
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Kunming Dianchi Water Treatment Co., Ltd., you should at once hand this circular and the proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer 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)

- (1) CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW
FRAMEWORK AGREEMENT;**
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
**(3) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF
THE SHAREHOLDERS' GENERAL MEETING;**
**(4) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF
THE BOARD OF DIRECTORS;**
AND
(5) 2024 FOURTH EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

The EGM will be held at 2:30 p.m. on Friday, 20 December 2024 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 EGM is set out on pages 98 to 100 of this circular.

If you intend to appoint a proxy to attend the EGM, 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 in any event not less than 24 hours before the time fixed for holding the EGM (i.e. before 2:30 p.m. on Thursday, 19 December 2024) 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 or at any other adjourned meeting.

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DEFINITIONS

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” or “Board of Directors”	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 incorporated in the PRC with limited liability on 23 December 2010, and its H Shares are listed on the Stock Exchange (stock code: 3768)
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Dianchi Investment Group”	Kunming Dianchi Investment and its subsidiaries, excluding the Group
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“EGM”	the 2024 fourth extraordinary general meeting of the Company to be held at 2:30 p.m. on Friday, 20 December 2024 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
“Existing Framework Agreement”	the entrusted operation and management framework agreement entered into by the Company and Kunming Dianchi Investment on 29 September 2021. For details, please refer to the announcement of the Company dated 29 September 2021
“Group”	the Company and its subsidiaries

DEFINITIONS

“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all of the independent non-executive Directors (i.e. Mr. Zha Guiliang, Ms. Zheng Dongyu and Mr. Ong King Keung) to advise the Independent Shareholders on the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, which was appointed as the independent financial adviser by the Company to advise the Independent Board Committee and the Independent Shareholders on the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps
“Independent Shareholders”	the Shareholders other than Kunming Dianchi Investment and its associates
“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”	28 November 2024, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
“Listing”	the listing of the H Shares on the Stock Exchange on 6 April 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and otherwise modified from time to time
“New Framework Agreement”	the entrusted operation and management framework agreement entered into by the Company and Kunming Dianchi Investment on 13 November 2024 (after trading hours)
“Non-completion Agreement”	the non-competition agreement entered into between the Company and Kunming Dianchi Investment dated 25 April 2016

DEFINITIONS

“operation and management services”	the operation and management services provided by the Group to Dianchi Investment Group, including operation and management services for wastewater treatment facilities, reclaimed water supply facilities and running water supply facilities
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedures of the Board of Directors”	the rules of procedures of the Board of Directors of the Company, as amended from time to time
“Rules of Procedures of the Shareholders’ General Meeting”	the rules of procedures of the Shareholders’ general meetings of the Company, as amended from time to time
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“%”	per cent.

LETTER FROM THE BOARD



Kunming Dianchi Water Treatment Co., Ltd. **昆明滇池水务股份有限公司**

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

(Stock Code: 3768)

Board of Directors:

Executive Directors:

Mr. Zeng Feng (*Chairperson*)
Mr. Chen Changyong (*General Manager*)
Mr. Miao Xianjun

*Registered office and headquarters
in the PRC:*

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

Non-executive Directors:

Mr. Xu Jingdong
Ms. Cheng Yijing
Mr. Zhang Yang

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. Zha Guiliang
Ms. Zheng Dongyu
Mr. Ong King Keung

4 December 2024

To the Shareholders

Dear Sirs and Madams,

- (1) CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW
FRAMEWORK AGREEMENT;**
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
**(3) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF
THE SHAREHOLDERS' GENERAL MEETING;**
**(4) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF
THE BOARD OF DIRECTORS;**
AND
(5) 2024 FOURTH EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

On behalf of the Board, I invite you to attend the EGM to be held at 2:30 p.m. on Friday, 20 December 2024 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 all 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.

LETTER FROM THE BOARD

II. BUSINESS TO BE CONSIDERED AT THE EGM

The business to be considered at the EGM is described in more details in the notice of the EGM as set out on pages 98 to 100 of this circular.

Resolution to be proposed at the EGM and proposed to be passed as an ordinary resolution include:

- (a) to consider and approve the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps:
 - (i) to approve, ratify and confirm the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps; and
 - (ii) to authorize any executive Director to sign, execute, perfect and deliver all such documents (including the New Framework Agreement) and do all such measures, acts, matters and things as he or she may in his or her sole and absolute discretion consider necessary or desirable for the purpose of the implementation of each transaction under the New Framework Agreement, the proposed annual caps and other matters contemplated thereunder or ancillary thereto, to waive compliance with and/or agree to any amendment or supplement to the New Framework Agreement which in his or her opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.

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

- (b) to consider and approve the proposed amendments to the Articles of Association
- (c) to consider and approve the proposed amendments to the Rules of Procedures of the Shareholders' General Meeting
- (d) to consider and approve the proposed amendments to the Rules of Procedures of the Board of Directors

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, we have provided the Shareholders with detailed information in this circular.

LETTER FROM THE BOARD

III. TO CONSIDER AND APPROVE THE NEW FRAMEWORK AGREEMENT, THE TRANSACTIONS CONTEMPLATED THEREUNDER AND THE RELEVANT PROPOSED ANNUAL CAPS

1. Overview

References are made to: (i) the announcement of the Company dated 29 September 2021 and the circular of the Company dated 27 October 2021 in relation to the entering into of the Existing Framework Agreement; and (ii) the announcement of the Company dated 13 November 2024 in relation to the entering into of the New Framework Agreement. As disclosed in the announcement of the Company dated 29 September 2021, the Company entered into the Existing Framework Agreement with Kunming Dianchi Investment on 29 September 2021, pursuant to which the Group provided certain operation and management services to Dianchi Investment Group in relation to wastewater treatment plants, reclaimed water supply facilities and running water supply facilities owned by Dianchi Investment Group for the period from 1 January 2022 to 31 December 2024. Such operation and management services, depending on the development stage of the project, typically include operating, testing and adjusting the equipment and facilities, arranging operating personnel and experts to maintain the daily operation of such plants and ensure the effluent quality meets the relevant discharge standard, setting up management policies and operation guidelines, chemicals purchase, and sludge transportation and disposal.

As further disclosed in the announcement of the Company dated 12 November 2021, the Company has obtained the Independent Shareholders' approval of the annual caps for the transactions under the Existing Framework Agreement covering a period of three years from 1 January 2022 to 31 December 2024. As at the Latest Practicable Date, two individual agreements under the Existing Framework Agreement are still effective between the Group and Dianchi Investment Group. These individual agreements are in line with the various agreed principles under the Existing Framework Agreement.

As the Existing Framework Agreement shall expire on 31 December 2024, the Company and Kunming Dianchi Investment entered into the New Framework Agreement through friendly negotiation, pursuant to which the Group will continue to provide operation and management services to Dianchi Investment Group for three years until 31 December 2027.

2. New Framework Agreement

(a) Parties

- (i) Kunming Dianchi Investment; and
- (ii) the Company.

(b) Date of signature, effective date and term of the agreement

The New Framework Agreement was entered into on 13 November 2024 with both parties' signatures and seals. It will take effect on 1 January 2025 subject to approval by the Independent Shareholders at the EGM. The term of the agreement is from 1 January 2025 to 31 December 2027.

The term of the individual agreements entered into by the Group and Dianchi Investment Group under the New Framework Agreement shall not exceed the term of the New Framework Agreement.

LETTER FROM THE BOARD

(c) ***Principal terms***

Scope of the operation and management services

The operation and management services provided by the Group to Dianchi Investment Group include operation and management services for wastewater treatment facilities, reclaimed water supply facilities, and running water supply facilities.

Principles of transactions

- (i) The parties agree that entering into the New Framework Agreement does not preclude the parties (or their respective subsidiaries) from freely choosing counterparties or entering into transactions with third parties;
- (ii) Kunming Dianchi Investment agrees that Dianchi Investment Group shall give priority to the operation and management services provided by the Group when the service terms offered and fees quoted by third parties are the same;
- (iii) Dianchi Investment Group has the right to obtain services from third parties if the Group cannot meet the requirements of Dianchi Investment Group for the operation and management services or if the terms provided by third parties are more favorable;
- (iv) the Company will provide the required estimates of the operation and management services fees to Kunming Dianchi Investment; and
- (v) subject to the principles of the New Framework Agreement, it is expected that the Group will enter into individual agreements with Dianchi Investment Group as required from time to time. The Group reserves the right to amend these individual agreements in order to comply with the Listing Rules.

Operation and management fees

Each party will agree on relevant management fees for the entrusted operation according to the types of individual operation and management services, which will be reflected in individual agreements (please refer to the relevant terms under “Operation mode” below).

The price of the operation and management services under the New Framework Agreement shall be determined based on the following order:

- (i) the prices set by the government of the place where such services are provided or its vicinity; or

LETTER FROM THE BOARD

- (ii) the prices then charged by third parties providing such services in the place where such services are provided or in the vicinity thereof in the ordinary course of business; or
- (iii) the prices then charged by third parties providing such services in the ordinary course of business; or
- (iv) the prices determined on the basis of “reasonable cost + reasonable profit (not exceeding 10% of the reasonable cost)” (the “reasonable cost” refers to the actual cost incurred by the Group for the provision of such services to Dianchi Investment Group as audited and verified by the third-party auditor jointly appointed by the Company and Kunming Dianchi Investment).

The aforementioned bases of determination of the operation and management fees shall apply in sequential order. For instance, the Group’s operation and management services mainly include two types of projects, namely the first-class A standard projects and the over-limit phosphorus removal projects, in relation to which the Kunming People’s Government has promulgated the standard prices (i.e. currently being RMB1.54/ton for first-class A standard projects and RMB0.48/ton for over-limit phosphorus removal projects). In the event that such standard prices no longer exist or do not apply to a particular type of operation and management services provided by the Group to Dianchi Investment Group, basis (ii) above shall apply instead, and so on and so forth.

The price of all the operation and management services provided by the Group under the Existing Framework Agreement for the two years ended 31 December 2023 and for the ten months ended 31 October 2024 was determined solely based on the standard prices promulgated by the Kunming People’s Government.

Operation mode

For all service transactions under the New Framework Agreement, parties to the transactions will enter into individual agreements in accordance with the scope and principles specified in the New Framework Agreement. Such individual agreements shall not violate the agreed provisions under the New Framework Agreement.

The parties shall ensure and procure their respective subsidiaries to enter into individual agreements in accordance with the principles and provisions of the New Framework Agreement and the service plans agreed by both parties. Kunming Dianchi Investment is committed to using its best endeavor to procure its associates other than its subsidiaries to enter into individual agreements in accordance with the principles and provisions of the New Framework Agreement and the service plans agreed by both parties.

During the process of implementing the New Framework Agreement, if necessary and as agreed by both parties of the agreement, the individual agreements may be adjusted.

LETTER FROM THE BOARD

Obligation of the parties

The main obligations of Dianchi Investment Group and the Group under the New Framework Agreement include:

- (i) *Dianchi Investment Group*
 - a. to coordinate matters relating to the implementation of each individual agreement;
 - b. to designate or establish a special department for liaison, file preparation, planning and arrangement, supervision, assessment and coordination of the implementation of the agreements in relation to the relevant service transactions under the New Framework Agreement, and for handling matters in relation to dispute resolutions; and
 - c. to pay relevant service fees in accordance with the requirements under the individual agreements and to guarantee compensation for the losses caused to the Group due to violation of any terms of the New Framework Agreement or the individual agreements.

- (ii) *The Group*
 - a. to provide and procure its member companies to provide corresponding services to Dianchi Investment Group in accordance with the New Framework Agreement;
 - b. to coordinate matters in relation to each individual service agreement;
 - c. to regularly submit data and information on relevant work status according to the requirements of Dianchi Investment Group, as well as promptly and effectively organize, resolve and rectify problems in the maintenance and operation of the entrusted subjects, and accept supervision, assessment and relevant evaluation of Dianchi Investment Group and third parties assigned by it;
 - d. to compensate for the losses caused to Dianchi Investment Group due to violation of any terms of the New Framework Agreement or the individual agreements thereunder in accordance with the requirements of the individual service agreements; and
 - e. to ensure safe and stable operation of the entrusted subjects and bear the environmental protection responsibilities caused due to improper operation and management by the Group.

LETTER FROM THE BOARD

3. Historical Data and Annual Caps

The annual caps in respect of the operation and management services provided by the Group to Dianchi Investment Group under the Existing Framework Agreement for the years ended 31 December 2022, and 31 December 2023 and the year ending 31 December 2024 are as follows:

	For the year ended 31 December		For the
	2022	2023	year ending
	(RMB'000)	(RMB'000)	31 December
Annual Cap	421,063	574,539	2024 (RMB'000)
			593,140

The historical transaction amounts in respect of the operation and management services provided by the Group to Dianchi Investment Group under the Existing Framework Agreement for the years ended 31 December 2022 and 31 December 2023, respectively, and for the ten months ended 31 October 2024 are as follows:

	For the year ended 31 December		For the ten
	2022	2023	months ended
	(RMB'000)	(RMB'000)	31 October 2024
Actual transaction amount	309,530	47,501	(RMB'000)
			146,920

The actual transaction amounts for the years ended 31 December 2022 and 31 December 2023 have not exceeded the respective annual caps. As at the Latest Practical Date, the actual transaction amount for the year ending 31 December 2024 has not exceeded the corresponding annual cap, and it is expected that such annual cap will not be exceeded as at 31 December 2024.

The actual transaction amounts for the year ended 31 December 2023 and for the ten months ended 31 October 2024 were substantially lower than the corresponding annual caps. This was primarily because Kunming Dianchi Investment disposed of certain wastewater treatment facilities, reclaimed water supply facilities and running water supply facilities owned by it towards the end of 2022, which resulted in a decrease in its demand for the operation and management services under the Existing Framework Agreement for the year ended 31 December 2023 and for the year ending 31 December 2024. The Company has taken into account the aforesaid and excluded the expected volume of services required by such facilities that have already been disposed of by Kunming Dianchi Investment when determining the proposed annual caps for the three years ending 31 December 2027 under the New Framework Agreement.

LETTER FROM THE BOARD

The annual cap for the transactions under the New Framework Agreement for each of the years ending 31 December 2025, 31 December 2026 and 31 December 2027 are as follows:

	For the year ending 31 December		
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Annual Cap	189,172	197,056	197,056

For the purposes of determining the proposed annual caps for the transactions under the New Framework Agreement for each of the years ending 31 December 2025, 31 December 2026 and 31 December 2027, the Directors have considered the following factors:

- (a) the historical transaction amounts and existing costs of operation and management services;
- (b) the estimated volume of services from 2025 to 2027. Our operation and management services mainly include two types of projects, namely the first-class A standard project and the over-limit phosphorus removal project. The estimated daily processing capacity is determined with reference to: (i) the latest operation status and operation plan of each facility. Some facilities are undergoing upgrading projects which allow them to increase the processing amounts; (ii) the designed daily processing capacity of each facility. The capacity of some of our projects is expected to increase during the three years ending 31 December 2027; (iii) a corresponding decrease in the demand for existing operation and management services due to the disposal of certain related facilities by Kunming Dianchi Investment; and (iv) an increase in the expected demand for additional services such as standard enhancement;

The estimated volume of services from 2024 to 2027 are as follows:

	2024	2025	2026	2027
	(tons/day)	(tons/day)	(tons/day)	(tons/day)
First-class A standard project	26,400	30,000	30,000	30,000
Over-limit phosphorus removal project	883,800	983,500	1,028,500	1,028,500

- (c) the production capacity of each facility; and
- (d) the standard prices promulgated by the relevant government authorities. Based on the relevant information currently available, the Directors do not foresee any changes to the standard prices promulgated by the relevant government authorities for the next three years.

LETTER FROM THE BOARD

4. Internal Control Measures

To ensure that the proposed annual caps will not be exceeded and the individual transactions will be conducted in accordance with the New Framework Agreement, the Group has adopted the below internal control measures:

- (a) the Company has formulated the Connected Transactions Management Policies (《關聯交易管理辦法》) (the “Policies”), to ensure that all connected transactions, including those under the New Framework Agreement, are properly controlled and monitored. In particular, the Policies require that continuing connected transactions are subject to annual review by the auditors and the Independent Board Committee of the Company;
- (b) the Finance Department of the Company will review the proposed transaction price before conducting an individual transaction and the terms under a draft individual agreement, to ensure that they are in line with the standard prices promulgated by the relevant government authorities. The Finance Department will then report their review result to the chairman of the Board and the chairman of the Board will consider and approve the signing of such individual agreement;
- (c) each year, the Finance Department of the Company will prepare an annual plan and annual estimate of the operation and management services fees required for the next year, which is subject to review and approval by the chairperson of the Board;
- (d) the Finance Department of the Company will prepare the accounts of all individual transactions occurred on a monthly and quarterly basis, and such accounts will be submitted to the Securities Department of the Company and further reported to the president of the Company on a monthly basis and to the president of the Company and the Board on a quarterly basis; and
- (e) the Finance Department and the Business Department of the Company will monitor the implementation of each individual agreement on a continuous basis, and report to the Securities Department of the Company any deviation or possible deviation from the relevant individual agreement or the New Framework Agreement. The Securities Department of the Company will further report any serious deviation to the president and the Board.

