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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)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
THE DISPOSAL OF 51% EQUITY INTERESTS IN
YICHUN WATER INDUSTRY GROUP CO., LIMITED**

Financial adviser to the Company



THE DISPOSAL

The Board would like to announce that on 26 July 2024 (after trading hours of the Stock Exchange), the Purchaser and the Vendor, 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 51% equity interests in the Disposal Company for a total consideration of RMB195,000,000 (equivalent to approximately HK\$211,185,000).

As at the date of this announcement, the Disposal Company is owned as to 51% by the Vendor and 49% by the Purchaser. Upon Completion, the Disposal Company will be owned as to 100% by the Purchaser. 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.

As the Purchaser is a substantial shareholder of the Disposal Company as at the date of this announcement, the Purchaser is thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. In light of the fact that the Disposal has been approved by the Board and the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the entering into of the Equity Transfer Agreement will constitute a connected transaction which is subject to reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 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 23 August 2024 as additional time is required for the preparation of the relevant information to be included in the circular.

Completion is subject to the Approval Procedures, Handover Procedures and Registration of Equity Transfer set out in the Equity Transfer Agreement having been completed 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 26 July 2024 (after trading hours of the Stock Exchange), the Purchaser and the Vendor, 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 51% equity interests in the Disposal Company for a total consideration of RMB195,000,000 (equivalent to approximately HK\$211,185,000).

THE EQUITY TRANSFER AGREEMENT

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

- Date:** 26 July 2024
- Parties:** (i) the Purchaser; and
(ii) the Vendor

The Purchaser is a company established in the PRC with limited liability and is principally engaged in property management, greenery construction, sewage treatment, and machinery and equipment leasing services. As the Purchaser is a substantial shareholder of the Disposal Company as at the date of this announcement, the Purchaser is thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules.

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 51% equity interests in the Disposal Company.

As at the date of this announcement, the Disposal Company is owned as to 51% by the Vendor and 49% by the Purchaser.

Consideration

The Consideration payable for the Sale Capital is RMB195,000,000 (equivalent to approximately HK\$211,185,000), which shall be satisfied by the Purchaser by way of bank transfer in the following manner:

- (i) as to RMB78,000,000 (equivalent to approximately HK\$84,474,000), representing 40% of the Consideration (the “**First Installment**”) shall be payable by the Purchaser to the Vendor within seven (7) Business Days from the date of the Equity Transfer Agreement;
- (ii) as to RMB78,000,000 (equivalent to approximately HK\$84,474,000), representing 40% of the Consideration (the “**Second Installment**”), shall be payable by the Purchaser to the Vendor within seven (7) Business Days upon the completion of all procedures (including but not limited to the internal approval procedures of each party thereto) (the “**Approval Procedures**”) and the issue of a written notice of payment by the Vendor to the Purchaser; and
- (iii) the remaining balance as to RMB39,000,000 (equivalent to approximately HK\$42,237,000), representing 20% of the Consideration (the “**Third Installment**”) shall be payable by the Purchaser to the Vendor within seven (7) Business Days after the completion of the Handover Procedures and Registration of Equity Transfer.

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 0.01% on the overdue amounts for each day of delay. In the event of any delay in payment of any overdue amounts for more than 30 Business Days, the Vendor shall have the right to terminate the Equity Transfer Agreement and require the Purchaser to pay a compensation for a sum equivalent to 5% of the total Consideration except for reasons due to 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 unaudited net asset value of the Disposal Group attributable to the Group as at 30 June 2024 of approximately HK\$162,948,000; (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 of 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 has engaged 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.

Handover Procedures

Within five (5) calendar days after the receipt of the Second Installment by the Vendor, parties to the Equity Transfer Agreement shall jointly commence the handover procedures, including but not limited to the delivery of such resignation letters of the directors and executives of the Disposal Company appointed by the Vendor as required by the Purchaser (the “**Handover Procedures**”). Prior to the completion of the Handover Procedures, the Vendor shall not dispose of any assets of the Disposal Company without authorisation.

