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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)

**DISCLOSEABLE TRANSACTION
EXTENSION OF THE ENTRUSTED LOAN GRANTED TO
KUNMING ANJU GROUP**

ENTRUSTED LOAN EXTENSION AGREEMENT III

References are made to the Company's announcements dated 16 June 2023, 13 June 2024 and 13 June 2025 (the "Announcements") respectively in relation to (i) the entering into of the Entrusted Loan Contract by the Company (as trustor) with Kunming Anju Group (as borrower) and Jinma Branch of Guandu Rural Cooperative Bank (as trustee) in respect of the Entrusted Loan Transaction on 16 June 2023. Pursuant to the Entrusted Loan Contract, the Company entrusted Jinma Branch of Guandu Rural Cooperative Bank to provide a RMB80 million loan to Kunming Anju Group for a term of the loan from 16 June 2023 to 16 June 2024; (ii) on 13 June 2024, the Company entered into the Entrusted Loan Extension Agreement I in relation to the Entrusted Loan Contract with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank, extending the term of the loan of RMB72 million of the principal amount of the entrusted loan under the Entrusted Loan Contract to 16 June 2025; and (iii) on 13 June 2025, the Company entered into the Entrusted Loan Extension Agreement II in relation to the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank, extending the term of the loan of RMB72 million of the principal amount of the entrusted loan under the Entrusted Loan Contract/the Entrusted Loan Extension Agreement I to 16 June 2026, respectively. As at the date of this announcement, Kunming Anju Group has paid the corresponding interest in accordance with the 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 Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 12 June 2026 (after trading hours), pursuant to which the loan term for the principal of RMB5 million under the Entrusted Loan Contract/the Original Entrusted Loan Extension Agreements will be extended to on or before 30 June 2026, the loan term for the principal of RMB3 million will be extended to on or before 31 December 2026, and the loan term for the remaining principal of RMB64 million will be extended to 16 June 2027.

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) in respect of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III thereunder are more than 5% and less than 25%, the entering into of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III thereunder constitute a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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 Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 12 June 2026 (after trading hours), pursuant to which the loan term for the principal of RMB5 million under the Entrusted Loan Contract/the Original Entrusted Loan Extension Agreements will be extended to on or before 30 June 2026, the loan term for the principal of RMB3 million will be extended to on or before 31 December 2026, and the loan term for the remaining principal of RMB64 million will be extended to 16 June 2027.

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.

I. ENTRUSTED LOAN CONTRACT, ORIGINAL ENTRUSTED LOAN EXTENSION AGREEMENTS AND ENTRUSTED LOAN EXTENSION AGREEMENT III

Except 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 shall apply to the Entrusted Loan Extension Transaction III.

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
Date:	16 June 2023	(i) Entrusted Loan Extension Agreement I: 13 June 2024 (ii) Entrusted Loan Extension Agreement II: 13 June 2025	12 June 2026
Parties:	(i) Kunming Anju Group (as borrower) (ii) the Company (as trustor) (iii) Jinma Branch of Guandu Rural Cooperative Bank (as trustee)	(i) Kunming Anju Group (as borrower) (ii) the Company (as trustor) (iii) Jinma Branch of Guandu Rural Cooperative Bank (as trustee)	(i) Kunming Anju Group (as borrower) (ii) the Company (as trustor) (iii) Jinma Branch of Guandu Rural Cooperative Bank (as trustee)
Principal amount of the entrusted loan/ extension amount:	RMB80 million	Extension amount of RMB72 million.	Extension amount of RMB72 million.
Term/term of extension:	12 months, i.e. from 16 June 2023 to 16 June 2024, 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 16 June 2024 to 16 June 2025 (ii) Entrusted Loan Extension Agreement II: From 16 June 2025 to 16 June 2026	From 16 June 2026 to 16 June 2027

	Entrusted Loan Contract	Original Entrusted Loan Extension Agreements	Entrusted Loan Extension Agreement III
Interest rate:	<p>The interest rate is fixed at 8.5% per annum calculated by adding 485 basis points to the prime rate for a one-year loan for the day prior to the date of entering into 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. Penalty interest will be calculated in accordance with the terms of the Entrusted Loan Contract for failure to repay the principal and pay interest as agreed in 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.</p>	<p>(i) Entrusted Loan Extension Agreement I: Fixed interest rate of 8.5% per annum.</p> <p>(ii) Entrusted Loan Extension Agreement II: Fixed interest rate of 6.0% per annum.</p> <p>Interest of each of Entrusted Loan Extension Transaction I and Entrusted Loan Extension Transaction II shall be paid quarterly and the interest settlement date is the 20th day of the last month of each quarter. In case of failure to repay the principal and pay interest as agreed, penalty interest is calculated in accordance with the terms of the Entrusted Loan Contract. Interest on each individual entrusted loan is calculated from the actual drawdown date (the respective date of commencement of the term of extension in respect of each of the Entrusted Loan Extension Transaction I and the Entrusted Loan Extension Transaction II) and is based on the actual number of days used.</p>	<p>The Entrusted Loan Extension Transaction III under the Entrusted Loan Extension Agreement III bears a fixed interest rate of 6.0% per annum. Interest shall be paid quarterly and the interest settlement date is the 20th day of the last month of each quarter. In case of failure to repay the principal and pay interest as agreed, penalty interest is calculated 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.</p>