5. Reasons for and benefits of entering into the New Framework Agreement

Dianchi Investment Group reserves certain wastewater treatment plants. According to the concession agreement between the Company and the Kunming Municipal Government, the Company has the right to operate wastewater treatment facilities in Kunming. Therefore, Dianchi Investment Group shall rely on or entrust the Company to operate and manage the wastewater treatment facilities in Kunming.

The Company considers that through collection of service fees and taking advantage of the Company’s resources and expertise, provision of operation and management services enables the Company to operate wastewater treatment facilities, thereby obtaining maximum benefits from such water plants.

LETTER FROM THE BOARD

In addition, the Company entered into the Non-competition Agreement with Kunming Dianchi Investment to regulate the relationship and potential business competition between the Group and Dianchi Investment Group upon the Listing. Pursuant to the Non-competition Agreement, for those wastewater treatment plants the Company is entrusted to operate, the Company has (i) the right to request Kunming Dianchi Investment to sell; (ii) the right to acquire at their respective commencement of commercial operation; and (iii) the right of first offer to acquire, any or all of them. Entering into the New Framework Agreement will enable the Group to continue to operate and control these assets and track the situation and performance of the wastewater treatment plants. It will also enable the Company to better assess whether and when to exercise its right to acquire such assets in accordance with the Non-competition Agreement.

Mr. Ong King Keung, an independent non-executive Director, abstained from voting at the Board meeting. Mr. Ong King Keung abstained from voting mainly because he considered that there was a possibility that Dianchi Investment Group might not be able to make timely payments of the operation and management service fees to the Group pursuant to the New Framework Agreement or the relevant individual agreements, which would result in relatively large amounts of accounts receivable of the Company. Based on the above, the Directors (excluding the independent non-executive Directors) are of the view that the New Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and its Shareholders as a whole.

All Directors have given due and careful consideration to the New Framework Agreement and the opinions of Mr. Ong King Keung. All Directors other than Mr. Ong King Keung are of the unanimous view that (i) the New Framework Agreement has been entered into pursuant to the Non-competition Agreement in order to reasonably regulate the relationship and potential business competition between the Group and Dianchi Investment Group after the Listing, which is in line with the principle of non-competition and in the interests of the Company, and (ii) in the event of any non-payment of the operation and management service fees by Dianchi Investment Group under the New Framework Agreement or the relevant individual agreements, the Company will proactively negotiate with Dianchi Investment Group and the relevant governmental authorities and is expected to be able to take reasonable measures to collect the operation and management service fees, and the overall risks are manageable.

6. Implication under the Listing Rules

Kunming Dianchi Investment is the controlling shareholder of the Company and holds approximately 64.16% equity interest of the Company as at the Latest Practicable Date, and is therefore a connected person of the Company. Accordingly, the provision of operation and management services by the Group to Dianchi Investment Group under the New Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under the New Framework Agreement exceed 5%, the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Mr. Zeng Feng, an executive Director, serves as a director of Kunming Dianchi Investment, and Mr. Xu Jingdong, a non-executive Director, serves as a director and senior management of Kunming Dianchi Investment. Therefore, Mr. Zeng Feng and Mr. Xu Jingdong are considered to have a material interest in the New Framework Agreement and the transactions contemplated thereunder. Accordingly, such two Directors are required to abstain from voting in the Board resolutions approving the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps. Save as disclosed above, none of the other Directors has a material interest in the New Framework Agreement and the transactions contemplated thereunder and is required to abstain from voting in relation to the relevant Board resolutions.

7. General information

The Company

The Company is a leading municipal wastewater treatment and reclaimed water supply services provider in Yunnan Province, the PRC, an integrated water-related services (including running water supply service) provider and a core enterprise implementing the PRC's strategic goal to treat pollutants at Dianchi Lake.

Kunming Dianchi Investment

Kunming Dianchi Investment is a state-owned enterprise established on 13 October 2004 and owned as to approximately 90.09% by the State-owned Assets Supervision and Administration Commission of the Kunming People's Government (昆明市人民政府國有資產監督管理委員會). As at the Latest Practicable Date, Kunming Dianchi Investment holds approximately 64.16% of the issued share capital of the Company. It engages in investment, construction, operation and management of projects confirmed by the Kunming People's Government in Yunnan Province of the PRC; investment and construction of wastewater treatment plants and investment, operation and management of assets in relation to infrastructure, technology and other industries.

LETTER FROM THE BOARD

IV. TO CONSIDER AND APPROVE THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 25 October 2024 in relation to, among other things, the proposed amendments to the Articles of Association. In accordance with the relevant provisions of the Company Law as newly amended and in force, and based on the actual situation of the Company, the Board proposed to make certain amendments to the existing Articles of Association (the “**Proposed Amendments to the Articles of Association**”), details of which are as follows:

Current version	Amended version
The term “ general meeting (股東大會) ” in the Articles of Association	To be revised as “ <u>general meeting (股東會)</u> ”
<p>Article 1 ……</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.*, Kunming Xinzhi Investment Development Co., Ltd.* as its promoters.</p> <p>……</p>	<p>Article 1 ……</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 <u>Kunming Municipal Administration for Market Regulation</u> 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 <u>jointly</u> 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 Xinzhi Investment Development Co., Ltd.* as its promoters.</p> <p>……</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 5 The chairperson of the Company is the legal representative of the Company.</p>	<p>Article 5 The chairperson of the Company is the legal representative of the Company.</p> <p><u>The chairperson shall be elected and changed by a majority of all directors, and shall serve a term of three years and may be re-elected for successive terms.</u></p> <p><u>If the chairperson resigns, he or she shall be deemed to have resigned as the legal representative at the same time.</u></p> <p><u>If the chairperson resigns, the Company shall identify a new legal representative within 30 days from the date of resignation of the legal representative.</u></p>
<p>Article 7 The Articles of Association, being the code of conduct for the Company, shall become effective on the date of being passed by way of a special resolution at the shareholders' general meeting of the Company. The Articles of Association supersede our Articles of Association previously filed with industry and commerce administration authorities. From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se. The Company shall comply with the requirements of the Company Law, the Securities Law, the Main Board Listing Rules and the Articles of Association.</p>	<p>Article 7 The Articles of Association, being the code of conduct for <u>fundamental document formulated by</u> the Company <u>in accordance with relevant laws</u>, shall become effective on the date of being passed by way of a special resolution at the shareholders' general meeting of the Company. The Articles of Association supersede our Articles of Association previously filed with industry and commerce administration authorities <u>the administration for market regulation</u>. From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se. The Company shall comply with the requirements of the Company Law, the Securities Law, the Main Board Listing Rules and the Articles of Association.</p>

LETTER FROM THE BOARD

Current version					Amended version				
Article 20					Article 20				
No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>	Way of contribution	No.	Promoter	Number of shares <i>(ten thousand)</i>	Shareholding <i>(%)</i>	Way of contribution
1.	Kunming Dianchi Investment Co. Ltd.	34,494.30	95.82	In-kind contribution	1.	Kunming Dianchi Investment Co. Ltd.	34,494.30	95.82	In-kind contribution <u>and cash contribution</u>
2.	Kunming Development Investment Group Co. Ltd.	1,095.00	3.04	Cash contribution	2.	Kunming Development Investment Group Co. Ltd.	1,095.00	3.04	Cash contribution
3.	Kunming Industrial Development and Investment Co. Ltd.	136.90	0.38	Cash contribution	3.	Kunming Industrial Development and Investment Co. Ltd.	136.90	0.38	Cash contribution
4.	Kunming State-owned Assets Management and Operations Co. Ltd.	136.90	0.38	Cash contribution	4.	Kunming State-owned Assets Management and Operations Co. Ltd.	136.90	0.38	Cash contribution
5.	Kunming Xinzhi Investment Development Co., Ltd.	136.90	0.38	Cash contribution	5.	Kunming Xinzhi Investment Development Co., Ltd.	136.90	0.38	Cash contribution
Total		36,000	100		Total		36,000	100	
.....								
<p>Article 21 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>.....</p>					<p>Article 21 Upon the approval from the competent regulatory 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>.....</p>				

