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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)

ANNOUNCEMENT PURSUANT TO RULE 13.18 OF THE LISTING RULES

This announcement is made by Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) pursuant to Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

On 25 March 2022, Dianchi International Holdings Limited (the “**Borrower**”), a direct wholly-owned subsidiary of the Company, as borrower and the Company as guarantor signed a facility agreement (“**Facility Agreement**”) with Bank of Communications (Hong Kong) Limited (“**BOCOM HK**”), The Bank of East Asia, Limited and Bank of Communications Limited as lenders. BOCOM HK, The Bank of East Asia, Limited, Bank of Communications Limited and the remaining lender or lenders to be confirmed by BOCOM HK in accordance with the Facility Agreement in the future (all lenders under the Facility Agreement collectively referred to as the “**Lenders**”) will provide the banking facilities of up to US\$300 million or equivalent foreign currency (the “**Facility**”) to the Borrower subject to the terms and conditions of the Facility Agreement. The final repayment date of the Facility shall be the date falling 36 months after the first withdrawal date. The purpose of the Facility is primarily to refinance the financial indebtedness, and for the general working capital requirements, of the Company and its subsidiaries.

As at the date of this announcement, State-owned Assets Supervision and Administration Commission of the Kunming People’s Government (“**Kunming SASAC**”) holds 90% of the share capital of Kunming Dianchi Investment Co., Ltd.* (昆明滇池投資有限責任公司) (“**Kunming Dianchi Investment**”), and Kunming Dianchi Investment holds approximately 64.16% of the issued share capital of the Company.

Pursuant to the Facility Agreement, if Kunming SASAC no longer directly or indirectly owns 51% or more of the share capital the Company, it would be deemed as a change of control, and the Lenders would be entitled to cancel its loan facilities pursuant to the Facility Agreement and to declare that all amounts outstanding under the Facility (including interests accrued) and all other amounts shall immediately become due and payable (unless waived by the majority of Lenders).

The Company will comply with the continuing disclosure requirements pursuant to Rule 13.21 of the Listing Rules for so long as circumstances giving rise to the above obligations continue to exist.

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

Kunming, the PRC, 25 March 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*