Kunming Dianchi Water Treatment Co., Ltd.
昆明滇池水務股份有限公司

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

(Stock Code: 3768)

PROFIT WARNING

This announcement is made by Kunming Dianchi Water Treatment Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the inside information provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the "**Directors**") of the Company (the "**Board**") hereby notifies the shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review and analysis of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2026, the Group expects to record (i) a pre-tax profit of approximately RMB61.9 million to RMB69.8 million, representing a decrease of approximately RMB95.9 million to RMB88.0 million compared to the same period last year of approximately RMB157.8 million; and (ii) profit attributable to equity holders of the Company for the period of approximately RMB42.5 million to RMB47.9 million, representing a decrease of approximately RMB89.4 million to RMB84.0 million compared to approximately RMB131.9 million for the same period last year.

The decrease in profit was primarily attributable to the combined effect of changes in the preferential tax policies applicable to the Company, tax late payment surcharges and changes in depreciation and amortisation. Recently, the Company received a notice from the competent tax authority that the Company no longer qualifies for the value added tax (VAT) exemption policy, effective from 1 January 2025. According to relevant tax laws and regulations, the Company will be required to make supplementary VAT payment of approximately RMB20.3 million for the period from 1 January 2025 to 30 June 2026 (the final amount of such supplementary VAT payment is subject to verification by the competent tax authority). Pursuant to the relevant provisions of International Accounting Standard 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the supplementary VAT payment does not constitute an accounting error of prior period and does not involve retrospective adjustment of financial data of prior period. The relevant amounts arising from the above changes will be recognised in the profit or loss of the Company for the year 2026.

The Company is still finalizing its unaudited consolidated financial results for the six months ended 30 June 2026. The information contained in this announcement is based on a preliminary assessment of the Group's unaudited management accounts and currently available information which has not been audited or reviewed by the Company's auditors. Revisions and adjustments may be made in the future.

For further details on the financial information and performance of the Group for the six months ended 30 June 2026, please refer to the Company's interim results announcement for the six months ended 30 June 2026 which is expected to be published by the end of August 2026.

Shareholders and investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Kunming Dianchi Water Treatment Co., Ltd.
Mu Yong
Chairperson and executive Director

Kunming, the PRC, 31 July 2026

As at the date of this announcement, the Board comprises Mr. Mu Yong, Mr. Ma Shuo and Ms. Lian Zhaoju, as executive Directors; Ms. Ding Heng, Ms. Cheng Yijing and Ms. Gao Yuan, as non-executive Directors; and Mr. Zha Guiliang, Ms. Fu Jifang and Dr. Chan Ho Wah Terence, as independent non-executive Directors.