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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)

PLACING OF EXCHANGEABLE BONDS

This announcement is made by China Water Affairs Group Limited (the “**Company**”) on a voluntary basis to provide update to the shareholders and potential investors on the Exchangeable Bonds.

References are made to the announcements (the “**Announcements**”) of the Company dated 1 April 2020, 12 July 2021 and 4 December 2023 respectively in relation to, among other things, the subscription of the Exchangeable Bonds and the amendments to the terms of the Exchangeable Bonds. Capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements unless the context requires otherwise.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to announce that, on 8 November 2024 (after trading hours), Sharp Profit, being a wholly-owned subsidiary and the holder of the Exchangeable Bonds, entered into a placing agreement (the “**Placing Agreement**”) with a placing agent which is a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Cap. 571, Laws of Hong Kong), as placing agent (the “**Placing Agent**”) in relation to the placing (the “**Placing**”) of the Exchangeable Bonds to independent placees (the “**Placees**”) on a best effort basis, at the placing price of approximately HK\$86,032,000 for all the Exchangeable Bonds.

Pursuant to the Placing Agreement, the Placing Agent shall use its best endeavours (after exercising due care) to ensure that the Placees shall be a third party independent of and not acting in concert (as defined in the Hong Kong Codes on Takeovers and Mergers) with (i) Sharp Profit, the Company or any of its subsidiaries; (ii) Kangda International; or (iii) any director, chief executive or substantial shareholder of the Company, Kangda International or any of its subsidiaries or any of their respective associates.

The Placing Price pursuant to the Placing Agreement was determined between the parties after arm's length negotiation with reference to the existing fair value of the Exchangeable Bonds, the discount to the exchange price of the Exchangeable Bonds comparing with the existing market price of the shares of Kangda International, and the number of exchange shares (the "**Exchange Shares**") to be exchanged under the Exchangeable Bonds. It was noted that the Exchange Price was HK\$1.05 per Exchange Share, and the current market price of the shares of Kangda International was only approximately HK\$0.32. As such, the Placing Price at a discount to the principal amount of the Exchangeable Bonds is fair and reasonable in order to attract Placees.

Completion of the Placing is expected to take place on or before 15 November 2024.

As all the applicable percentage ratios in respect of the Placing and the disposal of the Exchangeable Bonds are less than 5%, the Placing does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Placing is conducted on a best effort basis and may or may not complete. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 8 November 2024

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin, Mr. Li Zhong and Mr. Duan Jerry Linnan, three non-executive Directors, being Mr. Li Hao, Ms. Wang Xiaoqin and Ms. Liu Yu Jie, and four independent non-executive Directors, being Mr. Chau Kam Wing, Mr. Siu Chi Ming, Ms. Ho Ping and Mr. Xiao Zhe.

* *For identification purposes only*