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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 FINANCE LEASE ARRANGEMENT**

### **INTRODUCTION**

References are made to the announcements of the Company dated 8 December 2021 and 22 February 2022 in relation to, among other things, the Previous Finance Lease Arrangements.

The Board would like to announce that on 28 July 2022, the Lessee entered into the New Transfer Agreement and the New Finance Lease Agreement with Greengold Leasing, pursuant to which (i) Greengold Leasing shall purchase the Leased Assets from the Lessee for the Purchase Price of RMB18,000,000 (equivalent to approximately HK\$21,091,000); and (ii) Greengold Leasing shall lease back the Leased Assets to the Lessee for a lease period of 60 months.

### **LISTING RULES IMPLICATIONS**

As the Previous Finance Lease and Incidental Documentation and the New Finance Lease and Incidental Documentation were all entered into by the Group with Greengold Leasing within a 12-month period, the transactions contemplated under the New Finance Lease and Incidental Documentation are aggregated with the transactions contemplated under the Previous Finance Lease and Incidental Documentation for consideration for the purpose of this announcement.

As the highest applicable percentage ratio (as defined under the Listing Rules) for the transactions contemplated under the Previous Finance Lease and Incidental Documentation, when calculated on an aggregated basis with the transactions contemplated under the New Finance Lease and Incidental Documentation, is 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 under Chapter 14 of the Listing Rules.

\* For identification purposes only

## INTRODUCTION

References are made to the announcements of the Company dated 8 December 2021 and 22 February 2022 in relation to, among other things, the Previous Finance Lease Arrangements.

On 8 December 2021 and 22 February 2022 respectively, the Group entered into the 2021 Finance Lease and Incidental Documentation and the 2022-Feb Finance Lease and Incidental Documentation with Greengold Leasing with respect to (i) the 2021 Finance Lease Arrangement regarding the purchase of the 2021 Leased Assets by Greengold Leasing from the Previous Lessees at the purchase price of RMB60,000,000 (equivalent to approximately HK\$74,220,000) and the leaseback of such assets to the Previous Lessees for a lease period of 48 months; and (ii) the 2022-Feb Finance Lease Arrangement regarding the purchase of the 2022-Feb Leased Assets by Greengold Leasing from the Previous Lessees at the purchase price of RMB20,000,000 (equivalent to approximately HK\$24,740,000) and the leaseback of such assets to the Previous Lessees for a lease period of 48 months. Details of aforesaid arrangements are set out in the announcements of the Company dated 8 December 2021 and 22 February 2022.

## NEW FINANCE LEASE ARRANGEMENT

The Board would like to announce that on 28 July 2022, the Lessee, an indirect non-wholly owned subsidiary of the Company, entered into the New Transfer Agreement with Greengold Leasing, pursuant to which Greengold Leasing shall purchase the Leased Assets from the Lessee for the Purchase Price of RMB18,000,000 (equivalent to approximately HK\$21,091,000).

On the same date, the Lessee and Greengold Leasing entered into the New Finance Lease Agreement, pursuant to which Greengold Leasing shall lease back the Leased Assets to the Lessee for a lease consideration comprising of principal amount equivalent to the Purchase Price and the interest accrued thereon at a rate of 6.35% per annum for a lease period of 60 months commencing from the payment date of the Purchase Price.

### I. The New Transfer Agreement and the New Finance Lease Agreement

The principal terms of the New Transfer Agreement and the New Finance Lease Agreement are as follows:

	<b>New Transfer Agreement</b>	<b>New Finance Lease Agreement</b>
<b>Date:</b>	28 July 2022	28 July 2022
<b>Parties:</b>	(i) Greengold Leasing (as purchaser); and (ii) Lessee (as vendor)	(i) Greengold Leasing (as lessor); and (ii) Lessee (as lessee)

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, Greengold Leasing and its ultimate beneficial owners are the Independent Third Parties.

### *The Leased Assets*

The Leased Assets comprise sewage treatment equipment situated at Foshan City, Guangdong Province, the PRC.

The Lessee will bear any maintenance, taxation and other costs and levies associated with the Leased Assets.

### *Purchase Price*

The Purchase Price was determined after arm's length negotiations by the parties with reference to the original cost of the Leased Assets of approximately RMB28,957,000 (equivalent to approximately HK\$33,929,000), and their state.

The payment of the Purchase Price shall be made by Greengold Leasing to the Lessee on the date of the fulfillment (or waiver by Greengold Leasing at its discretion) of the conditions as stipulated in the New Transfer Agreement.

### *Lease consideration and lease period*

The Lessee shall repay Greengold Leasing lease consideration comprising of (i) principal amount equivalent to the Purchase Price; and (ii) the interest accrued thereon at a rate of 6.35% per annum by 60 monthly installments of approximately RMB352,000 (equivalent to approximately HK\$412,000) each.

