

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

- (1) PROPOSED PROFIT DISTRIBUTION PLAN AND FINAL DIVIDEND;
(2) PROPOSED APPOINTMENT OF DIRECTOR;
(3) PROPOSED APPOINTMENT OF SUPERVISOR;
(4) PROPOSED INJECTIONS OF CAPITAL TO SUBSIDIARIES;
AND
(5) NOTICE OF THE ANNUAL GENERAL MEETING**

A notice convening the AGM 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 Tuesday, 28 June 2022 is set out on pages 14 to 16 of this circular. A form of proxy for use at the AGM is also enclosed with this circular. Whether or not you intend to attend and vote at the AGM, 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 AGM (i.e. before 3:00 p.m. on Monday, 27 June 2022) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish and in such event the form of proxy shall be deemed to be revoked.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
1. Introduction	5
2. Proposed profit distribution plan and final dividend	5
3. Proposed appointment of Director	7
4. Proposed appointment of Supervisor	8
5. Proposed injections of capital to subsidiaries	10
6. AGM	12
7. Voting by poll	12
8. Recommendation	12
9. Responsibility Statement	13
NOTICE OF AGM	14

DEFINITIONS

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

“AGM” or “Annual General Meeting”	the annual general meeting of the Company for the year ended 31 December 2021 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 Tuesday, 28 June 2022 or any adjournment thereof
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Audit Committee”	the audit committee of the Board
“Binhai Water”	Taizhou Binhai Water Co., Ltd.* (台州市濱海水務有限公司), a limited liability company established in the PRC on 7 June 2016 and a subsidiary of the Company owned as to 51% by the Company and 49% by Taizhou City Water, a subsidiary of the Company, as at the Latest Practicable Date
“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 (stock code: 1542)
“Company Law”	Company Law of the People’s Republic of China (中華人民共和國公司法), as promulgated by the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“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
“Group”, “we” or “our”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange and traded in HKD
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 May 2022, 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, as amended, supplemented or otherwise modified from time to time
“Notice of AGM”	the notice convening the AGM set out on pages 14 to 16 of this circular
“Remuneration Committee”	the remuneration committee of the Board
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Domestic Share(s) and/or the H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“Strategy Committee”	the strategy committee of the Board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary/(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company

DEFINITIONS

“Taizhou City Water”	Taizhou City Water Co., Ltd.* (台州城市水務有限公司), a limited liability company established in the PRC on 30 September 2003 and a subsidiary of the Company owned as to 82% by the Company and 18% by Wenling Water Group as at the Latest Practicable Date
“Taizhou South Bay Water Supply”	Taizhou South Bay Water Supply Co., Ltd.* (台州市南部灣區水務有限公司), a limited liability company established in the PRC on 13 March 2018 and a subsidiary of the Company owned as to 60% by the Company and 40% by Yuhuan Water Supply as at the Latest Practicable Date
“Wenling Water Group”	Wenling Water Group Co., Ltd.* (溫嶺市水務集團有限公司), a limited liability company established in the PRC on 22 July 2014, and is ultimately wholly-owned by the Finance Bureau of Wenling City (溫嶺市財政局) as at the Latest Practicable Date
“Yuhuan Water Supply”	Yuhuan Water Supply Group Co., Ltd.* (玉環市水務集團有限公司), a limited liability company established in the PRC on 27 August 2003, and is ultimately owned as to 90% by Financial Bureau of Yuhuan City (玉環市財政局) and 10% by Zhejiang Provincial Department of Finance (浙江省財政廳) as at the Latest Practicable Date
“%”	per cent

* For identification purposes only



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*)

Mr. Zhang Junzhou

Non-executive Directors:

Mr. Wang Haibo

Mr. Wang Haiping

Ms. Fang Ya

Mr. Yu Yangbin

Ms. Huang Yuyan

Mr. Yang Yide

Mr. Guo Dingwen

Mr. Lin Yang

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

No. 308 Yin Quan Road

Xicheng Street

Huangyan District

Taizhou, Zhejiang Province

PRC

Principal Place of Business in Hong Kong:

14/F., Golden Centre

188 Des Voeux Road Central

Hong Kong

Independent non-executive Directors:

Ms. Lin Suyan

Ms. Hou Meiwen

Mr. Li Wai Chung

Mr. Wang Yongyue

Mr. Huang Chun

27 May 2022

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED PROFIT DISTRIBUTION PLAN AND FINAL DIVIDEND;
(2) PROPOSED APPOINTMENT OF DIRECTOR;
(3) PROPOSED APPOINTMENT OF SUPERVISOR;
(4) PROPOSED INJECTIONS OF CAPITAL TO SUBSIDIARIES;
AND
(5) NOTICE OF THE ANNUAL GENERAL MEETING**

* For identification purposes only

LETTER FROM THE BOARD

1. INTRODUCTION

At the Annual General Meeting, resolutions will be proposed for the Shareholders to consider and, if thought fit, approve, among other matters, (1) the proposed profit distribution plan and final dividend; (2) the proposed appointment of Director; (3) the proposed appointment of Supervisor; (4) the proposed injections of capital to subsidiaries, and to give you the Notice of AGM.

