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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)

CHANGE IN USE OF PROCEEDS FROM H SHARE OFFERING

References are made to the prospectus of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 24 March 2017 (the “**Prospectus**”) and the announcement dated 5 July 2022 (the “**First Change Announcement**”) in relation to the changes of use of Proceeds from H Share Offering (the “**First Change**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the First Change Announcement.

The board of directors of the Company (the “**Board**”) wishes to announce that the Board considered and passed a resolution to further change the use of the Proceeds from H Share Offering at the Board meeting held on 1 March 2023.

BASIC INFORMATION OF PROCEEDS FROM H SHARE OFFERING AND THE FIRST CHANGE

The Company’s H Shares were listed on the Hong Kong Stock Exchange on 6 April 2017 and the total net Proceeds from the global offering, after deduction of various Share issuance expenses, amounted to approximately RMB1,072.3 million.

As disclosed in the First Change Announcement, the Company proposed to use the Proceeds from H Share Offering for the purposes set out in the table below after the First Change.

As at the date of this announcement, the Proceeds of approximately RMB1,061.91 million have been utilised in accordance with the uses after the First Change, with approximately RMB17.39 million remaining unutilised. For details, please refer to the following table:

Use	Proportion	Amount of Proceeds from H Share Offering <i>RMB million</i>	Utilised amount as of the date of this announcement <i>RMB million</i>	Unutilised amount as of the date of this announcement <i>RMB million</i>
Investments in BOT/BOO wastewater treatment and running water supply projects	35%	378.36	361.72	16.64
To acquire TOT/TOO wastewater treatment plants and running water supply projects	27%	289.70	289.70	–
Repayment of bank borrowings	24%	258.47	258.47	–
To supplement working capital and for general corporate purposes	14%	152.77	152.02	0.75
Total	100%	1,079.30⁽¹⁾	1,061.91	17.39

Note (1): Such amount has included the latest disclosed audited foreign exchange gains and interest income recognised.

The Company confirmed that the above Proceeds from H Share Offering have been utilised in accordance with the uses after the First Change.

SECOND CHANGE OF USE OF PROCEEDS FROM H SHARE OFFERING

For the unutilised amount intended for “investments in BOT/BOO wastewater treatment and running water supply projects”, the Board has resolved to (i) change the use of approximately RMB13.27 million to “repayment of bank borrowings”; and (ii) change the use of approximately RMB3.37 million to “supplement working capital and for general corporate purposes”, and if there is a change in the actual amount available at the time of use of funds due to changes in exchange rates or interest income, the amount used to “supplement working capital and for general corporate purposes” will be adjusted accordingly (the “**Second Change**”). Details of the use of the Company’s Proceeds from H Share Offering and the unutilised amount after the Second Change are set out in the following table:

Use	Proportion	Amount of Proceeds from H Share Offering <i>RMB million</i>	Unutilised amount after the Second Change as of the date of this announcement <i>RMB million</i>	Expected time of use of unutilised amount
Investments in BOT/BOO wastewater treatment and running water supply projects	34%	361.72	–	
To acquire TOT/TOO wastewater treatment plants and running water supply projects	27%	289.70	–	
Repayment of bank borrowings	25%	271.74	13.27	By 30 June 2023
To supplement working capital and for general corporate purposes	14%	156.14	4.12	By 30 June 2023
Total	100%	1,079.30	17.39	

Save as disclosed above, there is no other change of use of Proceeds.

REASONS FOR AND BENEFITS OF THE SECOND CHANGE

The Second Change can enhance the efficiency of use of Proceeds from H Share Offering by the Company and reduce the finance costs.

All members of the Board (including the independent non-executive Directors), other than Mr. Luo Yun, confirm that the Second Change is in line with the actual situation and needs of operation and development of the Company, without any misappropriation of the Proceeds or unauthorised change of use of the Proceeds, and is not prejudicial to the interests of the shareholders of the Company (the “**Shareholders**”), in particular the minority Shareholders, and is in the interests of the Company and the Shareholders as a whole.

In accordance with the provisions of the Articles of Association of the Company, the above resolution on the Second Change of use of Proceeds from H Share Offering is not subject to consideration and approval at a general meeting of the Company and shall take effect from the date of consideration and approval by the Board.

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

Kunming, the PRC, 1 March 2023

As of the date of this announcement, the Board comprises Mr. Zeng Feng, Mr. Chen Changyong and Mr. Luo Yun, as executive Directors; Ms. Song Hong, Ms. Ren Na 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.