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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)

INSIDE INFORMATION

ALLOCATION OF ASSET MANAGEMENT PLAN UPON MATURITY

This announcement is made by Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 29 September 2021 and 31 December 2021 in relation to the purchase of the Mutual Trust No. 5 Single Asset Management Plan and the entering into of the supplemental agreement for extension of term of the asset management agreement (the “**Announcements**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

Pursuant to the relevant provisions of the Mutual Trust No. 5 Asset Management Agreement and the supplemental agreement for extension of term of the asset management agreement, the Mutual Trust No. 5 Asset Management Plan purchased by the Company has expired on 10 April 2022 (the “**Maturity Date**”). As at the Maturity Date, the remaining assets under the Mutual Trust No. 5 Asset Management Plan were creditor’s rights of the trade receivables with a carrying value of approximately RMB316,882,500 (the “**Creditor’s Rights of the Trade Receivables**”). The asset manager will allocate the assets under the Mutual Trust No. 5 Asset Management Plan to the Company in their current status as at the Maturity Date in accordance with the Mutual Trust No. 5 Asset Management Agreement and assist the Company in the procedures of transferring the relevant assets.

Pursuant to the relevant provisions of the transfer contract of trade receivables (the “**Transfer Contract of Trade Receivables**”) entered into between the asset manager and KADI, after the Company has obtained the Creditor’s Rights of the Trade Receivables, the Company may continue to request KADI to repurchase the Creditor’s Rights of the Trade Receivables in accordance with the terms of the Transfer Contract of Trade Receivables. At the same time, Kunming Dianchi Investment Co. Ltd. (昆明滇池投資有限責任公司 (“**Kunming Dianchi Investment**”)) has also agreed and issued a letter of guarantee to provide guarantee of joint and several liability for the repurchase obligations of KADI under the Transfer Contract of Trade Receivables.

The Company will actively communicate with KADI in accordance with the relevant provisions of the Transfer Contract of Trade Receivables and urge KADI to fulfill its obligation to repurchase the Creditor's Rights of the Trade Receivables. At the same time, the Company will urge Kunming Dianchi Investment to fulfill its joint and several guarantee obligations as the guarantor. The Company will take further measures such as litigation, arbitration and asset preservation, etc. to protect the interests of the Company in a timely manner as appropriate.

As at the date of this announcement, there is no other purchase of wealth management products by the Company. The Board is of the view that as the Company's cash flow is relatively abundant, the allocation of the Creditor's Rights of the Trade Receivables upon maturity of the aforesaid Mutual Trust No. 5 Asset Management Plan will not have a material and adverse impact on the Company's recent operations. The Company will make further announcement(s) in accordance with the Listing Rules in due course to inform shareholders and potential investors of any further material progress in relation to the repurchase of the trade receivables and to perform the corresponding approval process, if required, in order to satisfy the relevant requirements under the Listing Rules and the Articles of Association.

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

Kunming, the PRC, 11 April 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.