
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 China Water Affairs Group Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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



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)

**PROPOSALS RELATING TO GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES OF THE COMPANY,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY**

A notice convening the annual general meeting of China Water Affairs Group Limited (the “Company”) to be held at Suite 6408, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 19 September 2025 at 10:00 a.m. or any adjournment thereof is set out on pages 15 to 19 of this circular. Whether or not you intend to attend the annual general meeting of the Company, you are advised to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not less than 48 hours before the time fixed for holding of the meeting or any adjournment thereof. Completion and delivery of the proxy form will not preclude Shareholders from attending and voting in person at the meeting if they so wish.

25 August 2025

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix I – Details of Directors Proposed to be Re-elected	8
Appendix II – Explanatory Statement	11
Notice of Annual General Meeting	15

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Suite 6408, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on 19 September 2025 at 10:00 a.m. (or, in the event that a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or “extreme conditions” announced by the Hong Kong Government is/are in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on 22 September 2025)
“AGM Notice”	the notice convening the AGM as set out in pages 15 to 19 of this circular
“Asset Full”	Asset Full Resources Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is wholly and beneficially owned by Mr. Duan Chuan Liang, the chairman and executive director of the Company
“associated company”	has the meaning ascribed to it under the Takeovers Code
“Board” or “Directors”	the board of Directors of the Company or a duly authorised committee thereof for the time being
“Business Day(s)”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“Bye-laws”	the existing Bye-laws of the Company
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“close associates”	has the meaning ascribed to it in the Listing Rules
“Company”	China Water Affairs Group Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability
“core connected persons”	has the meaning ascribed to it in the Listing Rules
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general mandate to the Directors to exercise the powers of the Company to issue and allot new Shares during the period as set out in the AGM Notice up to 20% of the number of issued Shares of the Company as at the date of passing the resolution
“Latest Practicable Date”	20 August 2025, 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
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	a general mandate to the Board to exercise the powers of the Company to repurchase Shares during the period as set out in the AGM Notice up to 10% of the number of issued Share of the Company as at the date of passing the resolution
“SFO”	The Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	Share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Duan Chuan Liang (*Chairman*)

Ms. Ding Bin

Mr. Li Zhong

Mr. Duan Jerry Linnan

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

Mr. Li Hao

Mr. Bai Li

Ms. Wang Xiaoqin

Ms. Liu Yu Jie

*Head Office and Principal place of
business in Hong Kong:*

Suite 6408, 64/F, Central Plaza,

18 Harbour Road,

Wanchai, Hong Kong

Independent non-executive Directors:

Mr. Chau Kam Wing

Mr. Siu Chi Ming

Ms. Ho Ping

Mr. Xiao Zhe

25 August 2025

To the Shareholders

Dear Sir/Madam,

**PROPOSALS RELATING TO GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES OF THE COMPANY,
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING OF THE COMPANY**

INTRODUCTION

The purpose of this circular is to seek your approval of proposals on the grant of general mandates to issue and repurchase shares of the Company and re-election of retiring directors as well as to provide you with information in connection with such proposals. Your approval will be sought at the general meeting of the Company to be held at the AGM.

* For identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATE FOR REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES

It will be proposed at the AGM an ordinary resolution as set out in the AGM Notice for granting to the Board the Repurchase Mandate. At the Latest Practicable Date, there were 1,626,712,346 Shares in issue (excluding Treasury Shares) and subject to the passing of the necessary ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, exercise in full of the Repurchase Mandate could accordingly result in up to 162,671,234 Shares being repurchased by the Company, representing 10% of the number of issued Shares of the Company at the Latest Practicable Date, during the course of the period prior to the next annual general meeting to be held in 2026. Subject to approval of Shareholders at the AGM, the Repurchase Mandate would continue in force until the next annual general meeting in 2026.

An explanation statement, as required under the relevant rules set out in Listing Rules of the Stock Exchange regulating the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange, to provide the requisite information for your consideration of the Repurchase Mandate is set out in the Explanatory Statement in Appendix II hereto.

