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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 OF THE COOPERATION AGREEMENT FOR RURAL WASTEWATER COMPREHENSIVE TREATMENT PROJECT IN XISHAN DISTRICT, KUNMING

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 30 September 2020, the Company entered into the Investment Cooperation Agreement for Rural Wastewater Comprehensive Treatment Project in Xishan District (《西山區農村污水綜合治理項目投資合作協議》) (the “**Agreement**”) with the Xishan Water Authority in Kunming (昆明市西山區水務局) (the “**Xishan Water Authority**”). Pursuant to the Agreement, the Xishan Water Authority will implement the rural wastewater comprehensive treatment project in Xishan District (the “**Project**”) under the BOT (Build-Operate-Transfer) concession model, and grant the concession rights to the Company in respect of the rural wastewater comprehensive treatment project in relevant towns and villages in the planned area of Xishan District in Kunming as stipulated in the Agreement for a term of 20 years from the date of acceptance of the Project.

The Project covers the construction and operation of 88 wastewater treatment plants and ancillary facilities in 3 subdistricts, 16 communities and 97 natural villages in Xishan District as well as the construction of supporting branch sewer network. The total investment for the Project is estimated to be approximately RMB149,210,900 (subject to final settlement amount).

Upon completion of construction of the Project, the Company will carry out operation, management and maintenance of the Project for 20 years, provide wastewater treatment services within the scope of operation and receive wastewater treatment service fees according to the Agreement. Pursuant to the Agreement, the unit price of wastewater treatment service fees shall be assessed and adjusted every four years. With the approval from the Xishan Water Authority, and without prejudice to the continuous and stable operation of the Project, the Company may transfer the remaining concession right(s) within the concession period of the Project. Upon expiry of the concession period of the Project, the Company shall transfer the Project to Xishan Water Authority in accordance with the Agreement.

The Board has confirmed that the transactions contemplated under the Agreement are within the scope of the ordinary and usual course of business of the Company and are of revenue nature. The transactions contemplated under the Agreement do not constitute notifiable transactions of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and also do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The signing of the Agreement is in line with the business development direction of the Company, is conducive to improving the living environment in rural areas of Xishan District, and will facilitate the Company’s further development in rural wastewater treatment and environmental comprehensive treatment businesses.

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

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

Kunming, the PRC, 30 September 2020

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