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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  
FURTHER INVESTMENT IN  
THE HAIYUAN SEWAGE TREATMENT PLANT IN JINXIANG**

**INTRODUCTION**

References are made to (i) the circular of the Company dated 22 December 2006 and the announcement of the Company dated 1 September 2010 in relation to, among other things, the acquisition of 70% equity interest in Haiyuan Water and investment in the Haiyuan Sewage Treatment Plant in Jinxiang, the PRC; and (ii) the announcements of the Company dated 24 August 2023 and 30 August 2023 in relation to, among other things, further investment in the Haisheng Sewage Treatment Plant.

As disclosed in the circular of the Company dated 22 December 2006, on 29 March 2006, Chinese Water, an Independent Third Party, and the Jinxiang County Government entered into the BOT Agreement, pursuant to which Chinese Water was granted a licence to build and operate the Haiyuan Sewage Treatment Plant located in the Jinxiang County, the PRC, for an operational period of 29 years commencing from the completion of the construction in May 2007. Pursuant to a notice issued by Chinese Water to Haiyuan Water, on 8 May 2006, Chinese Water has agreed to transfer all the rights and obligations under the BOT Agreement to Haiyuan Water with immediate effect at nil consideration.

According to the Discharged Water Quality Standard Notice, all urban sewage treatment plants in Jining City, the PRC, shall be upgraded and modified by no later than 31 December 2023, to improve the quality of the discharged water from 國家一級A標準 (for transliteration purpose only, National Grade 1A Standard<sup>#</sup>) to 準四類出水標準 (for transliteration purpose only, Quasi Discharged Water Quality Standard Class IV<sup>#</sup>).

In compliance with the latest industry regulatory standard, after a tendering process, on 24 August 2023, Haisheng Water, being an indirect wholly-owned subsidiary of the Company, as principal, and Wanrong Construction, as contractor, entered into the Haisheng Upgrading and Modification Contract, pursuant to which Wanrong Construction has agreed to carry out the Haisheng Upgrading and Modification Work on the Haisheng Sewage Treatment Plant at the contract price of approximately RMB24.5 million (equivalent to approximately HK\$26.4 million).

## **HAIYUAN UPGRADING AND MODIFICATION CONTRACT**

In compliance with the latest industry regulatory standard, the Board would like to announce that after a tendering process, on 12 September 2023, Haiyuan Water, being an indirect non-wholly owned subsidiary of the Company, as principal, and Wanrong Construction, as contractor, entered into the Haiyuan Upgrading and Modification Contract, pursuant to which Wanrong Construction has agreed to carry out the Haiyuan Upgrading and Modification Work on the Haiyuan Sewage Treatment Plant at the Contract Price of approximately RMB32.3 million (equivalent to approximately HK\$34.8 million).

### **LISTING RULES IMPLICATION**

As the Haisheng Upgrading and Modification Contract and the Haiyuan Upgrading and Modification Contract were all entered into by the Group with Wanrong Construction within a 12-month period, the transactions contemplated under the Haiyuan Upgrading and Modification Contract are aggregated with the transactions contemplated under the Haisheng Upgrading and Modification Contract 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 Haiyuan Upgrading and Modification Contract, when calculated on an aggregated basis with the transactions contemplated under the Haisheng Upgrading and Modification Contract, 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 but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

References are made to (i) the circular of the Company dated 22 December 2006 and the announcement of the Company dated 1 September 2010 in relation to, among other things, acquisition of 70% equity interest in Haiyuan Water and the investment in the Haiyuan Sewage Treatment Plant in Jinxiang, the PRC; and (ii) the announcements of the Company dated 24 August 2023 and 30 August 2023 in relation to, among other things, further investment in the Haisheng Sewage Treatment Plant.

As disclosed in the circular of the Company dated 22 December 2006, on 29 March 2006, Chinese Water, an Independent Third Party, and the Jinxiang County Government entered into the BOT Agreement, pursuant to which Chinese Water was granted a licence to build and operate the Haiyuan Sewage Treatment Plant located in the Jinxiang County, the PRC, for an operational period of 29 years commencing from the completion of the construction in May 2007. Pursuant to a notice issued by Chinese Water to Haiyuan Water, on 8 May 2006, Chinese Water has agreed to transfer all the rights and obligations under the BOT Agreement to Haiyuan Water with immediate effect at nil consideration.

