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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)

PROPOSED CHANGE OF AUDITORS

This announcement is made by the board of directors (the “**Board**”) of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

According to the regulatory requirements of the State-owned Assets Supervision and Administration Commission of Kunming, the Law of the People’s Republic of China on Tenders and Bids, other relevant laws, regulations and normative documents, combined with the actual situation of the Company, the Company proposed to appoint its domestic and international auditors for the year 2019 by way of public tender. In the recently conducted bidding process of the Company, Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) (“**ZSZH**”) and Mazars CPA Limited (“**Mazars**”) have respectively won the bid for the domestic and international auditors of the Company for the year 2019.

The proposed appointments of ZSZH and Mazars as the domestic and international auditors of the Company for the year 2019 will be effective after the annual general meeting of the Company for the year 2018 to be held on 21 June 2019 (“**AGM**”) approves the resolution authorizing the Board to determine the domestic and international auditors of the Company for the year 2019 and after the Company signs appointment agreements with each of them.

The current domestic auditors of the Company, PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (“**PwC Zhong Tian**”) and international auditors PricewaterhouseCoopers Certified Public Accountants (“**PwC**”) will retire as the Company’s domestic and international auditors, respectively, at the conclusion of the AGM. PwC has confirmed in writing that there is no matter relating to the proposed change of auditors that needs to be brought to the attention of shareholders and creditors of the Company. The Audit Committee and the Board confirmed that there is no matter relating to the proposed change of domestic and international auditors that needs to be brought to the attention of the shareholders of the Company.

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

Kunming, the PRC, 30 May 2019

As of the date of this announcement, the Board comprises Ms. Guo Yumei and Mr. Luo Yun, as executive Directors; Ms. Ma Ce and Ms. Song Hong, as non-executive Directors; and Mr. Yin Xiaobing, Mr. He Xifeng and Mr. Sin Lik Man, as independent non-executive Directors.