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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 AGREEMENT WITH THE ZHAOYANG DISTRICT HOUSING AND URBAN-RURAL CONSTRUCTION BUREAU OF ZHAOTONG CITY

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 26 September 2019, the Company entered into the Concession Agreement of the First and Second Sewage Treatment Plant Projects TOT+BOT of Zhaotong Central City (《昭通中心城市第一、二污水處理廠項目TOT+BOT特許經營協議》) (“**Concession Agreement**”) with the Zhaoyang District Housing and Urban-Rural Construction Bureau of Zhaotong City of Yunnan Province (雲南省昭通市昭陽區住房和城鄉建設局) (“**Zhaoyang District Urban – Rural Construction Bureau**”). Pursuant to the Concession Agreement, the Company intended to invest approximately RMB661 million to conduct asset revitalization, upgrade and renovation for the First Sewage Treatment Plant of Zhaotong and conduct main pipeline construction, sludge disposal project, reclaimed water reuse project and related supporting sewage pipeline supporting project (“**Sewage Treatment Projects**”) for the newly constructed Second Sewage Treatment Plant.

The concession period of the Sewage Treatment Projects shall be 30 years calculated from the date when the Sewage Treatment Projects are involved in each sewage treatment plant which begins commercial operation respectively, of which the First Sewage Treatment Plant shall begin commercial operation on the date when the Company pays the first transfer payment. The Second Sewage Treatment Plant shall begin commercial operation when the project is equipped with water connection conditions and proceeds to water connection testing and adjustment for 10 working days or requested by the Zhaoyang District Urban – Rural Construction Bureau for water connection. Since the Sewage Treatment Projects begin commercial operation, the Zhaoyang District Urban – Rural Construction Bureau shall be obliged to provide incoming wastewater for the Company and pay sewage treatment service fee in accordance with relevant provisions of the Concession Agreement.

The concession scope of the Sewage Treatment Projects is the Sewage Treatment Projects of Zhaoyang District which currently include the sewage treatment scope involved in the First Sewage Treatment Plant which has been built and handed over, the Second Sewage Treatment Plant which will be newly built in the future and the renovation and expansion projects of the above-mentioned sewage treatment plants, of which the Company shall exclusively enjoy the sewage treatment concession in the region. If new Sewage Treatment Projects are required to be built in other areas according to the future development of Zhaotong City, the Company can enjoy priority under the same conditions.

In order to ensure smooth implementation and operation of the First and Second Sewage Treatment Plant projects in Zhaotong Central City, the Company will set up a wholly-owned subsidiary at the location of the project to operate and manage the project.

The Board has confirmed that the signing of the Concession Agreement is within the scope of the Company's ordinary and usual course of business and does not constitute a 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**"), and also does not constitute any discloseable transactions of the Company under Chapter 14 of the Listing Rules. The signing of the Concession Agreement will further expand the Company's business layout in Yunnan market and, meanwhile, will also be conducive to improving the local comprehensive environment of Zhaotong City to effectively solve the problems of sewage drainage channels and sewage treatment in Zhaotong Central City and improve investment environment and living environment, thereby achieving sustainable economic development.

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

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

Kunming, the PRC, 26 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.