

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)

VOLUNTARY ANNOUNCEMENT

SIGNING OF THE PROJECT COOPERATION AGREEMENT WITH YILIANG COUNTY GOVERNMENT

This announcement is made on a voluntary basis by Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that, on 1 June 2017, the Company and the Yiliang County Government, Yunnan Province (the “**Yiliang County Government**”) entered into a BOT Concession Contract for Investment and Operation of Wastewater Treatment Project Construction in Yiliang County Industrial Park (the “**Project Cooperation Agreement**”). Pursuant to the Project Cooperation Agreement, in order to accelerate the development of Yiliang Industrial Park and improve the construction of the infrastructure of the Industrial Park, Yiliang County has introduced the Company as a strategic partner to invest, construct, operate and manage the wastewater treatment plant in the Industrial Park. Following the investment in and the construction of Yiliang County No. 2 Wastewater Treatment Plant and Auxiliary Pipeline Network Project by the Company in October 2014, the entering into of the Project Cooperation Agreement between the parties is the result of an enhanced mutual trust and business friendship, and a further in-depth cooperation on the municipal infrastructure projects.

Yiliang Industrial Park Wastewater Treatment and Auxiliary Pipeline Network Project (the “**Project**”) is located in the southwest corner of the Box Paper Packaging Base in Yiliang Industrial Park, bordered by the eastern side of the main road of the HongShi Cement to its north, and the Nanpan River to its south. The total designed treatment capacity of the Project is 20,000 m³/d. The total investment of the Project amounts to approximately RMB51 million (subject to the final audit), of which approximately RMB32 million for the plant and approximately RMB19 million for its auxiliary pipeline network.

According to the Project Cooperation Agreement, the Company, as an investor, will participate in the Project under the BOT (Build-Operate-Transfer) model and be responsible for raising all financing (including the Company's own funds and loans) required for the construction, operation and transfer of the Project. The Company will carry out tender processes for the Project (including design, supervision, cost, construction, etc.) and be responsible for the project investment management in accordance with national laws and regulations. After the completion of the Project, the quality of treated water shall meet the first class-A graded standard of the Pollutants Emission Standards of Urban Sewage Water Treatment Plant (GB18918-2002) (《城镇污水处理厂污染物排放标准》(GB18918-2002)). The Yiliang County Government will grant the Company a 30-year operating concession for the Project (the “**Concession Period**”). During the Concession Period, the Company will operate and maintain the Project and is entitled to charge sewage treatment fees within the agreed area under concession. The Company shall transfer the Project to the Yiliang County Government within 30 working days after the expiry of the Concession Period or within 30 working days after the repurchase of the Project in advance and full payment of the repurchase amount by the Yiliang County Government.

The Board confirms that the Project is within the scope of the Company's daily operations. The construction of the Project will help Yiliang County with the efficient use of water resources and continuous improvement of water environment quality and make due contributions to the water environment protection and governance of Nanpan River Basin, which is the source of the Pearl River.

To the best of the directors' knowledge, information and belief having made all reasonable inquiries, the directors or the substantial shareholders of the Company have no direct or indirect interest in the Project.

By order of the Board
Kunming Dianchi Water Treatment Co., Ltd.
Guo Yumei
Chairperson

Kunming, the PRC, June 1, 2017

As at the date of this announcement, the Board comprises Ms. Guo Yumei, Mr. Luo Yun, as executive Directors; Mr. Zeng Feng and Ms. Song Hong, as non-executive Directors; and Mr. Wong Man Chung Francis, Mr. Yin Xiaobing and Mr. He Xifeng, as independent non-executive Directors.