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GUANGDONG INVESTMENT LIMITED
(粵 海 投 資 有 限 公 司)

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00270)

(1) DISCLOSEABLE TRANSACTION
ACQUISITION OF SHARES AND JOINT VENTURE ARRANGEMENT
IN
JIACHENG ENVIRONMENTAL ENGINEERING
(2) CONNECTED TRANSACTION
FINANCE LEASE ARRANGEMENT
FOR
JIACHENG ENVIRONMENTAL ENGINEERING
AND ITS SUBSIDIARIES

ACQUISITION OF SHARES AND JOINT VENTURE ARRANGEMENT IN JIACHENG ENVIRONMENTAL ENGINEERING

The Board announces that Guangdong Water Investment Co, a wholly-owned subsidiary of the Company has entered into the Share Transfer Agreements for the acquisition of an aggregate of 53% of the total registered capital of Jiacheng Environmental Engineering, whereby Jiacheng Environmental Engineering as the target company will become a non-wholly owned subsidiary of the Company upon completion of such acquisition.

On 15 April 2021, Guangdong Water Investment Co entered into the First Share Transfer Agreement with Ms. Li Huaqing, pursuant to which Guangdong Water Investment Co conditionally agreed to purchase, and Ms. Li Huaqing conditionally agreed to sell, the First Sale Shares, namely 32% of the total registered capital of Jiacheng Environmental Engineering for a consideration not exceeding RMB528,000,000, subject to adjustment and other terms and conditions of the First Share Transfer Agreement.

On 19 April 2021, Guangdong Water Investment Co was formally notified by the Tianjin Property Rights Exchange that its bid by way of public auction for 21% of the total registered capital of Jiacheng Environmental Engineering held by Bohai Water was successful. Accordingly, on the same day, Guangdong Water Investment Co entered into the Second Share Transfer Agreement with Bohai Water, pursuant to which Guangdong Water Investment Co agreed to purchase, and Bohai Water agreed to sell, the Second Sale Shares, namely 21% of the total registered capital of Jiacheng Environmental Engineering for a consideration of RMB376,568,472, subject to the terms and conditions thereof.

Pursuant to the Share Transfer Agreements, an aggregate amount of no more than RMB3,969,770,000 is contemplated to be provided by Guangdong Water Investment Co comprising (i) the First Share Transfer Consideration (subject to adjustment); (ii) the Second Share Transfer Consideration; (iii) guarantee for bank refinancing of no more than RMB2,011,040,000; (iv) commitment to provide financial assistance for new investment projects of no more than RMB520,000,000; and (v) commitment to provide financial assistance to existing water projects operated by Jiacheng Environmental Engineering of no more than RMB534,160,000.

Upon completion of the Share Transfers, Jiacheng Environmental Engineering will be owned by Guangdong Water Investment Co, Bohai Water and Ms. Li Huaqing as to 53%, 34% and 13%, respectively.

As all the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the First Share Transfer are less than 5%, the First Share Transfer is fully exempt from all reporting, disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules at the time of entering into of the First Share Transfer Agreement.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the First Share Transfer and the Second Share Transfer, on an aggregated basis, reaches or exceeds 5% but none of them reaches 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

FINANCE LEASE ARRANGEMENT FOR JIACHENG ENVIRONMENTAL ENGINEERING COMPANY LIMITED AND ITS SUBSIDIARIES

The Company was informed that on 15 April 2021, Jiacheng Environmental Engineering, Xingtang Jiacheng Water Co (a wholly-owned subsidiary of Jiacheng Environmental Engineering), Handan Jiacheng Sewage Treatment Co (a wholly-owned subsidiary of Jiacheng Environmental Engineering) and Jiacheng Jiaozuo Water Co (a non-wholly owned subsidiary of Jiacheng Environmental Engineering) entered into the Finance Lease Arrangement with Guangdong Financial Leasing (a wholly-owned subsidiary of Guangdong Holdings, being the ultimate controlling shareholder of the Company) which comprises, among other things, (i) the Asset Transfer Agreement; and (ii) the Finance Lease Agreement, whereby Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co have agreed to transfer the Leased Assets to Guangdong Financial Leasing at the Purchase Consideration of RMB224,000,000 and Guangdong Financial Leasing has agreed to lease back the Leased Assets to Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co for the Lease Consideration of RMB237,104,000, for a term of 12 months.

