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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)

## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board of directors (the “**Board**”) of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) announces that, according to relevant requirements of the Reply of the State Council on the Adjustment of the Notice Period of the General Meetings and Other Matters Applicable to Overseas Listed Companies (Guo Han [2019] No. 97), the Company Law of the People’s Republic of China and the Notice on Further Facilitating the “Inclusion of Party Construction Works in the Articles of Association” of State-owned Enterprises, the Board proposed to make amendments (“**Proposed Amendments**”) to relevant articles in the articles of association of the Company (the “**Articles of Association**”) based on the actual situation of the Company. Details of the Proposed Amendments are as follows:

Current version	Amended version
<b>Contents CHAPTER 10 PARTY ORGANIZATION AND THE WORKING COMMITTEE OF THE PARTY</b>	<b>Contents CHAPTER 10 PARTY ORGANIZATION AND THE WORKING COMMITTEE OF THE PARTY</b> <b><u>PARTY COMMITTEE OF THE COMPANY</u></b>
<p><b>Article 7</b> The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors and senior management members; the aforementioned person(s) may assert claims in respect of the Company’s affairs pursuant to the Articles of Association.</p> <p>Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management members of the Company.</p>	<p><b>Article 7</b> <del>The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors and senior management members; the aforementioned person(s)</del> <b><u>The Company and its shareholders, directors, supervisors and senior management members</u></b> may assert claims in respect of the Company’s affairs pursuant to the Articles of Association.</p> <p>Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management members of the Company.</p>

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<p>“Legal proceedings” referred to in the preceding paragraph includes any legal action brought before a court and any arbitration application submitted to an arbitration institution.</p>	<p>“Legal proceedings” referred to in the preceding paragraph includes any legal action brought before a court and any arbitration application submitted to an arbitration institution.</p>
	<p><b><u>(Newly added) Article 10 The Company shall set up its organization of the Communist Party of China in accordance with the requirements of the Constitution of the Communist Party of China and the Regulations on the Work of Basic Organizations of the State-owned Enterprises of the Communist Party of China (Trial), carry out the activities of the Party, set up a working body for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient working funds to operate the Party organization.</u></b></p>
	<p><b><u>(Newly added) Article 11 The Articles of Association shall have binding effect on the bodies performing the contributor’s functions, the Company, members of the Party Committee, directors and senior management members.</u></b></p>
<p><b>Article 30</b> Where the Company repurchases its shares for any reason mentioned in (1) to (3) of Article 28 above of the Articles of Association or by an off-market agreement, the prior sanction of shareholders at a general meeting shall be obtained in accordance with the Articles of Association. The Company may release, vary or waive its rights under a contract so entered into by the Company with the prior approval of shareholders at a general meeting obtained in the same manner.</p> <p>“Contract to repurchase shares” referred to in the preceding paragraph includes (but not limited to) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of the Company.</p> <p>The contract to repurchase its shares or any rights provided therein shall not be assigned by the Company.</p>	<p><b><u>Article 32</u></b> Where the Company repurchases its shares for any reason mentioned in (1) to (3) of <b><u>Article 30</u></b> above of the Articles of Association or by an off-market agreement, the prior sanction of shareholders at a general meeting shall be obtained in accordance with the Articles of Association. The Company may release, vary or waive its rights under a contract so entered into by the Company with the prior approval of shareholders at a general meeting obtained in the same manner.</p> <p>“Contract to repurchase shares” referred to in the preceding paragraph includes (but not limited to) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of the Company.</p> <p>The contract to repurchase its shares or any rights provided therein shall not be assigned by the Company.</p>

