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## **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)**

#### **(1) MAJOR TRANSACTION – ENTERING INTO THE ENTRUSTED LOAN EXTENSION AGREEMENT II IN RESPECT OF THE ENTRUSTED LOAN GRANTED TO KUNMING URBAN INVESTMENT**

#### **(2) CLOSURE OF REGISTER OF MEMBERS FOR 2024 SECOND EXTRAORDINARY GENERAL MEETING**

##### **ENTRUSTED LOAN EXTENSION AGREEMENT II**

Reference is made to the Company's announcements dated 9 June 2022, 16 June 2022, 9 June 2023 and 12 June 2023 (the "Announcements") in relation to (i) 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, and Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Transaction under the Entrusted Loan Contract; and (ii) the entering into of the Entrusted Loan Extension Agreement I by the Company with Kunming Urban Investment and Panlong District Rural Credit Cooperative in respect of the Entrusted Loan Contract on 9 June 2023 to extend the term of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract to 8 June 2024, and Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Extension Transaction I under the Entrusted Loan Extension Agreement I. As of the date of this announcement, Kunming Urban Investment has paid the corresponding interest pursuant to relevant provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board announces that, after arm's length negotiation, the Company entered into the Entrusted Loan Extension Agreement II in respect of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 29 April 2024 (after trading hours) to extend the term of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract/Entrusted Loan Extension Agreement I to 7 June 2026. Save for the amendments specified in the Entrusted Loan Extension Agreement II, 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 II under the Entrusted Loan Extension Agreement II.

### **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 II and the Entrusted Loan Extension Transaction II thereunder are more than 25% but less than 75%, the entering into of the Entrusted Loan Extension Agreement II and the Entrusted Loan Extension Transaction II contemplated thereunder constitute a major transaction of the Company and shall be subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

An extraordinary general meeting will be convened by the Company to seek Shareholders' approval for the Entrusted Loan Extension Transaction II. According to relevant requirements under Rules 14.41(b) and 14.60(7) of the Listing Rules and relevant arrangements for general meeting of the Company, a circular containing, among other things, details of the Entrusted Loan Extension Transaction II and other information required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 17 May 2024.

### **CLOSURE OF REGISTER OF MEMBERS FOR THE EGM**

The EGM is expected to be convened and held by the Company at 2:30 p.m. on Tuesday, 4 June 2024 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No.7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC for the purpose of considering and, if thought fit, passing, the ordinary resolution to approve the extension of entrusted loan granted to Kunming Urban Investment. For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 15 May 2024 to Tuesday, 4 June 2024, both days inclusive, during which period no transfers of shares of the Company will be effected.

**(1) MAJOR TRANSACTION – ENTERING INTO THE ENTRUSTED LOAN EXTENSION AGREEMENT II IN RESPECT OF THE ENTRUSTED LOAN GRANTED TO KUNMING URBAN INVESTMENT**

The Board announces that, after arm’s length negotiation, the Company entered into the Entrusted Loan Extension Agreement II in respect of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 29 April 2024 (after trading hours) to extend the term of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract/Entrusted Loan Extension Agreement I to 7 June 2026. Save for the amendments specified in the Entrusted Loan Extension Agreement II, all other terms and conditions of the Entrusted Loan Contract remain unchanged.

**a. Entrusted Loan Contract, Entrusted Loan Extension Agreement I and Entrusted Loan Extension Agreement II**

Except for the terms and conditions specified in the Entrusted Loan Extension Agreement II, all other terms and conditions of the Entrusted Loan Contract shall apply to the Entrusted Loan Extension Agreement II.

