
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 Industry Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1129)

(1) PROPOSED CAPITAL REDUCTION OF ISSUED SHARES, SHARE PREMIUM REDUCTION AND SUB-DIVISION OF UNISSUED SHARES;

(2) CHANGE IN BOARD LOT SIZE; AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Capitalised terms used on this cover page shall have the same meanings as defined in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 6 to 13 of this circular. A notice convening the EGM to be held at 2/F., J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong at 9:30 a.m. on Monday, 25 October 2021 or any adjournment thereof is set out on pages 14 to 16 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are advised to read the notice and complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Share Registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours (i.e. at 9:30 a.m. on Saturday, 23 October 2021) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish, and in such event, the form of proxy shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE EGM

Due to the on-going COVID-19 pandemic, to safeguard the health and safety of the Shareholders, the Company will implement the following precautionary measures at the EGM:

- compulsory body temperature checks
- compulsory wearing of a surgical face mask for each attendee
- submission of personal information form, which may be used for contact tracing, if required
- no distribution of corporate gift nor provision of refreshment

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. All attendees are required to wear surgical face masks at all times at the EGM venue. The Company reminds the Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the meeting in person.

29 September 2021

* for identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange generally is open for business of dealing in securities in Hong Kong. For the avoidance of doubt, where the Stock Exchange is closed for the business of dealing in securities in Hong Kong on a business day by reason of a Number 8 or higher typhoon signal, black rainstorm warning or other similar event, such day shall for the purposes of this circular not be counted as a business day
“Capital Reduction”	the reduction of the issued share capital of the Company by reducing the par value of each issued Share from HK\$0.50 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.49 per issued Share
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares to 8,000 Shares
“Companies Act”	the Companies Act (2021 Revision) of the Cayman Islands, as consolidated and revised
“Company”	China Water Industry Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1129)
“Court”	the Grand Court of the Cayman Islands
“Directors”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Capital Reduction and the Sub-division
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	24 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
“Share(s)”	ordinary share(s) with par value of HK\$0.50 each in the share capital of the Company prior to the Capital Reduction and the Sub-division becoming effective
“Shareholder(s)”	the holder(s) of the Share(s) or the New Share(s), as the case may be
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the amount standing to the credit of the Share Premium Account

DEFINITIONS

“Share Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Union Registrars Limited, the address of which is at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	the sub-division of each authorised but unissued Share into fifty (50) unissued New Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

EXPECTED TIMETABLE OF THE CAPITAL REDUCTION AND THE SUB-DIVISION

Set out below is the expected timetable for the implementation of the Capital Reduction and the Sub-division. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reduction and the Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to the Hong Kong local times and dates.

Event	Time and Date
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Latest time for lodging share transfer in order to qualify for attending and voting at the EGM	4:00 p.m. on Tuesday, 19 October 2021
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Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive)	Wednesday, 20 October 2021 to Monday, 25 October 2021
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Latest time for lodging forms of proxy for the EGM	9:30 a.m. on Saturday, 23 October 2021
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Date and time of the EGM	9:30 a.m. on Monday, 25 October 2021
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Announcement of voting results of the EGM	Monday, 25 October 2021
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The following events are conditional on the results of the EGM and the approval from the Court and therefore the dates are tentative:

Expected effective date of the Capital Reduction and the Sub-division	Before 9:00 a.m. on Friday, 25 February 2022
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Commencement of dealing in the New Shares	9:00 a.m. on Friday, 25 February 2022
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First day of free exchange of existing share certificates for new share certificates for the New Shares	Friday, 25 February 2022
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Last day for free exchange of existing share certificates for new share certificates for the New Shares	Friday, 25 March 2022
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EXPECTED TIMETABLE

Expected timetable of the Change in Board Lot Size

Set out below is the expected timetable for the implementation of the Change in Board Lot Size. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to the Hong Kong local times and dates.