According to the Discharged Water Quality Standard Notice, all urban sewage treatment plants in Jining City, the PRC, shall be upgraded and modified by no later than 31 December 2023, to improve the quality of the discharged water from 國家一級A標準 (for transliteration purpose only, National Grade 1A Standard<sup>#</sup>) to 準四類出水標準 (for transliteration purpose only, Quasi Discharged Water Quality Standard Class IV<sup>#</sup>).

In compliance with the latest industry regulatory standard, after a tendering process, on 24 August 2023, Haisheng Water, being an indirect wholly-owned subsidiary of the Company, as principal, and Wanrong Construction, as contractor, entered into the Haisheng Upgrading and Modification Contract, pursuant to which Wanrong Construction has agreed to carry out the Haisheng Upgrading and Modification Work on the Haisheng Sewage Treatment Plant at the contract price of approximately RMB24.5 million (equivalent to approximately HK\$26.4 million).

## **HAIYUAN UPGRADING AND MODIFICATION CONTRACT**

In compliance with the latest industry regulatory standard, the Board would like to announce that after a tendering process, on 12 September 2023, Haiyuan Water, being an indirect non-wholly owned subsidiary of the Company, as principal, and Wanrong Construction, as contractor, entered into the Haiyuan Upgrading and Modification Contract, pursuant to which Wanrong Construction has agreed to carry out the Haiyuan Upgrading and Modification Work on the Haiyuan Sewage Treatment Plant at the Contract Price of approximately RMB32.3 million (equivalent to approximately HK\$34.8 million).

The principal terms of the Haiyuan Upgrading and Modification Contract are as follows:

### **Date**

12 September 2023 (after trading hours of the Stock Exchange)

### **Parties**

- (i) Haiyuan Water, as principal; and
- (ii) Wanrong Construction, as contractor.

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

### **Subject matter**

Pursuant to the Haiyuan Upgrading and Modification Contract, Wanrong Construction has agreed to carry out the upgrading and modification work (the “**Haiyuan Upgrading and Modification Work**”) on the Haiyuan Sewage Treatment Plant which shall improve the quality of the discharged water from 國家一級A標準 (for transliteration purpose only, National Grade 1A Standard<sup>#</sup>) to 準四類出水標準 (for transliteration purpose only, Quasi Discharged Water Quality Standard Class IV<sup>#</sup>) in compliance with the latest industry regulatory standard.

## **Construction Period**

The construction period (the “**Construction Period**”) of the Haiyuan Upgrading and Modification Work shall be 91 days commencing from 15 September 2023 to 15 December 2023.

## **Contract Price**

The Contract Price is approximately RMB32.3 million (equivalent to approximately HK\$34.8 million), which shall be satisfied by Haiyuan Water in the following manner:

- (i) a cumulative amount of 70% of the Contract Price, equivalent to approximately RMB22.6 million (equivalent to approximately HK\$24.3 million) shall be paid on a monthly basis in accordance with the construction completion progress of the month (based on the verified monthly construction progress report provided by the supervisor (the “**Supervisor**”) of Wanrong Construction), and on the 15th day of each month during the Construction Period;
- (ii) a cumulative amount of 80% of the Contract Price, equivalent to approximately RMB25.8 million (equivalent to approximately HK\$27.8 million) shall be paid within thirty (30) days upon the completion and satisfactory inspection of the Haiyuan Upgrading and Modification Work;
- (iii) a cumulative amount of 97% of the Contract Price, equivalent to approximately RMB31.3 million (equivalent to approximately HK\$33.8 million) shall be paid within fourteen (14) days after the issue of the completion payment certificate following the verification of the completion clearance application submitted by Wanrong Construction; and
- (iv) an amount equivalent to 3% of the Contract Price, being an interest-free quality assurance deposit, shall be retained by Haiyuan Water and paid to Wanrong Construction upon the expiry of the quality assurance period which shall be a period of one (1) year from the date of satisfactory inspection of the Haiyuan Upgrading and Modification Work.

