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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)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 29 August 2022, in relation to, among other things, the Existing Finance Leases Arrangements.

On 21 June 2022, the Existing Lessee A, being an indirect non-wholly owned subsidiary of the Company, and Jiangsu Leasing entered into the Existing Finance Lease A and Incidental Documentation A, pursuant to which Jiangsu Leasing shall purchase the Existing Leased Assets A for the purchase price of RMB13,000,000 (equivalent to approximately HK\$14,342,000), and lease back the same to the Existing Lessee A for a lease consideration comprising the principal amount equivalent to the purchase price and an interest accrued thereon at a rate of 7.5224% per annum for a lease period from 24 June 2022 to 24 June 2026.

On 29 August 2022, the Existing Lessee B, being an indirect non-wholly owned subsidiary of the Company, and Jiangsu Leasing entered into the Existing Finance Lease B and Incidental Documentation B, pursuant to which Jiangsu Leasing shall purchase the Existing Leased Assets B for the purchase price of RMB17,000,000 (equivalent to approximately HK\$18,754,000), and lease back the same to the Existing Lessee B for a lease consideration comprising the principal amount equivalent to the purchase price and an interest accrued thereon at a rate of 7.5224% per annum for a lease period of four (4) years commencing from 5 September 2022 to 5 September 2026.

FINANCE LEASE ARRANGEMENT

The Board would like to announce that on 8 June 2023, the Lessee, being an indirect non-wholly owned subsidiary of the Company, entered into the Transfer Agreement with Jiangsu Leasing, pursuant to which Jiangsu Leasing shall purchase the Leased Assets from the Lessee for the Purchase Price of RMB8,200,000 (equivalent to approximately HK\$9,046,000).

* For identification purposes only

On the same date, the Lessee also entered into the Finance Lease Agreement with Jiangsu Leasing, pursuant to which Jiangsu Leasing shall lease back the Leased Assets to the Lessee for a lease consideration comprising the principal amount equivalent to the Purchase Price and the interest accrued thereon at a rate of 7.8797% per annum for a lease period commencing from 9 June 2023 to 9 June 2026.

As security for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations, (i) Guarantor A executed the Guarantee I; (ii) Guarantor B executed the Guarantee II; (iii) Guarantor C executed the Guarantee III; (iv) Guarantor D executed the Guarantee IV; (v) the Lessee executed the Pledge over Account Receivable; (vi) Chargor A executed the Legal Charge I; (vii) Chargor B executed the Legal Charge II; (viii) Guarantor D executed the Legal Charge III; (ix) the Lessee executed the Legal Charge IV, each in favour of Jiangsu Leasing.

LISTING RULES IMPLICATIONS

As the Finance Lease and Incidental Documentations and the Existing Finance Leases and Incidental Documentations were all entered into by the Group with Jiangsu Leasing within a 12-month period, the transactions contemplated under the Finance Lease and Incidental Documentations are aggregated with the transactions contemplated under the Existing Finance Leases and Incidental Documentations for consideration for the purpose of this announcement.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) under the Finance Lease and Incidental Documentations, when calculated on an aggregated basis with the transactions contemplated under the Existing Finance Leases and Incidental Documentations, is/are more than 5% but less than 25%, the entering into of such transactions constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 29 August 2022, in relation to, among other things, the Existing Finance Leases Arrangements.

On 21 June 2022, the Existing Lessee A, being an indirect non-wholly owned subsidiary of the Company, and Jiangsu Leasing entered into the Existing Finance Lease A and Incidental Documentation A, pursuant to which Jiangsu Leasing shall purchase the Existing Leased Assets A for the purchase price of RMB13,000,000 (equivalent to approximately HK\$14,342,000), and lease back the same to the Existing Lessee A for a lease consideration comprising the principal amount equivalent to the purchase price and an interest accrued thereon at a rate of 7.5224% per annum for a lease period from 24 June 2022 to 24 June 2026.

On 29 August 2022, the Existing Lessee B, being an indirect non-wholly owned subsidiary of the Company, and Jiangsu Leasing entered into the Existing Finance Lease B and Incidental Documentation B, pursuant to which Jiangsu Leasing shall purchase the Existing Leased Assets B for the purchase price of RMB17,000,000 (equivalent to approximately HK\$18,754,000), and lease back the same to the Existing Lessee B for a lease consideration comprising the principal amount equivalent to the purchase price and an interest accrued thereon at a rate of 7.5224% per annum for a lease period of four (4) years commencing from 5 September 2022 to 5 September 2026.

