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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)**

## **MAJOR TRANSACTION – EXTENSION OF THE ENTRUSTED LOAN GRANTED TO KUNMING URBAN INVESTMENT**

### **ENTRUSTED LOAN EXTENSION AGREEMENT III**

References are made to the Company's announcements dated 9 June 2022, 16 June 2022, 9 June 2023, 12 June 2023 and 29 April 2024 (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; (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; and (iii) the entering into of the Entrusted Loan Extension Agreement II by the Company with Kunming Urban Investment and Panlong District Rural Credit Cooperative in respect of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I on 29 April 2024 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. 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 Original Entrusted Loan Extension Agreements and there is no outstanding interest payable which should be settled. 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 III in respect of the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 8 June 2026 (after trading hours) to extend the term of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract/Original Entrusted Loan Extension Agreements to 7 June 2029. Save for the amendments specified in the Entrusted Loan Extension Agreement III, all other terms and conditions of the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements remain unchanged.

#### **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 III and the Entrusted Loan Extension Transaction III thereunder are more than 25% but less than 75%, the entering into of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III 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.

A Shareholders' general meeting will be convened by the Company to seek Shareholders' approval for the Entrusted Loan Extension Transaction III. According to relevant requirements under Rules 14.41(b) and 14.60(7) of the Listing Rules, a circular containing, among other things, details of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III contemplated thereunder and other information required to be disclosed under the Listing Rules together with a notice convening the Shareholders' general meeting of the Company, will be published on the websites of the Stock Exchange and the Company on or before 30 June 2026.

The Entrusted Loan Extension Transaction III shall be subject to Shareholders' review and approval. If the Entrusted Loan Extension Transaction III fails to obtain the aforementioned Shareholders' approval, Kunming Urban Investment shall be required to repay all principal of the entrusted loan (i.e. RMB180 million) under the Entrusted Loan Contract and settle all interest payable up to the date of repayment of the principal of the entrusted loan.

The Board announces that, after arm's length negotiation, the Company entered into the Entrusted Loan Extension Agreement III in respect of the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 8 June 2026 (after trading hours) to extend the term of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract/Original Entrusted Loan Extension Agreements to 7 June 2029. Save for the amendments specified in the Entrusted Loan Extension Agreement III, all other terms and conditions of the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements remain unchanged.

# 1. ENTRUSTED LOAN CONTRACT, ORIGINAL ENTRUSTED LOAN EXTENSION AGREEMENTS AND ENTRUSTED LOAN EXTENSION AGREEMENT III

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

Salient terms of the Entrusted Loan Contract, the Original Entrusted Loan Extension Agreements and the Entrusted Loan Extension Agreement III are set out below:

	Entrusted Loan Contract	Original Entrusted Loan Extension Agreements	Entrusted Loan Extension Agreement III
<b>Date:</b>	9 June 2022	(i) Entrusted Loan Extension Agreement I: 9 June 2023 (ii) Entrusted Loan Extension Agreement II: 29 April 2024	8 June 2026
<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>Original Entrusted Loan Extension Agreements</b>	<b>Entrusted Loan Extension Agreement III</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.	(i) Entrusted Loan Extension Agreement I: From 8 June 2023 to 8 June 2024  (ii) Entrusted Loan Extension Agreement II: From 8 June 2024 to 7 June 2026	From 7 June 2026 to 7 June 2029
<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.	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 respective term of extension in respect of the Entrusted Loan Extension Transaction I and the Entrusted Loan Extension Transaction II) and is based on the actual number of days used.	The interest rate of the Entrusted Loan Extension Transaction III under the Entrusted Loan Extension Agreement III is 6.0% per annum, effective from the date of signing of the Entrusted Loan Extension Agreement III. 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 III) and is based on the actual number of days used.

	<b>Entrusted Loan Contract</b>	<b>Original Entrusted Loan Extension Agreements</b>	<b>Entrusted Loan Extension Agreement III</b>
<b>Release of loan:</b>	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.	Not applicable	Not applicable
<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 extension. Other relevant provisions of the Entrusted Loan Contract remain applicable.	Principal shall be repaid in one lump sum upon maturity of the term of extension. Other relevant provisions of the Entrusted Loan Contract remain applicable.

