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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 and the proxy form 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 ANNUAL GENERAL MEETING**

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The Annual General Meeting will be held at 2:30 p.m. on Friday, 18 June 2021 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC. Notice of the AGM is set out on pages 18 to 20 of this circular.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the proxy form in accordance with the instructions printed thereon. For holders of H Shares, the proxy form should be returned to Tricor Investor Services Limited and for holders of Domestic Shares, the proxy form should be returned to the Company's registered office and headquarters in the PRC by personal delivery or by post not less than 24 hours before the time fixed for holding the AGM (i.e., before 2:30 p.m. on Thursday, 17 June 2021) or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting should you so wish.

18 May 2021

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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:*

“AGM” or “Annual General Meeting”	the 2020 annual general meeting of the Company to be held on Friday, 18 June 2021 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board of Directors” or “Board”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Company”	Kunming Dianchi Water Treatment Co., Ltd. (昆明滇池水務股份有限公司), a joint stock company established in the PRC with limited liability on 23 December 2010, and its H Shares are listed on the Stock Exchange (stock code: 3768)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the Company’s capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“General Mandate”	a general mandate to be granted to the Board for exercising of the power of the Company to issue Domestic Shares and H Shares up to 20% of the total number of the Domestic Shares and H Shares of the Company, respectively, in issue on the date of passing the related resolution, subject to the conditions set out in the resolution proposed at the AGM for approving the general mandate
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars

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## DEFINITIONS

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“HKD” or “HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kunming Dianchi Investment”	Kunming Dianchi Investment Co., Ltd. (昆明滇池投資有限責任公司), a Company established in Yunnan Province, the PRC with limited liability on 13 October 2004, which is the controlling shareholder of the Company
“Latest Practicable Date”	13 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing”	the listing of the H Shares of the Company on the Stock Exchange on 6 April 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Supervisor(s)”	supervisors of the Company

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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

*Registered office and headquarters in the PRC:*

Wastewater Treatment Plant No. 7  
Kunming Dianchi Tourist Resort  
Yunnan Province  
the PRC

*Non-executive Directors:*

Ms. Song Hong  
Ms. Ren Na  
Ms. Yu Yanbo

*Principal place of business in Hong Kong:*

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

*Independent non-executive Directors:*

Mr. Yin Xiaobing  
Mr. He Xifeng  
Mr. Johnson Wan

18 May 2021

*To the Shareholders*

Dear Sirs and Madams,

### **2020 ANNUAL GENERAL MEETING**

#### **1. INTRODUCTION**

On behalf of the Board of Directors, I invite you to attend the AGM to be held at 2:30 p.m. on Friday, 18 June 2021 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC.

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

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## LETTER FROM THE BOARD

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### 2. BUSINESSES TO BE CONSIDERED AT THE AGM

The businesses to be considered at the AGM are described in more details in the notice of the AGM as set out on pages 18 to 20 of this circular.

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

- (a) the Report of the Board of Directors for 2020
- (b) the Report of the Board of Supervisors for 2020
- (c) the final accounts for 2020
- (d) the audited financial statements and independent auditors' report for the year ended 31 December 2020
- (e) the profit distribution plan for 2020
- (f) the financial budget plan for 2021
- (g) the authorization to the Board to determine the domestic and international auditors of the Company for the year 2021 and their remunerations
- (h) to remove Mr. He Xifeng, an independent non-executive Director, from all of his positions in the Company;

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

- (i) amendments to the Articles of Association
- (j) amendments to the Rules of Procedures of the Board of Directors of the Company
- (k) the General Mandate to issue Shares

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

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## LETTER FROM THE BOARD

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### **3. BUSINESSES OF THE AGM**

#### **3.1 To consider and approve the Report of the Board of Directors of the Company for 2020**

The text of the Report of the Board of Directors for 2020 is set out in the section headed “Report of the Board of Directors” in the Company’s 2020 annual report published on the website of the Stock Exchange on 13 April 2021.

