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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 WATER ENVIRONMENT COMPREHENSIVE IMPROVEMENT PROJECT IN LUQUAN COUNTY, 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 7 July 2022, the Company entered into the Kunming Luquan Yi and Miao Autonomous County Beautiful County Water Environment Comprehensive Improvement Project Contract (《昆明市祿勸彝族苗族自治縣美麗縣城水環境綜合治理項目合同》) (the “**Project Contract**”) with the People’s Government of Luquan Yi and Miao Autonomous County in Kunming (the “**People’s Government of Luquan County**”). Pursuant to the Project Contract, the People’s Government of Luquan County will grant the Company or Luquan Dianchi Water Treatment Co., Ltd. (“**Luquan Dianchi Water**”), a wholly-owned subsidiary of the Company, the right to invest in, build, operate and transfer the water environment comprehensive improvement project (the “**Water Environment Comprehensive Improvement Project**”) under the Project Contract and the concession rights for wastewater treatment and reclaimed water operation under the Project Contract.

The Water Environment Comprehensive Improvement Project is divided into four sub-projects, including (i) sub-project 1: phase III expansion and phase I and II upgrading of the Luquan County Wastewater Treatment Plant; (ii) sub-project 2: the project of pollution interception engineering and reclaimed water replenishment of Zhangjiu River and Nantang River and the project of wastewater collection pipeline network of Xiaolongtan section; (iii) sub-project 3: the project of drainage pipeline network improvement of Sayingpan Town; and (iv) sub-project 4: the project of entrusted operation and maintenance of the wastewater collection trunk pipeline network along Zhangjiu River and Nantang River in Luquan County.

The total investment amount of the Water Environment Comprehensive Improvement Project is approximately RMB250 million and the Company's investment is approximately RMB170 million (subject to the amount to be confirmed by the audit of the project final account). In particular, (i) the estimated total investment amount of sub-project 1 is approximately RMB90 million; (ii) the estimated total investment amount of sub-projects 2 and 3 is approximately RMB160 million in aggregate, and the investment to be made by the Company/Luquan Dianchi Water in sub-projects 2 and 3 shall not exceed RMB80 million in aggregate, with the remaining funds to be financed by the People's Government of Luquan County. However, if the remaining funds mentioned above are not received in a timely manner within 6 months from the date of signing of this contract, the parties will enter into a supplemental contract for the implementation of the ancillary projects. The final investment amount to be made by the Company/Luquan Dianchi Water under the Project Contract shall be the audited total investment amount of the project less the funds to be financed by the People's Government of Luquan County.

Pursuant to the Project Contract, the People's Government of Luquan County will grant the Company/Luquan Dianchi Water (i) a 30-year concession for sub-project 1 commencing from the date of expiry of 30 days from the date of submission of acceptance application by the Company/Luquan Dianchi Water upon completion of construction of sub-project 1, and extend the concession period for phase I and phase II of the wastewater treatment plant to 30 years, and within one month upon expiry of the concession period, the Company or Luquan Dianchi Water will transfer the project assets to the People's Government of Luquan County or its designated entity. The concession covers the wastewater collection area of the Luquan County wastewater treatment plant project; (ii) a 15-year concession for sub-projects 2 and 3 commencing from the expiry of 30 days from the date of submission of acceptance application by the Company/Luquan Dianchi Water upon completion of construction of sub-projects 2 and 3, and upon expiry of the concession period, the Company or Luquan Dianchi Water will transfer the project assets to the People's Government of Luquan County or its designated entity. The concession covers the reclaimed water operation area within Luquan County; and (iii) entrust the operation and maintenance of sub-project 4 to Luquan Dianchi Water for a period of 2 years from the effective date of the Project Contract (official handover of the project), and upon expiry of the entrusted operation period, Luquan Dianchi Water will transfer sub-project 4 to the People's Government of Luquan County or its designated entity pursuant to the Project Contract.

The Board is of the view that the transactions contemplated under the Project Contract are in the ordinary and usual course of business of the Company and are revenue in nature. The transactions contemplated under the Project 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**"), nor do they constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The signing of the Project Contract is in line with the Company's business development direction, which is beneficial to the further development of the Company in water environment comprehensive improvement business.

By Order of the Board  
**Kunming Dianchi Water Treatment Co., Ltd.**  
**Zeng Feng**  
*Chairperson and executive Director*

Kunming, the PRC, 7 July 2022

*As of the date of this announcement, the Board comprises Mr. Zeng Feng, 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, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.*