Event	Time and Date
Last day for trading of the Shares in board lot of 4,000 Shares each in the original counter	Wednesday, 6 October 2021
Effective date of the Change in Board Lot Size from 4,000 Shares to 8,000 Shares each	Thursday, 7 October 2021
First day for free exchange of existing share certificates in board lot of 4,000 Shares each for new share certificates in board lot of 8,000 Shares each	Thursday, 7 October 2021
Last day for free exchange of existing share certificates in board lot of 4,000 Shares each for new share certificates in board lot of 8,000 Shares each	4:00 p.m. on Monday, 8 November 2021

LETTER FROM THE BOARD



中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1129)

Executive Directors:

Mr. Zhu Yongjun (*Chairman*)
Ms. Chu Yin Yin, Georgiana
Ms. Deng Xiao Ting
Mr. Hu Siyun

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. Wong Siu Keung, Joe
Mr. Lam Cheung Shing, Richard
Ms. Qiu Na

*Head office and principal place of
business in Hong Kong:*

Room 1207, 12th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

29 September 2021

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSED CAPITAL REDUCTION OF ISSUED SHARES, SHARE
PREMIUM REDUCTION AND SUB-DIVISION OF UNISSUED SHARES;**

(2) CHANGE IN BOARD LOT SIZE; AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 14 September 2021 in relation to the proposed Capital Reduction, the Share Premium Reduction, the Sub-division and the Change in Board Lot Size.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, information regarding the proposed Capital Reduction, the Share Premium Reduction, the Sub-division and the Change in Board Lot Size and the special resolution to be proposed at the EGM for the proposed Capital Reduction and the Sub-division and to give you notice of EGM in order to enable you to make an informed decision on whether to vote for or against the special resolution to be proposed.

PROPOSED CAPITAL REDUCTION OF ISSUED SHARES, SHARE PREMIUM REDUCTION AND SUB-DIVISION OF UNISSUED SHARES

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$2,200,000,000 divided into (i) 4,000,000,000 Shares of par value HK\$0.50 each and (ii) 2,000,000,000 convertible preference shares of par value HK\$0.10 each, of which 1,596,539,766 Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction, the Share Premium Reduction and the Sub-division to be implemented in the following manner:

- (i) the par value of each of the issued Shares be reduced from HK\$0.50 to HK\$0.01 per issued Share by cancelling the paid up share capital to the extent of HK\$0.49 per issued Share;
- (ii) the reduction of the amount standing to the credit of the Share Premium Account, which shall be effective when the Capital Reduction becomes effective;
- (iii) the credit arising from the Capital Reduction and the Share Premium Reduction will be applied towards offsetting the accumulated losses (the “**Accumulated Losses**”) of the Company as at the effective date of the Capital Reduction in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate. The balance of the credit (if any) of the Share Premium Account after offsetting the Accumulated Losses will be applied by the Company in any manner as permitted by all applicable laws and the memorandum and articles of association of the Company;
- (iv) immediately following the Capital Reduction, each of the authorised but unissued Shares with par value of HK\$0.50 each be sub-divided into 50 New Shares with par value of HK\$0.01 each; and
- (v) each of the New Shares arising from the Capital Reduction and Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

LETTER FROM THE BOARD

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reduction and the Sub-division become effective, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	Immediately after the Capital Reduction and the Sub-division becoming effective
Par value	HK\$0.50 per Share	HK\$0.01 per New Share
Amount of the authorised share capital	HK\$2,200,000,000	HK\$2,200,000,000
Number of authorised Shares	4,000,000,000	200,000,000,000
Number of authorised convertible preference shares of par value HK\$0.10 each	2,000,000,000	2,000,000,000
Amount of the issued share capital	HK\$789,269,883	HK\$15,965,397.66
Number of issued shares	1,596,539,766 Shares	1,596,539,766 New Shares

Given the Change in Board Lot Size shall be effective on 7 October 2021, upon the Capital Reduction and Sub-division becoming effective, the New Shares shall be traded in board lots of 8,000 New Shares each. The New Shares will rank *pari passu* in all respects with each other.

As at the Latest Practicable Date, 1,596,539,766 Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 1,596,539,766 issued Shares will be reduced from HK\$0.50 to HK\$0.01 per issued Share by cancelling the paid up share capital to the extent of HK\$0.49 per issued Share by way of a reduction of capital, so as to form issued New Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$798,269,883 will be reduced by HK\$782,304,485.34 to HK\$15,965,397.66.

Reasons for and effects of the Capital Reduction, the Share Premium Reduction and the Sub-division

The proposed Capital Reduction and Sub-division will enable the par value of the Shares to be reduced from HK\$0.50 to HK\$0.01 each. The credit arising from the Capital Reduction and the Share Premium Reduction will be applied towards offsetting the Accumulated Losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) of the Share Premium Account after offsetting the Accumulated Losses may be applied by the Company in any manner as permitted by all applicable laws and the memorandum and articles of association of the Company.

