Response Initiatives	
Physical Risks					
Chronic Physical Risks	Rising Average Temperatures and Precipitation Variability	Over the next few years, sustained temperature increases will directly threaten the safety of outdoor operations and reduce construction efficiency. At the same time, extreme climate conditions will pose a severe test to the durability of facilities and may lead to operational disruptions. Meanwhile, compared with the 1950–1981 baseline period, the likelihood of extreme precipitation events is projected to increase significantly by 2050.	Increase in operating costs Decrease in operating revenue	Medium term/ Long term	<ul style="list-style-type: none"> • Process and structural optimization: During the design phase, select weather-resistant materials and reinforced anti-corrosion structures to enhance the long-term stability of wastewater treatment plants and pipeline network facilities; • Adjustments to construction and operational strategies: Develop construction, maintenance, and servicing plans to address high temperatures and extreme precipitation; deploy smart drainage and automated monitoring systems to ensure continuous operation; • Integrated water-resources dispatching: Introduce regional water-resources coordination mechanisms; use predictive models to optimize water abstraction and discharge scheduling, reducing operational risks arising from climate change
Transition Risks					
Policies, Laws, and Regulations	Policies, Laws, and Regulations	As global attention to climate change continues to grow, regulatory requirements are becoming increasingly stringent. On 1 January 2025, the SEHK's updated ESG Reporting Code officially came into effect, introducing a new Part D on climate-related disclosures and further strengthening requirements for companies to disclose key climate information such as greenhouse gas emissions and climate resilience strategies. Relevant regulations also encourage companies to accelerate emissions reductions and tighten oversight of green production activities. Companies that fail to meet compliance requirements may face the risk of substantial fines and damage to brand reputation.	Increase in compliance costs	Short term/ Medium term	<ul style="list-style-type: none"> • Optimization of the climate governance framework: Continue to improve the climate risk management structure by integrating climate risks and emissions-reduction targets into the Company's strategy and performance evaluation system, strengthening oversight and execution at the decision-making level; • Enhancing the disclosure system and data quality: Establish mechanisms for monitoring, verifying, and reporting greenhouse gas emissions; introduce a digital carbon management platform to enable real-time collection and validation of emissions data, ensuring ESG disclosures are accurate, transparent, and compliant; • Stakeholder engagement and reputational risk management: Proactively engage with regulators, investors, and the public; publish annual climate-related reports and progress updates to strengthen the Company's market image and credibility in environmental protection and sustainable development

Description of Relevance		Financial Impacts	Time Period	Response Initiatives
Transition Risks				
Policies, Laws, and Regulations	Increasing Carbon Pricing on Greenhouse Gas Emissions	Increase in operating costs	Short term/ Medium term/ Long term	<ul style="list-style-type: none"> Optimize the energy structure: Introduce energy-efficient equipment and increase the application of renewable energy to effectively reduce carbon emission intensity. Although this may lead to short-term increases in capital expenditure and operating costs, it will help build a low-carbon operating system; Enhance carbon management capabilities: Strengthen the monitoring, accounting, and disclosure of carbon emissions data to ensure compliance, while proactively positioning in the carbon trading market to identify emissions-reduction potential and revenue opportunities
	Implementing Energy Conservation and Emission Reduction Actions	Increase in capital expenditure	Short term/ Medium term	<ul style="list-style-type: none"> Energy-saving roadmap planning: Set energy-saving targets and action plans for business operations, and carry out annual budgeting, and conduct organized energy efficiency reviews to ensure compliance with national energy conservation and carbon reduction requirements; Smart energy consumption management: Establish an energy management platform to enable real-time monitoring and intelligent dispatch improving energy utilization efficiency and reducing waste; Green energy application: Increase the proportion of non-fossil energy use, participate in green electricity certificate trading and strengthen investment in and application of renewable energy projects

