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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)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION AGREEMENT RELATING TO DIRECT DRINKING WATER PROJECTS IN HUNAN

This is a voluntary announcement made by the Company.

The Board is pleased to announce that the Company has entered into the Cooperation Agreement in relation to the strategic cooperation with Huaihua Water Investments on direct drinking water projects in Huaihua city, Hunan Province.

Pursuant to the Cooperation Agreement, Silver Dragon and the designated subsidiary of Huaihua Water Investments shall jointly invest in constructing pipeline direct drinking water supply system based on the existing water supply system in Huaihua city, Hunan Province. The projects are scheduled in phases with the aim of bringing high quality pipeline direct drinking water to basically the entire city covering households, work place, studying and other living places within five to ten years. It is expected that the pipeline direct drinking water system will cover a population of approximately 600,000 with a daily direct drinking water supply capacity of approximately 1,800 tonnes. The parties shall set up a joint working group to negotiate on the concrete terms of cooperation. It is expected that the projects will be carried out by a joint venture with the designated subsidiary of Huaihua Water Investments. The proposed registered capital of the joint venture is RMB50 million whose shareholding will be 60% held by Silver Dragon.

The Company considers that the prospects of pipeline direct drinking water business in China is huge and in line with the new concept of low-carbon green development. The Group currently has water supply and pipeline direct drinking water projects in Hunan. The Cooperation Agreement represents a further development of the Group's direct drinking water business in Hunan and will strengthen the synergy effect in the region and province.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, Huaihua Water Investments is an Independent Third Party.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“Board”	the board of directors of the Company
“Company”	China Water Affairs Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Cooperation Agreement”	the strategic cooperation agreement entered into by the Company with Huaihua Water Investments in relation to the cooperation in direct drinking water projects in Huaihua city, Hunan Province
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaihua Water Investments”	懷化市水務投資集團有限公司 (Huaihua Water Investments Group Co. Ltd.), a company established in the PRC
“Independent Third Party”	a third party independent of the Company and its connected persons (as defined under the Listing Rules)
“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 announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Silver Dragon”	銀龍管道直飲水(長沙)有限公司 (Silver Dragon Pipeline Direct Drinking Water (Changsha) Co. Ltd.*), a wholly-owned subsidiary of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

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

Hong Kong, 6 December 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, three non-executive Directors, being Mr. Zhao Hai Hu, 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.

* *For identification purposes only*