FINANCE LEASE ARRANGEMENT

The Board would like to announce that on 8 June 2023, the Lessee, being an indirect non-wholly owned subsidiary of the Company, entered into the Transfer Agreement with Jiangsu Leasing, pursuant to which Jiangsu Leasing shall purchase the Leased Assets from the Lessee for the Purchase Price of RMB8,200,000 (equivalent to approximately HK\$9,046,000).

On the same date, the Lessee also entered into the Finance Lease Agreement with Jiangsu Leasing, pursuant to which Jiangsu Leasing shall lease back the Leased Assets to the Lessee for a lease consideration comprising the principal amount equivalent to the Purchase Price and the interest accrued thereon at a rate of 7.8797% per annum for a lease period commencing from 9 June 2023 to 9 June 2026.

As security for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations, (i) Guarantor A executed the Guarantee I; (ii) Guarantor B executed the Guarantee II; (iii) Guarantor C executed the Guarantee III; (iv) Guarantor D executed the Guarantee IV; (v) the Lessee executed the Pledge over Account Receivable; (vi) Chargor A executed the Legal Charge I; (vii) Chargor B executed the Legal Charge II; (viii) Guarantor D executed the Legal Charge III; (ix) the Lessee executed the Legal Charge IV, each in favour of Jiangsu Leasing.

TRANSFER AGREEMENT AND FINANCE LEASE AGREEMENT

The principal terms of the Transfer Agreement and Finance Lease Agreement are as follows:

Date

8 June 2023

Parties

- (i) Jiangsu Leasing (as lessor); and
- (ii) the Lessee (as lessee)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Jiangsu Leasing and its respective ultimate beneficial owner(s) is an Independent Third Party.

Sale and leaseback of Leased Assets

The Lessee shall sell and Jiangsu Leasing shall purchase the Leased Assets for the Purchase Price of RMB8,200,000 (equivalent to approximately HK\$9,046,000).

Jiangsu Leasing shall then lease back the Leased Assets to the Lessee for its use and possession for a lease period commencing from 9 June 2023 to 9 June 2026.

Leased Assets

The Leased Assets comprise a power generating facility and a fertiliser granulation equipment which is/will be situated in Lu'An City, Anhui Province, the PRC during the lease period.

The Lessee will bear any repair, maintenance, and other costs and levies associated with the Leased Assets.

Purchase Price

The Purchase Price is RMB8,200,000 (equivalent to approximately HK\$9,046,000).

Jiangsu Leasing shall pay the Lessee a sum of RMB4,000,000 (the “**First Installment**”) (equivalent to approximately HK\$4,413,000) upon the fulfillment of the following conditions:

- (i) the due execution and registration of the Finance Lease and Incidental Documentations;
- (ii) Jiangsu Leasing having received the relevant resolutions from the Lessee approving the Finance Lease Arrangement;
- (iii) Jiangsu Leasing having received the relevant resolutions from the Guarantors approving the respective Guarantees;
- (iv) Jiangsu Leasing having received a notice of payment of the First Installment from the Lessee;
- (v) Jiangsu Leasing having received a scanned copy of the procurement agreement in relation to the equipment with the relevant seals affixed therein;
- (vi) the Leased Assets having been delivered to the designated location for use of the Leased Assets; and
- (vii) the First Installment shall not be paid any time earlier than 9 June 2023.

As at the date of this announcement, all payment conditions in respect of the First Installment have been fulfilled.

Jiangsu Leasing shall pay the Lessee a sum of RMB2,000,000 (the “**Second Installment**”) (equivalent to approximately HK\$2,206,000) upon the fulfillment of the following conditions:

- (i) Jiangsu Leasing having received a notice of payment of the Second Installment from the Lessee;
- (ii) Jiangsu Leasing having received a copy of the receipt of the First Installment and Second Installment issued by the Lessee with the seal of the Lessee affixed;
- (iii) the Leased Assets having commenced operation, producing organic fertiliser and generating electricity from biogas to external parties;
- (iv) Jiangsu Leasing having received the insurance policy with Jiangsu Leasing being the first beneficiary; and
- (v) the Second Installment shall not be paid any time earlier than 9 June 2023.

As at the date of this announcement, none of the payment conditions in respect of the Second Installment has been fulfilled.

Jiangsu Leasing shall pay the Lessee a sum of RMB2,200,000 (the “**Final Installment**”) (equivalent to approximately HK\$2,427,000) upon the fulfillment of the following conditions:

- (i) Jiangsu Leasing having received a notice of payment of the Final Installment from the Lessee;
- (ii) Jiangsu Leasing having received a copy of the receipt of the Final Installment issued by the Lessee with the seal of the Lessee affixed;
- (iii) the Leased Assets having commenced operation, producing organic fertiliser and generating electricity from biogas to external parties;
- (iv) Jiangsu Leasing having received the insurance policy with Jiangsu Leasing being the first beneficiary; and
- (v) the Final Installment shall not be paid any time earlier than 9 June 2023.

