

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 Taizhou Water Group Co., Ltd., you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the 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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Taizhou Water Group Co., Ltd.*
台州市水務集團股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1542)

**MAJOR TRANSACTION
IN RESPECT OF
POTENTIAL CONSTRUCTION WORKS FROM TAIZHOU WATER
TREATMENT PLANT TO JIAOJIANG DISTRICT (LUQIAO SECTION)
AND
NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 4 to 12.

A notice convening the EGM of the Company to be held at Conference Room, Taizhou Water Group Co., Ltd., No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC at 3:00 p.m. on Monday, 9 October 2023 is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the H Share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in respect of holders of H Shares), or to the Company's registered office in the PRC at No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC (in respect of holders of Domestic Shares) as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the EGM (i.e. before 3:00 p.m. on Sunday, 8 October 2023) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

* For identification purposes only

21 September 2023

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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
“Board” or “Board of Directors”	the board of directors of the Company
“Chairman”	the chairman of the Board of Directors of the Company
“China” or “PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Taizhou Water Group Co., Ltd.* (台州市水務集團股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Agreement”	the construction agreement to be entered into between Taizhou City Water and the Potential Contractor in respect of the Potential Construction Works
“Construction Tender”	the tender conducted by Taizhou City Water (through an independent tendering agent) in respect of the Potential Construction Works
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	issued ordinary share(s) 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 2023 first extraordinary general meeting of the Company to be held on Monday, 9 October 2023 at 3:00 p.m. to consider the Potential Construction Works and the grant of the Proposed Mandate and the transactions contemplated thereunder
“Group”, “we” or “our”	the Company, its subsidiaries and its consolidated affiliated entities from time to time

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 PRC
“Latest Practicable Date”	11 September 2023, being the latest practicable date before printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“Notice of EGM”	the notice convening the EGM set out on pages EGM-1 to EGM-3 of this circular
“Potential Construction Works”	the potential construction works in respect of the construction and installation of water supply pipeline from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section)
“Potential Contractor”	the successful bidder of the Construction Tender
“Proposed Mandate”	the authorities proposed to be granted by the Shareholders at the EGM to the Group to conduct the Potential Construction Works
“Prospectus”	the prospectus of the Company dated 17 December 2019
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571)
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“subsidiary/(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Taizhou City Water”	Taizhou City Water Co., Ltd.* (台州城市水務有限公司) is a limited liability company established in the PRC and a subsidiary of the Company owned as to 82% by the Company and 18% by Wenling Water Group Co., Ltd.* (溫嶺市水務集團有限公司), respectively
“Tender Document”	the tender document in respect of the Potential Construction Works submitted to and made available on the government’s website of Taizhou Public Resource Trading Network (台州市公共資源交易網) on 7 June 2023
“%”	per cent

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Taizhou Water Group Co., Ltd.*
台州市水務集團股份有限公司

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

(Stock Code: 1542)

Executive Directors

Mr. Yang Jun (*Chairman of the Board*)
Mr. Pan Gang

Non-Executive Directors

Mr. Lin Genman
Ms. Fang Ya
Mr. Yu Yangbin
Mr. Ye Xiaofeng
Mr. Yang Yide
Mr. Guo Dingwen
Mr. Lin Yang
Mr. Shao Aiping

*Registered office and Principal Place
of Business in the PRC*

No. 308 Yin Quan Road
Xicheng Street
Huangyan District
Taizhou, Zhejiang Province
The PRC

Principal Place of Business in Hong Kong

14/F., Golden Centre
188 Des Voeux Road Central
Hong Kong

Independent Non-Executive Directors

Mr. Huang Chun
Ms. Lin Suyan
Ms. Hou Meiwen
Mr. Li Wai Chung
Mr. Wang Yongyue

21 September 2023

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RESPECT OF
POTENTIAL CONSTRUCTION WORKS FROM TAIZHOU WATER
TREATMENT PLANT TO JIAOJIANG DISTRICT (LUQIAO SECTION)
AND
NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING**

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LETTER FROM THE BOARD

INTRODUCTION

References are made to the announcements of the Company dated 31 March 2023 and 30 May 2023 in relation to, among others, the Potential Construction Works from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section) and the transactions contemplated thereunder.

The purpose of this circular is to give you the notice of the EGM and to provide you with information regarding the resolution(s) to be proposed at the EGM to enable you to make an informed decision on whether to vote for or against the resolution(s) at the EGM.