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<p><b>Article 32</b> Where shares are repurchased lawfully pursuant to sub-paragraph (1) of Article 28 of the Articles of Association, such shares shall be cancelled within 10 days from the date of repurchase; in case of repurchase pursuant to sub-paragraphs (2) and (4) of Article 28 of the Articles of Association, such shares shall be transferred or cancelled within 6 months thereafter; in case of repurchase pursuant to sub-paragraph (3) of Article 28 of the Articles of Association, such shares shall not be more than 5% of the total issued share capital of the Company; funds used for repurchase shall be financed out of profits after tax of the Company; repurchased shares shall be transferred to the employees within one year.</p> <p>After cancelling repurchased shares lawfully, the Company shall apply to the original companies registration authority for registration of the change of its registered capital and issue a relevant press announcement.</p> <p>The amount of the Company’s registered capital shall be reduced by the aggregate par value of those cancelled shares.</p>	<p><b>Article 34</b> Where shares are repurchased lawfully pursuant to sub-paragraph (1) of <b>Article 30</b> of the Articles of Association, such shares shall be cancelled within 10 days from the date of repurchase; in case of repurchase pursuant to sub-paragraphs (2) and (4) of <b>Article 30</b> of the Articles of Association, such shares shall be transferred or cancelled within 6 months thereafter; in case of repurchase pursuant to sub-paragraph (3) of <b>Article 30</b> of the Articles of Association, such shares shall not be more than 5% of the total issued share capital of the Company; funds used for repurchase shall be financed out of profits after tax of the Company; repurchased shares shall be transferred to the employees within one year.</p> <p>After cancelling repurchased shares lawfully, the Company shall apply to the original companies registration authority for registration of the change of its registered capital and issue a relevant press announcement.</p> <p>The amount of the Company’s registered capital shall be reduced by the aggregate par value of those cancelled shares.</p>
<p><b>Article 35</b> The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.</p> <p>The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.</p> <p>This Article shall not apply to the circumstances referred to in Article 37 in the Articles of Association.</p>	<p><b>Article 37</b> The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company.</p> <p>The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.</p> <p>This Article shall not apply to the circumstances referred to in <b>Article 39</b> in the Articles of Association.</p>

Current version	Amended version
<p><b>Article 37</b> The following activities shall not be deemed to be prohibited by Article 35 of the Articles of Association:</p>	<p><b>Article 39</b> The following activities shall not be deemed to be prohibited by <b>Article 37</b> of the Articles of Association:</p>
<p>(1) the provision of relevant financial assistance by the Company is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;</p>	<p>(1) the provision of relevant financial assistance by the Company is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;</p>
<p>(2) the lawful distribution of the Company's assets by way of dividend;</p>	<p>(2) the lawful distribution of the Company's assets by way of dividend;</p>
<p>(3) the allotment of bonus shares as dividends;</p>	<p>(3) the allotment of bonus shares as dividends;</p>
<p>(4) inter alias, a reduction of registered capital, a repurchase of shares or a reorganization of the equity structure of the Company effected in accordance with the Articles of Association;</p>	<p>(4) inter alias, a reduction of registered capital, a repurchase of shares or a reorganization of the equity structure of the Company effected in accordance with the Articles of Association;</p>
<p>(5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits); and</p>	<p>(5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits); and</p>
<p>(6) the provision of money by the Company for contributions to staff and workers share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits).</p>	<p>(6) the provision of money by the Company for contributions to staff and workers share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that they are thereby reduced, the financial assistance is provided out of distributable profits).</p>

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<p><b>Article 49</b> No changes in the shareholders' register due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends.</p>	<p><b>Article 51</b> No changes in the shareholders' register due to the transfer of shares may be made within <b>20</b> days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends. <b><u>However, where laws, administrative regulations, departmental rules, normative documents and relevant stock exchanges or securities regulatory authorities of the place where the Company's shares are listed have provisions on the period of closure of share register prior to the date of the general meeting or before the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.</u></b></p>
<p><b>Article 61</b> The shareholders' general meeting shall have the following functions and powers:</p> <ol style="list-style-type: none"> <li>(1) to decide on the Company's business policies and investment plans;</li> <li>(2) to elect and replace directors and supervisors that are not staff representatives and decide on matters relating to their remuneration;</li> <li>(3) to consider and approve the reports of the Board;</li> <li>(4) to consider and approve the reports of the Board of Supervisors;</li> <li>(5) to consider and approve the Company's proposed annual financial budgets and final account plans;</li> <li>(6) to consider and approve the Company's profit distribution plans and deficit-deduction plans;</li> <li>(7) to resolve on the increase or reduction of the Company's registered capital;</li> <li>(8) to resolve on the issuance of debentures, any kind of securities, warrants or other similar securities by the Company;</li> </ol>	<p><b>Article 63</b> The shareholders' general meeting shall have the following functions and powers:</p> <ol style="list-style-type: none"> <li>(1) to decide on the Company's business policies and investment plans;</li> <li>(2) to elect and replace directors and supervisors that are not staff representatives and decide on matters relating to their remuneration;</li> <li>(3) to consider and approve the reports of the Board;</li> <li>(4) to consider and approve the reports of the Board of Supervisors;</li> <li>(5) to consider and approve the Company's proposed annual financial budgets and final account plans;</li> <li>(6) to consider and approve the Company's profit distribution plans and deficit-deduction plans;</li> <li>(7) to resolve on the increase or reduction of the Company's registered capital;</li> <li>(8) to resolve on the issuance of debentures, any kind of securities, warrants or other similar securities by the Company;</li> </ol>

