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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 IN RELATION TO ASSET MANAGEMENT AGREEMENT**

Reference is made to the Company's announcement dated 27 December 2019 which disclosed that the Company (as the asset entrustor) entered into the 2019 Asset Management Agreement with Bosera Capital (as the asset manager) and China Merchants Bank (as the asset trustee) on 27 December 2019 in relation to the investment and management of some entrusted assets, pursuant to which the Company agreed to entrust an amount of up to RMB400 million as the entrusted assets to invest in the credits of accounts receivable and other non-standardised credit assets held by Kunming Industrial Development and Investment Co., Ltd.\* (昆明產業開發投資有限責任公司). The actual total entrusted amount funded by the Company was RMB200 million. As at the date of this announcement, the 2019 Asset Management Agreement has been early terminated, and the Company has recovered all the entrusted amount and the investment income derived therefrom pursuant to the terms of the 2019 Asset Management Agreement.

The Board announces that the Company (as the asset entrustor) entered into the Mutual Trust No. 4 Asset Management Agreement with Bosera Capital (as the asset manager) and China Merchants Bank (as the asset trustee) on 11 September 2020 in relation to the investment and management of the Entrusted Assets. Pursuant to the Mutual Trust No. 4 Asset Management Agreement, the Company agreed to entrust an amount of RMB300 million as the Entrusted Assets, which will be funded by the internal resources of the Company. The Entrusted Assets will be used to invest in the credits of accounts receivable held by KADI.

### **LISTING RULES IMPLICATIONS**

As one or more applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect to the Mutual Trust No. 4 Asset Management Agreement are more than 5% and less than 25%, the entering into of the Mutual Trust No. 4 Asset Management Agreement and the transaction contemplated thereunder constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board announces that the Company (as the asset entrustor) entered into the Mutual Trust No. 4 Asset Management Agreement with Bosera Capital (as the asset manager) and China Merchants Bank (as the asset trustee) on 11 September 2020 in relation to the investment and management of the Entrusted Assets.

**1. MUTUAL TRUST NO. 4 ASSET MANAGEMENT AGREEMENT**

Salient terms of the Mutual Trust No. 4 Asset Management Agreement are set out below:

Date:	11 September 2020
Parties:	(i) the Company, as the asset entrustor; (ii) Bosera Capital, as the asset manager; and (iii) China Merchants Bank, as the asset trustee.
Entrusted amount:	RMB300 million, which will be funded by internal resources of the Company
Use of Entrusted Assets:	The Entrusted Assets will be used to invest in the credits of accounts receivable held by KADI
Term:	12 months and may be early terminated or extended upon mutual agreement among all parties
Funding of the Entrusted Assets:	the entrusted amount will be funded on a one-off basis
Expected rate of investment return per annum:	Approximately 7.0%
Management fee:	0.15% of the balance of the principal of the Entrusted Assets per annum, payable quarterly to the asset manager on a one-off basis out of the Entrusted Assets of the asset management plan under the Mutual Trust No. 4 Asset Management Agreement
Custodian fee:	0.01% of the balance of the principal of the Entrusted Assets per annum, payable quarterly to the asset trustee on a one-off basis out of the Entrusted Assets of the asset management plan under the Mutual Trust No. 4 Asset Management Agreement

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as of the date of this announcement, both Bosera Capital and China Merchants Bank are third parties independent from the Company and its connected person(s).

## **2. REASONS FOR AND BENEFITS OF THE TRANSACTION**

As far as the Company is aware, KADI intends to transfer the credits of accounts receivable with an amount of approximately RMB300 million. For this purpose, Bosera Capital issued a single asset management plan which is based on these assets. KADI invited the Company to enter into the Mutual Trust No. 4 Asset Management Agreement to invest in this single asset management plan.

By entering into the Mutual Trust No. 4 Asset Management Agreement and entrusting funds in accordance therewith, the Company intends to increase the rate of return of its cash and cash equivalents which can improve the Company's investment income and profit earnings. The entering into of the Mutual Trust No. 4 Asset Management Agreement may also increase the chance to cooperate with KADI in the future in the aspects such as the cooperation in the form of innovative financing, project investment and resources sharing.

The terms of the Mutual Trust No. 4 Asset Management Agreement were negotiated by the parties on an arm's length basis. The Directors are of the view that the terms of the Mutual Trust No. 4 Asset Management Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## **3. 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.

### **KADI**

KADI is a wholly state-owned company, which is principally engaged in investment and construction of agricultural industrialization projects, investment and construction of agricultural water conservancy and irrigation projects, land consolidation, development and investment, development and investment in elderly care and funeral industries and other agricultural and livelihood service industries.

### **Bosera Capital**

Bosera Capital is a China-based financial institution that focuses on specific-asset management such as primary-market investment, asset securitization, and other CSRC-licensed businesses.

### **China Merchants Bank**

China Merchants Bank is a China-based financial institution that mainly engages in taking public deposits and providing loans and other activities.

#### 4. LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios are more than 5% and less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### 5. DEFINITIONS

In this announcement, unless context otherwise requires, the terms listed below have the following meanings:

“2019 Asset Management Agreement”	the asset management agreement dated 27 December 2019 entered into by the Company as the asset entrustor, Bosera Capital as the asset manager and China Merchants Bank, as the asset trustee, which has been early terminated as at the date of this announcement
“Board”	the board of Directors
“Bosera Capital”	Bosera Capital Management Co., Ltd.* (博時資本管理有限公司), a third party independent from the Company and its connected person(s)
“China Merchants Bank”	Kunming Branch of China Merchants Bank Company Limited, a third party independent from the Company and its connected person(s)
“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
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Entrusted Assets”	the entrusted assets of an amount of RMB300 million to be entrusted by the Company under the Mutual Trust No. 4 Asset Management Agreement
“KADI”	Kunming Agricultural Development Investment Co., Ltd.* (昆明農業發展投資有限公司), a wholly state-owned company with limited liability incorporated in the PRC on 29 June 2009, which is a third party independent of the Company and its connected person(s) as at the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and otherwise modified from time to time
“Mutual Trust No. 4 Asset Management Agreement”	the asset management agreement for Bosera Capital Mutual Trust No. 4 Single Asset Management Plan dated 11 September 2020 entered into by the Company as the asset entrustor, Bosera Capital, as the asset manager and China Merchants Bank, as the asset trustee
“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.**  
**Guo Yumei**  
*Chairperson*

Kunming, the PRC, 11 September 2020

*As of the date of this announcement, the Board comprises Ms. Guo Yumei, Mr. Chen Changyong and Mr. Luo Yun, as executive Directors; Ms. Song Hong, Ms. Zhao Zhu and Ms. Yu Yanbo, as non-executive Directors; and Mr. Yin Xiaobing, Mr. He Xifeng and Mr. Sin Lik Man, as independent non-executive Directors.*

\* *For identification purpose only*