2. PROPOSED PROFIT DISTRIBUTION PLAN AND FINAL DIVIDEND

A. Proposed profit distribution plan and final dividend

According to the Company Law of the PRC (《中華人民共和國公司法》) and the Articles of Association, an ordinary resolution will be proposed at the AGM to approve the Company's profit distribution plan for the year ended 31 December 2021.

The Board has resolved to submit to the Shareholders for their consideration and approval a profit distribution plan for the year ended 31 December 2021. The Board proposed the payment of a final dividend of RMB0.17 (tax inclusive) per Share for the year ended 31 December 2021 to Shareholders (the "**Proposed Final Dividend**"). Based on the Company's total number of Shares in issue as at the Latest Practicable Date, the total dividend to be paid to the Shareholders amounts to RMB34 million. If such proposal is approved at the AGM, the Proposed Final Dividend will be distributed to Shareholders whose names appear on the register of members of the Company on Sunday, 10 July 2022.

Pursuant to the requirements under the Articles of Association, dividend shall be denominated and declared in RMB. Dividend for Domestic Shares will be paid in RMB, while dividend for H Shares will be paid in HKD. The Proposed Final Dividend will be paid to holders of Domestic Shares in RMB and to holders of H Shares in HKD as converted based on the average closing rate for converting RMB into HKD of the five business days prior to the date on which the Proposed Final Dividend is declared at the AGM (i.e. Tuesday, 28 June 2022) as quoted by the People's Bank of China. The Proposed Final Dividend is subject to the approval of Shareholders at the AGM and, upon approval at the AGM, is expected to be distributed on or before Friday, 23 September 2022.

According to the Enterprise Income Tax Law of the PRC and its implementation regulations (the "**EIT Law**"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H Shares registered under the name of non-individual enterprise, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organisations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise Shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

LETTER FROM THE BOARD

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H Share registrar should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa [1993] No. 045 Document (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and the PRC. Thus, 10% individual income tax will be withheld from the dividend payable to any individual holders of H Shares whose names appear on the H Share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

B. Closure of register of members

For the purpose of determination of the list of Shareholders who shall be entitled to the Proposed Final Dividend, subject to the approval of the Shareholders at the AGM, the register of members of the Company will be closed from Tuesday, 5 July 2022 to Sunday, 10 July 2022 (both days inclusive), during which period no transfer of Shares will be effected. The Company will distribute the Proposed Final Dividend to Shareholders whose names appear on the register of members of the Company on Sunday, 10 July 2022.

In order to be entitled to the Proposed Final Dividend, all transfers of H Shares 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 Monday, 4 July 2022.

LETTER FROM THE BOARD

3. PROPOSED APPOINTMENT OF DIRECTOR

Reference is made to the announcement of the Company dated 25 January 2022 in relation to the proposed change of vice Chairman, executive Director and composition of Board committees. On 25 January 2022, the Board has announced Mr. Zhang Junzhou's resignation as the vice Chairman, the executive Director and the member of each of the Remuneration Committee and the Strategy Committee. On the same day, the Board has resolved to appoint Mr. Pan Gang as the vice Chairman, the executive Director and a member of each of Remuneration Committee and the Strategy Committee for a term commencing from the date of the AGM until the expiration of the term of the fifth session of the Board and in replacement of Mr. Zhang Junzhou. The appointment of Mr. Pan Gang will only become effective after being approved by the Shareholders at the AGM.

