

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 CONCESSION AGREEMENT FOR THE KUNMING SHILIN COUNTY TOWNSHIP WATER ENVIRONMENT IMPROVEMENT PROJECT (PHASE I)

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 February 2023, the Company entered into the Concession Agreement for the Kunming Shilin County Township Water Environment Improvement Project (Phase I) (《昆明市石林縣城鎮水環境改善項目(一期)特許經營協議》) (the “**Concession Agreement**”) with the Shilin Yi Autonomous County Housing and Urban-Rural Development Bureau (the “**Shilin County Housing and Urban-Rural Development Bureau**”). Pursuant to the Concession Agreement, Shilin County Housing and Urban-Rural Development Bureau was authorized by the People’s Government of Shilin Yi Autonomous County to grant the Company the concession right of the Shilin County Township Water Environment Improvement Project (Phase I) (the “**Phase I Project**”), including the right of investment and financing, construction management, operation, transfer of project assets and the right to receive the revenue generated therefrom. The Company will establish a wholly-owned subsidiary as the project company (the “**Project Company**”) at the location of the Phase I Project and upon establishment of the Project Company, the concession right of the Phase I Project under the Concession Agreement will be transferred to the Project Company for ongoing performance.

The Phase I Project includes one reclaimed water replenishment sub-project: (i) the Shilin County Township Water Environment Improvement Project (South Urban Area Trunk Sewer) Project, and two wastewater treatment sub-projects: (i) the Shilin County Township Wastewater Treatment Plant (Station) and Collection Pipeline Construction Project; and (ii) the Shilin County No. 2 Wastewater Treatment Plant Project. The total investment amount of the Phase I Project is approximately RMB320 million, subject to the final amount to be audited and confirmed by the competent government departments or third-party intermediaries with relevant qualifications commissioned by them.

The Company/the Project Company will be granted a 30-year operation period for the relevant sub-projects under the Concession Agreement, commencing from the date following the date of satisfactory delivery and acceptance of the relevant sub-projects to the date following the date due for handover. During the operation period, the Company/the Project Company will operate, maintain and manage the relevant sub-projects in accordance with the terms of the Concession Agreement and the People's Government of Shilin Yi Autonomous County will pay service fees to the Company/the Project Company based on the wastewater treatment price and reclaimed water replenishment price and the volume of water as agreed in the Concession Agreement. During the operation period, the wastewater treatment price and reclaimed water replenishment price will be adjusted in accordance with the terms of the Concession Agreement. Upon expiry of the concession period of the relevant sub-projects, the Company/the Project Company will transfer the assets of the relevant sub-projects to the Shilin County Housing and Urban-Rural Development Bureau or a third party designated by it in accordance with the terms of the Concession Agreement.

The Board is of the view that the transactions contemplated under the Concession Agreement are in the ordinary and usual course of business of the Company and are revenue in nature. The transactions contemplated under the Concession 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**"), nor do they constitute connected transactions of the Company under Chapter 14A of the Listing Rules. The signing of the Concession Agreement 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, 24 February 2023

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 Mr. Zhang Yang, as non-executive Directors; and Ms. Wang Dongfang, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.