As at the date of this announcement, none of the payment conditions in respect of the Final Installment has been fulfilled.

Subject to the fulfillment of the respective payment conditions, the Lessee shall issue such notice of payment to Jiangsu Leasing seven (7) days prior to the actual payment of the respective installment.

If the payment conditions in respect of the First Installment cannot be fulfilled within three (3) months from the date of execution of the Transfer Agreement and Finance Lease Agreement, the Transfer Agreement and Finance Lease Agreement shall be terminated automatically.

The Purchase Price shall be applied by the Lessee towards the general working capital of the Group.

The Purchase Price was determined after arm's length negotiations by the Lessee and Jiangsu Leasing with reference to the original cost of the Leased Assets of RMB8,200,000 (equivalent to approximately HK\$9,046,000) and their state of condition.

As at 8 June 2023, the net book value of the Leased Assets was approximately RMB8,200,000 (equivalent to approximately HK\$9,046,000).

Lease consideration

The Lessee shall pay Jiangsu Leasing the lease consideration comprising the principal amount equivalent to the Purchase Price and interest accrued thereon at a rate of 7.8797% per annum by 36 monthly installments, each of which shall be approximately RMB256,600 (equivalent to approximately HK\$283,000). Such installments shall be payable on a monthly basis, and on the 9th day of each month (subject to such adjustment in accordance with the Finance Lease Agreement) during the lease period.

The terms of the Finance Lease Agreement, including the lease consideration, lease interest, and other fees and expenses under the incidental documentations to the Finance Lease Agreement, were determined after arm's length negotiations between the Lessee and Jiangsu Leasing with reference to the principal amount of the lease and the latest loan prime rate published by the National Interbank Funding Center as at the date of the Finance Lease Agreement.

If the Lessee fails to pay the lease consideration and other payables pursuant to the terms and conditions of the Finance Lease Agreement, Jiangsu Leasing is entitled to a default interest on such overdue sum at the rate of 0.06% per day.

Transfer of ownership of Leased Assets

The ownership of the Leased Assets shall be vested in Jiangsu Leasing during the lease period.

Buyback of Leased Assets by the Lessee

After the expiry of the lease period, provided that the Lessee has paid all the lease consideration, overdue interests, a buyback fee of RMB1,000 (equivalent to approximately HK\$1,103) and other payables under the Finance Lease Agreement, Jiangsu Leasing shall transfer the ownership of the Leased Assets to the Lessee on an "as is" basis.

GUARANTEES, PLEDGE OVER ACCOUNT RECEIVABLE AND LEGAL CHARGES

As security for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations, (i) Guarantor A executed the Guarantee I; (ii) Guarantor B executed the Guarantee II; (iii) Guarantor C executed the Guarantee III; (iv) Guarantor D executed the Guarantee IV; (v) the Lessee executed the Pledge over Account

Receivable; (vi) Chargor A executed the Legal Charge I; (vii) Chargor B executed the Legal Charge II; (viii) Guarantor D executed the Legal Charge III; (ix) the Lessee executed the Legal Charge IV, each in favour of Jiangsu Leasing.

Guarantees

Pursuant to the terms of the Guarantee I, Guarantor A (i.e. the Company) shall provide an irrevocable guarantee in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Pursuant to the terms of the Guarantee II, Guarantor B, who is the chairman of the Board and the executive Director, shall provide an irrevocable personal guarantee in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Pursuant to the terms of the Guarantee III, Guarantor C shall provide an irrevocable guarantee in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Pursuant to the terms of the Guarantee IV, Guarantor D shall provide an irrevocable guarantee in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Pledge over Receivables

Pursuant to the terms of Pledge over Receivables, the Lessee shall pledge its rights in the receivables in the electricity bills, biogas supply fees and revenue from sales of fertilisers under the straw and livestock waste utilisation project of the Lessee in Lu'An City, Anhui Province, the PRC, the value of which is in an aggregate amount of approximately RMB9,238,500 (equivalent to approximately HK\$10,192,000) in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Legal Charges

Pursuant to the terms of Legal Charge I, Chargor A shall provide a legal charge over 18% of the equity interest in the Lessee in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Pursuant to the terms of Legal Charge II, Chargor B shall provide a legal charge over 22% of the equity interest in the Lessee in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Pursuant to the terms of Legal Charge III, Guarantor D shall provide a legal charge over 60% of the equity interest in the Lessee in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

Pursuant to the terms of Legal Charge IV, the Lessee shall provide a legal charge over the Leased Assets in favour of Jiangsu Leasing for the due and punctual performance of the Lessee's obligations under the Finance Lease and Incidental Documentations.

