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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 HUBEI

This is a voluntary announcement made by the Company.

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

Pursuant to the Cooperation Agreement, Hubei Quality Water and Anlu Capital Investments shall jointly invest in constructing pipeline direct drinking water supply system in Anlu city, Hubei Province. The projects are scheduled in phases with the short term goal of bringing high quality pipeline direct drinking water to urban community, school, hospital, government authorities and corporations in around three years and the long term goal of making Anlu city as the first city in Hubei Province being covered basically the entire city. It is expected that the pipeline direct drinking water system will cover a population of approximately 400,000 with a daily direct drinking water supply capacity of approximately 1,200 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 Anlu Capital Investments whose shareholding will be 60% held by Hubei Quality Water.

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 Hubei. The Cooperation Agreement represents a further development of the Group's direct drinking water business in Hubei 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, Anlu Capital Investments is an Independent Third Party.

DEFINITIONS

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

“Anlu Capital Investments”	安陸市浩源國有資本投資運營有限公司 (Anlu State-Owned Capital Investments Co. Ltd.*), a stated-owned company established in the PRC
“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 Hubei Quality Water with Anlu Capital Investments in relation to the cooperation in direct drinking water projects in Anlu city, Hubei Province
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hubei Quality Water”	湖北分質供水有限公司 (Hubei Quality Water Supply Co. Ltd.*), a non wholly-owned subsidiary of the Company
“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

The Stock Exchange of Hong Kong Limited

Hong Kong, 10 January 2022

* For identification purposes only