

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 ISSUANCE OF DEBT FINANCING NOTES
THROUGH PRIVATE PLACEMENT;
(II) PROPOSED AUTHORISATION TO THE BOARD OR
THE EXECUTIVE DIRECTORS TO DEAL WITH THE MATTERS
RELATING TO THE ISSUE OF THE PRIVATE PLACEMENT NOTES;
(III) PROPOSED PROVISION OF GUARANTEES BY THE COMPANY;
(IV) PROPOSED CHANGE OF DIRECTORS;
(V) PROPOSED APPOINTMENT OF SUPERVISOR;
AND
(VI) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 4 to 16 of this circular.

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 2:30 p.m. on Friday, 23 December 2022 is set out on pages 17 to 23 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, 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 2:30 p.m. on Thursday, 22 December 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 EGM 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:

“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 as at the Latest Practicable Date
“Board” or “Board of Directors”	the board of Directors of the Company
“Business Day(s)”	a day (excluding Saturday, Sunday and public holiday in the PRC) on which commercial banks are open for business in the PRC
“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)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“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

DEFINITIONS

“EGM”	the 2022 first extraordinary general meeting 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 2:30 p.m. on Friday, 23 December 2022
“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” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	2 December 2022, 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, supplemented or otherwise modified from time to time
“Notice of EGM”	the notice convening the EGM set out on pages 17 to 23 of this circular
“Private Placement Notes”	debt financing notes issued through private placement with an aggregate principal amount of not more than RMB1.0 billion
“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
“Strategy Committee”	the strategy committee of the Board

DEFINITIONS

“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 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 Luqiao Public Assets”	Taizhou Luqiao Public Assets Investment Management Group Co., Ltd.* (台州市路橋公共資產投資管理集團有限公司) (formerly known as Taizhou Luqiao Public Assets Investment Management Co., Ltd.), a limited liability company established in the PRC which holds approximately 8.81% shareholding interest in Company as at the Latest Practicable Date
“Taizhou Urban Construction”	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) (formerly known as Taizhou Infrastructure Construction Investment Group Co., Ltd.* (台州市基礎設施建設投資集團有限公司)), a substantial shareholder of the Company 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
“%”	per cent

* For identification purposes only

LETTER FROM THE BOARD



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. Pan Gang

Non-executive Directors:

Mr. Wang Haibo
Mr. Wang Haiping
Ms. Fang Ya
Mr. Yu Yangbin
Mr. Yang Yide
Mr. Guo Dingwen
Mr. Lin Yang

Independent Non-executive Directors:

Mr. Huang Chun
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

6 December 2022

To the Shareholders

Dear Sir or Madam,

- (I) PROPOSED ISSUANCE OF DEBT FINANCING NOTES
THROUGH PRIVATE PLACEMENT;
(II) PROPOSED AUTHORISATION TO THE BOARD OR
THE EXECUTIVE DIRECTORS TO DEAL WITH THE MATTERS
RELATING TO THE ISSUE OF THE PRIVATE PLACEMENT NOTES;
(III) PROPOSED PROVISION OF GUARANTEES BY THE COMPANY;
(IV) PROPOSED CHANGE OF DIRECTORS;
(V) PROPOSED APPOINTMENT OF SUPERVISOR;
AND
(VI) NOTICE OF EXTRAORDINARY GENERAL MEETING**

* *For identification purposes only*

LETTER FROM THE BOARD

I. INTRODUCTION

References are made to (i) the announcement of the Company dated 5 August 2022 in relation to the proposed change of non-executive Director and change of composition of Audit Committee and the proposed election of Shareholder representative Supervisor; (ii) the announcement of the Company dated 23 November 2022 in relation to the proposed change of non-executive Director and change of composition of Strategy Committee; and (iii) the announcement of the Company dated 2 December 2022 in relation to the proposed issue of Private Placement Notes and the proposed authorization to the Board or the executive Directors to deal with the matters relating to the issue of the Private Placement Notes.

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

II. PROPOSED ISSUANCE OF DEBT FINANCING NOTES THROUGH PRIVATE PLACEMENT

1. Background

In order to optimize the capital structure of the Company, reduce the financial costs, and further improve the comprehensive strength of the Company, on 2 December 2022, the Board has resolved to submit to the Shareholders for consideration and approval the proposed application for the quota of registration of debt financing notes in the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) of the PRC with the registered principal amount of no more than RMB1.0 billion in the PRC and the issue of such debt financing notes through private placement (i.e. the Private Placement Notes) in accordance with the Articles of Association, the PRC Company Law, the PRC Securities Law and other relevant laws and regulations and subject to the business development and financial needs of the Company.

