
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kunming Dianchi Water Treatment Co., Ltd., you should at once hand this circular and the proxy form and the reply slip for the Annual General Meeting to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

2019 ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 2:30 p.m. on Friday, 19 June 2020 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC. Notice of the AGM is set out on pages 14 to 16 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Tricor Investor Services Limited and for holders of Domestic Shares, the proxy form should be returned to the Company's registered office and headquarters in the PRC by personal delivery or by post not less than 24 hours before the time fixed for holding the AGM (i.e., before 2:30 p.m. on Thursday, 18 June 2020) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to Tricor Investor Services Limited (for holders of H Shares) or to the Company's registered office and headquarters in the PRC (for holders of Domestic Shares) on or before Friday, 29 May 2020.

20 April 2020

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM” or “Annual General Meeting”	the 2019 annual general meeting of the Company to be held on Friday, 19 June 2020 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board of Directors” or “Board”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Company”	Kunming Dianchi Water Treatment Co., Ltd. (昆明滇池水務股份有限公司), a joint stock company established in the PRC with limited liability on 23 December 2010, and its H Shares are listed on the Stock Exchange (stock code: 3768)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the Company’s capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“General Mandate”	a general mandate to be granted to the Board for exercising of the power of the Company to issue Domestic Shares and H Shares up to 20% of the total number of the Domestic Shares and H Shares of the Company, respectively, in issue on the date of passing the related resolution, subject to the conditions set out in the resolution proposed at the AGM for approving the general mandate
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kunming Dianchi Investment”	Kunming Dianchi Investment Co., Ltd. (昆明滇池投資有限責任公司), a Company established in Yunnan Province, the PRC with limited liability on 13 October 2004, which is the controlling shareholder of the Company
“Latest Practicable Date”	14 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing”	the listing of the H Shares of the Company on the Stock Exchange on 6 April 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region, and Taiwan region
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Supervisor(s)”	supervisors of the Company

LETTER FROM THE BOARD



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)

Board of Directors:

Executive Directors:

Ms. Guo Yumei (*Chairperson*)

Mr. Luo Yun

Non-executive Directors:

Ms. Song Hong

Ms. Zhao Zhu

Independent non-executive Directors:

Mr. Yin Xiaobing

Mr. He Xifeng

Mr. Sin Lik Man

Registered office and headquarters

in the PRC:

Wastewater Treatment Plant No. 7

Kunming Dianchi Tourist Resort

Yunnan Province

the PRC

Principal place of business in Hong Kong:

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay, Hong Kong

20 April 2020

To the Shareholders

Dear Sirs and Madams,

2019 ANNUAL GENERAL MEETING

1. INTRODUCTION

On behalf of the Board of Directors, I invite you to attend the AGM to be held at 2:30 p.m. on Friday, 19 June 2020 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC.

The purpose of this circular is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM.

LETTER FROM THE BOARD

2. BUSINESSES TO BE CONSIDERED AT THE AGM

The businesses to be considered at the AGM are described in more details in the notice of the AGM as set out on pages 14 to 16 of this circular.

Resolutions will be proposed at the AGM and passed as ordinary resolutions, which include:

- (a) the Report of the Board of Directors for 2019
- (b) the Report of the Board of Supervisors for 2019
- (c) the final accounts for 2019
- (d) the audited financial statements and independent auditors' report for the year ended 31 December 2019
- (e) the profit distribution plan for 2019
- (f) the financial budget plan for 2020
- (g) the authorization to the Board to determine the domestic and international auditors of the Company for the year 2020 and their remunerations
- (h) To elect Mr. Chen Changyong to serve as an executive Director of the Company
- (i) To elect Ms. Yu Yanbo to serve as a non-executive Director of the Company

Resolutions will be proposed at the AGM and passed as special resolutions, which include:

- (j) Amendments to the Articles of Association
- (k) the General Mandate to issue Shares

In order to enable you to have a better understanding of the resolutions to be proposed at the AGM and to make an informed decision in the circumstance where sufficient and necessary information is available, we have provided detailed information in this circular.

