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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)

DISCLOSEABLE TRANSACTION – FINANCE LEASE ARRANGEMENT

FINANCE LEASE ARRANGEMENT

The Board announces that on 15 April 2026 (after trading hours), after arm's length negotiation, the Company entered into the Finance Lease Agreement with CCB Financial Leasing, pursuant to which CCB Financial Leasing agreed to (i) purchase the Leased Assets from the Company for a transfer price not exceeding RMB63,500,000; and (ii) lease back the Leased Assets to the Company for a term of five years.

LISTING RULES IMPLICATIONS

In accordance with the Listing Rules, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the Finance Lease Agreement are more than 5% but less than 25%, such transactions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and the Company is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

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I. FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are set out below:

Date: 15 April 2026

Parties: (i) CCB Financial Leasing, as the lessor and purchaser; and

(ii) the Company, as the lessee and vendor.

Leased Assets:

Certain sewage treatment and disposal equipment and facilities with independent ownership and disposal rights under the Company will first be purchased by CCB Financial Leasing from the Company and will then be leased back to the Company.

Transfer price and delivery:

Not exceeding RMB63,500,000 (the actual amount shall be based on the transfer price for the Leased Assets as approved by CCB Financial Leasing and actually paid to the Company). This amount was agreed between the Company and CCB Financial Leasing after arm's length negotiation with reference to: (i) the carrying amount of the Leased Assets; (ii) the amount of financing required by the Company under the Finance Lease Arrangement; and (iii) the prevailing interest rates offered by CCB Financial Leasing to its customers for finance lease arrangements.

The transfer price shall be paid by CCB Financial Leasing to the Company in one lump sum or by instalments upon fulfilling the conditions precedent on payment stipulated in the Finance Lease Agreement. The schedule and number of payments of the transfer price may be adjusted based on the Company's funding needs. Unless otherwise approved in writing by CCB Financial Leasing, the final payment date for the entire transfer price shall be no later than 16 March 2027. Such conditions precedent on payment include, but are not limited to: the Finance Lease Agreement and other documents have been duly executed by both parties and become effective; CCB Financial Leasing has received valid decision-making documents from the Company's authorised body approving the execution of the Finance Lease Agreement and the Finance Lease Arrangement; CCB Financial Leasing has received effective decision-making documents from the authorised internal body of the Guarantor approving the provision of full joint and several liability guarantee to CCB Financial Leasing; and CCB Financial Leasing has received an effective guarantee letter from the Guarantor providing full joint and several liability guarantee, in a form acceptable to CCB Financial Leasing.

Lease term:	5 years (60 months), calculated from the lease inception date. The lease inception date refers to the date when CCB Financial Leasing pays the first transfer price of the Leased Assets to the Company in accordance with the provisions of the Finance Lease Agreement.
Lease payment:	Calculated based on the Lease Cost and the lease interest rate, consisting of the Lease Cost and lease interest.
Lease interest rate:	<p>The actual lease interest rate is the applicable loan prime rate for loans with a maturity of above 5 years as promulgated by the National Interbank Funding Centre under the authority of the People’s Bank of China on the date of payment of each transfer price for the Leased Assets (tax included). As at the date of this announcement, the loan prime rate for loans with a maturity of above 5 years as promulgated by the National Interbank Funding Centre under the authority of the People’s Bank of China is 3.5%.</p> <p>From the year following the year in which the lease commences, the actual lease interest rate shall be adjusted in that year and every subsequent year based on the latest applicable loan prime rate for loans with a maturity of above 5 years as promulgated by the National Interbank Funding Centre under the authority of the People’s Bank of China on the first lease payment calculation day of the year (tax included).</p> <p>If, after the normal interest rate adjustment as agreed under the Finance Lease Agreement, the actual lease interest rate falls below 0.50%, the actual lease interest rate under the Finance Lease Agreement shall be implemented at 0.50%.</p>
Payment methods of lease payment:	The lease payment shall be calculated on a specified principal with semi-annual payments, to be repaid in 10 instalments. In particular, the principal repayment amount for the 1st to 2nd instalments is RMB0 each; the 3rd to 4th instalments each repay 10% of the total principal; the 5th to 9th instalments each repay 13.34% of the principal; and the final instalment repays all remaining principal. There shall be no advance collection and no grace period.
Lease handling fee:	Nil
Lease deposit:	Nil

Guarantee:	<p>If requested by CCB Financial Leasing, the Company shall, at its own expense, provide guarantees satisfactory to CCB Financial Leasing for its payment obligations for lease payment and other amounts and other obligations under the Finance Lease Agreement;</p> <p>If CCB Financial Leasing believes that the creditworthiness of the Company or the Guarantor has deteriorated or that other events have occurred that would reasonably require CCB Financial Leasing to protect its rights, CCB Financial Leasing has the right to request the Company to provide additional guarantees, and the Company shall promptly satisfy such request;</p> <p>The Guarantor has provided a full joint and several liability guarantee for the Company's obligations under the Finance Lease Agreement; and</p> <p>The Company has provided a pledge of all the equity interests in its wholly-owned subsidiary, Liuyang Dianchi Water Treatment Co., Ltd., as security for the Company's obligations under the Finance Lease Agreement, and will complete the relevant pledge procedures in accordance with the terms of the Finance Lease Agreement.</p>
Late payment penalty:	<p>For any overdue amount payable by the Company under the Finance Lease Agreement, the daily late payment penalty rate is the 1-year Loan Prime Rate (i.e. 4.25%) as published by the National Interbank Funding Centre on 20 August 2019, minus 420.00 basis points (i.e. 0.05%).</p>
Repurchase right and price:	<p>Upon the expiration of the lease term and after CCB Financial Leasing confirms that the Company has fulfilled all responsibilities and obligations under the Finance Lease Agreement, the ownership of the Leased Assets will be automatically transferred to the Company and without any guarantee from CCB Financial Leasing.</p>