POTENTIAL CONSTRUCTION WORKS FROM TAIZHOU WATER TREATMENT PLANT TO JIAOJIANG DISTRICT (LUQIAO SECTION)

On 31 March 2023, the Board resolved to approve the construction and installation of water supply pipeline from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section).

Taizhou City Water has completed a tendering process held for the Potential Construction Works between 7 June 2023 and 5 July 2023 (the “**Tender Period**”), during which Taizhou City Water has received tenders from 34 qualified construction work contractors to bid in the Construction Tender. The Tender Document of the Construction Tender was submitted to and made publicly available on the government’s website of Taizhou Public Resource Trading Network (台州市公共資源交易網). Upon completion of the Tender Period, a successful bidder, namely Flagship Group Co., Ltd.* (旗艦集團有限公司) (“**Flagship Group**”), has been selected with a contract sum of RMB102,337,789 (the “**Contract Sum**”) through a scoring system as set out in the Tender Document designed in accordance with certain applicable rules and regulations under the laws of the PRC, who is now identified as the Potential Contractor. Subject to Shareholders’ approval at the EGM, Taizhou City Water will enter into the Construction Agreement with the Potential Contractor in respect of the Potential Construction Works.

Principal Terms of the Construction Tender and the Potential Construction Works

The principal terms of the Construction Tender and the Potential Construction Works are set out as follows:

Subject Matter:

It is proposed that the Potential Contractor shall be responsible for the Potential Construction Works, including but not limited to the construction and installation of water supply pipeline from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section) in accordance with the construction drawings and technical specifications as set forth in the Tender Document.

LETTER FROM THE BOARD

Qualification requirements of the potential bidder:

The qualification requirements of the potential bidder to participate in the Construction Tender are as follows:

- (1) the potential bidder shall be qualified as a second class or above general contractor for municipal public works* (市政公用工程施工總承包商二級或以上);
- (2) the potential bidder must have completed at least one project that involved the construction of steel pipe pipeline with length of 5km and above and pipe diameter of DN1000 and above since 1 January 2018 (based on the time specified in the completion acceptance appraisal letter or completion quality assessment report or completion acceptance record or completion acceptance report or completion acceptance filing form); and
- (3) the potential bidder shall be able to designate one project manager for the Potential Construction Works, who shall be qualified as a first-class registered contractor in municipal public works* (市政公用工程註冊建造師一級).

Consideration:

Pursuant to the Tender Document, a tender price ceiling of RMB108,811,978 was set for the Potential Construction Works. The tender price includes all costs to be incurred by the Potential Contractor relating to the Potential Construction Works.

The tender price ceiling was set by Taizhou City Water based on the total cost estimated by Jianjing Investment Consulting Co., Ltd.* (建經投資諮詢有限公司), an independent consultancy firm engaged by Taizhou City Water to assess the bidding control price based on the design documents and other relevant documents provided by Taizhou City Water, and having taken into account of the proposed scope, current pricing standards and relevant provincial and municipal regulations.

LETTER FROM THE BOARD

The consideration for the Potential Construction Works is expected to be settled as to 20% by the internal resources of Taizhou City Water and 80% by bank borrowings.

Procedures of the Construction Tender:

Taizhou City Water has appointed an independent tendering agent to prepare the Tender Document and administer the tender process for the Potential Construction Works. The information of the Construction Tender was submitted to and made publicly available on the government's website of Taizhou Public Resource Trading Network (台州市公共資源交易網). The Construction Tender was held from 7 June 2023 to 5 July 2023, during which Taizhou City Water has received tenders from 34 qualified construction work contractors to bid in the Construction Tender.

Upon completion of the Tender Period, a successful bidder, namely Flagship Group, has been selected with a Contract Sum of RMB102,337,789 through a scoring system as set out in the Tender Document designed in accordance with certain applicable rules and regulations under the laws of the PRC, who is now identified as the Potential Contractor. The assessment criteria considered at the scoring system included but not limited to the qualifications of contractor and project leader, the technical capabilities (such as the reliability of construction quality control, inspection methods and guarantee measures for safety, and the ability to provide professional labors and invest in construction machinery and inspection instruments that meet the requirements of project quality and progress), and the business quotations, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Flagship Group and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

The terms and conditions of the Construction Agreement to be entered into shall be materially identical to the terms described hereinabove and that of the Construction Tender. Subject to Shareholders' approval at the EGM, Taizhou City Water will enter into the Construction Agreement with the Potential Contractor in respect of the Potential Construction Works. The Company will make further announcement(s) in relation to the Construction Agreement as and when appropriate.

