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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)**

# PROFIT WARNING AND INSIDE INFORMATION

This announcement is made by China Water Industry Group Limited (the "**Company**", together with its subsidiaries as the "**Group**") in pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Future Ordinance (Chapter 571, Laws of Hong Kong) (the "**SFO**").

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to inform shareholders of the Company (the "**Shareholders**") and potential investors that, based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2021 (the "**FY2021**") and the information currently available to the Board, it is expected that the Group may record an unaudited consolidated net profit not more than HK$40 million for the FY2021 as compared to the audited consolidated net profit of approximately HK$120.47 million for the year ended 31 December 2020 (the "**FY2020**"), and accordingly there may be a net loss not more than HK$50 million attributable to owners of the Company as compared to that of net profit of approximately HK$11.09 million attributable to owners of the Company in the FY2020.

Comparing with the FY2020, the Board considers that such decrease in profit in FY2021 was mainly attributable to, among others: (i) increase in provision of impairment loss on assets of several renewable energy projects; (ii) increase in expected credit losses on certain account receivables; (iii) substantial decrease in profit contributed by the Yingtan Water Supply Group Co., Ltd. together with its subsidiaries (the "**Yingtan Water Group**"). Following completion of the disposal of 20% equity interests in Yingtan Water Group in February 2021, Yingtan Water Group ceased to be subsidiaries of the Company and only two months of Yingtan Water Group's profit was accounted for in the Group's consolidated profit in FY2021 while FY2020 recorded full year of Yingtan Water Group's profit; and (iv) increase in administrative expenses during FY2021 attributable to the increase in staff cost and as the Group was no longer entitled to the preferential policy for the payment of social

* *For identification purposes only*

insurance during the COVID-19 pandemic. The effects of the aforesaid facts were partially offset by the increase in revenue and hence gross profit derived from the water supply and related construction service and renewable energy businesses as well as the continued growth of the Group's other businesses, the decrease in finance cost due to the partial repayment of other loans including fixed coupon bonds, the appreciation of Renminbi and an increase in net realised and unrealised gain on financial assets.

The Company is still in the process of finalising its annual results for the 2021 (including but not limited to finalizing the assessment of relevant provisions and/or write-downs on assets). The information contained in this announcement is only a preliminary assessment by the management of the Company with reference to the unaudited consolidated management accounts of the Group for the FY2021 which has neither been reviewed by the audit committee nor auditors of the Company and is subject to possible adjustments upon further review. Finalised annual results of the Group for the FY2021 will be disclosed in the annual results announcement of the Group, which is expected to be published on 30 March 2022. Shareholders and potential investors are advised to read such results announcement carefully.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board
**China Water Industry Group Limited**
**Mr. Zhu Yongjun**
*Chairman and Executive Director*

Hong Kong, 16 March 2022

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