

*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)**

## **DISCLOSEABLE TRANSACTION CONSTRUCTION AGREEMENT**

### **INTRODUCTION**

As disclosed in the annual report of the Company for the year ended 31 December 2022, as at 31 December 2022, the construction of the Water Quality Monitoring and Control Building at Yuanzhou District, Yichun City, Jiangxi Province, the PRC, being one of the property projects of the Group was yet to develop.

### **CONSTRUCTION AGREEMENT**

The Board hereby announces that after a tendering process, on 28 September 2023, Yichun Water, being an indirect non-wholly owned subsidiary of the Company, as principal, and Tiangong Construction, as contractor, entered into the Construction Agreement, pursuant to which Tiangong Construction has agreed to carry out the construction of the Water Quality Monitoring and Control Building at the Contract Price of approximately RMB106.7 million (equivalent to approximately HK\$114.9 million).

### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the construction of the Water Quality Monitoring and Control Building is/are more than 5% but less than 25%, the entering into of the Construction Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

\* For identification purposes only

## **INTRODUCTION**

As disclosed in the annual report of the Company for the year ended 31 December 2022, as at 31 December 2022, the construction of the Water Quality Monitoring and Control Building at Yuanzhou District, Yichun City, Jiangxi Province, the PRC, being one of the property projects of the Group was yet to develop.

## **CONSTRUCTION AGREEMENT**

The Board hereby announces that after a tendering process, on 28 September 2023, Yichun Water, being an indirect non-wholly owned subsidiary of the Company, as principal, and Tiangong Construction, as contractor, entered into the Construction Agreement, pursuant to which Tiangong Construction has agreed to carry out the construction of the Water Quality Monitoring and Control Building at the Contract Price of approximately RMB106.7 million (equivalent to approximately HK\$114.9 million).

The principal terms of the Construction Agreement are as follows:

### **Date**

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

### **Parties**

- (i) Yichun Water, as principal; and
- (ii) Tiangong Construction, as contractor.

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

### **Subject matter**

Pursuant to the Construction Agreement, Tiangong Construction has agreed to carry out the construction of the Water Quality Monitoring and Control Building, the quality of which shall comply with the current national and local government construction standards.

The Water Quality Monitoring and Control Building will be located at Yuanzhou District, Yichun City, Jiangxi Province, the PRC, which will mainly be used as offices and water quality testing facilities with a total site area of approximately 13,338 square metres and a total gross floor area of approximately 34,992 square metres.

### **Construction Period**

The construction period of the Water Quality Monitoring and Control Building shall be 912 calendar days commencing from 30 September 2023 to 30 March 2026.

## **Contract Price**

The Contract Price is approximately RMB106.7 million (equivalent to approximately HK\$114.9 million), which shall be satisfied by Yichun Water in the following manner:

- (i) a cumulative amount of 50% of the Contract Price, equivalent to approximately RMB53.4 million (equivalent to approximately HK\$57.5 million), being 50% of the safety measure fee, shall be paid in the first month of commencement of the construction of the Water Quality Monitoring and Control Building;
- (ii) a cumulative amount of 70% of the Contract Price, equivalent to approximately RMB74.7 million (equivalent to approximately HK\$80.4 million) shall be paid on a bi-monthly basis based on the construction completion progress of the period (which shall be based on the verified monthly construction progress report provided by the supervisor (the “**Supervisor**”) of Tiangong Construction);
- (iii) a cumulative amount of 80% of the Contract Price, equivalent to approximately RMB85.4 million (equivalent to approximately HK\$91.9 million) shall be paid after the completion and satisfactory inspection of the Water Quality Monitoring and Control Building;
- (iv) a cumulative amount of 97% of the Contract Price, equivalent to approximately RMB103.5 million (equivalent to approximately HK\$111.4 million) shall be paid after the completion verification results as approved by Yichun Water; and
- (v) the remaining 3% of the Contract Price, equivalent to approximately RMB3.2 million (equivalent to approximately HK\$3.5 million), being an interest-free quality assurance deposit, shall be retained by Yichun Water and paid to Tiangong Construction upon the expiry of the quality assurance period which shall be a period of two (2) years from the date of completion and satisfactory inspection of the Water Quality Monitoring and Control Building.

## **Basis of the Contract Price**

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

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

## **INFORMATION ON TIANGONG CONSTRUCTION**

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Tiangong Construction is owned as to 51% by Jiangxi Zhongshang Ganxin Industrial Development Co. Limited<sup>#</sup> (江西中商贛信實業發展有限公司) (“**Jiangxi Zhongshang**”), 48% by Mr. Luo Hui Qun and 1% by Ms. Liu Feng.

To the best knowledge, information and belief of the Company having made all reasonable enquiries, Jiangxi Zhongshang is ultimately and beneficially wholly-owned by Mr. Li Shiming.

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

## **INFORMATION ON YICHUN WATER**

Yichun Water, being an indirect non-wholly owned subsidiary of the Company, is a company established in the PRC with limited liability and is principally engaged in the provision of water supply and installation of water supply facilities.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT**

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 Group considers that the entering into of the Construction Agreement is vital to progressing the construction of the Water Quality Monitoring and Control Building which is aimed to be completed in 2026. The Water Quality Monitoring and Control Building is intended to be mainly used for offices and water quality testing facilities. The offices would be for Yichun Water's own use and any unutilised office units may be leased out to generate rental income. As such, the construction of the Water Quality Monitoring and Control Building not only can improve the current conditions of the offices of Yichun Water and provide an additional source of income for the Group by leasing out other unutilised office units, but also improve the water quality testing capacity of Yichun Water, thereby providing the Group with favourable conditions to develop and operate its water supply business in Yichun City.

The terms under the Construction Agreement have been agreed after arm's length negotiation between the parties thereto. The Directors consider that the terms of the Construction Agreement, including the Contract Price, are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATION

As one or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the construction of the Water Quality Monitoring and Control Building is/are more than 5% but less than 25%, the entering into of the Construction Agreement and the transactions contemplated thereunder constitute a discloseable transaction on the part of the Company under the Listing Rules and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

None of the Directors has any material interest in the Construction Agreement and is required to abstain from voting on the board resolutions approving the Construction Agreement and the transactions contemplated thereunder.

## DEFINITIONS

Unless the context otherwise requires, capitalised 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, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1129)
“Construction Agreement”	the construction agreement dated 28 September 2023 and entered into between Yichun Water, as principal, being an indirect non-wholly owned subsidiary of the Company, and Tiangong Construction, as contractor, in relation to the carrying out of the construction of the Water Quality Monitoring and Control Building
“Contract Price”	an amount of approximately RMB106.7 million (equivalent to approximately HK\$114.9 million), being the contract price for the construction of the Water Quality Monitoring and Control Building payable by Yichun Water to Tiangong Construction under the Construction Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of issued Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor”	has the meaning ascribed thereto in the paragraph headed “Construction Agreement — Contract Price” in this announcement
“Tiangong Construction”	天工建設工程有限公司 (for transliteration purpose only, Tiangong Construction Engineering Co. Limited <sup>#</sup> ), a company established in the PRC with limited liability, being the contractor under the Construction Agreement
“Water Quality Monitoring and Control Building”	a building for water quality monitoring and control to be constructed at the site at Yuanzhou District, Yichun City, Jiangxi Province, the PRC pursuant to the Construction Agreement
“Yichun Water”	宜春水務集團有限公司 (for transliteration purpose only, Yichun Water Industry Group Co., Limited <sup>#</sup> ), a company established in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of the Company
“%”	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\$1.0765. 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 September 2023

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