LETTER FROM THE BOARD

3. BUSINESSES OF THE AGM

3.1 To consider and approve the Report of the Board of Directors of the Company for 2019

The text of the Report of the Board of Directors for 2019 is set out in the section headed “Report of the Board of Directors” in the Company’s 2019 annual report published on the website of the Stock Exchange on 20 April 2020.

3.2 To consider and approve the Report of the Board of Supervisors of the Company for 2019

The text of the Report of the Board of Supervisors for 2019 is set out in the section headed “Report of the Board of Supervisors” in the Company’s 2019 annual report published on the website of the Stock Exchange on 20 April 2020.

3.3 To consider and approve the final accounts of the Company for 2019

The auditors of the Company, Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) (“**ZSZH**”) and Mazars CPA Limited (“**Mazars**”), have audited the financial statements for 2019 based on the operations of the Company in 2019, and have issued an auditor’s report with standard unqualified opinions.

Summary of the final accounts of the Company for 2019 prepared in accordance with International Financial Reporting Standards is as follows: total assets amounted to approximately RMB9,576.26 million, total liabilities amounted to approximately RMB5,481.83 million, net assets amounted to approximately RMB4,094.42 million, revenues amounted to approximately RMB1,833.54 million and total profits amounted to approximately RMB438.15 million.

3.4 To consider and approve the audited financial statements of the Company and the independent auditors’ report for the year ended 31 December 2019

The audited financial statements and independent auditors’ report for the year ended 31 December 2019 are set out in the sections headed “Independent Auditors’ Report” and “Financial Statements” in the Company’s 2019 annual report published on the website of the Stock Exchange on 20 April 2020.

3.5 To consider and approve the profit distribution plan of the Company for 2019

The Board recommends the distribution of a final cash dividend of RMB0.125 per share (tax inclusive) for the year ended 31 December 2019 to all Shareholders, totaling RMB128,638,875.00 (tax inclusive). In respect of distribution of the final dividend, the dividend for holders of Domestic Shares of the Company shall be declared and paid in RMB while the dividend for holders of H Shares of the Company shall be declared in RMB and paid in Hong Kong dollars. The actual amount of dividend distributed in Hong Kong dollars for H Shares shall be calculated using the average exchange rate published by the People’s Bank of China within one week prior to the date of the Annual General Meeting. Upon consideration for and passing of the profit distribution plan for 2019 of the Company at the AGM, the final dividend shall be distributed in cash on Thursday, 6 August 2020 to the holders of H Shares whose names appear on the H Shares register of members on Tuesday, 30 June 2020.

LETTER FROM THE BOARD

For the purpose of determining the list of shareholders who are entitled to the above final dividend, the Share register of members of the Company will be closed from Thursday, 25 June 2020 to Tuesday, 30 June 2020 (both days inclusive). In order to be qualified for the final dividend for the year ended 31 December 2019 (subject to approval of Shareholders), the holders of unregistered H Shares are required to submit the transfer documents to the Company's H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 24 June 2020.

It is proposed to Shareholders at the AGM to authorise the Board and its authorized persons to implement the above profit distribution plan, and proposed for the Board to delegate its authority to the Company's management for implementing all relevant matters relating to the above profit distribution plan at the time when it obtains the above authority.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2019 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H Shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H Shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax.

According to the requirements of the State Administration of Taxation (Guo Shui Han [2011] No. 348) and the relevant laws and regulations, if the individual holders of H shares are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will assist them to make applications to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

The Company will determine the resident status of the individual holders of H Shares based on the registered address as recorded in the register of members of the Company on Tuesday, 30 June 2020 (the "**Registered Address**"). If the resident status of any individual holders of H Shares is not consistent with that indicated by the Registered Address, such individual holders of H Shares shall notify the Company's H Share Registrar not later than 4:30 p.m. on Wednesday, 24 June 2020, and provide relevant supporting documents to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Any individual holders of H Shares who fail to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice.

LETTER FROM THE BOARD

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements.

