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Kunming Dianchi Water Treatment Co., Ltd.

昆明滇池水務股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3768)

(1) PROPOSED CHANGE OF AUDITORS; AND (2) PROPOSED FURTHER AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(1) PROPOSED CHANGE OF AUDITORS

The board (the “**Board**”) of directors (the “**Directors**”) of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) announced that, given that the service contracts of the current domestic auditor of the Company, Baker Tilly China Certified Public Accountants (Special General Partnership) (“**Baker Tilly**”), and the current international auditor of the Company, Baker Tilly Hong Kong Limited (“**Baker Tilly Hong Kong**”), will soon expire, according to the Law of the People’s Republic of China on Tenders and Bids (《中華人民共和國招標投標法》), the Notice of the State-owned Assets Supervision and Administration Commission of Kunming Municipal People’s Government on Regulation and Supervision of the Appointment of Intermediaries by Enterprises (《昆明市人民政府國有資產監督管理委員會關於規範監管企業選聘中介機構有關事項的通知》) and other relevant laws, regulations and normative documents, and based on the actual situation of the Company, the Company proposed to appoint the domestic and international auditors for the year 2023 by way of public tender. In the recent bidding process conducted by the Company, only Zhongshen Zhonghuan Certified Public Accountants (Special General Partnership) (domestic auditor) (“**ZSZH**”) and Mazars CPA Limited (international auditor) (“**Mazars**”) participated in the final round of bidding. According to Baker Tilly Hong Kong, it had decided not to seek for reappointment as the international auditor of the Company. In reaching such decision, Baker Tilly Hong Kong has taken into account many factors including the professional risk associated with the audit, the available internal resources in light of current work flows and the level of audit fees. In accordance with the requirements of relevant laws, regulations and normative documents, provided that the qualifications, service quality and service offerings of the intermediaries to be appointed match the requirements of the listed company and that the service fees are fair and reasonable, ZSZH and Mazars, which are the only participants in the bidding, may be directly appointed to provide relevant services after consideration and approval by the Board. Having considered the selection standards (taking into account factors including but not limited to qualification, quotation, reputation, experience in auditing of financial statements of listed companies and staffing), the Board proposed to appoint ZSZH and Mazars as the domestic and international auditors of the Company for the year 2023, respectively.

The proposed appointment of ZSZH and Mazars as the domestic and international auditors of the Company for the year 2023 will be effective after the forthcoming 2022 annual general meeting (the “AGM”) to be convened by the Company approves the resolution authorizing the Board to determine the domestic and international auditors of the Company for the year 2023 and after the Company signs engagement letters with ZSZH and Mazars, respectively, and they shall hold office until the conclusion of the next annual general meeting of the Company.

Baker Tilly and Baker Tilly Hong Kong will retire as the Company’s domestic and international auditors, respectively, at the conclusion of the AGM. Baker Tilly and Baker Tilly Hong Kong have confirmed that there is no matter relating to the proposed change of auditors of the Company that needs to be brought to the attention of the shareholders and creditors of the Company. The Board and the audit committee of the Company were not aware of any matter relating to the proposed change of domestic and international auditors or any other matter that needs to be brought to the attention of the shareholders of the Company.

(2) PROPOSED FURTHER AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 7 March 2023 (the “Announcement”) in relation to, among other things, the proposed amendments to the articles of association of the Company (the “Articles of Association”). According to relevant requirements of the Notice on Incorporation of the Requirements of the 20th National Congress of the Chinese Communist Party on Party Building Work in the Articles of Association of Municipal State-owned Enterprises (《關於市屬國有企業將黨的二十大對黨建工作要求寫入公司章程的通知》) issued by the State-owned Assets Supervision and Administration Commission of the Kunming Municipal People’s Government, the resolution on proposed further amendments to the Articles of Association (the “Proposed Further Amendments”, together with the Proposed Amendments (as defined in the Announcement), the “Consolidated Proposed Amendments”) was considered and approved at the Board meeting held on 18 May 2023, details of the Proposed Further Amendments are as follows:

Current version	Amended version
<p>Article 100 The Company shall uphold the great idea of socialism with Chinese characteristics, follow the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of “Three Represents”, the Scientific Outlook on Development, Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, adhere to the basic theory, basic path and basic strategy of the Party, strengthen the “Four Awareness”, consolidate the “Four Confidences”, ensure “Two Upholds”, and adhere to and strengthen the Party’s overall leadership over enterprises.</p>	<p>Article 100 The Company shall uphold the great idea of socialism with Chinese characteristics, follow the guidance of Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of “Three Represents”, the Scientific Outlook on Development, Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, adhere to the basic theory, basic path and basic strategy of the Party, strengthen the “Four Awareness”, consolidate the “Four Confidences”, ensure “Two Upholds”, and adhere to and strengthen the Party’s overall leadership over enterprises.</p>

Current version	Amended version
	<p><u>The Company shall strengthen the political and organizational functions of party organization. It shall facilitate state-owned enterprises to strengthen the leadership of the party in improving corporate governance, and strengthen the party building work of enterprises under mixed ownership. It shall focus on developing party members from among younger generation, industrial workers and intellectuals, and strengthen and improve the education and management of party members, especially mobile party members. It shall implement the democratic system within the party, protect the rights of party members, and encourage them to play a pioneering and exemplary role. It shall also deal with non-conforming party members seriously and properly to maintain the progressiveness and integrity of the party members.</u></p>

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

Save for the Consolidated Proposed Amendments, the contents of other chapters and articles of the Articles of Association remain unchanged, and if the numbering of any chapter and article of the Articles of Association is affected as a result of the Consolidated Proposed Amendments, the numbering of the articles of the existing Articles of Association shall be adjusted accordingly.

The Consolidated Proposed Amendments are subject to the approval by the shareholders of the Company by way of special resolution at the AGM.

A circular containing, among other things, details of the authority to be granted to the Board to determine the domestic and international auditors of the Company for the year 2023 and fix their remuneration and the Consolidated Proposed Amendments, together with the notice convening the AGM, will be despatched to the shareholders of the Company in due course.

By order of the Board
Kunming Dianchi Water Treatment Co., Ltd.
Zeng Feng
Chairperson and executive Director

Kunming, the PRC, 18 May 2023

As of the date of this announcement, the Board comprises Mr. Zeng Feng and Mr. Chen Changyong, as executive Directors; Mr. Zhou Jianbo and Mr. Zhang Yang, as non-executive Directors; and Ms. Wang Dongfang, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.