Registration of Equity Transfer

Within three (3) Business Days after the completion of the Handover Procedures, the parties to the Equity Transfer Agreement shall jointly carry out the registration of the transfer of the Sale Capital to the Purchaser, including the delivery of the Disposal Company’s assets, such as, the company seals, licenses, title deeds, and books and ledgers (the “**Registration of Equity Transfer**”) and the Registration of Equity Transfer shall be completed within 60 calendar days from the receipt of the Second Installment by the Vendor.

In the event that the Vendor fails to cooperate with the Purchaser in completing the Registration of Equity Transfer within the time as stipulated above, the Vendor shall pay to the Purchaser a compensation for a sum equivalent to 0.01% of the Consideration actually received by the Purchaser for each day of delay. In the event of any delay in cooperating with the Purchaser to complete the Registration of Equity Transfer for more than 30 Business Days, the Purchaser shall have the right to terminate the Equity Transfer Agreement and require the Vendor to pay a compensation for a sum equivalent to 5% of the total Consideration except for reasons due to the Purchaser and the relevant authority responsible for the equity transfer procedures.

Termination

In the event that the Equity Transfer Agreement is terminated, revoked or lapsed for reasons other than the Purchaser or policy related reasons, the Vendor shall refund the full amount of all such payment made by the Purchaser within ten (10) calendar days after the issue of written notice for demand by the Purchaser. In the event that the Vendor fails to refund to the Purchaser within the time as stipulated above, the Vendor shall pay to the Purchaser a compensation for a sum equivalent to 0.01% of the Consideration actually received for each day of delay. Thereafter neither party shall have any obligations and liabilities thereunder. The parties to the Equity Transfer Agreement shall cooperate with each other to complete the registration of equity transfer to restore the ownership of the Sale Capital to its original state within ten (10) calendar days after the termination, revocation or lapse of the Equity Transfer Agreement. Thereafter, the Vendor shall be entitled to sell the Sale Capital to a third party.

Completion

Completion shall take place within seven (7) Business Days after the completion of the Handover Procedures and Registration of Equity Transfer, upon which the payment of the Third Installment shall be made 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.

PURCHASER’S UNDERTAKING

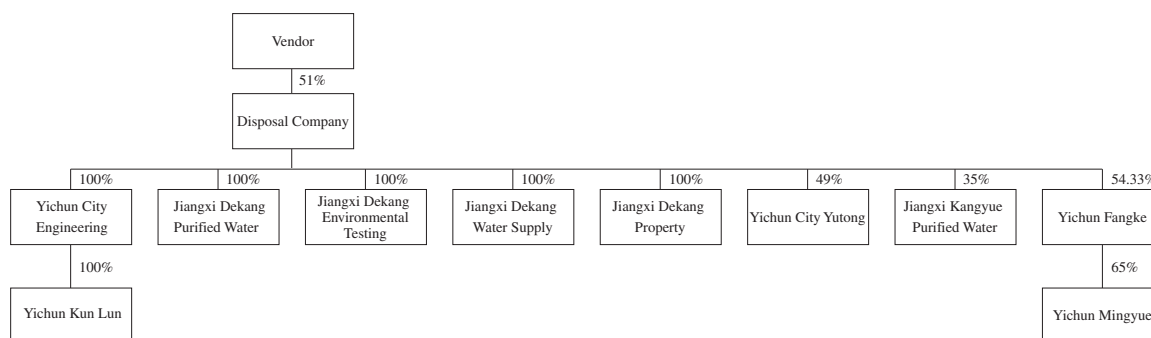
As at the date of this announcement, the 51% equity interests in the Disposal Company held by the Vendor is frozen by Yichun City Yuanzhou District People’s Court of Jiangxi Province (the “**Property Attachment**”) and the Company has received a statement of claim regarding the transfer of equity interests in the Vendor (the “**Civil Claim**”). Details of the Property Attachment and the Civil Claim are set out in the announcements of the Company dated 9 May 2024 and 17 June 2024.

On 26 July 2024, the Purchaser has given an undertaking in favour of the Vendor that it will, following the execution of the Equity Transfer Agreement and prior to the Handover Procedures and Registration of Equity Transfer, file with the Intermediate People’s Court of Yichun City to withdraw the Civil Claim and discharge the Property Attachment.