GENERAL MANDATE TO ISSUE NEW SECURITIES OF THE COMPANY

It will be proposed at the AGM the ordinary resolutions as set out in the AGM Notice for granting to the Board the Issue Mandate and to extend the Issue Mandate by adding to it the aggregate number of Shares repurchased by the Company under the Repurchase Mandate.

At the Latest Practicable Date, there were 1,626,712,346 Shares in issue (excluding Treasury Shares) and subject to the passing of the necessary ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, exercise in full of the Issue Mandate could accordingly result in up to 325,342,469 Shares being issued by the Company, representing 20% of the number of issued Shares of the Company (excluding Treasury Shares) at the Latest Practicable Date, during the course of the period prior to the next annual general meeting to be held in 2026. Subject to approval of Shareholders at the AGM, the Issue Mandate would continue in force until the next annual general meeting in 2026.

At the Latest Practicable Date, the Directors have no immediate plan to use the Issue Mandate to issue shares of the Company but consider the Issue Mandate to be in the interests of the Company in order to provide itself with flexibility.

LETTER FROM THE BOARD

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to clause 86(2) of the Bye-laws, any Director appointed by the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

Therefore Mr. Bai Li, being a Director appointed by the Board, shall retire at the AGM and being eligible shall offer himself for re-election.

Pursuant to clause 87 of Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

In accordance with clause 87 of Bye-laws, the Directors to retire at the AGM are Ms. Ding Bin, Mr. Duan Jerry Linnan, Mr. Siu Chi Ming and Ms. Ho Ping. All of them being eligible offer themselves for re-election at the AGM.

Mr. Siu Chi Ming and Ms. Ho Ping have confirmed in writing their independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules which also cover their immediate family members. Both the Nomination Committee and the Board are satisfied with their independence. Mr. Siu Chi Ming and Ms. Ho Ping have provided valuable contributions and insights to the Board. The Nomination Committee has considered the experience, skills and expertise of Mr. Siu Chi Ming and Ms. Ho Ping as well as the overall board diversity according to the Board's diversity policy. The Board, based on the recommendation of the Nomination Committee, believes that Mr. Siu Chi Ming and Ms. Ho Ping will continue to provide valuable insights and contribute to diversity to the Board and should be re-elected.

Mr. Siu Chi Ming has served as the Company's independent non-executive Director for more than 9 years. His appointment is subject to a separate resolution to be approved by Shareholders pursuant to Code B.2.3 of Part 2 of Appendix C1 of the Listing Rules. Over the years, Mr. Siu Chi Ming has gained an in-depth understanding of the Company's operations and business and has been providing objective views and independent guidance to the Company. The Board considers that the long services of Mr. Siu Chi Ming would not affect his exercise of independent judgment and is satisfied that he has the required integrity, skills and experience to continue to contribute meaningfully and objectively as an independent non-executive Director. The Board considers that the re-election of Mr. Siu Chi Ming as an independent non-executive Director is in the interest of the Company and the Shareholders as a whole.

The biographical details of the Directors to be re-elected at the AGM are set out in Appendix I of this circular.

LETTER FROM THE BOARD

APPOINTMENT OF AUDITOR

Reference is made to the Company's announcement dated 18 August 2025 in relation to the retirement of PricewaterhouseCoopers ("PwC") as the auditor of the Company at the conclusion of the AGM and the proposed appointment of Ernest & Young as the new auditor of the Company.

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 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 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 has resolved, with the recommendation of the audit committee, to propose the appointment of Ernst & Young as the auditor of the Company at the AGM.

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.

ANNUAL GENERAL MEETING

Set out on pages 15 to 19 of this circular is the AGM Notice at which ordinary resolutions will be proposed to approve, among others, the Issue Mandate, Repurchase Mandate and re-election of retiring directors.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

ACTION TO BE TAKEN

A Proxy form for use at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are advised to complete the proxy form and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and delivery of the proxy form will not preclude Shareholders from attending and voting in person at the AGM if they so wish.