According to the PRC Company Law and the Articles of Association, the proposed issue of the Private Placement Notes is subject to the approval of the Shareholders by way of special resolution.

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2. Proposed issuance of Private Placement Notes

The proposed arrangements for the issue of Private Placement Notes are as follows:

Issuer:	The Company
Place of issue:	The PRC
Size of issue:	The aggregate principal amount of not more than RMB1.0 billion, in single or multiple tranche(s), issued privately within the PRC upon the registration with the National Association of Financial Market Institutional Investors of the PRC. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the specific issue size and issue method (including whether to issue in tranches and their respective issue size) of the Private Placement Notes according to the capital needs of the Company and the market conditions at the time of issue within the aforesaid scope.
Nominal value and issue price:	Nominal value of RMB100 and issue price will be determined based on nominal value.
Maturity:	The term of the Private Placement Notes shall not exceed three years (three years inclusive), which can either be in a single or mixture of various maturity categories. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the specific maturity structures of the Private Placement Notes and the offer size for Private Placement Notes with different maturity structures according to the capital needs of the Company and the market conditions at the time of issue.

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- Coupon rate: The Private Placement Notes are in the form of fixed interest rate. The coupon rate will be determined by using the book-building method. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine whether the Private Placement Notes are accompanied by the option to adjust the coupon rate, the option to sell back and the specific terms according to the capital needs of the Company and the market conditions at the time of issue.
- Repayment of principal and interest: The Private Placement Notes will bear interest on an annual basis at a simple rate rather than at a compound rate. During the term of interest payment, interest will be paid annually and the total principal will be repaid in one lump sum on the maturity date together with the last interest payment.
- Target investors and issue method: The Private Placement Notes shall be issued to qualified investors who satisfied the conditions stipulated in the “Special Institutional Investors Selection Rules for Targeted Debt Financing Instruments (2020 Edition)” (《定向債務融資工具專項機構投資人遴選細則(2020版)》) and “List of Investors for Special Institutions for Targeted Debt Financing Instruments” (《定向債務融資工具專項機構投資人名單》) and can participate in bond subscription and transfer (except for those prohibited by national laws and regulations). The bonds will not be preferentially allocated to the current Shareholders.
- Guarantee: It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine whether the Private Placement Notes shall be guaranteed as well as the relevant guarantee arrangement according to the relevant requirements and the market conditions at the time of issue.

LETTER FROM THE BOARD

- Use of proceeds: After deducting the issue expenses, the proceeds are intended to be used to repay loans of the Company, replenish working capital of the Company and fund projects construction, as well as for other purposes as permitted by applicable laws and regulations. Subject to the granting of authorisation to the Board or the executive Directors at the EGM, the specific use of proceeds shall be determined by the Board or such executive Director in accordance with the actual needs of the Company.
- Listing: Upon completion of the issuance of Private Placement Notes, the Company will apply to the National Interbank Funding Center (全國銀行間同業拆借中心) for listing and trading of the Private Placement Notes. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to deal with relevant matters pursuant to relevant regulations of the National Association of Financial Market Institutional Investors and the National Interbank Funding Center.
- Source of repayment: The Private Placement Notes shall be repaid with revenue generating from the business operation of the Company and/or credit facilities granted by financial institutions, etc.
- Bond labeling status: If the issuance of the Private Placement Notes meets the conditions for labeling as green bonds after review by professional institutions, it will be issued in the form of labeled green bonds, and the corresponding use of raised funds will be adjusted accordingly based on the main project conditions. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the issuance of labeled green bonds and project selection according to the capital needs of the Company and the market conditions at the time of issue.

The resolution on the issue of the Private Placement Notes shall be effective from the date of approval at the EGM till 24 months after the date of registration of the issue of the Private Placement Notes with the National Association of Financial Market Institutional Investors.

LETTER FROM THE BOARD

The proposed issue of the Private Placement Notes is, if approved at the EGM, still subject to necessary approvals by and registration with the National Association of Financial Market Institutional Investors and/or other relevant regulatory authorities.