Guangdong Financial Leasing is a subsidiary of Guangdong Holdings (being the ultimate controlling shareholder of the Company). As such, Guangdong Financial Leasing is an associate of Guangdong Holdings and a connected person of the Company under Chapter 14A of the Listing Rules. Upon completion of the Share Transfer, Jiacheng Environmental Engineering and its subsidiaries (namely Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co) will become non-wholly owned subsidiaries of the Company. Accordingly, the Finance Lease Arrangement will constitute a connected transaction of the Company under the Listing Rules upon completion of the Share Transfer.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transaction contemplated under the Finance Lease Arrangement reaches or exceeds 0.1% but none of them reaches or exceeds 5%, such transaction constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Acquisition of shares and joint venture agreement in Jiacheng Environmental Engineering

The Board announces that Guangdong Water Investment Co, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreements for the acquisition of an aggregate of 53% of the total registered capital of Jiacheng Environmental Engineering, whereby Jiacheng Environmental Engineering as the target company will become a non-wholly owned subsidiary of the Company upon completion of such acquisition.

On 15 April 2021, Guangdong Water Investment Co entered into the First Share Transfer Agreement with Ms. Li Huaqing, pursuant to which Guangdong Water Investment Co conditionally agreed to purchase, and Ms. Li Huaqing conditionally agreed to sell, the First Sale Shares, namely 32% of the total registered capital of Jiacheng Environmental Engineering for a consideration not exceeding RMB528,000,000 subject to adjustment and other terms and conditions of the First Share Transfer Agreement.

On 19 April 2021, Guangdong Water Investment Co was formally notified by the Tianjin Property Rights Exchange that its bid by way of public auction for 21% of the total registered capital of Jiacheng Environmental Engineering held by Bohai Water was successful. Accordingly, on the same day, Guangdong Water Investment Co entered into the Second Share Transfer Agreement with Bohai Water, pursuant to which Guangdong Water Investment Co agreed to purchase, and Bohai Water agreed to sell, the Second Sale Shares, namely 21% of the total registered capital of Jiacheng Environmental Engineering for a consideration of RMB376,568,472 subject to the terms and conditions thereof.

Pursuant to the Share Transfer Agreements, an aggregate amount of no more than RMB3,969,770,000 is therefore contemplated to be provided by Guangdong Water Investment Co, comprising (i) the First Share Transfer Consideration (subject to adjustment); (ii) the Second Share Transfer Consideration, (iii) guarantee for bank refinancing of no more than RMB2,011,040,000; (iv) commitment to provide financial assistance for new investment projects in the future of no more than RMB520,000,000; and (v) commitment to provide financial assistance to existing water projects operated by Jiacheng Environmental Engineering of no more than RMB534,160,000.

Upon completion of the Transaction, Jiacheng Environmental Engineering will be owned by Guangdong Water Investment Co, Bohai Water and Ms. Li Huaqing as to 53%, 34% and 13%, respectively.

Finance lease arrangement for Jiacheng Environmental Engineering and its subsidiaries

The Company was informed that on 15 April 2021, Jiacheng Environmental Engineering, Xingtang Jiacheng Water Co (a wholly-owned subsidiary of Jiacheng Environmental Engineering), Handan Jiacheng Sewage Treatment Co (a wholly-owned subsidiary of Jiacheng Environmental Engineering) and Jiacheng Jiaozuo Water Co (a non-wholly owned subsidiary of Jiacheng Environmental Engineering) entered into the Finance Lease Arrangement with Guangdong Financial Leasing (a wholly-owned subsidiary of Guangdong Holdings, being the ultimate controlling shareholder of the Company) which comprises, among others, (i) the Asset Transfer Agreement; and (ii) the Finance Lease Agreement, whereby Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co have agreed to sell the Leased Assets to Guangdong Financial Leasing at the Purchase Consideration of RMB224,000,000 and Guangdong Financial Leasing has agreed to lease back the Leased Assets to Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co for the Lease Consideration of RMB237,104,000, for a term of 12 months.

Upon completion of the Transaction, Jiacheng Environmental Engineering will become a non-wholly owned subsidiary of the Company. Accordingly, the Finance Lease Arrangement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules upon completion of the Transaction.

For the avoidance of doubt, the Transaction and the Finance Lease Arrangement are not inter-conditional and the details of each of the Transaction and the Finance Lease Arrangement are set out below.