Salient terms of the Entrusted Loan Contract, the Entrusted Loan Extension Agreement I and the Entrusted Loan Extension Agreement II are set out below:

	<b>Entrusted Loan Contract</b>	<b>Entrusted Loan Extension Agreement I</b>	<b>Entrusted Loan Extension Agreement II</b>
<b>Date:</b>	9 June 2022	9 June 2023	29 April 2024
<b>Parties:</b>	(i) the Company (as trustor) (ii) Kunming Urban Investment (as borrower) (iii) Panlong District Rural Credit Cooperative (as trustee)	(i) the Company (as trustor) (ii) Kunming Urban Investment (as borrower) (iii) Panlong District Rural Credit Cooperative (as trustee)	(i) the Company (as trustor) (ii) Kunming Urban Investment (as borrower) (iii) Panlong District Rural Credit Cooperative (as trustee)
<b>Principal amount of the entrusted loan/ extension amount:</b>	RMB310 million	Extension amount of RMB180 million. The extension amount shall be repaid in one lump sum upon maturity.	Extension amount of RMB180 million. The extension amount shall be repaid in one lump sum upon maturity.

	<b>Entrusted Loan Contract</b>	<b>Entrusted Loan Extension Agreement I</b>	<b>Entrusted Loan Extension Agreement II</b>
<b>Term/term of extension:</b>	12 months, i.e. from 9 June 2022 to 8 June 2023, and if there is an early maturity of the entrusted loan 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.	From 8 June 2023 to 8 June 2024	From 8 June 2024 to 7 June 2026
<b>Interest rate:</b>	The interest rate is fixed at 8.5% per annum calculated by adding 480 basis points to the prime rate for a one-year loan for the most recent period prior to the date of the Entrusted Loan Contract. 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 and is based on the actual number of days used.	The interest rate of the Entrusted Loan Extension Transaction I under the Entrusted Loan Extension Agreement I is 8.5% per annum. Interest shall be paid pursuant to the provisions of the Entrusted Loan Contract, i.e. 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 (the date of commencement of the term of extension in respect of the Entrusted Loan Extension Transaction I) and is based on the actual number of days used.	The interest rate of the Entrusted Loan Extension Transaction II under the Entrusted Loan Extension Agreement II is 8.5% per annum. Interest shall be paid pursuant to the provisions of the Entrusted Loan Contract, i.e. 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 (the date of commencement of the term of extension in respect of the Entrusted Loan Extension Transaction II) and is based on the actual number of days used.

	<b>Entrusted Loan Contract</b>	<b>Entrusted Loan Extension Agreement I</b>	<b>Entrusted Loan Extension Agreement II</b>
<b>Release of loan:</b>	<p>The principal of entrusted loan under the Entrusted Loan Contract will be released to Kunming Urban Investment in one lump sum. The conditions precedent for the release of the principal of entrusted loan include the relevant guarantee clause or guarantee contract under the Entrusted Loan Contract having been established and taking effect in accordance with relevant laws; the guarantor having provided the guarantee materials and completed relevant procedures in accordance with relevant requirements; Kunming Urban Investment having opened an account with Panlong District Rural Credit Cooperative and voluntarily accepting credit supervision and payment and settlement supervision; Kunming Urban Investment having submitted an application for drawdown in advance in accordance with the provisions of the Entrusted Loan Contract, etc.</p>	Not applicable	Not applicable

	<b>Entrusted Loan Contract</b>	<b>Entrusted Loan Extension Agreement I</b>	<b>Entrusted Loan Extension Agreement II</b>
<b>Repayment of loan:</b>	Interest is payable quarterly in arrears and principal is repaid irregularly. All principal, interest, etc. are required to be settled by the date of expiry of the term of entrusted loan.	Principal shall be repaid in one lump sum upon maturity of the term of the Entrusted Loan Extension Agreement I. Other relevant provisions of the Entrusted Loan Contract remain applicable.	Principal shall be repaid in one lump sum upon maturity of the term of the Entrusted Loan Extension Agreement II. Other relevant provisions of the Entrusted Loan Contract remain applicable.
<b>Early repayment and extension of loan:</b>	With the consent of the Company, Kunming Urban Investment may repay part or all of the loan within the term of the entrusted loan 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, 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.	Relevant provisions of the Entrusted Loan Contract remain applicable.	Relevant provisions of the Entrusted Loan Contract remain applicable.

