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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)**

**CLARIFICATION ANNOUNCEMENT ON INTERIM RESULTS  
ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019**

Reference is made to the interim results announcement (the “**2019 Interim Results Announcement**”) for the six months ended 30 June 2019 of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) dated 16 August 2019. Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the 2019 Interim Results Announcement.

The board of directors (the “**Board**”) of the Company noted that due to unintentional typographical errors in the 2019 Interim Results Announcement, amounts of relevant classification details of items of trade and other payables involved in “notes to the condensed consolidated interim financial information” and “management discussion and analysis” in the 2019 Interim Results Announcement were wrongly disclosed. Such typographical errors do not affect the overall financial position of the Company and do not affect investors’ assessment of business, operation or financial position of the Group.

The Board hereby clarifies that the 2019 Interim Results Announcement should be revised as follows (corrections have been underlined):

**1. PAGE 27 OF CHINESE AND ENGLISH VERSIONS OF THE 2019 INTERIM RESULTS ANNOUNCEMENT:**

**20 TRADE AND OTHER PAYABLE**

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables	<b>33,898</b>	31,006
Other payables due to:	<b>136,524</b>	106,923
–related parties ( <i>Note 30</i> )	<b><u>22,686</u></b>	21,918
–local government	<b>702</b>	3,790
–third parties	<b><u>113,136</u></b>	81,215
Consideration payable for acquisition of subsidiaries	<b>23,619</b>	23,619
Staff salaries and welfare payables	<b>24,508</b>	46,091
Collection and payment of payables	<b><u>132,100</u></b>	–
Payables on acquisition of property, plant and equipment:	<b>30,257</b>	69,755
–related parties ( <i>Note 30</i> )	<b>16,040</b>	17,212
–third parties	<b>14,217</b>	52,543
Payables on acquisition of land use rights from related parties ( <i>Note 30</i> )	<b>58,194</b>	58,194
Dividend payables ( <i>Note 27</i> )	<b>177,450</b>	–
Interest payables	<b>1,716</b>	2,982
Accrued taxes other than income tax	<b>17,584</b>	41,138
	<b><u>635,850</u></b>	<u>379,708</u>

2. PAGE 35 OF CHINESE AND ENGLISH VERSIONS OF THE 2019 INTERIM RESULTS ANNOUNCEMENT:

(ii) Trade and other payables due to related parties:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
<i>Acquisition of property, plant and equipment:</i>		
Xindu Investment	16,040	16,040
<i>Collection and payment of payables:</i>		
KDI	<u>132,100</u>	–
<i>Acquisition of land use rights:</i>		
KDI	27,194	27,194
Xindu Investment	31,000	31,000
<i>Others:</i>		
KDI	<u>21,884</u>	21,884
Kunming CGE	754	904
Kunming Qingyuan	<u>48</u>	<u>302</u>
	<u><u>229,020</u></u>	<u><u>97,324</u></u>

**3. PAGE 48 OF CHINESE AND ENGLISH VERSIONS OF THE 2019 INTERIM RESULTS ANNOUNCEMENT:**

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>		
Trade and other payables	<b>635,850</b>	379,708
Current income tax liabilities	<b>71,329</b>	84,589
Borrowings	<b>1,106,439</b>	1,014,505
Contract liabilities	<b>16,110</b>	11,737
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<b>Total current liabilities</b>	<b><u>1,829,728</u></b>	<u>1,490,539</u>
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<b>Net current assets</b>	<b><u>2,213,109</u></b>	<u>766,882</u>

Our net current assets increased from net current assets of RMB766.9 million as of 31 December 2018 to net current assets of RMB2,213.1 million for the six months ended 30 June 2019, primarily due to the supplementary working capital with long-term borrowings.

**4. PAGE 54 OF CHINESE AND ENGLISH VERSIONS OF THE 2019 INTERIM RESULTS ANNOUNCEMENT:**

As of 30 June 2019, our trade and other payables amounted to approximately RMB635.9 million, representing an increase of RMB256.2 million or 67.5% as compared to approximately RMB379.7 million as of 31 December 2018. The increase was primarily due to: (i) the provision of dividend payables of RMB177.6 million as of 30 June 2019; (ii) the accrued taxes other than income tax decreased by approximately RMB23.6 million from RMB41.1 million at the end of 2018 to RMB17.6 million as at 30 June 2019; and (iii) increase in payment for collection and payment to KDI, a related party, by RMB132.1 million.

Save as the above amendments, all other information and contents as set out in the 2019 Interim Results Announcement remain unchanged.

We sincerely apologize for any confusion and the inconvenience caused.

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

Kunming, the PRC, 23 August 2019

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