3.6 To consider and approve the annual financial budget plan of the Company for 2020

A resolution for approving the annual budget plan for 2020 shall be proposed at the Annual General Meeting. The specific details of the annual budget plan for 2020 are as follows:

In 2020, the Company plans to invest a total of approximately RMB3,420 million in markets, engineering projects construction, technology research and development and other areas, with estimated aggregate cash payments of approximately RMB1,420 million, including engineering projects construction investment, marketing investment and other items such as information, technology research and development, major and medium repairs, purchases of fixed assets.

3.7 To consider and approve the authorization to the Board to determine the domestic and international auditors of the Company for the year 2020 and their remunerations

3.8 The election of Mr. Chen Changyong to serve as an executive Director of the Company

As considered and approved by the Company at the 69th meeting of the first session of the Board held on 14 November 2019, Mr. Chen Changyong (陳昌勇, “**Mr. Chen**”) was proposed to be appointed as an executive Director of the first session of the Board of the Company.

Biographical details of Mr. Chen are as follows:

Chen Changyong, aged 50, graduated from the Changchun Institute of Geology (長春地質學院) with a bachelor’s degree in July 1992, majoring in geology and mineral exploration and graduated from the Changchun Institute of Geology with a master’s degree in July 1995, majoring in mineral prospecting and exploration. Mr. Chen graduated from Kunming University of Science and Technology (昆明理工大學) with a doctorate in July 1999, majoring in mineral prospecting and exploration in the Department of Territorial Development and Urban and Rural Architecture. Mr. Chen is also a senior engineer. Mr. Chen worked in the Land Acquisition Office of the Municipal Land and Resources Bureau of Kunming (昆明市國土資源局) from August 1999 to November 2002 and served as the deputy director of the general office of the Municipal Land and Resources Bureau of Kunming from November 2002 to January 2005. He joined Kunming Dianchi Investment, the controlling shareholder of the Company, in September 2004 and until March 2016, he successively served as a member of the party committee, director, deputy general manager, deputy secretary of the party committee, secretary of the disciplinary committee and chairman of the labor union of Kunming Dianchi Investment. He was a director and the secretary to the party committee of Kunming Drainage System Management Co., Ltd. (昆明排水設施管理有限責任公司) (a subsidiary of Kunming Dianchi Investment) from March 2016 to June 2019. He joined the Company on 27 June 2019 and was appointed as the general manager of the Company on 10 July 2019. He is currently the deputy secretary of the party committee and general manager of the Company.

LETTER FROM THE BOARD

The appointment of Mr. Chen as the executive Director of the Company will come into effect after the approval of the resolution of his appointment and the proposed amendments to the Articles of Association at the AGM by the Shareholders. At that time, the Company will enter into a director service agreement with Mr. Chen with a term from the day when the above resolution is considered and approved at the AGM to the day when the election of the next session of the Board is completed. Mr. Chen's remuneration as the Company's executive director includes basic salary, performance bonuses and other benefits. The basic salary is determined in accordance with Mr. Chen's position in the Company. The performance bonus is determined with reference to the Company's business performance. Other benefits include statutory pension, medical and housing fund, etc.. The Board will conduct an annual performance appraisal of Mr. Chen during which the annual remuneration amount will be determined next year in accordance with his annual performance appraisal and relevant laws and regulations and the same will be disclosed in the Company's annual report.

To the best knowledge of the Directors of the Company, save as disclosed above: (1) Mr. Chen did not hold any directorship in public companies whose securities are listed in Hong Kong or any overseas securities markets in the past three years; (2) Mr. Chen is not connected to any Director, Supervisor, senior management, substantial shareholder or controlling shareholder of the Company; and (3) before Mr. Chen's appointment as the executive Director of the Company comes into effect, apart from serving as the general manager and deputy secretary of the party committee of the Company, he does not hold any other positions in the Company or any other member companies of the Group to which the Company belongs; and (4) as at the Latest Practicable Date, Mr. Chen does not have any interests in the shares of the Company or its associated corporations (as defined in Part XV of the SFO).