The terms of the New Finance Lease Agreement, including the lease consideration, lease interest, and other fees and expenses under the incidental documentation to the finance lease, were determined after arm's length negotiations among the parties to the New Finance Lease Agreement with reference to the principal amount of the lease and the loan prime rate published by the National Interbank Funding Center from time to time.

### *The Security Deposit*

The Lessee shall pay Greengold Leasing an interest-free security deposit of RMB936,000 (equivalent to approximately HK\$1,097,000) in full on the commencement date of the lease period.

### *Legal ownership*

The legal ownership of the Leased Assets shall be transferred from the Lessee to Greengold Leasing on the date of payment of the Purchase Price. Upon early termination or expiry of the lease period, the Lessee shall buyback the Leased Assets from Greengold Leasing on an "as is" basis in consideration of the buyback fee in the sum of RMB100 (equivalent to approximately HK\$117), which shall be deducted from the Security Deposit, and the legal ownership of the Leased Assets shall then be transferred to the Lessee.

## **II. The New Consultancy Agreement**

On 28 July 2022, Greengold Leasing and the Lessee entered into the New Consultancy Agreement, pursuant to which Greengold Leasing shall provide the Lessee consultancy service for a period commencing from 28 July 2022 and ending on 27 September 2022 at a total consultancy fee of RMB1,080,000 (equivalent to approximately HK\$1,265,000). The total consultancy fee shall be payable after the execution of the New Consultancy Agreement and prior to the issue of a confirmation letter by the Lessee to Greengold Leasing.

## **III. Guarantees, Legal Charges and the Pledges over Accounts Receivable**

### *Guarantees*

Pursuant to the terms of the Guarantee A and Guarantee B respectively, each of the Guarantor A and Guarantor B shall provide an irrevocable guarantee in favour of Greengold Leasing for, including but not limited to, the due and punctual performance of the Lessee's obligations under the New Finance Lease Agreement.

### *Legal charges*

Pursuant to the terms of the Legal Charge, Hyde Environmental Protection shall provide a legal charge over all of its 70% equity interest in Lessee in favour of Greengold Leasing for a term of six (6) years for, including but not limited to, the due and punctual performance of the Lessee's obligations under the New Finance Lease Agreement.

### *The Pledges over Accounts Receivable*

Pursuant to the terms of the Pledge over Accounts Receivable, the Lessee shall provide pledge over accounts receivable in the aggregate amount of RMB50,000,000 (equivalent to approximately HK\$58,585,000) in favour of Greengold Leasing for, including but not limited to, the due and punctual performance of the Lessee's obligations under the New Finance Lease Agreement.

## **INFORMATION OF THE PARTIES TO THE NEW FINANCE LEASE ARRANGEMENT**

### **Greengold Leasing**

Greengold Leasing is a company established in the PRC with limited liability which is principally engaged in the provision of finance, including through finance leasing, with a focus on environmental protection projects in the PRC. Greengold Leasing is a subsidiary of China Investments Holdings Limited, being a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132).

### **The Lessee**

Lessee is a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the provision of sewage treatment in Foshan City, Guangdong Province, the PRC.

## **Guarantors**

Guarantor A (i.e., the Company) is the company incorporated in Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1129).

Guarantor B is company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

## **REASONS FOR AND BENEFITS OF THE NEW FINANCE LEASE ARRANGEMENT**

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 Directors are of the view that under the New Finance Lease Arrangement, the Group will obtain financial resources and gain access to certain sewage treatment equipment as required for its operations. The terms under the New Finance Lease and Incidental Documentation have been agreed after arm's length negotiation among the relevant parties. The Directors consider that the terms of the New Finance Lease and Incidental Documentation, including the Purchase Price and the lease consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the Previous Finance Lease and Incidental Documentation and the New Finance Lease and Incidental Documentation were all entered into by the Group with Greengold Leasing within a 12-month period, the transactions contemplated under the New Finance Lease and Incidental Documentation are aggregated with the transactions contemplated under the Previous Finance Lease and Incidental Documentation for consideration for the purpose of this announcement.

As the highest applicable percentage ratio (as defined under the Listing Rules) for the transactions contemplated under the Previous Finance Lease and Incidental Documentation, when calculated on an aggregated basis with the transactions contemplated under the New Finance Lease and Incidental Documentation, is 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 under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the New Finance Lease and Incidental Documentation and is required to abstain from voting on the board resolutions approving the transactions contemplated under the New Finance Lease and Incidental Documentation.

