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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)

UPDATES ON PROPOSED REMOVAL OF INDEPENDENT NON-EXECUTIVE DIRECTOR, CHAIRMAN OF THE REMUNERATION AND APPRAISAL COMMITTEE, MEMBER OF THE NOMINATION COMMITTEE AND THE AUDIT COMMITTEE

Reference is made to an announcement of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) dated 9 February 2021 (the “**Announcement**”) in relation to the proposed removal of Mr. He Xifeng (“**Mr. He**”)’s duties due to loss of contact, which is subject to the consideration and approval at the general meeting in accordance with the Articles of Association of the Company. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to update the Shareholders that it was reported on 24 February 2021 that Mr. He was allegedly involved in a bribery case and was arrested by the Yuqishi Hongta Prefectural People’s Procuratorate of Yunnan Province (雲南省玉溪市紅塔區人民檢察院). To the best knowledge of the Company and the Board, the bribery case is not related to the Company and its subsidiaries.

Upon the Proposed Removal of Mr. He’s Duties is confirmed, the Company would fail to meet the following requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) of having:

- (i) at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Listing Rules;
- (ii) at least having one-third of the Board representing independent non-executive Directors under Rule 3.10A of the Listing Rules;
- (iii) the audit committee comprising only non-executive Directors with a minimum of three members under Rule 3.21 of the Listing Rules; and
- (iv) the remuneration committee comprising a majority of independent non-executive Directors under Rule 3.25 of the Listing Rules.

The Board confirms that the functions of the Board and the normal operations of the Company have not been adversely affected by the Proposed Removal of Mr. He's Duties. The Company will use its best endeavours to identify suitable candidates to fill the vacancies of the Board for the position of independent non-executive Director and in the audit committee and the remuneration and appraisal committee of the Company as soon as practicable, with the relevant appointments to be made within three months from the date of removal of Mr. He's said duties pursuant to Rules 3.11, 3.23 and 3.27 of the Listing Rules.

Further announcement(s) and circular will be made in relation to such appointment(s) as and when appropriate.

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

Kunming, the PRC, 25 February 2021

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.