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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)



KANGDA INTERNATIONAL ENVIRONMENTAL COMPANY LIMITED

康達國際環保有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6136)

JOINT ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS

SUMMARY

Reference is made to the joint announcement of Kangda and CWA dated 22 December 2025 in relation to, among other things, the renewal of continuing connected transactions between Kangda HK, an indirectly wholly-owned subsidiary of Kangda and Jiangxi Silver Dragon, a subsidiary of CWA under the Construction Services Agreement.

As the Kangda HK Group and the Jiangxi Silver Dragon Group estimate that the original annual caps for the continuing connected transactions under the Construction Services Agreement for each of the three years ending 31 December 2026, 2027, and 2028 will not be sufficient to meet the needs of the Kangda HK Group and the Jiangxi Silver Dragon Group, the Kangda Board and CWA Board proposed to revise the annual caps for the continuing connected transactions under the Construction Services Agreement for each of the three years ending 31 December 2026, 2027, and 2028.

LISTING RULES IMPLICATIONS

As Kangda is an associate of Mr. Duan, the Chairman and Executive Director of CWA, and Kangda HK is a wholly-owned subsidiary of Kangda, Kangda HK is therefore a connected person of CWA under the Listing Rules, and the transactions contemplated under the Construction Services Agreement will constitute continuing connected transactions for CWA under Rule 14A.31 of the Listing Rules and are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As Jiangxi Silver Dragon is a non-wholly owned subsidiary of CWA, a substantial shareholder of Kangda. Therefore, Jiangxi Silver Dragon is a connected person of Kangda by virtue of being an associate of CWA and the transactions contemplated under the Construction Services Agreement will constitute continuing connected transactions for Kangda under Rule 14A.31 of the Listing Rules.

* For identification purposes only

As one or more of the applicable percentage ratios in respect of the Revised CWA Annual Caps under the Construction Services Agreement exceed 0.1% but are all less than 5%, the transactions contemplated under the Construction Services Agreement are subject to reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for CWA.

As one or more of the applicable percentage ratios in respect of the Revised Kangda Annual Caps under the Construction Services Agreement exceed 0.1% but are all less than 5%, the transactions contemplated under the Construction Services Agreement are subject to reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for Kangda.

INTRODUCTION

Reference is made to the joint announcement of Kangda and CWA dated 22 December 2025 in relation to, among other things, the renewal of continuing connected transactions between Kangda HK, an indirectly wholly-owned subsidiary of Kangda and Jiangxi Silver Dragon, a subsidiary of CWA under the Construction Services Agreement.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts under the Previous Construction Services Agreement for the years ended 31 December 2024 and 2025 and the Construction Services Agreement for the first six months of the year ending 31 December 2026 were approximately RMB41.1 million, RMB54.5 million and RMB23.6 million, respectively.

ORIGINAL ANNUAL CAPS AND REVISED ANNUAL CAPS

As the Kangda HK Group and the Jiangxi Silver Dragon Group estimate that the original annual caps for the continuing connected transactions under the Construction Services Agreement for each of the three years ending 31 December 2026, 2027, and 2028 will not be sufficient to meet the needs of the Kangda HK Group and the Jiangxi Silver Dragon Group, the Kangda Board and CWA Board proposed to revise the annual caps for the continuing connected transactions under the Construction Services Agreement for each of the three years ending 31 December 2026, 2027, and 2028 as follows:

(A) The annual caps for CWA

For the year ending 31 December 2026		For the year ending 31 December 2027		For the year ending 31 December 2028	
Original	Revised	Original	Revised	Original	Revised
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
45	70	45	70	45	70

(B) The annual caps for Kangda

For the year ending 31 December 2026		For the year ending 31 December 2027		For the year ending 31 December 2028	
Original	Revised	Original	Revised	Original	Revised
<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
45	70	45	70	45	70

Apart from the revised annual caps, other terms and conditions of the Construction Services Agreement remain unchanged.

BASIS AND BENEFITS OF THE REVISED ANNUAL CAPS

The following key factors are considered in determining the revised annual caps set for continuing connected transactions under the Construction Services Agreement:

- (a) the historical transaction amounts for construction services under the Previous Construction Services Agreement for the years ended 31 December 2024 and 2025 and the Construction Services Agreement for the first six months of the year ending 31 December 2026;
- (b) the recent performance and business plan of the Kangda HK Group;
- (c) the estimated construction costs to be incurred by the Kangda HK Group for the three financial years ending 31 December 2026, 2027 and 2028, based on the overall planning, construction schedules and/or expected construction, upgrading or expansion works of the Kangda HK Group's existing and/or new projects in relation to wastewater treatment facilities for the relevant periods;
- (d) the total construction costs arising, or expected to arise, from construction contracts entered into, or expected to be entered into, between the Kangda HK Group and the Jiangxi Silver Dragon Group for the three financial years ending 31 December 2026, 2027 and 2028 and with reference to the construction schedules and/or expected construction work of the relevant projects in relation to wastewater treatment facilities for the relevant periods; and
- (e) the estimated increase in the average market rates charged for similar services due to inflation and anticipated increase in cost, and on the principal assumptions that, for the duration of the term of the Construction Services Agreement, there will not be any material change or disruption in market conditions, operation and business environment, regulations or government policies which may materially and adversely affect the operations and businesses of the Kangda HK Group or the Jiangxi Silver Dragon Group.