INFORMATION OF THE PARTIES TO THE FINANCE LEASE ARRANGEMENT

Lessor

Jiangsu Leasing is a state-owned non-banking financial institution established in the PRC with limited liability and the shares of which are listed on the Shanghai Stock Exchange (stock code: 600901). It is principally engaged in the provision of finance leasing as approved by the China Banking and Insurance Regulatory Commission, with a focus on green energy, high-end equipment, people's livelihood and intelligent connection in the PRC.

Lessee

The Lessee is a company established in the PRC with limited liability and is principally engaged in the utilisation of livestock and poultry manure, generation of biogas energy, treatment of kitchen waste, and the production and sale of organic fertilisers. As at the date of this announcement, it is an indirect non-wholly owned subsidiary of the Company and is owned as to 60% by Guarantor D, 22% by Chargor B and 18% by Chargor A.

Guarantors

Guarantor A (i.e. the Company) is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1129).

Guarantor B is Mr. Zhu Yongjun, who is the chairman of the Board and the executive Director.

Guarantor C is a company established in the PRC with limited liability, which is an indirect non-wholly-owned subsidiary of the Company. It is principally engaged in the exploitation, generation and sale of renewable energy.

Guarantor D is a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the exploitation, generation and sale of renewable energy.

Chargors

Chargor A is Mr. Zhou Jun, who is the legal representative of the Lessee and the shareholder of 18% of the equity interest in the Lessee.

Chargor B is a company established in the PRC with limited liability and the shareholder of 22% of the equity interest in the Lessee.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Group is principally engaged in (i) provision of water supply, sewage treatment and construction services; (ii) exploitation and sale of renewable energy in the PRC; and (iii) property investment and development.

The Directors are of the view that under the Finance Lease Arrangement, the Group will obtain additional financial resources for its general working capital while retaining access to its machinery and equipment as required for its operations. The terms under the Finance Lease and Incidental Documentations have been agreed after arm's length negotiation among the relevant parties. The Directors consider that the terms of the Finance Lease and Incidental Documentations, including each of the Purchase Price and the lease consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the Finance Lease and Incidental Documentations and the Existing Finance Leases and Incidental Documentations were all entered into by the Group with Jiangsu Leasing within a 12-month period, the transactions contemplated under the Finance Lease and Incidental Documentations are aggregated with the transactions contemplated under the Existing Finance Leases and Incidental Documentations for consideration for the purpose of this announcement.

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) under the Finance Lease and Incidental Documentations, when calculated on an aggregated basis with the transactions contemplated under the Existing Finance Leases and Incidental Documentations, is/are more than 5% but less than 25%, the entering into of such transactions constitutes a discloseable transaction on the part of the Company and is thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Finance Lease Arrangement and is required to abstain from voting on the board resolutions approving the Finance Lease Arrangement.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Business day(s)”	any day(s) other than a Saturday, Sunday or statutory holiday in the PRC
“Chargor A”	Mr. Zhou Jun, the legal representative of the Lessee and the shareholder of 18% of the equity interest in the Lessee

“Chargor B”	北京振徽節能環保科技有限公司 (for transliteration purpose only, Beijing Zhenhui Energy Saving and Environmental Protection Technology Co., Ltd. [#]), a company established in the PRC with limited liability and the shareholder of 22% of the equity interest in the Lessee
“Company” or “Guarantor A”	China Water Industry Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1129)
“Director(s)”	the director(s) of the Company
“Existing Finance Leases Arrangements”	the transactions contemplated under the Existing Finance Leases and Incidental Documentations
“Existing Finance Lease A and Incidental Documentation A”	collectively, (i) the finance lease agreement dated 21 June 2022 and entered into between Jiangsu Leasing and the Existing Lessee A, which sets out the rights and obligations of the Existing Lessee A and Jiangsu Leasing in respect of the ten (10) sets of landfill gas power generating facilities; and (ii) the agreements incidental thereto, including the transfer agreement, the pledge over the leased assets, the pledge over accounts receivable, the pledge over 100% equity interest in the Existing Lessee A and the corporate guarantees
“Existing Finance Lease B and Incidental Documentation B”	collectively, (i) the finance lease agreement dated 29 August 2022 and entered into between Jiangsu Leasing and the Existing Lessee B, which sets out the rights and obligations of the Existing Lessee B and Jiangsu Leasing in respect of the six (6) sets of landfill gas power generating facilities located at an integrated waste treatment plant in Zhengzhou City, Henan Province, the PRC; and (ii) the agreements incidental thereto, including the transfer agreement, the pledge of the leased assets, the pledge over the electricity bill receivable, the pledge over 100% equity interest in the Existing Lessee B and the corporate guarantees
“Existing Finance Leases and Incidental Documentations”	collectively, the Existing Finance Lease A and Incidental Documentation A and the Existing Finance Lease B and Incidental Documentation B
“Existing Lessee A”	重慶康達新能源有限公司 (for transliteration purpose only, Chongqing Kangda New Energy Company Limited [#]), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company