## DEFINITIONS

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

“2021 Consultancy Agreement”	the consultancy agreement dated 8 December 2021 and entered into among Greengold Leasing, Previous Lessee 1 and Previous Lessee 2 in relation to the provision of consultancy services by Greengold Leasing to Previous Lessee 1 and Previous Lessee 2
“2021 Finance Lease Agreement”	the finance lease agreement dated 8 December 2021 and entered into between the Previous Lessees and Greengold Leasing which sets out the rights and obligations of the Previous Lessees and Greengold Leasing in relation to the 2021 Finance Lease Arrangement
“2021 Finance Lease and Incidental Documentation”	the 2021 Finance Lease Agreement and the agreements incidental to the 2021 Finance Lease Agreement, including the 2021 Transfer Agreement, the 2021 Consultancy Agreement, the Previous Legal Charge A, the Previous Legal Charge B and the Previous Pledges over Account Receivables
“2021 Finance Lease Arrangement”	the transactions contemplated under the 2021 Finance Lease and Incidental Documentation
“2021 Leased Assets”	subject leased assets under the 2021 Finance Lease Arrangement, which principally comprise of landfill gas power generating facilities
“2021 Transfer Agreement”	the transfer agreement dated 8 December 2021 and entered into between the Previous Lessees and Greengold Leasing in relation to the sale and purchase of the 2021 Leased Assets
“2022-Feb Consultancy Agreement”	the consultancy agreement dated 22 February 2022 and entered into between Greengold Leasing and Previous Lessee 1 in relation to the provision of consultancy services by Greengold Leasing to Previous Lessee 1
“2022-Feb Finance Lease Agreement”	the finance lease agreement dated 22 February 2022 and entered into between the Previous Lessees and Greengold Leasing which sets out the rights and obligations of the Previous Lessees and Greengold Leasing in relation to the 2022-Feb Finance Lease Arrangement
“2022-Feb Finance Lease Arrangement”	the transactions contemplated under the 2022-Feb Finance Lease and Incidental Documentation

“2022-Feb Finance Lease and Incidental Documentation”	the 2022-Feb Finance Lease Agreement and the agreements incidental to the 2022-Feb Finance Lease Agreement, including the 2022-Feb Transfer Agreement, the 2022-Feb Consultancy Agreement, the Previous Legal Charge B, the Previous Legal Charge C and the Previous Pledges over Accounts Receivables
“2022-Feb Leased Assets”	subject leased assets under the 2022-Feb Finance Lease Arrangement, which comprise power generation equipment situated at Chengdu City, the PRC
“2022-Feb Transfer Agreement”	the transfer agreement dated 22 February 2022 and entered into between Previous Lessee 1 and Greengold Leasing in relation to the sale and purchase of the 2022-Feb Leased Assets
“Board”	the board of Directors
“Business Day(s)”	any day(s) other than a Saturday, Sunday or statutory holiday in the PRC
“Chengdu Luzhou”	成都市綠州新再生能源有限責任公司 (for transliteration purpose only, Chengdu City Green State Renewable Energy Co., Limited#), a company established in the PRC with limited liability, which is owned as to 49% by Previous Lessee 1 and as at 51% by 成都綠州市容環境(集團)有限責任公司 (for transliteration purpose only, Chengdu Luzhou City Environmental (Group) Co., Limited#), being a state-owned enterprise
“Company”, or “Guarantor A”	China Water Industry Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1129)
“Director(s)”	the director(s) of the Company
“Greengold Leasing”	廣東綠金融資租賃有限公司 (for transliteration purpose only, Canton Greengold Financial Leasing Ltd.#) (formerly known as Canton Risen Financial Leasing Co., Ltd. (廣東粵盛科融資租賃有限公司)), a company established in the PRC with limited liability and a subsidiary of China Investments Holdings Limited (中國興業控股有限公司), being a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 132)
“Group”	the Company and its subsidiaries

“Guarantee A”	a guarantee executed by the Guarantor A in favour of Greengold Leasing as security for the due and punctual performance of the Lessee’s obligations under the New Finance Lease Agreement
“Guarantee B”	a guarantee executed by the Guarantor B in favour of Greengold Leasing as security for the due and punctual performance of the Lessee’s obligations under the New Finance Lease Agreement
“Guarantor B” or “Hyde Environmental Protection”	廣州市海德環保科技有限公司 (for transliteration purpose only, Guangzhou Hyde Environmental Protection Technology Co. Ltd#), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, 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
“Leased Assets”	subject leased assets under the New Finance Lease Arrangement, which comprise sewage treatment equipment situated at Foshan City, Guangdong Province, the PRC
“Legal Charge”	a legal charge over 70% equity interest in the Lessee executed by Hyde Environmental Protection in favour of Greengold Leasing as security for the due and punctual performance of the Lessee’s obligations under the New Finance Lease Agreement
“Lessee”	佛山市高明區華信污水處理有限公司 (for transliteration purpose only, FoShan City Gaoming Huaxin Sewage Treatment Company Limited#), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Consultancy Agreement”	the consultancy agreement dated 28 July 2022 and entered into among Greengold Leasing and the Lessee in relation to the provision of consultancy services by Greengold Leasing to the Lessee