Save as disclosed above, there is no other information that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, nor are there any other matters in relation to Mr. Chen that need to be brought to the attention of the Shareholders.

3.9 The election of Ms. Yu Yanbo to serve as a non-executive Director of the Company

As considered and approved by the Company at the 69th meeting of the first session of the Board held on 14 November 2019, Ms. Yu Yanbo (余燕波, "Ms. Yu") was proposed to be appointed to serve as a non-executive Director of the first session of the Board of the Company.

Biographical details of Ms. Yu are as follows:

Yu Yanbo, aged 49, senior accountant. In July 1988, she graduated from Kunming Second Light Industry School (昆明市二輕工業學校), majoring in finance and graduated from Yunnan Finance and Trade College (雲南財貿學院) in June 1992, majoring in finance. In December 2010, she graduated from CPC Yunnan Provincial Party School (中共雲南省委黨校), majoring in economic management. Ms. Yu worked in the Kunming Light Union City Credit Cooperative (昆明輕聯城市信用合作社) from August 1988 to April 1993. From May 1993 to March 1994, she worked in Kunming Lianfa City Credit Cooperative (昆明聯發城市信用合作社) and worked at Kunming International Trust and Investment Co., Ltd. (昆明國際信託投資公司) from April 1994 to November 2005. She has been working in Kunming Industrial Development & Investment Co., Ltd. ("Kunming Industrial") (昆明產業開發投資有限責任公司) since November 2005. She has been serving as the deputy manager of the planning and finance department, deputy manager of the contract audit department, manager of the audit legal department, manager of the capital operation department, supervisor and assistant to the general manager of Kunming Industrial.

LETTER FROM THE BOARD

The appointment of Ms. Yu as the non-executive Director of the Company will come into effect after the approval of the resolution of her appointment and the proposed amendments to the Articles of Association at the AGM by the Shareholders. At that time, the Company will enter into a director service agreement with Ms. Yu with a term from the day when the above resolution is considered and approved at the AGM to the day when the election of the next session of the Board is completed. Ms. Yu will not obtain remuneration from the Company during her term as the non-executive Director of the Company.

To the best knowledge of the Directors of the Company, save as disclosed above: (1) Ms. Yu did not hold any directorship in public companies whose securities are listed in Hong Kong or any overseas securities markets in the past three years; (2) Ms. Yu is not connected to any Director, Supervisor, senior management, substantial shareholder or controlling shareholder of the Company; and (3) before Ms. Yu's appointment as the non-executive Director of the Company comes into effect, she does not hold any other positions in the Company or any other member companies of the Group to which the Company belongs; and (4) as at the Latest Practicable Date, Ms. Yu does not have any interests in the shares of the Company or its associated corporations (as defined in Part XV of the SFO).

Save as disclosed above, there is no other information that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules, nor are there any other matters in relation to Ms. Yu that need to be brought to the attention of the Shareholders.

3.10 Amendments to the Articles of Association

3.10.1 As considered and approved by the Company at the 69th meeting of the first session of the Board held on 14 November 2019, in order to meet the actual needs of the Company and better adapt to future business development needs, the Board proposed to increase members of the Board to contribute to the Company's business planning and management advice and thus proposed that part of the contents of the Articles of Association are revised as follows:

Version before revision	Version after revision
Article 4 The general manager of the Company is the legal representative of the Company.	Article 4 The <u>chairperson</u> of the Company is the legal representative of the Company.
Article 112 The Company shall establish a Board. The Board shall comprise seven Directors, including three independent Directors that account for over one third of the members of the Board with one financial or accounting professional and in compliance with the requirement under Rule 3.10(2) of the Main Board Listing Rules. Independent Directors may report directly to the general meeting, the securities regulatory authorities of the State Council and other relevant regulatory departments.	Article 112 The Company shall establish a Board. The Board shall comprise <u>nine</u> Directors, including three independent Directors, <u>Independent Directors should account for at least one third of the members of the Board</u> with one financial or accounting professional and in compliance with the requirement under Rule 3.10(2) of the Main Board Listing Rules. Independent Directors may report directly to the general meeting, the securities regulatory authorities of the State Council and other relevant regulatory departments.