The Jiangxi Silver Dragon Group started to provide construction services to the Kangda HK Group since 2020 and had demonstrated its ability to provide quality services to and effectively communicate with the Kangda HK Group and to meet the operational requirements of the Kangda HK Group. The revision of annual caps allows the Kangda HK Group and the Jiangxi Silver Dragon Group to further expand their cooperation and to support their future businesses.

The Construction Services Agreement allowed the Kangda HK Group to secure stable and high-quality construction services from an established and reputable contractor. Concurrently, the Jiangxi Silver Dragon Group was able to leverage its technical expertise and operational resources to not only fulfill the requirements of the Kangda HK Group but also to broaden its business scope and strengthen its industry presence.

Based on the foregoing, the CWA Board (including the independent non-executive directors of CWA but excluding (i) Mr. Duan, who is the controlling shareholder of Kangda; and (ii) the Overlapping Directors (i.e. Mr. Li Zhong, Mr. Duan Jerry Linnan and Mr. Chau Kam Wing) consider that the transactions contemplated under the Construction Services Agreement and the Revised CWA Annual Caps set out above are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the CWA Group and in the interests of CWA and its shareholders as a whole.

Based on the foregoing, the Kangda Board (including the independent non-executive directors of Kangda but excluding the Overlapping Directors (i.e. Mr. Li Zhong, Mr. Duan, Jerry Linnan and Mr. Chau Kam Wing, Donald) consider that the transactions contemplated under the Construction Services Agreement and the Revised Kangda Annual Caps set out above are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Kangda Group and in the interests of Kangda and its shareholders as a whole.

INFORMATION ON THE CWA GROUP

CWA is an investment holding company. The CWA 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 CWA. Its principal business includes municipal, water supply related and environmental renovation infrastructure construction.

INFORMATION ON THE KANGDA GROUP

Kangda is an investment holding company. the Kangda Group is mainly engaged in investing in and operating wastewater treatment facilities in the PRC. As of the date of this announcement, CWA indirectly holds 29.67% 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.

LISTING RULES IMPLICATIONS

As Kangda is an associate of Mr. Duan, the Chairman and Executive Director of CWA, and Kangda HK is a wholly-owned subsidiary of Kangda, Kangda HK is therefore a connected person of CWA under the Listing Rules, and the transactions contemplated under the

Construction Services Agreement will constitute continuing connected transactions for CWA under Rule 14A.31 of the Listing Rules and are subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As Jiangxi Silver Dragon is a non-wholly owned subsidiary of CWA, a substantial shareholder of Kangda. Therefore, Jiangxi Silver Dragon is a connected person of Kangda by virtue of being an associate of CWA and the transactions contemplated under the Construction Services Agreement will constitute continuing connected transactions for Kangda under Rule 14A.31 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Revised CWA Annual Caps under the Construction Services Agreement exceed 0.1% but are all less than 5%, the transactions contemplated under the Construction Services Agreement are subject to reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for CWA.

As one or more of the applicable percentage ratios in respect of the Revised Kangda Annual Caps under the Construction Services Agreement exceed 0.1% but are all less than 5%, the transactions contemplated under the Construction Services Agreement are subject to reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules for Kangda.

DEFINITIONS

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

“associate(s)”	has the meaning as defined under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Services Agreement”	the framework construction services agreement dated 22 December 2025 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 the Jiangxi Silver Dragon Group for the period commencing from 1 January 2026 and ending on 31 December 2028
“CWA”	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
“CWA Board”	the board of directors of CWA

“CWA Group”	CWA and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons or companies which are independent of and not connected with any of CWA and Kangda or their respective connected person(s)
“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 CWA incorporated in the PRC with limited liability
“Jiangxi Silver Dragon Group”	Jiangxi Silver Dragon and its subsidiaries
“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 Board”	the board of directors of Kangda
“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 CWA Board and an executive director
“Overlapping Directors”	including Mr. Li Zhong, Mr. Duan Jerry Linnan (or, Mr. Duan, Jerry Linnan) and Mr. Chau Kam Wing (or Mr. Chau Kam Wing, Donald), all being directors of both CWA and Kangda
“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

“Previous Construction Services 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 commenced from 1 January 2023 and ended on 31 December 2025
“Revised CWA Annual Caps”	the revised annual caps for the continuing connected transactions under the Construction Services Agreement for CWA
“Revised Kangda Annual Caps”	the revised annual caps for the continuing connected transactions under the Construction Services Agreement for Kangda
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

By order of the board of directors of
Kangda International
Environmental Company Limited
Du Lindong
Chairman

Hong Kong, 30 September 2026

As at the date of this announcement, the Board of CWA 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, Ms. Ho Ping, Mr. Xiao Zhe and Ms. Wu Zhijun.

As at the date of this announcement, the Board of Kangda comprises seven Directors, namely Mr. Du Lindong, Mr. LI Zhong, Ms. LIU Yujie and Mr. DUAN, Jerry Linnan as executive Directors; and Mr. CHAU Kam Wing Donald, Mr. PENG Yongzhen and Mr. Liew Fui Kiang as independent non-executive Directors.