INFORMATION ON THE DISPOSAL GROUP

The Disposal Company is a company established in the PRC with limited liability. As at the date of this announcement, the Disposal Company is owned as to 51% by the Vendor and 49% by the Purchaser. It is principally engaged in the provision of water supply and installation of water supply facilities.

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 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 sewage treatment.

Yichun Mingyue is principally engaged in 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 2022 and 2023:

	For the year ended 31 December 2022 HK\$'000 (audited)	For the year ended 31 December 2023 HK\$'000 (audited)
Revenue	474,561	336,338
Profit before taxation	75,608	36,078
Profit after taxation	65,892	26,456
Profit after taxation attributable to the owners of the Company	31,868	11,839

The total assets, total liabilities and net assets of the Disposal Group as at 31 December 2023 according to its audited consolidated financial statements were approximately HK\$735,619,000, approximately HK\$334,693,000 and approximately HK\$400,926,000, respectively. The assets of the Disposal Group as at 31 December 2023 included other receivable with an outstanding amount of RMB10,500,000 (equivalent to HK\$11,372,000) (comprising a principal amount of RMB6,000,000 (equivalent to HK\$6,498,000) and accumulated interests of approximately RMB4,500,000 (equivalent to HK\$4,874,000 million)), which was fully impaired by the Group for the year ended 31 December 2023. As at 30 June 2024, the unaudited net assets of the Disposal Group attributable to the Group was approximately HK\$162,948,000.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and is principally engaged in property management, greenery construction, sewage treatment, and machinery and equipment leasing 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 100% by 宜春市城市建設投資開發有限公司 (for transliteration purpose only, Yichun City Urban Construction Investment Development Co. Limited[#]), which in turn is owned as to 100% by 宜春發展投資集團有限公司 (for transliteration purpose only, Yichun Development Investment Group Co. Limited[#]) (“**Yichun Development**”). Yichun Development is in turn owned as to 90% by 宜春市國有資產監督管理委員會 (for transliteration purpose only, Yichun State-owned Assets Supervision and Administration Commission[#]) and 10% by 江西省行政事業資產集團有限公司 (for transliteration purpose only, Jiangxi Provincial Administrative Assets Group Co.[#]), which is indirectly wholly-owned by Jiangxi Provincial Department of Finance in the PRC.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Disposal Company will cease to be a subsidiary 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 upon Completion.

Assets and liabilities

Having taken into account the Consideration of RMB195,000,000 (equivalent to approximately HK\$211,185,000) and the audited net assets value of the Disposal Group of HK\$400,926,000 as at 31 December 2023, it is estimated that upon Completion, the total assets, total liabilities and net assets of the Group will be decreased by approximately HK\$524,434,000, HK\$319,108,000 and HK\$205,326,000, respectively.

Earnings

Subject to further audit procedures to be performed by the auditor of the Company, the Group is expected to record an unaudited net gain from the Disposal of approximately HK\$21,030,000 which is estimated based on the Consideration of RMB195,000,000 (equivalent to approximately HK\$211,185,000) less the unaudited net assets of the Disposal Group attributable to the Group of approximately HK\$162,948,000 as at 30 June 2024, and after deducting the expenses directly to the Disposal, the related reserve and tax payable in aggregate amount of approximately HK\$27,207,000. 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 and tax payable in aggregate amount of approximately HK\$15,585,000, will amount to approximately HK\$195,600,000. It is intended that the net proceeds is to 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 an indirect wholly-owned subsidiary of the Group and is an investment holding company.

For the year ended 31 December 2023 (“FY2023”), the Disposal Group’s revenue and profit after taxation attributable to the owners of the Company were approximately HK\$336,338,000 and approximately HK\$11,839,000, respectively (for the year ended 31 December 2022 (“FY2022”), the Disposal Group’s revenue was approximately HK\$474,561,000 and profit after taxation attributable to the owners of the Company was approximately HK\$31,868,000). Compared with FY2022, the Disposal Group’s revenue and profit after taxation attributable to the owners of the Company decreased by approximately HK\$138,223,000 and approximately HK\$20,029,000, respectively, which were mainly due to the completion of several large-scale construction projects in FY2022 and a decrease in construction activities in FY2023, resulting in a decline in performance in water supply related installation, infrastructure and construction businesses.

