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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)

INSIDE INFORMATION POSSIBLE DISPOSAL OF ASSETS

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

POSSIBLE DISPOSAL

The Board announces that the Company intends to dispose of the Disposal Assets. In this regard, the Group has engaged an agent who is independent of the Company and its connected person(s) (as defined under the Listing Rules) to identify potential purchaser(s). A disclosure of information relating to the Possible Disposal has also been published on the website of 易二零水網 (for transliteration purpose only, China Water Network, which is a professional portal website providing in-depth information and research for the water industry) (<https://www.h2o-china.com/>) on the date of this announcement.

The Disposal Assets

The Possible Disposal involves the possible disposal of the following subsidiaries of the Company:

Subsidiary A which is an indirect 51%-owned subsidiary of the Company engaging in the provision of water supply in the PRC;

Subsidiary B which is an indirect 54.33%-owned subsidiary of the Company holding of 65% equity interest in the joint venture of the Company. Both of them are engaging in the provision of sewage treatment services in the PRC;

Subsidiary C which is an indirect wholly-owned subsidiary of the Company engaging in the provision of sewage treatment services in the PRC;

Subsidiary D which is an indirect 70%-owned subsidiary of the Company engaging in the provision of sewage treatment services in the PRC; and

* *For identification purposes only*

Subsidiary E which is an indirect 70%-owned subsidiary of the Company engaging in the provision of sewage treatment services in the PRC.

The Company intends to sell the Disposal Assets as an asset package and as a whole. The potential purchaser(s) may submit their application(s) to the Group and the Group will negotiate the terms and conditions of the agreement for the Possible Disposal with the potential purchaser(s) on an arm's length basis.

INFORMATION ABOUT THE GROUP

The Group is engaged in three business segments: (i) provision of water supply, sewage treatment and construction services; (ii) exploitation and sale of renewable energy; and (iii) property investment and development.

REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL

As disclosed in the annual report of the Company for the year ended 31 December 2022, the Group put forward its strategic positioning and plan as a biomass and fuel gas service provider in the PRC in early 2022. Pursuant to the plan, the Group continues to develop in the upstream and downstream business of the environment protection and new energy segment as the core segment of the Group. The Directors are of the view that the Possible Disposal, if materialised, will facilitate the Group's focus on its core segment by a better allocation of the Group's resources and will help to enhance the sustainable development of environmental protection and new energy business of the Group.

LISTING RULES IMPLICATION

The Possible Disposal, if materialised, is expected to constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. If there is any material development in connection to the Possible Disposal or if the Possible Disposal materialises, the Company will make further announcement(s) in accordance with the requirements of the Listing Rules as and when necessary.

GENERAL

The Company wishes to emphasise that the Possible Disposal is currently being considered by the Company, and no binding agreement, arrangement or commitment has been entered into by or given by the Company with respect to the Possible Disposal. The Possible Disposal may or may not materialise, Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“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)
“Director(s)”	the director(s) of the Company
“Disposal Assets”	the possible disposal of the equity interest held by the Company in the following subsidiaries: (i) 51% equity interest in subsidiary A which engages in the provision of water supply in the PRC; (ii) 54.33% equity interest in subsidiary B which holds 65% equity interest of the joint venture of the Company. Both of them engage in the provision of sewage treatment services in the PRC; (iii) 100% equity interest in subsidiary C which engages in the provision of sewage treatment services in the PRC; (iv) 70% equity interest in subsidiary D which engages in the provision of sewage treatment services in the PRC; and (v) 70% equity interest in subsidiary E which engages in the provision of sewage treatment services in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Possible Disposal”	the possible disposal of the Disposal Assets by the Group
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of the Company of HK\$0.01 each

“Shareholder(s)” holder(s) of issued Share(s) from time to time
“Stock Exchange” The Stock Exchange of Hong Kong Limited
“%” per cent

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

Hong Kong, 30 May 2023

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, Ms. Qiu Na and Mr. Lam Cheung Shing, Richard, all being independent non-executive Directors.