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Kunming Dianchi Water Treatment Co., Ltd.

昆明滇池水务股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3768)

**DISCLOSEABLE TRANSACTION
SUPPLEMENTAL ANNOUNCEMENT ON DISPOSAL OF 100% EQUITY
INTEREST IN A SUBSIDIARY**

References are made to the announcement of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) dated 10 November 2023 in relation to the proposed disposal of 100% equity interest in a subsidiary of the Company through Public Tender, and the announcement of the Company dated 20 December 2023 (the “**Announcement**”) in relation to the execution of the Equity Transfer Agreement for the disposal of 100% equity interest in a subsidiary. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to supplement the Announcement as follows:

As stated in the Announcement, the estimated net loss before tax of the Disposal to the Group is approximately RMB2.7337 million. Such amount is the difference between (i) the equity transfer price of the Consideration being RMB43.5787 million and (ii) the value of the identifiable net assets of Hongyu Thermal Power as recorded in the consolidated financial statements of the Group (which was calculated based on the the fair value of the identifiable net assets of Hongyu Thermal Power at the consolidated level continuously from the date of consolidation to the date of the Announcement) being approximately RMB46.3124 million. Hongyu Thermal Power is a subsidiary of the Company that was acquired from an independent third party in October 2018. When the financial results of Hongyu Thermal Power were consolidated into the financial statements of the Group, its value at the consolidated level included the value of appraised asset appreciation. The unaudited net asset value of Hongyu Thermal Power as at 31 October 2023 (as confirmed based on the internal management account) was approximately RMB20.6916 million, which was at the target company level of Hongyu Thermal Power instead of at the consolidated level of the Group.

In addition, after completion of the Disposal, the interest on the loan provided by the Group to Hongyu Thermal Power as part of the Consideration will be booked as “Financial Costs – Interest Income” of the Group instead of part of the Group’s gain or loss on the Disposal.

The actual gain or loss on the Disposal shall be subject to the calculation after completion of the Disposal.

By Order of the Board
Kunming Dianchi Water Treatment Co., Ltd.
Zeng Feng
Chairperson and executive Director

Kunming, the PRC, 27 December 2023

As of the date of this announcement, the Board comprises Mr. Zeng Feng and Mr. Chen Changyong, as executive Directors; Mr. Xu Jingdong, Mr. Zhou Jianbo and Mr. Zhang Yang, as non-executive Directors; and Mr. Zha Guiliang, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.