

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**MAJOR TRANSACTION  
IN RELATION TO  
THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN  
ONFAR INTERNATIONAL LIMITED**

**Financial adviser to the Company**



**金利豐財務顧問**  
**KINGSTON CORPORATE FINANCE**

**THE DISPOSAL**

The Board would like to announce that on 25 March 2024 (after trading hours of the Stock Exchange), the Purchaser, the Company, the Vendor, being a direct wholly-owned subsidiary of the Company, and Shenzhen Haisheng, being an indirect wholly-owned subsidiary of the Company entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Capital, representing the entire equity interests in the Disposal Company, for a total consideration of RMB270,000,000 (equivalent to approximately HK\$293,517,000).

As at the date of this announcement, the Disposal Company is wholly and beneficially owned by the Vendor. As such, upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial information of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal is more than 25% but all of the percentage ratios are less than 75%, the entering into of the Equity Transfer Agreement constitutes a major transaction on the part of the Company under the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Equity Transfer Agreement and the transactions contemplated thereunder.

## GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. To the best knowledge of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders or any of their associates has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, and will be required to abstain from voting on the relevant resolution(s) to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 May 2024 as additional time is required for the preparation of the relevant information to be included in the circular.

**Completion is subject to the Payment Conditions set out in the Equity Transfer Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## THE DISPOSAL

The Board would like to announce that on 25 March 2024 (after trading hours of the Stock Exchange), the Purchaser, the Company, the Vendor, being a direct wholly-owned subsidiary of the Company, and Shenzhen Haisheng, being an indirect wholly-owned subsidiary of the Company entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Capital, representing the entire equity interests in the Disposal Company, for a total consideration of RMB270,000,000 (equivalent to approximately HK\$293,517,000).

## THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

- Date: 25 March 2024
- Parties:
- (i) the Purchaser;
  - (ii) the Company;
  - (iii) the Vendor; and
  - (iv) Shenzhen Haisheng

The Purchaser is a company established in the PRC with limited liability, the shares of which are listed on The Shanghai Stock Exchange (stock code: 603759). The Purchaser is principally engaged in the provision of water supply and sewage treatment services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser is owned as to 55.95% by 費功全先生 (Mr. Fei Gongquan\*) and as to 44.05% by other shareholders, each of whom holds less than 10%. As at the date of this announcement, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

## Assets to be disposed of

Pursuant to the terms and conditions of the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Capital, representing the entire equity interests in the Disposal Company.

As at the date of this announcement, the Disposal Company is wholly and beneficially owned by the Vendor. As such, upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial information of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group.

## Consideration

The Consideration payable for the Sale Capital is RMB270,000,000 (equivalent to approximately HK\$293,517,000), which shall be satisfied by the Purchaser by way of bank transfer in the following manner:

- (i) as to RMB54,000,000 (equivalent to approximately HK\$58,703,000), representing 20% of the Consideration (the “**Deposit**”), less the Earnest Money of RMB5,000,000 (equivalent to approximately HK\$5,436,000) shall be payable by the Purchaser to Shenzhen Haisheng as deposit within five (5) Business Days from the date of the Equity Transfer Agreement;
- (ii) as to RMB81,000,000 (equivalent to approximately HK\$88,055,000), representing 30% of the Consideration, shall be payable by the Purchaser to the Vendor within ten (10) Business Days after the issue of the Confirmation of Fulfillment by the Purchaser (the “**First Installment**”) and within three (3) Business Days upon receipt of the First Installment by the Vendor, the Vendor shall procure Shenzhen Haisheng to unconditionally return the interest-free Deposit of RMB54,000,000 (equivalent to approximately HK\$58,703,000) to the Purchaser in full;
- (iii) provided that the Payment Conditions to the Equity Transfer Agreement remain to be fulfilled or waived (as the case may be) and that Shenzhen Haisheng having returned the Deposit of RMB54,000,000 (equivalent to approximately HK\$58,703,000) to the Purchaser in full within the prescribed timeframe as stipulated in sub-paragraph (ii) above, as to RMB148,500,000 (equivalent to approximately HK\$161,434,000), representing 55% of the Consideration shall be payable by the Purchaser to the Vendor within ten (10) Business Days after the completion of the Equity Transfer Procedures and Disposal Company Handover Procedures (the “**Second Installment**”); and
- (iv) provided that the Payment Conditions to the Equity Transfer Agreement remain to be fulfilled or waived (as the case may be) and that Shenzhen Haisheng having returned the Deposit of RMB54,000,000 (equivalent to approximately HK\$58,703,000) to the Purchaser in full within the prescribed timeframe as stipulated in sub-paragraph (ii) above, the remaining balance as to RMB40,500,000 (equivalent to approximately HK\$44,028,000), representing 15% of the Consideration, shall be payable by the Purchaser to the Vendor within ten (10) Business Days after (A) the Purchaser having completed the audit of the Disposal Company and Yichun Water for the Transitional Period and there exists no material discrepancy (which may be waived by the Purchaser); and (B) the Purchaser having confirmed the completion of the Equity Transfer Procedures, Disposal Company Handover Procedures and Yichun Handover Procedures (the “**Third Installment**”).

In the event that the Purchaser fails to pay the Consideration to the Vendor when due in the manner above, the Purchaser shall pay a compensation for a sum equivalent to 0.05% on the overdue amounts for each day of delay. In the event of any delay in payment of any overdue amounts for more than 45 days for reason other than the Company or the Vendor, the Vendor shall have the right to terminate the Equity Transfer Agreement and forfeit the Deposit.

In the event that the Company and the Vendor fail to procure Shenzhen Haisheng to return the Deposit in the manner above, the Company and the Vendor shall pay a compensation for a sum equivalent to 0.05% on the overdue amounts for each day of delay. In the event of any delay in payment of any overdue amounts for more than 45 days for reason other than the Purchaser, the Purchaser shall have the right to terminate the Equity Transfer Agreement and request for a refund of the Deposit and a compensation of a sum equivalent to the amount of the Deposit from the Company and the Vendor.

### **Basis of the Consideration**

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms, after taking into account, among others, (i) the net asset value of the Disposal Group attributable to the Group as at 30 September 2023 of approximately RMB151,491,000 (equivalent to approximately HK\$165,095,000); (ii) the past performance of the Disposal Group; (iii) the future prospects and earning capacity of the Disposal Group; and (iv) other factors as set out in the section headed "Reasons for and benefits of the Disposal" in this announcement.

Taking into consideration the above, the Board believes that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole. In order to provide further information to the Shareholders to assess the fairness and reasonableness of the Consideration, the Company will engage an independent valuer to conduct a valuation on the fair value of the equity interests of the Disposal Company and a valuation report of which will be included in the circular to be despatched to the Shareholders.

### **Payment Conditions**

The payment of the First Installment, Second Installment and Third Installment by the Purchaser and the Disposal are subject to the following conditions having been fulfilled or waived (the "**Payment Conditions**"):

- (i) the Equity Transfer Agreement having been duly signed and becoming effective;
- (ii) the Purchaser having completed the necessary legal and financial due diligence in respect of the Disposal;
- (iii) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Equity Transfer Agreement having been obtained;
- (iv) all necessary consents and approvals required to be obtained on the part of the Company, the Vendor and the Disposal Company in respect of the Equity Transfer Agreement having been obtained, including but not limited to the passing of the relevant resolutions at the meetings of the respective board of directors and respective shareholders, and approval of the Amendments to the Articles;

