



Taizhou Water Group Co., Ltd.*

台州市水務集團股份有限公司

(the “Company”)

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

(Stock Code: 1542)

**PROCEDURE FOR SHAREHOLDERS OF THE COMPANY TO PROPOSE
A CANDIDATE FOR ELECTION AS A DIRECTOR**

In order to regulate the procedures for nomination of directors of the Company, according to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Company Law of the People’s Republic of China and other relevant laws, regulations, normative documents and relevant rules of Articles of Association of Taizhou Water Group Co., Ltd. (the “**Articles**”), the Company formulates the procedures for shareholders to propose a candidate for election as a director (the “**Director**”) as below:

1. Election and removal of Directors

- (1) Any person elected to be a Director by the board of Directors (the “**Board**”) to fulfill a temporary vacancy of the Board or increase the number of Directors on the Board shall only serve in office until the next annual general meeting of the issuer, and shall be qualified to stand for reelection upon such time (Article 109 of the Articles).
- (2) Directors shall be elected at the general meeting (the “**General Meeting**”) with a term of three (3) years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term (Article 110 of the Articles).
- (3) No Director shall be dismissed for no reasons by the General Meeting prior to the expiry of his/her term of office. Subject to the relevant laws, administrative regulations and the Listing Rules, the General Meeting may dismiss any Director by an ordinary resolution before the expiration of his/her term of service, provided that such dismissal shall not prejudice his/her rights to any claim for damages under any contract. Where a Director fails to attend, in person, the Board meetings and has not appointed another Director to attend such meetings on his/her behalf for two consecutive times, he/she shall be deemed as incapable to perform his/her duties. The Board may propose removal of such Director at the General Meeting (Article 116 of the Articles).

- (4) The independent non-executive Directors shall not be dismissed without proper reasons before the term of their office expires. If an independent non-executive Director fails to attend the Board meetings in person for three (3) consecutive times, the Board may request for removal of such Director at the General Meeting (Article 120 of the Articles).

2. Basic qualifications of directors

- (1) Directors shall be natural persons, who need not hold any share of the Company. The Directors of the Company shall comprise executive Directors, non-executive Directors and independent non-executive Directors. An executive Director refers to a Director who assumes an internal position competent in operations and management at the Company. A non-executive Director refers to a Director who does not assume a position competent in operations and management and is not independent as defined by law at the Company. An independent non-executive Director refers to a Director that is in compliance with the requirements of Section 2 under Chapter 11 of the Articles (Article 109 of the Articles).
- (2) An independent non-executive Director shall meet the following basic requirements (Article 118 of the Articles):
 - (1) qualified to be a Director or an independent non-executive Director of the Company according to the laws, administrative regulations, departmental rules, regulatory documents and the relevant provisions of relevant regulatory authority or the Articles;
 - (2) performing his/her duties independently, without any interference by substantial Shareholders or de facto controllers of the Company, or other entities or individuals who have a material interest in the Company;
 - (3) holding a bachelor's degree or above, or senior vocational titles of relevant professions;
 - (4) possessing basic knowledge on corporate governance, and familiar with the relevant laws, administrative regulations, departmental rules and regulatory documents thereon;
 - (5) having more than five (5) years of experience in law, economics, finance, accounting or other fields conducive to his/her performance of the duties as an independent non-executive Director;
 - (6) familiar with the relevant laws, administrative regulations, departmental rules and regulatory documents on the operation and management of the Company;
 - (7) capable in reading, understanding and analyzing the financial statements of the Company;
 - (8) ensuring adequate time and efforts devoted to effectively discharging his/her duties, and undertaking to duly perform the duties of good faith and diligence.

3. Procedures for shareholders to nominate candidates of directors

- (1) The written notices specifying the intention to nominate a person for election as a Director and acceptance of such nomination by such person, as well as the written information on such person, shall be sent to the Company no earlier than the day after dispatch of the notice of the General Meeting and no later than seven (7) days prior to the date of such meeting. The minimum length of period during the nomination and acceptance of such nomination shall not be less than seven (7) days (Article 111 of the Articles).

Based on this, if a shareholder of the Company intends to propose any person for election as a Director, the following documents shall be effectively delivered to the Company's headquarter in the PRC at No. 308 Yin Quan Road, Xicheng Street, Huangyan District, Taizhou, Zhejiang Province, the PRC or the Company's H share 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, including: (i) the signed notice of the intention to propose the candidate for election as a Director in General Meeting; and (ii) the signed notice of the candidate indicating his or her willingness to accept the election, together with (a) information about the candidate required to be disclosed under Rule 13.51(2) of the Listing Rules, and (b) the written consent indicating the consent of the candidate to release his or her personal information.

30 December 2019

Note: If there is any inconsistency between the English and Chinese versions of this document, the Chinese version shall prevail.

* For identification purposes only