Description of Relevance		Financial Impacts	Time Period	Response Initiatives
Opportunities				
Opportunities	Products and Services	Increase in government subsidies Increase in operating revenue	Medium term/ Long term	<ul style="list-style-type: none"> Technological innovation and development: Increase investment in R&D, focusing on core technologies such as reclaimed water reuse and sludge resource recovery, to enhance wastewater treatment efficiency and the level of resource recovery, better meet customer needs, and the market for specialized technical services; Value-added services: Leverage intelligent wastewater management and resource recovery services, integrating data analytics and optimized operational approaches to continuously enhance the overall value of our services and strengthen customer stickiness and depth of cooperation
	Consumer Preferences	Increase in operating revenue	Medium term/ Long term	<ul style="list-style-type: none"> Green brand building: Establish a strong environmental and low-carbon brand image, strengthen public communication and the dissemination of sustainability concepts, and enhance market recognition and brand competitiveness; Low-carbon product development: Launch environmentally friendly pipeline network solutions and intelligent wastewater management services to meet customers' green preferences, strengthening customer loyalty and long-term cooperation; User co-creation and data value: Use digital platforms to collect customer feedback and operational data, optimize the service experience, and build an interactive, co-created green ecosystem

Physical Risk Response

We attach great importance to the risks brought by climate change. In response to extreme weather events such as typhoons and heavy rainstorms, we have formulated and continuously improved climate risk contingency plans in advance to ensure the effective implementation of targeted response measures. Through a multi-dimensional approach covering risk management, operational assurance, technical support and regular drills, we systematically enhance our capabilities in physical risk prevention and emergency response, safeguarding the stability and safety of our production and operations.



Climate Risk Response Measures

Enhance Risk Identification and Contingency Planning

- Establish a multi-tier risk identification mechanism to systematically assess the potential impacts of extreme weather events such as floods, typhoons and heavy rainstorms;
- Develop dedicated emergency response plans for different climate risks to ensure response measures are targeted and effective

Strengthen Operational Assurance Measures

- Optimize process operating parameters to improve equipment stability and resilience under extreme conditions;
- Reduce the risk of operational disruptions and enhance supply chain resilience through equipment upgrades and refurbishment, as well as centralized procurement strategies

Support Through Technological Innovation

- Increase investment in R&D and innovation, introduce low-energy, high-efficiency equipment and facilities, and promote green, low-carbon operations;
- Deploy intelligent monitoring systems to track in real time the impacts of climate change on operations, dynamically adjust response strategies and improve response agility

Regular Drills and Training

- Conduct regular emergency drills for scenarios such as typhoons, heavy rainstorms and floods to validate the practicality of plans and execution efficiency;
- Continuously monitor emergency supplies and reserves to ensure adequate quantities and proper allocation, enabling timely and effective emergency response



Strengthening Flood Response Capabilities

In response to flood risks during the plum rain season, we have systematically advanced a range of preventive measures to enhance facility resilience and emergency response capabilities.

Monitoring, Early Warning and Coordinated Response

- Integrated forecasting and early warning: Implement measures including forecasting, early warning, pre-drills and contingency planning; strengthen coordination with meteorological authorities to dynamically monitor rainfall and water levels; conduct rolling assessments of disaster conditions, and shift from passive response to proactive prevention;
- Professional inspection and maintenance: Assign dedicated personnel to operate the flood and drought disaster prevention information system; conduct regular inspections and maintenance to promptly address equipment abnormalities, and ensure monitoring and early warning facilities remain reliable

Engineering and Facility Assurance

- Hazard identification and rectification: Carry out comprehensive risk inspections of water plants and water supply pipeline networks; establish hazard registers and implement closed-loop rectification, with a focus on addressing drainage blockages in low-lying, flood-prone areas;
- Facility inspection and maintenance: Strengthen routine inspections and technical upgrades of water treatment production equipment and pipeline bottlenecks; check the maintenance of critical facilities before the flood season to improve operational stability under extreme weather

Emergency Preparedness and Supplies reserves

- Plan updates and drills: Update and improve flood control and drainage emergency plans in a timely manner; regularly organize flood emergency drills to strengthen our employees' coordination and response capabilities in emergencies;
- Materials and personnel readiness: Stock sufficient flood-control supplies such as pipes, and drainage equipment; establish emergency repair teams; and we implement 24-hour duty rosters to ensure rapid response and resolution when incidents occur



Harbin Kangda Environmental Protection Investment Co., Ltd. Qunli Sewage Treatment Plant's Rectification of Wind and Snow Load Hazards

During the expansion of buildings within plants, Harbin Qunli Sewage Treatment Plant fully identified potential risks posed by extreme winter wind and snow conditions in Northeast China. In response to safety hazards such as corrosion of the roof steel structure, leakage at gable walls, and structural instability under heavy snow loads, we proactively optimized the design, reinforced the roof support system, and enhanced the structure's resistance to wind and snow. These measures not only effectively mitigated the risk of winter collapse and safeguarded facility safety as well as our employees' life and health, but also demonstrate our practical commitment to proactively strengthening infrastructure and enhancing operational resilience in the context of extreme climate.