ACQUISITION OF SHARES AND JOINT VENTURE ARRANGEMENT IN JIACHENG ENVIRONMENTAL ENGINEERING

Principal terms of the First Share Transfer Agreement

Date

15 April 2021

Parties

- (1) Ms. Li Huaqing, as the vendor of the First Sale Shares;
- (2) Guangdong Water Investment Co, as the purchaser of the First Sale Shares; and
- (3) Jiacheng Environmental Engineering, as the target company under the First Share Transfer Agreement.

Guangdong Water Investment Co is an indirect wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, before completion of the Transaction, each of Jiacheng Environmental Engineering and its ultimate beneficial owners and Ms. Li Huaqing is an Independent Third Party.

First Share Transfer

Pursuant to the terms and conditions of the First Share Transfer Agreement, Ms. Li Huaqing as legal and beneficial owner of the First Sale Shares conditionally agreed to sell, and Guangdong Water Investment Co conditionally agreed to purchase the First Sale Shares (the "**First Share Transfer**") for a total initial consideration of RMB528,000,000 (subject to adjustment as detailed in the section entitled "Adjustment of Consideration") (the "**First Share Transfer Consideration**"). The First Sale Shares represent 32% of the total registered capital of Jiacheng Environmental Engineering.

Payment Terms

The First Share Transfer Consideration is payable by Guangdong Water Investment Co to Ms. Li Huaqing in four stages as summarised below. Guangdong Water Investment Co shall deposit the Stage 1 Payment and the Stage 2 Payment into the Escrow Account within 5 business days from the date of execution of the Escrow Agreement.

- (i) RMB275,500,000 (the "**Stage 1 Payment**") to be transferred from the Escrow Account to Ms. Li Huaqing within 10 business days following the satisfaction of a number of conditions including, but without limitation, the following:
 - (1) passing of valid shareholders' resolution of Jiacheng Environmental Engineering approving the First Share Transfer;
 - (2) waiver of pre-emptive rights of other shareholders of Jiacheng Environmental Engineering to purchase the First Sale Shares;
 - (3) Guangdong Water Investment Co obtaining a successful public bid from the Tianjin Property Rights Exchange for the purchase of the Second Sale Shares (the "**Public Bidding**") and execution of the Second Share Transfer Agreement;
 - (4) completion of the registration with the relevant governmental authorities of change of shareholders in Jiacheng Environmental Engineering in respect of the Share Transfers;

- (5) Ms. Li Huaqing having notified and (if any) obtained the relevant approvals from the relevant financiers on the First Share Transfer, and provide written approval documents issued by the relevant financiers, if any;
 - (6) no breach of obligations of Ms. Li Huaqing under the First Share Transfer Agreement as at the date of the Stage 1 Payment; and
 - (7) fulfilment of relevant tax payment obligations in respect of the First Share Transfer.
- (ii) RMB14,500,000 (the “**Stage 2 Payment**”) to be transferred from the Escrow Account to Ms. Li Huaqing within 10 business days following the satisfaction (or waiver, as applicable) of a number of conditions including, but without limitation, the following:
- (1) fulfilment of the Stage 1 Payment in full;
 - (2) completion and delivery of an audit report regarding the profit and loss for the relevant period of Jiacheng Environmental Engineering;
 - (3) no breach of obligations of Ms. Li Huaqing under the First Share Transfer Agreement as at the date of the Stage 2 Payment; and
 - (4) completion of relevant registration of the First Share Pledge.
- (iii) RMB49,730,000 (the “**Stage 3 Payment**”) to be paid by Guangdong Water Investment Co to Ms. Li Huaqing within 10 business days following the satisfaction of a number of conditions including, but without limitation, the following:
- (1) fulfilment of the Stage 1 Payment and the Stage 2 Payment in full;
 - (2) Ms. Li Huaqing having facilitated all necessary signing procedures in respect of certain designated documents or agreements to be entered into in relation to the Baoding PPP Project within one year from the date of the First Share Transfer Agreement; and
 - (3) no breach of obligations of Ms. Li Huaqing under the First Share Transfer Agreement as at the date of the Stage 3 Payment.
- (iv) RMB80,270,000 (subject to adjustment as detailed in the section entitled “Adjustment of Consideration”) (the “**Stage 4 Payment**”) to be paid by Guangdong Water Investment Co to Ms. Li Huaqing within 10 business days following the satisfaction of a number of conditions including, but without limitation, the following:
- (1) fulfilment of the Stage 1 Payment, the Stage 2 Payment and the Stage 3 Payment in full;
 - (2) execution of a supplemental agreement in respect of the Baoding PPP Project or amendment to a related operation service agreement in respect of the Baoding Sewage Improvement and Renovation Project within 1 year from the date of execution of the First Share Transfer Agreement; and
 - (3) no breach of obligations of Ms. Li Huaqing under the First Share Transfer Agreement as at the date of the Stage 4 Payment.

