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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)

SUPPLEMENTAL ANNOUNCEMENT ON THE DISCLOSEABLE TRANSACTION IN RELATION TO ENTERING INTO THE ENTRUSTED LOAN EXTENSION AGREEMENT

References are made to the announcements of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) dated 9 June 2022 and 9 June 2023 (collectively, the “**Announcements**”) in relation to the entering into of the Entrusted Loan Contract by the Company with Kunming Urban Investment and Panlong District Rural Credit Cooperative in respect of the Entrusted Loan Transaction and the entering into of the Entrusted Loan Extension Agreement by relevant parties in respect of the Entrusted Loan Extension Transaction, respectively. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board would like to provide the following additional information in relation to the Announcements:

SALIENT TERMS OF THE ENTRUSTED LOAN EXTENSION AGREEMENT

With respect to the other terms and conditions not specified in the Entrusted Loan Extension Agreement, the relevant terms and conditions of the Entrusted Loan Contract shall continue to apply to the Entrusted Loan Extension Transaction, and the major terms are as follows:

Extended term of entrusted loan	From 8 June 2023 to 8 June 2024, and if there is an early maturity of the Entrusted Loan Extension Transaction declared in accordance with the Entrusted Loan Contract, the loan shall be deemed to become due at an earlier date accordingly and the interest shall be calculated based on the actual number of days and amount used.
Interest rate	The interest rate is fixed at 8.5% per annum. Interest shall be paid quarterly and the interest settlement date is the 20th day of the last month of each quarter. Compound interest shall be charged on any interest that cannot be paid on time in accordance with the terms of the Entrusted Loan Contract. Interest on each individual entrusted loan is calculated from the actual drawdown date (or the starting date of the term of extension in respect of the Entrusted Loan Extension Transaction) and is based on the actual number of days used.

Early repayment and extension of loan

With the consent of the Company, Kunming Urban Investment may repay part or all of the loan within the term of the entrusted loan (or within the term of extension in respect of the Entrusted Loan Extension Transaction) after completing the formalities in accordance with the relevant provisions of the Entrusted Loan Contract.

If Kunming Urban Investment needs to extend the entrusted loan, Kunming Urban Investment shall submit a written application for extension to the Company at least 30 days prior to the maturity date of the Entrusted Loan Contract or an individual loan (or 30 days prior to the maturity date of the term of extension in respect of the Entrusted Loan Extension Transaction), together with a written opinion from Kunming Dianchi Investment agreeing to continue to provide guarantee, which shall be reviewed and approved by the Company, and the extension agreement shall be signed in accordance with relevant terms before the loan can be extended accordingly. If the Company does not agree with the extension, Kunming Urban Investment shall repay the principal and interest of the entrusted loan in accordance with the terms of the Entrusted Loan Contract/Entrusted Loan Extension Agreement.

Guarantee

Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Extension Transaction under the Entrusted Loan Extension Agreement.

The fixed annual interest rate of 8.5% under the Entrusted Loan Extension Agreement was negotiated on an arm's length basis between the Company and Kunming Urban Investment based on (1) the fact that the interest rate under the Entrusted Loan Extension Agreement was up by 4.85% as compared to the prime rate of 3.65% for 1-year loans denominated in RMB promulgated by the National Interbank Funding Center as at 22 May 2023; (2) prevailing market interest rate and practices; (3) the average interest rate of the Company's financing and returns within a reasonable range; and (4) the Company's assessment on the business conditions and creditworthiness of Kunming Urban Investment.

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

Kunming, the PRC, 12 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.