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**KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED**

**康達國際環保有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6136)**

**SUPPLEMENTAL ANNOUNCEMENT**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
100% EQUITY INTERESTS IN LIANGSHAN KANGDA WATER CO., LTD**

Reference is made to the announcement (the “**Announcement**”) of Kangda International Environmental Company Limited (the “**Company**”) dated 26 June 2025 in relation to, among others, the Disposal. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board would like to provide additional information to the Shareholders and potential investors of the Company in respect of the Disposal as follows:

**BASIS OF CONSIDERATION**

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms, after taking into account, among others, (i) the audited net asset value of the Target Company as at 31 December 2024 of approximately RMB126.1 million and (ii) that the Consideration of RMB80 million is the best available offer proposed by the Purchaser, being the only purchaser identified by the Company.

In additional, considering, among others, (i) the aging of the outstanding wastewater treatment fee (the “**Outstanding Fees**”) owed by the Liangshan County Government; (ii) the future prospects of the Wastewater Treatment Plant; and (iii) other factors as set out in the section headed “Reasons for and benefits of the Disposal” in the Announcement, the Directors are of the view that the Consideration is on normal commercial terms and fair and reasonable.

During the year ended 31 December 2024, due to insufficient fiscal revenue and the imbalanced fiscal expenditure structure, the Liangshan County Government falls short of available funds to settle the Outstanding Fees, and the total gross amount of the Outstanding Fees amounted to approximately RMB71.55 million as at 31 December 2024.

Set out below is the ageing analysis of the Outstanding Fees as at 31 December 2024:

<b>Ageing period</b>	<b>Gross amount (RMB'000)</b>	<b>Net carrying amount (RMB'000)</b>
0–3 months	4,022	3,992
4–6 months	4,022	3,992
7–12 months	7,956	7,898
Over 12 months	<u>55,549</u>	<u>54,164</u>
	<u><u>71,549</u></u>	<u><u>70,046</u></u>

Based on the estimation of the Group's management, the financial requirement (including cost of sales, administrative expenses, finance costs, tax and others) for continuing operation of the Wastewater Treatment Plant are estimated to amount to approximately RMB9.76 million per year. In addition, as disclosed in the Announcement, it is expected that the Liangshan County Government will accelerate the expansion and upgrade of wastewater treatment facilities of Liangshan County in the coming year. Based on the estimation of the Group's management, the capital expenditure expected to be incurred in connection with the proposed upgrade of the Wastewater Treatment Plant would amount to approximately RMB20 million.

Taking into account, among others, (i) the financial ability of the Liangshan County Government to promptly settle the wastewater treatment fees overdue and to be incurred; (ii) the total capital requirement in connection with the proposed upgrade of the Wastewater Treatment Plant; (iii) the severe delays in the recovery of the outstanding wastewater treatment fees owed by the Liangshan County Government; and (iv) the financial requirement for the continuing operation of the Wastewater Treatment Plant, the Board considers that the Disposal represents a good opportunity for the Group to realise its investments in the Wastewater Treatment Plant and to mitigate any potential losses.

As such, the Directors are of the view that the Consideration is fair and reasonable, and the Disposal is favorable to the Group's overall financial position despite the potential loss on Disposal.

This announcement should be read in conjunction with the Announcement. All other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

By order of the Board  
**Kangda International Environmental Company Limited**  
**LI Zhong**  
*Chairman*

Hong Kong, 7 July 2025

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. LI Zhong, Ms. LIU Yujie, Mr. DUAN, Jerry Linnan and Mr. ZHOU Wei as executive Directors; Mr. ZHAO Juanxian (alias, ZHAO Junxian) as non-executive Director; and Mr. CHAU Kam Wing Donald, Mr. CHANG Qing and Mr. PENG Yongzhen as independent non-executive Directors.*