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(9) to resolve on matters such as the merger, division, dissolution, liquidation or change of the corporate form of the Company;	(9) to resolve on matters such as the merger, division, dissolution, liquidation or change of the corporate form of the Company;
(10) to amend the Articles of Association;	(10) to amend the Articles of Association;
(11) to consider and approve the motions raised by shareholders who individually or collectively represent 3% or more of the total number of voting shares of the Company;	(11) to consider and approve the motions raised by shareholders who individually or collectively represent 3% or more of the total number of voting shares of the Company;
(12) to resolve on the engagement, re-appointment or termination of engagement of the accountants of the Company;	(12) to resolve on the engagement, re-appointment or termination of engagement of the accountants of the Company;
(13) to consider and approve the guarantees specified in Article 62 of the Articles of Association subject to approval at the shareholders' general meeting;	(13) to consider and approve the guarantees specified in <b>Article 64</b> of the Articles of Association subject to approval at the shareholders' general meeting;
(14) to consider the acquisition, disposal of significant assets or guarantees within one year which account for more than 30% of the latest audited total assets of the Company;	(14) to consider the acquisition, disposal of significant assets or guarantees within one year which account for more than 30% of the latest audited total assets of the Company;
(15) to consider and approve the share incentive scheme;	(15) to consider and approve the share incentive scheme;
(16) to resolve the repurchase of the Company's Shares;	(16) to resolve the repurchase of the Company's Shares;
(17) to consider other matters which, according to the laws, administrative regulations and the Articles of Association, should be resolved by the shareholders at shareholders' general meetings;	(17) to consider other matters which, according to the laws, administrative regulations and the Articles of Association, should be resolved by the shareholders at shareholders' general meetings;
(18) to consider other matters as required by the listing rules of the stock exchange on which the Company's shares are listed.	(18) to consider other matters as required by the listing rules of the stock exchange on which the Company's shares are listed.

<b>Current version</b>	<b>Amended version</b>
<p>To authorise or delegate the Board to deal with matters as authorised and instructed at the shareholders’ general meeting provided that the laws, regulations and the mandatory provisions of relevant laws and regulations of the place of listing are observed.</p>	<p>To authorise or delegate the Board to deal with matters as authorised and instructed at the shareholders’ general meeting provided that the laws, regulations and the mandatory provisions of relevant laws and regulations of the place of listing are observed.</p>
<p>To authorise or delegate the Board to deal with matters as authorised and instructed at the shareholders’ general meeting, including but not limited to:</p>	<p>To authorise or delegate the Board to deal with matters as authorised and instructed at the shareholders’ general meeting, including but not limited to:</p>
<p>(1) subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of shares;</p>	<p>(1) subject to the applicable laws, regulations and listing rules, to give a general mandate to the Board to issue, allot and deal with additional H shares not exceeding 20% of the H shares of the Company in issue (or other proportions as required by the applicable laws, regulations and listing rules) and authorize the Board to make corresponding amendments to the Articles of Association as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of shares;</p>

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<p>(2) to authorize the Board, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the value, interest rate, term, targeted group and use of proceeds of the bond(s), as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits</p>	<p>(2) to authorize the Board, within the cap amount of debt issuance, to determine the specific terms and the relevant matters in relation to the issuance of the debt financing instrument(s) such as domestic short-term financial instruments, mid-term financial notes, corporate bonds, overseas USD bonds in accordance with the needs of production, operation and capital expenditure as well as the market conditions, including but not limited to the determination of the value, interest rate, term, targeted group and use of proceeds of the bond(s), as well as the preparation for, execution and disclosure of all necessary documents thereof subject to the aforementioned limits.</p>
<p><b>Article 67</b> To convene a shareholders' general meeting, the Company shall give written notices 45 days before the date of meeting (including the date of meeting), informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who will attend the meeting shall return the written replies of attendance to the Company 20 days before the date of the meeting. When calculating the starting date, the date of the meeting shall be excluded.</p>	<p><b>Article 69</b> To convene a shareholders' <u>annual</u> general meeting, the Company shall give written notices <u>20 business days</u> before the date of meeting, <u>and to convene an extraordinary general meeting, the Company shall give written notices 10 business days or 15 days (whichever is longer) before the date of meeting,</u> informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. <del>Shareholders who will attend the meeting shall return the written replies of attendance to the Company 20 days before the date of the meeting.</del> When calculating the starting date, the date of the meeting shall be excluded. <u>("Business days" referred to in the Articles of Association represent the days on which the stock exchange where the Company is listed opens for trading of securities).</u></p>



