

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)

**(I) PROPOSED PROFIT DISTRIBUTION PLAN AND FINAL DIVIDEND;
(II) PROPOSED APPOINTMENT OF DIRECTORS;
(III) PROPOSED APPOINTMENT OF SUPERVISOR;
(IV) PROPOSED INJECTION OF CAPITAL TO SUBSIDIARY;
(V) PROPOSED PROVISION OF GUARANTEES BY THE COMPANY;
AND
(VI) NOTICE OF 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 9:30 a.m. on Friday, 5 June 2020 is set out on pages 11 to 13 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, 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 9:30 a.m. on Thursday, 4 June 2020) 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.

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DEFINITIONS

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

“AGM” or “Annual General Meeting”	the annual general meeting of the Company for the year ended 31 December 2019 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 9:30 a.m. on Friday, 5 June 2020 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
“Board” or “Board of Directors”	the board of Directors of the Company
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China, but for the purpose of this circular and for geographical reference only and except where the context requires, references in this circular to “China” and the “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“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)
“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
“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

DEFINITIONS

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	16 April 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Notice of AGM”	the notice to convene the AGM as set out on pages 11 to 13 of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“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 the Share(s)
“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
“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 60%-owned subsidiary of our Company as at the Latest Practicable Date
“Taizhou Water Supply System (Phase IV)”	the water supply system in Taizhou (project name: Taizhou South Bay Water Diversion Project (台州市南部灣區引水工程))
“%”	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. Yan Chuanhua (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

Independent Non-executive Directors:

Mr. Zheng Jianzhuang
Ms. Lin Suyan
Ms. Hou Meiwen
Mr. Li Wai Chung
Mr. Wang Yongyue

*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

23 April 2020

To the Shareholders

Dear Sir or Madam,

- (I) PROPOSED PROFIT DISTRIBUTION PLAN AND FINAL DIVIDEND;
(II) PROPOSED APPOINTMENT OF DIRECTORS;
(III) PROPOSED APPOINTMENT OF SUPERVISOR;
(IV) PROPOSED INJECTION OF CAPITAL TO SUBSIDIARY;
(V) PROPOSED PROVISION OF GUARANTEES BY THE COMPANY;
AND
(VI) NOTICE OF ANNUAL GENERAL MEETING**

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, (i) the proposed profit distribution plan and final dividend; (ii) the proposed appointment of Directors; (iii) the proposed appointment of Supervisor; (iv) the proposed injection of capital to subsidiary; (v) the proposed provision of guarantees by the Company, 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 2019.

The Board has resolved to submit to the Shareholders for their consideration and approval a profit distribution plan for the year ended 31 December 2019. The Board proposed the payment of a final dividend of RMB0.16 (tax inclusive) per Share for the year ended 31 December 2019 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 RMB32 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 Monday, 15 June 2020.

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 declaration of distribution of the Proposed Final Dividend 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 Thursday, 20 August 2020.

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 Thursday, 11 June 2020 to Monday, 15 June 2020 (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 Monday, 15 June 2020.

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 Wednesday, 10 June 2020.

LETTER FROM THE BOARD

3. PROPOSED APPOINTMENT OF DIRECTORS

A. Executive Director

Reference is made to the announcement of the Company dated 19 March 2020 in relation to the proposed change of Chairman, executive Director and composition of Board committees. The Board has resolved to appoint Mr. Yang Jun as an executive Director, the Chairman, chairman of the nomination committee of the Board (the “**Nomination Committee**”) and the strategy committee of the Board (the “**Strategy Committee**”) and a member of the remuneration committee of the Board (the “**Remuneration Committee**”) for a term commencing from the date of approval at the AGM until the expiration of the term of the fourth session of the Board. The appointment of Mr. Yang Jun will only become effective after being approved by the Shareholders at the AGM. Biographical details of Mr. Yang Jun are set out in Appendix I of this circular.

The resolution in respect of the appointment of Mr. Yang Jun as an executive Director for the fourth 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 his remuneration at the AGM in accordance with the remuneration policy of the Company. In the event that Mr. Yang Jun is appointed as an executive Director at the AGM, the Company will enter into a service agreement with Mr. Yang Jun. Mr. Yang Jun 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. Yang Jun as an executive Director being approved by the Shareholders at the AGM, Mr. Yan Chuanhua’s resignation as the Chairman, an executive Director, chairman of the Nomination Committee and the Strategy Committee and a member of the Remuneration Committee will become effective. The Board would like to take this opportunity to express its sincere gratitude to Mr. Yan Chuanhua for his valuable contributions to the Company during his term of office.

