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**中國水務集團有限公司\***

**China Water Affairs Group Limited**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

(Stock Code: 855)

## **PROPOSED CHANGE OF AUDITOR**

The board (the “**Board**”) of the directors of China Water Affairs Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) announces that the term of office of the incumbent auditor of the Company, PricewaterhouseCoopers (“**PwC**”), will expire at the conclusion of the forthcoming annual general meeting of the Company (the “**AGM**”). Taking into account that PwC has served as the auditor of the Company since the financial year ended 31 March 2017, the Board and the audit committee (the “**Audit Committee**”) of the Company considered that it is the appropriate time to rotate the auditor of the Company for upholding good corporate governance and maintaining the independence of the Company’s auditor. The Board considers that the proposed change of auditor is consistent with good corporate governance measure, beneficial to maintaining the independence and objectivity of external auditor, and in the best interest of the Company and its shareholders (the “**Shareholders**”) as a whole.

Accordingly PwC shall retire at the AGM and will not seek for re-appointment.

The Company is incorporated under the laws of Bermuda. To the knowledge of the Board, there is no requirement under the laws of Bermuda for the retiring auditor to confirm whether or not there is any circumstance connected with their retirement which they consider should be brought to the attention of the holders of the Company’s securities. PwC has therefore not issued such confirmation.

The Board would like to take this opportunity to express its sincere gratitude to PwC for providing the professional services to the Company over the years.

The Board has resolved, with the recommendation of the Audit Committee, to propose the appointment of Ernst & Young as the auditor of the Company following the retirement of PwC. A resolution will be proposed at the AGM for the appointment of Ernst & Young as the Company’s auditor with effect from the date of the AGM and to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Board to fix their remuneration.

The Audit Committee has considered a number of factors when recommending Ernst & Young as the new auditor of the Company to the Board, including but not limited to (i) their experience in handling audit work for companies listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), their industry knowledge and their familiarity with the requirements under the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Financial Reporting Standards; (ii) their resources allocation, quality and capability including but not limited to manpower, time and other resources allocation; (iii) their independence and objectivity; (iv) their audit fee; (v) their market reputation; (vi) the “Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors” issued by the Accounting and Financial Reporting Council (“**AFRC**”) in December 2021 (the “**Guide**”), including section 2 “Selection and Appointment of Auditors” of the Guide; and (vii) the “Guidance Notes on Change of Auditors” published by AFRC in September 2023. Based on the above, the Audit Committee has assessed and considered that Ernst & Young is independent, competent and capable (including manpower, expertise, time and other resources) to perform a high-quality audit and is suitable to act as the new auditor of the Company.

The Board confirmed that there was no disagreement between the Company and PwC and there were no other matters relating to the proposed change of auditor which need to be brought to the attention of the Shareholders.

A circular containing, among other things, further details of the proposed change of auditor, together with a notice of the AGM, will be despatched to the Shareholders in due course.

By order of the Board  
**China Water Affairs Group Limited**  
**Duan Chuan Liang**  
*Chairman*

Hong Kong, 18 August 2025

*As at the date of this announcement, the Board comprises four executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin, Mr. Li Zhong and Mr. Duan Jerry Linnan, four non-executive Directors, being Mr. Li Hao, Mr. Bai Li, Ms. Wang Xiaoqin and Ms. Liu Yu Jie, and four independent non-executive Directors, being Mr. Chau Kam Wing, Mr. Siu Chi Ming, Ms. Ho Ping and Mr. Xiao Zhe.*

\* *For identification purposes only*