	<b>Entrusted Loan Contract</b>	<b>Entrusted Loan Extension Agreement I</b>	<b>Entrusted Loan Extension Agreement II</b>
<b>Guarantee:</b>	Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Transaction under the Entrusted Loan Contract.	Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Extension Transaction I under the Entrusted Loan Extension Agreement I.	Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Extension Transaction II under the Entrusted Loan Extension Agreement II.
<b>Service charge:</b>	The service charge for the entrusted loan under the Entrusted Loan Contract shall be calculated at the rate of 0.1% per annum, i.e. the service charge shall be RMB310,000, which shall be paid by the Company to Panlong District Rural Credit Cooperative in one lump sum upon release of the first batch of loan.	Same as the standards and payment methods as agreed in the Entrusted Loan Contract, i.e. the service charge for the Entrusted Loan Extension Transaction I under the Entrusted Loan Extension Agreement I 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.	Same as the standards and payment methods as agreed in the Entrusted Loan Contract, i.e. the service charge for the Entrusted Loan Extension Transaction II under the Entrusted Loan Extension Agreement II shall be calculated at the rate of 0.1% per annum, i.e. the service charge shall be RMB360,000, which shall be paid by the Company to Panlong District Rural Credit Cooperative in one lump sum. Once paid, the service charge is non-refundable by Panlong District Rural Credit Cooperative.

**Entrusted Loan  
Contract**

**Entrusted Loan  
Extension Agreement I**

**Entrusted Loan  
Extension Agreement II**

**Others:**

The Entrusted Loan Extension Transaction II shall be subject to consideration and approval at the EGM of the Company, and the Company will convene the EGM as soon as possible and will timely (no later than 30 June 2024) notify Panlong District Rural Credit Cooperative and Kunming Urban Investment of the resolution of the EGM. If the Company fails to provide the resolution of general meeting for approval of extension on or before 30 June 2024, the Entrusted Loan Extension Agreement II shall cease to be effective, and Kunming Urban Investment is required to repay all principal of the outstanding entrusted loan (i.e. RMB180 million) and settle all interest and punitive interest payable up to the date of repayment of the principal of the entrusted loan calculated based on the terms of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I within 3 business days from the date on which the Entrusted Loan Extension Agreement II ceases to be effective, and cooperate in completing relevant procedures for transfer of funds. If Kunming Urban Investment fails to fulfill the aforesaid repayment obligations as scheduled, the trustor shall have the right to deduct the relevant amount pursuant to the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I.



### ***Basis of interest rate***

The fixed annual interest rate of 8.5% under the Entrusted Loan Extension Agreement II 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 II was up by 5.05% as compared to the prime rate of 3.45% for 1-year loans denominated in RMB promulgated by the National Interbank Funding Center as at 22 April 2024; (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.

#### **b. Reasons for and Benefits of the Entrusted Loan Extension Transaction II**

As of the date of this announcement, Kunming Urban Investment has settled all the interest payable pursuant to the provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I. By entering into the Entrusted Loan Extension Agreement II, it will increase the interest income of the Company and at the same time facilitate the cooperation with Kunming Urban Investment in innovative financing models.

Mr. Zha Guiliang abstained from voting and Mr. Zhou Jianbo voted against the resolution at the Board meeting. Mr. Zha Guiliang abstained from voting and Mr. Zhou Jianbo voted against the resolution mainly because they considered that the recovery of the funds from the entrusted loan by the Company may further strengthen the Company's risk resistance. Mr. Ong King Keung did not attend the current Board meeting to consider the Entrusted Loan Extension Transaction II as he was on leave due to his personal business arrangement. Based on the reasons above, other than Mr. Zha Guiliang and Mr. Zhou Jianbo (the "**Dissenting Directors**"), all Directors who attended the meeting were of the view that the Entrusted Loan Extension Transaction II is conducted on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

