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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**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.

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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)

### **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**

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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 4 September 2020 at 10:00 a.m. or any adjournment thereof is set out on pages 15 to 18 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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, 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.

#### **PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (1) Compulsory temperature screening/checks
- (2) Wearing of surgical face mask
- (3) No provision of refreshments or drinks

Attendees who do not comply with the precautionary measures referred to in (1) and (2) above may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law.

**For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their proxy forms by the time specified above, instead of attending the AGM in person.**

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## **PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING**

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To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (1) Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of the AGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the AGM venue and be requested to leave the AGM venue.
- (2) Every attendee will be required to wear a surgical face mask throughout the AGM and sit at a distance from other attendees. Please note that no masks will be provided at the AGM venue and attendees should wear their own masks.
- (3) No refreshments or drinks will be provided to attendees at the AGM.

Attendees who do not comply with the precautionary measures referred to in (1) and (2) above may be denied entry to the AGM venue, at the absolute discretion of the Company as permitted by law.

**For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the AGM by appointing the Chairman of the AGM as their proxy and to return their proxy forms before the prescribed time, instead of attending the AGM in person.**

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## DEFINITIONS

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*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 4 September 2020 at 10:00 a.m.
“AGM Notice”	the notice convening the AGM as set out in pages 15 to 18 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
“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
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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”	24 July 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“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
“%”	per cent.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Duan Chuan Liang (*Chairman*)  
Ms. Ding Bin  
Ms. Liu Yu Jie  
Mr. Li Zhong  
Mr. Duan Jerry Linnan

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Directors:*

Mr. Zhao Hai Hu  
Mr. Zhou Wen Zhi  
Mr. Makoto Inoue  
Ms. Wang Xiaoqin

*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  
Ms. Zhou Nan  
Mr. Chan Wai Cheung Admiral

30 July 2020

*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

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## LETTER FROM THE BOARD

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### **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 1,604,028,859 Shares in issue 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 160,402,885 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 2021. Subject to approval of Shareholders at the AGM, the Repurchase Mandate would continue in force until the next annual general meeting in 2021.

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 1,604,028,859 Shares in issue 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 320,805,771 Shares being issued by the Company, representing 20% 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 2021. Subject to approval of Shareholders at the AGM, the Issue Mandate would continue in force until the next annual general meeting in 2021.

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.

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## LETTER FROM THE BOARD

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### RE-ELECTION OF RETIRING DIRECTORS

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

Therefore Mr. Duan Jerry Linnan, Ms. Zhou Nan and Mr. Chan Wai Cheung Admiral, being Directors appointed by the Board, shall retire at the AGM and being eligible shall offer themselves 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 greater 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 and being eligible offer themselves for re-election at the AGM are Mr. Makoto Inoue, Mr. Chau Kam Wing and Ms. Ho Ping.

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

Mr. Chau Kam Wing 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 A.4.3 of Appendix 14 of the Listing Rules.

Mr. Chau Kam Wing, Ms. Ho Ping, Ms. Zhou Nan and Mr. Chan Wai Cheung Admiral 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.

The independent non-executive Directors to be re-elected have provided valuable contributions and insights to the Board. The Nomination Committee has considered the experience, skills and expertise of each of the independent non-executive Directors to be re-elected 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 the independent non-executive Directors to be re-elected will continue to provide valuable insights and contribute to diversity to the Board and should be re-elected.



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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

Set out on pages 15 to 18 of this circular is the AGM Notice at which ordinary resolutions will be proposed to approve 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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, 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.

The register of members will be closed from Tuesday, 1 September 2020 to Friday, 4 September 2020 (both days inclusive), during which period no transfer of shares will be registered. 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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 31 August 2020.

### 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*

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## APPENDIX I      DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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

### **Executive Director**

**Mr. Duan Jerry Linnan**, aged 29, 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 (“Kangda International”), 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.

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\$1,718,000 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 is interested in 10,000,000 shares of Kangda International. Save as aforesaid, Mr. Duan does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There is no information required 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. Makoto Inoue**, aged 67, was graduated from Chuo University in Japan with a Bachelor of Law in 1975. Mr. Makoto joined ORIX Corporation, a company listed on the Tokyo Stock Exchange, Osaka Securities Exchange and New York Stock Exchange, in 1975, where he is currently a director, representative executive officer, and the president and chief executive officer. ORIX Corporation is a substantial shareholder of the Company holding 291,170,277 Shares, representing approximately 18.15% of the total issued share capital of the Company. He has over 40 years of experience in leasing and finance, investment banking, and alternative investment in a global context. He joined the Group in 2012. He was the non-executive director of Haichang Ocean Park Holdings Ltd. (stock code: 2255) from July 2012 to August 2018, a company listed on the main board of the Stock Exchange.

