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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 ACQUISITION OF EQUIPMENT

THE ACQUISITION

On 14 July 2023 (after the trading hours), the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Equipment Purchase Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell six (6) set of biogas generators for a total consideration of RMB27.60 million (equivalent to approximately HK\$30.37 million) for the operation of the Group's principal business in renewable energy business segment.

LISTING RULES IMPLICATION

Since the Acquisition and the Previous Acquisition were conducted within 12 months of the completion of the Previous Acquisition, the Previous Acquisition and the Acquisition were required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios for the Acquisition, whether on standalone basis or when aggregated with the Previous Acquisition, exceeds 5% but is less than 25%, and thus the Acquisition, whether on standalone basis or when aggregated with the Previous Acquisition, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

Reference is made to the Announcement.

On 8 July 2022 (after the trading hours), the Purchaser, an indirect non-wholly owned subsidiary of the Company, and the Vendor entered into the Previous Equipment Purchase Agreement in respect of the Previous Acquisition at a total consideration of RMB64.4 million (equivalent to approximately HK\$70.87 million). Details of the Previous Acquisition was set out in the Announcement.

On 14 July 2023 (after the trading hours), the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Equipment Purchase Agreement with the Vendor, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell six (6) set of biogas generators at a total consideration of RMB27.60 million (equivalent to approximately HK\$30.37 million) for the operation of the Group's principal business in renewable energy business segment.

* *For identification purpose only*

THE ACQUISITION

The principal terms of the Equipment Purchase Agreement are set out below:

Date: 14 July 2023

Parties: (i) the Purchaser; and
(ii) the Vendor.

The Vendor is a company incorporated in the PRC and is principally engaged in (i) development and promotion of technology, such as development of resource regeneration technology and promotion of relevant construction management services; (ii) sales of environmental protection machinery and equipment and electronic products; and (iii) importing and exporting of such technology and products. Based on the information available to the Company, the ultimately beneficial owners of the Vendor are Mr. 鞠方杰 (Mr. Ju Fangjie[#]), Mr. 李永民 (Mr. Li Yongmin[#]) and Mr. 張輝國 (Mr. Zhang Huiguo[#]). To the best of the Directors' knowledge, information and belief made all reasonable enquiries, the Vendor and its ultimately beneficial owners are Independent Third Parties.

Subject matter: The Purchaser agreed to acquire and the Vendor agreed to sell the six (6) sets of biogas generators, subject to the terms and conditions under the Equipment Purchase Agreement.

Consideration: The consideration of RMB27.60 million (equivalent to approximately HK\$30.37 million), inclusive of value-added tax, transportation costs, on-site installation cost and tuning and testing cost, which shall be paid by the Purchaser to the Vendor within forty-five (45) Business Days after the signing of the Equipment Purchase Agreement.

The consideration was determined after arm's length negotiations between the parties after taking into account the market prices of similar equipment. The Directors (including independent non-executive Directors) consider that the consideration under the Equipment Purchase Agreement is fair and reasonable. The consideration will be funded by the loan facilities from an independent financing institution (the "**Lender**"), subject to the terms and conditions of the Loan Agreement.

Pursuant to the Loan Agreement, the Purchaser agreed to assign all of its rights and interest over the Equipment Purchase Agreement to or in favor of the Lender, as credit support and security for the repayment of the secured amount (including but not limited to the principal amount of the loan, all interest and default interest accrued, the enforcement costs and other relevant amounts).

Date of delivery: Upon the execution of the Equipment Purchase Agreement, all the biogas generators will be delivered, installed and tested by the Vendor to the Purchaser within eight (8) months after the payment of the consideration.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EQUIPMENT PURCHASE AGREEMENT

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 Acquisition is a part of the capital investment to increase the Group's capacity in renewable energy business segment. The biogas generators to be acquired will be utilised by the Group for its business operations. The Directors consider that the terms of the Equipment Purchase Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

Since the Acquisition and the Previous Acquisition were conducted within 12 months of the completion of the Previous Acquisition, the Previous Acquisition and the Acquisition were required to be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one of the applicable percentage ratios for the Acquisition, whether on standalone basis or when aggregated with the Previous Acquisition, exceeds 5% but is less than 25%, and thus the Acquisition, whether on standalone basis or when aggregated with the Previous Acquisition, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of the six (6) sets of the biogas generators from the Vendor pursuant to the Equipment Purchase Agreement
“Announcement”	the announcement of the Company dated 8 July 2022 in relation to the Previous Acquisition
“Board”	the board of Directors
“Business Day(s)”	any day(s) other than a Saturday, Sunday or statutory holiday in the PRC
“Company”	China Water Industry Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1129)
“Director(s)”	the director(s) of the Company
“Equipment Purchase Agreement”	The equipment purchase agreement dated 14 July 2023 entered into between the Purchaser and the Vendor in respect of the Acquisition

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 20 May 2022 entered into between the Purchaser and an independent financing institution regarding the extension of a loan in the principal amount of RMB320 million
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Previous Acquisition”	the acquisition of fourteen (14) sets of the biogas generators from the Vendor pursuant to the Previous Equipment Purchase Agreement
“Previous Equipment Purchase Agreement”	the equipment purchase agreement dated 8 July 2022 entered into between the Purchaser and the Vendor in respect of the Previous Acquisition
“Purchaser”	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 incorporated under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of issued Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor” 北京宜升環保能源科技有限公司 (Beijing Yisheng Environmental Protection Energy Technology Co., Ltd.), a company incorporated under the laws of PRC with limited liability

“%” 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\$1.1004. 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, 14 July 2023

As at the date of this announcement, the Board comprises Mr. Zhu Yongjun (Chairman), Ms. Chu Yin Yin Georgiana 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.