LETTER FROM THE BOARD

3.10.2 As considered and approved by the Company at the 78th meeting of the first session of the Board held on 27 March 2020, in order to further enhance the Party construction work in state-owned enterprises, while taking into account the actual needs of the Company, the Board proposed that part of the contents of the Articles of Association are revised as follows:

Version before revision	Version after revision
<p>Article 102 The number of the posts of the Secretary, Deputy Secretary and members of the Party Committee and the Discipline Inspection Committee of the Company shall be set in accordance with the approval of higher Party organizations, and shall be selected or appointed in accordance with the relevant regulations of the Constitution of the Communist Party of China and the Provisional Regulations Governing CPC Grassroots Elections. The Company shall insist on and improve the leadership system of mutual entry and cross appointment under which the qualified members of Party Committee of the Company leading group may enter the Board of Directors, Board of Supervisors and the management level through legal procedures, so as to ensure the limited fulfillment of the role of Party organization at decision making level, supervision level and executive level. The system of periodical leadership transition in enterprise grassroots organizations shall be strictly implemented. This session of Party Committee of the Company consists of six members, including one Secretary and one Deputy Secretary; the Discipline Inspection Committee of the Company consists of five members, including one Secretary.</p>	<p>Article 102 The number of the posts of the Secretary, Deputy Secretary and members of the Party Committee and the Discipline Inspection Committee of the Company shall be set in accordance with the approval of higher Party organizations, and shall be selected or appointed in accordance with the relevant regulations of the Constitution of the Communist Party of China and the Provisional Regulations Governing CPC Grassroots Elections. The Company shall insist on and improve the leadership system of mutual entry and cross appointment under which the qualified members of Party Committee of the Company leading group may enter the Board of Directors, Board of Supervisors and the management level through legal procedures, so as to ensure the effective fulfillment of the role of Party organization at decision making level, supervision level and executive level. The system of periodical leadership transition in enterprise grassroots organizations shall be strictly implemented. This session of Party Committee of the Company consists of six members, including one Secretary and one Deputy Secretary; the Discipline Inspection Committee of the Company consists of five members, including one Secretary.</p>

Note: The proposed amendments are prepared in Chinese. In the event of any discrepancy between the Chinese and the English version of the Articles of Association, the Chinese version shall prevail.

Save for the above proposed amendments, the contents of other chapters and articles of the Articles of Association remain unchanged.

The above proposed amendments will be proposed at the AGM by a special resolution for consideration and approval by the Shareholders.

The proposed amendments will be subject to approval by the Shareholders at the AGM in the form of special resolutions.

LETTER FROM THE BOARD

3.11 General Mandate to issue Shares

In order to meet the capital requirements of the Company for its continuous business development, to utilize financing platforms effectively and flexibly and to take advantage of capital market windows in a timely manner, in accordance with the applicable laws and regulations of the PRC, the Listing Rules and the Articles of Association, the Company proposes to grant the General Mandate to the Board by way of resolution at the AGM to allot, issue or deal with additional Domestic Shares and H Shares not exceeding 20% of the total number of Domestic Shares and H Shares of the Company, respectively, in issue on the date of passing such resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 689,088,000 Domestic Shares and 340,023,000 H Shares. Subject to the passing of the resolution related to the granting of the General Mandate and on the basis that no further Shares will be issued before the AGM, the Company will be allowed to issue a maximum of 137,817,600 Domestic Shares and 68,004,600 H Shares in accordance with the General Mandate.

(A) Specific plans on the General Mandate to issue Shares:

- (a) Subject to the conditions set out in (b) below, the Board is hereby authorized to approve, allot, issue, grant and/or otherwise deal with Shares (Domestic Shares and/or H Shares), securities convertible into Shares, and options, warrants to subscribe for or convertible into Shares or other securities with rights to subscribe for or convert into Shares, separately or at the same time during the Relevant Period (as defined below).