	Entrusted Loan Contract	Original Entrusted Loan Extension Agreements	Entrusted Loan Extension Agreement III
Release of loan:	<p>The principal of entrusted loan under the Entrusted Loan Contract will be released to Kunming Anju Group in one lump sum. The conditions precedent for the release of the principal of entrusted loan include Kunming Anju Group having opened an account with Jinma Branch of Guandu Rural Cooperative Bank and voluntarily accepting credit supervision and payment and settlement supervision; Kunming Anju Group having submitted an application for drawdown in advance in accordance with the provisions of the Entrusted Loan Contract, etc.</p>	Not applicable	Not applicable
Repayment of loan:	<p>Interest is payable quarterly in arrears and principal of the entrusted loan shall be repaid in one lump sum upon maturity together with interest payable. All principal, interest, etc. are required to be settled by the date of expiry of the term of entrusted loan.</p>	<p>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.</p>	<p>Entrusted loan principal of RMB5 million shall be repaid before 30 June 2026, entrusted loan principal of RMB3 million shall be repaid before 31 December 2026, and the remaining entrusted loan principal of RMB64 million shall be repaid in one lump sum upon maturity of the term of the Entrusted Loan Extension Agreement III. Other relevant provisions of the Entrusted Loan Contract remain applicable.</p>

	Entrusted Loan Contract	Original Entrusted Loan Extension Agreements	Entrusted Loan Extension Agreement III
Early repayment and extension of loan:	<p>With the consent of the Company, Kunming Anju Group 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 Anju Group needs to extend the entrusted loan, Kunming Anju Group 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 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 Anju Group 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>

	Entrusted Loan Contract	Original Entrusted Loan Extension Agreements	Entrusted Loan Extension Agreement III
Service charge:	The service charge for the entrusted loan under the Entrusted Loan Contract shall be calculated at the rate of 0.15% per annum, i.e. the service charge shall be RMB120,000, which shall be paid by the Company to Jinma Branch of Guandu Rural Cooperative Bank 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 each of the Entrusted Loan Extension Transaction I and the Entrusted Loan Extension Transaction II under the Entrusted Loan Extension Agreement I and the Entrusted Loan Extension Agreement II shall be calculated at the rate of 0.15% per annum, i.e. the respective service charge shall be RMB108,000, which shall be paid by the Company to Jinma Branch of Guandu Rural Cooperative Bank in one lump sum. Once paid, the service charge is non-refundable by Jinma Branch of Guandu Rural Cooperative Bank.	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 0.15% per annum, i.e. the service charge shall be RMB108,000, which shall be paid by the Company to Jinma Branch of Guandu Rural Cooperative Bank in one lump sum. Once paid, the service charge is non-refundable by Jinma Branch of Guandu Rural Cooperative Bank.

Basis of the 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 Anju Group 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) the prevailing market interest rates 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 Anju Group.

II. REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN EXTENSION TRANSACTION III

As of the date of this announcement, Kunming Anju Group has repaid RMB8 million of the principal amount of the entrusted loan under the Entrusted Loan Contract and has settled all the interest payable pursuant to the 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. The total interest income to be recognized throughout the duration of the Entrusted Loan Extension Agreement II is approximately RMB4,320,000. As at 31 May 2026, the Company has recognized total interest income of approximately RMB4,190,000 and the remaining unrecognized interest income will be recognized over the remaining term of the Entrusted Loan Extension Agreement II in accordance with the provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement II. By entering into the Entrusted Loan Extension Agreement III, it will increase the interest income of the Company of approximately RMB4,000,000 annually. At the same time, the relevant provisions regarding early repayment under the Entrusted Loan Contract remain applicable to the Entrusted Loan Extension Agreement III and, hence, the Company is entitled to negotiate with Kunming Anju Group regarding early repayment of the entrusted loan if it sees appropriate.

Kunming Anju Group did not provide a guarantee for the Entrusted Loan Extension Transaction III. Before entering into the Entrusted Loan Extension Agreement III, the Company conducted a review of the financial statements, future development and other relevant supporting documents of Kunming Anju Group, as well as inquiries and investigations of other publicly available information. As of 31 December 2025, the audited consolidated total assets of Kunming Anju Group amounted to approximately RMB65,799 million, and it achieved revenue of approximately RMB758 million and net cash generated from operating activities of approximately RMB3,626 million in 2025. In addition, the Company obtained the Credit Rating Report on Kunming Anju Group issued by a third-party rating agency on 9 January 2026, in which Kunming Anju Group's credit rating was AA+ (i.e., very strong solvency with little impact from adverse economic conditions and very low risk of default, in the absence of external special support), which remained unchanged from the previous year. After comprehensively assessing Kunming Anju Group's cash flow position, solvency, stable rating level, current operating conditions and future development prospects, the Company considers that Kunming Anju Group has the ability to repay its debts and that the risks under the Entrusted Loan Extension Transaction III are generally controllable.

