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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

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF ENTRUSTED LOANS TO KUNMING BUS

Reference is made to the announcement of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) dated 13 February 2020 in relation to the discloseable transaction on the provision of entrusted loans to Kunming Bus (the “**Announcement**”). Unless defined otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

BASIS OF THE INTEREST RATE

The fixed interest rate of 8.5% under the Entrusted Loan Contracts were negotiated on an arm’s length basis between the Company and Kunming Bus based on, among other things, (1) the interest rate under the Entrusted Loan Contracts was higher by 4.35% than the loan prime rate of 4.15% promulgated by the National Interbank Funding Center as at 20 January 2020 for 1 year RMB loans; (2) the same interest rates charged by the Company and Kunming Bus in previous transactions; (3) prevailing market interest rate and practices; and (4) the Company’s assessment on the business conditions and creditworthiness of Kunming Bus.

Save as disclosed above, all other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

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

Kunming, the PRC, 14 February 2020

As of 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.