All Directors who attended the current Board meeting to consider the Entrusted Loan Extension Transaction II had given due and careful consideration to the Entrusted Loan Extension Transaction II and the opinions of the Dissenting Directors. All Directors of the Board who attended the meeting other than the Dissenting Directors were of the unanimous view that the Entrusted Loan Extension Transaction II can generate revenue for the Company and facilitate the cooperation with Kunming Urban Investment in innovative financing models. Taking into account the Company's operating conditions, financial position and development plans, the Entrusted Loan Extension Transaction II will not have any material impact on the Company's risk resistance.

**c. 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. The principal business of Kunming Urban Investment includes: land preparation and development, entrusted construction of infrastructure, real estate development, etc.

***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. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, and based on the public information currently available to the Company, as at the date of this announcement, Panlong District Rural Credit Cooperative is under the supervision of Kunming Municipal Rural Credit Cooperative Union\* (昆明市農村信用合作社聯合社) (as the capital contributor), and Kunming Municipal Rural Credit Cooperative Union\* (昆明市農村信用合作社聯合社) is under the supervision of Yunnan Branch of the People's Bank of China\* (中國人民銀行雲南省分行) (as the capital contributor).

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).

**d. 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 II and the Entrusted Loan Extension Transaction II thereunder are more than 25% but less than 75%, the entering into of the Entrusted Loan Extension Agreement II and the Entrusted Loan Extension Transaction II contemplated thereunder constitute a major transaction of the Company and shall be subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

An extraordinary general meeting will be convened by the Company to seek Shareholders' approval for the Entrusted Loan Extension Transaction II. According to relevant requirements under Rules 14.41(b) and 14.60(7) of the Listing Rules and relevant arrangements for general meeting of the Company, a circular containing, among other things, details of the Entrusted Loan Extension Transaction II and other information required to be disclosed under the Listing Rules, will be despatched to the Shareholders on or before 17 May 2024.

**(2) CLOSURE OF REGISTER OF MEMBERS FOR 2024 SECOND EXTRAORDINARY GENERAL MEETING**

The EGM is expected to be convened and held by the Company at 2:30 p.m. on Tuesday, 4 June 2024 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No.7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC for the purpose of considering and, if thought fit, passing, the ordinary resolution to approve the extension of entrusted loan granted to Kunming Urban Investment. Details of the proposed extension of entrusted loan granted to Kunming Urban Investment and other relevant information will be contained in the circular to be issued on or before 17 May 2024.

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 15 May 2024 to Tuesday, 4 June 2024, both days inclusive, during which period no transfers of shares of the Company will be effected.

In order to qualify to attend and vote at the EGM, all transfer instruments accompanied by the relevant share certificates must be lodged by holders of H shares with the Company's H Share registrar, namely, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 14 May 2024.

**(3) 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
“EGM”	the 2024 second extraordinary general meeting of the Company to be held at 2:30 p.m. on Tuesday, 4 June 2024 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC, or any adjournment thereof
“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 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
“Entrusted Loan Extension Agreement I”	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 I”	the transaction contemplated under the Entrusted Loan Extension Agreement I, 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 Extension Agreement II”	the Entrusted Loan Extension Agreement entered into by the Company with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 29 April 2024
“Entrusted Loan Extension Transaction II”	the transaction contemplated under the Entrusted Loan Extension Agreement II, namely the extension of maturity date of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I from 8 June 2024 to 7 June 2026
“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 Urban Investment”	Kunming Urban Construction and Investment Development Co., Ltd.* (昆明市城建設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
“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)

“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, 29 April 2024

*As at the date of this announcement, the Board comprises Mr. Zeng Feng, Mr. Chen Changyong and Mr. Miao Xianjun, as executive Directors; Mr. Xu Jingdong, Mr. Zhou Jianbo and Mr. Zhang Yang, as non-executive Directors; and Mr. Zha Guiliang, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.*

\* For identification purpose only