Xinzheng Company Annual Flood Control Emergency Drill

In June 2025, Xinzheng Company successfully conducted its annual flood control emergency drill. Our leadership team, operations, administration, and frontline staff participated, focusing on the objectives of "real-world validation, mechanism coordination, and capability enhancement." The drill simulated an extreme-weather scenario involving torrential rain, comprehensively testing the practicality of our emergency plan and the efficiency of cross-departmental coordinated response. The exercise effectively strengthened employees' risk awareness and emergency handling capabilities, further reinforcing our operational resilience and safety defenses under extreme climate conditions, and underscoring our firm commitment to employee safety and sustainable operations.



Energy Management

We continue to strengthen our energy management system by introducing advanced technologies, upgrading and retrofitting equipment, and enhancing operational control. These efforts systematically improve energy efficiency and effectively reduce energy consumption and carbon emissions. While accelerating the implementation of energy-saving and consumption-reduction initiatives, we also further enhance our ability to manage risks associated with energy transition.



Energy Conservation Initiatives

Production Energy Conservation

Promoting the use of clean energy

- Actively develop renewable energy such as solar power to increase the share of clean energy, reduce reliance on traditional fossil fuels, and cut carbon emissions at the source;
- In the activated carbon adsorption and on-site regeneration deep treatment project, fully replace coal with natural gas as the heat source to achieve cleaner combustion



Solar PV Power Generation Facilities

Process Optimization and Technical Upgrades

- Upgrade the aeration system from traditional rotary disc aerators to bottom micro-hole aerators, paired with high-efficiency magnetic suspension blowers, significantly reducing energy consumption;
- Add a nitrification liquid internal recirculation system to better utilize organic carbon sources in the incoming water for denitrification, effectively reducing the use of externally carbon-source chemicals;
- Upgrade the carbon-source chemical from sodium acetate to a compound carbon source; improve utilization efficiency to enable more precise, slow-release carbon dosing

Equipment Renewal and Energy Efficiency Improvements

- Phase out outdated, energy-intensive equipment; introduce energy-saving magnetic suspension blowers and high-efficiency pumps; install variable frequency drives to ensure operation under optimal conditions and improve overall energy efficiency;
- The aeration main pipeline replacement project at Wenzhou Chuangyuan Water Co., Ltd. eliminated system leaks by replacing corroded, air-leaking aeration mains and adopting an elevated installation method, reducing the number of operating blowers from three to two and effectively lowering electricity consumption

Operational Management Optimization

- Implement off-peak operation strategies, prioritizing operation of key equipment during low-demand periods and shoulder periods to reduce electricity costs and peak-load pressure;
- Optimize equipment power configuration by appropriately increasing operating power and reducing reactive power compensation control cabinets to further lower energy consumption

Office Energy Conservation

- Strengthen daily energy-saving awareness by promoting practices such as “switch off power when leaving” and setting reasonable air-conditioning temperatures, encouraging company-wide participation through communications and signage;
- Place energy-saving reminders near power switches in office areas to foster a culture of conservation;
- Establish a periodic inspection and maintenance mechanism to promptly identify and address leaks and losses, reducing waste caused by equipment faults;
- Deploy an intelligent central control system to enable automatic adjustment of operating parameters and smart optimization of operating plans, improving system efficiency;
- Establish energy-saving incentive mechanisms; reward teams or individuals with outstanding performance in energy conservation; issue public notices of criticism and financial penalties for energy-wasting behaviors to both positive incentives and effective constraints



Low-Carbon Upgrade of the Activated Carbon Regeneration Process

The Dongying Port Expansion Project and the Taiyuan Upgrading Project use natural gas instead of coal for activated carbon regeneration, replacing traditional coal. Natural gas burns cleaner, producing minimal sulfides and dust and significantly reducing emissions. Compared with coal, the use of natural gas substantially reduces carbon emissions, accelerating the transition toward cleaner and lower-carbon energy use and effectively supporting the Company’s green operations and low-carbon transformation goals.