The biographical details of Mr. Pan Gang which are disclosed pursuant to Rule 13.51(2) of the Listing Rules are as follows:

Mr. Pan Gang (潘剛), aged 50, has been appointed as the general manager of the Company with effect from 25 January 2022. He completed the college degree course of the Zhejiang Water Resources and Hydropower Junior College* (浙江水利水電專科學校) and obtained the graduation certificate in July 1992, majoring in water conservancy and hydropower engineering and construction. He further completed the undergraduate degree course of the Correspondence Academy of Party School of the Central Committee of C.P.C* (中共中央黨校函授學院) and obtained the graduation certificate in December 1999, majoring in economic administration. Mr. Pan Gang was accredited as an engineer by Taizhou Personnel Bureau in December 1999. From February 1994 to April 1996, Mr. Pan Gang worked at the engineering technology department of the Huangjiaowen Joint Water Supply Engineering Headquarter* (黃椒溫聯合供水工程總指揮部) of the predecessor company of the Company. From April 1996 to February 2001, he first served as the director of the pumping station management center of the predecessor company and subsequently became the director of the control office of the Company in August 1999. From February 2001 to September 2010, Mr. Pan Gang served as the manager of the corporate management department of the Company. From October 2005 to December 2008, he was responsible for the on-site management of the tap water section of the Taizhou Water Supply System (Phase II), and the trial operation management of Taizhou Water Treatment Plant. Mr. Pan Gang has been serving as (i) the party committee member (黨委委員) of the Company since September 2010; (ii) the deputy general manager of the Company since March 2011; and (iii) the deputy party secretary (黨委副書記) of the Company since January 2022. Since June 2016, Mr. Pan Gang has been the director of Binhai Water, a subsidiary of the Company, and was also the chairman of the board of directors of Binhai Water from June 2016 to May 2017 and the deputy general manager of Binhai Water since May 2017. Mr. Pan Gang has also been the director of Taizhou South Bay Water Supply, a subsidiary of the Company, since March 2018 and the chairman of the board of directors of Taizhou Huangyan Urban and Rural Water Supply Co., Ltd.* (台州市黃岩城鄉自來水有限公司), a company owned as to 45% by the Company, since December 2021.

LETTER FROM THE BOARD

Save as disclosed above, Mr. Pan Gang confirmed that, (1) he does not hold any other positions in the Company or any of its subsidiaries and also has not served as a director nor a supervisor in any other listed companies in the past three years; (2) he does not have any relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries; and (3) he does not have any interest in any Shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Pan Gang confirmed that, there is no other information that needs to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning his appointment as a Director that need to be brought to the attention of the Shareholders.

The resolution in respect of the appointment of Mr. Pan Gang as an executive Director for the fifth session of the Board will be proposed at the AGM for consideration and approval by the Shareholders. The Shareholders will also consider and, if thought fit, approve the authority granted to the Board to determine the remuneration of Mr. Pan Gang at the AGM in accordance with the remuneration policy of the Company. In the event that Mr. Pan Gang is appointed as an executive Director, the Company will enter into a director's service contract with him. Mr. Pan Gang will be subject to retirement and re-election in accordance with the Articles of Association upon expiry of his term of office.

Upon the appointment of Mr. Pan Gang as an executive Director being approved by the Shareholders at the AGM, Mr. Zhang Junzhou's resignation as the vice Chairman, the executive Director and the member of each of the Remuneration Committee and the Strategy Committee will become effective. The Board would like to take this opportunity to express its sincere gratitude to Mr. Zhang Junzhou for his valuable contributions to the Company during his term of office.

4. PROPOSED APPOINTMENT OF SUPERVISOR

Reference is made to the announcement of the Company dated 7 March 2022 in relation to the proposed change of Shareholder representative Supervisor. On 7 March 2022, the Supervisory Committee has announced Mr. Lu Huaping's resignation as the Shareholder representative Supervisor. On the same day, the Supervisory Committee has resolved to appoint Ms. He Lin as the Shareholder representative Supervisor for a term commencing from the date of the AGM until the expiration of the term of the fifth session of the Supervisory Committee and in replacement of Mr. Lu Huaping. The appointment of Ms. He Lin will only become effective after being approved by the Shareholders at the AGM.

LETTER FROM THE BOARD

The biographical details of Ms. He Lin which are disclosed pursuant to Rule 13.51(2) of the Listing Rules are as follows:

Ms. He Lin (何璘), aged 33, graduated with a bachelor's degree in management, specialising in financial management, from Guilin Institute of Information Technology (桂林信息科技學院) (formerly known as School of Information Technology, Guilin University of Electronic Science and Technology* (桂林電子科技大學信息科技學院)) in June 2012 and was accredited as an intermediate accountant by the Zhejiang Provincial Department of Human Resources and Social Security (浙江省人力資源和社會保障廳) in November 2020. Ms. He Lin has served as: (i) an assistant accountant of Taizhou Zhongheng Accounting Firm Co., Ltd.* (台州中衡會計師事務所有限公司) from July 2012 to December 2014; and (ii) an accountant of Research Institute of Zhejiang University-Taizhou (浙江大學台州研究院) from December 2014 to November 2021. Since December 2021, Ms. He Lin has been serving as a supervisor of each of (i) Taizhou State-owned Capital Operation Group Co., Ltd.* (台州市國有資本運營集團有限公司) ("**Taizhou SCOG**"), a substantial shareholder of the Company; (ii) Taizhou Talent Development Co., Ltd.* (台州市人才發展有限公司); (iii) Taizhou Social Development Group Co., Ltd.* (台州市社會事業發展集團有限公司), a wholly-owned subsidiary of Taizhou SCOG and an associate of the Company; and (iv) Taizhou Zhengtong Government Service Co., Ltd.* (台州政通政務服務有限公司).