#### **3.2 To consider and approve the Report of the Board of Supervisors of the Company for 2020**

The text of the Report of the Board of Supervisors for 2020 is set out in the section headed “Report of the Board of Supervisors” in the Company’s 2020 annual report published on the website of the Stock Exchange on 13 April 2021.

#### **3.3 To consider and approve the final accounts of the Company for 2020**

The auditors of the Company, Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) (“**ZSZH**”) and Mazars CPA Limited (“**Mazars**”), have audited the financial statements of the Company for 2020 based on the operations of the Company in 2020, and have issued an auditor’s report with standard unqualified opinions.

Summary of the final accounts of the Company for 2020 prepared in accordance with International Financial Reporting Standards is as follows: total assets amounted to approximately RMB10,496.492 million, total liabilities amounted to approximately RMB6,224.065 million, net assets amounted to approximately RMB4,272.427 million, revenues amounted to approximately RMB1,919.423 million and total profits amounted to approximately RMB415.481 million.

#### **3.4 To consider and approve the audited financial statements of the Company and the independent auditors’ report for the year ended 31 December 2020**

The audited financial statements and independent auditors’ report for the year ended 31 December 2020 are set out in the sections headed “Independent Auditors’ Report” and “Financial Statements” in the Company’s 2020 annual report published on the website of the Stock Exchange on 13 April 2021.

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## LETTER FROM THE BOARD

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### **3.5 To consider and approve the profit distribution plan of the Company for 2020**

The Board recommends the distribution of a final cash dividend of RMB0.120 per share (tax inclusive) for the year ended 31 December 2020 to all Shareholders, totaling RMB123,493,320 (tax inclusive). In respect of distribution of the final dividend, the dividend for holders of Domestic Shares of the Company shall be declared and paid in RMB while the dividend for holders of H Shares of the Company shall be declared in RMB and paid in Hong Kong dollars. The actual amount of dividend distributed in Hong Kong dollars for H Shares shall be calculated using the average exchange rate published by the People's Bank of China within one week prior to the date of the Annual General Meeting. Upon consideration for and passing of the profit distribution plan for 2020 of the Company at the AGM, the final dividend shall be distributed in cash on Thursday, 5 August 2021 to all Shareholders whose names appear on the register of members of the Company on Tuesday, 29 June 2021.

For the purpose of determining the list of shareholders who are entitled to the above final dividend, the Share register of members of the Company will be closed from Thursday, 24 June 2021 to Tuesday, 29 June 2021 (both days inclusive). In order to be qualified for the final dividend for the year ended 31 December 2020 (subject to approval of Shareholders), the holders of unregistered H Shares are required to submit the transfer documents to the Company's H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 23 June 2021.

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

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2020 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H Shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H Shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax.



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## LETTER FROM THE BOARD

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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, 29 June 2021 (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, 23 June 2021, 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.

### **3.6 To consider and approve the annual financial budget plan of the Company for 2021**

A resolution for approving the annual budget plan for 2021 shall be proposed at the Annual General Meeting. The specific details of the annual budget plan for 2021 are as follows:

In 2021, the Company plans to invest a total of approximately RMB6,000 million in markets, engineering projects construction, technology research and development and other areas, with estimated aggregate cash payments of approximately RMB4,200 million, including engineering projects construction investment, marketing investment and other items such as information, technology research and development, major and medium repairs, purchases of fixed assets.

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## LETTER FROM THE BOARD

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**3.7 To consider and approve the authorization to the Board to determine the domestic and international auditors of the Company for the year 2021 and their remunerations**

**3.8 To consider and approve the removal of Mr. He Xifeng, an independent non-executive Director, from all of his positions in the Company**

References are made to the Company’s announcements dated 9 February 2021 and 25 February 2021. Mr. He Xifeng (“**Mr. He**”), an independent non-executive Director of the Company, was allegedly involved in a bribery case and was arrested. Due to the inability of the Company to contact with Mr. He and his inability to properly perform his duties, as considered and approved at the 100th meeting of the first session of the Board of the Company held on 9 February 2021, it was proposed that Mr. He to be removed from all his duties with the Company (including his duties as an independent non-executive Director, the chairman of the remuneration and appraisal committee, a member of the nomination committee and a member of the audit committee of the Company). The proposed removal of Mr. He’s duties is subject to the consideration and approval at the general meeting in accordance with the Articles of Association.