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 23 The Company or its subsidiaries (including the Company’s subordinated enterprises) shall not provide any financial assistance in the form of gifts, advances, guarantees, compensation or loans to persons who purchase or intend to purchase the Company’s shares.</p>	<p>Article 23 <u>Except as provided in this Article, the</u> The Company or its subsidiaries (including the Company’s subordinated enterprises) shall not provide any financial assistance in the form of gifts, advances, guarantees, compensation or loans to persons who purchase or intend to purchase the Company’s shares <u>of the Company or its parent company.</u></p> <p><u>For the benefit of the Company, by resolution of the general meeting, or by resolution of the Board of Directors in accordance with the Articles of Association or the authorization of the general meeting, the Company may provide financial assistance to other parties for acquisition of shares of the Company or its parent company, provided that the cumulative total amount of financial assistance shall not exceed 10% of the total amount of the issued share capital. Resolutions made by the Board of Directors shall be approved by more than two-thirds of all directors.</u></p> <p><u>If a violation of the provisions of the preceding two paragraphs causes losses to the Company, the responsible directors, supervisors and senior management shall be liable for compensation.</u></p>
<p>Article 28 When the Company reduces its registered capital, it must draw up a balance sheet and an inventory of assets.</p> <p>The Company shall notify its creditors within 10 days from the date of the Company’s resolution for reduction of registered capital and shall publish a notice in a newspaper within 30 days from the date of such resolution. A creditor has the right within 30 days from the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days from the date of the notice, to demand the Company to repay its debts or provide a corresponding guarantee for such debt.</p>	<p>Article 28 When the Company reduces its registered capital, it must draw up a balance sheet and an inventory of assets.</p> <p>The Company shall notify its creditors within 10 days from the date of the Company’s resolution for reduction of registered capital and shall publish a notice in a newspaper within 30 days from the date of such resolution. A creditor has the right within 30 days from the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days from the date of the notice, to demand the Company to repay its debts or provide a corresponding guarantee for such debt.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 31 The acquisition of shares of the Company by the Company under the circumstances set forth in (3), (5) and (6) of Article 29 of the Articles of Association shall be conducted through public trading. The acquisition of shares of the Company by the Company under the circumstances set forth in (1) and (2) of Article 29 of the Articles of Association shall be subject to resolution at a shareholders' general meeting; the acquisition of shares of the Company by the Company under the circumstances set forth in (3), (5) and (6) of Article 29 of the Articles of Association may be resolved at a Board meeting with the attendance of more than two-thirds of the directors in accordance with the authorization of the shareholders' general meeting.</p> <p>Where the relevant rules of the regulatory authorities and stock exchange of the place where the Company's shares are listed provide otherwise for the repurchase of shares, such provisions shall prevail.</p>	<p>Article 3130 The acquisition of shares of the Company by the Company under the circumstances set forth in (3), (5) and (6) of Article 29<u>28</u> of the Articles of Association shall be conducted through public trading. The acquisition of shares of the Company by the Company under the circumstances set forth in (1) and (2) of Article 29<u>28</u> of the Articles of Association shall be subject to resolution at a shareholders' general meeting; the acquisition of shares of the Company by the Company under the circumstances set forth in (3), (5) and (6) of Article 29<u>28</u> of the Articles of Association may be resolved at a Board meeting with the attendance of more than two-thirds of the directors in accordance with the authorization of the shareholders' general meeting.</p> <p>Where the relevant rules of the regulatory authorities and stock exchange of the place where the Company's shares are listed provide otherwise for the repurchase of shares, such provisions shall prevail.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 33 Where shares of the Company are repurchased lawfully pursuant to sub-paragraph (1) of Article 29 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 29 of the Articles of Association, such shares shall be transferred or cancelled within 6 months thereafter; in case of circumstances set forth in sub-paragraphs (3), (5) and (6) of Article 29 of the Articles of Association, the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three years.</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>Article 33<u>332</u> Where shares of the Company are repurchased lawfully pursuant to sub-paragraph (1) of Article 2928 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 2928 of the Articles of Association, such shares shall be transferred or cancelled within 6 months thereafter; in case of circumstances set forth in sub-paragraphs (3), (5) and (6) of Article 2928 of the Articles of Association, the total number of shares of the Company held by the Company shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three years.</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>Article 36 ……</p> <p>This Article shall not apply to the circumstances referred to in Article 38 in the Articles of Association.</p>	<p>Article 36<u>3635</u> ……</p> <p>This Article shall not apply to the circumstances referred to in Article 38<u>3837</u> in the Articles of Association.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 38 The following activities shall not be deemed to be prohibited by Article 36 of the Articles of Association:</p> <p>.....</p>	<p>Article 3837 The following activities shall not be deemed to be prohibited by Article 3635 of the Articles of Association:</p> <p>.....</p>
<p>Article 44 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, keep its original register of holders of overseas-listed foreign-invested shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong. The Company shall maintain a duplicate of the register of holders of overseas-listed foreign-invested shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas-listed foreign-invested shares at all times.</p> <p>If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign-invested shares, the original version shall prevail.</p>	<p>Article 4443 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, keep its original register of holders of overseas-listed foreign-invested shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong. The Company shall maintain a duplicate of the register of holders of overseas-listed foreign-invested shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas-listed foreign-invested shares at all times.</p> <p>If there is any inconsistency between the original and the duplicate register of holders of overseas-listed foreign-invested shares, the original version shall prevail.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 48 Shares held by promoters of the Company may not be transferred within one year after the Company’s establishment. Shares issued prior to the Company’s public offering may not be transferred within one year from the date on which the Company’s shares are listed and traded on the stock exchange.</p> <p>The directors, supervisors and senior management members of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer every year during their terms of office shall not exceed 25% of the total number of the Company’s shares in his or her possession. The shares of the Company held by them shall not be transferred within one year from the date of listing and trading of the Company’s shares. Such personnel shall not transfer the Company’s shares in their possession within half year after they have terminated their employment with the Company.</p>	<p>Article 4847 Shares held by promoters of the Company may not be transferred within one year after the Company’s establishment. Shares issued prior to the Company’s public offering may not be transferred within one year from the date on which the Company’s shares are listed and traded on the stock exchange.</p> <p>The directors, supervisors and senior management members of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer every year during their terms of office <u>as determined upon appointment</u> shall not exceed 25% of the total number of the Company’s shares in his or her possession. The shares of the Company held by them shall not be transferred within one year from the date of listing and trading of the Company’s shares. Such personnel shall not transfer the Company’s shares in their possession within half year after they have terminated their employment with the Company.</p> <p><u>If the shares are pledged within the period of restriction on transfer prescribed by laws and administrative regulations, the pledgee shall not exercise the pledge right within the period of restriction on transfer.</u></p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 51 No changes in the shareholders’ register due to the transfer of shares may be made within 20 days before the date of a general meeting or within 5 days before the record date for the Company’s distribution of dividends. 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.</p>	<p>Article 5150 No changes in the shareholders’ register due to the transfer of shares may be made within 20 days before the date of a general meeting or within 5 days before the record date for the Company’s distribution of dividends. 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 provide otherwise 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.</p>
<p>Article 54 Any shareholder who is registered in, or any person who requests to have his/her name (title) entered into, the register of members may, if his/her share certificate (the “Original Certificate”) is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).</p> <p>If a holder of domestic shares loses his/her share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with the requirement of Article 143 of the Company Law.</p> <p>If a holder of overseas-listed foreign-invested shares loses his/her share certificate and applies for a replacement share certificate, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign-invested shares is maintained.</p> <p>.....</p>	<p>Article 5453 Any shareholder who is registered in, or any person who requests to have his/her name (title) entered into, the register of members may, if his/her share certificate (the “Original Certificate”) is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).</p> <p>If a holder of domestic shares loses his/her share certificate and applies for a replacement share certificate, it shall be dealt with in accordance with the requirement of Article 143164 of the Company Law.</p> <p>If a holder of overseas-listed foreign-invested shares loses his/her share certificate and applies for a replacement share certificate, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign-invested shares is maintained.</p> <p>.....</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 58 The ordinary shareholders of the Company shall enjoy the following rights:</p> <p>.....</p> <p>(5) the right to review the Articles of Association, register of members, corporate bond stubs, minutes of shareholders' general meetings, resolutions of the Board meetings, resolutions of the meetings of the supervisory committee, and financial and accounting reports;</p> <p>.....</p> <p>(8) shareholders individually or jointly holding more than 3% of the Company's shares can make a provisional motion in writing to the Board 10 days before the date of shareholders' general meeting;</p> <p>.....</p>	<p>Article 5857 The ordinary shareholders of the Company shall enjoy the following rights:</p> <p>.....</p> <p>(5) the right to review and copy the Articles of Association, register of members, corporate bond stubs, minutes of shareholders' general meetings, resolutions of the Board meetings, resolutions of the meetings of the supervisory committee, and financial and accounting reports;</p> <p>.....</p> <p>(8) shareholders individually or jointly holding more than 31% of the Company's shares can make a provisional motion in writing to the Board 10 days before the date of shareholders' general meeting;</p> <p>.....</p>
<p>Article 59 When a shareholder requests to review the relevant information mentioned in Article 58 or requests for materials, he/she shall provide the Company with written documents evidencing the class and number of shares of the Company held by him/her, and the Company shall provide such information as requested by such shareholder after verifying his/her identity.</p>	<p>Article 5958 When a shareholder requests to review the relevant information mentioned in Article 5857 or requests for materials, he/she shall provide the Company with written documents evidencing the class and number of shares of the Company held by him/her, and the Company shall provide such information as requested by such shareholder after verifying his/her identity.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 65 The shareholders’ general meeting shall have the following functions and powers:</p> <p>(1) to decide on the Company’s business policies and investment plans;</p> <p>(2) to elect and replace directors and supervisors that are not staff representatives and decide on matters relating to their remuneration;</p> <p>.....</p> <p>(5) to consider and approve the Company’s proposed annual financial budgets and final account plans;</p> <p>.....</p> <p>(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;</p> <p>.....</p> <p>(13) to consider and approve the guarantees specified in Article 66 of the Articles of Association subject to approval at the shareholders’ general meeting;</p> <p>.....</p>	<p>Article 6564 The shareholders’ general meeting shall have the following functions and powers:</p> <p>(1) to decide on the Company’s business policies and investment plans;</p> <p>(21) to elect and replace directors and supervisors that are not staff representatives and decide on matters relating to their remuneration;</p> <p>.....</p> <p>(5) to consider and approve the Company’s proposed annual financial budgets and final account plans;</p> <p>.....</p> <p>(11) to consider and approve the motions raised by shareholders who individually or collectively represent 31% or more of the total number of voting shares of the Company;</p> <p>.....</p> <p>(1311) to consider and approve the guarantees specified in Article 6665 of the Articles of Association subject to approval at the shareholders’ general meeting;</p> <p>.....</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 67 The Company shall not, without the prior approval of shareholders by way of special resolution at shareholder’s general meeting, enter into any contract with any person other than a director, a supervisor, general manager and members of the senior management whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person except for special circumstances such as the Company is in a crisis.</p>	<p>Article 6766 The Company shall not, without the prior approval of shareholders by way of special resolution at shareholder’s general meeting, enter into any contract with any person other than a director, a supervisor, general manager and members of the senior management whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person except for special circumstances such as the Company is in a crisis.</p>
<p>Article 68 ……</p> <p>(5) when more than 2 independent non-executive directors so request;</p> <p>……</p> <p>In any of the circumstances referred to in (3), (4) and (5) above, the matter for consideration proposed by the party requesting the holding of the extraordinary general meeting shall be included in the agenda of such meeting.</p>	<p>Article 6867 ……</p> <p>(5) when more than 2 independent non-executive directors so request;</p> <p>……</p> <p>In any of the circumstances referred to in (3), (4) and (5) above, the matter for consideration proposed by the party requesting the holding of the extraordinary general meeting shall be included in the agenda of such meeting.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 73 When the Company convenes a shareholders’ general meeting, the Board, the supervisory committee and shareholders individually or jointly holding more than 3% (inclusive) of the shares of the Company shall have the right to submit proposals to the Company. Shareholders individually or jointly holding 3% or more of the total voting shares in the share capital of the Company shall be entitled to propose new resolutions in writing to the Company and submit to the convener 10 days prior to the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within 2 days after the receipt of such proposal and incorporate the matters falling within the scope of duties of the general meeting into the agenda of such meeting. The new agenda shall be tabled to the general meeting for consideration.</p> <p>Except as referred to in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the shareholders’ general meeting or add any new proposals subsequent to the issue of the notice.</p> <p>Proposals which are not listed in the notice of the shareholders’ general meeting or are inconsistent with Article 72 of the Articles of Association shall not be voted on and passed as resolutions at the shareholders’ general meeting.</p>	<p>Article 7372 When the Company convenes a shareholders’ general meeting, the Board, the supervisory committee and shareholders individually or jointly holding more than 3<u>31</u>% (inclusive) of the shares of the Company shall have the right to submit proposals to the Company. Shareholders individually or jointly holding 3<u>31</u>% or more of the total voting shares in the share capital of the Company shall be entitled to propose new resolutions in writing to the Company and submit to the convener 10 days prior to the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within 2 days after the receipt of such proposal and incorporate the matters falling within the scope of duties of the general meeting into the agenda of such meeting. The new agenda shall be tabled to the general meeting for consideration.</p> <p>Except as referred to in the preceding paragraph, the convener shall not amend the proposals set out in the notice of the shareholders’ general meeting or add any new proposals subsequent to the issue of the notice.</p> <p>Proposals which are not listed in the notice of the shareholders’ general meeting or are inconsistent with Article 72<u>71</u> of the Articles of Association shall not be voted on and passed as resolutions at the shareholders’ general meeting.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 74</p> <p>Unless otherwise provided in the Articles of Association, the notice of the shareholders' general meeting shall be delivered by the means set out in Article 203 of the Articles of Association.</p> <p>.....</p>	<p>Article 7473</p> <p>Unless otherwise provided in the Articles of Association, the notice of the shareholders' general meeting shall be delivered by the means set out in Article 203215 of the Articles of Association.</p> <p>.....</p>
<p>Article 75 Notice of a shareholders' general meeting shall:</p> <p>.....</p> <p>(7) contain conspicuously a statement that all holders of ordinary shares are entitled to attend the shareholders' general meeting, and a shareholder entitled to attend and vote have the right to appoint one or more proxies to attend and vote on his/her behalf and that such proxy need not be a shareholder of the Company;</p> <p>.....</p>	<p>Article 7574 Notice of a shareholders' general meeting shall:</p> <p>.....</p> <p>(7) contain conspicuously a statement that all holders of ordinary shares <u>whose names appear on the register of members of the Company on the record date</u> are entitled to attend the shareholders' general meeting, and a shareholder entitled to attend and vote have the right to appoint one or more proxies to attend and vote on his/her behalf and that such proxy need not be a shareholder of the Company;</p> <p>.....</p>
<p>Article 78 All holders of ordinary shares whose names appear on the register of members of the Company on the record date or their proxies shall be entitled to attend the shareholders' general meeting, and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association.</p>	<p>Article 7877 All holders of ordinary shares whose names appear on the register of members of the Company on the record date or their proxies shall be entitled to attend the shareholders' general meeting, and exercise their voting rights in accordance with the relevant laws, regulations and the Articles of Association.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 95 The following matters shall be resolved by ordinary resolutions at a shareholders' general meeting:</p> <p>.....</p> <p>(4) the annual financial budget and final account report, balance sheet, profit and loss statement and other financial statement of the Company;</p> <p>(5) all other matters except those required to be adopted by special resolution as required by the laws and regulations or the Articles of Association.</p>	<p>Article 9594 The following matters shall be resolved by ordinary resolutions at a shareholders' general meeting:</p> <p>.....</p> <p>(4) the annual financial budget and final account report, balance sheet, profit and loss statement and other financial statement of the Company;</p> <p><u>(5) appointment or dismissal of accounting firms;</u></p> <p>(56) all other matters except those required to be adopted by special resolution as required by the laws and regulations, the Main Board Listing Rules or the Articles of Association.</p>
<p>Article 98 All directors, supervisors, general manager and other senior management members shall attend the shareholders' general meeting as non-voting participants if being requested. The directors, supervisors, general manager and other senior management members who attend the meeting or attend the meeting as non-voting participants shall make replies or explanation in respect of inquiries of shareholders at the shareholders' general meeting, except for those matters in relation to business secrets of the Company which cannot be made public.</p>	<p>Article 9897 The AH directors, supervisors, general manager and other senior management members shall attend the shareholders' general meeting as non-voting participants if being requested <u>and make replies in respect of inquiries of shareholders.</u> The directors, supervisors, general manager and other senior management members who attend the meeting or attend the meeting as non-voting participants shall make replies or explanation in respect of inquiries of shareholders at the shareholders' general meeting, except for those matters in relation to business secrets of the Company which cannot be made public.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 118 Directors shall be elected and replaced at general meetings and serve a term of 3 years. A director may serve consecutive terms if re-elected upon the expiration of his/her term.</p> <p>Subject to the relevant laws and administrative regulations, directors can be removed before the expiration of his/her term of office (but without prejudice to any claim for damages under any contracts) by an ordinary resolution passed at a general meeting.</p> <p>The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue to fulfill his/her duties as a director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.</p>	<p>Article 118117 Directors shall be elected and replaced at general meetings and serve a term of 3 years. A director may serve consecutive terms if re-elected upon the expiration of his/her term.</p> <p><u>The general meeting may resolve to remove a director, and the removal shall take effect on the date of such resolution.</u></p> <p>Subject to the relevant laws and administrative regulations, directors can be removed before the expiration of his/her term of office (but without prejudice to any claim for damages under any contracts) by an ordinary resolution passed at a general meeting.</p> <p><u>If a director is removed from office before the expiry of his/her term of office without a valid reason, he/she may request compensation from the Company.</u></p> <p>The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board. If the term of office of a director expires but re-election is not made responsively, the said director shall continue to fulfill his/her duties as a director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 127 The Board is accountable to the general meeting, performs the duties of formulating strategies, making decisions and preventing risks and exercises the following powers:</p> <p>.....</p> <p>Any director who is connected with the enterprise involved in a resolution at a Board meeting shall not exercise the right to vote on such resolution, nor shall he/she exercise the right to vote on behalf of other directors. A Board meeting may be held with the attendance of more than half of the unrelated directors, and resolutions made at such Board meetings shall be passed by more than half of the votes of the unrelated directors. If less than three unrelated directors attend the Board meeting, the matter shall be submitted to the general meeting for consideration.</p> <p>Resolutions in respect of connected transactions made by the Board shall not come into force unless it is signed by independent directors.</p>	<p>Article 127126 The Board is accountable to the general meeting, performs the duties of formulating strategies, making decisions and preventing risks and exercises the following powers:</p> <p>.....</p> <p>Any director who is connected with the enterprise <u>or individual</u> involved in a resolution at a Board meeting, <u>such director shall report to the Board in writing in a timely manner. The related director</u> shall not exercise the right to vote on such resolution, nor shall he/she exercise the right to vote on behalf of other directors. A Board meeting may be held with the attendance of more than half of the unrelated directors, and resolutions made at such Board meetings shall be passed by more than half of the votes of the unrelated directors. If less than three unrelated directors attend the Board meeting, the matter shall be submitted to the general meeting for consideration.</p> <p>Resolutions in respect of connected transactions made by the Board shall not come into force unless it is signed by independent directors.</p>

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Current version	Amended version
<p>Article 139 The Board shall establish special committees such as strategy and investment decision committee, audit committee, nomination committee and remuneration and appraisal committee. The terms of reference, composition and rules of procedure of the special committees under the Board shall be otherwise agreed by the Board. Where necessary, the Board may establish other special committees. A special committee is the special body under the Board and is responsible for providing advice or recommendations in respect of material decisions to the Board. The special committees shall not make any decision in the name of the Board. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board.</p>	<p>Article 139138 The Board shall establish special committees such as strategy and investment decision committee, audit committee, nomination committee and remuneration and appraisal committee. The terms of reference, composition and rules of procedure of the special committees under the Board shall be otherwise agreed by the Board. Where necessary, the Board may establish other special committees. A special committee is the special body under the Board and is responsible for providing advice or recommendations in respect of material decisions to the Board. The special committees shall not make any decision in the name of the Board. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board.</p>
	<p>Article 139 <u>The audit committee shall comprise three directors, including at least two independent non-executive directors. The members shall include at least one independent non-executive director who shall be a professional accountant with qualifications stipulated under Rule 3.10(2) of the Hong Kong Listing Rules.</u></p>

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Current version	Amended version
	<p><u>Article 140 The audit committee reports and is accountable to the Board. The major terms of references of the audit committee include:</u></p> <p><u>(1) to make recommendations to the Board on the appointment, reappointment or removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor, and any question about its resignation or dismissal;</u></p> <p><u>(2) to review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The audit committee shall discuss with the external auditor about the nature and scope of the audit and related reporting obligations before the audit commences;</u></p> <p><u>(3) to guide and supervise the establishment and implementation of non-audit service system for internal and external audits of the Company;</u></p> <p><u>(4) to act as the key representative body between the Company and the external auditors, which shall be responsible for the internal audit and the communications between the Company and the external auditors (such as the accounting firms and Auditing Institutions of the People ’s Republic of China), and ensure a smooth coordination between the internal and external audits;</u></p>

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Current version	Amended version
	<p data-bbox="810 263 1390 740"><u>(5) to review and monitor integrity of the Company’s financial information (including its annual reports, half-year reports and quarterly reports (if prepared for publication)) and the disclosures thereof, and review significant financial reporting judgments contained therein; and to give due consideration to any matters raised by the Company’s staff responsible for accounting and financial reporting function, compliance officers or auditors when considering any significant or unusual items that are reflected in the above financial information;</u></p> <p data-bbox="810 789 1390 853"><u>(6) to organize and conduct various special audit tasks;</u></p> <p data-bbox="810 902 1390 966"><u>(7) to review the financial and accounting policies and practices of the Company;</u></p> <p data-bbox="810 1015 1390 1227"><u>(8) to review and examine the financial control, internal control and risk management systems of the Company, establish the Company’s internal control systems, organize internal examinations and discuss with its management about the internal control systems;</u></p> <p data-bbox="810 1276 1390 1417"><u>(9) to evaluate major investigation findings on internal control matters and management’s response to these findings, as delegated by the Board or on its own initiative;</u></p>

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Current version	Amended version
	<p><u>(10) to review the letter from the external auditor to the management concerning the explanation of audit situation, any material queries raised by the external auditor to the management about accounting records, financial accounts or systems of control and management’s relevant response;</u></p> <p><u>(11) to ensure that the Board will provide a timely response to the issues raised in the letter from the external auditor to the management concerning the explanation of audit situation;</u></p> <p><u>(12) to make a list of connected persons of the Company in a timely manner and submit to the Board and the Supervisory Committee in time;</u></p> <p><u>(13) to advice on the following in relation to purchase of assets from connected person by the Company at a premium;</u></p> <p><u>(14) to consider the work plans and reports submitted by the internal audit department;</u></p> <p><u>(15) other issues authorized by the Board of the Company.</u></p>

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Current version	Amended version
	<p><u>Article 141</u> The Board shall obtain the approval of more than half of all members of the audit committee before making resolutions on the following matters:</p> <p><u>(1) appointment and dismissal of the accounting firm that provides audit services to the Company;</u></p> <p><u>(2) appointment and dismissal of the chief financial officer;</u></p> <p><u>(3) disclosure of financial accounting reports;</u></p> <p><u>(4) Other matters as prescribed by the securities regulatory authorities of the State Council.</u></p>
	<p><u>Article 142</u> The nomination committee shall comprise of three directors, the majority of whom shall be independent directors.</p>

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Current version	Amended version
	<p><u>Article 143 The major terms of reference of the nomination committee are:</u></p> <p><u>(1) to review the size, structure, member numbers and composition (including the skills, knowledge and experience) of the Board, with reference to the operations, assets scale and equity structure of the Company, and make recommendations to the Board on any proposed changes concerning the Board in line with the implementation of the Company’s corporate strategy;</u></p> <p><u>(2) to study the selection criteria and procedures of the directors and senior management and make recommendations to the Board thereon;</u></p> <p><u>(3) to search extensively for the qualified candidates of the directors and senior management; and to nominate relevant persons to act as directors or make recommendations to the Board thereon;</u></p> <p><u>(4) to review and make recommendations to the Board on the candidates of the directors and the managers;</u></p> <p><u>(5) to assess the independence of the independent directors;</u></p> <p><u>(6) to review and make recommendations to the Board on other senior management which has to be submitted to the Board for appointment;</u></p> <p><u>(7) to make recommendations to the Board on the appointment or re-appointment of directors and succession plan for Directors;</u></p> <p><u>(8) other matters conferred by the Board.</u></p>
	<p><u>Article 144 The remuneration and appraisal committee shall comprise three directors, the majority of whom shall be independent directors.</u></p>

