

## Press Release

### **Kangda International Environmental Receives Stable Outlook Ratings from Three Major International Rating Agencies; Credit Profile Continues to Improve**

(Hong Kong, 29 May 2026) – Kangda International Environmental Company Limited (“Kangda” or the “Company”) has recently been assigned inaugural credit ratings by three leading rating agencies – S&P Global Ratings, Moody’s Ratings, and China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”), all with a stable outlook. S&P assigned a ‘BB-’ long-term issuer credit rating, Moody’s assigned a ‘Ba3’ corporate family rating, and CCXAP assigned a ‘BBg+’ long-term credit rating. The consistent stable outlook reflects positive expectations regarding the Company’s future operational and financial improvement.

The inaugural ratings from multiple international agencies mark market recognition of Kangda’s progress in the following areas:

1. **Enhanced international credit standing** – First-time ratings from S&P, Moody’s and CCXAP demonstrate the Company’s improved transparency and credit profile in capital markets, which will help broaden funding channels and optimise financing costs.
2. **Solid balance sheet** – The rating agencies noted that the Company’s stable business model under long-term concession arrangements, with wastewater treatment being an essential public utility, provides good cash flow visibility and supports a sound balance sheet.
3. **Recent operational improvement and deleveraging** – The Company is actively disposing of underperforming assets, will likely receive about RMB1 billion in proceeds, with associated debt deconsolidated from the balance sheet. Through disciplined capital expenditure and cost controls, leverage is expected to decline further over the next two to three years. Accounts receivable turnover days have also shown signs of improvement.
4. **Sustainable tariff upward trend supported by regulatory framework** – China’s regulatory framework remains supportive of the wastewater treatment industry, with local governments accelerating previously delayed tariff

adjustments and fee payments. Rating agencies expect average water tariffs to increase by 1%-2% annually over 2026-2028, providing strong support for profitability and cash flow.

5. **Strengthened synergies with China Water Affairs** – Following deeper integration with controlling shareholder Mr. Duan Chuanliang and China Water Affairs Group Limited, synergies in AI technology upgrades, bulk raw material procurement, and funding channels are becoming increasingly evident, further enhancing Kangda's operational efficiency and risk resilience.

Kangda International will continue to focus on asset optimisation, deleveraging and cash flow enhancement, committed to creating long-term value for shareholders and investors.

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

Kangda International is a leading private-sector wastewater treatment company in China, operating approximately 100 sewage treatment projects across 16 provinces and municipalities, with a total designed treatment capacity exceeding 4 million tonnes per day. The Company is listed on the Main Board of the Hong Kong Stock Exchange (stock code: [6136.HK](#)).