There is no service contract between Mr. Inoue and the Company. His appointment will be for a term of three years, subject to retirement and re-election at the annual general meeting of the Company. Mr. Inoue is entitled to an annual remuneration of HK\$60,000 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. Inoue has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Inoue does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There is no information required to be disclosed by Mr. Inoue 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. Chau Kam Wing**, aged 57, has over 20 years of experience in auditing, taxation and financial management and had been appointed as financial controller of a number of companies listed in Hong Kong. Mr. Chau obtained a Master Degree in Business Administration from the University of San Francisco, United States of America (“USA”) in 2000. He is also a fellow member of The Association of Chartered Certified Accountants and a practicing member of the Hong Kong Institute of Certified Public Accountants. He joined the Group in 2007. He is also the chairman of the audit committee and remuneration committee and a member of the nomination committee of the Company. Mr. Chau is currently the finance director of Winox Holdings Limited (stock code: 6838) and an independent non-executive director of Carpenter Tan Holdings Limited (stock code: 837), Kangda International Environmental Company Limited (stock code: 6136) and Ching Lee Holdings Limited (stock code: 3728), all of which are listed on the main board of the Stock Exchange. Mr. Chau is also an independent non-executive director of Eco-Tek Holdings Limited (stock code: 8169), which is listed on GEM of the Stock Exchange. From May 2014 to May 2019, Mr. Chau was also an independent non-executive director of Zhejiang Chang’an Renheng Technology Co., Ltd. (stock code: 8139), which is listed on the GEM of the Stock Exchange.

There is no service contract between Mr. Chau and the Company. His appointment will be for a term of three years, subject to retirement and re-election at the annual general meeting of the Company. Mr. Chau is entitled to an annual remuneration of HK\$348,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group’s affairs. Mr. Chau has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Chau is interested in 2,000,000 shares of Kangda International. Save as aforesaid, Mr. Chau does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There is no information required to be disclosed by Mr. Chau 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 48, 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 China Investment Securities Limited Liability 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 will be for a term of three years, 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 is interested in 978,000 Shares of the Company. There is no information required 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.

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## APPENDIX I            DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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**Ms. Zhou Nan**, aged 34, graduated from the University of Maryland at College Park, USA with Double Bachelor Degrees in Economics and Accounting. She obtained her degree in Master of Business Administration from the Wharton School, University of Pennsylvania, USA. Ms. Zhou's most recent position was Head of USA, Baidu Changcheng Investment Partners. Ms. Zhou initially joined Baidu in 2016 to lead Baidu's strategic & venture investment in the USA. There she established Baidu's venture fund platform in Silicon Valley, and built the investment landscape for both Baidu and Baidu's affiliated funds in the USA. During her career at Baidu Investment, she developed in-depth industry insights in artificial intelligence (AI) and its application across different industries, self-driving cars (sensor & system), deep-tech/semiconductor/edge computing, digital health, and SaaS. Prior to joining Baidu, Ms. Zhou worked for reputable investment banks in Hong Kong and the USA and was responsible for numerous IPOs, merger and acquisitions and fund raising exercises and has gained extensive experience, expertise and connections in the capital markets of Hong Kong and the USA. Ms. Zhou is also a member of the audit committee and remuneration committee of the Company. She joined the Group in 2019. Ms. Zhou did not hold any other directorship in any public listed companies in the last three years.

There is no service contract between Ms. Zhou and the Company. Her appointment will be for a term of three years, subject to retirement and re-election at the annual general meeting of the Company. Ms. Zhou 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. Zhou has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Zhou does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There is no information required to be disclosed by Ms. Zhou 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. Chan Wai Cheung Admiral**, aged 47, holds a Bachelor of Arts (Honours) in Accountancy from City University of Hong Kong. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience in the accounting and auditing fields. Mr. Chan is also a member of the audit committee and remuneration committee of the Company. He joined the Group in 2020. Mr. Chan is an executive director and the company secretary of Energy International Investments Holdings Limited (stock code: 353), an independent non-executive director of each of SFund International Holdings Limited (stock code: 1367) and Zhong Ao Home Group Limited (stock code: 1538), all of which are listed on the main board of the Stock Exchange. Mr. Chan is also an independent non-executive director of China Oil Gangran Energy Group Holdings Limited (stock code: 8132), which is listed on the GEM on the Stock Exchange. Mr. Chan was a non-executive director of China Nonferrous Metals Company Limited (stock code: 8306) from June 2015 to May 2019, which was listed on the Stock Exchange; and an independent non-executive director of Carnival Group International Holdings Limited (stock code: 996) from December 2014 to April 2019, which is listed on the Stock Exchange.

