
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.

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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

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 3 September 2021 at 10:00 a.m. or any adjournment thereof is set out on pages 13 to 16 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

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.

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 3 September 2021 at 10:00 a.m.
“AGM Notice”	the notice convening the AGM as set out in pages 13 to 16 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”	23 July 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

DEFINITIONS

“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.

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
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

29 July 2021

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 1,632,322,346 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 163,232,234 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 2022. Subject to approval of Shareholders at the AGM, the Repurchase Mandate would continue in force until the next annual general meeting in 2022.

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 1,632,322,346 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 326,464,469 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 2022. Subject to approval of Shareholders at the AGM, the Issue Mandate would continue in force until the next annual general meeting in 2022.

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 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 at the AGM are Ms. Liu Yu Jie, Mr. Li Zhong, Mr. Zhou Wen Zhi and Ms. Wang Xiaoqin. All of them, except Mr. Zhou Wen Zhi, being eligible offer themselves for re-election at the AGM. Mr. Zhou Wen Zhi has informed the Company that due to his other personal commitments, he shall retire at the AGM and will not seek for re-election. Mr. Zhou Wen Zhi has confirmed that he has no disagreement with the Board and there is no matter in relation to his retirement which need to be brought to the attention of the Stock Exchange or the Shareholders.

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

ANNUAL GENERAL MEETING

Set out on pages 13 to 16 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, 31 August 2021 to Friday, 3 September 2021 (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, 30 August 2021.

LETTER FROM THE BOARD

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

Mr. Li Zhong, aged 52, executive director of the Company and directors of certain subsidiaries of the Company. Mr. Li was graduated from the Beijing University of Chemical Technology with a major in Polymer Materials, and obtained a Master Degree in Business Administration from Saint Mary's University of Canada in 1997. He holds registered engineer certifications from both Mainland China and Canada, and has served in national State-owned enterprises and renowned global enterprises in Mainland China and Hong Kong for nearly 30 years. Since 2002, he has dedicated himself to urban public utilities with a focus on water affairs, as well as the investment, management and operation of infrastructure projects. Since 2004, he has been a director of Shenzhen Bus Group Co., Ltd. Mr. Li also serves as deputy president of China Environmental Chamber of Commerce, a Standing Committee Member of the China Overseas Friendship Association and the honorary chairman of the Hong Kong Volunteers Association. Mr. Li is also the co-chairman and executive director of Kangda International Environmental Company Limited ("**Kangda International**") (stock code: 6136), which is listed on the main board of the Stock Exchange. Save as aforesaid, Mr. Li did not hold any other directorship in any public listed companies in the last three years.

Mr. Li and the Company have entered into a service contract. His appointment has no fixed term and is subject to retirement and re-election at the annual general meeting of the Company. Mr. Li is entitled to an annual remuneration of HK\$2,608,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group's affairs. Mr. Li has no relationship with any directors, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Li was interested in 37,627,457 Shares of which 29,207,457 Shares were held through his spouse and 8,420,000 Shares were held by Mr. Li personally. Save as aforesaid, Mr. Li has no interest in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Li does not hold any other position with the Company or any of its subsidiaries. There is no information to be disclosed by Mr. Li 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. Liu Yu Jie, aged 57, executive director of the Company. Ms. Liu was graduated from University of International Business and Economic in Beijing and obtained a Master Degree in Business Administration. Ms. Liu has been working in Hong Kong, Singapore and the PRC for over 20 years in total and is familiar with the business environment and regulatory system of the three places. She has comprehensive experience in capital market, business promotion and corporate management; participated in IPO and underwriting of over 30 companies on the Stock Exchange; led and completed merger and acquisition of three companies in Hong Kong and Singapore; assisted capital raising and management of large-scale industrial fund for investment in China; acted as executive directors of listed companies in Hong Kong and Singapore which engage in utilities and infrastructure investment. Currently, she is also the executive director of New Universe Environmental Group Limited (stock code: 436) and Kangda International, and an independent non-executive director of Zhongyu Gas Holdings Limited (stock code: 3633), which are listed on the main board of the Stock Exchange. Save as aforesaid, Ms. Liu did not hold any other directorship in any public listed companies in the last three years.

APPENDIX I DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

There is no service contract between Ms. Liu 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. Liu is entitled to an annual remuneration of HK\$2,418,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group's affairs. Ms. Liu has no relationship with any directors, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Liu was interested in 12,000,000 Shares. Save as aforesaid, Ms. Liu has no interest in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Ms. Liu does not hold any other position with the Company or any of its subsidiaries. There is no information to be disclosed by Ms. Liu 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

Ms. Wang Xiaoqin, aged 48, non-executive director of the Company and directors of certain subsidiaries of the Company. Ms. Wang was graduated from the Shenzhen University majoring in International Finance, and received a Master Degree in Business Administration from the University of Ballarat in Australia. She has held senior management position in finance and technology companies, and has extensive experience in such fields. Ms. Wang did not hold any other directorship in any public listed companies in the last three years.

There is no service contract between Ms. Wang and the Company. Her appointment will be for a term of three years and is subject to retirement and re-election at the annual general meeting of the Company. Ms. Wang is entitled to an annual remuneration of HK\$1,963,000 which was determined based on market rate and the time, effort and expertise to be exercised on the Group's affairs. Ms. Wang has no relationship with any directors, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Wang was interested in 8,950,000 Shares. Save as aforesaid, Ms. Wang has no interest in the shares of the Company within the meaning of Part XV of the SFO. Save as aforesaid, Ms. Wang does not hold any other position with the Company or any of its subsidiaries. There is no information to be disclosed by Ms. Wang 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 2021 (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 1,632,322,346 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 163,232,234 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.

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 28.85% 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 32.05% 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

No repurchase of Shares have been made by the Company (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

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>
2020		
July	6.71	5.51
August	6.93	6.18
September	6.41	5.78
October	6.20	5.50
November	6.17	5.54
December	6.78	5.96
2021		
January	6.75	5.88
February	6.34	5.90
March	6.50	5.99
April	6.44	6.10
May	6.50	5.93
June	6.08	5.78
July (up to the Latest Practicable Date)	6.35	5.91

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 3 September 2021 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 2021.
2. To declare a final dividend.
3.
 - (i) To re-elect Mr. Li Zhong as executive director;
 - (ii) To re-elect Ms. Liu Yue Jie as executive director;
 - (iii) To re-elect Ms. Wang Xiaoqin as non-executive director; and
 - (iv) 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;

NOTICE OF ANNUAL GENERAL MEETING

- (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).”

NOTICE OF ANNUAL GENERAL MEETING

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.”

NOTICE OF ANNUAL 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 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, 29 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.

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*