## **Basis of the Contract Price**

The Contract Price was determined by way of a tender process after taking into consideration (i) the tender offer submitted by Wanrong Construction; (ii) tender offers submitted by other bidders; (iii) the expected scope, complexity and quality of the Haiyuan Upgrading and Modification Work; (iv) the experience, competency and market position of Wanrong Construction; (v) the anticipated materials to be used for and the labour costs to be incurred under the Haiyuan Upgrading and Modification Work; and (vi) the prevailing market prices for carrying out construction works of comparable scale and complexity. Thus, the Company considers that the Contract Price is on normal commercial terms and on arm’s length basis.

It is expected that the Contract Price will be funded by the internal resources of the Group.

## **INFORMATION ON WANRONG CONSTRUCTION**

Wanrong Construction is a company established in the PRC with limited liability and is principally engaged in the provision of construction services in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Wanrong Construction is owned as to approximately 62.5% by Suzhou Guohao Chenxiang Software Technology Company Limited<sup>#</sup> (蘇州國浩辰翔軟件科技有限公司) (“**Suzhou Guohao**”) and approximately 37.5% by Xuzhou Jiayuan Shunrong Management Consultancy Company Limited<sup>#</sup> (徐州佳元順融管理諮詢有限公司) (“**Xuzhou Jiayuan**”).

To the best knowledge, information and belief of the Company having made all reasonable enquiries, Suzhou Guohao is owned as to approximately 80.0% by Mr. Du Houan and approximately 20.0% by Jiangsu Yixunbang Engineering Information Consultancy Company Limited<sup>#</sup> (江蘇易迅邦工程信息諮詢有限公司), which in turn is owned as to approximately 0.4% by Mr. Ginxin and approximately 99.6% by Bengbu City Dinggu Protection Engineering Company Limited<sup>#</sup> (蚌埠市鼎固防護工程有限公司), which in turn is owned as to 51% by Mr. Zhao Xiangpeng and 49% by Mr. Zhao Xiangkai.

Xuzhou Jiayuan is owned as to approximately 60.0% by Mr. Wang Dunchao and approximately 40.0% by Mr. Wang Dunfei.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Wanrong Construction and its ultimate beneficial owners is an Independent Third Party.

## **INFORMATION ON HAIYUAN WATER**

Haiyuan Water, being an indirect non-wholly owned subsidiary of the Company, is a company established in the PRC with limited liability and is principally engaged in the provision of sewage treatment services.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE HAIYUAN UPGRADING AND MODIFICATION CONTRACT**

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.

According to the Discharged Water Quality Standard Notice, all urban sewage treatment plants in Jining City, the PRC, shall be upgraded and modified by no later than 31 December 2023, to improve the quality of the discharged water from 國家一級A標準 (for transliteration purpose only, National Grade 1A Standard<sup>#</sup>) to 準四類出水標準 (for transliteration purpose only, Quasi Discharged Water Quality Standard Class IV<sup>#</sup>). In order to comply with the latest industry regulatory standard as stipulated in the Discharged Water Quality Standard Notice and fulfill the Group's obligations under BOT Agreement, Haiyuan Water has engaged Wanrong Construction as contractor to carry out the Haiyuan Upgrading and Modification Work.

The terms under the Haiyuan Upgrading and Modification Contract have been agreed after arm's length negotiation between the parties. The Directors consider that the terms of the Haiyuan Upgrading and Modification Contract, including the Contract Price, 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 Haisheng Upgrading and Modification Contract and the Haiyuan Upgrading and Modification Contract were all entered into by the Group with Wanrong Construction within a 12-month period, the transactions contemplated under the Haiyuan Upgrading and Modification Contract are aggregated with the transactions contemplated under the Haisheng Upgrading and Modification Contract 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 Haiyuan Upgrading and Modification Contract, when calculated on an aggregated basis with the transactions contemplated under the Haisheng Upgrading and Modification Contract, 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 but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Haiyuan Upgrading and Modification Contract and is required to abstain from voting on the board resolutions approving the Haiyuan Upgrading and Modification Contract.

