

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION ENTERING INTO THE ENTRUSTED LOAN EXTENSION AGREEMENT

ENTRUSTED LOAN EXTENSION AGREEMENT

Reference is made to the Company's announcement dated 9 June 2022 (the "**Announcement**") in relation to the entering into of the Entrusted Loan Contract by the Company (as trustor) with Kunming Urban Investment (as borrower) and Panlong District Rural Credit Cooperative (as trustee) in respect of the Entrusted Loan Transaction on 9 June 2022. Pursuant to the Entrusted Loan Contract, the Company entrusted Panlong District Rural Credit Cooperative to provide a RMB310 million entrusted loan to Kunming Urban Investment for a term from 9 June 2022 to 8 June 2023. Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Transaction under the Entrusted Loan Contract. As of the date of this announcement, Kunming Urban Investment has repaid RMB130 million of the principal amount of the entrusted loan under the Entrusted Loan Contract and settled all the interest for the period up to 8 June 2023 pursuant to the Entrusted Loan Contract. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board announces that, after arm's length negotiation, the Company entered into the Entrusted Loan Extension Agreement in respect of the Entrusted Loan Contract with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 9 June 2023 (after trading hours) to extend the term of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract to 8 June 2024. Save for the amendments specified in the Entrusted Loan Extension Agreement, all other terms and conditions of the Entrusted Loan Contract remain unchanged.

Kunming Dianchi Investment has issued a letter to provide a full and joint liability guarantee for the Entrusted Loan Extension Transaction under the Entrusted Loan Extension Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Entrusted Loan Extension Agreement and the Entrusted Loan Extension Transaction thereunder are more than 5% but less than 25%, the entering into of the Entrusted Loan Extension Agreement and the Entrusted Loan Extension Transaction contemplated thereunder constitute a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that, after arm's length negotiation, the Company entered into the Entrusted Loan Extension Agreement in respect of the Entrusted Loan Contract with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 9 June 2023 (after trading hours) to extend the term of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract to 8 June 2024. Save for the amendments specified in the Entrusted Loan Extension Agreement, all other terms and conditions of the Entrusted Loan Contract remain unchanged.

Kunming Dianchi Investment has issued a letter to provide a full and joint liability guarantee for the Entrusted Loan Extension Transaction under the Entrusted Loan Extension Agreement.

I. ENTRUSTED LOAN EXTENSION AGREEMENT

Salient terms of the Entrusted Loan Extension Agreement are set out below:

Date:	9 June 2023
Parties	(i) the Company (as trustor) (ii) Kunming Urban Investment (as borrower) (iii) Panlong District Rural Credit Cooperative (as trustee)
Extension amount:	RMB180 million. The extension amount shall be repaid in one lump sum upon maturity.
Term of extension:	From 8 June 2023 to 8 June 2024
Service charge:	Same as the standards and payment methods as agreed in the Entrusted Loan Contract, i.e. the service charge for the entrusted loan under the Entrusted Loan Extension Agreement shall be calculated at the rate of 0.1% per annum, i.e. the service charge shall be RMB180,000, which shall be paid by the Company to Panlong District Rural Credit Cooperative in one lump sum.

Save for the amendments specified in the Entrusted Loan Extension Agreement, all other terms and conditions of the Entrusted Loan Contract remain unchanged.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, as at the date of this announcement, Kunming Urban Investment is not a connected person of the Company as defined under the Listing Rules, and Panlong District Rural Credit Cooperative is a third party independent of the Company and its connected person(s).

II. REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN EXTENSION TRANSACTION

As of the date of this announcement, Kunming Urban Investment has repaid RMB130 million of the principal amount and settled all the interest payable for the period up to 8 June 2023 pursuant to the Entrusted Loan Contract. In addition, Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Extension Transaction, which is conducive to protecting the Company's realization of its rights to the loan. The entering into of the Entrusted Loan Extension Agreement can increase the interest income of the Company.

For the above reasons, the Directors (other than Mr. Ong King Keung) believe that the Entrusted Loan Extension Transaction is entered into on normal commercial terms, and is fair and reasonable and in the interests of the Company and its shareholders as a whole. In particular, Mr. Ong King Keung abstained from voting at the Board meeting mainly because he considered that the entrusted loan was not within the scope of the principal business of the Company.

All Directors of the Board have given due and careful consideration to the Entrusted Loan Extension Transaction and the opinions of Mr. Ong King Keung. All Directors of the Board other than Mr. Ong King Keung were of the unanimous view that although the Entrusted Loan Extension Transaction is not the principal business of the Company, based on the Company's business plan and use of funds, the Entrusted Loan Extension Transaction can generate revenue for the Company. At the time of entering into the Entrusted Loan Extension Agreement, the Company recorded net current assets.

III. GENERAL INFORMATION

The Company

The Company is a leading municipal wastewater treatment and reclaimed water supply services provider in Yunnan Province, the PRC, an integrated water-related services (including running water supply service) provider and a core enterprise implementing the PRC's strategic goal to treat pollutants at Dianchi Lake.

Kunming Urban Investment

Kunming Urban Investment, which is directly owned as to 84.42% by Kunming SASAC, is an urban infrastructure construction and regional urban comprehensive operator in Kunming.

Panlong District Rural Credit Cooperative

Panlong District Rural Credit Cooperative is a China-based financial institution that is mainly engaged in taking public deposits and providing loans and other activities.

IV. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of the Entrusted Loan Extension Agreement and the Entrusted Loan Extension Transaction thereunder are more than 5% but less than 25%, the entering into of the Entrusted Loan Extension Agreement and the Entrusted Loan Extension Transaction contemplated thereunder constitute a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

V. DEFINITIONS

“Board”	the board of Directors
“Company”	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 PRC with limited liability on 23 December 2010, and its H Shares are listed on the Stock Exchange (stock code: 3768)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Entrusted Loan Contract”	the Entrusted Loan Contract entered into by the Company with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 9 June 2022
“Entrusted Loan Extension Agreement”	the Entrusted Loan Extension Agreement entered into by the Company with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 9 June 2023
“Entrusted Loan Extension Transaction”	the transaction contemplated under the Entrusted Loan Extension Agreement, namely the extension of maturity date of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract from 8 June 2023 to 8 June 2024
“Entrusted Loan Transaction”	the transaction contemplated under the Entrusted Loan Contract, namely the provision of a RMB310 million loan by Panlong District Rural Credit Cooperative to Kunming Urban Investment as entrusted by the Company

“H Shares”	overseas listed foreign shares of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Kunming Dianchi Investment”	Kunming Dianchi Investment Co., Ltd.* (昆明滇池投資有限責任公司), a company established in Yunnan Province, the PRC with limited liability on 13 October 2004, which is the controlling shareholder of the Company
“Kunming SASAC”	the State-owned Assets Supervision and Administration Commission of the Kunming People’s Government (昆明市人民政府國有資產監督管理委員會)
“Kunming Urban Investment”	Kunming Urban Construction and Investment Development Co., Ltd.* (昆明市城建投資開發有限責任公司), a company with limited liability incorporated in the PRC, which is directly owned as to 84.42% by Kunming SASAC and is not a connected person of the Company as defined under the Listing Rules as of the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Panlong District Rural Credit Cooperative”	Kunming Panlong District Rural Credit Cooperative* (昆明市盤龍區農村信用合作聯社), a third party independent of the Company and its connected person(s)
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Kunming, the PRC, 9 June 2023

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

* For identification purpose only