Over the past few years, the PRC government has been actively promoting the implementation of environmental protection policies to improve the national ecological environment and facilitate sustainable development. However, the changing economic situation has led to increasing financial pressure on the government, directly impacting the environmental protection sector. The Group has consistently adapted to these environmental changes and overcome new challenges to achieve its own development and progress. It remains committed to its strategic goal of becoming a leading “Chinese Biomass Gas Operation Service Provider”. The Group places significant emphasis on innovation, service upgrades, and business model innovation and collaborates with governments, enterprises, and research institutions to seek solutions. As part of its efforts, the Group has reshaped its corporate business, realigned its development direction, and pursued asset optimisation in sewage projects. This includes disposing of non-core assets and restructuring existing assets, such as the disposal of interests in subsidiaries related to water supply and sewage treatment businesses in May 2023. Guided by market demands and leveraging its platform advantages, the Group is dedicated to cultivating the environmentally-friendly new energy sector.

As disclosed in the annual report of the Company for the year ended 31 December 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 realise the investment in the Disposal 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.

Further, the net proceeds from the Disposal will make a positive contribution to the cashflow of the Group and it is intended that part of the net proceeds will be used for the repayment of the borrowings the Company and the interests accrued thereon. Thus, the Board considers that the Disposal shall enable the Company to lower its financing costs and improve the liquidity and overall financial position of the Group.

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.

As the Purchaser is a substantial shareholder of the Disposal Company as at the date of this announcement, the Purchaser is thus a connected person of the Company at subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. In light of the fact that the Disposal has been approved by the Board and the independent non-executive Directors have confirmed that the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the entering into of the Equity Transfer Agreement will constitute a connected transaction which is subject to reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.101 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 23 August 2024 as additional time is required for the preparation of the relevant information to be included in the circular.

Completion is subject to the Approval Procedures, Handover Procedures and Registration of Equity Transfer set out in the Equity Transfer Agreement having been completed 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:

“Approval Procedures”	has the meaning ascribed thereto in the paragraph headed “Consideration” 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
“Civil Claim”	has the meaning ascribed thereto under the section headed “Purchaser’s undertaking” in this announcement
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	a sum of RMB195,000,000, being the consideration for the Sale Capital
“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”	宜春水務集團有限公司 (for transliteration purpose only, Yichun Water Industry Group Co., Limited [#]), a company established in the PRC with limited liability and owned as to 51% by the Vendor and 49% by the Purchaser as at the date of this announcement
“Disposal Group”	Disposal Company and its subsidiaries
“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 26 July 2024 entered into amongst the Purchaser and the Vendor in respect of the Disposal
“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
“Handover Procedures”	has the meaning ascribed thereto in the paragraph headed “Handover Procedures” under the section headed “The Equity Transfer Agreement” in this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangxi Dekang Environmental Testing”	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 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 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 indirect non-wholly owned subsidiary of the Disposal Company
“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 and Taiwan
“Property Attachment”	has the meaning ascribed thereto under the section headed “Purchaser’s undertaking” in this announcement
“Purchaser”	宜春市市政發展有限公司 (for transliteration purpose only, Yichun Municipal Development Co., Ltd. [#]), a company established in the PRC with limited liability
“Registration of Equity Transfer”	has the meaning ascribed thereto in the paragraph headed “Registration of Equity Transfer” under the section headed “The Equity Transfer Agreement” in this announcement
“Sale Capital”	51% 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
“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

“Vendor”	Onfar International Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect 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 [#]), 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 [#]), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary 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 [#]), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“Yichun Mingyue”	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 [#]), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary 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 [#]), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Disposal Company
“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\$1.0830. 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, 26 July 2024

As at the date of this announcement, the Board comprises Mr. Zhu Yongjun (Chairman) and Ms. Chu Yin Yin Georgiana, all being executive Directors and Mr. Wong Siu Keung, Joe and Mr. Lam Cheung Shing, Richard, all being independent non-executive Directors.