Energy-Saving Results from Equipment Upgrades in 2025

Kangda (Qitaihe) Water Co., Ltd. replaced outdated equipment at its plant and supporting pump stations, improving system automation and operational efficiency while reducing failure rates and energy consumption.

Yucheng Dongjiao Urban Construction Wastewater Treatment Co., Ltd. switched to bottom aerators, saving 560,000 kWh of electricity in 2025.

Xinzheng Company, Puyang Kangda Environmental Water Co., Ltd. adopted magnetic suspension blowers, saving 17,000 kWh and 600,000 kWh of electricity in 2025, respectively.

4.4.3 Risk Management

We incorporate climate change into our risk management framework and continuously improve our mechanisms for identifying, assessing, and responding to climate-related risks. We dynamically monitor changes in the external environment and, in line with strategic development needs, regularly update our climate risk list, systematically evaluate the potential impacts of different risks, and develop targeted response measures to strengthen the Company's resilience and adaptability to climate change.

Kangda International's Climate Risk Management Process



4.4.4 Metrics and Targets

We continue to enhance our energy and greenhouse gas emissions management system by defining clear targets for energy consumption and greenhouse gas emissions reduction. Guided by these targets, we drive the effective implementation of energy-saving and carbon-reduction initiatives, improving the transparency and execution effectiveness of our sustainability efforts.

Kangda International's Energy Conservation and Emissions Reduction Targets

Energy Consumption Reduction Target

We are firmly committed to green and low-carbon development. Focusing on improving the energy efficiency of water treatment systems, we continue to promote the integrated application of low-energy-consumption processes and high-efficiency equipment. At the same time, by strengthening energy monitoring and operational control, we optimize energy performance at key stages and drive reductions in overall energy consumption.

Greenhouse Gas Emissions Reduction Target

We actively support the **Paris Agreement** and national "Carbon Peaking & Carbon Neutrality" strategy. With a focus on full value-chain carbon emissions management across water treatment systems, we systematically advance clean energy substitution, high-efficiency equipment upgrades, and process optimization. By strengthening carbon emissions monitoring and implementing more refined operational controls, we accurately identify high-emission stages, continuously reduce emissions intensity, and steadily achieve greenhouse gas emissions reductions.



Kangda International Energy Consumption and Greenhouse Gas Emissions



Energy Consumption and Greenhouse Gas Emission Indicators	Units of Measurement	2023	2024	2025
Direct Energy				
Diesel	L	188,415	191,081	192,720
Gasoline	L	202,833	291,610	269,706
Natural Gas	m ³	3,090	3,185	3,090
Indirect Energy				
Purchased Electricity Usage ^⑤	kWh	444,499,837	456,298,875	458,713,152
Total Comprehensive Energy Consumption	tce	55,079	56,628	56,904
Comprehensive Energy Consumption Density	tce/1,000 m ³	0.04	0.04	0.05
Greenhouse Gas Emissions				
Scope 1 Greenhouse Gas Emissions ^⑥	tCO ₂ e	952	1,155	1,111
Scope 2 Greenhouse Gas Emissions ^⑦	tCO ₂ e	233,842	240,044	241,373
Total Greenhouse Gas Emissions ^⑧	tCO ₂ e	234,794	241,199	242,484
Greenhouse Gas Emission Intensity ^⑨	tCO ₂ e/1,000 m ³	0.19	0.19	0.23

^⑤ In 2025, we optimized and unified the statistical approach for purchased electricity, refining the scope of data collection and accounting methodology to enhance the completeness and accuracy of disclosed information. Relevant indicators have been adjusted in accordance with the updated statistical standards.

^⑥ Scope 1 greenhouse gas emissions refer to direct emissions from the consumption of gasoline, diesel, and natural gas by the Company. The calculation of greenhouse gas emissions is based on the **Greenhouse Gas Emission Accounting Methods and Reporting Guidelines (Trial) for public building operations** issued by the National Development and Reform Commission of the People's Republic of China.

^⑦ Scope 2 greenhouse gas emissions refer to indirect emissions from the purchase of electricity. The emission factor for electricity is based on the **Announcement on the Release of the 2012 Power Carbon Dioxide Emission Factor**.

^⑧ Our current greenhouse gas emissions cover Scope 1 and Scope 2, while the Scope 3 inventory is in progress. The results will be disclosed in future annual reports.