The Board is of the opinion that the proposed Capital Reduction and Share Premium Reduction will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

LETTER FROM THE BOARD

Since the Shares were trading below par value recently, the Board considers that the Capital Reduction and Sub-division will enable the nominal or par value of the Shares to be reduced from HK\$0.50 to HK\$0.01 each, for the purpose of further enhancing flexibility to the Company to issue new shares in the future given that the Company is not permitted, without order of the Court, to issue new shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Shares, even if the Capital Reduction and the Sub-division take effect.

As such, the Directors are of the view that the Capital Reduction, the Share Premium Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole.

Save for applying the credit arising from the Capital Reduction and the Share Premium Reduction towards offsetting the Accumulated Losses of the Company and the expenses to be incurred in relation to the Capital Reduction, the Share Premium Reduction and the Sub-division, the Directors consider that the Capital Reduction, the Share Premium Reduction and the Sub-division will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

As at the Latest Practicable Date, the Company has (i) no intention to carry out other corporate action or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months; and (ii) no concrete plan or intention to conduct any equity fund raising exercise, including the issuance of equity securities, in the next 12 months. However, the Company cannot rule out the possibility of conducting equity fund raising exercises when required by business development and expansion in the future, relief of liabilities and/or suitable fund raising opportunities arise. The Company will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

Conditions of the Capital Reduction and the Sub-division

The Capital Reduction and the Sub-division are conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reduction and the Sub-division;
- (ii) an order being made by the Court confirming the Capital Reduction;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;

LETTER FROM THE BOARD

- (iv) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (v) the Listing Committee granting the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Sub-division.

The Capital Reduction and the Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Sub-division at the EGM, the legal advisors to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

Listing of and dealings in the New Shares

Application will be made to the Listing Committee for the listing of, and permission to deal in, the New Shares arising from the Capital Reduction and the Sub-division.

The New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Exchange of share certificates for the New Shares

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction is not ascertainable at present. Should the Capital Reduction and the Sub-division become effective, Shareholders may submit existing certificates for the Shares to the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for exchange, at the expense of the Company, within one month from the effective date of the Capital Reduction and the Sub-division, for certificates for the New Shares. Details of such free exchange of share certificates will be announced as soon as the effective date of the Capital Reduction and the Sub-division is ascertained.

LETTER FROM THE BOARD

All existing certificates of the Shares will continue to be evidence of title to such Shares and be valid for delivery, trading and settlement purpose.

CHANGE IN BOARD LOT SIZE

The Board announces that the board lot size for trading in the Shares on the Stock Exchange will be changed from 4,000 Shares to 8,000 Shares with effect from 9:00 a.m. on Thursday, 7 October 2021.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020, the expected board lot value should be greater than HK\$2,000 after taking into account the minimum transaction costs for a securities trade. As at the Latest Practicable Date, the Shares were traded significantly below HK\$2,000 per board lot. The Change in Board Lot Size will reduce transaction and handling costs of dealing in the Shares, including those fees which are charged with reference to the number of board lots.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. As no odd lots of the Shares will result from the aforesaid change in board lot size, no odd lot arrangement is required to be made to match the sales and purchases of odd lots. The Board considers that the Change in Board Lot Size to be in the interest of the Company and its Shareholders as a whole.

Exchange of new share certificates

Shareholders may submit their existing share certificates to the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong in exchange for new share certificates at the expense of the Company between 9:00 a.m. and 4:00 p.m. on any business day from Thursday, 7 October 2021 to Monday, 8 November 2021, both dates inclusive. Thereafter, existing share certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate or each existing share certificate submitted, whichever number of share certificate involved is higher.

It is expected that the new share certificates will be available for collection from the Share Registrar by the Shareholders within ten (10) business days after delivery of the existing share certificates to the Share Registrar for exchange purpose.

With effect from Thursday, 7 October 2021, all new share certificates will be issued in board lot of 8,000 Shares each (except for odd lots or where the Share Registrar is otherwise instructed). All existing share certificates will continue to be evidence of title to such Shares and continue to be valid for trading, delivery and settlement purposes.

LETTER FROM THE BOARD

Save and except for the change in the number of Shares for each board lot, the new share certificates will have the same format and colour as the existing share certificates.

ACTIONS TO BE TAKEN BY SHAREHOLDERS

A notice convening the EGM is set out on pages 14 to 16 of this circular. At the EGM, a special resolution will be put forward to the Shareholders to consider and, if thought fit, approve the proposed Capital Reduction and Sub-division.