- (v) the Purchaser having completed the offshore investment filing with the provincial development and reform authorities and the provincial commerce authorities in respect of the Disposal, as well as the foreign exchange registration of offshore investment with authorised banks in respect of the Disposal;
- (vi) all representations, warranties and undertakings given by the parties under the Equity Transfer Agreement shall be true, accurate, complete and not misleading as at the date of the Equity Transfer Agreement and remain to be true, accurate and not misleading on each and every date of payment of the installments, date of completion of the Equity Transfer Procedures, date of completion of the Disposal Company Handover Procedures and date of completion of the Yichun Handover Procedures;
- (vii) the undertakings and covenants given by the Company, the Vendor, the Disposal Company and Yichun Water under the Equity Transfer Agreement on or before the date of payment of the installments, date of completion of the Equity Transfer Procedures, date of completion of the Disposal Company Handover Procedures and date of completion of the Yichun Handover Procedures having been performed and there exists no breach of any terms under the Equity Transfer Agreement;
- (viii) there exists no material adverse change in the operating, financial and other conditions of the Disposal Company and Yichun Water from 30 September 2023 to the date of payment of the installments, date of completion of the Equity Transfer Procedures, date of completion of the Disposal Company Handover Procedures and date of completion of the Yichun Handover Procedures;
- (ix) the Vendor having discharged the share charge over the entire equity interest of the Disposal Company; and
- (x) Yichun Water having recovered all claims against the Vendor.

Upon the fulfillment or waiver of the Payment Conditions, the Company and the Vendor shall issue a notice (the “**Notice of Fulfillment**”) to the Purchaser and provide the relevant evidence showing that the corresponding Payment Condition has been fulfilled or waived in writing. Following a review and verification of the fulfillment or waiver of the Payment Conditions by the Purchaser, the Purchaser shall issue a confirmation (the “**Confirmation of Fulfillment**”) in writing confirming that the Payment Conditions have been fulfilled or waived within five (5) Business Days upon the issue of the Notice of Fulfillment.

In the event that the Payment Conditions have not been fully fulfilled or waived by the Purchaser in writing within 120 days after the date of the Equity Transfer Agreement, or even if the aforesaid period has not expired, it becomes apparently impossible that the Payment Conditions could be fulfilled or waived by the Purchaser in writing, (i) the Equity Transfer Agreement shall cease and determine and thereafter, neither party shall have any obligations and liabilities thereunder; and (ii) the Company and the Vendor shall procure Shenzhen Haisheng to return the Deposit to the Purchaser in full upon the issue of the notice of demand for the Deposit by the Purchaser.

## **Equity Transfer Procedures**

On the date of completion of the payment of the First Installment, the parties to the Equity Transfer Agreement shall complete the following procedures in relation to the transfer of Sale Capital (the “**Equity Transfer Procedures**”):

- (a) the Company, the Vendor and the Disposal Company shall provide the Purchaser with the register of members of the Disposal Company showing the Purchaser as the sole shareholder of the Disposal Company;
- (b) the Company, the Vendor and the Disposal Company shall provide the Purchaser with a duly signed original share certificate showing the Purchaser as the sole shareholder of the Disposal Company; and
- (c) the Company, the Vendor and the Disposal Company shall provide the Purchaser with the originals of the resignation letters of all existing directors and senior management of the Disposal Company.

## **Disposal Company Handover Procedures**

Within ten (10) Business Days after the completion of the payment of the First Installment, the parties to the Equity Transfer Agreement shall as soon as practicable complete the following procedures (the “**Disposal Company Handover Procedures**”):

- (a) the Company, the Vendor and the Disposal Company shall file with the companies registry of the British Virgin Islands the articles of association of the Disposal Company as amended in accordance with the requirements of the Purchaser (the “**Amendments to the Articles**”);
- (b) the Company, the Vendor and the Disposal Company shall assist the Purchaser in providing a register of directors of the Disposal Company showing the appointment of such directors as nominated by the Purchaser at its sole discretion;
- (c) if necessary, the Company, the Vendor and the Disposal Company shall, at the request of the Purchaser, take appropriate steps to remove the existing directors and senior management of the Disposal Company; and
- (d) the Company, the Vendor and the Disposal Company shall complete the handover of the Disposal Company, including but not limited to providing the Purchaser (or its nominee) with all the original certificates and seals of the Disposal Company, financial information, information of its subsidiaries and all such documents relating to the Disposal Company.