LETTER FROM THE BOARD

Expected date of commencement and completion of the Potential Construction Works:	Subject to the due execution of the Construction Agreement, the Potential Construction Works are tentatively expected to commence by November 2023 and to be completed in December 2024.
Construction Warranty Period:	The construction warranty period shall be 2 years after the Potential Construction Works has passed the project completion acceptance.
Guarantee:	The Potential Contractor shall provide a guarantee in favour of Taizhou City Water in respect of the performance of its obligations of the Potential Construction Works, in an amount equivalent to 2% of the Contract Sum prior to the execution of the Construction Agreement, for the period from the date of the guarantee letter until the completion of inspection and acceptance of the Potential Construction Works pursuant to the Construction Agreement. Such guarantee shall be provided by way of cash, bank guarantee, insurance agency or policy guarantee or guarantee letter provided by financing company (as the case may be).

Pursuant to the Measures for the Supervision and Administration of Investment of Taizhou Municipal State-owned Enterprises* (《台州市市屬國有企業投資監督管理辦法》) and the Rules of Investment Management of the Company, the Potential Construction Works constituted an investment project subject to the approval of the Shareholders at the general meeting of the Company and shall be reported to The State-owned Assets Supervision and Administration Commission of Taizhou* (台州市人民政府國有資產監督管理委員會) in writing subsequent to the completion of internal approval procedures. In view of the foregoing, Shareholders' approval shall be obtained before the entering into of the Construction Agreement. Subject to the Shareholders' approval being obtained at the EGM, the Construction Agreement will be entered into between the parties within one (1) month from the date of issue of the letter of award to the successful bidder of the Construction Tender or the date of the EGM (whichever is later).

The Board therefore resolved to seek a prior approval from the Shareholders before the execution of the Construction Agreement.

Financial effects of the Potential Construction Works

A tender price ceiling of RMB108,811,978 was set for the Potential Construction Works. The consideration is expected to be funded by internal resources and banking facilities of the Group.

LETTER FROM THE BOARD

The Company considers that there will not be any material effect on the earning of the Group immediately after the execution of the Construction Agreement. Since the consideration is expected to be funded by the Group's internal resources and banking facilities, after full payment of the consideration, the cash and cash equivalents of the Group will decrease by an amount equivalent to the Contract Sum, while the Group's pipeline assets and related equipment and facilities, as well as interest-bearing borrowings will increase.

REASONS FOR AND BENEFITS OF THE POTENTIAL CONSTRUCTION WORKS

In recent years, the urban development in Jiaojiang District and Luqiao District has driven the population growth within the vicinities and hence the increase in the level of water consumption. The current water supply scales are far from meeting the needs of Jiaojiang District and Luqiao District.

To resolve the ever-growing demand for water supply in Jiaojiang District, it is proposed that a water supply pipeline to be built from the Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section) to resolve the existing water demand pressure and to improve the safety and reliability of the water supply system in Taizhou as a whole.

Based on the above, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Tender Document relating to the Potential Construction Works are or will be fair and reasonable, in the Group's ordinary and usual course of business expansion and could meet the operational needs of the Group. The Directors are of the view that the transactions contemplated thereunder are in line with the business strategy of the Group and is in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Taizhou City Water

Taizhou City Water Co., Ltd.* (台州城市水務有限公司) is a limited liability company established in the PRC and a subsidiary of the Company owned as to 82% by the Company and 18% by Wenling Water Group Co., Ltd.* (溫嶺市水務集團有限公司) as at the Latest Practicable Date. The Company is a leading water supply service provider in Taizhou principally engaged in the supply of raw water and municipal water. Wenling Water Group Co., Ltd.* (溫嶺市水務集團有限公司) is a limited liability company established in the PRC and is ultimately wholly-owned by the Finance Bureau of Wenling City (溫嶺市財政局).

LETTER FROM THE BOARD

Flagship Group

Flagship Group Co., Ltd.* (旗艦集團有限公司) is a limited liability company established in the PRC and is directly and ultimately owned as to approximately 92.12%, 5.63% and 2.25% by Mr. Zhang Xianliang (張賢良), Ms. Fang Xiuli (方秀麗) and Ms. Zhang Ruyi (張如意), respectively. The main business operation of Flagship Group includes but not limited to municipal public construction project and housing construction project. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, Flagship Group and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, there are no Shareholders who have a material interest in the Potential Construction Works. As such, no Shareholders will be required to abstain from voting on the ordinary resolution approving the Potential Construction Works and the grant of the Proposed Mandate and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios in respect of the transactions contemplated under the Potential Construction Works exceeds 25% but all of them are less than 100%, the transactions contemplated thereunder constitute a major transaction of the Company and are therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The form of proxy and the reply slip of the EGM are enclosed herewith.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 4 October 2023 to Monday, 9 October 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to be eligible for attending the EGM, all completed transfer forms accomplished by the relevant share certificates must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 3 October 2023.

Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the H Share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (in respect of holders of H Shares), or to the Company's registered office in the PRC at No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC (in respect of holders of Domestic Shares) as soon as possible but in any event by not later than 24 hours before the time appointed for holding of the EGM (i.e. before 3:00 p.m. on Sunday, 8 October 2023) or

LETTER FROM THE BOARD

any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete the enclosed reply slip and return the same to Computershare Hong Kong Investor Services Limited (in respect of holders of H Shares) and the Company's registered office in the PRC (in respect of holders of Domestic Shares) on or before Friday, 29 September 2023.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, voting by any Shareholders at a general meeting shall be by way of poll, except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the general meeting shall require the ordinary resolution to be proposed at the EGM to be voted by way of poll according to the Articles of Association.

During voting by way of poll, each Shareholder who attends in person or by proxy (or if the Shareholder is a company, then its officially authorised representative) may have one vote for each Share recorded under his/her/its name as set out in the register of members of the Company. The Company will announce the poll results after the EGM in the manner as stipulated under Rule 13.39(5) of the Listing Rules.

RECOMMENDATIONS

Having considered the principal factors and reasons described above, the Directors (including the independent non-executive Directors) are of the view that the terms of the tender processes and agreements relating to the Potential Construction Works are or will be fair and reasonable, in the Group's ordinary and usual course of business expansion and could meet the operational needs of the Group. The Directors are of the view that the transactions contemplated thereunder are in line with the business strategy of the Group and is in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend all the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Potential Construction Works and the grant of the Proposed Mandate and the transactions contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

By order of the Board
Taizhou Water Group Co., Ltd.*
YANG Jun
Chairman

* *For identification purposes only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2020, 2021 and 2022 are disclosed in the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022, respectively, and are incorporated by reference into this circular. All of the abovementioned annual reports are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.zjtwater.com):

- the annual report of 2020 of the Company for the year ended 31 December 2020 which was published on 21 April 2021 on pages 66 to 135 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0421/2021042100804.pdf>)
- the annual report of 2021 of the Company for the year ended 31 December 2021 which was published on 7 April 2022 on pages 74 to 145 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0407/2022040700688.pdf>)
- the annual report of 2022 of the Company for the year ended 31 December 2022 which was published on 27 April 2023 on pages 69 to 141 (available on: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701259.pdf>)

2. INDEBTEDNESS STATEMENT

As at 31 July 2023, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had the following bank and other borrowings:

	As at 31 July 2023 RMB'000
Bank and other borrowings	
Non-current	
Bank loans – secured	2,874,617
Bank loans – unsecured	30,000
Other borrowings – secured	459,000
Other borrowings – unsecured	10,000
	<hr/>
	3,373,617
Lease liabilities	16,744
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Total	3,390,361
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Notes:

- (a) The Group's bank and other borrowings are secured by:
- (i) the pledge of the Group's trade receivables with a carrying amount of RMB166.13 million; and
 - (ii) the pledge of right of charge of the Company, Taizhou City Water, Taizhou Binhai Water Co., Ltd.* (台州市濱海水務有限公司) and Taizhou South Bay Water Supply Co., Ltd.* (台州市南部灣區水務有限公司) on the future revenue generated by Taizhou water supply system (Phase I, Phase II, Phase III and Phase IV).
- (b) A subsidiary of the Company, Taizhou City Water, has guaranteed certain of the Group's bank loans of up to RMB1,233.05 million.
- (c) A shareholder of the Company, Taizhou Urban Construction Investment Development Group Co., Ltd. ("**Taizhou Urban Construction**"), has guaranteed certain of the Group's other borrowings of up to RMB459.0 million.
- (d) The Company has guaranteed certain of the Group's bank loans of up to RMB3,334.43 million.

As at 31 July 2023, the Group had RMB8,758 million of credit facilities made available, of which RMB2,935 million were utilised and RMB5,823 million were unutilised.

Contingent liabilities

As at the close of business on 31 July 2023, the Group did not have any material contingent liability.