The amount of the First Share Transfer Consideration was agreed after arm’s length negotiations among the parties to the First Share Transfer Agreement having considered, among other things, (i) the performance of Jiacheng Environmental Engineering; (ii) the development potential and future business prospect of Jiacheng Environmental Engineering; (iii) the unaudited consolidated net asset value of Jiacheng Environmental

Engineering (prepared in accordance with the PRC generally accepted accounting principles) as at 31 December 2020 which was RMB923,188,000; (iv) the due diligence valuation work performed by an independent valuer in relation to the fair value of 100% equity interest in Jiacheng Environmental Engineering; and (v) reasons and benefits of the Transaction including the First Share Transfer as stated under the section headed “Reasons for the Transaction and benefits to the Company” below.

The Group intends to finance the aforesaid amount by the Group’s internal financial resources.

Adjustment of Consideration

The Stage 4 Payment shall be adjusted based on the contracted water price of the Baoding Sewage Improvement and Renovation Project as follows:

- (i) in the event that the contracted water price increases by every RMB0.01 per ton from RMB1.173 per ton following the completion of the Baoding Sewage Improvement and Renovation Project, the First Share Transfer Consideration and the Stage 4 Payment shall be increased correspondingly by RMB2,700,000 for each increase in RMB0.01 per ton;
- (ii) in the event that the contracted water price reduces by every RMB0.01 per ton from RMB1.173 per ton following the completion of the Baoding Sewage Improvement and Renovation Project, the First Share Transfer Consideration and the Stage 4 Payment shall be reduced correspondingly by RMB2,700,000 for each reduction in RMB0.01 per ton; or
- (iii) in the event that the contracted water price increases by more than RMB0.40 per ton RMB1.173 per ton or reduces by more than RMB0.05 per ton from RMB1.173 per ton following the completion of the Baoding Sewage Improvement and Renovation Project, the parties shall negotiate further on an agreed First Share Transfer Consideration and the Stage 4 Payment.

Nonetheless, it is expected that the contracted water price of the Baoding Sewage Improvement and Renovation Project shall be increased by no more than RMB0.40 per ton from RMB1.173 per ton. The Stage 4 Payment may therefore be increased by no more than RMB108,000,000 to no more than RMB188,270,000. Following adjustment of the Stage 4 Payment, the maximum aggregate amount of the First Share Transfer Consideration payable by Guangdong Water Investment Co shall therefore be RMB528,000,000.

Completion of the First Share Transfer and Formation of Joint Venture

Completion of the First Share Transfer shall take place upon completion of the registration with the relevant governmental authorities of change of shareholders in Jiacheng Environmental Engineering in respect of both the First Share Transfer and the Second Share Transfer, whereby Guangdong Water Investment Co shall hold an aggregate of 53% of the total registered capital of Jiacheng Environmental Engineering.

Other Rights and Obligations

Equity pledge by Ms. Li Huaqing

Pursuant to the terms and conditions of the First Share Transfer Agreement, Ms. Li Huaqing shall pledge her 8% equity interest in Jiacheng Environmental Engineering to Guangdong Water Investment Co as guarantee of its obligations under the First Share Transfer Agreement for a period of three years. A share pledge agreement (the “**First Share Pledge Agreement**”) dated 15 April 2021 has been entered into between Ms. Li Huaqing and Guangdong Water Investment Co.

Termination Rights

The First Share Transfer Agreement may be terminated under any of the following circumstances:

- (i) at any time as agreed between the parties to the First Share Transfer Agreement, namely, Ms. Li Huaqing, Guangdong Water Investment Co and Jiacheng Environmental Engineering;
- (ii) any event of force majeure; or
- (iii) any event of default or event of termination in accordance with the First Share Transfer Agreement; or
- (iv) any failure to complete the Second Share Transfer.