## **Yichun Handover Procedures**

Within ten (10) Business Days after the completion of Disposal Company Handover Procedures, the parties to the Equity Transfer Agreement shall as soon as practicable complete the following procedures (the “**Yichun Handover Procedures**”):

- (a) the existing directors, supervisors and senior management of Yichun Water nominated or appointed by the Company, the Vendor and the Disposal Company shall submit their resignation letters to the Purchaser and complete the handover matters in sub-paragraph (b) below; and
- (b) the Company, the Vendor and the Disposal Company shall complete the handover of Yichun Water, including but not limited to providing the Purchaser (or its nominee) with all the original licences and seals of Yichun Water that are in the possession of the Company, the Vendor and the Disposal Company in accordance with the relevant provisions of the articles of association, rules and regulations of Yichun Water (if any), financial information, information of its subsidiaries and all such documents relating to Yichun Water.

In the event that the Company, the Vendor and the Disposal Company fail to complete the Equity Transfer Procedures, the Disposal Company Handover Procedures and (in the case where the Equity Transfer Agreement is terminated in accordance thereto) such procedures required to restore the state of affairs prior to the Disposal within the time as stipulated in the Equity Transfer Agreement for reasons other than the Purchaser, or in the event that the Yichun Handover Procedures could not be completed for reasons other than the Purchaser but due to the Company, the Vendor and the Disposal Company, a compensation for a sum equivalent to 0.05% of the Consideration actually paid by the Purchaser for each day of delay shall be payable to the Purchaser.

## **Audit of the Disposal Company and Yichun Water**

The Purchaser shall complete the audit of the Disposal Company and Yichun Water within 120 days after the completion of the Equity Transfer Procedures, the Disposal Company Handover Procedures and the Yichun Handover Procedures (i.e. the Transitional Period). Save for reasons of force majeure or for reasons not attributable to the Purchaser, the failure to complete within the time stipulated above would cause the Purchaser to be deemed to have waived the condition to the payment of the Third Installment to require an audit of the Disposal Company and Yichun Water.

## **Guarantee**

Subject to the terms of the Equity Transfer Agreement which provide for Vendor’s right to forfeit the Earnest Money and Deposit, the Company shall provide an unconditional, independent and irrevocable joint and several guarantee in favour of the Purchaser for the due and punctual performance of Shenzhen Haisheng’s obligations under the Equity Transfer Agreement to return the Deposit including the Earnest Money.

## **Joint and Several Liability**

The Company and the Vendor shall be jointly and severally liable to the Purchaser for the due and punctual performance of the payment obligations of the Company and the Vendor in respect of any liquidated damages, late payment, compensation, refundable amount and loss sharing payable by them under the Equity Transfer Agreement.