	<b>Entrusted Loan Contract</b>	<b>Original Entrusted Loan Extension Agreements</b>	<b>Entrusted Loan Extension Agreement III</b>
<b>Early repayment and extension of loan:</b>	<p>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.</p> <p>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.</p>	<p>Relevant provisions of the Entrusted Loan Contract remain applicable.</p>	<p>Relevant provisions of the Entrusted Loan Contract remain applicable.</p>

	<b>Entrusted Loan Contract</b>	<b>Original Entrusted Loan Extension Agreements</b>	<b>Entrusted Loan Extension Agreement III</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 Original Entrusted Loan Extension Transactions under the Original Entrusted Loan Extension Agreements.	<ul style="list-style-type: none"> <li>(i) Kunming Dianchi Investment provided a full and joint liability guarantee for the Entrusted Loan Extension Transaction III under the Entrusted Loan Extension Agreement III;</li> <li>(ii) Kunming Urban Investment provided a pledge over its accounts receivable of RMB180 million due from the Kunming Municipal Land and Mineral Reserve Center as security.</li> </ul>

	<b>Entrusted Loan Contract</b>	<b>Original Entrusted Loan Extension Agreements</b>	<b>Entrusted Loan Extension Agreement III</b>
<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.	<p>(i) Entrusted Loan Extension Agreement I: 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.</p> <p>(ii) Entrusted Loan Extension Agreement II: 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.</p>	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 III under the Entrusted Loan Extension Agreement III shall be calculated at the rate of 0.1% per annum, i.e. the service charge shall be RMB540,000, 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.

<b>Others:</b>	<b>Entrusted Loan Contract</b>	<b>Original Entrusted Loan Extension Agreements</b>	<b>Entrusted Loan Extension Agreement III</b>
		<p>Entrusted Loan Extension Agreement II: 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.</p>	<p>The Entrusted Loan Extension Transaction III shall be subject to consideration and approval at the Shareholders' general meeting of the Company, and the Company will convene the Shareholders' general meeting as soon as possible and will timely (no later than 31 August 2026) notify Panlong District Rural Credit Cooperative and Kunming Urban Investment of the resolution of the Shareholders' general meeting. If the Company fails to provide the resolution of general meeting for approval of the Entrusted Loan Extension Transaction III on or before 31 August 2026, the Entrusted Loan Extension Agreement III 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 Original Entrusted Loan Extension Agreements within 3 business days from the date on which the Entrusted Loan Extension Agreement III ceases to be effective (i.e. 31 August 2026), and cooperate in completing relevant procedures for transfer of funds. If Kunming Urban Investment fails to fulfill the aforesaid repayment obligations as scheduled, the Company shall have the right to deduct the relevant amount from any account opened by Kunming Urban Investment.</p>

Entrusted Loan Contract	Original Entrusted Loan Extension Agreements	Entrusted Loan Extension Agreement III
		<p>If the Entrusted Loan Extension Transaction III is not approved by the Shareholders at the aforesaid Shareholders' general meeting, Kunming Urban Investment shall be required to repay the principal of the entrusted loan (i.e. RMB180 million) and settle all interest, penalty interest and other amounts payable calculated in accordance with the provisions of the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements up to the date of repayment of the principal of the entrusted loan immediately after the disapproval of the resolution at the aforesaid Shareholders' general meeting and cooperate in completing relevant procedures for transfer of funds. Kunming Urban Investment shall complete the aforesaid repayment within 3 business days from the date of disapproval of the resolution at the Shareholders' general meeting of the Company. If Kunming Urban Investment fails to fulfill the aforesaid repayment obligations as scheduled, the trustor shall have the right to deduct the relevant amount from any account opened by Kunming Urban Investment.</p>

**Basis of interest rate**

The fixed annual interest rate of 6.0% under the Entrusted Loan Extension Agreement III 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 III was up by 3.0% as compared to the prime rate of 3.0% for 1-year loans denominated in RMB promulgated by the National Interbank Funding Center as at 20 May 2026; (2) prevailing market interest rate and practices; (3) the Company's returns within a reasonable range; and (4) the Company's assessment on the business conditions and creditworthiness of Kunming Urban Investment.

## **2. REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN EXTENSION TRANSACTION III**

As of the date of this announcement, Kunming Urban Investment has settled all the interest payable pursuant to the relevant provisions of the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements. By entering into the Entrusted Loan Extension Agreement III, it will increase the interest income of the Company and at the same time facilitate the cooperation between the Group and Kunming Urban Investment in innovative financing models. The interest rate of the entrusted loan under the Entrusted Loan Extension Agreement III is 6.0% per annum, and the entering into of the Entrusted Loan Extension Agreement III will generate an interest income of approximately RMB32.4 million for the Company (representing annual interest income of approximately RMB10.8 million). Kunming Dianchi Investment provided a full and joint liability guarantee for the entrusted loan extension transaction under the Entrusted Loan Extension Agreement III; and Kunming Urban Investment provided a pledge over its accounts receivable of RMB180 million due from the Kunming Municipal Land and Mineral Reserve Center as security.