**3.9 To consider and approve the amendments to the Articles of Association**

Due to the change of the company name of one of the promoter shareholders of the Company, according to relevant requirements of the Company Law and other relevant laws and regulations and the Articles of Association, and as considered and approved by the Board, it was proposed that the following amendments be made to relevant articles of the Articles of Association:

Before amendments	After amendments
<p><b>Article 1</b> Kunming Dianchi Water Treatment Co., Ltd. (the “<b>Company</b>”) is a joint stock limited company incorporated in accordance with the “Company Law of the People’s Republic of China” (the “<b>Company Law</b>”) (the “<b>PRC</b>”), the Securities Law of the PRC (the “<b>Securities Law</b>”), the “Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “<b>Special Regulations</b>”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “<b>Main Board Listing Rules</b>”), and other relevant national laws and administrative regulations.</p>	<p><b>Article 1</b> Kunming Dianchi Water Treatment Co., Ltd. (the “<b>Company</b>”) is a joint stock limited company incorporated in accordance with the “Company Law of the People’s Republic of China” (the “<b>Company Law</b>”) (the “<b>PRC</b>”), the Securities Law of the PRC (the “<b>Securities Law</b>”), the “Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “<b>Special Regulations</b>”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of the Opinion on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “<b>Main Board Listing Rules</b>”), and other relevant national laws and administrative regulations.</p>

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## LETTER FROM THE BOARD

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Before amendments	After amendments
<p>Pursuant to the approval of the State-owned Assets Supervision and Administration Commission of the government of Kunming City, the Company was established by way of promotion on 22 December 2010 and was registered with the Administration for Industry and Commerce of Kunming City on 23 December 2010 to obtain its business license. The number of the business license of the Company is 91530100568810129D.</p> <p>The Company is a joint stock limited company established by Kunming Dianchi Investment Co. Ltd.*, Kunming Development Investment Group Co. Ltd.*, Kunming Industrial Development and Investment Co. Ltd.*, Kunming State-owned Assets Management and Operations Co. Ltd.*, Kunming Xindu Real Estate Co. Ltd.* as its promoters.</p>	<p>Pursuant to the approval of the State-owned Assets Supervision and Administration Commission of the government of Kunming City, the Company was established by way of promotion on 22 December 2010 and was registered with the Administration for Industry and Commerce of Kunming City on 23 December 2010 to obtain its business license. The number of the business license of the Company is 91530100568810129D.</p> <p>The Company is a joint stock limited company established by Kunming Dianchi Investment Co. Ltd.*, Kunming Development Investment Group Co. Ltd.*, Kunming Industrial Development and Investment Co. Ltd.*, Kunming State-owned Assets Management and Operations Co. Ltd.*, <del>Kunming Xindu Real Estate Co. Ltd.*</del><b>Kunming Xinzhi Investment Development Co., Ltd.*</b> as its promoters.</p>