3. Proposed authorisation to the Board and the executive Directors to deal with the matters relating to the issue of the Private Placement Notes

In order to improve the efficiency to issue the Private Placement Notes, the Board has resolved to seek for Shareholders' approval at the EGM and authorise the Board or the executive Directors to deal with the matters relating to the issue of the Private Placement Notes. The authorisation shall include but not limit to the following matters:

- (1) to formulate the specific issue plan and amend and adjust the issue terms of the Private Placement Notes in accordance with the relevant laws and regulations and the condition of the Company and the market, including but not limited to all matters in relation to the proposed issue of the Private Placement Notes such as the issue size, maturity, type, coupon rate of the Private Placement Notes and its way of determination, listing place, timing of the issue, issue arrangement (including whether the Private Placement Notes will be issued in tranches, number of tranches and issue size for each tranche), guarantee arrangement, time and ways of repayment of principal and payment of interest, rating arrangement, specific subscription method, specific placing arrangement, whether the repurchase terms or redemption terms will be set and the specific contents thereof, establishment of a custodial account for the proceeds raised, use of proceeds and proportion of proceeds thereof, guarantee measures arrangement and listing of the Private Placement Notes;
- (2) to determine and engage the professional advisers involved in the issue of the Private Placement Notes;
- (3) to select the bond trustee, formulate and execute the bond trustee management agreement and formulate the rules for the bondholders' meeting;
- (4) to handle matters in relation to the listing of the Private Placement Notes upon completion of the issue of the Private Placement Notes;
- (5) to execute contracts, agreements and documents in relation to the issue of the Private Placement Notes;

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- (6) to be responsible for implementing the issuance application and the listing of the Private Placement Notes, including but not limited to the formulation, approval, authorisation, signing, execution, modification and completion of all the documents, contracts, agreements and indentures (including but not limited to the prospectus, underwriting agreement, bond trustee management agreement, fundraising supervision agreement and other announcements and legal documents) and to make appropriate information disclosure in accordance with the relevant laws, regulations and other regulatory documents;
- (7) save for matters which are subject to approval by the Shareholders at the general meeting in accordance with the requirements of relevant laws, regulations and the Articles of Association, to make corresponding adjustments to matters in relation to the issue of the Private Placement Notes based on the new policies and opinions issued by relevant regulatory authorities or new market conditions in case there is any change to the policies or the market conditions regarding the issuance of the Private Placement Notes;
- (8) to determine whether the issue of the Private Placement Notes shall proceed based on actual circumstances in the event that there is any substantial change to the market environment or the policies and regulations;
- (9) to determine whether the Private Placement Notes shall be guaranteed and formulate the guarantee arrangement, if any, in accordance with the relevant laws and regulations and the condition of the market;
- (10) to further improve the Company's assets and liabilities management and the liquidity management, ensuring the source of repayment and its emergency support;
- (11) to formulate the debt repayment guarantee mechanism and the dividend distribution limitation measures;
- (12) to deal with matters relating to the default liabilities of the Company;
and
- (13) to determine and deal with any other matters relating to the issue and the listing of the Private Placement Notes.

The above authority granted to the Board or any one of the executive Directors shall be effective from the date of the approval at the EGM till the date of completion of the aforesaid matters.

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4. Reasons and benefits for the proposed issue of the Private Placement Notes

The issue of the Private Placement Notes is to optimize the capital structure of the Company, reduce the financial costs, and further improve the comprehensive strength of the Company. The Board considers that the issuance of Private Placement Notes will benefit the Company in ensuring the openness of the bond financing channels, optimizing financing structure, reducing financing costs, maintaining financial stability and saving finance costs. Therefore, the Board considers that the proposed issue of the Private Placement Notes is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. PROPOSED PROVISION OF GUARANTEES BY THE COMPANY

For the purpose of the water division project of Taizhou, Binhai Water has previously obtained a credit facility of RMB3.0 billion from the Agricultural Bank of China Co., Ltd., Taizhou branch (中國農業銀行股份有限公司台州分行) (the “**ABC Facility**”) in September 2017 at such interest rate on normal commercial terms. The Group provides guarantee for the ABC Facility with the guarantee period ending on 31 December 2022.

For the purpose of the water division project of Taizhou, Binhai Water has also previously obtained a credit facility of RMB1.5 billion from the Industrial and Commercial Bank of China Co., Ltd., Taizhou Huangyan branch (中國工商銀行股份有限公司台州黃岩支行) (the “**ICBC Facility**”) in December 2017 at such interest rate on normal commercial terms. The Group provides guarantee for the ICBC Facility with the guarantee period ending on 31 December 2025.