Notwithstanding the fulfillment of the conditions set out in (b) below, if the allotment of voting shares will result in a de facto change of control of the Company, the Board of the Company shall separately obtain authorization by way of a special resolution in advance before making such an allotment.

- (b) The number of Shares (Domestic Shares and/or H Shares), securities convertible into Shares, or options, warrants to subscribe for or convertible into Shares or other securities with rights to subscribe for or convert to Shares (which shall be calculated on the basis of the number of Domestic Shares and/or H Shares that such securities can be converted into/be allotted) proposed to be approved, allotted, issued, granted and/or otherwise dealt with by the Board shall not exceed 20% of each class of the Domestic Shares and H Shares issued of the Company as at the date on which this resolution is passed at the AGM.
- (c) For the purposes of this resolution:

“Relevant Period” means the period from the date on which this special resolution is passed at the general meeting until the earliest of: 1. the conclusion of the next annual general meeting of the Company following the date of passing of this resolution; 2. the expiration of twelve months following the date of passing of this resolution at a general meeting; 3. the date on which the authority granted to the Board under this resolution is revoked or varied by a special resolution of the Shareholders of the Company at a general meeting.

LETTER FROM THE BOARD

- (d) The Board is hereby authorized to determine the details of the issuance plan, including but not limited to: 1. the class and number of Shares proposed to be issued; 2. the pricing basis and/or the offer price (including the price range); 3. the date of opening and closing of the issuance; 4. the specific use of the proceeds raised; 5. the recommendation, agreement and share options to be made or granted for the exercise of the said power; 6. other content to be included in the detailed issuance plan as required by the relevant laws and regulations and other regulatory documents, the relevant regulatory authorities and the local stock exchange.
- (e) The Board is hereby authorized to implement the issuance plan and deal with the matters related to an increase in the registered capital of the Company so as to reflect the Shares authorized to be issued by the Company under this resolution, and to make such amendments as it deems appropriate and necessary to the provisions related to the issuance of Shares and registered capital in the Articles of Association, and to adopt and complete any other actions and procedures that are necessary for the implementation of the issuance plan and the completion of the increase in the registered capital of the Company.

(B) Relevant mandate

In order to enhance the efficiency of decision-making, reduce internal approval procedures and grasp market opportunities, in respect of the general mandate to issue Shares, it is proposed to the Board, which in turn proposed to the general meeting to approve the authorization of the Board and any persons authorized by the Board to deal with the matters in connection with the general mandate to issue Shares. The specific details of the mandate given to the authorized persons will be separately determined upon the exercise of the general mandate by the Board under this resolution.

4. THE AGM

The proxy form and the reply slip of the AGM are enclosed.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Tricor Investor Services Limited and for holders of Domestic Shares, the form of proxy should be returned to the Company's registered office and headquarters in the PRC by personal delivery or by post not less than 24 hours before the time fixed for holding the AGM (i.e. before 2:30 p.m. on Thursday, 18 June 2020) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip to (for holders of H Shares) Tricor Investor Services Limited or (for holders of Domestic Shares) to the Company's registered office and headquarters in the PRC on or before Friday, 29 May 2020.

LETTER FROM THE BOARD

5. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the Chairman of the AGM will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the AGM.

6. RECOMMENDATIONS

The Board considers that the resolutions proposed at the AGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of those proposed resolutions at the AGM.

Yours faithfully,
Guo Yumei
Chairperson

NOTICE OF 2019 ANNUAL GENERAL MEETING



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)

NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2019 annual general meeting (the “AGM”) of Kunming Dianchi Water Treatment Co., Ltd. (the “Company”) will be held at 2:30 p.m. on Friday, 19 June 2020 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No.7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC, for the following purposes:

ORDINARY RESOLUTIONS

1. To consider and approve the Report of the Board of Directors for 2019
2. To consider and approve the Report of the Board of Supervisors for 2019
3. To consider and approve the final accounts for 2019
4. To consider and approve the audited financial statements and independent auditors’ report for the year ended 31 December 2019
5. To consider and approve the profit distribution plan for 2019
6. To consider and approve the financial budget plan for 2020
7. To consider and approve the authorization to the Board to determine the domestic and international auditors of the Company for the year 2020 and their remunerations
8. To consider and approve the election of Mr. Chen Changyong to serve as an executive Director of the Company
9. To consider and approve the election of Ms. Yu Yanbo to serve as a non-executive Director of the Company