## LETTER FROM THE BOARD

Before amendments				After amendments			
<p><b>Article 20</b> The Company issued 360 million ordinary shares to its promoters upon its establishment. All these shares were subscribed for and paid up by promoters of the Company in agreed capital contribution method before 28 December 2012. Shareholding of promoters of the Company upon its establishment sets out as follows:</p>				<p><b>Article 20</b> The Company issued 360 million ordinary shares to its promoters upon its establishment. All these shares were subscribed for and paid up by promoters of the Company in agreed capital contribution method before 28 December 2012. Shareholding of promoters of the Company upon its establishment sets out as follows:</p>			
No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>	No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>
1.	Kunming Dianchi Investment Co. Ltd.	34,494.30	95.82	1.	Kunming Dianchi Investment Co. Ltd.	34,494.30	95.82
2.	Kunming Development Investment Group Co. Ltd.	1,095.00	3.04	2.	Kunming Development Investment Group Co. Ltd.	1,095.00	3.04
3.	Kunming Industrial Development and Investment Co. Ltd.	136.90	0.38	3.	Kunming Industrial Development and Investment Co. Ltd.	136.90	0.38
4.	Kunming State-owned Assets Management and Operations Co. Ltd.	136.90	0.38	4.	Kunming State-owned Assets Management and Operations Co. Ltd.	136.90	0.38
5.	Kunming Xindu Real Estate Co. Ltd.	136.90	0.38	5.	<del>Kunming Xindu Real Estate Co. Ltd.</del> Kunming Xinzhi Investment Development Co., Ltd.	136.90	0.38
Total		<u>36,000</u>	<u>100</u>	Total		<u>36,000</u>	<u>100</u>

## LETTER FROM THE BOARD

Before amendments				After amendments			
Based on a total of 360,000,000 shares of the Company as at 31 December 2014, bonus shares of 360,000,000 in total were issued to all shareholders by transfer of capital reserve on the basis of 10 shares for 10 shares. Upon completion of the transfer, total share capital of the Company was increased to 720,000,000 shares.				Based on a total of 360,000,000 shares of the Company as at 31 December 2014, bonus shares of 360,000,000 in total were issued to all shareholders by transfer of capital reserve on the basis of 10 shares for 10 shares. Upon completion of the transfer, total share capital of the Company was increased to 720,000,000 shares.			
Number of shares held by and shareholding of each shareholder upon completion of the transfer are as follows:				Number of shares held by and shareholding of each shareholder upon completion of the transfer are as follows:			
No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>	No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>
1.	Kunming Dianchi Investment Co. Ltd.	68,988.60	95.82	1.	Kunming Dianchi Investment Co. Ltd.	68,988.60	95.82
2.	Kunming Development Investment Group Co. Ltd.	2,190.00	3.04	2.	Kunming Development Investment Group Co. Ltd.	2,190.00	3.04
3.	Kunming Industrial Development and Investment Co. Ltd.	273.80	0.38	3.	Kunming Industrial Development and Investment Co. Ltd.	273.80	0.38
4.	Kunming State-owned Assets Management and Operations Co. Ltd.	273.80	0.38	4.	Kunming State-owned Assets Management and Operations Co. Ltd.	273.80	0.38
5.	Kunming Xindu Real Estate Co. Ltd.	273.80	0.38	5.	<del>Kunming Xindu Real Estate Co. Ltd.</del> Kunming Xinzhi Investment Development Co., Ltd.	273.80	0.38
Total		<u>72,000</u>	<u>100</u>	Total		<u>72,000</u>	<u>100</u>

