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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)

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES PROVISION OF CONSTRUCTION SERVICES

This announcement is made by the Company pursuant to Rule 14A.60(1) of the Listing Rules.

Reference is made to the joint announcement of Mr. Duan, Sharp Profit, the Company and Kangda dated 22 September 2025 in relation to, among other things, the close of the Offers by First Shanghai Securities Limited on behalf of the Joint Offerors to acquire all the issued shares and to cancel all outstanding share options of Kangda.

After the closing of the Offers and the completion of transfer of the valid acceptance shares of Kangda to the Joint Offerors, Mr. Duan, the Chairman of the Board and an executive Director, became interested in over 30% of the shares of Kangda, as a result of which Kangda became an associate of Mr. Duan and a connected person of the Company.

Before Kangda became a connected person of the Company, Jiangxi Silver Dragon, a subsidiary of the Company, had entered into the Agreement for the provision of construction services with Kangda HK, a wholly-owned subsidiary of Kangda. As such, the arrangements under the Agreement have become continuing connected transactions of the Company.

Accordingly, the Company is required to comply with the annual review and disclosure requirements pursuant to Rule 14A.60(1) of the Listing Rules. If the Agreement is renewed or its terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

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THE AGREEMENT

The principal terms of the Agreement are set out below:

Date:	8 November 2022
Parties:	(i) Kangda HK (for itself and its subsidiaries); and (ii) Jiangxi Silver Dragon (for itself and its subsidiaries)
Term:	From 1 January 2023 to 31 December 2025
Subject:	Jiangxi Silver Dragon Group may be selected to provide civil works, construction, installation works and supply of equipment for projects of Kangda Group relating to the construction, upgrading, reconstruction and expansion of wastewater treatment facilities of Kangda Group through a tender process in compliance with the applicable laws and regulations in the PRC.

Separate construction contracts will be entered into between relevant members of Kangda HK Group and Jiangxi Silver Dragon Group, if Jiangxi Silver Dragon Group is selected through the tender process to provide the construction and related works and services to the Kangda Group.

Consideration:

The Jiangxi Silver Dragon Group will submit bidding document to participate in the tender process. The bidding price is determined on normal commercial terms and is no less favourable than the terms of the same or generally similar transactions entered into between the Jiangxi Silver Dragon Group and an independent third party.

In the event that Jiangxi Silver Dragon Group is the selected bidder in the tender process, the construction fee shall be the bidding price submitted in the tender process. Construction fees will be payable by Kangda HK (or its subsidiaries) pursuant to the construction contracts to be entered into with the relevant members of the Jiangxi Silver Dragon Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Group is principally engaged in the city water supply business, pipeline direct drinking water supply and environmental protection business which comprises provision of sewage treatment and drainage operation and construction services, solid waste and hazardous waste business, environmental sanitation and water environment management.

The provision of construction services and the transactions contemplated under the Agreement between Kangda and Jiangxi Silver Dragon had been ongoing and became continuing connected transactions of the Company as a result of the reasons set out in the section headed "Introduction" above. The Directors (including the independent non-executive Directors) consider that entering into the Agreement was a continuation of and in line with the Group's business of providing construction services, which is in the ordinary and usual course of business of the Group.

The Board (including the independent non-executive Directors but excluding Mr. Duan, Mr. Duan Jerry Linnan, Mr. Li Zhong and Mr. Chau Kam Wing) is of the view that the terms of the Agreement are fair and reasonable and that they are on normal commercial terms and the transactions contemplated under the Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the city water supply business, pipeline direct drinking water supply business and environmental protection business which comprises provision of sewage treatment and drainage operation and construction services, solid waste and hazardous waste business, environmental sanitation and water environment management.

Jiangxi Silver Dragon is a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company. Its principal business includes municipal, water supply related and environmental renovation infrastructure construction.

INFORMATION ON KANGDA GROUP

Kangda is an investment holding company. Kangda is incorporated in the Cayman Islands with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 6136). Kangda Group is mainly engaged in investing in and operating wastewater treatment facilities in the PRC. As of the date of this announcement, the Company indirectly holds 27.41% of the total issued share capital of Kangda.

Kangda HK is a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Kangda. It is primarily engaged in investment holding.

DEFINITIONS

Unless defined otherwise, the terms used in this announcement shall have the following meanings:

"Agreement"	the framework construction services agreement dated 8 November 2022 entered into between Kangda HK (for itself and its subsidiaries) and Jiangxi Silver Dragon (for itself and its subsidiaries) in relation to the provision of construction works and services for wastewater treatment facilities through tender process by Jiangxi Silver Dragon for the period commencing from 1 January 2023 and ending on 31 December 2025
"Board"	the board of directors of the Company
"Company"	China Water Affairs Group Limited (stock code: 855), an exempted company incorporated under the laws of the Cayman Islands and continued as an exempted company in Bermuda with limited liability, the shares of which are listed on the Stock Exchange

"Connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jiangxi Silver Dragon"	Jiangxi Silver Dragon Water Environment Construction Co., Ltd.* (江西銀龍水環境建設有限責任公司), a subsidiary of the Company incorporated in the PRC with limited liability
"Jiangxi Silver Dragon Group"	Jiangxi Silver Dragon and its subsidiaries
"Joint Offerors"	Mr. Duan and Sharp Profit
"Kangda"	Kangda International Environmental Company Limited (stock code: 6136), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
"Kangda Group"	Kangda and its subsidiaries
"Kangda HK"	Kangda Investment (Hong Kong) Company Limited (康達投資(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of Kangda
"Kangda HK Group"	Kangda HK and its subsidiaries
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Duan"	Mr. Duan Chuan Liang, the Chairman of the Board and an executive Director
"Offers"	The mandatory unconditional cash offers by First Shanghai Securities Limited on behalf of the Joint Offerors to acquire all the issued shares of Kangda and to cancel all outstanding share options of Kangda which closed on 22 September 2025

"PRC"	the People's Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Shareholder(s)"	shareholder(s) of the Company
"Sharp Profit"	Sharp Profit Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

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

Hong Kong, 6 October 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, Mr. Xu Yan and Ms. Wang Xiaoqin, 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*