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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 CONTRACT FOR MUNICIPAL WASTEWATER COLLECTION AND TREATMENT PROJECT IN LUQUAN COUNTY

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 24 November 2020, the Company entered into the Luquan County Municipal Wastewater Collection and Treatment Construction Project-Investment, Construction, Operation and Transfer Contract (《祿勸縣城鎮污水收集處理建設項目投資、建設、運營、移交合同》) (the “**Contract**”) with the People’s Government of Luquan Yi and Miao Autonomous County (the “**People’s Government of Luquan County**”). Pursuant to the Contract, the People’s Government of Luquan County will implement the municipal wastewater collection and treatment construction project in Luquan County (the “**Project**”) under the BOT (Build-Operate-Transfer) concession model, and grant the concession rights to the Company in respect of the wastewater treatment plants and stations in relevant towns and villages within the planned areas as stipulated in the Contract (which shall be the planned administrative areas of relevant towns and villages covered by the investment projects of the Company determined based on the approved project plans and construction drawings) for a term of 30 years. The concession rights do not cover wastewater facilities in the villages and wastewater collection pipeline network outside of the plants and stations, which shall be transfer to the People’s Government of Luquan County upon completion of construction of such facilities. The concession period shall commence on the date of completion and acceptance of the wastewater treatment plants and stations. The Project will be constructed and operated by Luquan Dianchi Water Treatment Co., Ltd. (祿勸滇池水務有限公司), a wholly-owned subsidiary of the Company, as the project company.

The Project covers the construction of 13 wastewater treatment plants and stations and relevant ancillary facilities and the improvement of a wastewater treatment station and its ancillary facilities. The total investment for the Project is estimated to be RMB153 million (subject to the amount of final accounts).

Upon completion of construction of the Project, the Company will carry out operation, maintenance and management of the Project for 30 years, provide wastewater treatment services within the scope of operation and receive wastewater treatment service fees according to the Contract. The unit price of wastewater treatment service fees shall be adjusted once every four years in the manner as stipulated in the Contract. Upon expiry of the concession period of the Project, the Company shall transfer the Project to the People's Government of Luquan County or its designated entities according to the Contract.

The Board has confirmed that the transactions contemplated under the Contract 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 Contract 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 Contract is in line with the business development direction of the Company, is conducive to improving the living environment in Luquan County, may increase the Company's wastewater treatment scale in relevant areas and create synergy with existing resources, and will facilitate the further development of the Company's wastewater treatment business in relevant towns and villages.

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 Contract.

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

Kunming, the PRC, 25 November 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. Ren Na and Ms. Yu Yanbo, as non-executive Directors; and Mr. Yin Xiaobing, Mr. He Xifeng and Mr. Johnson Wan, as independent non-executive Directors.