NOTICE OF 2019 ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

10. To consider and approve the amendments to the Articles of Association
11. To consider and approve the General Mandate to issue Shares

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

Kunming, the PRC
20 April 2020

Notes:

1. According to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, each of the resolutions set out in the notice of AGM will be voted by poll. Results of the poll voting will be published on the Company's website at www.kmdcwt.com and the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the AGM.
2. The Board recommends the distribution of a final cash dividend (the "**Final Dividend**") of RMB0.125 per Share (tax inclusive) for the year ended 31 December 2019, totaling approximately RMB128,638,875.00 (tax inclusive), subject to approval by Shareholders at the AGM.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2019 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H Shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H Shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to the requirements of the State Administration of Taxation (Guo Shui Han [2011] No.348) and the relevant laws and regulations, if the individual holders of H shares are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will assist them to make applications to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

The Company will determine the resident status of the individual holders of H Shares based on the registered address as recorded in the register of members of the Company on Tuesday, 30 June 2020 (the "**Registered Address**"). If the resident status of any individual holders of H Shares is not consistent with that indicated by the Registered Address, such individual holders of H shares shall notify the Company's H Share Registrar not later than 4:30 p.m. on Wednesday, 24 June 2020, and provide relevant supporting documents to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Any individual holders of H Shares who fail to provide relevant supporting documents within the time period stated above, may either personally or appoint an agent to attend to the relevant procedures in accordance with the requirements under the tax treaty notice. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements.

NOTICE OF 2019 ANNUAL GENERAL MEETING

3. Any Shareholder entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a Shareholder of the Company.
4. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of such power of attorney or authority, must be completed and returned to the Company's registered office and headquarters in the PRC (for holders of Domestic Shares) or the H Share Registrar of the Company, Tricor Investor Services Limited (for holders of H Shares), at least 24 hours before the AGM (i.e. before 2:30 p.m. on 18 June 2020) or any adjourned meeting thereof. Tricor Investor Services Limited is located at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. Completion and return of a proxy form will not preclude a Shareholder from attending and voting at the AGM or any adjourned meeting thereof should he/she so wish.
5. For the purpose of determining the list of holders of H Shares who are entitled to attend the AGM, the H Share register of members of the Company will be closed from Wednesday, 20 May 2020 to Friday, 19 June 2020 (both days inclusive). The holders of H Shares who wish to attend the AGM are required to submit the share certificates together with the transfer documents to the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 19 May 2020 for registration. Holders of H Shares who are registered with Tricor Investor Services Limited on or before the above date are entitled to attend the AGM.

For the purpose of determining the list of holders of H Shares who are entitled to the Final Dividend, the H Share register of members of the Company will be closed from Thursday, 25 June 2020 to Tuesday, 30 June 2020 (both days inclusive). In order to be qualified for the Final Dividend (subject to approval of Shareholders), the holders of unregistered H Shares are required to submit the transfer documents to the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 24 June 2020.
6. In case of joint Shareholdings, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
7. Shareholders of the Company intending to attend the AGM in person or by their proxies should return the reply slip for attending the AGM by personal delivery or by post to the Company's registered office and headquarters in the PRC (for holders of Domestic Shares) or the Company's H Share Registrar, Tricor Investor Services Limited (for holders of H Shares) on or before Friday, 29 May 2020. The address of Tricor Investor Services Limited is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
8. The AGM is expected to be held for less than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
9. A Shareholder or his proxy should produce proof of identity when attending the AGM.
10. The Company's registered office and headquarters in the PRC is No. 7 Wastewater Treatment Plant, Kunming Dianchi National Tourist Resort, Yunnan Province, the PRC.
11. All references to dates and time in this notice are to Hong Kong dates and time.

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