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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

INTRODUCTION

On 19 July 2023 (after 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 fifteen (15) set of biogas generators at a total consideration of RMB69 million (equivalent to approximately HK\$75.21 million).

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 19 July 2023 (after trading hours), the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Equipment Purchase Agreement with the Vendor for the acquisition of the biogas generators.

* For identification purpose only

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

Date : 19 July 2023 (after trading hours)

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

The Vendor is a company incorporated in the PRC and is principally engaged in (i) sales of plastic products, synthetic materials, ecological environment materials, special equipment for environmental protection and special chemical products (excluding hazardous chemicals); (ii) sewage treatment and its recycling; (iii) water environmental pollution prevention and its related control services; (iv) seawater desalination processing; (v) ecological restoration and protection services; (vi) new material technology promotion and its related services and (vii) import and export business. Based on the information available to the Company, the ultimately beneficial owners of the Vendor are Mr. 吳東東 (Mr. Wu Dongdong[#]) and Ms. 嚴玉花 (Ms. Yan Yuhua[#]). 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 fifteen (15) sets of biogas generators, subject to the terms and conditions under the Equipment Purchase Agreement.

Consideration : The consideration of RMB69 million (equivalent to approximately HK\$75.21 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

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Acquisition” | the acquisition of fifteen (15) sets of biogas generators from the Vendor pursuant to the Equipment Purchase Agreement |
| “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) |

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| “Director(s)” | the director(s) of the Company |
| “Equipment Purchase Agreement” | the equipment purchase agreement dated 19 July 2023 entered into between the Purchaser and the Vendor in respect of the Acquisition |
| “Group” | the Company and its subsidiaries |
| “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 |
| “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 |
| “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” | 上海水創利環境技術有限公司 (Shanghai Shuichuangli Environmental 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\$1.0900. 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, 19 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.