To the best of knowledge of the Directors, no Shareholders have a material interest in the proposed Capital Reduction and Sub-division and accordingly no Shareholders will be required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable and in any event not later than 48 hours before the time of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the proxy shall be deemed to be revoked.

After the conclusion of the EGM, the results of the poll will be released on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinawaterind.com).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 20 October 2021 to Monday, 25 October 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 19 October 2021.

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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the proposed Capital Reduction and Sub-division are in the best interests of the Company and the Shareholders as a whole and recommend the Shareholders to vote in favour of the relevant resolution at the EGM.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully

By order of the Board

China Water Industry Group Limited

Mr. Zhu Yongjun

Chairman and Executive Director

NOTICE OF EGM



中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1129)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of China Water Industry Group Limited (the “Company”) will be held at 2/F., J Plus, 35-45B Bonham Strand, Sheung Wan, Hong Kong at 9:30 a.m. on Monday, 25 October 2021 for the purpose of considering and, if thought fit, passing the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to and conditional upon (i) an order being made by the Grand Court of the Cayman Islands (“**Court**”) confirming the Capital Reduction (as defined below); (ii) the compliance with any conditions which the Court may impose in relation to the Capital Reduction (as defined below); (iii) the registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (as defined below) and the minute approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction (as defined below); and (iv) The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reduction (as defined below) and the Sub-division (as defined below), with effect from the date on which the aforesaid conditions are fulfilled (“**Effective Date**”):

- (a) the issued and paid-up share capital of the Company be reduced (“**Capital Reduction**”) by reducing the par value of each existing ordinary share with a par value of HK\$0.50 of the Company in issue on the Effective Date from HK\$0.50 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.49 on each existing ordinary share in issue on the Effective Date so that following the Capital Reduction each such issued existing ordinary share with a par value of HK\$0.50 shall be treated as one fully paid-up ordinary share with a par value of HK\$0.01 (“**New Shares**”) in the share capital of the Company and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued share capital thereby cancelled be made available for issue of new shares of the Company;

* for identification purpose only

NOTICE OF EGM

- (b) immediately following the Capital Reduction becoming effective, each of the then authorised but unissued existing ordinary shares with a par value of HK\$0.50 be subdivided into 50 unissued New Shares with a par value of HK\$0.01 each in the share capital of the Company (“**Sub-division**”) such that the current authorised share capital of the Company of HK\$2,200,000,000 divided into (i) 4,000,000,000 ordinary shares of par value HK\$0.50 each and (ii) 2,000,000,000 convertible preference shares of par value HK\$0.10 each shall become HK\$2,200,000,000 divided into (i) 200,000,000,000 ordinary shares of par value HK\$0.01 each and (ii) 2,000,000,000 convertible preference shares of par value HK\$0.10 each, following the Capital Reduction and Sub-division becoming effective;
- (c) the credit arising from the Capital Reduction and the Share Premium Reduction shall be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the board of directors of the Company considers appropriate;
- (d) each of the New Shares arising from the Capital Reduction and Sub-division shall rank *pari passu* in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company; and
- (e) the directors of the Company be and are hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Capital Reduction and the Sub-division and of administrative nature, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Capital Reduction and the Sub-division.”

Yours faithfully

By order of the Board

China Water Industry Group Limited

Mr. Zhu Yongjun

Chairman and Executive Director

Hong Kong, 29 September 2021

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of
business in Hong Kong:*

Room 1207, 12th Floor

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Sheung Wan, Hong Kong

NOTICE OF EGM

As at the date of this notice, the Board comprises Mr. Zhu Yongjun (Chairman), Ms. Chu Yin Yin, Georgiana, Ms. Deng Xiao Ting and Mr. Hu Siyun, all being executive Directors, and Mr. Wong Siu Keung, Joe, Ms. Qiu Na and Mr. Lam Cheung Shing, Richard, all being independent non-executive Directors.

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint a proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A member holding two or more shares entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, at the office of the Company's branch share registrar (the "**Share Registrar**"), Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong at least 48 hours before the time appointed for the holding of the EGM or any adjournment thereof.
3. The register of members of the Company will be closed from Wednesday, 20 October 2021 to Monday, 25 October 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 19 October 2021.
4. In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. If Typhoon Signal No. 8 or above, or extreme conditions caused by super typhoons or a "black" rainstorm warning is in effect in Hong Kong any time after 6:30 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinawaterind.com) to notify Shareholders of the date, time and place of the rescheduled meeting.
6. Any voting at the EGM shall be taken by poll.