Per the request of Binhai Water and due to the project progress and the anticipated financing requirement of water division project of Taizhou, the Board proposed to extend the guarantee periods of the ABC Facility and ICBC Facility to 31 December 2027, with other terms and conditions remain unchanged (the “**Extended Guarantees**”).

In addition, due to the needs for supplementary working capital, Binhai Water intends to apply for a comprehensive credit loan from relevant banks, which requires the Group to provide a guarantee in an amount of no more than RMB0.3 billion (“**New Guarantee**”). The guarantee period of the New Guarantee shall end on 31 December 2027.

Pursuant to the relevant provisions under the management policy of the Company, the provision of Extended Guarantees and New Guarantee (together, the “**Guarantees**”) as set out above is subject to approval by the Shareholders as a special resolution.

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, the method, term and scope of guarantee shall be subject to the guarantee agreement(s) to be signed with the relevant banks or 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.

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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.

IV. PROPOSED CHANGE OF DIRECTORS

Reference are made to (i) the announcement of the Company dated 5 August 2022 in relation to the proposed change of non-executive Director and change of composition of Audit Committee and the proposed election of Shareholder representative Supervisor; and (ii) the announcement of the Company dated 23 November 2022 in relation to the proposed change of non-executive Director and change of composition of Strategy Committee. The Board has resolved to (a) appoint Mr. Lin Genman (林根滿) (“**Mr. Lin**”) as a non-executive Director and a member of the Audit Committee; and (b) appoint Mr. Ye Xiaofeng (葉曉峰) (“**Mr. Ye**”) as a non-executive Director and a member of the Strategy Committee, each for a term commencing from the date of approval at the EGM until the expiration of the term of the fifth session of the Board. The appointments of Mr. Lin and Mr. Ye will only become effective after being approved by the Shareholders at the EGM.

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

Mr. Lin Genman (林根滿), aged 50, graduated with a bachelor’s degree in accounting from Zhejiang University of Finance & Economics (浙江財經大學) (formerly known as Zhejiang College of Finance & Economics* (浙江財經學院)) in June 2004 and was accredited as a senior 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 April 2012. Mr. Lin has served as: (i) the chief accountant of Yuhuan County Foreign Economic and Trade Cooperation Bureau* (玉環縣對外經濟貿易合作局) from September 1993 to February 1999; (ii) the chief accountant of Taizhou Urban Construction from February 1999 to July 2011; (iii) the deputy manager of the planning and finance department of Taizhou Urban Construction from July 2011 to September 2017; (iv) the manager of the investment management department of Taizhou Urban Construction from September 2017 to May 2019; (v) the founder of the investment development department of Taizhou Urban Construction from May 2019 to November 2019; (vi) the manager of the planning and finance department of Taizhou Urban Construction from November 2019 to March 2022; and (vii) the manager of the finance and treasury department of Taizhou Urban Construction since April 2022. Mr. Lin has also served as (i) the manager and executive director of Taizhou Asset Management Co., Ltd.* (台州市資產管理有限公司), a wholly-owned subsidiary of Taizhou Urban Construction, from September 2017 to December 2019; (ii) the chairman of the board of directors of Universal Car Sharing Taizhou Car Rental Co., Ltd.* (環球車享台州汽車租賃有限公司), a non-wholly owned subsidiary of Taizhou Urban Construction from December 2017 to November 2018; and (iii) the chairman of the board of directors and manager of Taizhou Luda Investment Co., Ltd.* (台州市路達投資有限公司) since June 2018. Mr. Lin was the manager, executive director and legal representative of Taizhou Yuanlu Highway Construction and Development Co., Ltd.* (台州院路公路建設開發有限公司) (“**Taizhou Yuanlu**”) from December 2019 to January 2022, prior to its dissolution in January 2022. Taizhou Yuanlu was a limited liability company established in the PRC and its principal activity was road

LETTER FROM THE BOARD

tolling. It was dissolved by way of liquidation by its shareholders on 21 January 2022 due to cessation of business as the relevant government has cancelled toll charges for the relevant areas. Mr. Lin confirmed that, to the best of his information and belief after making reasonable enquiries, Taizhou Yuanlu was solvent and had ceased operations at the time of its dissolution.

