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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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, the accompanying revised proxy form for the Extraordinary General Meeting as well as the reply slip for the Extraordinary General Meeting, the proxy form and reply slip for the Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting issued on 21 September 2020 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)**

### **2020 FIRST EXTRAORDINARY GENERAL MEETING 2020 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING AND 2020 FIRST H SHAREHOLDERS' CLASS MEETING**

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The Extraordinary General Meeting, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting will be held on Friday, 6 November 2020 at 2:30 p.m., 3:30 p.m. and 4:00 p.m. respectively 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 revised notice of the EGM is set out on pages 35 to 37 of this circular, while the notices of the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting were sent to Shareholders on 21 September 2020.

The revised proxy form for use at the EGM will be despatched to the Shareholders with this Circular and replaces the proxy form for use at the EGM which was despatched to the Shareholders on 21 September 2020, while the proxy forms for use at the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting were despatched to the Shareholders on 21 September 2020. Such proxy forms and reply slips are also published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.kmcdwt.com>).

If you intend to appoint a proxy to attend the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting, 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 EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting (i.e., before 2:30 p.m. (for EGM)/3:30 p.m. (for Domestic Shareholders' Class Meeting)/4:00 p.m. (for H Shareholders' Class Meeting) on Thursday, 5 November 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 EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting or at any other adjourned meeting should you so wish.

If you intend to attend the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting in person or by proxy, you are required to complete and return the reply slips for the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting despatched on 21 September 2020 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 4:30 p.m. on Friday, 16 October 2020.

15 October 2020

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board of Directors” or “Board”	the board of Directors 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 Share(s)”	ordinary shares in the Company’s capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Domestic Shareholders’ Class Meeting”	the 2020 first domestic Shareholders’ class meeting of the Company to be held at 3:30 p.m. on Friday, 6 November 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
“EGM” or “Extraordinary General Meeting”	the 2020 first extraordinary general meeting of the Company to be held at 2:30 p.m. on Friday, 6 November 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
“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
“H Shareholders’ Class Meeting”	the 2020 first H Shareholders’ class meeting of the Company to be held at 4:00 p.m. on Friday, 6 November 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

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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”	12 October 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China
“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 under the Listing Rules
“Supervisor(s)”	supervisors of the Company

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## LETTER FROM THE BOARD

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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)**

**Board of Directors:**

*Executive Directors:*

Ms. Guo Yumei (*Chairperson*)  
Mr. Chen Changyong (*General Manager*)  
Mr. Luo Yun

*Non-executive Directors:*

Ms. Song Hong  
Ms. Zhao Zhu  
Ms. Yu Yanbo

*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

15 October 2020

*To the Shareholders*

Dear Sirs and Madams,

### **2020 FIRST EXTRAORDINARY GENERAL MEETING 2020 FIRST DOMESTIC SHAREHOLDERS' CLASS MEETING AND 2020 FIRST H SHAREHOLDERS' CLASS MEETING**

#### **1. INTRODUCTION**

On behalf of the Board of Directors, I invite you to attend the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting to be held on Friday, 6 November 2020 at 2:30 p.m., 3:30 p.m. and 4:00 p.m. respectively 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 details on the revised EGM notice and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting.

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## LETTER FROM THE BOARD

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### **2. BUSINESSES TO BE CONSIDERED AT THE EGM/DOMESTIC SHAREHOLDERS' CLASS MEETING/H SHAREHOLDERS' CLASS MEETING**

The businesses to be transacted at the EGM are set out in the revised notice of the EGM contained in this letter and the businesses to be transacted at the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting are set out in the notices of the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting. The revised notice of the EGM is set out on pages 35 to 37 of this circular and the notices of the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting were despatched to the Shareholders on 21 September 2020.

#### **2.1 Businesses to be considered at the EGM**

Resolutions to be proposed at the EGM and passed as ordinary resolutions include:

- (a) the interim profit distribution plan for 2020
- (b) to elect Ms. Ren Na to serve as a non-executive Director of the Company
- (c) to elect Mr. Johnson Wan to serve as an independent non-executive Director of the Company

Resolutions to be proposed at the EGM and passed as special resolutions include:

- (d) the registration and issuance of super short-term commercial papers
- (e) the registration and issuance of medium-term notes
- (f) the amendments to the Articles of Association

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

#### **2.2 Businesses to be considered at the Domestic Shareholders' Class Meeting**

- (a) *The amendments to the Articles of Association*

In order to enable you to have a better understanding of the resolutions to be proposed at the Domestic Shareholders' Class Meeting and to make an informed decision in the circumstance where sufficient and necessary information is available, the Company has provided the Shareholders with detailed information in this circular.