Current version	Amended version
<p>Unless otherwise provided in the Articles of Association, the notice of the shareholders' general meeting shall be delivered by personal delivery or prepaid mail to the shareholders (whether or not such shareholders have a voting right at the shareholders' general meeting). The address of the recipient shall be the address registered in the register of shareholders. For the holders of domestic shares, notice of the meeting may be issued by way of public announcement.</p> <p>“The public announcement” referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council during 45 days to 50 days prior to the date of the meeting. Upon the publication of the announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p> <p>The notice, information or written statement of a shareholders' general meeting served on the holders of overseas-listed foreign-invested shares and notice of a shareholders' general meeting served on the holders of overseas-listed foreign-invested shares 45 days prior to the date of the meeting may be published through the websites of the Hong Kong Stock Exchange and the Company. Upon the publication of the announcement, all holders of overseas-listed foreign-invested shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>	<p>Unless otherwise provided in the Articles of Association, the notice of the shareholders' general meeting shall be delivered by personal delivery or prepaid mail to the shareholders (whether or not such shareholders have a voting right at the shareholders' general meeting). The address of the recipient shall be the address registered in the register of shareholders. For the holders of domestic shares, notice of the meeting may be issued by way of public announcement.</p> <p>“The public announcement” referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council <del>during 45 days to 50 days prior to the date of the meeting.</del></p> <p>Upon the publication of the announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p> <p>The notice, information or written statement of a shareholders' general meeting served on the holders of overseas-listed foreign-invested shares <del>and notice of a shareholders' general meeting served on the holders of overseas-listed foreign-invested shares 45 days prior to the date of the meeting</del> may be published through the websites of the Hong Kong Stock Exchange and the Company. Upon the publication of the announcement, all holders of overseas-listed foreign-invested shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>

Current version	Amended version
<p><b>Article 68</b> The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting, calculate the number of shares with voting right represented by the shareholders who intend to attend the meeting. If the number of shares with voting rights represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total shares with voting rights, the Company may hold the shareholders' general meeting. Otherwise, the Company shall within 5 days notify the shareholders, again by way of a public announcement, of the matters to be considered at, and the date and place of, the meeting. Once an announcement has been so made, the Company may then proceed to convene the general the meeting.</p> <p>An extraordinary general meeting shall not transact matters not stated in the notice of meeting.</p>	<p><del><b>Article 68</b> The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting, calculate the number of shares with voting right represented by the shareholders who intend to attend the meeting. If the number of shares with voting rights represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total shares with voting rights, the Company may hold the shareholders' general meeting. Otherwise, the Company shall within 5 days notify the shareholders, again by way of a public announcement, of the matters to be considered at, and the date and place of, the meeting. Once an announcement has been so made, the Company may then proceed to convene the general the meeting.</del></p> <p><b>An extraordinary A</b> general meeting shall not transact matters not stated in the notice of meeting.</p>
<p><b>Article 92</b> Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with provisions of Articles 94 to 98 of the Articles of Association.</p> <p>No approval by a general meeting or a class meeting is required for variation or abrogation of rights resulting from any change in domestic and foreign laws and administrative regulations and listing rules where the Company's shares are listed, or those resulting from decisions made by domestic and foreign regulatory organs.</p> <p>The holders of domestic shares of the Company referred to in Article 16 of the Articles of Association may transfer their shares to overseas investors and list the said shares overseas, which shall not be deemed to be a proposed variation or abrogation of the rights conferred on any class of shareholders.</p>	<p><b>Article 93</b> Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with provisions of <u>Articles 95</u> to <u>99</u> of the Articles of Association.</p> <p>No approval by a general meeting or a class meeting is required for variation or abrogation of rights resulting from any change in domestic and foreign laws and administrative regulations and listing rules where the Company's shares are listed, or those resulting from decisions made by domestic and foreign regulatory organs.</p> <p>The holders of domestic shares of the Company referred to in <u>Article 18</u> of the Articles of Association may transfer their shares to overseas investors and list the said shares overseas, which shall not be deemed to be a proposed variation or abrogation of the rights conferred on any class of shareholders.</p>