Mr. Ye Xiaofeng (葉曉峰), aged 35, graduated with a bachelor's degree in engineering, from Zhejiang Gongshang University (浙江工商大學) in June 2010 and was accredited as an intermediate software design engineer 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 May 2009. Mr. Ye has served as: (i) a staff of Culture, Radio, Television, Tourism and Sports Bureau of Luqiao district, Taizhou city* (台州市路橋區文化和廣電旅遊體育局) from September 2010 to May 2012; and (ii) the head of Information Department of the Office of Chinese Communist Party Taizhou Luqiao District Committee (中共台州市路橋區委辦公室) from May 2012 to May 2021. Since June 2021, Mr. Ye has been serving as the party committee member and deputy general manager of Taizhou Luqiao Public Assets. Since August 2021, he has been serving as a 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.

Save as disclosed above, each of Mr. Lin and Mr. Ye 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, each of Mr. Lin and Mr. Ye 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 each of Mr. Lin and Mr. Ye as a Director that need to be brought to the attention of the Shareholders.

The resolutions in respect of the appointments of Mr. Lin and Mr. Ye as non-executive Directors for the fifth session of the Board will be proposed at the EGM 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. Lin and Mr. Ye at the EGM in accordance with the remuneration policy of the Company. In the event that Mr. Lin and Mr. Ye are appointed as non-executive Directors, the Company will enter into relevant director's service contract with each of them. Pursuant to the proposed service contracts, Mr. Lin and Mr. Ye will not receive any remuneration from the Company. Mr. Lin and Mr. Ye will be subject to retirement and re-election in accordance with the Articles of Association upon expiry of their term of office.

LETTER FROM THE BOARD

Upon the appointments of Mr. Lin and Mr. Ye as non-executive Directors being approved by the Shareholders at the EGM, Mr. Wang Haiping's resignation as a non-executive Director and a member of the Audit Committee will become effective. The Board would like to take this opportunity to express its sincere gratitude to Mr. Wang Haiping for his valuable contribution to the Company during his term of office.

V. PROPOSED APPOINTMENT OF SUPERVISOR

Reference is made to the announcement of the Company dated 5 August 2022 in relation to, among which, the proposed election of the Shareholder representative Supervisor. The Supervisory Committee has resolved to appoint Ms. Lin Lin (林琳) (“**Ms. Lin**”) as a Shareholder representative Supervisor for a term commencing from the date of approval at the EGM until the expiration of the term of the fifth session of the Supervisory Committee. The appointment of Ms. Lin will only become effective after being approved by the Shareholders at the EGM.

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

Ms. Lin Lin (林琳), aged 36, graduated with a bachelor's degree in economics, specialising in insurance, from Hebei University (河北大學) in June 2009 and obtained the accounting professional qualification (intermediate level) from the Ministry of Human Resources and Social Security of the PRC and Ministry of Finance of the PRC and the audit professional qualification (intermediate level) from the Ministry of Human Resources and Social Security of the PRC and Audit Office of the PRC in September 2017 and October 2017, respectively. Ms. Lin served as a financial officer at the Taizhou branch of Zhejiang Tailong Commercial Bank Co., Ltd.* (浙江泰隆商業銀行股份有限公司台州分行) from June 2009 to July 2021. Since August 2021, she has been serving as the expatriate supervisor at Taizhou State-owned Capital Operation Group Co., Ltd.* (台州市國有資本運營集團有限公司), a substantial shareholder of the Company.

Save as disclosed above, Ms. 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. Lin 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 Ms. Lin as the Supervisor that need to be brought to the attention of the Shareholders.

If the proposed appointment of Ms. Lin as a Shareholder representative Supervisor is approved by the Shareholders at the EGM, the Company will enter into relevant supervisor's service contract with her as soon as possible. Ms. Lin will not receive any remuneration from the Company.

LETTER FROM THE BOARD

VI. EGM

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

The proposed resolutions in relation to the issue of Private Placement Notes and authorization to the Board and the executive Directors to deal with the matters relating to the issue of the Private Placement Notes and the proposed resolution in relation to the provision of Guarantees by the Company are subject to approval by the Shareholders by way of special resolutions at the EGM, which all Shareholders are entitled to vote on.

The other proposed resolutions set out in the Notice of EGM are subject to approval by the Shareholders by way of ordinary resolutions at the EGM, which all Shareholders are entitled to vote on.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022 (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 Monday, 19 December 2022.