Capital commitment

As at the close of business on 31 July 2023, the Group had capital commitment as follows:

	As at 31 July 2023 RMB'000
Contracted, but not provided for:	
Pipelines and buildings	122,155

Save as aforesaid or otherwise disclosed herein, as at 31 July 2023, the Group did not have any debt securities issued and outstanding or authorized or otherwise created but unissued, term loans, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptances or acceptance credits (other than normal trade bills), debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities, whether guaranteed, unguaranteed, secured or unsecured.

3. WORKING CAPITAL STATEMENT

The Directors, having made due and careful enquiry, are of the opinion that taking into account the existing cash and bank balances, other internal resources and available existing unutilized credit facilities, the Group has sufficient working capital for its present requirements and to satisfy its requirements for at least the next 12 months from the date of publication of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022 (being the date to which the published audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

5. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

As a leading water supply service provider in Taizhou, the Group's principal business includes supply of raw water, municipal water and tap water, ranking the first in Taizhou in terms of raw water and municipal water supply. The Group owns, operates and manages the Taizhou Water Supply System (Phase I), the Taizhou Water Supply System (Phase II), the Taizhou Water Supply System (Phase III) and the Taizhou Water Supply System (Phase IV).

Upholding the concept of "Ensuring the safety of drinking water for everyone to provide quality services", the Group proposes to lay a water supply pipeline from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section), which can enhance the Group's water volume for conveying Jiaojiang District and Luqiao District, relieve the existing water pressure, and at the same time improve the safety and reliability of the entire water supply system in Taizhou City, so as to better protect the local production and living water. With the completion of the laying of the water supply pipeline, the Group will enjoy the benefits of the expanded scale of water supply and ensure the sound and sustainable growth of the Group's revenue.

1. 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.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and chief executives of the Company 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 will 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 and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of Interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
YANG Yide	Interest of controlled corporation ⁽²⁾	Domestic Shares	10,058,338 (L)	6.71%	5.03%

Notes:

- (1) As at the Latest Practicable Date, the Company had issued 200,000,000 Shares in total, including 150,000,000 Domestic Shares and 50,000,000 H Shares. The letter "L" denotes the person's long position in the Shares.
- (2) Qufeng Holdings Limited (渠豐控股有限公司) which is owned as to 80% by Mr. Yang Yide, directly held 10,058,338 Domestic Shares. By virtue of the SFO, Mr. Yang Yide was deemed to have an interest in the Shares held by Qufeng Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required to be recorded in the register to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the following persons (not being a Director, Supervisor and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
Taizhou State-owned Capital Operation Group Co., Ltd.* ⁽²⁾	Interest in controlled corporation	Domestic Shares	43,250,855	28.83%	21.63%
Taizhou Urban Construction and Investment Development Group Co., Ltd.* ⁽²⁾	Beneficial owner	Domestic Shares	43,250,855	28.83%	21.63%
The Finance Bureau of Huangyan District of Taizhou* ⁽³⁾	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd.* ⁽³⁾	Interest in controlled corporation	Domestic Shares	26,679,541	17.79%	13.34%
Zhejiang Yongning Financial Consulting Co., Ltd.* ⁽³⁾	Beneficial owner	Domestic Shares	26,679,541	17.79%	13.34%
Taizhou Finance Bureau of Jiaojiang District* ⁽⁴⁾	Interest in controlled corporation	Domestic Shares	22,222,893	14.82%	11.11%

