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农夫山泉

NONGFU SPRING CO., LTD.

農夫山泉股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9633)

DISCLOSEABLE TRANSACTION ENTRY INTO THE INVESTMENT AGREEMENT WITH THE PEOPLE'S GOVERNMENT OF JIANDE CITY

The board (the “**Board**”) of directors (the “**Directors**”) of Nongfu Spring Co., Ltd. (the “**Company**”) is pleased to announce that on December 31, 2023, the Company entered into an investment agreement (the “**Investment Agreement**”) with the People's Government of Jiande City, Zhejiang Province in relation to the “Nongfu Spring Jiande Drinking Water and Beverage Comprehensive Industrial Base Project” (the “**Project**”). Pursuant to the Investment Agreement, the Company has agreed to acquire the use right of approximately 1,000 mu (畝), of industrial land (the “**Project Sites**”) by way of bid invitation, auction or listing(招拍掛) and has committed to invest a total investment amount of RMB5 billion for the Project, which will be implemented in two phases and multiple stages and is expected to complete the entire investment within 5 years after the full delivery of Project Sites.

PRINCIPAL TERMS OF THE INVESTMENT AGREEMENT

Date

December 31, 2023

Parties

- (1) the People's Government of Jiande City; and
- (2) the Company

Project Name

Nongfu Spring Jiande Drinking Water and Beverage Comprehensive Industrial Base Project.

Project Planning

The Company, through its independent subsidiary(ies) in Jiande City, Zhejiang Province (hereinafter collectively referred to as the “**Jiande Subsidiaries**”), will implement the Project in two phases and multiple stages, covering the fields of production, processing and manufacturing, etc. of drinking water, beverage and related products, creating an comprehensive industrial base for the production of drinking water and beverage.

Project Sites

The total land area of the Project is approximately 1,000 mu(畝) (equivalent to approximately 666,667 square meters), located in Chengnan New District, Jiande City, Zhejiang Province, of which the first phase is approximately 700 mu(畝), and the second phase is approximately 300 mu(畝), and the entire state-owned land use right will be obtained in the form permitted by the laws and regulations.

Project Investment

The Company has committed to invest a total investment amount of RMB5 billion for the Project, including all new investments made by the Company and Jiande Subsidiaries since June 2024. The sources of funds are the Company’s own funds. The Company has committed to complete the entire investment within 5 years after the full delivery of Project Sites. If there is any significant change in market conditions, the investment completion period of the Project will be extended by 2 years.

The investment amount of the Project was determined after arm’s length negotiation between the parties with mostly reference to the estimated price for the land use right, and the estimated costs for the factory construction, production line investment and capital investment, etc. of the Project.

Major Rights and Obligations of Both Parties

The major rights and obligations of the People's Government of Jiande including: (1) transferring approximately 1,000 mu (畝) of industrial land of the Project Sites (based on the final certificate area) by way of bid invitation, auction or listing(招拍掛), with a 50-year land use right period and making sure that there is no dispute over the ownership of the land; (2) promising to complete the land supply of approximately 300 mu (畝) of the Project Sites by the end of March 2024, complete the land supply of approximately 400 mu (畝) of the Project Sites by the end of December 2024, and complete the land supply of the remaining approximately 300 mu (畝) of the Project Sites by the end of December 2025, as well as to complete the related work of "access to six infrastructures and one levelling (六通一平)" in respect of the completion of infrastructure of water, electricity, gas, drainage, communication, road access supply and land levelling, etc.; and (3) assisting in applying for all approvals and certificates required for the construction and operation of the Project, and simplifying and optimizing the standards of administrative fees.

The major rights and obligations of the Company including: (1) according to the requirements of the People's Government of Jiande City, paying the tender deposit in a timely manner in accordance with the relevant rules and departmental regulations in the land bid invitation, auction or listing(招拍掛) process, and paying the full amount of the grant fee in accordance with the State-owned Land Use Right Grant Contract upon the completion of the transaction and completing the relevant procedures; (2) committing to invest a total investment amount of RMB5 billion for the Project, to be implemented in several phases and stages; (3) striving to commence construction within 6 months upon the completion of the water supply project of the Project and delivery of the first batch of 300 mu (畝) of Project Sites, to complete the launch of operation for at least 4 production lines within 18 months after the commencement of construction of the Project and to complete the investment within 5 years after the full delivery of Project Sites. If there is any significant change in market conditions, the investment completion period of the Project will be extended by 2 years; (4) committing to invest in wastewater treatment facilities and discharge the wastewater to the municipal sewage network in compliance with the discharge standards.

The implementation of the Investment Agreement is premised on the successful acquisition of the agreed land by the Company and/or the Jiande Subsidiaries through bid invitation, auction or listing(招拍掛) process, if the Company and/or the Jiande Subsidiaries fail to obtain the land, both parties shall conduct negotiation amicably again.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The entry into of the Investment Agreement aims to enable the Company to continue to leverage the high-quality natural water resources of Thousand-island Lake, take advantage of the Company's brands and market position to further expand production capacity and improve the ability to provide products and services for consumers, thereby improving the overall competitiveness and investment return of the Group, and consolidating the leading position in the industry.

The Board is of the view that the terms of the Investment Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the shareholders as a whole.

INFORMATION ABOUT THE GROUP AND THE PEOPLE'S GOVERNMENT OF JIANDE

The Group

The Company and its subsidiaries (the "**Group**") are the leading manufacturer of packaged drinking water and beverage in China. Our products mainly cover categories such as packaged drinking water, tea beverage, functional beverage and juice beverage, etc..

The People's Government of Jiande City

The People's Government of Jiande City is the local government institution in China and is responsible for planning, promoting and coordinating investment projects in Jiande City.

To the best of the Directors' knowledge, the People's Government of Jiande City is an independent third party of the Company and the connected persons of the Company (as defined under the Listing Rules)

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the investment amount of the Project under the Investment Agreement is more than 5% but less than 25%, the entry into of the Investment Agreement constitutes a discloseable transaction and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

On behalf of the Board
Nongfu Spring Co., Ltd.
Zhong Shanshan
Chairman

Hong Kong, December 31, 2023

As at the date of this announcement, the board of directors of the Company comprises Mr. Zhong Shanshan, Ms. Wu Limin, Mr. Xiang Xiansong and Ms. Han Linyou as executive directors; Mr. Zhong Shu Zi and Ms. Xue Lian as non-executive directors; Mr. Stanley Yi Chang, Mr. Yang, Lei Bob and Mr. Lu Yuan as independent non-executive directors.