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Current version	Amended version
	<p><u>Article 145 The major terms of reference of the remuneration and appraisal committee are:</u></p> <p><u>(1) to formulate remuneration plans or proposals according to the major scope of work, duties, importance of directors and senior management as well as the remuneration level of other relevant positions of other relevant enterprises, policies and structures; and make recommendations to the Board;</u></p> <p><u>(2) to formulate remuneration plans, policies or proposals mainly include but not limited to performance assessment criteria, procedure and major evaluation systems, major incentives and penalties plans and systems; and make recommendations to the Board;</u></p> <p><u>(3) to review the performance of the directors and senior management of the Company and conduct annual performance appraisal;</u></p> <p><u>(4) to review and supervise the performance of the remuneration system of the Company with reference to the Board’s corporate goals and objectives and approve the remuneration proposals for the senior management; to determine the specific remuneration packages of all executive directors and senior management, include but not limited to basic salary, stock option, benefits in kind, pension rights, bonus and compensation payments (including any compensation payable for loss or termination of their office or appointment);</u></p>

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	<p><u>(5) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management;</u></p> <p><u>(6) to make recommendations to the Board on the remuneration of non-executive directors;</u></p> <p><u>(7) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and otherwise fair and not excessive;</u></p> <p><u>(8) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;</u></p> <p><u>(9) other matters conferred by the Board.</u></p>
	<p><u>Article 146 The strategy and investment decision committee shall comprise three directors, including at least one independent director.</u></p>

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	<p data-bbox="810 263 1394 368"><u>Article 147 The major terms of reference of the strategy and investment decision committee are:</u></p> <p data-bbox="810 414 1394 519"><u>(1) to study and make recommendations on the long-term development and strategic planning of the Company;</u></p> <p data-bbox="810 566 1394 708"><u>(2) to study and make recommendations on major investment and financing schemes which require the approval of the Board as required by the Articles of Association;</u></p> <p data-bbox="810 755 1394 932"><u>(3) to study and make recommendations on major capital operations and asset management projects which require the approval of the Board as required by the Articles of Association;</u></p> <p data-bbox="810 978 1394 1083"><u>(4) to study and make recommendations on other major issues that may affect the development of the Company;</u></p> <p data-bbox="810 1129 1394 1191"><u>(5) to check the implementation of the above matters;</u></p> <p data-bbox="810 1238 1315 1268"><u>(6) other matters conferred by the Board.</u></p>

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<p>Article 154 The Board of Supervisors shall be accountable to the shareholders’ general meeting and exercise the following functions and powers:</p> <p>.....</p> <p>(4) to review financial information such as the financial reports, operation reports and profit distribution schemes to be submitted by the Board to the shareholders’ general meetings; if there is any doubt, to engage certified public accountants and practicing auditors in the name of the Company to assist their review;</p> <p>.....</p> <p>(8) to institute a suit to the directors or senior management members of the Company according to Article 151 of the Company Law;</p> <p>.....</p>	<p>Article 154162 The Board of Supervisors shall be accountable to the shareholders’ general meeting and exercise the following functions and powers:</p> <p>.....</p> <p>(4) to review financial information such as the financial reports, operation reports and profit distribution schemes to be submitted by the Board to the shareholders’ general meetings; if there is any doubt, to engage certified public accountants and practicing auditors in the name of the Company to assist their review <u>to review and provide review comment on the Company’s regular reports prepared by the Board;</u></p> <p>.....</p> <p>(8) to institute a suit to the directors or senior management members of the Company according to Article 151189 of the Company Law;</p> <p>.....</p>

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<p>Article 159 Any of the following circumstances occurs, a person may not serve as a director, supervisor, the general manager, or other senior management members of the Company:</p> <p>(1) an individual who has no civil capacity or has restricted civil capacity;</p> <p>(2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;</p> <p>.....</p> <p>(5) persons with a comparatively large amount of personal debts due and unsettled;</p> <p>.....</p>	<p>Article 159167 Any of the following circumstances occurs, a person may not serve as a director, supervisor, the general manager, or other senior management members of the Company:</p> <p>(1) an individual who has no civil capacity or has restricted civil capacity;</p> <p>(2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation <u>of such deprivation or less than two years have elapsed since the date of the completion of the probationary review period in case of suspended sentence;</u></p> <p>.....</p> <p>(5) persons <u>listed as dishonest persons subject to enforcement by the people’s court</u> with a comparatively large amount of personal debts due and unsettled;</p> <p>.....</p>
<p>Article 162 Each of the directors, supervisors, the general manager and other senior management members of the Company owes a duty, in the exercise of their powers and discharge of their duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.</p>	<p>Article 162 Each of the directors, supervisors, the general manager and other senior management members of the Company owes a duty, in the exercise of their powers and discharge of their duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.</p>
	<p>Article 170 <u>The directors, supervisors and senior management shall observe laws, administrative regulations and the Articles of Association.</u></p>

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	<p><u>Article 171</u> The directors, supervisors and senior management shall have a fiduciary duty to the Company and shall take measures to avoid any conflict between their own interests and the interests of the Company, and shall not exploit their powers and functions for improper benefits.</p> <p><u>The directors, supervisors and senior management shall have a duty of diligence to the Company and shall perform their duties with the reasonable care normally expected of a manager in the best interests of the Company.</u></p>
<p>Article 163 Each director, supervisor, the general manager and other senior management member of the Company should abide by his fiduciary principles in the discharge of their duties, and not to place themselves in a position where their duty and their own interests may conflict. Such principles include (but are not limited to) the performance of the following obligations:</p> <p>(1) to act honestly in what he considers to be in the best interest of the Company;</p> <p>(2) to exercise his powers within the scope specified and not to act ultra vires;</p> <p>(3) to exercise the discretion vested in him personally and not allow himself to act under the direction of another; unless and to the extent permitted by law, administrative regulations or by the shareholders, having been informed of the relevant facts, at a general meeting, not to delegate the exercise of his discretion;</p> <p>(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;</p>	<p>Article 163<u>172</u> Each director, supervisor, the general manager and other senior management member of the Company should abide by his fiduciary principles in the discharge of their duties, and not to place themselves in a position where their duty and their own interests may conflict. Such principles include (but are not limited to) the performance of the following obligations:</p> <p>(1) to act honestly in what he considers to be in the best interest of the Company;</p> <p>(2) to exercise his powers within the scope specified and not to act ultra vires;</p> <p>(3) to exercise the discretion vested in him personally and not allow himself to act under the direction of another; unless and to the extent permitted by law, administrative regulations or by the shareholders, having been informed of the relevant facts, at a general meeting unless having reported to the Board or the general meeting and being approved by resolution of the Board or the general meeting in accordance with the Articles of Association, <u>having reported to the Board or the general meeting and being approved by resolution of the Board or the general meeting in accordance with the Articles of Association,</u> not to delegate the exercise of his discretion;</p> <p>(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;</p>

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<p>(5) except in accordance with the Articles of Association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;</p> <p>(6) not without the approval of the shareholders, having been informed of the relevant facts, at a general meeting, to use the Company's assets for his personal benefit in any manner;</p>	<p>(5) except in accordance with the Articles of Association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company</p> <p><u>contracts or transactions entered into directly or indirectly with the Company shall be reported to the Board or the general meeting in accordance with the relevant laws and regulations and regulatory rules of the listing place and the provisions of the Articles of Association in respect of the matters relating to the entering into of the contracts or transactions, and shall be resolved by the Board or the general meeting in accordance with the aforesaid provisions.</u></p> <p><u>The provisions of the preceding paragraph shall apply to the entering into of contracts or transactions between the Company and the close family members of the directors, supervisors and senior management, enterprises directly or indirectly controlled by the directors, supervisors and senior management or their close family members, as well as associates who have other relationships with the directors, supervisors and senior management;</u></p> <p>(6) not without the approval of the shareholders, having been informed of the relevant facts, at a general meeting; to use the Company's assets for his personal improper benefit in any manner;</p>

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<p>(7) not to use his position to accept bribes or other illegal income and not to expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;</p> <p>(8) without the informed consent of shareholders in general meeting, not to accept commissions in connection with the Company's transactions;</p> <p>(9) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;</p>	<p><u>(7) not to take advantage of his/her position to obtain business opportunities belonging to the Company for himself/herself or others, except for any of the following circumstances:</u></p> <p><u>1. having reported to the Board or the general meeting in accordance with the relevant laws and regulations and regulatory rules of the listing place and the provisions of the Articles of Association and being resolved by the Board or the general meeting in accordance with the aforesaid provisions; or</u></p> <p><u>2. where the Company is not allowed to capitalize on such business opportunity in accordance with the provisions of the laws, administrative regulations or the Articles of Association;</u></p> <p>(78) not to use his position to accept bribes or other illegal income and not to expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;</p> <p><u>(89) without the informed consent of shareholders in general meeting without having reported to the Board or the general meeting in accordance with the relevant laws and regulations and regulatory rules of the listing place and the provisions of the Articles of Association and being resolved by the Board or the general meeting in accordance with the aforesaid provisions,</u> not to accept commissions in connection with the Company's transactions;</p> <p>(910) to abide by the Articles of Association, faithfully perform his duties and protect the interests of the Company, and not to use his position and powers in the Company to seek personal gain;</p>

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<p>(10) not to compete with the Company in any way except with the informed consent of shareholders given in general meeting;</p> <p>(11) not to misappropriate the Company's funds, not to open any bank account in his own name or others' name for the deposit of the Company's assets or funds, and not to violate the provision of the Articles of Association to lend the Company's funds to others or provide security of the Company's assets for debts of shareholders of the Company or other individuals without the approval of shareholders' general meeting or the Board;</p>	<p>(1011) not to compete with the Company in any way except with the informed consent of shareholders given in general meeting unless reported to the Board or the general meeting in accordance with the relevant laws and regulations and regulatory rules of the listing place and the provisions of the Articles of Association and being resolved by the Board or the general meeting in accordance with the aforesaid provisions;</p> <p><u>(12) without having reported to the Board or the general meeting in accordance with the relevant laws and regulations and regulatory rules of the listing place and the provisions of the Articles of Association and being resolved by the Board or the general meeting in accordance with the aforesaid provisions, not to engage in the same type of business as the Company, either on its own or for others;</u></p> <p>(1113) not to misappropriate the Company's funds, not to open any bank account in his own name or others' name for the deposit of the Company's assets or funds, and not to violate the provision of the Articles of Association to lend the Company's funds to others or provide security of the Company's assets for debts of shareholders of the Company or other individuals without the approval of shareholders' general meeting or the Board <u>having reported to the Board or the general meeting in accordance with the relevant laws and regulations and regulatory rules of the listing place and the provisions of the Articles of Association and being resolved by the Board or the general meeting in accordance with the aforesaid provisions;</u></p>

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<p>(12) without the informed consent of shareholders in general meeting, not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a relevant governmental authority is permitted where:</p> <ol style="list-style-type: none"> 1. the disclosure is made under compulsion of law; 2. there is a duty to the public to disclose; 3. the personal interests of the director, supervisor, the general manager and other senior management members require disclosure. <p>Incomes derived from the violation by above-mentioned persons who violate the provision of this article shall belong to the Company; Anyone who has caused any loss to the Company shall be subject to compensation.</p>	<p>(12) without the informed consent of shareholders in general meeting; not to disclose confidential information of the Company acquired while in office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of information to a court or a relevant governmental authority is permitted where:</p> <ol style="list-style-type: none"> 1. the disclosure is made under compulsion of law; 2. there is a duty to the public to disclose; 3. the personal interests of the director, supervisor, the general manager and other senior management members require disclosure. <p>Incomes derived from the violation by above-mentioned persons who violate the provision of this article shall belong to the Company; Anyone who has caused any loss to the Company shall be subject to compensation.</p>
<p>Article 172 A guarantee for a loan provided by the Company in breach of the prohibition referred to in Clause 1 of Article 170 shall be unenforceable against the Company unless:</p> <p>.....</p>	<p>Article 172181 A guarantee for a loan provided by the Company in breach of the prohibition referred to in Clause 1 of Article 170179 shall be unenforceable against the Company unless:</p> <p>.....</p>

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<p>Article 175 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>.....</p> <p>(3) The arbitration clauses as provided in Article 226 of the Articles of Association.</p>	<p>Article 175184 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>.....</p> <p>(3) The arbitration clauses as provided in Article 226244 of the Articles of Association.</p>
	<p><u>Article 187</u> <u>The directors, supervisors and senior management shall be liable for compensation for any loss caused to the Company by their performance of duties in violation of laws, administrative regulations or the provisions of the Articles of Association.</u></p>
	<p><u>Article 188</u> <u>If a director or senior management member causes damage to others in the performance of his or her duties, the Company shall be liable for compensation; if such director or senior management member is acting deliberately or with gross negligence, he or she shall also be liable for compensation.</u></p>
	<p><u>Article 189</u> <u>Where a controlling shareholder or de facto controller of the Company instructs a director or senior management member to engage in an act that jeopardizes the interests of the Company or the shareholders, he or she or it shall be jointly and severally liable with such director or senior management member.</u></p>

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<p>Article 187 When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory reserve. When the cumulated amount of the statutory reserve of the Company has reached 50% or more of its registered capital, no further allocations is required.</p> <p>.....</p> <p>If the shareholders' general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory reserve, the shareholders must return the profits distributed in violation of the provision to the Company.</p> <p>No profits shall be distributed in respect of the Company's shares held by the Company.</p>	<p>Article 187199 When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory reserve. When the cumulated amount of the statutory reserve of the Company has reached 50% or more of its registered capital, no further allocations is required.</p> <p>.....</p> <p>If the shareholders' general meeting <u>Company</u> has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory reserve, the shareholders must shall return the profits distributed in violation of the provision to the Company; <u>and the shareholders, responsible directors, supervisors and senior management shall be liable for any loss caused to the Company.</u></p> <p>No profits shall be distributed in respect of the Company's shares held by the Company.</p> <p><u>If the general meeting resolves on profit distribution, the Board shall make the distribution within six months from the date of resolution of the general meeting.</u></p>
<p>Article 188 The capital reserve shall include the following items:</p> <p>(1) the premium gained from shares issuance in excess of the par value;</p> <p>(2) other incomes that shall be included into the capital reserve as required by the competent financial authority of the State Council.</p>	<p>Article 188200 The capital reserve shall include the following items:</p> <p>(1) the premium gained from shares issuance in excess of the par value;</p> <p><u>(2) amount of proceeds from issue of no-par shares not credited to registered capital;</u></p> <p>(2) <u>(3)</u> other incomes items that shall be included into the capital reserve as required by the competent financial authority of the State Council.</p>

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<p>Article 189 The reserve of the Company shall be applied for making up for losses of the Company, and expansion of the Company’s production and operation or conversion to capital of the Company, but the capital reserve shall not be applied for making up for losses of the Company.</p> <p>Where the statutory reserve is converted into capital, the balance of such reserve shall not fall below 25% of the Company’s registered capital prior to such conversions.</p>	<p>Article 189201 The reserve of the Company shall be applied for making up for losses of the Company, and expansion of the Company’s production and operation or conversion to capital of the Company, but the capital reserve shall not be applied for making up for losses of the Company.</p> <p><u>Where reserves are used to make up for losses of the Company, discretionary reserve and statutory reserve shall be utilized first; if such reserves are insufficient to make up for the losses, capital reserve may be utilized in accordance with relevant regulations.</u></p> <p>Where the statutory reserve is converted into <u>to increase registered</u> capital, the balance of such reserve shall not fall below 25% of the Company’s registered capital prior to such conversions.</p>
<p>Article 201 The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting of shareholders, and reported to the securities regulatory authority of the State Council for filing.</p> <p>.....</p>	<p>Article 201213 The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting of shareholders, and reported to the securities regulatory authority of the State Council for filing.</p> <p>.....</p>
<p>Chapter 20 Merger and Division of the Company</p>	<p>Chapter 20 Merger and Division of the Company <u>Merger, Division, Capital Increase and Decrease of the Company</u></p>

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Current version	Amended version
<p>Article 209 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.</p> <p>In the case of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution which is passed and shall publish a public notice in newspaper within 30 days from the date of the Company's merger resolution. A creditor may within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days of the date of the public notice, to demand that the Company repay its debts to that creditor or provide a corresponding guarantee for such debt.</p> <p>After the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.</p>	<p>Article 209221 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.</p> <p><u>Where the Company merges with a company in which it holds more than 90% of the shares, the merged company is not required to pass a resolution at the general meeting, but shall notify other shareholders, who shall have the right to request the Company to acquire their equity or shares at a reasonable price.</u></p> <p><u>If the consideration to be paid by the Company for the merger does not exceed 10% of the Company's net assets, a resolution of the general meeting is not required.</u></p> <p><u>If the Company carries out a merger in accordance with the provisions of the preceding two paragraphs without a resolution of the general meeting, a resolution of the Board is required.</u></p> <p>In the case of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution which is passed and shall publish a public notice in newspaper <u>or on the National Enterprise Credit Information Publicity System</u> within 30 days from the date of the Company's merger resolution. A creditor may within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days of the date of the public notice, to demand that the Company repay its debts to that creditor or provide a corresponding guarantee for such debt.</p> <p>After the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 210 In the case of a division of the Company, its assets shall be divided accordingly.</p> <p>In the case of a division of the Company, the parties to the division shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company’s division resolution which is passed and shall publish a public notice in newspaper within 30 days from the date of the Company’s merger resolution.</p> <p>.....</p>	<p>Article 210222 In the case of a division of the Company, its assets shall be divided accordingly.</p> <p>In the case of a division of the Company, the parties to the division shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company’s division resolution which is passed and shall publish a public notice in newspaper <u>or on the National Enterprise Credit Information Publicity System</u> within 30 days from the date of the Company’s merger resolution.</p> <p>.....</p>
	<p>Article 224 <u>When the Company reduces its registered capital, it must draw up a balance sheet and an inventory of assets.</u></p> <p><u>The Company shall notify its creditors within 10 days from the date of resolution of the general meeting for reduction of registered capital and shall publish a notice in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date of such resolution. A creditor has the right within 30 days from the date of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 45 days from the date of the notice, to demand the Company to repay its debts or provide a corresponding guarantee.</u></p> <p><u>When the Company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the shareholders’ capital contribution or shareholding.</u></p>

