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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 IN RELATION TO ASSET MANAGEMENT AGREEMENT**

Reference is made to the Company's announcement dated 11 September 2020 which disclosed 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 which the Company agreed to entrust an amount of RMB300 million as the entrusted assets to invest in the credits of accounts receivable held by KADI. As at the date of this announcement, the Mutual Trust No. 4 Asset Management Agreement has expired, and the Company has redeemed all the entrusted amount and the investment gain derived therefrom pursuant to the terms of the agreement.

The Board announces that the Company (as the asset entrustor) entered into the asset management agreement for Bosera Capital Mutual Trust No. 5 Single Asset Management Plan with Bosera Capital (as the asset manager) and China Merchants Bank (as the asset trustee) on 29 September 2021 (after trading hours) in relation to the investment and management of the Entrusted Assets. Pursuant to the Mutual Trust No. 5 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 mainly 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. 5 Asset Management Agreement are more than 5% and less than 25%, the entering into of the Mutual Trust No. 5 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 asset management agreement for Bosera Capital Mutual Trust No. 5 Single Asset Management Plan with Bosera Capital (as the asset manager) and China Merchants Bank (as the asset trustee) on 29 September 2021 (after trading hours) in relation to the investment and management of the Entrusted Assets.

## 1. MUTUAL TRUST NO. 5 ASSET MANAGEMENT AGREEMENT

Salient terms of the Mutual Trust No. 5 Asset Management Agreement are set out below:

Date:	29 September 2021
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:	No less than 80% of the Entrusted Assets will be used to invest in the credits of accounts receivable held by KADI, and the idle funds can be invested in bank deposits and cash.
Term:	3 months and may be early terminated or extended upon mutual agreement among all parties.
Funding of the Entrusted Assets:	the first tranche of entrusted amount shall be no less than RMB10 million
Expected rate of investment return per annum:	Approximately 8.0% per annum after deducting management fee and custodian fee
Management fee:	the management fee rate shall be 0.15% per annum which shall be accrued on a daily basis and payable to the manager on a one-off basis out of the Entrusted Assets pursuant to the Mutual Trust No. 5 Asset Management Agreement upon the expiry of the asset management plan
Custodian fee:	the custodian fee rate shall be 0.01% per annum which shall be accrued on a daily basis and payable to the trustee on a one-off basis out of the Entrusted Assets pursuant to the Mutual Trust No. 5 Asset Management Agreement upon the expiry of the asset management plan

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 of approximately RMB300 million, in respect of which Bosera Capital issued a single asset management plan based on such assets. KADI invited the Company to enter into the Mutual Trust No. 5 Asset Management Agreement to invest in such single asset management plan.

By entering into the Mutual Trust No. 5 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 gain and profit earnings. The entering into of the Mutual Trust No. 5 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. 5 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. 5 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 state-owned enterprise owned as to 90% by the State-owned Assets Supervision and Administration Commission of the Kunming People's Government, 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:

“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
“Entrusted Assets”	the entrusted assets of an amount of RMB300 million to be entrusted by the Company under the Mutual Trust No. 5 Asset Management Agreement
“KADI”	Kunming Agricultural Development Investment Co., Ltd.* (昆明農業發展投資有限公司), a state-owned company with limited liability incorporated in the PRC on 29 June 2009, and it is owned as to 90% by the State-owned Assets Supervision and Administration Commission of the Kunming People’s Government. It is not a connected person as defined under the Listing Rules 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, which has expired as at the date of this announcement
“Mutual Trust No. 5 Asset Management Agreement”	the asset management agreement for Bosera Capital Mutual Trust No. 5 Single Asset Management Plan dated 29 September 2021 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.**  
**Zeng Feng**  
*Chairperson*

Kunming, the PRC, 29 September 2021

*As at the date of this announcement, the Board comprises Mr. Zeng Feng, Mr. Chen Changyong and Mr. Luo Yun, as executive Directors; Ms. Song Hong, Ms. Ren Na and Ms. Yu Yanbo, as non-executive Directors; and Mr. Yin Xiaobing, Ms. Zheng Dongyu and Mr. Johnson Wan, as independent non-executive Directors.*

*\* For identification purpose only*