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## LETTER FROM THE BOARD

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### **2.3 Businesses to be considered at the H Shareholders' Class Meeting**

(a) *The amendments to the Articles of Association*

In order to enable you to have a better understanding of the resolutions to be proposed at the H Shareholders' Class Meeting and to make an informed decision in the circumstance where sufficient and necessary information is available, the Company has provided the Shareholders with detailed information in this circular.

### **3. BUSINESSES OF THE EGM/DOMESTIC SHAREHOLDERS' CLASS MEETING/H SHAREHOLDERS' CLASS MEETING**

#### **3.1 Businesses of the EGM**

##### ***3.1.1 Interim profit distribution plan for 2020***

The Board recommends the distribution of an interim cash dividend of RMB0.054 per share (tax inclusive) for the six months ended 30 June 2020 to all Shareholders, totaling RMB55,571,994.00 (tax inclusive). In respect of distribution of the interim 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 EGM. Upon consideration for and passing of the interim profit distribution plan for 2020 of the Company at the EGM, the interim dividend shall be distributed on Thursday, 24 December 2020 to all Shareholders whose names appear on the register of members of the Company on Tuesday, 17 November 2020.

For the purpose of determining the list of Shareholders who are entitled to the above interim dividend, the Share register of members of the Company will be closed from Thursday, 12 November 2020 to Tuesday, 17 November 2020 (both days inclusive). In order to be qualified for the interim dividend for the six months ended 30 June 2020 (subject to approval of Shareholders), the holders of unregistered H Shares of the Company 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, 11 November 2020.

It is proposed to Shareholders at the EGM to authorise the Board and its authorised 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.

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## LETTER FROM THE BOARD

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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 2020 interim 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, 17 November 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, 11 November 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.



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## LETTER FROM THE BOARD

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### ***3.1.2 The election of Ms. Ren Na to serve as a non-executive Director of the Company***

Ms. Zhao Zhu (趙竹) (“**Ms. Zhao**”), a non-executive Director of the Company, resigned as a non-executive Director of the Company by tendering her resignation to the Board on 21 August 2020 due to work reallocation, and her resignation will take effect on the date when the substitute non-executive director is elected and appointed at the EGM. At the 86th meeting of the first session of the Board of the Company held on 21 August 2020, it was considered and approved that Ms. Ren Na (任娜) (“**Ms. Ren**”) was proposed to replace Ms. Zhao as a non-executive director of the first session of the Board of the Company.

Biographical details of Ms. Ren are as follows:

Ms. Ren Na, aged 39, graduated from Changchun Institute of Technology (長春工程學院) in July 2002, majoring in computerised accounting; and graduated from Changchun Institute of Technology in July 2013, majoring in finance management. Ms. Ren is a senior accountant, certified public accountant and certified tax agent.

Ms. Ren served as the chief accountant of the hydropower station and the department head of the No. 1 water resources machinery plant of Sinohydro Bureau 5 Co., Ltd. (中國水利水電第五工程局) from July 2002 to April 2008. From April 2008 to May 2009, she worked in Yunnan Tonghe Technology Development Co., Ltd. (雲南通和科技發展有限公司) and was responsible for finance management. From May 2009 to October 2013, she served as the person in charge of finance of the Lidi branch of Yunnan Lancangjiang Property Management Co., Ltd. (雲南瀾滄江物業管理有限公司裡底分公司). From November 2013 to July 2019, she served as the manager of general management department of China Southern Power Grid Integrated Energy (Yunnan) Co., Ltd. (南方電網綜合能源(雲南)有限責任公司). She joined Yunnan Investment Holding Group Co., Ltd. (雲南省投資控股集團有限公司) in August 2019 and currently serves as the deputy general manager of financial sharing center. She was appointed as a director of Yunnan Medical Investment and Management Group Co., Ltd. (雲南省醫療投資管理集團有限公司) in April 2020.

