

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

MAJOR TRANSACTION ENTERING INTO THE MUTUAL GUARANTEE AGREEMENT WITH KUNMING WATER SUPPLY GROUP CO., LTD.

MUTUAL GUARANTEE AGREEMENT

The Board announces that the Company entered into the Mutual Guarantee Agreement with Kunming Water Supply Group on 29 April 2024, pursuant to which the Company and Kunming Water Supply Group agreed to provide guarantees in respect of the liabilities relating to the loans obtained by the other party for a cumulative amount of not more than RMB500 million each, which shall be non-recurring upon full utilization of the amount, and the term of the guarantees to be provided in respect of each loan shall not be more than five years from the date of signing of each loan guarantee agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder are more than 25%, it constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval without convening a general meeting. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting if a general meeting is required to be convened to approve the entering into of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder.

As at the date of this announcement, Kunming Dianchi Investment is directly interested in 660,266,893 shares of the Company (representing approximately 64.16% of the total number of issued shares of the Company). As the Company will obtain the written approval from Kunming Dianchi Investment, the Company does not expect to convene an extraordinary general meeting to approve the entering into of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. In accordance with Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder and other information required to be disclosed under the Listing Rules, shall be despatched to the Shareholders within 15 business days from the date of this announcement (i.e. on or before 22 May 2024).

The Company entered into the Mutual Guarantee Agreement with Kunming Water Supply Group on 29 April 2024, pursuant to which the Company and Kunming Water Supply Group agreed to provide guarantees in respect of the liabilities relating to the loans obtained by the other party for a cumulative amount of not more than RMB500 million each, which shall be non-recurring upon full utilization of the amount, and the term of the guarantees to be provided in respect of each loan shall not be more than five years from the date of signing of each loan guarantee agreement.

I. DETAILS OF THE MUTUAL GUARANTEE AGREEMENT

Salient terms of the Mutual Guarantee Agreement are summarized below:

Date:	29 April 2024
Parties:	(i) the Company; and (ii) Kunming Water Supply Group
Mutual guarantee amount:	The Mutual Guarantee Transaction is subject to balance control and the principle of equal amount, and the cumulative amount of the guarantee provided by each party to the other shall not exceed RMB500 million (the “ Maximum Amount of Mutual Guarantee ”), which shall be non-recurring upon full utilization of the amount. The mutual guarantee amount is applicable to all loans released or credit facilities granted during the term of the mutual guarantee under the financing contracts entered into by each party with its creditors.
Term of mutual guarantee:	The term of the guarantee to be provided in respect of each loan shall not be more than five years from the date of signing of each loan guarantee agreement.

Guarantee fee:	No guarantee fee will be charged by the guarantor within the term and the scope of mutual guarantee set out in the Mutual Guarantee Agreement.
Scope of mutual guarantee:	All debts under the financing contracts entered into by each party with its creditors and the guarantee contracts/terms entered into with banks or relevant financial institutions pursuant to the Mutual Guarantee Agreement, including but not limited to principal, interest, punitive (compound) interest, liquidated damages, damages, and various ancillary costs. The subjects of the mutual guarantee include the parties or the absolutely controlled subsidiaries of each party.
Guarantee liability and its recourse:	If any party violates its obligations under the financing contract entered into with its creditors, it shall notify the guarantor in a timely manner within the time limit stipulated in the Mutual Guarantee Agreement. In addition, if losses are incurred to the guarantor as a result of the guarantor's performance of its guarantee obligations, the guaranteed party shall provide timely compensation (including but not limited to: principal and interest, and liquidated damages, damages, interest and punitive interest due to breach of financing contracts entered into with its creditors, as well as litigation/arbitration fees, attorney's fees, travel expenses, appraisal fees, auction fees, etc., incurred by the guarantor in relation to guarantee obligations or the realization of guaranteed claims).
Conditions of effectiveness:	The Mutual Guarantee Agreement shall become effective upon signing by both parties and approval by the Shareholders of the Company.