LETTER FROM THE BOARD

The register of members will be closed from Tuesday, 16 September 2025 to Friday, 19 September 2025 (or to Monday, 22 September 2025, in the event that the AGM is to be held on Monday, 22 September 2025 because of a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or “extreme conditions” announced by the Hong Kong Government) (both days inclusive), during which period no transfer of Shares will be registered. All holders of Shares whose names appear on the register of members of the Company on Friday, 19 September 2025 will be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Monday, 15 September 2025.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Board considers that the Issue Mandate, the Repurchase Mandate and the re-election of retiring Directors as set out in the AGM Notice are all in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully
By order of the Board
China Water Affairs Group Limited
DUAN CHUAN LIANG
Chairman

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the retiring Directors proposed to be re-elected at the AGM:

Executive Directors

Ms. Ding Bin, aged 49, has over 20 years of experience in financial management and tax planning. Ms. Ding was graduated from Zhengzhou University of Technology in finance and computing management. Ms. Ding is a Certified Public Accountant in the PRC. Ms. Ding joined the Group in 2007. Ms. Ding did not hold any other directorship in any public listed companies in the last three years.

There is no service contract between Ms. Ding and the Company. Her appointment has no fixed term and is subject to retirement and re-election at the annual general meeting of the Company. Ms. Ding is entitled to an annual remuneration of HK\$1,265,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group's affairs. Ms. Ding has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Ding was interested in 5,700,000 Shares. Save as aforesaid, Ms. Ding has no interest in the Shares of the Company within the meaning of Part XV of the SFO. Ms. Ding holds directorship or senior management positions in various subsidiaries of the Company. There is no information to be disclosed by Ms. Ding pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

Mr. Duan Jerry Linnan, aged 34, studied in Beijing Normal University with a major in psychology. He joined the Company as the president assistant in 2011, mainly focusing on hotel operation and intelligent water businesses. At the same time, Mr. Duan assisted the directors of the Company in capital market and investor relations, etc. In 2015, Mr. Duan was appointed as the general manager of the hotel under the Group in Nanjing, and was in charge of the construction, procurement and daily operation of various hotels of the Group. Mr. Duan holds directorship or senior management positions in various subsidiaries of the Company. Mr Duan is also the executive director and chief executive officer of Kangda International Environmental Company Limited, the share of which is listed on the main board of the Stock Exchange (stock code: 6136) and an associated corporation of the Company. Mr. Duan has comprehensive experiences in human resources and corporate management. Mr. Duan is the son of Mr. Duan Chuan Liang, the substantial shareholder, chairman and executive director of the Company. Save as aforesaid, Mr. Duan did not hold any other directorship in any public listed companies in the last three years.

There is no service contract between Mr. Duan and the Company. His appointment has no fixed term and is subject to retirement and re-election at the annual general meeting of the Company. Mr. Duan is entitled to an annual remuneration of HK\$2,178,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group's affairs. Save as disclosed above, Mr. Duan has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Duan has no interest in the Shares of the Company within the meaning of Part XV of the SFO. There is no information to be disclosed by Mr. Duan pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

Non-Executive Director

Mr. Bai Li, aged 51, graduated from Nanjing University with a doctorate. He served successively as deputy director and director of the News Department of the General Office of the People's Bank of China (during which time he served as assistant to the mayor of Xicheng District People's Government of Beijing, and concurrently served as secretary of the Party Leadership Group and executive deputy commander of the Beijing Financial Street Construction Command), and secretary of the Youth League Committee of the People's Bank of China (at the division and bureau level). He is currently the Party Secretary and Chairman of Greatwall Life Insurance Co., Ltd., which is a shareholder of the Company holding approximately 5.02% of the Company's total issued shares. He is currently a non-independent director of Guangdong Construction Engineering Group Co., Ltd. (stock code: 002060.SZ), which is listed on the Shenzhen Stock Exchange. Mr. Bai is also a non-executive director of China Datang Corporation Renewable Power Co., Limited (stock code: 1798) which is listed on the main board of the Stock Exchange. He was a director of Financial Street Holdings Co., Ltd. (stock code: 000402.SZ), which is listed on the Shenzhen Stock Exchange. Mr. Bai joined the Group in 2025. Save as aforesaid, Mr. Bai did not hold any directorship in any public listed companies in the last three years.