Principal terms of the Second Share Transfer Agreement

On 19 April 2021, Guangdong Water Investment Co was formally notified by the Tianjin Property Rights Exchange that its bid by way of public auction for 21% of the total issued share capital of Jiacheng Environmental Engineering held by Bohai Water was successful. Accordingly, on the same day, Guangdong Water Investment Co and Bohai Water entered into the Second Share Transfer Agreement, a summary of the principal terms of which is as follows:

Date

19 April 2021

Parties

- (1) Bohai Water, as the vendor of the Second Sale Shares; and
- (2) Guangdong Water Investment Co, as the purchaser of the Second Sale Shares.

Guangdong Water Investment Co is an indirect wholly-owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, before completion of the Transaction, Bohai Water and its ultimate beneficial owners are Independent Third Parties.

Second Share Transfer

Pursuant to the terms and conditions of the Second Share Transfer Agreement, Bohai Water as legal and beneficial owner of the Second Sale Shares agreed to sell, and Guangdong Water Investment Co agreed to purchase the Second Sale Shares (the "**Second Share Transfer**") for a total consideration of RMB376,568,472 (the "**Second Share Transfer Consideration**"). The Second Sale Shares represent 21% of the total registered capital of Jiacheng Environmental Engineering as at the date of this announcement.

Consideration and Payment Terms

The Second Share Transfer Consideration shall be payable by Guangdong Water Investment Co to Bohai Water in two stages as set out below.

- (i) RMB112,970,541.60, being the deposit for the Public Bidding, which shall be applied as the partial settlement of the Second Share Transfer Consideration; and
- (ii) RMB263,597,930.40, being the balance of the Second Share Transfer Consideration shall be transferred by Guangdong Water Investment Co to a designated settlement account of Bohai Water within two business days of the date of the Second Share Transfer Agreement.

The amount of the Second Share Transfer Consideration is the outcome of the Public Bidding. The Group intends to finance the aforesaid amount by the Group's internal financial resources.

Completion of the Second Share Transfer

Completion of the Second Share Transfer shall take place upon completion of the registration with the relevant governmental authorities of change of shareholder in Jiacheng Environmental Engineering in respect of the Second Share Transfer. For the avoidance of doubt, the completion of the First Share Transfer shall not take place until completion of the registration with the relevant governmental authorities of change of shareholders in Jiacheng Environmental Engineering in respect of both the First Share Transfer and the Second Share Transfer, whereby Guangdong Water Investment Co shall hold an aggregate of 53% of the total registered capital of Jiacheng Environmental Engineering.

Other Rights and Obligations

Guarantee

As at the date of this announcement, Jiacheng Environmental Engineering and its subsidiaries have incurred certain external financings which are guaranteed by Bohai Water and Ms. Li Huaqing as existing shareholders of Jiacheng Environmental Engineering. Upon completion of the Transaction, arrangement will be made to refinance the existing external loans which remains unpaid and each of Guangdong Water Investment Co, Bohai Water and Ms. Li Huaqing may be required to enter into new guarantees proportionate to their equity interests in Jiacheng Environmental Engineering. Nonetheless, it is expected that Guangdong Water Investment Co may be required to enter into a guarantee on a joint and several basis for a maximum liability up to RMB2,011,040,000.

Provision of Financial Assistance

To facilitate the financing of the existing and upcoming construction projects operated by Jiacheng Environmental Engineering, within three months from the date of completion of the Share Transfers, Bohai Water and Guangdong Water Investment Co shall provide further shareholders loans (the "**Shareholders Loans**") up to RMB520,000,000 for the Baoding PPP Project and RMB534,160,000 for existing water projects operated by Jiacheng Environmental Engineering, respectively, which shall be proportionate to their equity interests in Jiacheng Environmental Engineering.

Equity pledge by Bohai Water

Pursuant to the terms and conditions of the Second Share Transfer Agreement, Bohai Water shall pledge its 19% equity interest in Jiacheng Environmental Engineering to Guangdong Water Investment Co as guarantee of its obligations under the Second Share Transfer Agreement for a period of three years. A share pledge dated 19 April 2021 has been entered into between Bohai Water and Guangdong Water Investment Co.

Termination Rights

The Second Share Transfer Agreement may be terminated under any of the following circumstances:

- (i) at any time as agreed between the parties to the Second Share Transfer Agreement, namely, Bohai Water, Guangdong Water Investment Co and Jiacheng Environmental Engineering;
- (ii) any event of force majeure; or
- (iii) any event of default or event of termination in accordance with the Second Share Transfer Agreement.

Completion of the Share Transfers

Completion of the Share Transfers is expected to take place before end of April 2021.