LETTER FROM THE BOARD

Current version	Amended version
	<p><u>Article 225</u> <u>If the Company remains in loss position after making up for its losses in accordance with the provisions of paragraph 2 of Article 201 of the Articles of Association, it may reduce its registered capital to make up for the losses. If the registered capital is reduced to make up for the loss, the Company shall not make any distribution to the shareholders; nor shall the shareholders be exempted from the obligation to make capital injection or payment for the shares.</u></p> <p><u>Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 224 of the Articles of Association shall not apply, but a notice shall be published in a newspaper or on the National Enterprise Credit Information Publicity System within 30 days from the date of the resolution on reduction of registered capital made at the general meeting.</u></p> <p><u>After reducing its registered capital in accordance with the provisions of the preceding two paragraphs, the Company shall not distribute profits until the accumulated amount of the statutory reserve and discretionary reserve reaches 50% of the Company's registered capital.</u></p>
	<p><u>Article 226</u> <u>In case of reduction of registered capital in violation of laws and regulations or the provisions of the Articles of Association, the shareholders shall return the funds so received, and the reduced capital contribution of the shareholders shall be restored to its original amount; in case of losses caused to the Company, the shareholders and the responsible directors, supervisors and senior management shall be held liable for compensation.</u></p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 212 The Company shall be dissolved upon the occurrence of the following events:</p> <p>.....</p> <p>(5) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the total voting rights of the Company may request the people’s court to dissolve the Company.</p>	<p>Article 212227 The Company shall be dissolved upon the occurrence of the following events:</p> <p>.....</p> <p>(5) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the total voting rights of the Company may request the people’s court to dissolve the Company.</p> <p><u>If the Company is dissolved for the reasons stipulated in the preceding paragraph, the reasons for dissolution shall be published through the National Enterprise Credit Information Publicity System within ten days.</u></p>
	<p><u>Article 228 If the Company is in any of the circumstances set forth in item (1) of Article 227 of the Articles of Association and has yet to distribute its property to its shareholders, it may survive by resolution of the general meeting.</u></p> <p><u>A resolution of the general meeting as stipulated in the preceding paragraph shall be passed by more than two-thirds of the voting rights held by the shareholders attending the general meeting.</u></p>

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Current version	Amended version
<p>Article 213 Where the Company is dissolved by virtue of the reasons set out in item (1), (3), (5) of Article 212 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>Article 213229 Where the Company is dissolved by virtue of the reasons set out in item (1), (3), (5) <u>of the first paragraph</u> of Article 212227 of the Articles of Association, the Company shall <u>be liquidated. The directors shall be the liquidation obligors of the Company and shall</u> establish a liquidation group within 15 days commencing from the date on which the events being the grounds for dissolution has been occurred to <u>start conduct</u> liquidation process. The members of the liquidation group shall be composed of <u>persons selected by directors or decided at shareholders² general meeting. If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.</u> If no liquidation group has been established to conduct liquidation within the time limit <u>or the liquidation group fails to carry out liquidation after establishment,</u> the <u>creditors interested parties</u> may request the People's Court to designate the relevant personnel to form a liquidation group to conduct liquidation.</p> <p><u>Where the Company is dissolved in accordance with the provisions of item (3) of the first paragraph of Article 227 of the Articles of Association, the department or the company registration authority that made the decision to revoke the business license, order closure or revocation may apply to the people's court for designating relevant persons to form a liquidation group to carry out liquidation.</u></p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 215 During the liquidation period, the liquidation group shall exercise the following functions and powers:</p> <p>.....</p> <p>(6) to deal with assets remaining after the Company's debts having been paid in full;</p> <p>.....</p>	<p>Article 215231 During the liquidation period, the liquidation group shall exercise the following functions and powers:</p> <p>.....</p> <p>(6) to deal with distribute assets remaining after the Company's debts having been paid in full;</p> <p>.....</p>
<p>Article 216 The members of the liquidation group shall devote themselves to their duties and perform their obligations of liquidation in accordance with the law.</p> <p>None of the members of the liquidation group may take advantage of his/her position to take any bribe or any other illegal proceeds, nor may he/she misappropriate any of the properties of the Company.</p> <p>Where any of the members of the liquidation group causes any loss to the Company or any creditor by intention or due to gross negligence, he/she shall be liable for compensation.</p>	<p>Article 216232 The members of the liquidation group shall devote themselves to their duties and perform their obligations duties of liquidation in accordance with the law and shall fulfill the obligations of fidelity and diligence.</p> <p>None of the members of the liquidation group may take advantage of his/her position to take any bribe or any other illegal proceeds, nor may he/she misappropriate any of the properties of the Company.</p> <p>Where any of the members of the liquidation group <u>causes any loss to the Company by negligence in performing liquidation duties he/she shall be liable for compensation; where he/she</u> causes any loss to the Company or any creditor by intention or due to gross negligence, he/she shall be liable for compensation.</p>

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Current version	Amended version
<p>Article 217 The liquidation group shall within ten days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper. The creditors shall report their claims to the liquidation group within thirty days of the receipt of the notification, or in the event that no such notification is received, within forty-five days of the date of the first published announcement.</p> <p>.....</p>	<p>Article 217233 The liquidation group shall within ten days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspaper <u>or on the National Enterprise Credit Information Publicity System</u>. The creditors shall report their claims to the liquidation group within thirty days of the receipt of the notification, or in the event that no such notification is received, within forty-five days of the date of the first published announcement.</p> <p>.....</p>
<p>Article 219 If the liquidation group, having examined the Company’s assets and having prepared a balance sheet and assets list, discovers that the Company’s assets are insufficient to pay its debts in full, it shall immediately apply to the People’s Court for a declaration of insolvency.</p> <p>After the People’s Court has declared the Company insolvent, the Company’s liquidation group shall turn over any matters regarding the liquidation to the People’s Court.</p>	<p>Article 219235 If the liquidation group, having examined the Company’s assets and having prepared a balance sheet and assets list, discovers that the Company’s assets are insufficient to pay its debts in full, it shall immediately apply to the People’s Court for a declaration of insolvency.</p> <p>After the People’s Court has declared the Company insolvent <u>accepted the bankruptcy application</u>, the Company’s liquidation group shall turn over any matters regarding the liquidation to <u>the official receiver designated by</u> the People’s Court.</p>

LETTER FROM THE BOARD

Current version	Amended version
	<p><u>Article 237</u> <u>If the Company has not incurred any debts during its existence, or has settled all its debts, it may, with the undertaking of all shareholders, deregister the Company through the simplified procedure in accordance with relevant regulations.</u></p> <p><u>In case of deregistration through the simplified procedure, the Company shall publish a notice on the National Enterprise Credit Information Publicity System for a period of not less than 20 days. If there is no objection after the expiration of the publicity period, the Company may apply to the company registration authority for deregistration within 20 days.</u></p> <p><u>In case of deregistration through the simplified procedure, shareholders who have made an untrue undertaking with respect to the contents of the first paragraph of this article shall be jointly and severally liable for the debts incurred prior to the deregistration.</u></p>
	<p><u>Article 238</u> <u>Where the Company is subject to revocation of business license, ordered to close down or revoked, and has not applied to the company registration authority for deregistration after a period of three years, the company registration authority may publish a notice on the National Enterprise Credit Information Publicity System for a period of not less than 60 days. If there is no objection after the expiration of the publicity period, the company registration authority may deregister the Company.</u></p> <p><u>In case of deregistration in accordance with the provisions of the preceding paragraph, the liability of the original shareholders and liquidation obligors of the Company shall not be affected.</u></p>

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

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

The above Proposed Amendments to the Articles of Association are subject to the approval by the Shareholders by way of a special resolution at the EGM.

The Company confirms that it shall comply with both the requirements as set out in the Articles of Association (as amended) as well as all the relevant requirements under the Listing Rules at all times.

LETTER FROM THE BOARD

V. TO CONSIDER AND APPROVE THE PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF THE SHAREHOLDERS' GENERAL MEETING

Reference is made to the announcement of the Company dated 25 October 2024 in relation to, among other things, the proposed amendments to the Rules of Procedures of the Shareholders' General Meeting. In accordance with the relevant provisions of the Company Law as newly amended and in force, and based on the actual situation of the Company and the relevant Proposed Amendments to the Articles of Association, the Board proposed to make certain amendments to the existing Rules of Procedures of the Shareholders' General Meeting (the "**Proposed Amendments to the Rules of Procedures of the Shareholders' General Meeting**"), details of which are as follows:

Current version	Amended version
The term " general meeting (股東大會) " in the Rules of Procedures of the Shareholders' General Meeting (including the titles)	To be revised as " <u>general meeting (股東會)</u> "
The term " meeting (大會) " in the Rules of Procedures of the Shareholders' General Meeting (including the titles)	To be revised as " <u>meeting (會議)</u> "
<p>Article 6 Independent directors shall have the right to propose to the Board to convene an extraordinary general meeting. In response to such proposal of the independent directors to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and provisions of the articles of association, provide a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days after receiving such proposal.</p> <p>If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is made. If the Board disagrees to convene the extraordinary general meeting, it shall explain the reasons in writing to the independent directors who requested the convening of the extraordinary general meeting.</p>	<p>Article 6 Independent directors shall have the right to propose to the Board to convene an extraordinary general meeting. In response to such proposal of the independent directors to convene an extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and provisions of the articles of association, provide a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting within ten days after receiving such proposal.</p> <p>If the Board agrees to convene the extraordinary general meeting, a notice of such meeting shall be issued within five days after the resolution of the Board is made. If the Board disagrees to convene the extraordinary general meeting, it shall explain the reasons in writing to the independent directors who requested the convening of the extraordinary general meeting and make an announcement.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 8 Shareholders individually or collectively holding at least 10% of the total number of voting shares in the share capital of the Company shall have the right to request the Board to convene an extraordinary general meeting and shall submit such request in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.</p> <p>If the Board agrees to convene an extraordinary general meeting, it shall give notice of the general meeting within 5 days after making a Board resolution, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.</p> <p>If the Board does not agree to convene an extraordinary general meeting, or if no feedback is given within 10 days upon receipt of the request, shareholders individually or collectively holding at least 10% of the total number of voting shares in the share capital of the Company shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting and shall submit the request in writing to the Supervisory Committee.</p> <p>If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall, within 5 days upon receipt of the request, give notice of the general meeting, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.</p> <p>If the Supervisory Committee fails to give notice of the general meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and preside over the general meeting, and shareholders individually or collectively holding at least 10% of the total number of voting shares in the share capital of the Company for at least 90 consecutive days may convene and preside over the general meeting on their own.</p>	<p>Article 8 Shareholders individually or collectively holding at least 10% of the total number of voting shares in the share capital of the Company shall have the right to request the Board to convene an extraordinary general meeting and shall submit such request in writing to the Board. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, provide written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request. <u>The shareholdings referred to above shall be calculated as at the date of the delivery of the written request.</u></p> <p>If the Board agrees to convene an extraordinary general meeting, it shall give notice of the general meeting within 5 days after making a Board resolution, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.</p> <p>If the Board does not agree to convene an extraordinary general meeting, or if no feedback is given within 10 days upon receipt of the request, shareholders individually or collectively holding at least 10% of the total number of voting shares in the share capital of the Company shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting and shall submit the request in writing to the Supervisory Committee.</p> <p>If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall, within 5 days upon receipt of the request, give notice of the general meeting, and any changes to the original request in the notice shall be subject to the consent of the relevant shareholders.</p> <p>If the Supervisory Committee fails to give notice of the general meeting within the prescribed period, the Supervisory Committee shall be deemed not to convene and preside over the general meeting, and shareholders individually or collectively holding at least 10% of the total number of voting shares in the share capital of the Company for at least 90 consecutive days may convene and preside over the general meeting on their own. <u>The convening procedures shall, to the extent possible, be identical to procedures according to which general meetings are to be convened by the Board.</u></p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 13 Shareholders individually or collectively holding at least 3% of the total number of voting shares in the share capital of the Company may submit a provisional motion in writing to the convener 10 days prior to the date of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the motion, specifying the contents of the provisional motion.</p> <p>Except as provided in the preceding paragraph, the convener shall not, after giving notice of a general meeting, amend a motion specified in the notice of general meeting or add a new motion.</p> <p>A motion which is not specified in the notice of a general meeting or which does not comply with the requirements of Article 12 of these Rules shall not be voted on and resolved by the general meeting.</p>	<p>Article 13 Shareholders individually or collectively holding at least 31% of the total number of voting shares in the share capital of the Company may submit a provisional motion in writing to the convener 10 days prior to the date of the general meeting. The convener shall issue a supplemental notice of the general meeting within 2 days upon receipt of the motion, specifying the contents of the provisional motion, <u>and shall incorporate the matters falling within the scope of duties of the general meeting into the agenda of such meeting for consideration at the general meeting.</u></p> <p>Except as provided in the preceding paragraph, the convener shall not, after giving notice of a general meeting, amend a motion specified in the notice of general meeting or add a new motion.</p> <p>A motion which is not specified in the notice of a general meeting or which does not comply with the requirements of Article 12 of these Rules shall not be voted on and resolved by the general meeting.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 15 A notice of a general meeting shall include the following:</p> <p>(1) the time, place and duration of the meeting;</p> <p>(2) the matters and motions to be considered at the meeting;</p> <p>(3) contains conspicuously a statement that: all the shareholders whose names appear on the register of members on the record date are entitled to attend the general meeting, and may appoint in writing proxy to attend and vote on their behalf and that proxy need not be a shareholder of the Company;</p> <p>(4) the name and telephone number of the permanent contact person for the meeting.</p> <p>The notice of general meeting shall fully and completely disclose the specific contents of all motions, as well as all information or explanations necessary to enable shareholders to make a reasonable judgment on the matters to be discussed. If the matters to be discussed require the opinion of the independent directors, the notice or supplemental notice of general meeting shall also disclose the opinion of the independent directors and the reasons therefor.</p>	<p>Article 15 A notice of a general meeting shall include the following:</p> <p>(1) the time, place and duration of the meeting;</p> <p>(2) the matters and motions to be considered at the meeting;</p> <p><u>(3) the record date for shareholders entitled to attend the general meeting;</u></p> <p>(3) contains conspicuously a statement that: all the shareholders whose names appear on the register of members on the record date are entitled to attend the general meeting, and may appoint in writing proxy to attend and vote on their behalf and that proxy need not be a shareholder of the Company;</p> <p><u>(5) the time and place for lodging proxy forms for the relevant meeting;</u></p> <p>(4) the name and telephone number of the permanent contact person for the meeting.</p> <p>The notice of general meeting shall fully and completely disclose the specific contents of all motions, as well as all information or explanations necessary to enable shareholders to make a reasonable judgment on the matters to be discussed. If the matters to be discussed require the opinion of the independent directors, the notice or supplemental notice of general meeting shall also disclose the opinion of the independent directors and the reasons therefor.</p>