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<p><b>Article 94</b> Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of Articles 93 in the Articles of Association, but Interested Shareholder(s) shall not be entitled to vote at class meetings.</p>	<p><b>Article 95</b> Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of <b>Article 94</b> in the Articles of Association, but Interested Shareholder(s) shall not be entitled to vote at class meetings.</p>
<p>The meaning of an “Interested Shareholder” stated above is:</p>	<p>The meaning of an “Interested Shareholder” stated above is:</p>
<p>(1) in the case of a repurchase of shares by offers to all shareholders in the same proportion or public dealing on the Hong Kong Stock Exchange in accordance with the provisions of Article 29 of the Articles of Association, a controlling shareholder within the meaning of Article 59 in the Articles of Association;</p>	<p>(1) in the case of a repurchase of shares by offers to all shareholders in the same proportion or public dealing on the Hong Kong Stock Exchange in accordance with the provisions of <b>Article 31</b> of the Articles of Association, a controlling shareholder within the meaning of <b>Article 61</b> in the Articles of Association;</p>
<p>(2) in the case of a repurchase of shares by an off-market contract on the Hong Kong Stock Exchange under Article 29 of the Articles of Association, a shareholder to whom the proposed contract is related;</p>	<p>(2) in the case of a repurchase of shares by an off-market contract on the Hong Kong Stock Exchange under <b>Article 31</b> of the Articles of Association, a shareholder to whom the proposed contract is related;</p>
<p>(3) in the case of a restructure of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.</p>	<p>(3) in the case of a restructure of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.</p>

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<p><b>Article 95</b> Resolutions of a class of shareholders shall require the approval of shareholders present representing more than two thirds of the voting rights of that class voting in favor of such resolutions in accordance with Article 94 of the Articles of Association.</p>	<p><b>Article 96</b> Resolutions of a class of shareholders shall require the approval of shareholders present representing more than two thirds of the voting rights of that class voting in favor of such resolutions in accordance with <u>Article 95</u> of the Articles of Association.</p>
<p><b>Article 96</b> Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting. The date of holding the meeting shall be excluded in calculating the commencement of the time limit.</p> <p>The Company can convene a class shareholders' meeting, if the number of shares of the class carrying voting rights represented by shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class shareholders' meeting.</p> <p>If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions, such provisions shall be complied with.</p>	<p><b>Article 97</b> Written notice of a class meeting shall be given by the Company <del>45 days prior to the date of the meeting</del> <u>with reference to the requirements on notice period for convening the annual general meeting or extraordinary general meeting as set out in Article 69 of the Articles of Association</u> to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. <del>A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.</del> The date of holding the meeting shall be excluded in calculating the commencement of the time limit.</p> <p><del>The Company can convene a class shareholders' meeting, if the number of shares of the class carrying voting rights represented by shareholders intending to attend represents more than one half of the total number of such shares of the Company. If not, the Company shall make an announcement, within five days, once again notifying the shareholders of the matters proposed to be considered and the date and place of the meeting. Once an announcement has been so made, the Company may convene the class shareholders' meeting.</del></p> <p>If the listing rules of the stock exchange(s) on which the Company's shares are listed have specific provisions, such provisions shall be complied with.</p>