For the above reasons, the Directors (including independent non-executive Directors) are of the view that the relevant provisions of the Entrusted Loan Contract and the Entrusted Loan Extension Agreement III are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

III. 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 Anju Group

Kunming Anju Group (formerly known as Kunming Public Rental Housing Development and Construction Management Co., Ltd.* (昆明市公共租賃住房開發建設管理有限公司)) is directly owned as to approximately 65.05% by Kunming SASAC, while the remaining 34.95% is held as to approximately 7.23% by Yunnan Provincial Department of Finance and approximately 27.72% by Kunming Land Investment and Urban Construction Co., Ltd.* (昆明土投城市建設有限公司), respectively. Kunming Land Investment and Urban Construction Co., Ltd. is in turn owned as to 100% by Kunming Land Development Investment and Operation Co., Ltd.* (昆明市土地開發投資經營有限責任公司), a company controlled by Kunming SASAC. As the sole entity responsible for the construction and operation of public rental housing in Kunming, Kunming Anju Group is in an important position and possesses certain competitive advantages in terms of subsidies for security of tenure projects, policy support and asset injection, etc. Since its establishment, it has undertaken numerous public rental housing construction projects and operation projects in the core urban areas of Kunming. At the same time, Kunming Anju Group also invests in market-oriented leasing projects and develops related businesses such as hotel operation and sales of price-restricted commercial properties.

Jinma Branch of Guandu Rural Cooperative Bank

Jinma Branch of Guandu Rural Cooperative Bank 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, as at the date of this announcement, Kunming Anju Group is not a connected person as defined under the Listing Rules, and Jinma Branch of Guandu Rural Cooperative Bank is a third party independent of the Company and its connected person(s).

IV. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III thereunder are more than 5% and less than 25%, the entering into of the Entrusted Loan Extension Agreement III and the Entrusted Loan Extension Transaction III thereunder constitute a discloseable transaction of the Company and shall be subject to the reporting and announcement requirements under 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
“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 Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 16 June 2023
“Entrusted Loan Extension Agreement I”	the entrusted loan extension agreement entered into by the Company with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 13 June 2024
“Entrusted Loan Extension Agreement II”	the entrusted loan extension agreement entered into by the Company with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 13 June 2025
“Entrusted Loan Extension Agreement III”	the entrusted loan extension agreement entered into by the Company with Kunming Anju Group and Jinma Branch of Guandu Rural Cooperative Bank on 12 June 2026
“Entrusted Loan Extension Transaction I”	the transaction contemplated under the Entrusted Loan Extension Agreement I, namely the extension of the maturity date of RMB72 million of the principal amount of the entrusted loan under the Entrusted Loan Contract from 16 June 2024 to 16 June 2025

“Entrusted Loan Extension Transaction II”	the transaction contemplated under the Entrusted Loan Extension Agreement II, namely the extension of the maturity date of RMB72 million of the principal amount of the entrusted loan under the Entrusted Loan Contract and the Entrusted Loan Extension Agreement I from 16 June 2025 to 16 June 2026
“Entrusted Loan Extension Transaction III”	the transaction contemplated under the Entrusted Loan Extension Agreement III, namely the extension of the loan term for RMB5 million of the entrusted loan principal under the Entrusted Loan Contract and the Original Entrusted Loan Extension Agreements to on or before 30 June 2026, the extension of the loan term for RMB3 million of the principal to on or before 31 December 2026, and the extension of the loan term for the remaining principal of RMB64 million to 16 June 2027
“Entrusted Loan Transaction”	the transaction contemplated under the Entrusted Loan Contract, namely the provision of a RMB80 million loan by Jinma Branch of Guandu Rural Cooperative Bank to Kunming Anju Group as entrusted by the Company
“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
“Jinma Branch of Guandu Rural Cooperative Bank”	Jinma Branch of Kunming Guandu Rural Cooperative Bank* (昆明官渡農村合作銀行金馬支行), a third party independent of the Company and its connected person(s)
“Kunming Anju Group”	Kunming Anju Group Co., Ltd.* (昆明市安居集團有限公司) (formerly known as Kunming Public Rental Housing Development and Construction Management Co., Ltd.* (昆明市公共租賃住房開發建設管理有限公司)), a limited liability company incorporated in the PRC in February 2011, which is directly owned as to 65.05% by Kunming SASAC, and is not a connected person as defined under the Listing Rules
“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
“Original Entrusted Loan Extension Agreements”	collectively, the Entrusted Loan Extension Agreement I and the Entrusted Loan Extension Agreement II
“PRC” or “China”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Kunming, the PRC, 12 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*