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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)**

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

Reference is made to the annual report of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) for the year ended 31 December 2018 (the “**Annual Report**”). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Annual Report.

### **INITIAL PUBLIC OFFERING AND USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING**

The H shares of the Company were listed on the Hong Kong Stock Exchange on 6 April 2017 (the “**Listing Date**”) and the Company issued 339,430,000 H shares of par value of RMB1.00 per share with the Offer Price of HK\$3.91 per H share. The total issuance size (before deducting the expenses) amounted to approximately HK\$1,327,171,300. Following the Listing of H shares of the Company, a total of 593,000 shares of H shares were over-allocated. After deducting (i) the net proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering; and (ii) the underwriting commissions and other expenses relating to the Global Offering, the Company received net cash proceeds of RMB1,072.3 million from the Global Offering (the “**Initial Public Offering**”).

In addition to the information in relation to the Initial Public Offering as set out in the Annual Report, the board of directors of the Company (the “**Board**”) hereby provides additional information in relation to the use of proceeds from the Initial Public Offering.

As of 31 December 2018, approximately RMB626 million, accounting for 58.3% of RMB1,072.3 million of net cash proceeds from the Initial Public Offering, has been used in accordance with the use as stated in the paragraph headed “Future Plans and Use of Proceeds” in the Prospectus.

<b>Business strategies as stated in the Prospectus</b>	<b>Percentage of total net proceeds from the Initial Public Offering (as set out in the Prospectus)</b>	<b>Planned use of net proceeds from the Initial Public Offering (as set out in the Prospectus)</b> <i>RMB million</i>	<b>Actual use of net proceeds from the Initial Public Offering for the year ended 31 December 2018</b> <i>RMB million</i>	<b>Actual use of net proceeds from the Initial Public Offering from the Listing Date to the period ended 31 December 2018</b> <i>RMB million</i>	<b>Unused net proceeds from the Initial Public Offering</b> <i>RMB million</i>
Investments in BOT/BOO wastewater treatment and running water supply projects	35%	375.31	124.30	127.00	248.31
To acquire TOT/TOO wastewater treatment plants and running water supply projects	35%	375.30	189.60	286.10	89.20
Repayment of bank borrowings	20%	214.46	5.30	212.90	1.56
To supplement working capital and for general corporate purposes	10%	107.23	–	–	107.23
<b>Total</b>	<b>100%</b>	<b>1,072.30</b>	<b>319.20</b>	<b>626.00</b>	<b>446.30</b>

As of 31 December 2018, the unused net proceeds from the Initial Public Offering for each of the business strategies as stated in the above table have been placed as deposits in licensed banks of the PRC which will be used in accordance with the progress of the Company’s investment projects and are expected to be used up within 1.24 years (i.e. before 2021). The business objectives, future plans and planned use of the proceeds as stated in the Prospectus were based on the best estimation and assumptions of future market conditions and industry developments made by the Company at the time of preparing the Prospectus, while the proceeds from the Initial Public Offering were used in accordance with the business of the Group and the actual development of the relevant industry.

The net proceeds from the Initial Public Offering were used and expected to be used according to the intentions previously disclosed in the Prospectus. As of 31 December 2018, there was no material change or material delay in the use of proceeds of the Company.

The supplementary information provided in this announcement does not affect other information contained in the Annual Report and, save as disclosed above, the contents of the Annual Report remain unchanged.

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

Kunming, the PRC, 3 September 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.*