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<p><b>Chapter 10 Party Organization and the Working Committee of the Party</b></p>	<p><b><del>Chapter 10 Party Organization and the Working Committee of the Party</del> <u>Party Committee of the Company</u></b></p>
	<p><b><u>(Newly added) Article 100 The Company shall uphold the great idea of socialism with Chinese characteristics, follow the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of “Three Represents”, the Scientific Outlook on Development, Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, adhere to the basic theory, basic path and basic strategy of the Party, strengthen the “Four Awareness”, consolidate the “Four Confidences”, ensure “Two Upholds”, and adhere to and strengthen the Party’s overall leadership over enterprises.</u></b></p>
<p><b>Article 99</b> In accordance with the requirements of the Constitution of the Communist Party of China, the Company establishes the CPC Party Committee of Kunming Dianchi Water Treatment Co., Ltd. (hereinafter referred to as “Party Committee of the Company”) and the CPC Discipline Inspection Committee of Kunming Dianchi Water Treatment Co., Ltd. (hereinafter referred to as “Discipline Inspection Committee of the Company”).</p>	<p><b><u>Article 101</u></b> In accordance with the requirements of the Constitution of the Communist Party of China, <b><u>the Regulations on the Work of Basic Organizations of the Stateowned Enterprises of the Communist Party of China (Trial) and other relevant requirements and with approval of higher-level Party organizations, the Company has established the Committee of the Communist Party of China of Kunming Dianchi Water Treatment Co., Ltd. (hereinafter referred to the “Party Committee of the Company”)</u></b> Meanwhile, the Company has also established the <b><u>Commission for Discipline Inspection of the Communist Party of Kunming Dianchi Water Treatment Co., Ltd. (hereinafter referred to as the “Disciplinary Commission of the Company”)</u></b> according to the relevant requirements.</p>
	<p><b><u>(Newly added) Article 102 The Party Committee of the Company shall be elected by the Party member congress or the Party representative congress; each term of office is five (5) years. Regular re-election shall be conducted upon the expiration of its term of office. Each term of office of the Discipline Inspection Commission under the Party shall be the same as the Party Committee.</u></b></p>

Current version	Amended version
	<p><b><u>(Newly added) Article 103 The Party Committee of the Company generally consists of 5 to 9 members, with a maximum number of 11. There should be 1 party secretary, and 1-2 deputy party secretaries as and when they are needed.</u></b></p>
	<p><b><u>(Newly added) Article 104 By adhering to and improving the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee may take seats in the Board of Directors, the Supervisory Committee and the management through statutory procedures, while eligible members of the Board of Directors, the Supervisory Committee and the management who are also Party members may take seats in the Party Committee of the Company in accordance with related regulations and procedures. Generally, secretary of the Party Committee and chairman of the Board of Directors are held by the same person, while deputy secretary is assumed by the general manager who is also a Party member.</u></b></p>

Current version	Amended version
<p><b>Article 100</b> The Party Committee of the Company shall perform the following duties and responsibilities:</p> <p>(1) to play the political core role, serve the Company’s production and operation, ensure and supervise the implementation of guidelines, policies and major deployments of the Party and the State, and ensure the insistence of the Company on the right direction of reform and development;</p> <p>(2) to perform the main construction responsibility of the Party conduct and of an honest and clean administration, and strengthen the unified leadership in construction of the Party conduct and of an honest and clean administration and anti-corruption fight;</p>	<p><b>Article 105</b> The Party Committee of the Company shall <b><u>play a leading role, supervise the Company’s direction of development, monitor the whole situation, ensure implementation of relevant policies, discuss and make decisions on significant matters of the Company in accordance with relevant regulations. The main responsibilities are:</u></b></p> <p>(1) <b><u>to enhance the building of politics of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;</u></b></p> <p>(2) <b><u>to thoroughly study and implement Xi Jinping’s Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party’s theory, thoroughly implement the Party’s guidelines, principles and policies as well as supervise and ensure the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organisation at a higher level in the Company;</u></b></p>

Current version	Amended version
<p>(3) to support the shareholders’ general meeting, Board of Directors, Board of Supervisors and management to perform their duties and rights in accordance with the law, discuss and deliberate the issues relating to the “Three Importance and One Greatness” policymaking system of which the major operation and management issues must be studied and discussed by the Party Committee of the Company before being delivered to the Board of Directors and the managers for decision-making;</p>	<p><b><u>(3) to study and discuss on the significant operating management matters of the Company and support the shareholders’ general meeting, the Board of Directors, the Supervisory Committee and the management to exercise their rights and perform their duties in accordance with the laws;</u></b></p>
<p>(4) in accordance with the principle of the Party being in charge of cadres and talents, to perform the leadership in selecting and using cadres for the Company’s crucial operation and management, play the leading and gate-keeper’s role in selecting and using personnel, and intensify the supervision over leaders of the Company;</p>	<p><b><u>(4) to strengthen the leadership and gate keeping role in the process of selection and appointment of personnel of the Company, and facilitate the establishment of the leadership team, cadre and talent pool;</u></b></p>
<p>(5) to study and arrange the Party-mass work of the Company, strengthen the Party organization’s self-building, lead the ideological and political work, construction of spiritual civilization and the mass organizations including labor union and the Communist Youth League;</p>	<p><b><u>(5) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support discipline inspection institutions to fulfil its supervisory and disciplinary responsibilities as well as exercise strict administrative discipline and political rules and promote the extension of comprehensive and strict governance of the Party into the grassroots level;</u></b></p>
<p>(6) to rely on workers wholeheartedly, and support the work of Workers’ Congress;</p>	<p><b><u>(6) to strengthen the development of grass-root Party organisation and Party members, unite and lead the employees and general public to devote themselves to the reform and development of the Company;</u></b></p>