## LETTER FROM THE BOARD

Before amendments				After amendments			
<p><b>Article 21</b> Upon the approval from the competent authority of securities of the State Council, the Company may issue not more than 354,626,000 H shares. Pursuant to the Provisional Administrative Measure on Reduction of State-owned Shares to Raise Social Security Fund (《減持國有股籌集社會保障資金管理暫行辦法》) and relevant requirements of the State Council, the state-owned Shareholders of the Company will transfer not more than 35,462,600 state-owned shares held by it to the National Council for Social Security Fund of the PRC while issuing overseas-listed foreign-invested shares.</p> <p>As at 12 May 2017, subsequent to the completion of the above issuance by the Company through exercise of over-allotment option, the original shares transferred by five state-owned shareholders including Kunming Dianchi Investment Co., Ltd. etc. to the National Council for Social Security Fund of the PRC were converted into H shares, the Company exercised the over-allotment option and issued 340,023,000 H shares, and the shareholding structure of the Company was as follows:</p>				<p><b>Article 21</b> Upon the approval from the competent authority of securities of the State Council, the Company may issue not more than 354,626,000 H shares. Pursuant to the Provisional Administrative Measure on Reduction of State-owned Shares to Raise Social Security Fund (《減持國有股籌集社會保障資金管理暫行辦法》) and relevant requirements of the State Council, the state-owned Shareholders of the Company will transfer not more than 35,462,600 state-owned shares held by it to the National Council for Social Security Fund of the PRC while issuing overseas-listed foreign-invested shares.</p> <p>As at 12 May 2017, subsequent to the completion of the above issuance by the Company through exercise of over-allotment option, the original shares transferred by five state-owned shareholders including Kunming Dianchi Investment Co., Ltd. etc. to the National Council for Social Security Fund of the PRC were converted into H shares, the Company exercised the over-allotment option and issued 340,023,000 H shares, and the shareholding structure of the Company was as follows:</p>			
No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>	No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>
1.	Kunming Dianchi Investment Co. Ltd.	660,266,893	64.17	1.	Kunming Dianchi Investment Co. Ltd.	660,266,893	64.17
2.	Kunming Development Investment Group Co. Ltd.	20,959,760	2.04	2.	Kunming Development Investment Group Co. Ltd.	20,959,760	2.04
3.	Kunming Industrial Development and Investment Co. Ltd.	2,620,449	0.25	3.	Kunming Industrial Development and Investment Co. Ltd.	2,620,449	0.25
4.	Kunming State-owned Assets Management and Operations Co. Ltd.	2,620,449	0.25	4.	Kunming State-owned Assets Management and Operations Co. Ltd.	2,620,449	0.25
5.	Kunming Xindu Real Estate Co. Ltd.	2,620,449	0.25	5.	<del>Kunming Xindu Real Estate Co., Ltd.</del> Kunming Xinzhi Investment Development Co., Ltd.	2,620,449	0.25
6.	Public float	340,023,000	33.04	6.	Public float	340,023,000	33.04
Total		<u>1,029,111,000</u>	<u>100</u>	Total		<u>1,029,111,000</u>	<u>100</u>

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

## LETTER FROM THE BOARD

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

The above proposed amendments will be proposed at the AGM by a special resolution for consideration and approval by the Shareholders. The proposed amendments will be subject to approval by the Shareholders at the AGM in the form of special resolutions.

### 3.10 To consider and approve the amendments to the Rules of Procedures of the Board of Directors of the Company

According to the requirements of relevant laws and regulations and the Articles of Association, and based on the actual situation of the Company, the Board proposed to make the following amendments to certain content of the Rules of Procedures of the Board of Directors of the Company (the “**Rules of Procedures of the Board of Directors**”):

Before amendments	After amendments
<p><b>Article 5</b> The chairman of the board of directors shall hold a meeting with the non-executive directors (including independent non-executive directors) without the presence of the executive directors at least once a year.</p>	<p><b>Article 5</b> The chairman of the board of directors shall hold a meeting with the <b>independent</b> non-executive directors (<del>including independent non-executive directors</del>) without the presence of <del>the executive other</del> directors at least once a year.</p>
<p><b>Article 8</b> An extraordinary board meeting shall be convened within ten days in any of the following cases:</p> <ol style="list-style-type: none"> <li>(1) when proposed by shareholders representing more than one tenth of the voting rights;</li> <li>(2) when jointly proposed by more than one third of the directors;</li> <li>(3) when proposed by the board of supervisors;</li> <li>(4) when deemed necessary by the chairman of the board of directors;</li> <li>(5) when proposed by more than half of the independent directors;</li> <li>(6) when proposed by the general manager;</li> <li>(7) when required by the securities regulatory authorities;</li> <li>(8) in other cases as provided in the Articles of Association.</li> </ol>	<p><b>Article 8</b> An extraordinary board meeting shall be convened within <del>ten</del> <b>five</b> days in any of the following cases:</p> <ol style="list-style-type: none"> <li>(1) when proposed by shareholders representing more than one tenth of the voting rights;</li> <li>(2) when jointly proposed by more than one third of the directors;</li> <li>(3) <b>when proposed by the chairman of the board of directors;</b></li> <li>(4) <b>when proposed by more than two independent directors;</b></li> <li>(35) when proposed by the board of supervisors;</li> <li><del>(4) when deemed necessary by the chairman of the board of directors;</del></li> <li><del>(5) when proposed by more than half of the independent directors;</del></li> <li>(6) when proposed <b>to be convened</b> by the general manager;</li> <li>(7) when required by the securities regulatory authorities;</li> <li>(8) in other cases as provided in the Articles of Association.</li> </ol>