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Current version	Amended version
<p>Article 17 After the issue of a notice of shareholders' general meeting, the shareholders' general meeting shall not, without any proper reason, be postponed or cancelled, and the resolutions set out in the notice of shareholder's general meeting shall not be cancelled. In the event of any postponement or cancellation, the convener shall, at least ten business days before the date of the scheduled meeting, explain the reasons in writing to all shareholders.</p>	<p>Article 17 After the issue of a notice of shareholders' general meeting, the shareholders' general meeting shall not, without any proper reason, be postponed or cancelled, and the resolutions set out in the notice of shareholder's general meeting shall not be cancelled. In the event of any postponement or cancellation, the convener shall, at least ten <u>two</u> business days before the date of the scheduled meeting, <u>explain the reasons in writing to all shareholders make an announcement and state the reason therein.</u></p>
<p>Article 18 The place where the Company convenes the general meeting shall be: the Company's ordinary office or the place specified in the notice of the general meeting.</p> <p>A venue will be set up for the general meeting to be convened in the form of physical meeting.</p> <p>All registered shareholders or their proxies are entitled to attend the general meeting, and the Company and the convener shall not refuse their attendance for any reason.</p>	<p>Article 18 The place where the Company convenes the general meeting shall be: the Company's ordinary office or the place specified in the notice of the general meeting.</p> <p>A venue will be set up for the general meeting to be convened in the form of physical meeting.</p> <p>All registered shareholders <u>whose names appear on the register of members on the record date</u> or their proxies are entitled to attend the general meeting, and the Company and the convener shall not refuse their attendance for any reason.</p>
<p>Article 20 All registered shareholders or their proxies are entitled to attend the general meeting, and the Company and the convener shall not refuse their attendance for any reason.</p>	<p>Article 20 All registered shareholders or their proxies are entitled to attend the general meeting, and the Company and the convener shall not refuse their attendance for any reason.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 22 The proxy form issued by shareholders appointing proxies to attend the general meeting shall specify the following:</p> <p>(1) the name of the proxy;</p> <p>(2) whether there are voting rights;</p> <p>(3) respective instructions to vote for, against or abstain from voting on each resolution on the agenda of the general meeting;</p> <p>(4) the date of issuance and the effective period of the proxy form;</p> <p>(5) the signature (or seal) of the appointer, and in case that the appointer is a corporate shareholder, under its common seal;</p> <p>(6) the contents as required by the Hong Kong Listing Rules or The Stock Exchange of Hong Kong Limited.</p> <p>The proxy form shall state whether the shareholder's proxy may vote as he or she wishes if the shareholder does not give specific instructions.</p>	<p>Article 2221 The proxy form issued by shareholders appointing proxies to attend the general meeting shall specify the following:</p> <p><u>(1) the number of shares represented by the proxy;</u></p> <p>(12) the name of the proxy;</p> <p>(23) whether there are voting rights;</p> <p>(34) respective instructions to vote for, against or abstain from voting on each resolution on the agenda of the general meeting;</p> <p><u>(5) whether the proxy has voting rights for provisional proposals that may be included in the agenda of the general meeting, and if so, specific instructions on how the voting rights should be exercised;</u></p> <p>(46) the date of issuance and the effective period of the proxy form;</p> <p>(57) the signature (or seal) of the appointer, and in case that the appointer is a corporate shareholder, under its common seal;</p> <p>(68) the contents as required by the Hong Kong Listing Rules or The Stock Exchange of Hong Kong Limited.</p> <p><u>Where a shareholder appoints more than one proxy, he/she shall specify the number of shares represented by each proxy in the proxy form.</u></p> <p>The proxy form shall state whether the shareholder's proxy may vote as he or she wishes if the shareholder does not give specific instructions.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 29 When the Company convenes a general meeting, all directors, supervisors and the Board secretary shall attend the meeting, and the general manager and other senior management shall attend the meeting as non-voting participants, unless they are unable to attend due to objective reasons.</p>	<p>Article 2928 When the Company convenes a general meeting, <u>if being requested, all the</u> directors, supervisors and the Board secretary <u>shall attend the meeting, and the general manager and other</u> senior management shall attend the meeting as non-voting participants <u>and make replies in respect of inquiries of shareholders</u>, unless they are unable to attend due to objective reasons.</p>

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Current version	Amended version
<p>Article 30 The general meeting shall be chaired by the chairman of the Board. Where the chairman is unable to or fails to perform his duties, a director jointly elected by more than half of the directors shall preside over the meeting.</p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor jointly elected by more than half of the supervisor shall preside over the meeting.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.</p> <p>When a general meeting is held and the chairman violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman so as to carry on with the general meeting, subject to the approval of more than half of the attending shareholders having the voting rights.</p>	<p>Article 3029 The general meeting shall be chaired by the chairman of the Board. Where the chairman is unable to or fails to perform his duties, <u>the vice chairman (where the Company has two or more vice chairmen, the vice chairman jointly elected by more than half of the directors shall preside) shall preside over the meeting; where the vice chairman is unable to or fails to perform his duties,</u> a director jointly elected by more than half of the directors shall preside over the meeting.</p> <p><u>Where the Board is unable to or fails to perform its duties to convene the general meeting, the Supervisory Committee shall convene and preside over the meeting in a timely manner; where the Supervisory Committee does not convene and preside over the meeting, shareholders individually or jointly holding more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting by themselves.</u></p> <p>A general meeting convened by the Supervisory Committee itself shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor jointly elected by more than half of the supervisor shall preside over the meeting.</p> <p>A general meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.</p> <p>When a general meeting is held and the chairman violates the rules of procedure which makes it difficult for the general meeting to continue, a person may be elected at the general meeting to act as the chairman so as to carry on with the general meeting, subject to the approval of more than half of the attending shareholders having the voting rights. <u>If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder (including proxy thereof) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.</u></p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 35 A shareholder who is related to a matter to be considered at a general meeting shall abstain from voting, and the voting shares held by him/her shall not be counted towards the total number of voting shares present at the general meeting. Matters to be voted on shall be validly approved by more than half of the votes after deducting the voting rights held by related shareholders. Resolutions and minutes of general meetings shall record the votes of non-related shareholders.</p> <p>A related shareholder may apply for recusal on his/her own, other shareholders of the Company and the Board of the Company may apply for recusal of a related shareholder, the said application shall be made in writing prior to the convening of the general meeting of shareholders, and the Board shall be obliged to notify the shareholder concerned of the application immediately. The shareholders concerned may raise objections to the said application, and if no objections have been raised prior to the voting, the shareholder subject to the application for recusal shall recuse himself/herself from voting; if he/she objects to the application, he/she may request the Supervisory Committee to make a resolution in respect of the application, and the Supervisory Committee shall make a resolution prior to the convening of the general meeting, and any person who is not satisfied with the resolution may lodge an appeal with the competent authority, and the period of appeal shall not affect the implementation of the resolution of the Supervisory Committee.</p>	<p>Article 3534 A shareholder who is related to a matter to be considered at a general meeting shall abstain from voting, and the voting shares held by him/her shall not be counted towards the total number of voting shares present at the general meeting. Matters to be voted on shall be validly approved by more than half of the votes after deducting the voting rights held by related shareholders. Resolutions and minutes of general meetings shall record the votes of non-related shareholders.</p> <p>A related shareholder may apply for recusal on his/her own, other shareholders of the Company and the Board of the Company may apply for recusal of a related shareholder, the said application shall be made in writing prior to the convening of the general meeting of shareholders, and the Board shall be obliged to notify the shareholder concerned of the application immediately. The shareholders concerned may raise objections to the said application, and if no objections have been raised prior to the voting, the shareholder subject to the application for recusal shall recuse himself/herself from voting; if he/she objects to the application, he/she may request the Supervisory Committee to make a resolution in respect of the application, and the Supervisory Committee shall make a resolution prior to the convening of the general meeting, and any person who is not satisfied with the resolution may lodge an appeal with the competent authority, and the period of appeal shall not affect the implementation of the resolution of the Supervisory Committee.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 36 The shares held by the Company itself shall have no voting rights and such shares shall not be counted towards the total number of voting shares present at the general meeting.</p>	<p>Article 3635 <u>Shareholders (including shareholders' proxies) shall exercise their voting rights at the general meeting by the number of voting shares they represent, and each share shall be entitled to one vote.</u> However, the The shares held by the Company itself shall have no voting rights and such shares shall not be counted towards the total number of voting shares present at the general meeting.</p>
<p>Article 37 The general meeting shall vote on all proposals one by one. If there are different proposals for the same matter, they shall be voted in the chronological order of the proposals being put forward. Unless the general meeting is suspended or no resolution can be made due to force majeure or other special reasons, the general meeting shall not set aside any proposal or refuse to vote on the proposals.</p>	<p>Article 3736 <u>Except for the cumulative voting system, the</u> The general meeting shall vote on all proposals one by one. If there are different proposals for the same matter, they shall be voted in the chronological order of the proposals being put forward. Unless the general meeting is suspended or no resolution can be made due to force majeure or other special reasons, the general meeting shall not set aside any proposal or refuse to vote on the proposals.</p>
<p>Article 39 The general meeting shall adopt on-site voting by open ballot. Any vote taken by shareholders at a general meeting must be taken by poll, unless the chairman of the Board of Directors decides, in good faith, to allow a resolution purely on procedural or administrative matters to be voted on by a show of hands.</p>	<p>Article 3938 The general meeting shall adopt on-site voting by open ballot. Any vote taken by shareholders at a general meeting must be taken by poll, unless the chairman of the Board of Directors decides, in good faith, to allow a resolution purely on procedural or administrative matters to be voted on by a show of hands <u>Except that resolutions in relation to procedural and administrative matters of a general meeting can be conducted by a show of hands as decided by the chairman of the meeting, all other matters shall be decided on by a poll.</u></p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 45 Resolutions of general meetings are classified as ordinary resolutions and special resolutions.</p> <p>To adopt an ordinary resolution, more than one-half of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution. When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner. The shares held by the Company itself shall have no voting rights and such shares shall not be counted towards the total number of voting shares present at the general meeting.</p> <p>To adopt a special resolution, two-thirds or more of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.</p>	<p>Article 4544 Resolutions of general meetings are classified as ordinary resolutions and special resolutions.</p> <p>To adopt an ordinary resolution, more than one-half of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution. When significant matters affecting the interests of the minority shareholders are considered at the general meeting, the votes cast by minority investors shall be counted separately. The results of separate counting shall be disclosed to the public in a timely manner. The shares held by the Company itself shall have no voting rights and such shares shall not be counted towards the total number of voting shares present at the general meeting.</p> <p>To adopt a special resolution, two-thirds or more of the votes represented by the shareholders (including proxies) present at the meeting must be cast in favor of the resolution.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 46 The following matters shall be resolved by ordinary resolutions at a general meeting:</p> <p>(1) work reports of the Board and the Board of Supervisors;</p> <p>(2) plans for the distribution of profits and for making up losses proposed by the Board;</p> <p>(3) the election and removal of the members of the Board and the shareholder representative members of the Supervisory Committee, and the decision on remuneration of members of the Board and the Supervisory Committee and method of payment;</p> <p>(4) the annual budget plan and final account plan of the Company;</p> <p>(5) the annual report of the Company;</p> <p>(6) the appointment or removal of accounting firms;</p> <p>(7) all other matters except those required to be adopted by special resolution as required by the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.</p>	<p>Article 4645 The following matters shall be resolved by ordinary resolutions at a general meeting:</p> <p>(1) work reports of the Board and the Board of Supervisors;</p> <p>(2) plans for the distribution of profits and for making up losses proposed by the Board;</p> <p>(3) the election and removal of the members of the Board and the shareholder representative members of the Supervisory Committee, and the decision on remuneration of members of the Board and the Supervisory Committee and method of payment (except for staff representative supervisors), their remuneration and method of payment;</p> <p>(4) the annual budget plan and final account plan report, balance sheet, profit and loss statement and other financial statement of the Company;</p> <p>(5) the annual report of the Company;</p> <p>(65) the appointment or removal of accounting firms;</p> <p>(76) all other matters except those required to be adopted by special resolution as required by the laws, administrative regulations, the Hong Kong Listing Rules and the Articles of Association.</p>

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 47 The following matters shall be resolved by special resolutions at a shareholders' general meeting:</p> <p>(1) increase in or reduction of the Company's registered share capital;</p> <p>(2) demerger, merger, dissolution, liquidation and change of corporate form of the Company;</p> <p>(3) amendment to the Articles of Association;</p> <p>(4) repurchase of shares by the Company;</p> <p>(5) subscription, allotment, issue or grant of shares, convertible securities and options, warrants or similar rights to subscribe for any shares or the aforesaid convertible securities;</p> <p>(6) allocation of voting shares which effectively changes the control of the Company;</p> <p>(7) the purchase or disposal of material assets by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;</p> <p>(8) the share incentive plan;</p> <p>(9) any other matters prescribed by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and those approved as an ordinary resolution at a general meeting that may have material impact on the Company and are required to be approved by a special resolution.</p>	<p>Article 4746 The following matters shall be resolved by special resolutions at a shareholders' general meeting:</p> <p>(1) increase in or reduction of the Company's registered share capital;</p> <p><u>(2) the issue of corporate debentures of the Company;</u></p> <p>(23) demerger, merger, dissolution, liquidation and change of corporate form of the Company;</p> <p>(34) amendment to the Articles of Association;</p> <p>(45) repurchase of shares by the Company;</p> <p>(56) subscription, allotment, issue or grant of shares, convertible securities and options, warrants or similar rights to subscribe for any shares or the aforesaid convertible securities;</p> <p>(67) allocation of voting shares which effectively changes the control of the Company;</p> <p>(78) the purchase or disposal of material assets or <u>provision of guarantee</u> by the Company within a year of a value exceeding 30% of the Company's latest audited total assets;</p> <p>(89) the share incentive plan;</p> <p><u>(910)</u> any other matters prescribed by the laws, administrative regulations, the Hong Kong Listing Rules or the Articles of Association, and those approved as an ordinary resolution at a general meeting that may have material impact on the Company and are required to be approved by a special resolution.</p>

Note: The Proposed Amendments to the Rules of Procedures of the Shareholders' General Meeting are prepared in Chinese. In the event of any inconsistency or discrepancy between the Chinese and the English version of the Rules of Procedures of the Shareholders' General Meeting, the Chinese version shall prevail.

LETTER FROM THE BOARD

Save for the Proposed Amendments to the Rules of Procedures of the Shareholders' General Meeting, the contents of other chapters and articles of the Rules of Procedures of the Shareholders' General Meeting shall remain unchanged. If the numbering of any chapters and articles of the Rules of Procedures of the Shareholders' General Meeting is affected as a result of the Proposed Amendments to the Rules of Procedures of the Shareholders' General Meeting, the numbering of the chapters and articles of the existing Rules of Procedures of the Shareholders' General Meeting shall be adjusted accordingly.

The above Proposed Amendments to the Rules of Procedures of the Shareholders' General Meeting are subject to the approval by the Shareholders by way of a special resolution at the EGM.

VI. TO CONSIDER AND APPROVE THE PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES OF THE BOARD OF DIRECTORS

Reference is made to the announcement of the Company dated 25 October 2024 in relation to, among other things, the proposed amendments to the Rules of Procedures of the Board of Directors. In accordance with the relevant provisions of the Company Law as newly amended and in force, and based on the actual situation of the Company and the relevant Proposed Amendments to the Articles of Association, the Board proposed to make certain amendments to the existing Rules of Procedures of the Board of Directors (the “**Proposed Amendments to the Rules of Procedures of the Board of Directors**”), details of which are as follows:

Current version	Amended version
The term “ general meeting (股東大會) ” in the Rules of Procedures of the Board of Directors	To be revised as “ <u>general meeting (股東會)</u> ”
Article 12 Notice of regular Board meetings shall be given fourteen days prior to the meetings by the Board secretary, and reasonable notice of extraordinary Board meeting shall be given prior to the meetings to all director and supervisor and the general manager by hand, fax, express mail service, email or other means. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly. Where an extraordinary Board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone, fax or email, but the convener shall make explanations at the meeting.	Article 12 Notice of regular Board meetings shall be given fourteen days prior to the meetings by the Board secretary , and reasonable notice of extraordinary Board meeting shall be given prior to the meetings to all director and supervisor and the general manager by hand, fax, express mail service, email or other means. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly. Where an extraordinary Board meeting needs to be convened in emergency, the notice of meeting may be sent by telephone, fax or email, but the convener shall make explanations at the meeting.

LETTER FROM THE BOARD

Current version	Amended version
<p>Article 36 Except for the circumstances stipulated in Chapter 12 of these Rules, when the Board of Directors considers and approves a proposal and forms a relevant resolution at a meeting, more than half of the total number of directors of the Company must vote in favor of the proposal.</p>	<p>Article 36 Except for the circumstances stipulated in Chapter 12 of these Rules and the Articles of Association, when the Board of Directors considers and approves a proposal and forms a relevant resolution at a meeting, more than half of the total number of directors of the Company must vote in favor of the proposal.</p>
<p>Article 38 Any resolution made by the Board of Directors on any guarantee within its range of authority in accordance with the provisions of the Articles of Association of the Company shall be subject to the approval of more than two-thirds of the directors present at the meeting in addition to the approval of more than half of all the directors of the Company.</p>	<p>Article 38 Any resolution made by the Board of Directors on any guarantee within its range of authority in accordance with the provisions of the Articles of Association of the Company shall be subject to the approval of more than two-thirds of the directors present at the meeting in addition to the approval of more than half of all the directors of the Company.</p>

Note: The Proposed Amendments to the Rules of Procedures of the Board of Directors are prepared in Chinese. In the event of any inconsistency or 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 to the Rules of Procedures of the Board of Directors, the contents of other chapters and articles of the Rules of Procedures of the Board of Directors shall remain unchanged. If the numbering of any chapters and articles of the Rules of Procedures of the Board of Directors is affected as a result of the Proposed Amendments to the Rules of Procedures of the Board of Directors, the numbering of the chapters and articles of the existing Rules of Procedures of the Board of Directors shall be adjusted accordingly.