There is no service contract between Mr. Bai and the Company. His appointment has no fixed term and is subject to retirement and re-election at the annual general meeting of the Company. Mr. Bai has voluntarily given up his entitlement to any remuneration. Save as disclosed above, Mr. Bai has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Bai has no interest in the Shares of the Company within the meaning of Part XV of the SFO. Save as aforesaid, Mr. Bai does not hold any other position with the Company or any of its subsidiaries. There is no information to be disclosed by Mr. Bai pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

Independent Non-executive Directors

Mr. Siu Chi Ming, aged 44, obtained a Bachelor of Business Administration (Accounting) from Hong Kong Baptist University in 2003. He is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Chartered Governance Institute as well as The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators). Mr. Siu was the executive director and company secretary of Jiu Rong Holdings Limited (stock code: 2358), which is listed on the main board of the Stock Exchange and an independent non-executive director of Ying Kee Tea House Group Limited (stock code: 8241), which is listed on the GEM of the Stock Exchange. Mr. Siu was a senior manager of a corporate finance division of a licensed corporation registered under Securities and Futures Ordinance (the “SFO”) and a licensed person registered under the SFO to carry on type 6 (advising on corporate finance) regulated activities. He has been involved in several corporate finance transactions including mergers and acquisitions, corporate reorganisation and a variety of fund raising exercises. Mr. Siu joined the Group in 2016. He is also a member of the audit committee, remuneration committee and nomination committee of the Company. Save as aforesaid, Mr. Siu did not hold any other directorship in any public listed companies in the last three years.

There is no service contract between Mr. Siu and the Company. His appointment has no fixed term and is subject to retirement and re-election at the annual general meeting of the Company. Mr. Siu is entitled to an annual remuneration of HK\$300,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group’s affairs. Mr. Siu has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Siu has no interest in the Shares of the Company within the meaning of Part XV of the SFO. Save as aforesaid, Mr. Siu does not hold any other position with the Company or any of its subsidiaries. There is no information to be disclosed by Mr. Siu pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

Ms. Ho Ping, aged 53, was graduated from Inner Mongolia Finance and Economics College with a bachelor degree in accounting. She has over 15 years experience in the securities industry in the PRC and was a senior manager at the investment banking department of a securities company. Ms. Ho is a member of the audit committee, remuneration committee and nomination committee of the Company. She joined the Group in 2017. Ms. Ho did not hold any other directorship in any public listed companies in the last three years.

There is no service contract between Ms. Ho and the Company. Her appointment has no fixed term and is subject to retirement and re-election at the annual general meeting of the Company. Ms. Ho is entitled to an annual remuneration of HK\$300,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group’s affairs. Ms. Ho has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Ho was interested in 978,000 Shares. Save as aforesaid, Ms. Ho has no interest in the Shares of the Company within the meaning of Part XV of the SFO. Save as aforesaid, Ms. Ho does not hold any other position with the Company or any of its subsidiaries. There is no information to be disclosed by Ms. Ho pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other information that need to be brought to the attention of the Shareholders.

The Appendix serves as an explanatory statement, as required by the Listing Rules, to provide information to you with regard to the Repurchase Mandate.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SHARES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions.

The Listing Rules provide that all proposed repurchases of shares by a company with a primary listing on the Stock Exchange must be approved by shareholders in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the shares to be repurchased must be fully paid up. A maximum of 10% of the number of issued Shares as to the date of passing the relevant resolution may be repurchased on the Stock Exchange.

2. FUNDING OF REPURCHASES

Any repurchase will be funded entirely from the Company's available cashflow or working capital facilities and will, in any event, be made out of funds which are legally available for the repurchase in accordance with the memorandum and Bye-laws of the Company and the Companies Act 1981 of Bermuda. Any repurchases will be made out of funds of the Company legally permitted to be utilised in this connection. Such fund may include profits available for distribution and proceeds of a new issue of Shares made for the purpose of the repurchases. In addition, under the laws of Bermuda and other applicable laws and regulations, no repurchase of the Company's Shares may be effected if, on the date on which the repurchase is to be effected, there are reasonable grounds for believing that the Company is, or after the repurchase would be, unable to pay its liabilities as they become due.