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 2:30 p.m. on Thursday, 22 December 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 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, 16 December 2022.

LETTER FROM THE BOARD

VII. 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 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.

VIII. RECOMMENDATION

The Directors consider that all resolutions set out in the Notice of EGM 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 EGM.

IX. 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.*
YANG Jun
Chairman

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 EGM

NOTICE IS HEREBY GIVEN that the 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 2:30 p.m. on Friday, 23 December 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 6 December 2022.

SPECIAL RESOLUTIONS

1. “**THAT** each of the following proposed arrangements in respect of the proposed issuance of Private Placement Notes in the PRC be and is hereby individually approved (subject to the necessary approvals by and registration with the National Association of Financial Market Institutional Investors and/or other relevant regulatory authorities):

Issuer: The Company

Place of issue: The PRC

Size of issue: The aggregate principal amount of not more than RMB1.0 billion, in single or multiple tranche(s), issued privately within the PRC upon the registration with the National Association of Financial Market Institutional Investors of the PRC. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the specific issue size and issue method (including whether to issue in tranches and their respective issue size) of the Private Placement Notes according to the capital needs of the Company and the market conditions at the time of issue within the aforesaid scope.

* For identification purposes only

NOTICE OF EGM

Nominal value and issue price:	Nominal value of RMB100 and issue price will be determined based on nominal value.
Maturity:	The term of the Private Placement Notes shall not exceed three years (three years inclusive), which can either be in a single or mixture of various maturity categories. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the specific maturity structures of the Private Placement Notes and the offer size for Private Placement Notes with different maturity structures according to the capital needs of the Company and the market conditions at the time of issue.
Coupon rate:	The Private Placement Notes are in the form of fixed interest rate. The coupon rate will be determined by using the book-building method. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine whether the Private Placement Notes are accompanied by the option to adjust the coupon rate, the option to sell back and the specific terms according to the capital needs of the Company and the market conditions at the time of issue.
Repayment of principal and interest:	The Private Placement Notes will bear interest on an annual basis at a simple rate rather than at a compound rate. During the term of interest payment, interest will be paid annually and the total principal will be repaid in one lump sum on the maturity date together with the last interest payment.
Target investors and issue method:	The Private Placement Notes shall be issued to qualified investors who satisfied the conditions stipulated in the “Special Institutional Investors Selection Rules for Targeted Debt Financing Instruments (2020 Edition)” (《定向債務融資工具專項機構投資人遴選細則(2020版)》) and “List of Investors for Special Institutions for Targeted Debt Financing Instruments” (《定向債務融資工具專項機構投資人名單》) and can participate in bond subscription and transfer (except for those prohibited by national laws and regulations). The bonds will not be preferentially allocated to the current Shareholders.

NOTICE OF EGM

- Guarantee:** It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine whether the Private Placement Notes shall be guaranteed as well as the relevant guarantee arrangement according to the relevant requirements and the market conditions at the time of issue.
- Use of proceeds:** After deducting the issue expenses, the proceeds are intended to be used to repay loans of the Company, replenish working capital of the Company and fund projects construction, as well as for other purposes as permitted by applicable laws and regulations. Subject to the granting of authorisation to the Board or the executive Directors at the EGM, the specific use of proceeds shall be determined by the Board or such executive Director in accordance with the actual needs of the Company.
- Listing:** Upon completion of the issuance of Private Placement Notes, the Company will apply to the National Interbank Funding Center (全國銀行間同業拆借中心) for listing and trading of the Private Placement Notes. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to deal with relevant matters pursuant to relevant regulations of the National Association of Financial Market Institutional Investors and the National Interbank Funding Center.
- Source of repayment:** The Private Placement Notes shall be repaid with revenue generating from the business operation of the Company and/or credit facilities granted by financial institutions, etc.
- Bond labeling status:** If the issuance of the Private Placement Notes meets the conditions for labeling as green bonds after review by professional institutions, it will be issued in the form of labeled green bonds, and the corresponding use of raised funds will be adjusted accordingly based on the main project conditions. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the issuance of labeled green bonds and project selection according to the capital needs of the Company and the market conditions at the time of issue.”