“Existing Lessee B”	鄭州新冠能源開發有限公司 (for transliteration purpose only, Zhengzhou Xinguan Energy Development Company Limited [#]), a company established in the PRC with limited liability, which is indirect non-wholly owned subsidiary of the Company
“Finance Lease Agreement”	the finance lease agreement dated 8 June 2023 and entered into between Jiangsu Leasing and the Lessee, which sets out the rights and obligations of the Lessee and Jiangsu Leasing in relation to the Finance Lease Arrangement
“Finance Lease and Incidental Documentation”	the Finance Lease Agreement, the Transfer Agreement and the agreements thereto, including the Guarantee I, Guarantee II, Guarantee III, Guarantee IV, Pledge over Account Receivable, Legal Charge I, Legal Charge II, Legal Charge III and Legal Charge IV
“Finance Lease Arrangement”	the transactions contemplated under the Finance Lease and Incidental Documentations
“Group”	the Company and its subsidiaries
“Guarantee I”	a guarantee executed by the Guarantor A in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“Guarantee II”	a guarantee executed by the Guarantor B in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“Guarantee III”	a guarantee executed by the Guarantor C in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“Guarantee IV”	a guarantee executed by the Guarantor D in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“Guarantor B”	Mr. Zhu Yongjun, the chairman of the Board and the executive Director
“Guarantor C”	深圳市新中水環保科技有限公司 (for transliteration purpose only, Shenzhen City New China Water Environmental Technology Limited [#]), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company

“Guarantor D”	新中水（南京）再生資源投資有限公司 (for transliteration purpose only, New China Water (Nanjing) Renewable Resources Investment Company Limited [#]), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Jiangsu Leasing”	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃股份有限公司), a state-owned non-banking financial institution established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600901)
“Leased Assets”	subject leased assets under the Finance Lease Agreement, comprising a power generating facility and fertiliser granulation equipment which is/will be situated in Lu’An City, Anhui Province, the PRC during the lease period
“Legal Charge I”	a legal charge over 18% equity interest in the Lessee executed by Chargor A in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“Legal Charge II”	a legal charge over 22% equity interest in the Lessee executed by Chargor B in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“Legal Charge III”	a legal charge over 60% equity interest in the Lessee executed by Guarantor D in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“Legal Charge IV”	a legal charge over the Leased Assets executed by the Lessee in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations

“Lessee”	霍邱徽沼可再生能源科技有限公司 (for transliteration purpose only, Huoqiu Huizhao Renewable Energy Technology Co., Ltd. [#]), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pledge over Receivables”	a pledge over the receivables in the electricity bills, biogas supply fees and revenue from sales of fertilisers under the straw and livestock waste utilisation project of the Lessee in Lu’An City, Anhui Province, the PRC executed by the Lessee in favour of Jiangsu Leasing as security for the due and punctual performance of the Lessee’s obligations under the Finance Lease and Incidental Documentations
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchase Price”	an amount of RMB8,200,000 (equivalent to approximately HK\$9,046,000), being the purchase price for the Leased Assets paid by Jiangsu Leasing to the Lessee under the Transfer Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of issued share(s) of the Company of HK\$0.01 each from time to time
“Transfer Agreement”	the transfer agreement dated 8 June 2023 and entered into between Jiangsu Leasing and the Lessee, pursuant to which Jiangsu Leasing shall purchase the Leased Assets from the Lessee for the Purchase Price of RMB8,200,000 (equivalent to approximately HK\$9,046,000)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

[#] *the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.0000 to HK\$1.1032. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 8 June 2023

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 and Mr. Wong Siu Keung, Joe, Mr. Lam Cheung Shing, Richard and Ms. Qiu Na, all being independent non-executive Directors.