Save as disclosed above, Ms. He Lin confirmed that, (1) she does not hold any other positions in the Company or any of its subsidiaries and also has not served as a director nor a supervisor in any other listed companies in the past three years; (2) she does not have any relationship with any other directors, supervisors, senior management or substantial or controlling shareholders of the Company or any of its subsidiaries; and (3) she does not have any interest in any shares of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Ms. He Lin confirmed that, there is no other information that needs to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning the appointment of Ms. He Lin as the supervisor of the Company that need to be brought to the attention of the Shareholders.

The resolution in respect of the appointment of Ms. He Lin as a Shareholder representative Supervisor for the fifth session of the Supervisory Committee will be proposed at the AGM for consideration and approval by the Shareholders. In the event that Ms. He Lin is appointed as a Shareholder representative Supervisor at the AGM, the Company will enter into relevant supervisor's service contract with Ms. He Lin. Ms. He Lin will not obtain any remuneration from the Company.

Upon the appointment of Ms. He Lin as a Shareholder representative Supervisor being approved by the Shareholders at the AGM, Mr. Lu Huaping's resignation as the Shareholder representative Supervisor will become effective. The Board would like to take this opportunity to express its sincere gratitude to Mr. Lu Huaping for his valuable contributions to the Company during his term of office.

LETTER FROM THE BOARD

5. PROPOSED INJECTIONS OF CAPITAL TO SUBSIDIARIES

Proposed Injection of Capital to Taizhou South Bay Water Supply

Taizhou South Bay Water Supply is principally engaged in the construction, operation and management of water diversion projects in Yuhuan City, including the construction of Taizhou Water Supply System (Phase IV). As at the Latest Practicable Date, the registered capital of Taizhou South Bay Water Supply was RMB260 million and it is owned as to 60% by the Company and 40% by Yuhuan Water Supply, respectively.

In light of the expected capital requirement for the construction progress of Taizhou Water Supply System (Phase IV), the Company and Yuhuan Water Supply plan to increase the share capital of Taizhou South Bay Water Supply from RMB260 million to RMB340 million. The injection of capital will be contributed by the Company and Yuhuan Water Supply in proportion to their existing shareholding in Taizhou South Bay Water Supply and the Company's 60% shareholding in Taizhou South Bay Water Supply will remain unchanged immediately after the completion of the proposed injection of capital.

The amount of capital injection and the shareholding structure of Taizhou South Bay Water Supply immediately before and after the proposed capital injection are as follows:

	Capital contribution before the proposed capital injection	% of shareholding ratio immediately before the proposed capital injection	Capital proposed to be injected	Capital contribution after the proposed capital injection	% of shareholding ratio immediately after the proposed capital injection
The Company	RMB156 million	60%	RMB48 million	RMB204 million	60%
Yuhuan Water Supply	RMB104 million	40%	RMB32 million	RMB136 million	40%
Total	<u>RMB260 million</u>	<u>100%</u>	<u>RMB80 million</u>	<u>RMB340 million</u>	<u>100%</u>

Pursuant to the relevant provisions under the investment management policy of the Company, the injection of capital as set out above is subject to approval by the Shareholders. The Board has resolved to seek approval from the Shareholders at the AGM for the proposed injection of capital to Taizhou South Bay Water Supply.

LETTER FROM THE BOARD

Proposed Injection of Capital to Binhai Water

Binhai Water is principally engaged in the construction, operation and management of water diversion projects in Taizhou. As at the Latest Practicable Date, the registered capital of Binhai Water was RMB200 million and it is owned as to 51% by the Company and 49% by Taizhou City Water, a non-wholly owned subsidiary of the Company, respectively.

In light of the expected capital requirement for the construction and operation management of Taizhou water diversion projects, the Company plans to increase the share capital of Binhai Water from RMB200 million to RMB300 million. The injection of capital will be contributed by the Company and Taizhou City Water in proportion to their existing shareholding in Binhai Water and the shareholding structure of Binhai Water will remain unchanged immediately after the completion of the proposed injection of capital.