## **DEFINITIONS**

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

“Board”	the board of Directors
“BOT Agreement”	the build, operate and transfer agreement dated 29 March 2006 and entered into between Chinese Water, an Independent Third Party, and the Jinxiang County Government in relation to, among other things, the grant of licence to Chinese Water to build and operate the Haiyuan Sewage Treatment Plant, which by a notice issued by Chinese Water to Haiyuan Water on 8 May 2006, Chinese Water has agreed to transfer all its rights and obligations thereunder to Haiyuan Water
“Chinese Water”	Chinese Water Industry Group Limited, a company incorporated in Hong Kong with limited liability

“Company”	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)
“Construction Period”	has the meaning ascribed thereto in the paragraph headed “Haiyuan Upgrading and Modification Contract — Construction Period” in this announcement
“Contract Price”	an amount of approximately RMB32.3 million (equivalent to approximately HK\$34.8 million), being the contract price of the Haiyuan Upgrading and Modification Work paid by Haiyuan Water to Wanrong Construction under Haiyuan Upgrading and Modification Contract
“Director(s)”	the director(s) of the Company
“Discharged Water Quality Standard Notice”	山東省住房和城鄉建設廳關於調度全省城市污水處理廠出水水質標準及提標改造有關情況的通知 (for transliteration purpose only, the Notice of the Housing and Urban-Rural Development Department of the Shandong Province on the Discharged Water Quality Standard of Urban Sewage Treatment Plants in the Province and the Status of the Upgrading and Modification of the Sewage Treatment Plants <sup>#</sup> ) issued by 山東省住房和城鄉建設廳 (for transliteration purpose only, the Housing and Urban-Rural Development Department of Shandong Province <sup>#</sup> ) in November 2021
“Group”	the Company and its subsidiaries
“Haisheng Sewage Treatment Plant”	the sewage treatment plant located in Jinxiang County, the PRC, pursuant to the build, own and transfer agreement dated 12 October 2017 and entered into between 深圳市海晟環保科技有限公司 (for transliteration purpose only, Shenzhen City Haisheng Environmental Sci-Tech Company Limited <sup>#</sup> ), an indirect wholly-owned subsidiary of the Company, and Jinxiang County Government, in relation to the investment in and operation of the sewage treatment plant
“Haisheng Upgrading and Modification Contract”	the upgrading and modification contract dated 24 August 2023 and entered into between Haisheng Water, as principal, being an indirect wholly-owned subsidiary of the Company, and Wanrong Construction, as contractor, in relation to the carrying out of the Haisheng Upgrading and Modification Work

“Haisheng Upgrading and Modification Work”	the upgrading and modification work to be carried out by Wanrong Construction pursuant to the Haisheng Upgrading and Modification Contract
“Haisheng Water”	濟寧市海晟水務有限公司 (for transliteration purpose only, Jining City Haisheng Water Treatment Company Limited <sup>#</sup> ), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Haiyuan Sewage Treatment Plant”	the sewage treatment plant located in Jinxiang County, the PRC, pursuant to the BOT Agreement
“Haiyuan Upgrading and Modification Contract”	the upgrading and modification contract dated 12 September 2023 and entered into between Haiyuan Water, as principal, being an indirect non-wholly owned subsidiary of the Company, and Wanrong Construction, as contractor, in relation to the carrying out of the Haiyuan Upgrading and Modification Work
“Haiyuan Upgrading and Modification Work”	has the meaning ascribed thereto in the paragraph headed “Haiyuan Upgrading and Modification Contract — Subject Matter” in this announcement
“Haiyuan Water”	濟寧市海源水務有限公司 (for transliteration purpose only, Jining City Haiyuan Water Treatment Company Limited <sup>#</sup> ), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“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
“Jinxiang County Government”	the People’s Government of Jinxiang County of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“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
“Supervisor”	has the meaning ascribed thereto in the paragraph headed “Haiyuan Upgrading and Modification Contract — Contract Price” in this announcement
“Wanrong Construction”	江蘇萬融工程科技有限公司 (for transliteration purpose only, Jiangsu Wanrong Construction Technology Company Limited <sup>#</sup> ), a company established in the PRC with limited liability, being the contractor under the Haiyuan Upgrading and Modification Contract
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

<sup>#</sup> *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\$1.0788. 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, 12 September 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.*