Current version	Amended version
(7) other duties and responsibilities that shall be performed by the Party Committee of the Company.	(7) <b><u>to lead the Company’s ideological and political work, construction of spiritual civilization and the united front work, and lead mass organisations such as the labour union, the Communist Youth League and women’s organization of the Company.</u></b>
<p><b>Article 102</b> The Secretary, Deputy Secretary and members of the Party Committee and the Discipline Inspection Committee of the Company shall be selected or appointed in accordance with the relevant regulations of the Constitution of the Communist Party of China, the Working Regulations on the Grassroot Organizations of the State-owned Enterprises of the Communist Party of China (Trial) and the Provisional Regulations Governing CPC Grassroots Elections as well as the approval of higher Party organizations. 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.</p>	<p><b>Article 107</b> <b><u>The Party Committee of the Company shall assume the leadership responsibility for comprehensive and strict self-governance, strengthen the education and management of Party members, seriously organise the Party’s organisational activities, and carry out daily management work such as development of Party members.</u></b></p>

Current version	Amended version
<p><b>Article 103</b> Specialized departments shall be established under the Party Committee and the Discipline Inspection Committee of the Company, meanwhile mass organizations such as labor union and League Committee shall be established. The institution setting of Party organization and its setup of personnel force shall be included in the Company’s administrative system and organization setup, the expenditures of Party organization work shall be included in the Company’s budget and be disbursed from the Company’s administrative expenses, the Party Committee staff and the managerial force of the same level shall enjoy equivalent economic treatment.</p>	<p><b>Article 108</b> <u>Based on the actual needs, the Party Committee of the Company shall establish the office, organizational department, publicity department and relevant working organisations. The Company shall designate certain full-time and part-time staff for Party affairs based on the number of employees and the actual needs of the Company. Staff at the same level shall receive the same treatment so as to facilitate the two-way exchange between Party affairs staff and other management personnel. The Company shall ensure sufficient fund for the Party organizational works through inclusion in management expenses and retention of Party fees and prioritize the frontline staff of production and operation. The fee to be included in the management expenses is generally calculated as 1% of the total wages of employees of the Company in the previous year, and is included in the annual budget of the Company.</u></p>
<p><b>Article 109</b> The Company has appointed Independent directors. Unless otherwise required in this section, the provisions relating to the qualifications and obligations of directors set out in chapter 14 of the Articles of Association shall be applicable to Independent directors. At least one independent director of the Company shall be an accounting professional. Independent directors shall carry out their duties honestly and faithfully, safeguard the Company’s interest and in particular prevent encroachment of the rights and interests of the public shareholders, so as to ensure the sufficient representation of the interests of all shareholders.</p>	<p><b>Article 114</b> The Company has appointed Independent directors. Unless otherwise required in this section, the provisions relating to the qualifications and obligations of directors set out in <b>Chapter 15</b> of the Articles of Association shall be applicable to Independent directors. At least one independent director of the Company shall be an accounting professional. Independent directors shall carry out their duties honestly and faithfully, safeguard the Company’s interest and in particular prevent encroachment of the rights and interests of the public shareholders, so as to ensure the sufficient representation of the interests of all shareholders.</p>
<p><b>Article 148</b> Except in circumstances referred to in Article 58 of the Articles of Association, liabilities of a director, supervisor, the general manager and other senior management members arising from the violation of a specified duty may be released by informed shareholders in general meeting.</p>	<p><b>Article 153</b> Except in circumstances referred to in <b>Article 60</b> of the Articles of Association, liabilities of a director, supervisor, the general manager and other senior management members arising from the violation of a specified duty may be released by informed shareholders in general meeting.</p>