The amount of capital injection and the shareholding structure of Binhai Water immediately before and after the proposed capital injection are as follows:

	Capital contribution before the proposed capital injection	% of shareholding ratio immediately before the proposed capital injection	Capital proposed to be injected	Capital contribution after the proposed capital injection	% of shareholding ratio immediately after the proposed capital injection
The Company	RMB102 million	51%	RMB51 million	RMB153 million	51%
Taizhou City Water	RMB98 million	49%	RMB49 million	RMB147 million	49%
Total	RMB200 million	100%	RMB100 million	RMB300 million	100%

Pursuant to the relevant provisions under the investment management policy of the Company, the injection of capital as set out above is subject to approval by the Shareholders. The Board has resolved to seek approval from the Shareholders at the AGM for the proposed injection of capital to Binhai Water.

LETTER FROM THE BOARD

6. AGM

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

Whether or not you intend to attend and vote at the AGM, 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 AGM (i.e. before 3:00 p.m. on Monday, 27 June 2022) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish and in such event the form of proxy shall be deemed to be revoked.

If you intend to attend the AGM 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 Wednesday, 8 June 2022.

7. 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 each of the resolutions proposed at the AGM 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 AGM in the manner as stipulated under Rule 13.39(5) of the Listing Rules.

8. RECOMMENDATION

The Directors consider that all resolutions set out in the Notice of AGM for consideration and approval by Shareholders are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the resolutions as set out in the Notice of AGM.

LETTER FROM THE BOARD

9. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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

* *For identification purposes only*

NOTICE OF AGM



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 AGM

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) 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 Tuesday, 28 June 2022 to consider and, if thought fit, to pass, with or without modifications, the following resolutions of the Company. Unless otherwise stated, capitalised terms used in this notice shall have the same meanings as defined in the circular of the Company dated 27 May 2022.

ORDINARY RESOLUTIONS

1. To consider and approve the report of the board of directors of the Company (the “Board”) for the year ended 31 December 2021;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2021;
3. To consider and approve the auditor’s report, audited financial statements and annual report of the Company for the year ended 31 December 2021;
4. To consider and approve the final financial accounts for the year ended 31 December 2021 and the financial budget for the year ending 31 December 2022;
5. To consider and approve the Company’s profit distribution plan and declaration of final dividend for the year ended 31 December 2021;
6. To consider and approve the appointment of Mr. Pan Gang as an executive director of the Company and authorise the Board to determine his remuneration;
7. To consider and approve the appointment of Ms. He Lin as a shareholder representative supervisor of the Company;

* For identification purposes only

NOTICE OF AGM

8. To consider and approve the re-appointment of Ernst & Young as the international auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Board to fix its remuneration;
9. To consider and approve the re-appointment of Pan-China Certified Public Accountants LLP as the domestic auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Board to fix its remuneration;
10. To consider and approve the injection of capital to Taizhou South Bay Water Supply Co., Ltd.* (台州市南部灣區水務有限公司); and
11. To consider and approve the injection of capital to Taizhou Binhai Water Co., Ltd.* (台州市濱海水務有限公司).

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

Taizhou, the PRC
27 May 2022

Notes:

1. For details of the resolutions to be approved in this AGM, please refer to the circular.
2. The register of members of the Company will be closed from Sunday, 29 May 2022 to Tuesday, 28 June 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to attend and vote at the AGM, 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 Friday, 27 May 2022.

The Board has recommended the payment of a final dividend of RMB0.17 (tax inclusive) per Share for the year ended 31 December 2021 to Shareholders whose names appear on the Company’s register of members on Sunday, 10 July 2022 (the “**Proposed Final Dividend**”).

For the purpose of determination of the list of Shareholders who shall be entitled to obtain the Proposed Final Dividend, subject to the approval of the Shareholders at the AGM, the register of members of the Company will be closed from Tuesday, 5 July 2022 to Sunday, 10 July 2022 (both days inclusive), during which period no transfer of Shares will be effected. In order to be qualified to obtain the Proposed Final Dividend, 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 Monday, 4 July 2022.

3. Shareholders who are entitled to attend and vote at the AGM 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.

* For identification purposes only

NOTICE OF AGM

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 AGM (i.e. before 3:00 p.m. on Monday, 27 June 2022). If the proxy form is signed by a person authorised 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 AGM or any adjourned meetings should you so wish.
6. Shareholders shall show their identity papers when attending the AGM. 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 AGM. 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 AGM, 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 AGM 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 Wednesday, 8 June 2022.
9. The AGM is expected to take less than half a day, Shareholders who attend the AGM shall be responsible for their own travel and accommodation expenses.
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
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.