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
Taizhou Jiaojiang Infrastructure Investment Company ^{*(4)}	Beneficial owner	Domestic Shares	22,222,893	14.82%	11.11%
Zhejiang International Business Group Co., Ltd. ⁽⁵⁾	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Zhejiang Zheshang Asset Management Co., Ltd. ^{*(5)}	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Taizhou State-owned Assets Investment Group Co., Ltd. ^{*(5)}	Interest in controlled corporation	Domestic Shares	20,116,677	13.41%	10.06%
Zhejiang Taixin Asset Management Co., Ltd. ^{*(5)}	Beneficial owner	Domestic Shares	20,116,677	13.41%	10.06%
Taizhou Luqiao Public Assets Investment Management Group Co., Ltd.*	Beneficial owner	Domestic Shares	17,613,358	11.74%	8.81%
Qufeng Holdings Limited ^{*(6)}	Beneficial owner	Domestic Shares	10,058,338	6.71%	5.03%
Mr. Yang Yide ⁽⁶⁾	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Yushen Enterprise Management Consulting Co., Ltd. ^{*(7)}	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Lipin Sanmin Culture Communication Co., Ltd. ^{*(7)}	Beneficial owner	Domestic Shares	10,058,338	6.71%	5.03%
Mr. Lin Maoyuan ⁽⁷⁾	Interest in controlled corporation	Domestic Shares	10,058,338	6.71%	5.03%
Shanghai Industrial Investment (Holdings) Company Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Industrial Investment Treasury Company Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares held ⁽¹⁾	Approximate percentage of shareholding in the class of Shares in issue (%)	Approximate percentage of shareholding in the total number of Shares in issue (%)
Shanghai Investment Holdings Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Industrial Holdings Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
S.I. Infrastructure Holdings Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
S.I. Triumph Power Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
SIIC Environment Holdings Ltd. ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
SIIC Environment Tech (Hong Kong) Limited ⁽⁸⁾	Interest in controlled corporation	H Shares	12,500,000	25.00%	6.25%
Shanghai Yangtze River Delta Water Environment Investment Fund Limited ⁽⁸⁾	Beneficial owner	H Shares	12,500,000	25.00%	6.25%
Mr. Chung Chi Man ⁽⁹⁾	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Billion Shine International Investment Limited ⁽⁹⁾	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Innovax Holdings Limited ⁽⁹⁾	Interest in controlled corporation	H Shares	11,999,000	23.99%	6.00%
Ms. Lee Yin Har ⁽¹⁰⁾	Interest of spouse	H Shares	11,999,000	23.99%	6.00%
Orient Fund Management Co., Ltd.*	Trustee	H Shares	4,860,000	9.72%	2.43%
PING AN TRUST CO. LTD.	Trustee	H Shares	3,616,000	7.23%	1.81%

Notes:

- (1) As at the Latest Practicable Date, the Company had issued an aggregate of 200,000,000 Shares, including 150,000,000 Domestic Shares and 50,000,000 H Shares.
- (2) Taizhou Urban Construction and Investment Development Group Co., Ltd. is ultimately wholly-owned by Taizhou State-owned Capital Operation Group Co., Ltd. By virtue of the SFO, Taizhou State-owned Capital Operation Group Co., Ltd. is deemed to have an interest in the Domestic Shares held by Taizhou Urban Construction and Investment Development Group Co., Ltd.
- (3) Zhejiang Yongning Financial Consulting Co., Ltd. is a state-owned enterprise indirectly wholly-owned by the Finance Bureau of Huangyan District of Taizhou through its wholly-owned subsidiary, Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd. By virtue of the SFO, each of the Finance Bureau of Huangyan District of Taizhou and Taizhou Huangyan State-owned Capital Investment Operation Group Co., Ltd. is deemed to have an interest in the Domestic Shares held by Zhejiang Yongning Financial Consulting Co., Ltd.
- (4) Taizhou Jiaojiang Infrastructure Investment Company is a state-owned enterprise wholly-owned by the Taizhou Finance Bureau of Jiaojiang District. By virtue of the SFO, the Taizhou Finance Bureau of Jiaojiang District is deemed to have an interest in the Domestic Shares held by Taizhou Jiaojiang Infrastructure Investment Company.
- (5) Zhejiang Taixin Asset Management Co., Ltd. is held as to (i) 40% by Taizhou State-owned Assets Investment Group Co., Ltd., a company wholly owned by Taizhou State Owned Capital Operation Group Co., Ltd.; and (ii) 60% by Zhejiang Zheshang Asset Management Co., Ltd., which is in turn owned as to approximately 58.64% by Zhejiang International Business Group Co., Ltd., respectively. By virtue of the SFO, each of Taizhou State-owned Assets Investment Group Co., Ltd., Zhejiang Zheshang Asset Management Co., Ltd., Taizhou State Owned Capital Operation Group Co., Ltd., and Zhejiang International Business Group Co., Ltd., is deemed to have an interest in the Domestic Shares held by Zhejiang Taixin Asset Management Co., Ltd.
- (6) Qufeng Holdings Limited is owned as to 80% by Mr. Yang Yide. By virtue of the SFO, Mr. Yang Yide was deemed to have an interest in the Shares held by Qufeng Holdings Limited.
- (7) Shanghai Lipin Sanmin Culture Communication Co., Ltd. is held as to 10% by Mr. Ying Lan and 90% by Shanghai Yushen Enterprise Management Consulting Co., Ltd., which is in turn wholly owned by Mr. Lin Maoyuan. By virtue of the SFO, each of Shanghai Yushen Enterprise Management Consulting Co., Ltd. and Mr. Lin Maoyuan is deemed to be interested in the Domestic Shares held by Shanghai Lipin Sanmin Culture Communication Co., Ltd.
- (8) Shanghai Yangtze River Delta Water Environment Investment Fund Limited is held as to 40% by SIIC Environment Tech (Hong Kong) Limited, which is in turn wholly-owned by SIIC Environment Holdings Ltd. SIIC Environment Holdings Ltd is held as to 6.36% by S.I. Infrastructure Holdings Limited and as to 37.92% by S.I. Triumph Power Limited, which is in turn wholly-owned by S.I. Infrastructure Holdings Limited. S.I. Infrastructure Holdings Limited is wholly-owned by Shanghai Industrial Holdings Limited, which is in turn owned as to 55.13% by Shanghai Investment Holdings Limited. Shanghai Investment Holdings Limited is wholly-owned by Shanghai Industrial Investment Treasury Company Limited, which is in turn wholly-owned by Shanghai Industrial Investment (Holdings) Company Limited. By virtue of the SFO, SIIC Environment Tech (Hong Kong) Limited, SIIC Environment Holdings Ltd, S.I. Triumph Power Limited, S.I. Infrastructure Holdings Limited, Shanghai Industrial Holdings Limited, Shanghai Investment Holdings Limited, Shanghai Industrial Investment Treasury Company Limited and Shanghai Industrial Investment (Holdings) Company Limited are deemed to have an interest in the H Shares held by Shanghai Yangtze River Delta Water Environment Investment Fund Limited.
- (9) Innovax Holdings Limited is owned as to 75% by Billion Shine International Investment Limited, which is wholly-owned by Mr. Chung Chi Man.
- (10) Ms. Lee Yin Har is the spouse of Mr. Chung Chi Man. By virtue of the SFO, Ms. Lee Yin Har is deemed to be interested in all the H Shares held by Mr. Chung Chi Man.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any other persons (other than the Directors, Supervisors or chief executives of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, each of the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (i) Mr. Lin Genman, a non-executive Director of the Company, is a manager of the finance and treasury department and an employee director of Taizhou Urban Construction and Investment Development Group Co., Ltd.* (台州市城市建設投資發展集團有限公司);
- (ii) Mr. Ye Xiaofeng, a non-executive Director of the Company, is a party committee member and deputy general manager of Taizhou Luqiao Public Assets Investment Management Group Co., Ltd. (“**Taizhou Luqiao Public Assets**”). He is also the director of Taizhou Luqiao District State-owned Assets Investment Holding Co., Ltd.* (台州市路橋區國有資產投資控股有限公司), the sole shareholder of Taizhou Luqiao Public Assets;
- (iii) Mr. Yang Yide, a non-executive Director, is a director of Qufeng Holdings Limited;
- (iv) Mr. Lin Yang, a non-executive Director of the Company, is the general manager and party branch member (黨支部委員) of Zhejiang Taixin Asset Management Co., Ltd.* (浙江台信資產管理有限公司); and
- (v) Mr. Shao Aiping, a non-executive Director of the Company, is a party committee member and deputy general manager of Taizhou Urban Construction and Investment Development Group Co., Ltd.

5. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors and the Supervisors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

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

6. DIRECTORS' SERVICE CONTRACT

None of the Directors and the Supervisors has or is proposed to have a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

7. INTEREST OF DIRECTORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and his/her close associates was interested in any business, which competes or is likely to compete, either directly or indirectly, with that of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or operation position of the Group since 31 December 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

9. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

The Directors confirmed that there were no material contracts (as defined under the Listing Rules) entered into by the members of the Group within two years immediately preceding the Latest Practicable Date.

11. MATERIAL ACQUISITION

Since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, no member of the Group had acquired, or agreed to acquire, or is proposing to acquire a business or an interest in the share capital of a company whose profits or assets make or will make a material contribution to the figures in the audited consolidated financial statements or next published consolidated financial statements of the Group.

12. MISCELLANEOUS

- (a) The registered office and the principal place of business in the PRC of the Company are at No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC.
- (b) The H Share registrar and transfer office in Hong Kong of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The joint company secretaries of the Company are Ms. Zheng Ranhan and Ms. Siu Pui Wah, who is a certified public accountant and a member of the Hong Kong Institute of Certified Public Accountants.