The above Proposed Amendments to the Rules of Procedures of the Board of Directors are subject to the approval by the Shareholders by way of a special resolution at the EGM.

VII. THE EGM

A proxy form for the EGM is enclosed herewith, and such proxy form is also published and made available to the Shareholders together with this circular on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kmdcwt.com).

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the proxy form for the EGM 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 in any event not less than 24 hours before the time fixed for holding the EGM (i.e. before 2:30 p.m. on Thursday, 19 December 2024) 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 or at any other adjourned meeting should you so wish.

LETTER FROM THE BOARD

VIII. 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 will exercise his power under the Articles of Association to demand a poll in relation to all the proposed resolutions at the EGM.

Any Shareholder who has a material interest in the New Framework Agreement and the transactions contemplated thereunder shall abstain from voting on the resolution in relation thereto to be proposed at the EGM. As at the Latest Practicable Date, Kunming Dianchi Investment holds approximately 64.16% of the equity interest of the Company. In view of Kunming Dianchi Investment's material interest in the New Framework Agreement and the transactions contemplated thereunder, Kunming Dianchi Investment and its associates are required to abstain from voting on the ordinary resolution to be proposed at the EGM approving the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps.

Save as disclosed above, and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder has any material interests in the New Framework Agreement and the transactions contemplated thereunder and no other Shareholder is required to abstain from voting at the EGM on the ordinary resolution approving the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the special resolutions approving the Proposed Amendments to the Articles of Association, the Proposed Amendments to the Rules of Procedures of the Shareholders' General Meeting, and the Proposed Amendments to the Rules of Procedures of the Board of Directors.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby such Shareholder has or may have temporarily or permanently passed control over the exercise of the voting right in respect of such Shareholder's Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, there exists no discrepancy between any Shareholder's beneficial Shareholding interest in the Company and the number of Shares in the Company in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the EGM.

LETTER FROM THE BOARD

IX. RECOMMENDATIONS

The Board considers that the resolutions proposed at the EGM 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 EGM.

The Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps. Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in such respect.

The Directors (excluding the independent non-executive Directors) are of the view that the New Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Therefore, the Directors (excluding the independent non-executive Directors) recommend the Independent Shareholders to vote in favor of the ordinary resolution approving the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps to be proposed at the EGM.

The Independent Board Committee (excluding Mr. Ong King Keung who has abstained from voting), having taken into account of the terms of the New Framework Agreement and the advice of the Independent Financial Adviser, considers that the New Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms of the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Therefore, the Independent Board Committee (excluding Mr. Ong King Keung who has abstained from voting) recommends the Independent Shareholders to vote in favor of the ordinary resolution approving the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps to be proposed at the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 77 to 78 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps; and (ii) the letter from the Independent Financial Adviser set out on pages 79 to 93 of this circular containing the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as well as the principal factors and reasons considered in respect of the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps.

Yours faithfully,
Zeng Feng
Chairperson

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

4 December 2024

To the Independent Shareholders:

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 4 December 2024 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

In accordance with the requirements under the Listing Rules, we have been appointed to consider and advise the Independent Shareholders as to whether the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps are entered into in the ordinary and usual course of business of the Company, are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. For such purpose, Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Details of the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps and the reasons for transactions are contained in the letter from the Board set out on pages 4 to 76 of the Circular.

We have also discussed with the management of the Company regarding the terms of the New Framework Agreement and the basis upon which the proposed annual caps of the transactions under the New Framework Agreement during the term thereof are determined. Having considered (i) the terms of the New Framework Agreement, (ii) the discussions with the management of the Company about the background to and nature of the New Framework Agreement and (iii) the advice of Rainbow Capital to the Independent Board Committee and the Independent Shareholders, all the members of the Independent Board Committee (other than Mr. Ong King Keung, whose opinions are set out below) are of the unanimous view that the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, and the agreement terms and the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Mr. Ong King Keung considered that there was a possibility that Dianchi Investment Group might not be able to make timely payments of the operation and management service fees to the Group pursuant to the New Framework Agreement or the relevant individual agreements, which would result in relatively large amounts of accounts receivable of the Company.

The other members of the Independent Board Committee have given due and careful consideration to the New Framework Agreement and the opinions of Mr. Ong King Keung. All other members of the Independent Board Committee are of the unanimous view that (i) the New Framework Agreement has been entered into pursuant to the Non-competition Agreement in order to reasonably regulate the relationship and potential business competition between the Group and Dianchi Investment Group after the Listing, which is in line with the principle of non-competition and in the interests of the Company, and (ii) in the event of any non-payment of the operation and management service fees by Dianchi Investment Group under the New Framework Agreement or the relevant individual agreements, the Company will proactively negotiate with Dianchi Investment Group and the relevant governmental authorities and is expected to be able to take reasonable measures to collect the operation and management service fees, and the overall risks are manageable.

In view of the above and after given holistic consideration to the opinions of all the members of the Independent Board Committee, the Independent Board Committee (excluding Mr. Ong King Keung) recommends the Independent Shareholders to vote in favor of the ordinary resolution approving the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps to be proposed at the EGM.

Yours faithfully,

For and on behalf of the

Independent Board Committee of Kunming Dianchi Water Treatment Co., Ltd.

Mr. ZHA Guiliang
*Independent non-executive
Director*

Ms. ZHENG Dongyu
*Independent non-executive
Director*

Mr. ONG King Keung
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreement, which has been prepared for the purpose of inclusion in this circular.



4 December 2024

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS UNDER THE NEW FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Framework Agreement and the transactions thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) of the circular to the Shareholders dated 4 December 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in this Circular.

On 13 November 2024 (after trading hours), the Company and Kunming Dianchi Investment have entered into the New Framework Agreement through friendly negotiation, pursuant to which the Group will continue to provide operation and management services to Dianchi Investment Group for three years until 31 December 2027, including operation and management services for wastewater treatment facilities, reclaimed water supply facilities, and running water supply facilities.

Kunming Dianchi Investment is the controlling shareholder of the Company and holds approximately 64.16% equity interest of the Company as at the Latest Practicable Date, and is therefore a connected person of the Company. Accordingly, the provision of operation and management services by the Group to Dianchi Investment Group under the New Framework Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed annual caps under the New Framework Agreement exceed 5%, the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps are subject to the reporting, annual review, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Zha Guiliang, Ms. Zheng Dongyu and Mr. Ong King Keung, has been formed to advise the Independent Shareholders as to whether (i) the New Framework Agreement and the transactions thereunder are entered into in the ordinary and usual course of business of the Group and on normal commercial terms; and (ii) the terms of the New Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group and Kunming Dianchi Investment that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group or any other party to the New Framework Agreement. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the New Framework Agreement and the transactions thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in this Circular; (ii) the information supplied by the Group; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in this Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in this Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in this Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in this Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of this Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in this Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Kunming Dianchi Investment or their respective substantial shareholders, subsidiaries or associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation, we have taken into account the following principal factors and reasons:

1. Information on the Group

The Company is a leading municipal wastewater treatment and reclaimed water supply services provider in Yunnan Province, the PRC, an integrated water-related services (including running water supply service) provider and a core enterprise implementing the PRC's strategic goal to treat pollutants at Dianchi Lake. The Group is principally engaged in the development, design, construction, operation and maintenance of water supply and wastewater treatment facilities in the PRC.

As disclosed in the annual report of the Company for the year ended 31 December 2023 (“FY2023”) (the “2023 Annual Report”), revenue from wastewater treatment business, water supply business and other businesses accounted for approximately 68.2%, 7.2% and 24.6% of the total revenue for FY2023.

2. Information on the Kunming Dianchi Investment

Kunming Dianchi Investment is a state-owned enterprise established on 13 October 2004 and owned as to approximately 90.09% by the State-owned Assets Supervision and Administration Commission of the Kunming People's Government (昆明市人民政府國有資產監督管理委員會). As at the Latest Practicable Date, Kunming Dianchi Investment holds approximately 64.16% of the issued share capital of the Company. It engages in investment, construction, operation and management of projects confirmed by the Kunming People's Government in Yunnan Province of the PRC; investment and construction of wastewater treatment plants and investment, operation and management of assets in relation to infrastructure, technology and other industries.

3. Background of and reasons for the New Framework Agreement

As stated in the Letter from the Board, Dianchi Investment Group reserves certain wastewater treatment plants. According to the concession agreement between the Company and the Kunming Municipal Government, the Company has the right to operate wastewater treatment facilities in Kunming (“Operation Right”). Therefore, Dianchi Investment Group shall rely on or entrust the Company to operate and manage the wastewater treatment facilities in Kunming.

As the Existing Framework Agreement shall expire on 31 December 2024, the Company and Kunming Dianchi Investment entered into the New Framework Agreement through friendly negotiation, pursuant to which the Group will continue to provide operation and management services to Dianchi Investment Group for three years ending 31 December 2027.

As advised by the Directors, the operation and management services provided to Dianchi Investment Group are wastewater treatment services for the wastewater processing plants/facilities owned by Kunming Dianchi Investment, which mainly include two types of projects, namely the first-class A standard project (“Project A”) and the over-limit phosphorus removal project (“Project PR”) (collectively, the “Projects”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Project A uses several wastewater processing technologies to purify the wastewater to reach first class A standard, the quality standard as defined in the Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant of the PRC.

Project PR is a wastewater treatment process to further purify the processed water of Project A to reach TP (Total Phosphorus) level at less than 0.05mg/L.

By providing the wastewater treatment services to the Projects, the Company could earn service fees from Kunming Dianchi Investment. As stated in the 2023 Annual Report, the transaction amount under the Existing Framework Agreement was approximately RMB47.5 million for FY2023, accounting for approximately 2.6% of the total revenue.

Other than the Operation Right, the Company is also entitled to acquisition right (the “**Acquisition Right**”) pursuant to the Non-competition Agreement with Kunming Dianchi Investment. As stated in the Letter from the Board, pursuant to the Non-competition Agreement, for those wastewater treatment plants the Company is entrusted to operate, the Company has (i) the right to request Kunming Dianchi Investment to sell; (ii) the right to acquire at their respective commencement of commercial operation; and (iii) the right of first offer to acquire any or all of them.

As such, the Directors consider that entering into the New Framework Agreement will enable the Group to continue to operate and control these assets and track the situation and performance of the wastewater treatment plants. It will enable the Company to not only generate revenue from the Projects, but also better assess whether and when to exercise the Acquisition Right.

Based on the above, we concur with the Directors that the New Framework Agreement is entered into in the ordinary and usual course of business of the Company and are in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the New Framework Agreement

Details of the terms of the New Framework Agreement are set out in the Letter from the Board, which are summarised as follows:

Date	:	13 November 2024
Parties	:	Kunming Dianchi Investment; and the Company

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Effective date and term of the agreement : It will take effect on 1 January 2025 subject to approval by the Independent Shareholders at the EGM. The term of the agreement is from 1 January 2025 to 31 December 2027.

The term of the individual agreements entered into by the Group and Dianchi Investment Group under the New Framework Agreement shall not exceed the term of the New Framework Agreement.

Service scope : The operation and management services provided by the Group to Dianchi Investment Group include operation and management services for wastewater treatment facilities, reclaimed water supply facilities, etc. and running water supply facilities.

Principles of transactions : The parties agree that entering into the New Framework Agreement does not affect the parties' (or their respective subsidiaries) from freely choosing counterparties or entering into transactions with third parties;

Kunming Dianchi Investment agrees that Dianchi Investment Group shall give priority to the operation and management services provided by the Group when the service terms offered and fees quoted by third parties are the same;

Dianchi Investment Group has the right to obtain services from third parties if the Group cannot meet the requirements of Dianchi Investment Group for the operation and management services or if the terms provided by third parties are more favorable;

The Company will provide the required estimates of the operation and management services fees to Kunming Dianchi Investment; and

Subject to the principles of the New Framework Agreement, it is expected that the Group will enter into individual agreements with Dianchi Investment Group from time to time as required. The Group reserves the right to amend these individual agreements in order to comply with the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Operation and management fees (“Agreed Price”) : Each party will agree on relevant management fees for the entrusted operation according to the types of individual operation and management services, which will be reflected in individual agreements.

The price of the operation and management services under the New Framework Agreement shall be determined based on the following order:

- (i) the prices set by the government of the place where such services are provided or its vicinity; or
- (ii) the prices then charged by third parties providing such services in the place where such services are provided or in the vicinity thereof in the ordinary course of business; or
- (iii) the prices then charged by third parties providing such services in the ordinary course of business; or
- (iv) the prices determined on the basis of “reasonable cost + reasonable profit (not exceeding 10% of the reasonable cost)” (the “reasonable cost” refers to the actual cost incurred by the Group for the provision of such services to Dianchi Investment Group as audited and verified by the third-party auditor jointly appointed by the Company and Kunming Dianchi Investment).

The aforementioned bases of determination of the operation and management fees shall apply in sequential order. For instance, the Group’s operation and management services mainly include two types of projects, namely the first-class A standard projects and the over-limit phosphorus removal projects, in relation to which the Kunming People’s Government has promulgated the standard prices (i.e. currently being RMB1.54/ton for first-class A standard projects and RMB0.48/ton for over-limit phosphorus removal projects). In the event that such standard prices no longer exist or do not apply to a particular type of operation and management services provided by the Group to Dianchi Investment Group, basis (ii) above shall apply instead, and so on and so forth.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The price of all the operation and management services provided by the Group under the Existing Framework Agreement for the two years ended 31 December 2023 and for the ten months ended 31 October 2024 was determined solely based on the standard prices promulgated by the Kunming People's Government.

Operation mode : For all service transactions under the New Framework Agreement, parties to the transactions will enter into individual agreements in accordance with the scope and principles specified in the New Framework Agreement. Such individual agreements shall not violate the agreed provisions under the New Framework Agreement.

The parties shall ensure and procure their respective subsidiaries to enter into individual agreements in accordance with the principles and provisions of the New Framework Agreement and the service plans agreed by both parties. Kunming Dianchi Investment is committed to using its best endeavor to procure its associates other than its subsidiaries to enter into individual agreements in accordance with the principles and provisions of the New Framework Agreement and the service plans agreed by both parties.

During the process of implementing the New Framework Agreement, if necessary and as agreed by both parties of the agreement, the individual agreements may be adjusted.

Obligation of the parties : The main obligations of Dianchi Investment Group and the Group under the New Framework Agreement include:

- (i) Dianchi Investment Group
 - (a) to coordinate matters relating to the implementation of each individual agreement;
 - (b) to designate or establish a special department for liaison, file preparation, planning and arrangement, supervision, assessment and coordination of the implementation of the agreements in relation to the relevant service transactions under the New Framework Agreement, and for handling matters in relation to dispute resolutions; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (c) to pay relevant service fees in accordance with the requirements under the individual agreements and to guarantee compensation for the losses caused to the Group due to violation of any terms of the New Framework Agreement or any terms of the individual agreements.

- (ii) The Group
 - (a) to provide and procure its member companies to provide corresponding services to Dianchi Investment Group in accordance with the New Framework Agreement;
 - (b) to coordinate matters in relation to each individual service agreement;
 - (c) to regularly submit data and information on relevant work status according to the requirements of Dianchi Investment Group, as well as promptly and effectively organize, resolve and rectify problems in the maintenance and operation of the entrusted subjects, and accept supervision, assessment and relevant evaluation of Dianchi Investment Group and third parties assigned by it;
 - (d) to compensate for the losses caused to Dianchi Investment Group due to violation of any terms of the New Framework Agreement or the individual agreements thereunder in accordance with the requirements of the individual service agreements; and
 - (e) to ensure safe and stable operation of the entrusted subjects and bear the environmental protection responsibilities caused due to improper operation and management by the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed and compared the principal terms of the New Framework Agreement with those of the Existing Framework Agreement, and noted that there is no material difference in comparison with the Existing Framework Agreement. We have also reviewed an official notice in relation to the standard prices (the “**Price Notice**”) promulgated by the local government dated 10 June 2021 which are still in effect as at the Latest Practicable Date and noted that the standard prices are apply to all the wastewater treatment plants in the main districts of Kunming including plants operated by the Company and those operated by the other companies, indicating that it is the market’s practice to follow the standard prices promulgated by the local government.

As discussed with the management of the Company, the Company is responsible for the operation and management of most of the wastewater treatment plants in the main districts of Kunming, which are either entrusted by the Kunming Dianchi Investment (“**Dianchi Projects**”) or the local government directly (“**Government Projects**”). The terms and conditions of Dianchi Projects would be regulated by the New Framework Agreement, while those of Government Projects are regulated by a franchise agreement (the “**Franchise Agreement**”) entered into between the Company and the local government.