The appointment of Ms. Ren as a non-executive Director of the Company will come into effect after the Shareholders approve the resolution of her appointment at the EGM. At that time, the Company will enter into a director service agreement with Ms. Ren with a term from the day when the above resolution is considered and approved at the EGM to the day when the election of the next session of the Board is completed. Ms. Ren will not receive remuneration from the Company during her term as a non-executive Director of the Company.

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## LETTER FROM THE BOARD

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To the best knowledge of the directors of the Company, save as disclosed above: (1) Ms. Ren 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. Ren is not connected to any Director, Supervisor, senior management, substantial Shareholder or controlling Shareholder of the Company; and (3) before Ms. Ren's appointment as a 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. Ren 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. Ren that need to be brought to the attention of the Shareholders.

### ***3.1.3 The election of Mr. Johnson Wan to serve as an independent non-executive Director of the Company***

Mr. Sin Lik Man (洗力文) (“**Mr. Sin**”), an independent non-executive Director of the Company, has tendered his resignation as an independent non-executive Director and a member of the audit committee of the Company to the Board on 29 September 2020 due to his work schedule and his desire to devote more time to his other businesses, and his resignation will take effect from the date when the replacement independent non-executive director is elected and appointed at the EGM. At the 89th meeting of the first session of the Board of the Company held on 29 September 2020, it was considered and approved that Mr. Johnson Wan (雲浚淳) (“**Mr. Wan**”) was proposed to replace Mr. Sin as an independent non-executive Director of the first session of the Board of the Company.

Biographical details of Mr. Wan are as follows:

Mr. Johnson Wan, aged 41, graduated from University of Toronto in Canada in June 2002 as bachelor of science (honours) in computer science and mathematics; obtained a master's degree in statistics from University of Michigan in the United States in June 2004; and obtained a master's degree in business administration from London Business School in the United Kingdom in June 2008.

Mr. Wan served as the head of compensation and benefits consulting of Hewitt Associates (Hong Kong) from July 2004 to August 2006. From January 2008 to June 2019, he worked in Deutsche Bank AG (Hong Kong) and successively served as an associate, vice president and a director, and was responsible for equity sales trading in Asia, debt capital markets and corporate coverage, equity research, research in APAC energy and basic materials and team management. From June 2019 to August 2020, he served as the portfolio manager of Brilliance Capital Management. He was appointed as an independent non-executive director of Longhui International Holdings Limited (a company listed on the Hong Kong Stock Exchange (stock code: 1007)) in August 2020. Mr. Wan has accumulated extensive experiences in equity research, IPO and listing, global roadshow and debt financing.

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## LETTER FROM THE BOARD

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The appointment of Mr. Wan as an independent non-executive Director of the Company will come into effect after the Shareholders approve the resolution of his appointment at the EGM. At that time, the Company will enter into a director service agreement with Mr. Wan for a term commencing from the day when the above resolution is considered and approved at the EGM to the day when the election of the next session of the Board is completed. Mr. Wan will receive annual remuneration of RMB220,000 (before tax) during his term as an independent non-executive Director of the first session of the Board of the Company.

To the best knowledge of the directors of the Company, save as disclosed above: (1) Mr. Wan 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. Wan is not connected to any Director, Supervisor, senior management, substantial Shareholder or controlling Shareholder of the Company; and (3) before Mr. Wan's appointment as an independent non-executive Director of the Company comes into effect, 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. Wan 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. Wan that need to be brought to the attention of the Shareholders.

### ***3.1.4 The registration and issuance of super short-term commercial papers***

In order to expand financing channels, optimise and adjust the debt structure of the Company, reduce financing costs, and further improve financing efficiency, the Company proposed to register for issuance of super short-term commercial papers (the “**Super Short-term Commercial Papers**”) with the National Association of Financial Market Institutional Investors of PRC. The details of the Super Short-term Commercial Papers are as follows:

Type of issuance:	Super Short-term Commercial Papers
Issuer:	The Company
Size of issuance:	Up to RMB1.0 billion, subject to the actual amount of registration with the National Association of Financial Market Institutional Investors of the PRC
Term:	Each tranche of Super Short-term Commercial Papers has a maturity of up to 270 days, which shall be determined by the Company based on its capital needs and market condition
Interest rate:	To be determined through book-building