“New Finance Lease Agreement”	the finance lease agreement dated 28 July 2022 and entered into among the Lessee and Greengold Leasing which sets out the rights and obligations of the Lessee and Greengold Leasing in relation to the New Finance Lease Arrangement
“New Finance Lease Arrangement”	the transactions contemplated under the New Finance Lease and Incidental Documentation
“New Finance Lease and Incidental Documentation”	the New Finance Lease Agreement and the agreements incidental to the New Finance Lease Agreement, including the New Transfer Agreement, the New Consultancy Agreement, the Guarantee A, the Guarantee B, the Legal Charge and the Pledges over Account Receivables
“New Transfer Agreement”	the transfer agreement dated 28 July 2022 and entered into between the Lessee and Greengold Leasing in relation to the sale and purchase of the Leased Assets
“Pledge over Accounts Receivables”	a pledge over accounts receivable executed by the Lessee in favour of Greengold Leasing as security for the due and punctual performance of the Lessee’s obligations under the New Finance Lease Agreement
“Previous Finance Lease Arrangements”	collectively, the 2021 Finance Lease Arrangement and the 2022-Feb Finance Lease Arrangement
“Previous Finance Lease and Incidental Documentation”	collectively, the 2021 Finance Lease and Incidental Documentation and the 2022-Feb Finance Lease and Incidental Documentation
“Previous Legal Charge A”	a legal charge over the 2021 Leased Assets executed by the Previous Lessees in favour of Greengold Leasing as security for the due and punctual performance of the Previous Lessees’ obligations under the 2021 Finance Lease Agreement
“Previous Legal Charge B”	a legal charge over 49% equity interest in Chengdu Luzhou executed by Previous Lessee 1 in favour of Greengold Leasing as security for the due and punctual performance of the Previous Lessees’ obligations under the 2021 Finance Lease Agreement and the 2022-Feb Finance Lease Agreement
“Previous Legal Charge C”	a legal charge over the 2022-Feb Leased Assets executed by Previous Lessee 1 in favour of Greengold Leasing as security for the due and punctual performance of the Previous Lessees’ obligations under the 2022-Feb Finance Lease Agreement

“Previous Lessee 1”	新中水(南京)再生資源投資有限公司 (for transliteration purpose only, New China Water (Nanjing) Renewable Resources Investment Company Limited#), a company established in the PRC with limited liability, which is a subsidiary of the Company
“Previous Lessee 2”	深圳市新中水環保科技有限公司 (for transliteration purpose only, Shenzhen City New China Water Environmental Technology Limited#), a company established in the PRC with limited liability, which is a subsidiary of the Company
“Previous Lessee 3”	山東齊耀新能源有限公司 (for transliteration purpose only, Shandong Qiyao New Energy Company Limited#), a company established in the PRC with limited liability, which is a subsidiary of the Company
“Previous Lessee 4”	寧波齊耀新能源有限公司 (for transliteration purpose only, Ningbo Qiyao New Energy Company Limited#), a company established in the PRC with limited liability, which is a subsidiary of the Company
“Previous Lessees”	collectively, Previous Lessee 1, Previous Lessee 2, Previous Lessee 3 and Previous Lessee 4
“Previous Pledge over Accounts Receivable A”	a pledge over accounts receivable executed by Previous Lessee 1 in favour of Greengold Leasing as security for the due and punctual performance of the Previous Lessees’ obligations under the 2021 Finance Lease Agreement and 2022-Feb Finance Lease Agreement
“Previous Pledge over Accounts Receivable B”	a pledge over account receivable executed by Previous Lessee 2 in favour of Greengold Leasing as security for the due and punctual performance of the Previous Lessees’ obligations under the 2021 Finance Lease Agreement and 2022-Feb Finance Lease Agreement
“Previous Pledges over Accounts Receivables”	collectively, Previous Pledge over Accounts Receivable A and Previous Pledge over Account Receivable B
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchase Price”	an amount of RMB18,000,000 (equivalent to approximately HK\$21,091,000), being the purchase price for the New Leased Assets paid by Greengold Leasing to the Lessee under the New Transfer Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“Security Deposit”	has the meaning ascribed thereto in the paragraph headed “Security Deposit” under the sections headed “The New Transfer Agreement and the New Finance Lease Agreement” in this announcement
“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
“%”	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\$1.1717. 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, 28 July 2022

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