Early repayment and early repayment penalty:

During the lease term, if the Company proposes to make early repayment of part or all of the lease payment, the Company shall give 90 calendar days' prior written notice to CCB Financial Leasing. Subject to obtaining written confirmation from CCB Financial Leasing and satisfaction of the following conditions, the lease payment under the Finance Lease Agreement may be repaid in advance on the next following lease payment date:

- (i) no event of default or continuing default has occurred under the Finance Lease Agreement;
- (ii) the Company pays to CCB Financial Leasing: (a) all overdue and unpaid lease payment under the Finance Lease Agreement up to such lease payment date; (b) the Lease Cost repaid early; (c) the early repayment fee (no early repayment fee shall be charged for the 1st to 10th instalments); and (d) any late payment penalty and other amounts payable.

If the Company makes early repayment of part of the remaining Lease Cost, after such early repayment, the lease payment and other payables shall continue to be calculated based on the remaining Lease Cost. The ownership of all Leased Assets shall remain with CCB Financial Leasing, and the Leased Assets under the Finance Lease Agreement shall not be reduced as a result of the early repayment.

If the Company makes early repayment of the entire remaining Lease Cost, the lease of the Leased Assets shall terminate. After CCB Financial Leasing has received all amounts payable by the Company, the ownership of the Leased Assets shall be transferred to the Company on an "as-is" basis and without any guarantee from CCB Financial Leasing.

II. REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT

The Finance Lease Arrangement is entered into in the ordinary and usual course of business of the Company for the purpose of allowing the Company to obtain the financial resources and certain assets required for its operations. Under the Finance Lease Arrangement, a proceed of approximately RMB63.5 million will be generated, which will be used by the Group for daily operations and repayment of borrowings. The Directors believe that the terms of the Finance Lease Arrangement are entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

III. INFORMATION ON THE PARTIES TO THE FINANCE LEASE AGREEMENT

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.

CCB Financial Leasing

CCB Financial Leasing is a company with limited liability incorporated in the PRC and is principally engaged in financial leasing business. To the best of the Company's knowledge, as at the date of this announcement, CCB Financial Leasing is 100% owned by China Construction Bank Corporation, a company listed on the Shanghai Stock Exchange (stock code: 601939) and the Stock Exchange (stock code: 0939). To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, CCB Financial Leasing and its ultimate beneficial owners (if applicable) are third parties independent of the Company and its connected persons.

IV. LISTING RULES IMPLICATIONS

In accordance with the Listing Rules, as one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the transactions under the Finance Lease Agreement are more than 5% but less than 25%, such transactions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and the Company is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

V. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors of the Company
“CCB Financial Leasing”	CCB Financial Leasing Corporation Limited, a company with limited liability incorporated in the PRC, and is a third party independent of the Company and its connected persons
“Company”	Kunming Dianchi Water Treatment Co., Ltd. (昆明滇池水務股份有限公司), a joint stock company established 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
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Finance Lease Agreement”	the Finance Lease Agreement dated 15 April 2026 entered into between the Company and CCB Financial Leasing
“Finance Lease Arrangement”	the Company proposes to dispose to CCB Financial Leasing the Leased Assets, which will then be leased back to the Company by CCB Financial Leasing under the terms of the Finance Lease Agreement
“Leased Assets”	certain assets of wastewater treatment and other equipment and facilities in which the Company has sole ownership and disposal rights as specified under the Finance Lease Agreement with a carrying amount of approximately RMB116.7 million as of 31 March 2026
“Lease Cost”	the transfer price in an amount not exceeding RMB63,500,000 (the actual amount shall be based on the transfer price for the Leased Assets as approved by CCB Financial Leasing and actually paid to the Company)

“Guarantor”	Kunming Water Group Co., Ltd.* (昆明市水務集團有限責任公司), a limited liability company established in Yunnan Province, the PRC on 19 April 1983, which is not a connected person as defined under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Kunming, the PRC, 15 April 2026

As at the date of this announcement, the Board comprises Mr. Zeng Feng, Mr. Chen Changyong and Ms. Lian Zhaoju, as executive Directors; Mr. Xu Jingdong, Ms. Cheng Yijing and Ms. Gao Yuan, as non-executive Directors; and Mr. Zha Guiliang, Ms. Fu Jifang and Dr. Chan Ho Wah Terence, as independent non-executive Directors.

* For identification purpose only