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## LETTER FROM THE BOARD

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Target subscriber:	Institutional investors in the national inter-bank bond market (excluding purchasers prohibited by the laws and regulations of the PRC)
Time of issuance:	To be issued in one or multiple tranches when appropriate based on actual capital needs within the valid period of registration
Use of proceeds:	To repay the borrowings from financial institutions and replenish working capital
Guarantee arrangement:	To be fully and irrevocably guaranteed by Kunming Dianchi Investment with joint and several liability
Valid period:	Valid for two years upon approval by the National Association of Financial Market Institutional Investors of the PRC

In order to complete the registration and issuance of Super Short-term Commercial Papers in a legal, efficient and orderly manner, according to the requirements of relevant laws, regulations and normative documents, it will be proposed at the general meeting that the Board be authorised to handle all matters related to the registration and issuance of Super Short-term Commercial Papers at full discretion, which include but are not limited to:

- (i) To formulate the specific proposal for the registration and issuance of Super Short-term Commercial Papers and amend or adjust relevant terms of issuance in respect of the registration and issuance of Super Short-term Commercial Papers based on market condition and the Company's needs within the scope as permitted by the laws and regulations, including but not limited to determining the time, size, term, number of tranches and interest rate of issuance, use of proceeds and other matters related to the registration and issuance of Super Short-term Commercial Papers by the Company;
- (ii) To sign the contracts, agreements and documents related to the registration and issuance of Super Short-term Commercial Papers;
- (iii) To handle the filing and transfer matters related to the registration and issuance of Super Short-term Commercial Papers and perform the obligation of information disclosure according to the laws, regulations and other normative documents;
- (iv) To determine the use of proceeds and specific amount to be utilised based on the financial positions of the Company;

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## LETTER FROM THE BOARD

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- (v) In the event of changes in policies of regulatory authorities related to the registration and issuance of Super Short-term Commercial Papers or changes in market condition, except for the matters required to be resolved at the general meeting according to relevant laws and regulations and the Articles of Association, to authorise the Board to make relevant adjustment to the specific proposal of issuance and other matters related to the registration and issuance of Super Short-term Commercial Papers based on the new policies, requirements and opinions of the regulatory authorities or the new market condition;
- (vi) In the event of material changes in market condition or policies and regulations, to authorise the Board to decide on whether to continue the registration and issuance of Super Short-term Commercial Papers based on the actual situation;
- (vii) To handle other matters related to the registration and issuance of Super Short-term Commercial Papers; and
- (viii) The authorization shall be valid from the date of being considered and approved at the general meeting to the date on which the above matters related to the authorization are completed.

### ***3.1.5 The registration and issuance of medium-term notes***

In order to expand financing channels, optimise and adjust the debt structure of the Company, reduce financing costs, and further improve financing efficiency, the Company proposed to register for issuance of medium-term notes (the “**Medium-term Notes**”) with the National Association of Financial Market Institutional Investors of the PRC. The details of the Medium-term Notes are as follows:

Type of issuance:	Medium-term Notes
Issuer:	The Company
Size of issuance:	Up to RMB1.0 billion, subject to the actual amount of registration with the National Association of Financial Market Institutional Investors of the PRC
Term:	Duration of each instalment not exceeding five years
Interest rate:	To be determined through book-building
Target subscriber:	Institutional investors in the national inter-bank bond market (excluding purchasers prohibited by the laws and regulations of the PRC)
Time of issuance:	To be issued in one or multiple tranches when appropriate based on actual capital need within the valid period of registration

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## LETTER FROM THE BOARD

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Use of proceeds:	To repay the borrowings from financial institutions and replenish working capital
Guarantee arrangement:	To be fully and irrevocably guaranteed by Kunming Dianchi Investment with joint and several liability
Valid period:	Valid for two years upon approval by the National Association of Financial Market Institutional Investors of the PRC

In order to complete the registration and issuance of Medium-term Notes in a legal, efficient and orderly manner, according to the requirements of relevant laws, regulations and normative documents, it will be proposed at the general meeting that the Board be authorised to handle all matters related to the registration and issuance of Medium-term Notes at full discretion, which include but are not limited to:

- (i) To formulate the specific proposal for the registration and issuance of Medium-term Notes and amend or adjust relevant terms of issuance in respect of the registration and issuance of Medium-term Notes based on market condition and the Company's need within the scope as permitted by the laws and regulations, including but not limited to determining the time, size, term, number of tranches and interest rate of issuance, use of proceeds and other matters related to the registration and issuance of Medium-term Notes by the Company;
- (ii) To sign the contracts, agreements and documents related to the registration and issuance of Medium-term Notes;
- (iii) To handle the filing and transfer matters related to the registration and issuance of Medium-term Notes and perform the obligation of information disclosure according to the laws, regulations and other normative documents;
- (iv) To determine the use of proceeds and specific amount to be utilised based on the financial positions of the Company;
- (v) In the event of changes in policies of regulatory authorities related to the registration and issuance of Medium-term Notes or changes in market condition, except for the matters required to be resolved at the general meeting according to relevant laws and regulations and the Articles of Association, to authorise the Board to make relevant adjustment to the specific proposal of issuance and other matters related to the registration and issuance of Medium-term Notes based on the new policies, requirements and opinions of the regulatory authorities or the new market condition;
- (vi) In the event of material changes in market condition or policies and regulations, to authorise the Board to decide on whether to continue the registration and issuance of Medium-term Notes based on the actual situation;

## LETTER FROM THE BOARD

- (vii) To handle other matters related to the registration and issuance of Medium-term Notes; and
- (viii) The authorization shall be valid from the date of being considered and approved at the general meeting to the date on which the above matters related to the authorization are completed.

### **3.1.6 The amendments to the Articles of Association**

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, after being considered and approved at the 87th meeting of the first session of the Board of the Company, the Board proposed to make the following amendments to certain content in the Articles of Association based on the actual situation of the Company:

Current version	Amended version
<b>Contents CHAPTER 10 PARTY ORGANIZATION AND THE WORKING COMMITTEE OF THE PARTY</b>	<b>Contents CHAPTER 10 <del>PARTY ORGANIZATION AND THE WORKING COMMITTEE OF THE PARTY</del><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><u>The Company and its shareholders, directors, supervisors and senior management members</u> 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>

## LETTER FROM THE BOARD

Current version	Amended version
<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</u></b> <b><u>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</u></b> <b><u>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>Article 32</b> Where the Company repurchases its shares for any reason mentioned in (1) to (3) of <b>Article 30</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>



## LETTER FROM THE BOARD

Current version	Amended version
<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>

## LETTER FROM THE BOARD

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>

## LETTER FROM THE BOARD

Current version	Amended version
<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> </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> </ol>

## LETTER FROM THE BOARD

Current version	Amended version
(8) to resolve on the issuance of debentures, any kind of securities, warrants or other similar securities by the Company;	(8) to resolve on the issuance of debentures, any kind of securities, warrants or other similar securities by the Company;
(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.

## LETTER FROM THE BOARD

Current version	Amended version
<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>(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>(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>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>(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>(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>

## LETTER FROM THE BOARD

Current version	Amended version
<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>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><b>Article 69</b> To convene a shareholders’ <b>annual</b> general meeting, the Company shall give written notices <b><u>20 business days</u></b> before the date of meeting, <b><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></b> 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. (<b><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></b>)</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> 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>

## LETTER FROM THE BOARD

Current version	Amended version
<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>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>
<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><del>An extraordinary</del> <u>A</u> general meeting shall not transact matters not stated in the notice of meeting.</p>

## LETTER FROM THE BOARD

Current version	Amended version
<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 <b>Articles 95</b> to <b>99</b> 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 <b>Article 18</b> 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>



## LETTER FROM THE BOARD

Current version	Amended version
<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>The meaning of an “Interested Shareholder” stated above is:</p> <ol style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(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.</li> </ol>	<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> <ol style="list-style-type: none"> <li>(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;</li> <li>(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;</li> <li>(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.</li> </ol>
<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 <b>Article 95</b> of the Articles of Association.</p>

## LETTER FROM THE BOARD

Current version	Amended version
<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>
<p><b>Chapter 10 Party Organization and the Working Committee of the Party</b></p>	<p><del>Chapter 10 Party Organization and the Working Committee of the Party</del> <u>Party Committee of the Company</u></p>

## LETTER FROM THE BOARD

Current version	Amended version
	<p>(Newly added) <u>Article 100</u> <u>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></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 “<b>Party Committee of the Company</b>”) and the CPC Discipline Inspection Committee of Kunming Dianchi Water Treatment Co., Ltd. (hereinafter referred to as “<b>Discipline Inspection Committee of the Company</b>”).</p>	<p><u>Article 101</u> In accordance with the requirements of the Constitution of the Communist Party of China, <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> Meanwhile, the Company has also established the <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> according to the relevant requirements.</p>
	<p>(Newly added) <u>Article 102</u> <u>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></p>