## Completion

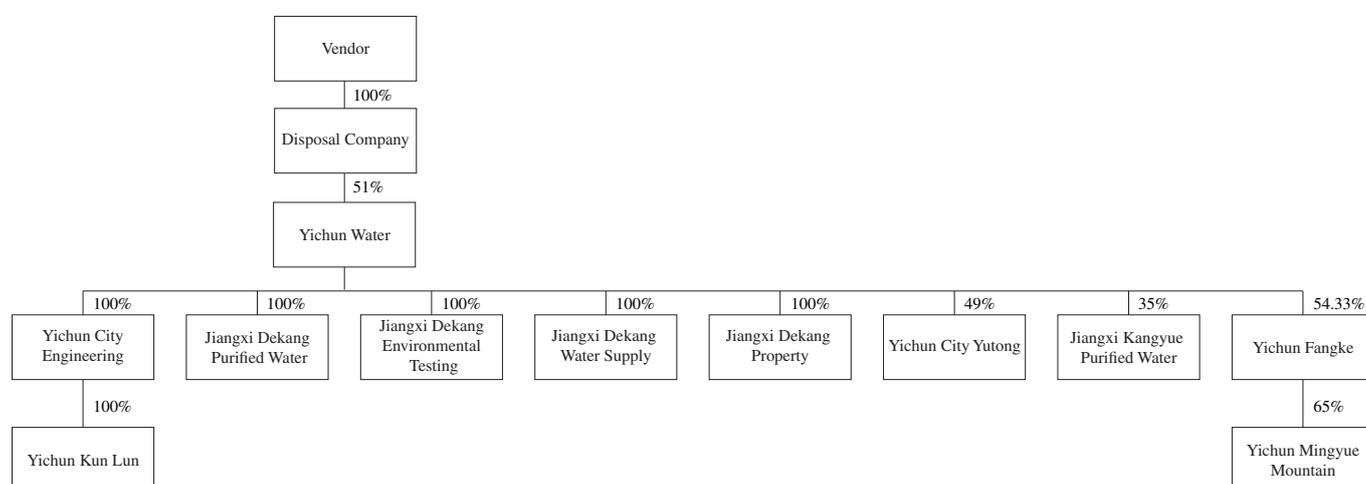
Completion shall take place on the date of payment of the Third Installment by the Purchaser to the Vendor.

Upon Completion, the Disposal Company will cease to be a subsidiary of the Company and the financial information of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group.

## INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is a company incorporated in the British Virgin Islands with limited liability. As at the date of this announcement, the Disposal Company is wholly and beneficially owned by the Vendor. It is an investment holding company.

The following diagram illustrates a simplified shareholding structure of the Disposal Company and its subsidiaries/associate companies as at the date of this announcement.



Yichun Water is principally engaged in the provision of water supply and installation of water supply facilities.

Yichun City Engineering is principally engaged in the installation of water supply facilities.

Yichun Kun Lun is principally engaged in information services.

Jiangxi Dekang Purified Water is principally engaged in the exploitation, production and sale of purified and drinking system.

Jiangxi Dekang Environmental Testing is principally engaged in environmental testing and product testing.

Jiangxi Dekang Water Supply is principally engaged in construction and management of secondary water supply facilities.

Jiangxi Dekang Property is a dormant company.

Yichun City Yutong is a dormant company.

Jiangxi Kangyue Purified Water is principally engaged in production and supply of water, sales of drinking water equipment.

Yichun Fangke is principally engaged in the sewage treatment.

Yichun Mingyue Mountain is principally engaged in the sewage treatment.

### **Financial information of the Disposal Group**

Set out below is the financial information of the Disposal Group based on the audited consolidated financial statements of the Disposal Group for the two years ended 31 December 2021 and 2022:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2022</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)
Revenue	375,990	474,561
Profit before taxation	63,249	68,685
Profit after taxation	47,855	53,972
Profit after taxation attributable to the owners of the Company	25,028	20,242

The total assets, total liabilities and net assets of the Disposal Group as at 30 September 2023 according to its unaudited consolidated financial statements were approximately HK\$714,991,000, approximately HK\$314,844,000 and approximately HK\$400,147,000, respectively. As at 30 September 2023, the unaudited net assets of the Disposal Group attributable to the Group was approximately HK\$165,095,000.

### **INFORMATION ON THE PURCHASER**

The Purchaser is a company established in the PRC with limited liability, the shares of which are listed on The Shanghai Stock Exchange (stock code: 603759). The Purchaser is principally engaged in the provision of water supply and sewage treatment services. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement the Purchaser is owned as to 55.95% by 費功全先生 (Mr. Fei Gongquan\*) and as to 44.05% by other shareholders, each of whom holds less than 10%. As at the date of this announcement, each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

## **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company. As such, the financial information of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group. Subject to further audit procedures to be performed by the auditor of the Company, the Group is expected to record a gain from the Disposal of approximately HK128,422,000 which is estimated based on the gross proceeds from the Disposal (before deducting relevant expenses and taxes) of RMB270,000,000 (equivalent to approximately HK\$293,517,000 less the unaudited net assets of the Disposal Group attributable to the Group as at 30 September 2023 of approximately RMB151,491,000 (equivalent to approximately HK\$165,095,000)). The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to review and final audit by the auditor of the Company.

