

Press Release  
[For immediate release]



中國水務集團有限公司  
China Water Affairs Group Limited

## China Water Affairs Announces FY2024/25 Annual Results *Effective Strategy Optimization to Drive High-Quality Growth*

### Results Highlights:

HK\$ Million	For the twelve months ended 31 March		Change
	2025	2024	
Revenue	11,655.6	12,858.5	-9.4%
Gross Profit	4,405.0	4,776.0	-7.8%
Profit Margin	37.8%	37.1%	+0.7 ppt
EBITDA (adjusted) *	5,256.6	5,162.5	+1.8%
Profit Attributable to Shareholders	1,074.7	1,533.5	-29.9%
Dividends per Share (HK cents)	28.0	28.0	Unchanged

\*Excluding the impacts from expected credit loss arising from other receivables and impairments of investment property in the period

(30 June 2025, Hong Kong) **China Water Affairs Group Limited** (“China Water Affairs” or the “Company”, stock code: 0855.HK), a leading integrated water operator in China, today announced the annual results of the Company and its subsidiaries (collectively known as the “Group”) for the twelve months ended 31 March 2025 (the “Reporting Period”).

During the Reporting Period, China's macro-economy was clouded by various complexities. The Group proactively tackled market challenges by optimizing the development strategy. It strengthened returns management of core business investment, substantially cut capital expenditures and bolstered the operating efficiency of existing projects to safeguard its sustainable and healthy growth. Mainly due to the adjustment in its development strategy, the Group's revenue from construction services significantly dropped on lower related capital expenditures, leading to a slight decline in overall revenue.

The Group posted revenue of approximately HK\$11.66 billion for FY2024-25, down 9.4% year-on-year. While the gross profit came down by 7.8% year-on-year to approximately HK\$4.41 billion, the gross profit margin grew by 0.7 percentage points year-on-year to 37.8%. Selling, general and administrative expenses remarkably dropped by 15.1% year-on-year (of which staff costs reduced by 13.5% year-on-year) thanks to the Group's stepped-up efforts in efficiency enhancement and cost reduction. During the period, as the Group recorded expected credit loss of HK\$498 million due to the one-off provision for other receivables, profit attributable to shareholders retreated by 29.9% year-on-year to approximately HK\$1.07 billion. However, because the loss did not affect the Group's cash flow, adjusted EBITDA increased by 1.8% year-on-year to HK\$5.26 billion. In order to reward shareholders for their support, the Board of Directors proposed the payment of a final dividend of HK 15 cents per share. Total dividend for the fiscal year is HK 28 cents per share, which is the same with previous fiscal year and represents the dividend payout ratio of 42.4%.

The capital expenditures for construction services in the Reporting Period fell 36.9% to HK\$2.9 billion from HK\$4.6 billion a year ago, reversing the rising trend of capital expenditures over the past few years for the first time. As the Group proceeds with the optimization of development strategy and major projects are basically completed, its capital expenditures are expected to reduce to not more than HK\$2 billion in FY2025-26.

During the Reporting Period, revenue from city water supply operations climbed 6.5% year-on-year to HK\$3.53 billion on the Group's initiatives to boost the operating efficiency of existing water supply projects. Profit margin of city water supply segment advanced 2.7% year-on-year to 32.6%. Meanwhile, revenue from direct drinking water supply operations and equipment climbed 23.7% year-on-year to HK\$393 million. Profit margin of direct drinking water supply segment increased by 2.7% year-on-year to 36.9%.

Benefiting from the commissioning of the petrochemical wastewater treatment project for ExxonMobil in Huizhou and the tariff adjustment and expansion of some wastewater treatment projects, revenue from the environmental protection segment surged 69.9% year-on-year to HK\$640 million. The segment profit expanded by 56.9% year-on-year to HK\$560 million and the profit margin of this segment grew by 2.2 percentage points year-on-year to 35.3%. The environmental protection operation experienced sustainable high-quality development.

The Group retained a sound financial position in the period. As of 31 March, its net assets amounted to approximately HK\$21.87 billion, up 2.0% from the same period last year. The gearing ratio remained at a healthy level of 66.8% and stayed flat when compared with the same period last year. Moreover, it forged closer cooperation with financial institutions to augment its financing channels. In addition to the successful issuance of 3-year RMB 700 million green panda bonds, it made the maiden issuance of 5-year RMB 1 billion investment-grade blue bonds. By refinancing the short-term borrowings with long-term borrowings, the Group further enhanced its debt structure with the ratio of medium and long-term borrowings to total borrowings further improved to 77.2% from 71.9% at the end of previous fiscal year.

Besides, the Company received the endorsement from long-term investors. During the Reporting Period, ORIX Group and Great Wall Life Insurance raised their stakes in China Water Affairs by 7.62% and 5.04% respectively. Moreover, Taikang Asset Management carried out strategic cooperation with the Company by spending RMB 1.5 billion to acquire 18.07% interests in Silver Dragon Water Affairs Investments, a subsidiary of the Company, after the Reporting Period. The aforementioned investments showcase the great confidence of long-term institutional investors placed in the Company.

Looking ahead, underpinned by the government's various measures to stabilize the economic growth and to expand domestic demand, China's economy will continue to grow steadily in the long run. In view of the low inflation environment in China and the accelerated marketization of water tariff adjustment mechanism, water tariff hikes have become a market consensus. Many domestic cities have kicked off the procedures for raising water tariffs, with the water tariff hikes in Guangzhou became effective in June. It is believed that it will be a catalyst for water tariff hikes in other cities and will create positive impacts on profit recovery of the water industry.

The Group will adhere to high-quality development and provide the society with better quality direct drinking water services, hence upgrading its service quality from the provision of safe water to healthy water. While satisfying the public's demand for high-quality life, it will drive reasonable improvement in both of business volume and service quality. At the same time, the

Group will continue to promote the optimization of development strategy to overcome the market challenges, strengthen the management of investment returns on core businesses, enhance its operating efficiency and synergies, thereby creating good returns for shareholders while meeting people's needs for a better life.

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**About China Water Affairs Group Limited**

China Water Affairs Group Limited is a leading professional, market-oriented and cross-regional water services operator in China and the only Hong Kong listed company focusing on tap water and direct drinking water business. Headquartered in Hong Kong, it has operations management centers in Beijing and Shenzhen. The Group (including associate companies) mainly engages in city water supply, direct drinking water, sewage treatment and drainage and other related value-added services in Mainland China. Its services cover more than 30 million people spreading across 24 provinces, direct-administered municipalities and autonomous regions. The Group has established a leading position as a full-service operator in China's water affairs market. Its management comprises of veteran experts in the water industry with an insight into government policies and services management. The Company's shares were included in the first batch of securities eligible for trading through Shenzhen-Hong Kong Stock Connect in 2016 and have been the constituent stock in the FTSE Environmental Opportunities Asia Pacific Index since 2009.

This press release is issued by PRChina Limited on behalf of China Water Affairs Group Limited.

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