As compared with the financial position of the Company as at 31 March 2025 (being the date of its latest audited accounts), the Directors consider that there should not be any material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,626,712,346 Shares (excluding Treasury Shares). Subject to the passing of the relevant ordinary resolutions to approve the general mandates to repurchase Shares and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 162,671,234 Shares representing 10% of the number of issued Shares of the Company at the Latest Practicable Date.

4. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

The Company may cancel any Shares it repurchased and/or hold them as Treasury Shares subject to market conditions and the Group's capital management needs at the relevant time of the repurchases.

To the extent that any Treasury Shares are deposited with the CCASS pending resale on the Stock Exchange, the Company will adopt appropriate measures to ensure that it does not exercise any Shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those Shares were registered in the Company's own name as Treasury Shares. These measures may include approval by the Board that (i) the Company will not (or will procure its broker not to) give any instructions to HKSCC to vote at general meetings for the Treasury Shares deposited with CCASS; and (ii) in the case of dividends or distributions, the Company will withdraw the Treasury Shares from CCASS, and either re-register them in its own name as Treasury Shares or cancel them, in each case before the record date for the dividends or distributions.

5. COMPLIANCE BY THE DIRECTORS

The Directors will exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of Bermuda and in accordance with the memorandum and Bye-laws of the Company. The Directors confirm that neither this Explanatory Statement nor the proposed share repurchase has unusual features.

6. EFFECT OF THE TAKEOVERS CODE

If as a result of the repurchases of Shares, a Shareholder's proportionate interest in the voting rights of the Company increase, such increase will be treated as an acquisition of voting rights for the purpose of the Rule 32 of the Takeovers Code. As a result, a shareholder or a group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Takeovers Code. As at the Latest Practicable Date, Asset Full and Mr. Duan Chuan Liang, which together held 447,311,901 Shares of the Company representing approximately 27.50% of the total number of issued Shares of the Company (excluding Treasury Shares), and ORIX Corporation which held 445,136,277 Shares of the Company representing approximately 27.36% of the total number of issued Shares of the Company (excluding Treasury Shares), are the largest substantial Shareholders. In the event that the Repurchase Mandate is exercised in full, Mr. Duan Chuan Liang's interest would be increased to approximately 30.55% and ORIX Corporation's interest would be increased to 30.40% of the total number of issued Shares of the Company (excluding Treasury Shares). Accordingly, the Directors consider that the exercise in full of the power to repurchase Shares under the Repurchase Mandate will give rise to an obligation to make a mandatory offer for Asset Full and Mr. Duan Chuan Liang and ORIX Corporation in accordance with Rule 26 of the Takeovers Code. The Directors have no present intention to repurchase Shares to an extent that will trigger the obligations under the Takeovers Code to make a mandatory offer.

7. DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

To the best of the Directors' knowledge and belief, after having made all reasonable enquiries, none of the Directors nor any of their respective close associates have any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any Shares to the Company nor has he/she/it undertaken not to sell any of the Shares held by him/her/it to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

8. REPURCHASES OF SHARES BY THE COMPANY

The Company made the following repurchase of Shares in the six months preceding the Latest Practicable Date:

Trade day	No. of Shares Repurchased	Method of repurchase	Highest Price paid (HK\$)	Lowest price paid (HK\$)	Total paid (HK\$)
17 April 2025	340,000	On Stock Exchange	5.98	5.91	2,024,800
16 April 2025	276,000	On Stock Exchange	5.92	5.77	1,627,160
15 April 2025	220,000	On Stock Exchange	6.00	5.96	1,316,200
7 March 2025	370,000	On Stock Exchange	5.79	5.76	2,139,000
6 March 2025	390,000	On Stock Exchange	5.80	5.74	2,254,300
5 March 2025	350,000	On Stock Exchange	5.78	5.74	2,016,800
4 March 2025	392,000	On Stock Exchange	5.66	5.61	2,212,420
3 March 2025	732,000	On Stock Exchange	5.70	5.45	4,026,120
28 February 2025	2,160,000	On Stock Exchange	6.05	5.78	12,948,280