There is no service contract between Mr. Chan and the Company. His appointment will be for a term of three years, subject to retirement and re-election at the annual general meeting of the Company. Mr. Chan 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. Chan has no relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Chan does not have, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). There is no information required to be disclosed by Mr. Chan 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 2020 (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 1,604,028,859 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 160,402,885 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.

**5. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange to 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.

**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 470,880,301 Shares of the Company representing approximately 29.36% of the total number of issued Shares of the Company, is the single largest substantial Shareholder. In the event that the Repurchase Mandate is exercised in full, Mr. Duan Chuan Liang's interest would be increased to approximately 32.62% of the total number of issued Shares of the Company. 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 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\$)
24 July 2020	410,000	On Stock Exchange	6.05	5.96	2,459,860
23 July 2020	422,000	On Stock Exchange	6.13	5.95	2,557,500
22 July 2020	482,000	On Stock Exchange	6.20	6.08	2,964,660
21 July 2020	412,000	On Stock Exchange	6.23	6.01	2,532,960
20 July 2020	338,000	On Stock Exchange	6.20	6.02	2,072,920
17 July 2020	426,000	On Stock Exchange	5.93	5.73	2,484,840
16 July 2020	440,000	On Stock Exchange	5.82	5.74	2,545,700
15 July 2020	456,000	On Stock Exchange	5.87	5.80	2,661,940
14 July 2020	340,000	On Stock Exchange	5.95	5.79	1,984,100
13 July 2020	152,000	On Stock Exchange	5.97	5.89	902,520
10 July 2020	302,000	On Stock Exchange	5.89	5.82	1,762,960
09 July 2020	286,000	On Stock Exchange	6.02	5.80	1,687,040
08 July 2020	210,000	On Stock Exchange	5.96	5.88	1,242,500
07 July 2020	550,000	On Stock Exchange	6.04	5.83	3,241,500
06 July 2020	70,000	On Stock Exchange	5.99	5.90	415,900
03 July 2020	378,000	On Stock Exchange	5.67	5.58	2,129,920
02 July 2020	318,000	On Stock Exchange	5.64	5.54	1,777,860
30 June 2020	364,000	On Stock Exchange	5.58	5.52	2,018,360

## 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 HK\$	Lowest HK\$
<b>2019</b>		
July	7.72	6.98
August	7.02	5.43
September	6.72	6.00
October	6.24	5.91
November	6.28	5.89
December	6.16	5.63
<b>2020</b>		
January	6.82	5.82
February	6.59	6.00
March	6.82	5.15
April	6.19	5.57
May	6.03	5.05
June	5.80	5.22
July (up to the Latest Practicable Date)	6.25	5.51



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## NOTICE OF ANNUAL GENERAL MEETING

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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)

**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 4 September 2020 at Suite 6408, 64/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong 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 2020.
2. To declare a final dividend.
3.
  - (i) To re-elect Mr. Duan Jerry Linnan as executive director;
  - (ii) To re-elect Mr. Makoto Inoue as non-executive director;
  - (iii) To re-elect Mr. Chau Kam Wing as independent non-executive director;
  - (iv) To re-elect Ms. Ho Ping as independent non-executive director;
  - (v) To re-elect Ms. Zhou Nan as independent non-executive director;
  - (vi) To re-elect Mr. Chan Wai Cheung Admiral as independent non-executive director;  
and
  - (vii) To authorise the board of directors to fix the Directors’ remunerations.
4. To consider and, if thought fit, re-appoint PricewaterhouseCoopers as auditors and to authorise the board of directors of the Company to fix their remuneration.

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 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;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (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 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
- (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.

“Right 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).”

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## NOTICE OF ANNUAL GENERAL MEETING

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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 of the Company as 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
- (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.”

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## NOTICE OF ANNUAL GENERAL MEETING

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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 or agreed conditionally or unconditionally to be allotted 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, 30 July 2020

*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.*

*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 to attend and vote instead of him. A proxy need not be a member of the Company. In addition, a proxy or proxies 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 Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, 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.

\* *For identification purpose only*