B. Non-executive Director

Reference is made to the announcement of the Company dated 10 March 2020 in relation to the proposed change of non-executive Director and composition of the Strategy Committee. The Board has resolved to appoint Mr. Sun Hua as a non-executive Director and a member of the Strategy Committee for a term commencing from the date of approval at the AGM until the expiration of the term of the fourth session of the Board. The appointment of Mr. Sun Hua will only become effective after being approved by the Shareholders at the AGM. Biographical details of Mr. Sun Hua are set out in Appendix I of this circular.

LETTER FROM THE BOARD

The resolution in respect of the appointment of Mr. Sun Hua as a non-executive Director for the fourth 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 his remuneration at the AGM in accordance with the remuneration policy of the Company. In the event that Mr. Sun Hua is appointed as a non-executive Director at the AGM, the Company will enter into a service agreement with Mr. Sun Hua. Mr. Sun Hua will be subject to retirement and re-election in accordance with the Articles of Association upon expiry of his term of office.

4. PROPOSED APPOINTMENT OF SUPERVISOR

Reference is made to the announcement of the Company dated 17 March 2020 in relation to, among which, the proposed change of Shareholder representative Supervisor. The Supervisory Committee has resolved to appoint Mr. Chen Tao as a Shareholder representative Supervisor for a term commencing from the date of approval at the AGM until the expiration of the term of the fourth session of the Supervisory Committee. The appointment of Mr. Chen Tao will only become effective after being approved by the Shareholders at the AGM. Biographical details of Mr. Chen Tao are set out in Appendix I of this circular.

The resolution in respect of the appointment of Mr. Chen Tao as a Shareholder representative Supervisor for the fourth session of the Supervisory Committee will be proposed at the AGM for consideration and approval by the Shareholders. In the event that Mr. Chen Tao is appointed as a shareholder representative supervisor at the AGM, the Company will enter into a service agreement with Mr. Chen Tao. Mr. Chen Tao will not obtain any remuneration from the Company.

5. PROPOSED INJECTION OF CAPITAL TO SUBSIDIARY

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 RMB100 million and it is owned as to 60% by the Company and 40% by Yuhuan Water Supply Group Co., Ltd.* (玉環市水務集團有限公司) (“**Yuhuan Water Supply Group**”).

In light of the expected capital requirement for the development of Taizhou Water Supply System (Phase IV) as disclosed in the prospectus of the Company dated 17 December 2019, the Company and Yuhuan Water Supply Group plan to increase the share capital of Taizhou South Bay Water Supply from RMB100 million to RMB190 million. The injection of capital will be contributed by the Company and Yuhuan Water Supply Group 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.

LETTER FROM THE BOARD

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 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	RMB60 million	60%	RMB54 million	RMB114 million	60%
Yuhuan Water Supply Group	<u>RMB40 million</u>	<u>40%</u>	<u>RMB36 million</u>	<u>RMB76 million</u>	<u>40%</u>
Total	<u>RMB100 million</u>	<u>100%</u>	<u>RMB90 million</u>	<u>RMB190 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.

6. PROPOSED PROVISION OF GUARANTEES BY THE COMPANY

For the purpose of the construction of Taizhou Water Supply System (Phase IV) as disclosed in the prospectus of the Company dated 17 December 2019, Taizhou South Bay Water Supply has previously obtained a credit facility of RMB800 million (the “**PSB Facility**”) from the Postal Savings Bank of China, Taizhou Branch (中國郵政儲蓄銀行台州市分行) at such interest rate on normal commercial terms for a term of 29 years. Due to the project progress and the anticipated financing requirement of Taizhou Water Supply System (Phase IV), Taizhou South Bay Water Supply intends to draw down RMB450 million under the PSB Facility and the Company will provide guarantee for Taizhou South Bay Water Supply for such draw down. The total amount of the guarantee to be provided by the Company under the PSB Facility will be RMB450 million.

Taizhou South Bay Water Supply has also obtained a credit facility of RMB500 million (the “**CBC Facility**”) from the China Bank of Construction, Taizhou Huangyan Branch (中國建設銀行台州黃岩支行) at such interest rate on normal commercial terms for a term of 30 years. Due to the project progress and the anticipated financing requirement of Taizhou Water Supply System (Phase IV), Taizhou South Bay Water Supply intends to draw down RMB400 million under the CBC Facility and the Company will provide guarantee for Taizhou South Bay Water Supply for such draw down. The total amount of the guarantee to be provided by the Company under the CBC Facility will be RMB400 million.

