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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 THE PROVISION OF ENTRUSTED LOAN TO XINDU INVESTMENT**

### **PROVISION OF ENTRUSTED LOAN**

Reference is made to the announcement of the Company dated 24 September 2021 in relation to the business entrusted loan contract dated 24 September 2021 entered into with Xindu Investment and BOC, pursuant to which the Company entrusted BOC to provide a RMB350 million loan to Xindu Investment. As of the date of this announcement, all loans under the business entrusted loan contract have been repaid as scheduled. The Board announces that the Company entered into the Entrusted Loan Contract with Xindu Investment and Chenggong District Rural Credit Cooperative on 28 February 2022, pursuant to which the Company entrusted Chenggong District Rural Credit Cooperative to provide a RMB250 million loan to Xindu Investment.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Entrusted Loan Transaction 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.

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## I. THE ENTRUSTED LOAN CONTRACT

Salient terms of the Entrusted Loan Contract are set out below:

Date of the Entrusted Loan Contract	28 February 2022
Parties	(i) Xindu Investment (as borrower) (ii) the Company (as trustor) (iii) Chenggong District Rural Credit Cooperative (as trustee)
Term of entrusted loan	1 month, i.e. from 28 February 2022 to 28 March 2022.
Principal amount of the entrusted loan	RMB250 million
Interest rate	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 is payable in one lump sum upon repayment of the principal amount of the entrusted loan.
Release of loan	The principal of entrusted loan under the Entrusted Loan Contract will be released to Xindu Investment in one lump sum. The conditions precedent for the release of the principal of entrusted loan include the borrower having opened a borrower account pursuant to the requirements of the Entrusted Loan Contract; the borrower having submitted an application for drawdown to the Company in advance within the period specified in the Entrusted Loan Contract, etc.
Repayment of loan	The principal is repayable in one lump sum at maturity.
Early repayment	The borrower shall submit an application in writing and relevant documents to the Company and the trustee in advance in accordance with the terms of the Entrusted Loan Contract for early repayment of the principal within the term of the entrusted loan, and may make early repayment with the consent of the Company.
Service charge	RMB10,000, which shall be borne by the Company and paid to the trustee in one lump sum within 5 days from the date of signing of the Entrusted Loan Contract.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiry, as of the date of this announcement, Xindu Investment is not a connected person as defined under the Listing Rules. Chenggong District Rural Credit Cooperative is a third party independent of the Company and its connected person(s).

The Company will use its own funds to fund the loan under the Entrusted Loan Contract.

### **Basis of the Interest Rate**

The fixed annual interest rate of 8.5% under the Business Entrusted Loan Contract was negotiated on an arm's length basis between the Company and Xindu Investment based on (1) the fact that the interest rate under the Entrusted Loan Contract was up by 4.8% as compared to the prime rate of 3.7% for 1-year loans denominated in RMB promulgated by the National Interbank Funding Center as at 21 February 2022; (2) prevailing market interest rate and practices; (3) the average interest rate of the Company's financing and returns within a reasonable range; and (4) the Company's assessment on the business conditions and creditworthiness of Xindu Investment.

## **II. REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN TRANSACTION**

To the knowledge of the Company, Xindu Investment will be utilising the funds from the Company for replenishment of working capital. By providing entrusted loans to Xindu Investment, the Company can effectively improve its capital turnover rate and reduce the capital precipitation, and as one of the major investment entities in Kunming, Xindu Investment has a relatively large asset scale and abundant market resources, which can increase cooperation opportunities for both parties in aspects of innovative financing mode cooperation, project investment and resource sharing in the future.

For the above reasons, the Directors (including the independent non-executive Directors) believe that the Entrusted Loan Transaction is entered into on normal commercial terms, and is 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.

## **Xindu Investment**

Xindu Investment is directly owned as to 83.68% by Kunming SASAC. The main business of Xindu Investment includes: infrastructure investment and financing and capital operating, infrastructure construction of new district schools, parks, hospitals, municipal roads and administrative offices. Xindu Investment specializes in the primary land development of the three core areas of Wujiaying, Yuhua and Wulong in Chenggong New District of Kunming city. It is gradually transforming from an investment and financing platform based on infrastructure construction and public facilities construction to an industrial entity focusing on the construction and operation of Chenggong New District. At this stage, the businesses of Xindu Investment have been steadily advanced and are in good condition.

## **Chenggong District Rural Credit Cooperative**

Chenggong District Rural Credit Cooperative is a China-based financial institution that is mainly engaged in taking public deposits and providing loans and other activities.

## **IV. LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Entrusted Loan Transaction 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.

## **V. DEFINITIONS**

“Board”	the board of Directors of the Company
“BOC”	Kunming Panlong Sub-branch of Bank of China Limited (中國銀行股份有限公司昆明市盤龍支行)
“Chenggong District Rural Credit Cooperative”	Kunming Chenggong District Rural Credit Cooperative* (昆明市呈貢區農村信用合作聯社), a third party independent of 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
“Directors”	the director(s) of the Company
“Entrusted Loan Contract”	the Entrusted Loan Contract entered into by the Company with Xindu Investment and Chenggong District Rural Credit Cooperative on 28 February 2022

“Entrusted Loan Transaction”	the transaction contemplated under the Entrusted Loan Contract, namely the provision of a RMB250 million loan by Chenggong District Rural Credit Cooperative to Xindu Investment 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
“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
“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
“Xindu Investment”	Kunming Xindu Investment Co., Ltd.* (昆明新都投資有限公司), an enterprise with limited liability incorporated in the PRC on 27 May 2005, which is directly owned as to 83.68% by Kunming SASAC and is not a connected person as defined under the Listing Rules as of the date of this announcement
“%”	per cent.

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

Kunming, the PRC, 28 February 2022

*As of 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. Ong King Keung, as independent non-executive Directors.*

\* For identification purpose only