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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 ACQUISITION OF DIRECT DRINKING WATER COMPANIES IN XUZHOU

This is a voluntary announcement made by the Company.

The Board is pleased to announce that Silver Dragon, a wholly-owned subsidiary of the Company, has entered into a purchase agreement for acquisitions of the respective 51% shareholding in the Xuzhou Direct Drinking Water Companies at a total cash consideration of approximately RMB23 million. It is expected that the Xuzhou Direct Drinking Water Companies will be accounted for as non-wholly owned subsidiaries of the Group thereafter.

Xuzhou Direct Drinking Water Companies are principally engaged in design, production, sale, construction, operation and maintenance of pipeline direct drinking water projects (including hot water) in campus, hospitals and other facilities; sale and production of water purification machines, all-in-one equipment, water stations and other equipment. Currently Xuzhou Direct Drinking Water Companies have 80 campus pipeline direct drinking water projects and are serving over 220,000 students in various districts and counties in Xuzhou. With their expert teams, Xuzhou Direct Drinking Water Companies have proven track record for over ten years and their brand name, Haideneng (海德能), is highly recognised in the Xuzhou market. They were awarded as premium service provider in the campus drinking water in the years of 2020 and 2021 by the Organising Committee of China Direct Drinking Water Congress.

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 Company believes that provision of premium pipeline direct drinking water will foster better health and life for the Chinese people and will then contribute to the development of social harmony and beautiful China. It is expected that such business will be the major focus of the Group's business development in the next couple of years. The Group has been implementing and exploring various business models to commence pipeline direct drinking water business within and beyond the Group's water supply districts for years. The acquisitions of Xuzhou Direct Drinking Water Companies represent the Group's effort to continuously boost industry expertise and technology level, expand its expert team and enhance brand awareness through merger and acquisitions, joint ventures, cooperations and other means, with a view to further develop its high quality pipeline direct drinking water business in major cities in Mainland China.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the vendors of the Xuzhou Direct Drinking Water Companies are Independent Third Parties.

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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party who is independent of and not connected with the Company or 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
“RMB”	Renminbi, the lawful currency of the PRC
“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

“Xuzhou Direct Drinking
Water Companies”

江蘇海德能淨水科技有限公司 (Jiangsu Haideneng Water Purification Technology Co., Ltd), 徐州布蘭達淨水科技有限公司 (Xuzhou Bulanda Water Purification Technology Co., Ltd), 徐州天創環保科技有限公司 (Xuzhou Tianchuang Environmental Technology Co., Ltd), 徐州智勝環保科技有限公司 (Xuzhou Zhisheng Environmental Technology Co., Ltd) and 徐州智諭騰淨水科技有限公司 (Xuzhou Zhiyuteng Water Purification Technology Co., Ltd), companies established in the PRC

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

Hong Kong, 20 September 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*