LETTER FROM THE BOARD

Pursuant to the relevant provisions under the management policy of the Company, the provision of guarantees 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 respective guarantees as follows:

- (a) the Company will provide a guarantee of not exceeding RMB450 million in aggregate for Taizhou South Bay Water Supply under the PSB Facility for the construction of Taizhou Water Supply System (Phase IV); and
- (b) the Company will provide a guarantee of not exceeding RMB400 million in aggregate for Taizhou South Bay Water Supply under the CBC Facility for the construction of Taizhou Water Supply System (Phase IV).

The determined limit of guarantees mentioned above represents only the contemplated and maximum amount of guarantees to be provided by the Company. The specific amount of guarantee transactions shall be subject to the guarantee agreement(s) signed with the relevant financial institutions. The Company will comply with the relevant applicable requirements of the Listing Rules upon the signing of the relevant guarantee agreement(s) as and when necessary.

The provision of the above-mentioned guarantees will be carried out strictly in compliance with the requirements of the relevant laws and regulations of the PRC, the Articles of Association and the Listing Rules.

7. 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, 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 9:30 a.m. on Thursday, 4 June 2020) 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.

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 Friday, 15 May 2020.

LETTER FROM THE BOARD

8. 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.

9. 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 our 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.

10. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to our 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.*
YAN Chuanhua
Chairman

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING



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 ANNUAL GENERAL MEETING

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 9:30 a.m. on Friday, 5 June 2020 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 23 April 2020.

ORDINARY RESOLUTIONS

1. To receive, consider and approve the report of the Board for the year ended 31 December 2019;
2. To receive, consider and approve the report of the Supervisory Committee for the year ended 31 December 2019;
3. To receive, consider and approve the auditor’s report, audited financial statements and annual report of the Company for the year ended 31 December 2019;
4. To receive, consider and approve the final financial accounts for the year ended 31 December 2019 and the financial budget for the year ending 31 December 2020;
5. To consider and approve the Company’s profit distribution plan and declaration of final dividends for the year ended 31 December 2019;
6. 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;

* For identification purposes only

NOTICE OF ANNUAL GENERAL MEETING

7. 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;
8. To consider and approve the appointment of Mr. Yang Jun as an executive Director and authorise the Board to determine his remuneration;
9. To consider and approve the appointment of Mr. Sun Hua as a non-executive Director and authorise the Board to determine his remuneration;
10. To consider and approve the appointment of Mr. Chen Tao as a Supervisor;
11. To consider and approve the injection of capital to Taizhou South Bay Water Supply; and
12. To consider and approve the provision of guarantees by the Company to Taizhou South Bay Water Supply under the PSB Facility and CBC Facility for the construction of Taizhou Water Supply System (Phase IV).

By order of the Board
Taizhou Water Group Co., Ltd.*
YAN Chuanhua
Chairman

Taizhou, the PRC
23 April 2020

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 Tuesday, 5 May 2020 to Friday, 5 June 2020 (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 Monday, 4 May 2020.

The Board has recommended the payment of a final dividend of RMB0.16 (tax inclusive) per Share for the year ended 31 December 2019 to Shareholders whose names appear on the Company's register of members on Monday, 15 June 2020 (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 Thursday, 11 June 2020 to Monday, 15 June 2020 (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 Wednesday, 10 June 2020.

NOTICE OF ANNUAL GENERAL MEETING

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.
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 9:30 a.m. on Thursday, 4 June 2020). 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 Friday, 15 May 2020.
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.

The biographical details of the Directors and Supervisor proposed to be elected at the AGM are set out as follows:

Directors

Mr. Yang Jun (楊俊), aged 49, completed the college 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) (the “**Correspondence Academy**”) and obtained the graduation certificate in June 1996, majoring in economic management. He further completed the undergraduate course of administrative management of Correspondence Academy and the postgraduate course of public administration of the School of Politics and International Relations of Beijing Normal University* (北京師範大學政治學與國際關係學院) and obtained the graduation certificates in December 2004 and June 2013, respectively.

Mr. Yang began his career at the Sanmen County Zhuao Agriculture Technology Station* (三門縣珠畧農技站) between August 1989 and March 1999, with his last position being the station master. He then served at the Agricultural and Economic Committee of Sanmen County* (三門縣農經委) from March 1999 to December 2001, with his last position being the deputy director. Mr. Yang has served at various government authorities, including: (i) deputy director of the Agricultural Department of Sanmen County* (三門縣農業局) from December 2001 to June 2002; (ii) deputy secretary of the party committee and mayor of Yanchi Town, Sanmen County (三門縣沿赤鄉) from June 2002 to April 2005; (iii) secretary of the party committee and chairman of the people’s congress of Xiaoxiong Town, Sanmen County (三門縣小雄鎮) from April 2005 to April 2009; (iv) director and secretary of the party committee of the Construction Planning Bureau of Sanmen County* (三門縣建設規劃局) from May 2009 to April 2012; (v) director and secretary of the party committee of the Housing and Urban-Rural Development Planning Bureau of Sanmen County* (三門縣住房和城鄉建設規劃局) from April 2012 to September 2014; and (vi) deputy director and party leader (黨組成員) of the Economic Cooperation Office of Taizhou Government* (台州市政府經濟合作辦公室) from September 2014 to March 2018. Mr. Yang has been serving as (i) the deputy county governor and party leader of the People’s Government of Tiantai Province* (天臺縣人民政府) since March 2018; and (ii) the party committee member (黨委委員) and party secretary (黨委書記) of the Company since March 2020.

