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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 THE CONCESSION SERVICE AGREEMENT FOR USE OF RECLAIMED WATER WITH KUNMING WATER RESOURCES BUREAU

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

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 23 September 2019, the Company entered into the Concession Service Agreement for Use of Reclaimed Water in Kunming (《昆明市再生水利用特許經營服務協議》)(“**Service Agreement**”) with Kunming Water Resources Bureau of Yunnan Province (“**Kunming Water Resources Bureau**”). Pursuant to the Service Agreement, Kunming Water Resources Bureau authorized the Company (and the designated subsidiaries invested or established by the Company with actual control) to carry out concession service for use of reclaimed water within the urban planning areas of Wuhua, Panlong, Xishan, Guandu and Dianchi National Tourist Resort as well as the areas permitted for provision of reclaimed water service by the reclaimed water supply facilities newly built, modified and expanded, acquired and managed under entrustment by the Company within the administrative districts of Kunming according to the relevant planning requirements for use of reclaimed water in Kunming (“**Concession Service for Use of Reclaimed Water in Kunming**”).

According to the National Urban Wastewater Treatment and Recycling Facilities Construction Plan During the 13th Five-year Plan Period (《“十三五”全國城鎮污水處理及再生水利用設施建設規劃》) and the National Water Saving Action Plan (《國家節水行動方案》) and based on the coverage and utilization rate of the existing reclaimed water pipeline in Kunming, it is determined that the term of the Concession Service for Use of Reclaimed Water in Kunming shall be valid through 2049 to achieve the targets that the coverage of reclaimed water pipeline in main urban areas shall reach 60% (80% for area outside the Second Ring), and the daily average use of reclaimed water shall be no less than 900,000 tons with a utilization rate of 60%. In order to achieve the targets above, the estimated amount of investment by the Company during the concession period will be approximately RMB2.0 billion after taking into account of the existing resources of reclaimed water facilities within the concession areas.

The Concession Service for Use of Reclaimed Water in Kunming shall be valid for a term of 30 years from 23 September 2019 to 22 September 2049.

The Company will operate the reclaimed water resources in accordance with the concession period and concession scope determined by the Service Agreement and charge a reasonable fee. The Company has the right to provide reclaimed water services which meet the relevant standards and customer requirements in a universal and non-discriminatory manner to all users in the agreed service areas in accordance with the provisions of laws, regulations and administrative regulations and the terms of the Service Agreement, and charge reclaimed water fees with reference to the Service Agreement and in accordance with the terms and conditions of each individual reclaimed water service agreement.

Because the Concession Service for Use of Reclaimed Water in Kunming is an infrastructure and public utilities business, in order to ensure the sustainable development of public utilities, we adopted BOT (Build-Operate-Transfer) model for the Concession Service for Use of Reclaimed Water in Kunming. During the concession period, the Company shall own the ownership of the assets and facilities and equipment involved in the Concession Service for Use of Reclaimed Water in Kunming. After the expiration of the concession period, we shall transfer the abovementioned ownership to the People's Government of Kunming City or the entity designated by the People's Government of Kunming City. After the expiration of the Concession Service for Use of Reclaimed Water in Kunming, the Company has the priority to obtain the concession rights of the Concession Service for Use of Reclaimed Water in Kunming under the same condition.

The Board has confirmed that the signing of the Service Agreement is within the scope of the Company's ordinary and usual course of business and does not constitute the connected transaction of the Company as set out in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), also does not constitute any discloseable transactions of the Company under Chapter 14 of the Listing Rules. The Service Agreement helps to re-innovate and deepen the concession model, based on the 30-year concession rights granted by the Kunming Municipal Government to the Company in 2011, which will benefit the development of the reclaimed water industry in Kunming and improve the comprehensive utilization of urban water resources. Meanwhile, it is conducive to the further development of the Company's reclaimed water business.

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 this Service Agreement.

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

Kunming, the PRC, 24 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.