The net proceeds from the Disposal, after deducting the expenses directly attributable to the Disposal of approximately RMB2,760,000 (equivalent to approximately HK\$3,000,000), will amount to approximately HK\$290,517,000. It is intended that the net proceeds will be used for the existing business development, repayment of debts and the general working capital of the Group.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

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 Vendor is a direct wholly-owned subsidiary of the Group. It is an investment holding company.

As disclosed in the annual report of the Company for the year ended 31 December 2022, the interim report of the Company for the six months ended 30 June 2023 and the announcement of the Company dated 30 May 2023, the Group put forward its strategic positioning and plan as a biomass and fuel gas service provider in the PRC and will focus on the development of five major business segments, namely (i) the biogas resource utilisation, (ii) the comprehensive livestock and poultry manure resource utilisation, (iii) the high-concentration organic wastewater deep treatment, (iv) the operation, ancillary engineering services, closure and rectification of landfill sites and (v) the ecological restoration and resources development. As such, the Board believes that the Disposal would allow the Group to materialise its plan and focus on its core segments by better allocating the Group's resources for the development of its core businesses. Having regard to the aforementioned, the Directors (including the independent non-executive Directors) believe that the terms of the Disposal (including the Consideration) are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Disposal is more than 25% but all of the percentage ratios are less than 75%, the entering into of the Equity Transfer Agreement constitutes a major transaction on the part of the Company under the Listing Rules, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Equity Transfer Agreement and the transactions contemplated thereunder.

## GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

The voting in respect of the Disposal at the EGM will be conducted by way of poll. To the best knowledge of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their associates has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, and will be required to abstain from voting on the relevant resolution(s) to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further information on the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 May 2024 as additional time is required for the preparation of the relevant information to be included in the circular.

**Completion is subject to the Payment Conditions set out in the Equity Transfer Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

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

“Amendments to the Articles”	has the meaning ascribed thereto in the paragraph headed “Disposal Company Handover Procedures” under the section headed “The Equity Transfer Agreement” in this announcement
“Board”	the board of Directors
“Business Day”	a day other than a Saturday, Sunday or statutory holidays stipulated by the government of 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)
“Completion”	completion of the Disposal
“Confirmation of Fulfillment”	has the meaning ascribed thereto in the paragraph headed “Payment Conditions” under the section headed “The Equity Transfer Agreement” in this announcement
“Consideration”	a sum of RMB270,000,000 (equivalent to approximately HK\$293,517,000), being the consideration for the Sale Capital
“Deposit”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section headed “The Equity Transfer Agreement” in this announcement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Capital by the Vendor to the Purchaser pursuant to the terms and conditions of the Equity Transfer Agreement
“Disposal Company”	Onfar International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly and beneficially owned by the Vendor as at the date of this announcement
“Disposal Company Handover Procedures”	has the meaning ascribed thereto in the paragraph headed “Disposal Company Handover Procedures” under the section headed “The Equity Transfer Agreement” in this announcement
“Disposal Group”	Disposal Company and its subsidiaries
“Earnest Money”	the earnest money in the amount of RMB5,000,000 (equivalent to approximately HK\$5,436,000) paid by the Purchaser to Shenzhen Haisheng pursuant to the cooperation intention agreement dated 18 July 2023 and entered into between the Purchaser and the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the conditional Equity Transfer Agreement dated 25 March 2024 and entered into amongst the Purchaser, the Company, the Vendor, and Shenzhen Haisheng in respect of the Disposal

