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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)

ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE BONDS

References are made to (i) the announcement of the Company dated 1 April 2020 (the “**CB Announcement**”), in relation to, among other things, the issue of the Convertible Bonds by the Company and the Convertible Bonds were issued on 8 May 2020, (ii) the annual results announcement of the Company dated 29 June 2020 in relation to the financial results of the Company for the year ended 31 March 2020 (the “**2020 Annual Results Announcement**”); and (iii) the interim results announcement of the Company dated 26 November 2020 in relation to the financial results of the Company for the six months ended 30 September 2020 (the “**2021 Interim Results Announcement**”). Capitalised terms used in this announcement shall have the same meaning as those defined in the CB Announcement unless the context requires otherwise.

As announced in the 2020 Annual Results Announcement, the Board recommended a final dividend of HK16 cents per Share (the “**2020 Final Dividend**”) and, as announced in the 2021 Interim Results Announcement (the “**2021 Interim Dividend**”), the Board recommended an interim dividend of HK15 cents per Share.

Pursuant to the terms and conditions of the Convertible Bonds, the conversion price (the “**Conversion Price**”) is subject to adjustment for, amongst other things, capital distribution made by the Company, including a distribution of cash dividends. Hence, the payment of the 2020 Final Dividend and the 2021 Interim Dividend gave rise to adjustments to the Conversion Price. Pursuant to the terms and conditions of the Convertible Bonds, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such capital distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the current market price of one Share on the date that the capital distribution is publicly announced; and
- B is the fair market price on the date of such announcement of the capital distribution attributable to of one Share.

The independent financial adviser to the Company has confirmed to the Company that the Conversion Price shall be adjusted to HK\$7.62 per Share (the “**Adjusted Conversion Price**”) as a result of the payment of the 2020 Final Dividend and the 2021 Interim Dividend by the Company, and that such adjustment has become effective as at the date of this announcement.

As at the date of this announcement, the total outstanding principal amount of the Convertible Bonds is HK\$361,336,495.80. Based on the Adjusted Conversion Price, the maximum number of Shares to be issued by the Company upon full conversion of the Convertible Bonds will be increased from 44,886,521 Shares to 47,419,487 Shares. Save for the adjustment to the conversion price, there is no change to the terms and conditions of the Convertible Bonds.

The additional 2,532,966 Shares (the “**Additional Shares**”) will be allotted and issued pursuant to the General Mandate granted to the Directors by the Shareholders on 6 September 2019 to allot and issue up to 320,805,771 Shares. As at the date of this announcement, the Company has not exercised the power to allot and issue any Shares pursuant to the General Mandate. As such, the limit of the General Mandate is sufficient to cover the issue of the Additional Shares. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Additional Shares on the Stock Exchange.

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

Hong Kong, 12 July 2021

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin, Ms. Liu Yu Jie, Mr. Li Zhong and Mr. Duan Jerry Linnan, four non-executive Directors, being Mr. Zhao Hai Hu, Mr. Zhou Wen Zhi, Mr. Makoto Inoue and Ms. Wang Xiaoqin, and five independent non-executive Directors, being Mr. Chau Kam Wing, Mr. Siu Chi Ming, Ms. Ho Ping, Ms. Zhou Nan and Mr. Chan Wai Cheung Admiral.

* *For identification purposes only*