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## LETTER FROM THE BOARD

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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>

## LETTER FROM THE BOARD

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>(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>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><b><u>(1) 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><b><u>(2) 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> <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>

## LETTER FROM THE BOARD

Current version	Amended version
<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>
<p>(7) other duties and responsibilities that shall be performed by the Party Committee of the Company.</p>	<p><b><u>(7) 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>

## LETTER FROM THE BOARD

Current version	Amended version
<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> <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></p>
<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>

## LETTER FROM THE BOARD

Current version	Amended version
<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>
<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>



## LETTER FROM THE BOARD

Current version	Amended version
<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>
<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 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.

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## LETTER FROM THE BOARD

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Save for the proposed amendments above, the contents of other chapters and articles of the Articles of Association remain unchanged. If the numbering of any chapter or article of the Articles of Association is affected as a result of the amendments to the relevant chapters and articles, the numbering of the articles of the existing Articles of Association shall be adjusted accordingly.

As advised by the Company's PRC legal advisers, the proposed amendments to the Articles of Association comply with the applicable laws of the PRC. The Board confirmed that the proposed amendments to the Articles of Association will not have any impact on the functions and the decision-making capacity of the Board.

The proposed amendments will be subject to approval by the Shareholders at the EGM, Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting in the form of special resolution.

### **3.2 Businesses of the Domestic Shareholders' Class Meeting**

#### ***3.2.1 The amendments to the Articles of Association***

The resolution on amendments to the Articles of Association will be considered at the Domestic Shareholders' Class Meeting. For details of such resolution, please refer to item 3.1.6 above.

### **3.3 Businesses of the H Shareholders' Class Meeting**

#### ***3.3.1 The amendments to the Articles of Association***

The resolution on amendments to the Articles of Association will be considered at the H Shareholders' Class Meeting. For details of such resolution, please refer to item 3.1.6 above.

## **4. EGM/DOMESTIC SHAREHOLDERS' CLASS MEETING/H SHAREHOLDERS' CLASS MEETING**

The EGM, the Domestic Shareholders' Class Meeting and H Shareholders' Class Meeting will be convened by the Company at 2:30 p.m., 3:30 p.m. and 4:30 p.m. respectively on Friday, 6 November 2020 at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC to consider the agenda items as set out in the revised notice of EGM, notice of Domestic Shareholders' Class Meeting and notice of H Shareholders' Class Meeting, which, together with the revised proxy form for EGM, proxy form for Domestic Shareholders' Class Meeting and proxy form for H Shareholders' Class Meeting, have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.kmdcwt.com](http://www.kmdcwt.com)).

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## LETTER FROM THE BOARD

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The notice of EGM and the proxy form for EGM despatched to the Shareholders on 21 September 2020 shall be replaced by the revised notice of EGM and the revised proxy form for EGM enclosed in this circular. Whether or not you are able to attend the EGM, you are requested to complete the revised proxy form for EGM in accordance with the instructions printed thereon and return it not less than 24 hours before the time fixed for holding the EGM (i.e., before 2:30 p.m. on Thursday, 5 November 2020) or any adjourned meeting thereof (as the case may be). Completion and return of the revised proxy form for EGM will not preclude you from attending and voting in person at the EGM should you so wish.

In addition, the notices of the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting and the proxy forms applicable at the H Shareholders' Class Meeting and the Domestic Shareholders' Class Meeting despatched to the Shareholders on 21 September 2020, together with the reply slips for the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, shall remain valid and applicable to the EGM, the Domestic Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively.

If you intend to appoint a proxy to attend the Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting, you are required to complete and return the proxy form for Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting despatched on 21 September 2020 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 Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting (i.e., before 3:30 p.m. (for Domestic Shareholders' Class Meeting)/4:00 p.m. (for H Shareholders' Class Meeting) on Thursday, 5 November 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 Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting or at any other adjourned meeting should you so wish.

If you intend to attend the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting in person or by proxy, you are required to complete and return the reply slips for the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting despatched on 21 September 2020 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, 16 October 2020.