II. INFORMATION ON THE PARTIES INVOLVED

Information on the Group

The Company, a joint stock company incorporated in the PRC with limited liability, 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.

Information on Kunming Water Supply Group and its ultimate beneficial owner

Kunming Water Supply Group, a company incorporated in the PRC with limited liability, is a comprehensive large-scale water supply corporation providing a wide range of services including water source development, water supply production and operation, water quality monitoring, water supply engineering design and construction, etc., and is owned as to 100% by Kunming SASAC, which is not a connected person as defined in the Listing Rules.

III. REASONS FOR AND BENEFITS OF ENTERING INTO THE MUTUAL GUARANTEE AGREEMENT

As of the date of this announcement, Kunming Water Supply Group has provided guarantees for the financing loans of the Company totaling approximately RMB389 million (after entering into the Mutual Guarantee Agreement, the guarantees previously provided by Kunming Water Supply Group in respect of the Company's financing loans will be included in the scope of the Mutual Guarantee Agreement). In order to promote mutual benefits and win-win situation for both parties, the entering into of the Mutual Guarantee Agreement will increase the opportunities for innovative financing methods and business cooperation between the Company and Kunming Water Supply Group.

Mr. Ong King Keung did not attend the current Board meeting to consider the Mutual Guarantee Transaction as he was on leave due to his personal business arrangement. All Directors who attended the current Board meeting to consider the Mutual Guarantee Transaction are of the view that the terms of the Mutual Guarantee Transaction and the Mutual Guarantee Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. BASIS OF DETERMINING THE MAXIMUM AMOUNT OF MUTUAL GUARANTEE

The Maximum Amount of Mutual Guarantee was determined through negotiation between the Company and Kunming Water Supply Group and with reference to the amount of existing guarantees provided by Kunming Water Supply Group to the Company.

V. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder are more than 25%, it constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval without convening a general meeting. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting if a general meeting is required to be convened to approve the entering into of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder.

As at the date of this announcement, Kunming Dianchi Investment is directly interested in 660,266,893 shares of the Company (representing approximately 64.16% of the total number of issued shares of the Company). As the Company will obtain the written approval from Kunming Dianchi Investment, the Company does not expect to convene an extraordinary general meeting to approve the entering into of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. In accordance with Rule 14.41(a) of the Listing Rules, a circular containing, among other things, details of the Mutual Guarantee Agreement and the Mutual Guarantee Transaction contemplated thereunder and other information required to be disclosed under the Listing Rules, shall be despatched to the Shareholders within 15 business days from the date of this announcement (i.e. on or before 22 May 2024).

VI. DEFINITIONS

“Board”	the board of Directors
“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
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Mutual Guarantee Agreement”	the Mutual Guarantee Agreement entered into by the Company with Kunming Water Supply Group on 29 April 2024
“Mutual Guarantee Transaction”	the transaction contemplated under the Mutual Guarantee Agreement
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares with nominal value 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 Dianchi Investment”	Kunming Dianchi Investment Co., Ltd.* (昆明滇池投資有限公司), a company established in Yunnan Province, the PRC with limited liability on 13 October 2004, which is the Controlling Shareholder of the Company

“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)
“Kunming Water Supply Group”	Kunming Water Supply Group Co., Ltd.* (昆明自來水集團有限公司), a company established in Yunnan Province, the PRC with limited liability on 19 April 1983, which is not a connected person as defined in the Listing Rules
“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
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Kunming, the PRC, 29 April 2024

As at the date of this announcement, the Board comprises Mr. Zeng Feng, Mr. Chen Changyong and Mr. Miao Xianjun, as executive Directors; Mr. Xu Jingdong, Mr. Zhou Jianbo and Mr. Zhang Yang, as non-executive Directors; and Mr. Zha Guiliang, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.

* For identification purpose only