^⑨ Greenhouse gas intensity in 2025 increased compared to the previous year, primarily due to the sale of certain projects, which affected the calculation basis for water treatment volumes.

4.5 Biodiversity Conservation

We incorporate biodiversity protection into the management of projects' lifecycle. Through ecological restoration and conservation measures, we effectively enhance the regional ecological carrying capacity, promoting harmony between project development and the natural environment.

Biodiversity Conservation Measures

Establish a Multi-Layered Vegetation System

Plant submerged vegetation, floating-leaf plants, shrubs, and groundcover to establish a multi-layered vegetation system within project areas, providing favorable habitats for local flora and fauna

Create Ecological Corridors

Establish ecological corridors around project sites and plant native species, creating habitats for birds, insects, and other wildlife

Restore Aquatic Ecosystem

Introduce submerged and floating-leaf vegetation into water bodies to utilize ecological functions to purify water quality, providing favorable living conditions for aquatic life

05

Building a Harmonious Society



Focusing on the areas of green co-development and philanthropic initiatives, we continuously perform diverse social practices. Guided by the corporate philosophy of “Goodness and Greatness”, all Kangda employees work together, fulfilling corporate responsibilities through actions and contributing to a harmonious society.

5.1 Green Co-Development

Kangda International is deeply engaged in the field of water environment management, operating across three key sectors: urban water services, comprehensive water environment management, and rural wastewater treatment. We continuously promote the improvement of ecological environments and sustainable development in both urban and rural areas. Adhering to the principle of "Sincere Commitment and Repaying the Society", we actively expand presence in the urban water services market by leveraging advanced environmental technologies and mature operational capabilities. Through professional practice, we contribute to water ecological restoration and environmental quality enhancement, fostering harmony between humans and nature.

Green Co-creation Overview

2025 Green Co-creation Overview

- A total of **106** service concession projects
 - 100** wastewater treatment plants and **1** water supply plant
 - 3** sludge treatment plants and **2** reclaimed water plants
 - 3** sludge disposal projects with a total disposal capacity of **550** tonnes/day,
 - 2** reclaimed water projects, with a total treatment capacity of **65,000** tonnes/day
 - 2** rural wastewater treatment projects
 - 6** ongoing comprehensive water environment management projects
- 98** operational wastewater treatment projects with a current wastewater treatment capacity of **4.04** million tonnes/day

2025 Environmental Performance

- Total water treated: **1,252.1** million tonnes, including:
 - 1,247.6** million tonnes of wastewater treated
 - 4.5** million tonnes of reclaimed water processed
 - 268,384.61** tonnes of COD removed

We adhere to green development, focusing on the core business of water and environmental protection. We drive the upgrading of wastewater treatment technology and processes through technological innovation and enhance comprehensive water environment management through refined operations, continuously safeguarding our ecology.

Leading High-Standard Water Operations, Optimizing the Water Environment

We drive continuous improvement in water operations through technological innovation and refined management, committed to long-term enhancement and sustainable development of aquatic ecosystems. The Wenzhou Water Plant was designed to meet National Class I-A discharge standards, yet its actual discharge met Zhejiang Province's Clean Discharge (Grade-IV) standard. Similarly, the Weifang Yuhe Plant, designed for National Class I-A goal, achieved a discharge water quality that met the Grade V standard.

We implement discharge standards exceeding national regulations, fulfilling our corporate environmental mission through leading technological capabilities and setting a benchmark for the water environment management industry.



5.2 Public Welfare and Charity

We actively promote environmental protection education and community services, striving to become a professional and open ecological environment education base. We extensively attract social resources, actively explore new models for public welfare, and convey corporate warmth through practices.

Environmental Protection Education

Leveraging our expertise in water management, we have established a platform for environmental protection education. Through activities such as World Environment Day activities and Corporate Open Days, we engage the public in interactive exchanges and visitation experiences, showcasing wastewater treatment processes, fostering water conservation and protection concepts, and enhancing public environmental awareness.

Fendong Wastewater Treatment Plant Provides Environmental Protection Education



During the Reporting Period, the Taiyuan Fendong Wastewater Treatment Plant organized an “Environmental Protection Education Open Day” event. The Company arranged for teachers and students from local schools to visit the plant. By combining on-site observation with process explanations, the knowledge of wastewater treatment was transformed into a vivid environmental protection lesson, effectively raising the environmental awareness of the participating teachers and students.