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## LETTER FROM THE BOARD

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### 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 EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting.

### 6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, nor are there any matters the omission of which would make this circular or any statement herein misleading.

### 7. RECOMMENDATIONS

The Board considers that the resolutions to be proposed at the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all resolutions to be proposed at the EGM/Domestic Shareholders' Class Meeting/H Shareholders' Class Meeting.

Yours faithfully,  
**Guo Yumei**  
*Chairperson*

# REVISED NOTICE OF 2020 FIRST EXTRAORDINARY 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)**

## **REVISED NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING**

Reference is made to the notice of 2020 first extraordinary general meeting of the Company dated 18 September 2020, which disclosed that Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) will hold the 2020 first extraordinary general meeting (the “**EGM**”) at 2:30 p.m. on Friday, 6 November 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 People’s Republic of China to handle three resolutions, including: 1. to consider and approve the interim profit distribution plan for 2020; 2. to consider and approve the election of Ms. Ren Na to serve as a non-executive director of the Company; and 3. to consider and approve the amendments to the articles of association of the Company.

According to the relevant requirements of the articles of association of the Company, the board of directors proposed to include three additional resolutions at the EGM, which include: to consider and approve the election of Mr. Johnson Wan to serve as an independent non-executive director of the Company; to consider and approve the registration and issuance of super short-term commercial papers; and to consider and approve the registration and issuance of medium-term notes. There is no change in other information as set out in the notice of 2020 first extraordinary general meeting, and the following matters will be handled at the EGM:

### **ORDINARY RESOLUTIONS**

1. To consider and approve the interim profit distribution plan for 2020
2. To consider and approve the election of Ms. Ren Na to serve as a non-executive director of the Company
3. To consider and approve the election of Mr. Johnson Wan to serve as an independent non-executive director of the Company

# REVISED NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

## SPECIAL RESOLUTIONS

4. To consider and approve the registration and issuance of super short-term commercial papers
5. To consider and approve the registration and issuance of medium-term notes
6. To consider and approve the amendments to the articles of association of the Company

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

Kunming, the PRC  
15 October 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 EGM will be voted by poll. Results of the poll voting will be published on the Company's website at [www.kmdcwt.com](http://www.kmdcwt.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) after the EGM.
2. The Board of the Company recommends the distribution of an interim cash dividend (the "2020 Interim Dividend") of RMB0.054 per Share (tax inclusive) for the six months ended 30 June 2020, totaling approximately RMB55,571,994.00 (tax inclusive), subject to approval by Shareholders at the EGM.

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 2020 Interim 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, 17 November 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, 11 November 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.

## REVISED NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

3. Any Shareholder entitled to attend and vote at the EGM 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. Shareholders who have already lodged the original proxy form despatched to Shareholders on 21 September 2020 (the “**Original Proxy Form**”) in accordance with the instructions printed thereon should note that the Original Proxy Form shall be invalid for use at the EGM. The revised proxy form (the “**Revised Proxy Form**”) enclosed in the circular of the Company dated 15 October 2020 shall supersede the Original Proxy Form.

Shareholders are requested to lodge the Revised Proxy Form if they wish to appoint proxies to attend the meeting on his or her behalf in accordance with the instructions printed thereon and in the manner set out in note 5 below.

5. 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 notarially 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 EGM (i.e. before 2:30 p.m. on 5 November 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 EGM or any adjourned meeting thereof should he/she so wish.
6. For the purpose of determining the list of holders of H Shares who are entitled to attend the EGM, the H Share register of members of the Company will be closed from Wednesday, 7 October 2020 to Friday, 6 November 2020 (both days inclusive). The holders of H Shares who wish to attend the EGM 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, 6 October 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 EGM.

For the purpose of determining the list of holders of H Shares who are entitled to the 2020 Interim Dividend, the H Share register of members of the Company will be closed from Thursday, 12 November 2020 to Tuesday, 17 November 2020 (both days inclusive). In order to be qualified for the 2020 Interim 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, 11 November 2020.

7. 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.
8. Shareholders of the Company intending to attend the EGM in person or by their proxies should return the reply slip for attending the EGM 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, 16 October 2020. The address of Tricor Investor Services Limited is Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
9. The EGM 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.
10. A Shareholder or his proxy should produce proof of identity when attending the EGM.
11. 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.
12. 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, 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.*