Save as disclosed above, Mr. Yang Jun confirmed that as at the Latest Practicable Date, (1) he did not hold any other positions in the Company or any of its subsidiaries and also had not served as a director nor a supervisor in any other listed companies in the past three years; (2) he did 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 did not have any interest in any Shares within the meaning of Part XV of the SFO.

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

Mr. Sun Hua (孫滑), aged 34, graduated from Zhejiang University with a bachelor's degree in law in June 2008 and obtained the PRC Legal Professional Qualification Certificate awarded by the Ministry of Justice of the PRC in March 2012. From July 2008 to April 2013, Mr. Sun worked as an asset manager at the Zhejiang Branch of China Orient Asset Management Co., Ltd.* (中國東方資產管理股份有限公司). From April 2013 to February 2014, Mr. Sun worked at the operations management department of Zhejiang Zheshang Securities Asset Management Co., Ltd.* (浙江浙商證券資產管理有限公司), responsible for project review. He then worked as a business director of the Hangzhou business department II of Zhejiang Zheshang Asset Management Co., Ltd.* (浙江省浙商資產管理有限公司) between March 2014 and July 2015. Mr. Sun worked at Zhejiang Zhexiao Asset Management Co., Ltd.* (浙江浙蕭資產管理有限公司) between July 2015 and November 2018 with his last position being the director and general manager. Mr. Sun has been serving as the chairman, director and party branch general secretary (黨支部書記) of Zhejiang Taixin Asset Management Co., Ltd.* (浙江台信資產管理有限公司), a substantial shareholder of the Company, since December 2018.

Save as disclosed above, Mr. Sun Hua confirmed that, as at the Latest Practicable Date, (1) he did not hold any other positions in the Company or any of its subsidiaries and also had not served as a director nor a supervisor in any other listed companies in the past three years; (2) he did 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 did not have any interest in any Shares within the meaning of Part XV of the SFO.

Save as disclosed above, Mr. Sun Hua confirmed that there is no other information that needs to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules, and there are no other matters concerning the appointment of Mr. Sun Hua as the non-executive Director that need to be brought to the attention of the Shareholders.

Supervisor

Mr. Chen Tao (陳濤), aged 30, graduated with a bachelor's degree in management, specialising in accounting, from Shanghai University of Finance and Economics Zhejiang College* (上海財經大學浙江學院) in June 2012 and was accredited as an intermediate accountant by the Ministry of Human Resources and Social Security and the Ministry of Finance of the People's Republic of China in September 2017. Mr. Chen Tao has served as: (i) an assistant accountant of Taizhou Hualian Supermarket Co., Ltd.* (台州華聯超市有限公司) from June 2012 to February 2013; (ii) an accountant of Taizhou Yuhui Business International Travel Agency Co., Ltd.* (台州御輝商務國際旅行社有限公司) from March 2013 to February 2016; (iii) an accountant of Benzhou Vehicle Industry Group Co., Ltd. (本州車業集團有限公司) from March 2016 to April 2017; and (iv) a financial officer of Zhejiang Qiasigao Footwear Company Limited* (浙江卡斯高鞋業有限公司) from May 2017 to September 2018. Since September 2018, Mr. Chen has been serving as an expatriate supervisor of Taizhou Stateowned 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. Mr. Chen is currently a supervisor of Taizhou SCOG and its subsidiaries, being (i) Taizhou Financial Investment Group Co., Ltd.* (台州市金融投資集團有限公司); (ii) Taizhou Social Development Group Co., Ltd.* (台州市社會事業發展集團有限公司); and (iii) Taizhou Cultural Tourism Investment Development Co., Ltd.* (台州市文化旅遊投資發展有限公司).

Save as disclosed above, Mr. Chen Tao confirmed that as at the Latest Practicable Date, (1) he did not hold any other positions in the Company or any of its subsidiaries and also had not served as a director nor a supervisor in any other listed companies in the past three years; (2) he did 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 did not have any interest in any Shares within the meaning of Part XV of the SFO.

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

* For identification purposes only