NOTICE OF EGM

2. “**THAT** the Board or any one of the executive Directors be and is hereby generally and unconditionally authorised to handle all matters relating to the proposed issue of the Private Placement Notes, including but not limited to the following:
 - (1) to formulate the specific issue plan and amend and adjust the issue terms of the Private Placement Notes in accordance with the relevant laws and regulations and the condition of the Company and the market, including but not limited to all matters in relation to the proposed issue of the Private Placement Notes such as the issue size, maturity, type, coupon rate of the Private Placement Notes and its way of determination, listing place, timing of the issue, issue arrangement (including whether the Private Placement Notes will be issued in tranches, number of tranches and issue size for each tranche), guarantee arrangement, time and ways of repayment of principal and payment of interest, rating arrangement, specific subscription method, specific placing arrangement, whether the repurchase terms or redemption terms will be set and the specific contents thereof, establishment of a custodial account for the proceeds raised, use of proceeds and proportion of proceeds thereof, guarantee measures arrangement and listing of the Private Placement Notes;
 - (2) to determine and engage the professional advisers involved in the issue of the Private Placement Notes;
 - (3) to select the bond trustee, formulate and execute the bond trustee management agreement and formulate the rules for the bondholders’ meeting;
 - (4) to handle matters in relation to the listing of the Private Placement Notes upon completion of the issue of the Private Placement Notes;
 - (5) to execute contracts, agreements and documents in relation to the issue of the Private Placement Notes;
 - (6) to be responsible for implementing the issuance application and the listing of the Private Placement Notes, including but not limited to the formulation, approval, authorisation, signing, execution, modification and completion of all the documents, contracts, agreements and indentures (including but not limited to the prospectus, underwriting agreement, bond trustee management agreement, fundraising supervision agreement and other announcements and legal documents) and to make appropriate information disclosure in accordance with the relevant laws, regulations and other regulatory documents;

NOTICE OF EGM

- (7) save for matters which are subject to approval by the Shareholders at the general meeting in accordance with the requirements of relevant laws, regulations and the Articles of Association, to make corresponding adjustments to matters in relation to the issue of the Private Placement Notes based on the new policies and opinions issued by relevant regulatory authorities or new market conditions in case there is any change to the policies or the market conditions regarding the issuance of the Private Placement Notes;
- (8) to determine whether the issue of the Private Placement Notes shall proceed based on actual circumstances in the event that there is any substantial change to the market environment or the policies and regulations;
- (9) to determine whether the Private Placement Notes shall be guaranteed and formulate the guarantee arrangement, if any, in accordance with the relevant laws and regulations and the condition of the market;
- (10) to further improve the Company's assets and liabilities management and the liquidity management, ensuring the source of repayment and its emergency support;
- (11) to formulate the debt repayment guarantee mechanism and the dividend distribution limitation measures;
- (12) to deal with matters relating to the default liabilities of the Company; and
- (13) to determine and deal with any other matters relating to the issue and the listing of the Private Placement Notes.

The above authority granted to the Board or any one of the executive Directors shall be effective from the date of the approval at the EGM till the date of completion of the aforesaid matters"; and

3. To consider and approve the provision of Guarantees by the Company to Binhai Water.

NOTICE OF EGM

ORDINARY RESOLUTIONS

4. To consider and approve the appointment of Mr. Lin Genman as a non-executive Director and authorise the Board to determine his remuneration;
5. To consider and approve the appointment of Mr. Ye Xiaofeng as a non-executive Director and authorise the Board to determine his remuneration; and
6. To consider and approve the appointment of Ms. Lin Lin as a Shareholder representative Supervisor.

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

Taizhou, the PRC
6 December 2022

Notes:

1. For details of the resolutions to be approved in this EGM, please refer to the circular.
2. The register of members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022 (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 Monday, 19 December 2022.
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 2:30 p.m. on Thursday, 22 December 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 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.

* For identification purposes only

NOTICE OF EGM

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) on or before Friday, 16 December 2022.
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.
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.

As at the date of this notice, the executive Directors are Mr. Yang Jun and Mr. Pan Gang; the non-executive Directors are Mr. Wang Haiping, Mr. Wang Haibo, Ms. Fang Ya, Mr. Yu Yangbin, Mr. Yang Yide, Mr. Guo Dingwen and Mr. Lin Yang; and the independent non-executive Directors are Mr. Huang Chun, Ms. Hou Meixwen, Mr. Li Wai Chung, Ms. Lin Suyan and Mr. Wang Yongyue.