Linyi Water Plant Hosts Students for a Visit and Study Tour



During the Reporting Period, Kangda Environmental Protection (Linyi) Water Co., Ltd. hosted teachers and students from a local primary school for a visit. Leveraging actual operational settings, the Company conducted an education on water environment protection. Starting with enlightenment for the youth, it helped promote the concept of ecological civilization within the campus, making it deeply remembered.



Community Care

In 2025, we steadily expanded the scope of public welfare practices. We organized employees to participate in diverse volunteer services such as environmental clean-ups and civilized traffic guidance, and actively carried out support work for villages and communities, conveying a sense of responsibility and care through concrete actions.

During the Reporting Period, we invested a total of RMB480,000 in community public welfare initiatives, demonstrating our responsible image.

Kangda International Supports Rural Revitalization



We actively responded to the call for rural revitalization. Based on the actual conditions of Peixing Town, Dianjiang County, we researched local characteristic advantages and provided assistance funds, which offered targeted support for industrial assistance, effectively stimulating the development of the village.



Kangda International Provides Tuition Assistance for Impoverished University Students



We actively fulfill social responsibilities by responding to government initiatives, such as carrying out a tuition assistance program for impoverished female university students. We verified the circumstances of eligible female university students whose studies were affected by family financial difficulties and provided funding to those who met the criteria. This practical assistance helped them overcome economic hardships and complete their education.

APPENDIX

Index of the Environmental, Social and Governance Reporting Code of The Stock Exchange of Hong Kong Limited

Part C: "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs Chapter

A. Environmental

A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. <i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.</i>	4.3 Compliance with Emissions
	A1.1	The types of emissions and respective emissions data.	4.3 Compliance with Emissions
	A1.2	[Repealed 1 January 2025]	
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Compliance with Emissions
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.3 Compliance with Emissions
	A1.5	Description of emission target(s) set and steps taken to achieve them.	4.1 Environmental Management 4.3 Compliance with Emissions
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.1 Environmental Management 4.3 Compliance with Emissions
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	4.2 Resource Utilization
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.4 Responding Climate Change
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.2 Resource Utilization
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.4 Responding Climate Change
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.1 Environmental Management 4.2 Resource Utilization
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4.1 Environmental Management 4.2 Resource Utilization 4.3 Compliance with Emissions 4.4 Responding Climate Change
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.1 Environmental Management 4.2 Resource Utilization 4.3 Compliance with Emissions 4.4 Responding Climate Change
A4: Climate Change	General Disclosure	[Repealed 1 January 2025]	
	A4.1	[Repealed 1 January 2025]	

B. Social

B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1 Employment 3.2 Employee Development 3.3 Employee Care
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	3.1 Employment
	B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employment

B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3.4 Employee Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Employee Health
	B2.2	Lost days due to work injury.	3.4 Employee Health
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4 Employee Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	3.2 Employee Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Employee Development
	B3.2	The average training hours completed per employee by gender and employee category.	3.2 Employee Development
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3.1 Employment
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Employment
	B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Employment
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.3 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	2.3 Supply Chain Management
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	2.3 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.1 Quality Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
	B6.2	Number of products and service related complaints received and how they are dealt with.	2.1 Quality Management
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.2 Intellectual Property Protection
	B6.4	Description of quality assurance process and recall procedures.	2.1 Quality Management
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Not Applicable
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.4 Compliance Management
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.4 Compliance Management
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.4 Compliance Management
	B7.3	Description of anti-corruption training provided to directors and staff.	1.4 Compliance Management
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5.1 Green Co-Development 5.2 Public Welfare and Charity
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.1 Green Co-Development 5.2 Public Welfare and Charity
	B8.2	Resources contributed (e.g. money or time) to the focus area.	5.2 Public Welfare and Charity