## LETTER FROM THE BOARD

Before amendments	After amendments
<p><b>Article 12</b> To convene regular and extraordinary board meetings, the secretary of the board of directors shall give at least 14 days' notice and reasonable notice, respectively, to all directors, supervisors and the general manager by hand, fax, e-mail or other means.</p> <p>Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly.</p> <p>Where an extraordinary board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone, fax or e-mail, but the convener shall make explanations at the meeting.</p>	<p><b>Article 12</b> <del>To convene regular and extraordinary board meetings, the secretary of the board of directors shall give at least 14 days' notice and reasonable notice, respectively,</del> The secretary of the board of directors shall, 14 day before convening the regular board meeting, and before convening the extraordinary board meeting, give reasonable notice of meeting to all directors, supervisors and the general manager by hand, fax, <b>express mail service</b>, e-mail or other means.</p> <p>Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly.</p> <p>Where an extraordinary board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone, fax or e-mail, but the convener shall make explanations at the meeting.</p>
<p><b>Article 48</b> If more than half of the directors present at the meeting or two or more independent directors consider that they are unable to make a judgment on relevant matter as the proposal is unclear or not specific, or due to other reasons such as inadequate meeting materials, the meeting presider shall ask for suspension of voting on such matter at the meeting.</p>	<p><b>Article 48</b> If more than <b>half one fourth</b> of the directors present at the meeting or two or more independent directors consider that they are unable to make a judgment on relevant matter as the proposal is unclear or not specific, or due to other reasons such as inadequate meeting materials, the meeting presider shall ask for suspension of voting on such matter at the meeting.</p>

*Note:* The proposed amendments are prepared in Chinese. In the event of any discrepancy between the Chinese and the English version of the Rules of Procedures of the Board of Directors, the Chinese version shall prevail.

Save for the proposed amendments above, the contents of other chapters and articles of the Rules of Procedures of the Board of Directors remain unchanged.

The above proposed amendments will be proposed at the AGM by a special resolution for consideration and approval by the Shareholders. The proposed amendments will be subject to approval by the Shareholders at the AGM in the form of special resolutions.



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## LETTER FROM THE BOARD

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### 3.11 General Mandate to issue Shares

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

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

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

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

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

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## LETTER FROM THE BOARD

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- (c) For the purposes of this resolution:

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

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

***(B) Relevant mandate***

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

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## LETTER FROM THE BOARD

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### 4. THE AGM

The proxy form of the AGM is enclosed.

If you intend to appoint a proxy to attend the AGM, you are required to complete and return the form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the form of proxy should be returned to Tricor Investor Services Limited and for holders of Domestic Shares, the form of proxy should be returned to the Company's registered office and headquarters in the PRC by personal delivery or by post not less than 24 hours before the time fixed for holding the AGM (i.e. before 2:30 p.m. on Thursday, 17 June 2021) or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any other adjourned meeting should you so wish.

### 5. VOTING BY POLL

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

### 6. RECOMMENDATIONS

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

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

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# NOTICE OF 2020 ANNUAL GENERAL MEETING

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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)**

## NOTICE OF 2020 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 2020 annual general meeting (the “AGM”) of Kunming Dianchi Water Treatment Co., Ltd. (the “Company”) will be held at 2:30 p.m. on Friday, 18 June 2021 at the meeting room of the Company on the 1st floor at Wastewater Treatment Plant No.7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC, for the following purposes:

### ORDINARY RESOLUTIONS

1. To consider and approve the Report of the Board of Directors of the Company (the “Board”) for 2020
2. To consider and approve the Report of the Board of Supervisors of the Company for 2020
3. To consider and approve the final accounts of the Company for 2020
4. To consider and approve the audited financial statements of the Company and independent auditors’ report for the year ended 31 December 2020
5. To consider and approve the profit distribution plan of the Company for 2020
6. To consider and approve the financial budget plan of the Company for 2021
7. To consider and approve the authorization to the Board to determine the domestic and international auditors of the Company for the year 2021 and their remunerations
8. To consider and approve the removal of Mr. He Xifeng, an independent non-executive Director, from all of his positions in the Company

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# NOTICE OF 2020 ANNUAL GENERAL MEETING

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## SPECIAL RESOLUTIONS

9. To consider and approve the amendments to the Articles of Association of the Company
10. To consider and approve the amendments to the Rules of Procedures of the Board of Directors of the Company
11. To consider and approve the General Mandate to issue Shares

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

Kunming, the PRC  
18 May 2021

*Notes:*

1. According to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, each of the resolutions set out in the notice of AGM will be voted by poll. Results of the poll voting will be published on the Company's website at [www.kmdcwt.com](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 AGM.
2. The Board recommends the distribution of a final cash dividend (the "**Final Dividend**") of RMB0.120 per Share (tax inclusive) for the year ended 31 December 2020, totaling approximately RMB123,493,320 (tax inclusive), subject to approval by Shareholders at the AGM.

Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, which came into force on 1 January 2008 and other relevant rules, where the Company distributes the proposed 2020 final dividend to non-resident enterprise Shareholders whose names appear on the register of members for H Shares of the Company, it is required to withhold and pay enterprise income tax at the rate of 10%. Any H Shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as shares being held by non-resident enterprise Shareholders, and consequently will be subject to the withholding of the enterprise income tax. According to the requirements of the State Administration of Taxation (Guo Shui Han [2011] No.348) and the relevant laws and regulations, if the individual holders of H shares are residents of Hong Kong or Macau or those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these Shareholders. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will assist them to make applications to seek entitlement of the relevant agreed preferential treatments pursuant to the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. If the individual holders of H shares are residents of those countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or those countries which have not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these Shareholders.

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## NOTICE OF 2020 ANNUAL GENERAL MEETING

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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, 29 June 2021 (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, 23 June 2021, 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.

3. Any Shareholder entitled to attend and vote at the AGM convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a Shareholder of the Company.
4. In order to be valid, the instrument appointing a proxy together with the power of attorney or other authority, if any, under which it is signed, or a 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 AGM (i.e. before 2:30 p.m. on 17 June 2021) or any adjourned meeting thereof. Tricor Investor Services Limited is located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Completion and return of a proxy form will not preclude a Shareholder from attending and voting at the AGM or any adjourned meeting thereof should he/she so wish.
5. For the purpose of determining the list of holders of H Shares who are entitled to attend the AGM, the H Share register of members of the Company will be closed from Friday, 28 May 2021 to Friday, 18 June 2021 (both days inclusive). The holders of H Shares who wish to attend the AGM are required to submit the share certificates together with the transfer documents to the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 27 May 2021 for registration. Holders of H Shares who are registered with Tricor Investor Services Limited on or before the above date are entitled to attend the AGM.  
  
For the purpose of determining the list of holders of H Shares who are entitled to the Final Dividend, the H Share register of members of the Company will be closed from Thursday, 24 June 2021 to Tuesday, 29 June 2021 (both days inclusive). In order to be qualified for the Final Dividend (subject to approval of Shareholders), the holders of unregistered H Shares are required to submit the transfer documents to the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 23 June 2021.
6. In case of joint shareholdings, the vote of the senior joint Shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint Shareholder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
7. The AGM is expected to be held for less than half a day. Shareholders who attend the meeting in person or by proxy shall bear their own travelling and accommodation expenses.
8. A Shareholder or his proxy should produce proof of identity when attending the AGM.
9. 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.
10. 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. Ren Na and Ms. Yu Yanbo, as non-executive Directors; and Mr. Yin Xiaobing, Mr. He Xifeng and Mr. Johnson Wan, as independent non-executive Directors.*