Current version	Amended version
<p><b>Article 154</b> A guarantee for a loan provided by the Company in breach of the prohibition referred to in Clause 1 of Article 153 shall be unenforceable against the Company unless:</p> <p>(1) the guarantee was provided in connection with a loan to a person connected with a director, supervisor, the general manager and other senior management members of the Company or its controlling shareholder and at the time the loan was advanced the lender did not know of the relevant circumstances;</p> <p>(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.</p>	<p><b>Article 159</b> A guarantee for a loan provided by the Company in breach of the prohibition referred to in Clause 1 of <b>Article 157</b> shall be unenforceable against the Company unless:</p> <p>(1) the guarantee was provided in connection with a loan to a person connected with a director, supervisor, the general manager and other senior management members of the Company or its controlling shareholder and at the time the loan was advanced the lender did not know of the relevant circumstances;</p> <p>(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.</p>
<p><b>Article 157</b> The Company shall enter into a contract in writing with a director, supervisor and senior management members of the Company, subject to the prior approval of shareholders in a general meeting or the Board. The written contract shall include at least the following provisions:</p> <p>(1) The promise made by a director, supervisor or senior management member to the Company that he/she shall comply with and observe, the requirements stipulated under the Company Law, the Special Regulations, the Articles of Association, the Code on Takeovers, Mergers and Share Repurchases and other rules stipulated by Hong Kong Stock Exchange, and agree that the Company is entitled to take remedial measures under the Articles of Association, where the contract and his/her position shall not be transferred;</p> <p>(2) The promise made by a director, supervisor or senior management members to the Company that he/she shall comply with and perform his/her obligations to shareholders set out in the Articles of Association; and</p> <p>(3) The arbitration clauses as provided in Article 201 of the Articles of Association.</p>	<p><b>Article 162</b> The Company shall enter into a contract in writing with a director, supervisor and senior management members of the Company, subject to the prior approval of shareholders in a general meeting or the Board. The written contract shall include at least the following provisions:</p> <p>(1) The promise made by a director, supervisor or senior management member to the Company that he/she shall comply with and observe, the requirements stipulated under the Company Law, the Special Regulations, the Articles of Association, the Code on Takeovers, Mergers and Share Repurchases and other rules stipulated by Hong Kong Stock Exchange, and agree that the Company is entitled to take remedial measures under the Articles of Association, where the contract and his/her position shall not be transferred;</p> <p>(2) The promise made by a director, supervisor or senior management members to the Company that he/she shall comply with and perform his/her obligations to shareholders set out in the Articles of Association; and</p> <p>(3) The arbitration clauses as provided in <b>Article 206</b> of the Articles of Association.</p>

Current version	Amended version
<p><b>Article 191</b> Where the Company is dissolved by virtue of the reasons set out in item (1), (3), (5) of Article 190 of the Articles of Association, the Company shall establish a liquidation group within 15 days commencing from the date on which the events being the grounds for dissolution has been occurred to start liquidation process. The members of the liquidation group shall be composed of persons selected by directors or decided at shareholders’ general meeting. If no liquidation group has been established to conduct liquidation within the time limit, the creditors may request the People’s Court to designate the relevant personnel to form a liquidation group to conduct liquidation.</p>	<p><b>Article 196</b> Where the Company is dissolved by virtue of the reasons set out in item (1), (3), (5) of <b>Article 195</b> of the Articles of Association, the Company shall establish a liquidation group within 15 days commencing from the date on which the events being the grounds for dissolution has been occurred to start liquidation process. The members of the liquidation group shall be composed of persons selected by directors or decided at shareholders’ general meeting. If no liquidation group has been established to conduct liquidation within the time limit, the creditors may request the People’s Court to designate the relevant personnel to form a liquidation group to conduct liquidation.</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 Proposed Amendments, the contents of other chapters and articles of the Articles of Association remain unchanged. If the numbering of any chapter and article of the Articles of Association is affected as a result of the Proposed Amendments, the numbering of the articles of the existing Articles of Association shall be adjusted accordingly.

The Proposed Amendments have been considered and approved at the 87th meeting of the first session of the Board of the Company and a resolution will be proposed at the forthcoming general meeting of the Company for consideration and approval by the shareholders (the “Shareholders”) of the Company. The Proposed Amendments are subject to the approval by the Shareholders by way of a special resolution at the extraordinary general meeting, the H Shareholders class meeting and the domestic Shareholders class meeting respectively to be held by the Company.

The Company will despatch a circular containing, among others, the details of the Proposed Amendments to the Shareholders in due course. Prior to the passing of the resolution of the Proposed Amendments, the existing Articles of Association shall remain effective.

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

Kunming, the PRC, 25 September 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. Zhao Zhu and Ms. Yu Yanbo, as non-executive Directors; and Mr. Yin Xiaobing, Mr. He Xifeng and Mr. Sin Lik Man, as independent non-executive Directors.*