9. THE SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months and the current month (up to the Latest Practicable Date prior to the printing of this circular) were as follows:

	Share Prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2024		
August	5.10	4.57
September	5.32	4.27
October	5.80	4.66
November	4.94	4.30
December	5.15	4.32
2025		
January	5.15	4.47
February	6.06	4.37
March	7.05	5.42
April	6.81	5.77
May	6.30	5.67
June	6.50	5.84
July	6.73	5.91
August (up to the Latest Practicable Date)	6.31	6.02

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an annual general meeting of China Water Affairs Group Limited (the “Company”) will be held at 10:00 a.m. on 19 September 2025 at Suite 6408, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong (or, in the event that a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or “extreme conditions” announced by the Hong Kong Government is/are in force in Hong Kong at 9:00 a.m. on that day, at the same time and place on 22 September 2025) for the following purposes:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and the Auditors of the Company for the year ended 31 March 2025.
2. To declare a final dividend.
3.
 - (i) To re-elect Ms. Ding Bin as executive director;
 - (ii) To re-elect Mr. Duan Jerry Linnan as executive director;
 - (iii) To re-elect Mr. Bai Li as non-executive director;
 - (iv) To re-elect Mr. Siu Chi Ming as independent non-executive director;
 - (v) To re-elect Ms. Ho Ping as independent non-executive director; and
 - (vi) To authorise the board of directors to fix the Directors’ remunerations.
4. To consider and, if thought fit, appoint Ernst & Young as auditors and to authorise the board of directors of the Company to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

As special business, to consider and, if thought fit, pass the following resolutions, which will be proposed with or without amendments, as ordinary resolutions:

ORDINARY RESOLUTIONS

5. **“THAT**

- (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares (including any sale or transfer of treasury shares) in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the Directors be and are hereby authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (A) and (B) of this resolution above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the bye-laws of the Company, shall not exceed 20% of the number of issued shares (excluding any treasury shares) of the Company at the time of passing this resolution; and
- (D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and bye-laws of the Company or the applicable laws of Bermuda to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

6. **“THAT**

- (A) subject to paragraph (C) of this resolution below, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to repurchase such shares are subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) of this resolution above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to repurchase its shares at a price determined by the Directors;
- (C) the aggregate number of shares of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (A) of this resolution above during the Relevant Period shall not exceed 10% of the number of issued shares (excluding any treasury shares) of the Company as at the time of passing this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

(D) for the purposes of this resolution:

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and bye-laws of the Company or the applicable laws of Bermuda to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

7. “**THAT** conditional upon the passing of the ordinary resolution nos. 5 and 6 in the notice convening the annual general meeting of the Company, the aggregate number of shares of the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution no. 6 shall be added to the aggregate number of shares of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the directors of the Company pursuant to and in accordance with ordinary resolution no. 5 as set out in the notice of the annual general meeting of the Company.”

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

Hong Kong, 25 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.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy representing either an individual member or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority shall be deposited to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong not less than 48 hours before the time fixed for holding the meeting.
4. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened or upon the poll concerned and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint registered holders of any Shares, any one of such joint holders may vote either personally or by proxy in respect of such Shares as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such Share shall alone be entitled to vote in respect thereof.
6. The register of members will be closed from Tuesday, 16 September 2025 to Friday, 19 September 2025 (or to Monday, 22 September 2025, in the event that the AGM is to be held on Monday, 22 September 2025 because of a black rainstorm warning signal, a tropical cyclone warning signal no. 8 or above, or "extreme conditions" announced by the Hong Kong Government) (both days inclusive), during which period no transfer of shares will be registered. All holders of Shares whose names appear on the register of members of the Company on Friday, 19 September 2025 will be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfers of shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the office of the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Monday, 15 September 2025.

* *For identification purpose only*