Given that (i) the Company is not entrusted by any other independent third parties to operate the wastewater treatment plants, and all the wastewater treatment plants operated by the Group are either Dianchi Projects or Government Projects; and (ii) the Group did not enter into any individual agreements with the local government under the Franchise Agreement, we have obtained the Franchise Agreement and all individual agreements (the “**Dianchi Agreements**”) entered into between the Group and the Dianchi Investment Group under the Existing Framework Agreement during the period from 2022 to 2024. We noted that (i) services fee under the Franchise Agreement is consistent with those under the Dianchi Agreements, both of which are in accordance with the Price Notice decided by the local government; and (ii) other terms of the Dianchi Agreements are generally no less favourable to the Group than those of the Franchise Agreement.

After taking into account (i) there is no material difference between the terms of the New Framework Agreement and the terms of the Existing Framework Agreement, meaning that the terms of the New Framework Agreement are reflecting the business practice between the Group and the Dianchi Investment Group in the past; (ii) as discussed in the section “Assessment of the proposed annual caps” below, the Agreed Price is expected to be determined with reference to the standard prices promulgated by the relevant government authorities as set out in the Price Notice which are also apply to other plants operated by other companies, indicating that it is the market’s practice to follow the standard prices promulgated by the local government; and (iii) the terms of Dianchi Agreements under the Existing Framework Agreement are generally no less favorable to the Group than those of the Franchise Agreement entered into with local government directly, we are of the view that the terms of New Framework Agreement are on normal commercial terms which are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Letter from the Board, the finance department of the Company will review the proposed transaction price before conducting an individual transaction and the terms under a draft individual agreement, to ensure that they are in line with the standard prices promulgated by the relevant government authorities. The finance department of the Company will prepare the accounts of all individual transactions occurred on a monthly and quarterly basis, and such accounts will be submitted to the Securities Department of the Company and further reported to the president of the Company on a monthly basis and to the president of the Company and the Board on a quarterly basis. Taking into account that (i) we have obtained and reviewed the Dianchi Agreements and noted that the services fee under the Dianchi Agreements is in line with the Price Notice promulgated by the government; and (ii) we have obtained and reviewed all monthly reports in relation to the actual transaction amounts under the Existing Framework Agreement prepared by the finance department in 2023 and noted that the transaction amounts were monitored and did not exceed the annual cap, we are of the view that appropriate internal control procedures are in place.

5. Assessment of the proposed annual caps

Set out below are the annual caps and actual transaction amounts of the Existing Framework Agreement for the years or period indicated:

	For the year ended 31 December		For the ten months ended
	2022	2023	31 October
	(RMB'000)	(RMB'000)	2024
			(RMB'000)
Service fees paid by Kunming Dianchi			
Investment to the Company			
Annual caps	421,063	574,539	593,140
Actual transaction amounts	309,530	47,501	146,920
Utilisation rate	73.5%	8.3%	24.8%

As shown in the table above, the actual transaction amount decreased from approximately RMB309.5 million for the year ended 31 December 2022 to approximately RMB47.5 million for the year ended 31 December 2023. The actual transaction amount was approximately RMB146.9 million for the ten months ended 31 October 2024. Such low utilisation rate for the year ended 31 December 2023 and for the ten months ended 31 October 2024 were mainly due to that Kunming Dianchi Investment disposed of certain water treatment facilities towards the end of 2022, which resulted in a decrease in its demand for the operation and management services under the Existing Framework Agreement for the year ended 31 December 2023 and for the ten months ended 31 October 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the proposed annual caps under the New Framework Agreement for the three years ending 31 December 2027:

	For the year ending 31 December		
	2025	2026	2027
	(RMB'000)	(RMB'000)	(RMB'000)
Service fees to be paid by Kunming Dianchi Investment to the Company			
– Project A	16,863	16,863	16,863
– Project PR	172,309	180,193	180,193
Subtotal	189,172	197,056	197,056

As set out in the Letter from the Board, the proposed caps were determined by reference to (i) the historical transaction amounts; (ii) the estimated volume of services from 2025 to 2027 (including a corresponding decrease in demand for the operation and management services due to the disposal of certain relevant facilities of Kunming Dianchi Investment and an increase in the expected demand for additional services such as standard enhancement); (iii) the production capacity for each facility; and (iv) the standard prices promulgated by the relevant government authorities for such services.

In assessing the fairness and reasonableness of the proposed annual caps above, we have considered (i) the designed and estimated processing volume of each facility under the Projects; and (ii) the official notice issued by the local government in Kunming which states the standard prices of Project A and Project PR.

We have obtained and reviewed the projection tables (the “**Projection Tables**”) for the determination of the proposed annual caps for the three years ending 31 December 2027 prepared by the management of the Company, showing (i) the names of each wastewater treatment plant/facility of the Dianchi Investment Group under the Projects; (ii) the designed and estimated wastewater treatment capacity of each plant/facility of the Dianchi Investment Group; and (iii) the expected price. The proposed annual caps for the three years ending 31 December 2027 under the New Framework Agreement were calculated based on the estimated wastewater treatment volume multiplied by the expected price for each plant/facility.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(i) **Project A**

	For the year ending 31 December		
	2025	2026	2027
Proposed annual caps for Project A (RMB'000) (A)	16,863	16,863	16,863
Estimated wastewater treatment volume (thousand tons) (B)	10,950	10,950	10,950
Expected price per ton (RMB) (A/B)	1.54	1.54	1.54

As stated in the table above, the proposed annual cap for Project A amounts to approximately RMB16.9 million for each of the three years ending 31 December 2027, which are determined with reference to (a) the estimated wastewater treatment volume of approximately 11.0 million tons per year; and (b) the expected price of approximately RMB1.54 per ton.

In respect of the expected price

The expected price of approximately RMB1.54 per ton is determined with reference to the official notice issued by the local government in Kunming. We have obtained and reviewed such notice and noted that the price of Project A promulgated by the local government is RMB1.54 per ton with an effective date of 1 July 2021. Given the expected price per ton is consistent with the price promulgated by the local government, we consider such price to be fair and reasonable.

In respect of the processing volume

In reviewing the Projection Table, we noted that the estimated wastewater treatment volumes for the three years ending 31 December 2027 are based on the estimated daily wastewater treatment volume, multiplied by the number of operating days of the facility.

The estimated daily wastewater treatment volume is determined with reference to the historical daily wastewater treatment volume which amounted to approximately 27.9 thousand tons, 25.5 thousand tons and 28.4 thousand tons for the three years ended 31 December 2023 with an average of approximately 27.3 thousand tons. Considering the historical daily wastewater treatment volume for the year ended 31 December 2023 increased by approximately 11.4% as compared that for the year ended 31 December 2022, the daily wastewater treatment volume is estimated to continue to increase and amount to approximately 30.0 thousand tons for each of the three years ending 31 December 2027.

As for the number of operating days, the Directors have taken into account the operation plan of the facility under Project A. The facility would operate throughout the year (i.e. 365 days each year).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that (a) the expected price is consistent with the price promulgated by the local government; (b) the estimated daily wastewater treatment volume of approximately 30.0 thousand tons for each of the three years ending 31 December 2027 is calculated based on the average daily wastewater treatment volume for the three years ended 31 December 2023 of approximately 27.3 thousand tons and a growth rate of 10% taking into account the growth in 2023; and (c) the number of operating days has taken into account the operation plan of the facility, we consider the proposed annual caps for Project A are fair and reasonable.

(ii) Project PR

	For the year ending 31 December		
	2025	2026	2027
Proposed annual caps for Project PR (RMB'000) (A)	172,309	180,193	180,193
Estimated wastewater treatment volume (thousand tons) (B)	358,977	375,402	375,402
Expected price per ton (RMB) (A/B)	0.48	0.48	0.48

As stated in the table above, the proposed annual caps for Project PR amount to approximately RMB172.3 million, RMB180.2 million and RMB180.2 million for the three years ending 31 December 2027, respectively, which are determined with reference to (a) the estimated wastewater treatment volume of approximately 359.0 million tons, 375.4 million tons and 375.4 million tons for the three years ending 31 December 2027, respectively; and (b) the expected price of approximately RMB0.48 per ton.

In respect of the expected price

The expected price of approximately RMB0.48 per ton is determined with reference to the official notice issued by the local government in Kunming. We have obtained and reviewed such notice and noted that the price of Project PR promulgated by the local government is RMB0.48 per ton with an effective date of 1 July 2021. Given the expected price per ton is consistent with the price promulgated by the local government, we consider such price to be fair and reasonable.

In respect of the processing volume

In reviewing the Projection Table, we noted that the estimated wastewater treatment volumes for the three years ending 31 December 2027 are based on the estimated daily wastewater treatment volume of each facility, multiplied by the number of operating days of each facility.

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The estimated daily wastewater treatment volumes amount to 983.5 thousand tons, 1,028.5 thousand tons and 1,028.5 thousand tons for the three years ending 31 December 2027. The estimated daily wastewater treatment volume is determined with reference to the historical daily wastewater treatment volume which amounted to approximately 916.0 thousand tons, 918.3 thousand tons and 883.5 thousand tons for the three years ended 31 December 2023 with an average of approximately 905.9 thousand tons. As advised by the management of the Company, two facilities entrusted by Dianchi Investment Group with daily treatment capacities of 50.0 thousand tons and 100.0 thousand tons are expected to start to conduct Project PR in 2025 and 2026, respective, resulting in an increase in the estimated daily wastewater treatment volume as compared to the historical daily wastewater treatment volume.

As for the number of operating days, the Directors have taken into account the operation plan of each facility. The facility would operate throughout the year (i.e. 365 days each year).

Given (a) the expected price is consistent with the price promulgated by the local government; (b) the estimated daily wastewater treatment volumes of 983.5 thousand tons, 1,028.5 thousand tons and 1,028.5 thousand tons for the three years ending 31 December 2027 are calculated based on the average daily wastewater treatment volume for the three years ended 31 December 2023 of approximately 905.9 thousand tons and the daily treatment capacities of two new facilities to conduct Project PR; and (c) the number of operating days has taken into account the operation plan of each facility, we consider the proposed annual caps for Project PR are fair and reasonable.

Based on the above, we are of the view that the proposed annual caps under the New Framework Agreement are fair and reasonable.

6. Reporting requirements and conditions of the transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions under the New Framework Agreement (the “**Transactions**”) are subject to the following annual review requirements:

- (i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the Company must engage its auditors to report on the Transactions every year. The Company’s auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions:
 - (a) have not been approved by the Board;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group;
 - (c) were not entered into, in all material respects, in accordance with the relevant agreements governing the Transactions; and
 - (d) have exceeded the proposed annual caps;
- (iii) the Company must allow, and ensure that the counterparties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions; and
- (iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms and the proposed annual caps not being exceeded, we are of the view that appropriate measures will be in place to monitor the conduct of the Transactions and assist to safeguard the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the New Framework Agreement and the transactions thereunder are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the New Framework Agreement and the transactions thereunder.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Larry Choi
Managing Director

Mr. Larry Choi is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

I. 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 Company. 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, and there are no other matters the omission of which would make any statement herein or this circular misleading.

II. DISCLOSURE OF INTERESTS**Interests and Short Positions of Directors, Supervisors and Chief Executives of the Company in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations**

As at the Latest Practicable Date, none of the Directors, Supervisors or senior management of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules.

III. SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at the Latest Practicable Date, none of the Directors or Supervisors had entered into or proposed to enter into any service contract with any member of the Group which is not expiring within one year or determinable by the Group within one year without payment of compensation (other than statutory compensation).

IV. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors and their respective close associates had any interest in any business (other than the Group's business) which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed pursuant to Rule 8.10 of the Listing Rules if they were controlling shareholders).

V. MATERIAL INTERESTS OF THE DIRECTORS IN THE TRANSACTIONS

Mr. Zeng Feng, an executive Director, serves as a director of Kunming Dianchi Investment, and Mr. Xu Jingdong, a non-executive Director, serves as a director and senior management of Kunming Dianchi Investment. Therefore, Mr. Zeng Feng and Mr. Xu Jingdong are considered to have a material interest in the New Framework Agreement and the transactions contemplated thereunder. Accordingly, such two Directors are required to abstain from voting in the Board resolutions approving the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps. Save as disclosed above, none of the other Directors has a material interest in the New Framework Agreement and the transactions contemplated thereunder and is required to abstain from voting in relation to the relevant Board resolutions.

VI. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the businesses of the Group.

VII. DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

The followings are the particulars of Directors' and Supervisors' employment with substantial Shareholders (holding interests or short positions in the Shares and underlying shares of the Company required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO) as at the Latest Practicable Date:

Mr. Zeng Feng, an executive Director of the Company, serves as a director of Kunming Dianchi Investment.

Mr. Xu Jingdong, a non-executive Director of the Company, serves as a director and the deputy general manager of Kunming Dianchi Investment.

VIII. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

IX. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given its opinion or advice which is contained in this circular:

Name	Qualification
Rainbow Capital	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities

Rainbow Capital has confirmed that:

- (a) it has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 4 December 2024 and the references to its name in the form and context in which they respectively appear;
- (b) as at the Latest Practicable Date, it did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) as at the Latest Practicable Date, it did not have any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

X. GENERAL

- (a) The Company's registered office and headquarters in the PRC is located at Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC and its principal place of business in Hong Kong is located at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (b) The Company's H Share Registrar is Tricor Investor Services Limited which is located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The company secretary of the Company is Mr. Chiu Ming King, FCG, FCS.

XI. DOCUMENTS FOR INSPECTION

Copies of the following document will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.kmdcwt.com>) for a period of 14 days from the date of this circular:

- (a) the New Framework Agreement.

NOTICE OF 2024 FOURTH 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)

NOTICE OF 2024 FOURTH EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2024 fourth extraordinary general meeting (the “EGM”) of Kunming Dianchi Water Treatment Co., Ltd. (the “**Company**”) will be held at 2:30 p.m. on Friday, 20 December 2024 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 purpose. Unless otherwise specified, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 4 December 2024.

AS ORDINARY RESOLUTION

1. To consider and approve the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps:
 - (i) to approve, ratify and confirm the New Framework Agreement, the transactions contemplated thereunder and the relevant proposed annual caps; and
 - (ii) to authorize any executive Director to sign, execute, perfect and deliver all such documents (including the New Framework Agreement) and do all such measures, acts, matters and things as he or she may in his or her sole and absolute discretion consider necessary or desirable for the purpose of the implementation of each transaction under the New Framework Agreement, the proposed annual caps and other matters contemplated thereunder or ancillary thereto, to waive compliance with and/or agree to any amendment or supplement to the New Framework Agreement which in his or her opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.

NOTICE OF 2024 FOURTH EXTRAORDINARY GENERAL MEETING

AS SPECIAL RESOLUTIONS

2. To consider and approve the proposed amendments to the Articles of Association
3. To consider and approve the proposed amendments to the Rules of Procedures of the Shareholders' General Meeting
4. To consider and approve the proposed amendments to the Rules of Procedures of the Board of Directors

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

Kunming, the PRC
4 December 2024

Notes:

1. According to the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, 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 and the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk after the EGM.
2. 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.
3. 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 time fixed for holding the EGM (i.e. before 2:30 p.m. on Thursday, 19 December 2024) or any adjourned meeting thereof. Tricor Investor Services Limited is located at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. Completion and return of a proxy form will not preclude a Shareholder from attending and voting in person at the EGM or any adjourned meeting thereof should he/she so wish.

NOTICE OF 2024 FOURTH EXTRAORDINARY GENERAL MEETING

4. 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 Saturday, 30 November 2024 to Friday, 20 December 2024 (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 of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 29 November 2024. Holders of H Shares whose names appear on the H Share register of members of the Company at the close of business on Friday, 29 November 2024 are entitled to attend the EGM. For the purpose of determining the list of holders of Domestic Shares who are entitled to attend the EGM, the Domestic Share register of members of the Company will be closed from Saturday, 30 November 2024 to Friday, 20 December 2024 (both days inclusive). The holders of Domestic Shares who wish to attend the EGM are required to complete the transfer registration of Domestic Shares in accordance with the relevant regulations of China Securities Depository and Clearing Corporation Limited not later than the close of business on Friday, 29 November 2024. Holders of Domestic Shares whose names appear on the Domestic Share register of members of the Company as at the close of business on Friday, 29 November 2024 are entitled to attend the EGM.
5. In case of joint shareholdings, if more than one of them are presented at the meeting, either in person or by proxy, 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.
6. 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.
7. A Shareholder or his/her proxy should produce proof of identity when attending the EGM.
8. The Company's registered office and headquarters in the PRC is Wastewater Treatment Plant No. 7, Kunming Dianchi Tourist Resort, Yunnan Province, the PRC.
9. All references to dates and time in this notice are to Hong Kong dates and time.

As at the date of this notice, the Board comprises Mr. Zeng Feng, Mr. Chen Changyong and Mr. Miao Xianjun, as executive Directors; Mr. Xu Jingdong, Ms. Cheng Yijing and Mr. Zhang Yang, as non-executive Directors; and Mr. Zha Guiliang, Ms. Zheng Dongyu and Mr. Ong King Keung, as independent non-executive Directors.