Part D: Climate-related Disclosures

Chapter

(I) Governance	1. An issuer shall disclose information about: (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	Statement By The Board Of Directors 1.1 Corporate Governance 1.2 ESG Management 4.4 Responding Climate Change
	(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and	1.2 ESG Management
	(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	1.2 ESG Management
(II) Strategy	Climate-related risks and opportunities 2. An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	4.4 Responding Climate Change
	Business model and value chain 3. An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	4.4 Responding Climate Change
	Strategy and decision-making 4. An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making.	4.4 Responding Climate Change
	5. An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 4(a).	4.4 Responding Climate Change
	Financial position, financial performance and cash flows Current financial effect 6. An issuer shall disclose qualitative and quantitative information about:	
	(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	4.4 Responding Climate Change
	(b) the climate-related risks and opportunities identified in paragraph 6(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.	Not Applicable
	Financial position, financial performance and cash flows Anticipated financial effect 7. The issuer shall provide qualitative and quantitative disclosures about: (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:	
	(i) its investment and disposal plans; and	4.4 Responding Climate Change
	(ii) its planned sources of funding to implement its strategy; and	4.4 Responding Climate Change
(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.	4.4 Responding Climate Change	
Climate resilience 8. An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.	4.4 Responding Climate Change	

(III) Risk Management	9. An issuer shall disclose information about: (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:	
	(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	4.4 Responding Climate Change
	(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	4.4 Responding Climate Change
	(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	4.4 Responding Climate Change
	(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;	4.4 Responding Climate Change
	(v) how the issuer monitors climate-related risks; and	4.4 Responding Climate Change
	(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;	As climate risks did not have any material impact compared with the previous reporting period, no significant adjustments were made to the climate risk monitoring process
	(b) the processes the issuer uses to identify, assess, prioritise and monitor climate related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	4.4 Responding Climate Change
	(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	4.4 Responding Climate Change
	(IV) Metrics and Targets	Greenhouse gas emissions 10. An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:
(a) Scope 1 greenhouse gas emissions;		4.4 Responding Climate Change
(b) Scope 2 greenhouse gas emissions; and		4.4 Responding Climate Change
(c) Scope 3 greenhouse gas emissions.		4.4 Responding Climate Change
11. An issuer shall: (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;		4.4 Responding Climate Change
(b) disclose the approach it uses to measure its greenhouse gas emissions including:		
(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;		4.4 Responding Climate Change
(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and		4.4 Responding Climate Change
(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;		4.4 Responding Climate Change
(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 10(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and		4.4 Responding Climate Change
(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 10(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	4.4 Responding Climate Change	
Climate-related transition risks 12. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	/	
Climate-related physical risks 13. An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	/	

Climate-related opportunities 14. An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	/
Capital deployment 15. An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	/
Internal carbon prices 16. An issuer shall disclose:	
(a) an explanation of whether and how the issuer is applying a carbon price in decision making (for example, investment decisions, transfer pricing, and scenario analysis); and	/
(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	/
Remuneration 17. An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 1(a)(iv).	/
Industry-based metrics 18. An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry based metrics associated with disclosure topics described in the IFRS S2 Industry based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	4.1 Environmental Management 4.2 Resource Utilization 4.3 Compliance with Emissions 4.4 Responding Climate Change
Climate-related targets 19. An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	
(a) the metric used to set the target;	4.4 Responding Climate Change
(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	4.4 Responding Climate Change
(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	4.4 Responding Climate Change
(d) the period over which the target applies;	4.4 Responding Climate Change
(e) the base period from which progress is measured;	/
(f) milestones or interim targets (if any);	/
(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and	/
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	4.4 Responding Climate Change
20. An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	
(a) whether the target and the methodology for setting the target has been validated by a third party;	/
(b) the issuer's processes for reviewing the target;	4.4 Responding Climate Change
(c) the metrics used to monitor progress towards reaching the target; and	4.4 Responding Climate Change

(d) any revisions to the target and an explanation for those revisions.	/
21. An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	4.4 Responding Climate Change
22. For each greenhouse gas emissions target disclosed in accordance with paragraphs 19 to 21, an issuer shall disclose:	
(a) which greenhouse gases are covered by the target;	4.4 Responding Climate Change
(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	4.4 Responding Climate Change
(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	4.4 Responding Climate Change
(d) whether the target was derived using a sectoral decarbonisation approach; and	/
(e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	
(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	/
(ii) which third-party scheme(s) will verify or certify the carbon credits;	/
(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	/
(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	/
Applicability of cross-industry metrics and industry-based metrics 23. In preparing disclosures to meet the requirements in paragraphs 3 to 8 and 19 to 20, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 10 to 17) and (ii) industry-based metrics (see paragraph 18).	4.1 Environmental Management 4.2 Resource Utilization 4.3 Compliance with Emissions 4.4 Responding Climate Change