“Equity Transfer Procedures”	has the meaning ascribed thereto in the paragraph headed “Equity Transfer Procedures” under the section headed “The Equity Transfer Agreement” in this announcement
“First Installment”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section headed “The Equity Transfer Agreement” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	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
“Jiangxi Dekang Environmental Testing”	江西德康環境檢測研發有限公司 (for transliteration purpose only, Jiangxi Dekang Environmental Testing and Development Limited#), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Jiangxi Dekang Property”	江西德康物業管理有限公司 (for transliteration purpose only, Jiangxi Dekang Property Management Limited#), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Jiangxi Dekang Purified Water”	江西德康淨水有限公司 (for transliteration purpose only, Jiangxi Dekang Purified Water Company Limited#), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Jiangxi Dekang Water Supply”	江西德康二次供水有限公司 (for transliteration purpose only, Jiangxi Dekang Water Supply Company Limited#), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Jiangxi Kangyue Purified Water”	江西康月淨水有限公司 (for transliteration purpose only, Jiangxi Kangyue Purified Water Limited#), a company established in the PRC with limited liability and an associate of the Disposal Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Notice of Fulfillment”	has the meaning ascribed thereto in the paragraph headed “Payment Conditions” under the section headed “The Equity Transfer Agreement” in this announcement
“Payment Conditions”	has the meaning ascribed thereto in the paragraph headed “Payment Conditions” under the section headed “The Equity Transfer Agreement” in this announcement
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	海天水務集團股份有限公司 (for transliteration purpose only, Haitian Water Group Company Limited <sup>#</sup> ), a company established in the PRC with limited liability, the shares of which are listed on The Shanghai Stock Exchange (stock code: 603759)
“Sale Capital”	100% registered capital of the Disposal Company, which is beneficially owned by the Vendor as at the date of this announcement
“Second Installment”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section headed “The Equity Transfer Agreement” in this announcement
“Share(s)”	share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of issued Share(s) from time to time
“Shenzhen Haisheng”	深圳市海晟環保科技有限公司 (Shenzhen Haisheng Environmental Sci-Tech Co., Ltd. <sup>#</sup> ), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Installment”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section headed “The Equity Transfer Agreement” in this announcement
“Transitional Period”	the period commencing from the date of the Equity Transfer Agreement and ending on the date of completion of the Equity Transfer Procedures, the Disposal Company Handover Procedures and the Yichun Handover Procedures

“Vendor”	Billion City Investments Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Yichun City Engineering”	宜春市供水工程有限公司 (for transliteration purpose only, Yichun City Water Supply Engineering Limited <sup>#</sup> ), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Yichun City Yutong”	宜春市宇通制水有限公司 (for transliteration purpose only, Yichun City Yutong Water Production Company Limited <sup>#</sup> ), a company established in the PRC with limited liability and an associate of the Disposal Company
“Yichun Fangke”	宜春市方科污水處理有限公司 (for transliteration purpose only, Yichun Fangke Sewage Treatment Company Limited <sup>#</sup> ), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Yichun Handover Procedures”	has the meaning ascribed thereto in the paragraph headed “Yichun Handover Procedures” under the section headed “The Equity Transfer Agreement” in this announcement
“Yichun Mingyue Mountain”	宜春市明月山方科污水處理有限公司 (for transliteration purpose only, Yichun Mingyue Mountain Fangke Sewage Treatment Co. Limited <sup>#</sup> ), a company established in the PRC with limited liability and a joint venture of the Disposal Company
“Yichun Kun Lun”	宜春昆侖信息科技有公司 (for transliteration purpose only, Yichun Kun Lun Information Technology Company Limited <sup>#</sup> ), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Yichun Water”	宜春水務集團有限公司 (for transliteration purpose only, Yichun Water Industry Group Co., Ltd <sup>#</sup> ), a company established in the PRC with limited liability and owned as to 51% by the Vendor and 49% by 宜春市市政發展有限公司 (for transliteration purpose only, Yichun Municipal Development Co., Ltd.) as at the date of this announcement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

\* *For identification purpose only*

# *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 RMB1.00 to HK\$1.0871. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.*

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

Hong Kong, 25 March 2024

*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.*