Ms. Fu Jifang abstained from voting and Ms. Cheng Yijing voted against the resolution at the Board meeting (the “**Dissenting Directors**”). Ms. Fu Jifang abstained from voting mainly because she considered the Entrusted Loan Extension Transaction III was not within the scope of principal business of the Company; and Ms. Cheng Yijing voted against the resolution mainly because she considered the Entrusted Loan Extension Transaction III was not within the scope of principal business of the Company, and recommended that the funds be recovered for use in the development of the Company’s principal business, while also suggesting that the extension period be shortened.

All other Directors of the Board had given due and careful consideration to the Entrusted Loan Extension Transaction III and the opinions of the Dissenting Directors. All Directors other than the Dissenting Directors were of the unanimous view that although the Entrusted Loan Extension Transaction III is not the principal business of the Company, the Entrusted Loan Extension Transaction III can generate revenue for the Company and facilitate the cooperation with Kunming Urban Investment in innovative financing models. Furthermore, the relevant provisions relating to early repayment under the Entrusted Loan Contract remain applicable to the Entrusted Loan Extension Agreement III. Accordingly, the Company has the right to negotiate with Kunming Urban Investment on early repayment of the entrusted loan whenever it deems appropriate.

Based on the reasons above, other than Ms. Fu Jifang and Ms. Cheng Yijing, all other Directors were of the view that the Entrusted Loan Extension Transaction III is conducted on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **3. FINANCIAL IMPACT**

The Entrusted Loan Extension Transaction III does not involve the release of new funds and the principal amount granted under the entrusted loan has been reflected in the Company’s audited consolidated financial statements as of 31 December 2022, 31 December 2023, 31 December 2024 and 31 December 2025.

#### **4. DETAILS OF THE PARTIES TO THE ENTRUSTED LOAN CONTRACT, THE ORIGINAL ENTRUSTED LOAN EXTENSION AGREEMENTS AND THE ENTRUSTED LOAN EXTENSION AGREEMENT III**

##### **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).

#### **5. 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 III and the Entrusted Loan Extension Transaction III thereunder are more than 25% but less than 75%, the entering into of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III 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.

A Shareholders' general meeting will be convened by the Company to seek Shareholders' approval for the Entrusted Loan Extension Transaction III. According to relevant requirements under Rules 14.41(b) and 14.60(7) of the Listing Rules, a circular containing, among other things, details of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III contemplated thereunder and other information required to be disclosed under the Listing Rules together with a notice convening the Shareholders' general meeting of the Company, will be published on the websites of the Stock Exchange and the Company on or before 30 June 2026.

The Entrusted Loan Extension Transaction III shall be subject to Shareholders' review and approval. If the Entrusted Loan Extension Transaction III fails to obtain the aforementioned Shareholders' approval, Kunming Urban Investment shall be required to repay all principal of the entrusted loan (i.e. RMB180 million) under the Entrusted Loan Contract and settle all interest payable up to the date of repayment of the principal of the entrusted loan.

## 6. DEFINITIONS

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

“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 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 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 Agreement III”	the Entrusted Loan Extension Agreement entered into by the Company with Kunming Urban Investment and Panlong District Rural Credit Cooperative on 8 June 2026

“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 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
“Entrusted Loan Extension Transaction III”	the transaction contemplated under the Entrusted Loan Extension Agreement III, namely the extension of maturity date of RMB180 million of the principal amount of the entrusted loan under the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements from 7 June 2026 to 7 June 2029
“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
“Group”	the Company and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“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

“Original Entrusted Loan Extension Agreements”	collectively, the Entrusted Loan Extension Agreement I and the Entrusted Loan Extension Agreement II
“Original Entrusted Loan Extension Transactions”	collectively, the Entrusted Loan Extension Transaction I and the Entrusted Loan Extension Transaction II
“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
“Shareholder(s)”	the shareholders 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.**  
**Mu Yong**  
*Chairperson and executive Director*

Kunming, the PRC, 8 June 2026

*As at the date of this announcement, the Board comprises Mr. Mu Yong and Ms. Lian Zhaoju, as executive Directors; 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*