13. DOCUMENTS ON DISPLAY

A copy of the Tender Document will be published on the websites of the Company (www.zjtwater.com) and the Stock Exchange (www.hkexnews.hk) for display for a period of not less than 14 days before the date of the EGM.

* *For identification purposes only*

NOTICE OF EGM



Taizhou Water Group Co., Ltd.* 台州市水務集團股份有限公司

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

(Stock Code: 1542)

NOTICE OF THE 2023 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 First Extraordinary General Meeting (the "EGM") of Taizhou Water Group Co., Ltd.* (台州市水務集團股份有限公司) (the "Company") will be held at Conference Room, Taizhou Water Group Co., Ltd., No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC at 3:00 p.m. on Monday, 9 October 2023 to consider and, if thought fit, to pass, with or without modifications, the following resolution of the Company.

ORDINARY RESOLUTION

"THAT:

- (a) the potential construction works in respect of the construction and installation of the water supply pipeline from Taizhou Water Treatment Plant to Jiaojiang District (Luqiao section) (the "**Potential Construction Works**") as detailed in the circular of the Company dated 21 September 2023 and the transactions contemplated thereunder be and are hereby approved and confirmed; and
- (b) any one or more director(s) of the Company be and is/are hereby authorised to do all such acts and things, to sign and execute all such documents, including but not limited to the construction agreement, as he/she/they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Potential Construction Works and the transactions contemplated thereunder, and to make and agree to make such variations of the terms of the contract, agreement or document relating to the Potential Construction Works as he/she/they may in his/her/their discretion consider to be appropriate, necessary or desirable and in the interests of the Company and its shareholders as a whole."

By order of the Board
Taizhou Water Group Co., Ltd.*
YANG Jun
Chairman

Taizhou, the PRC
21 September 2023

* For identification purposes only

NOTICE OF EGM

Notes:

1. For details of the resolution to be approved in this EGM, please refer to the circular.
2. The register of members of the Company will be closed from Wednesday, 4 October 2023 to Monday, 9 October 2023 (both days inclusive), during which period no transfer of shares of the Company (the “Shares”) will be effected. In order to be qualified to attend and vote at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the H Share registrar of the Company, namely Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 3 October 2023.
3. Shareholders of the Company (the “Shareholders”) who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and, in the event of a poll, vote on their behalf. A proxy needs not be a Shareholder.
4. Shareholder shall entrust a proxy by a written form of proxy which shall be signed by such Shareholder or an agent entrusted by such Shareholder in writing under the hand of a Shareholder in writing. If the Shareholder is a legal person, the power of attorney shall be affixed with its official seal or signed by its director or an agent or other personnel officially entrusted thereby. Such power of attorney shall specify the number of Shares held by the Shareholder represented by each proxy.
5. In order to be valid, the form of proxy must be deposited, for the holders of H Shares, to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong or, for the holders of Domestic Shares, to the Company’s registered office in the PRC, not less than 24 hours prior to the commencement of the EGM (i.e. before 3:00 p.m. on Sunday, 8 October 2023). If the proxy form is signed by a person authorized by the Shareholder, the power of attorney or other authorisation documents shall be notarised. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the EGM or any adjourned meetings should you so wish.
6. Shareholders shall show their identity papers when attending the EGM. A proxy, who is on behalf of a Shareholder, shall show his/her identity paper, proxy form and a copy of identity paper of the Shareholder.
7. Corporate Shareholder shall appoint its legal representative or authorised representative to attend the EGM. Such person shall show his/her identity paper and a copy of corporate’s business certificate affixed with its official seal. If corporate Shareholders appoint authorised representative to attend the EGM, the authorised representative shall show his/her identity paper, the original document of power of attorney issued by the such legal person and a copy of corporate’s business certificate affixed with its official seal (except for a clearing house or its proxy).
8. Shareholders who intend to attend the EGM should complete and return the reply slip in writing by hand or by post to the H Share registrar of the Company, namely Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong (for holders of H Shares) or the registered office of the Company in the PRC (for holders of Domestic Shares) before Friday, 29 September 2023.
9. The EGM is expected to take less than half a day. Shareholders who attend the EGM shall be responsible for their own travel and accommodation expenses.

NOTICE OF EGM

10. The name and address of the Company's H Share registrar in Hong Kong is as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

11. The registered office of the Company in the PRC is as follows:

No. 308 Yin Quan Road
Xicheng Street
Huangyan District
Taizhou, Zhejiang Province
The PRC

12. If more than one of joint Shareholders attend the meeting, whether 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 Shareholders 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.