As at the date of this announcement, Jiacheng Environmental Engineering is owned as to 55% and 45% by Bohai Water and Ms. Li Huaqing, respectively. The following table sets out the shareholding of Jiacheng Environmental Engineering before and immediately after completion of the Share Transfers.

	Before completion of the Share Transfers	Immediately after completion of the Share Transfers
	%	%
Guangdong Water Investment Co	-	53.00
Bohai Water	55.00	34.00
Ms. Li Huaqing	45.00	13.00
Total	<u>100.00</u>	<u>100.00</u>

Proposed subscription for the enlarged registered capital of Jiacheng Environmental Engineering

In the event that Jiacheng Environmental Engineering requires additional funding to fund certain of its sewage treatment projects by way of increasing its registered capital, upon completion of the Transaction, each of the shareholders of Jiacheng Environmental Engineering agrees to subscribe for the enlarged registered capital of Jiacheng Environmental Engineering proportionate to their existing shareholding in Jiacheng Environmental Engineering in cash. It is expected that Guangdong Water Investment Co may inject an aggregate amount of up to RMB121,273,800 to support the existing and upcoming projects of Jiacheng Environmental Engineering.

In the event that Jiacheng Environmental Engineering requires further funding but Bohai Water and/or Ms. Li Huaqing (as applicable) (each, a “**Non-Funding Shareholder**”) is unable to provide the additional funding, the rest of the shareholders of Jiacheng Environmental Engineering (including Guangdong Water Investment Co) shall have the right to further subscribe for the enlarged registered capital of Jiacheng Environmental Engineering proportionate to their existing shareholding in Jiacheng Environmental Engineering (the “**Capital Injection**”). In such event that any Non-Funding Shareholders are unable to provide the additional funding, the shareholding ratio of such Non-Funding Shareholder following the Capital Injection shall be adjusted with reference to the estimated value of Jiacheng Environmental Engineering as determined by an asset appraisal agency jointly approved by the shareholders of Jiacheng Environmental Engineering (the “**Asset Appraisal Agency**”) in accordance with the following formula:

$$S = (V \times P) / (V + AI)$$

Where:

- S = the shareholding ratio of the Non-Funding Shareholder in Jiacheng Environmental Engineering following the Capital Injection
- V = the estimated value of Jiacheng Environmental Engineering as determined by the Asset Appraisal Agency prior to the Capital Injection
- P = the shareholding ratio of the Non-Funding Shareholder in Jiacheng Environmental Engineering prior to the Capital Injection
- AI = the aggregate amount of capital injection in Jiacheng Environmental Engineering solely in respect of the Capital Injection contributed by the rest of the shareholders of Jiacheng Environmental Engineering

The shareholding of each of the shareholders of Jiacheng Environmental Engineering (other than a Non-Funding Shareholder) following the Capital Injection shall be determined by the Asset Appraisal Agency in accordance with the following formula:

$$S = (V \times P + I) / (V + AI)$$

Where:

- S = the shareholding ratio of each of the shareholders (other than a Non-Funding Shareholder) in Jiacheng Environmental Engineering following the Capital Injection
- V = the estimated value of Jiacheng Environmental Engineering as determined by the Asset Appraisal Agency prior to the Capital Injection
- P = the shareholding ratio of the relevant shareholder in Jiacheng Environmental Engineering prior to the Capital Injection
- I = the amount of capital injection in Jiacheng Environmental Engineering solely in respect of the Capital Injection contributed by the relevant shareholder of Jiacheng Environmental Engineering
- AI = the aggregate amount of capital injection in Jiacheng Environmental Engineering solely in respect of the Capital Injection contributed by the rest of the shareholders of Jiacheng Environmental Engineering

The Company will further comply with the applicable requirements under the Listing Rules in the event that the exercise of any rights as disclosed above would trigger an obligation under the Listing Rules.

Governance

The parties to the Share Transfer Agreements will enter into a set of amended articles of association to regulate the governance and operation of Jiacheng Environmental Engineering following the Share Transfers.

Significant matters of Jiacheng Environmental Engineering (including increase or reduction in capital, amendments to the articles of association, mergers, demergers and liquidation) shall require approval by shareholders representing two-thirds of the voting rights at the general meetings of Jiacheng Environmental Engineering. Other matters shall be approved by shareholders representing more than one half of voting rights of Jiacheng Environmental Engineering at the general meetings.

The board of directors of Jiacheng Environmental Engineering will consist of seven directors, of which two will be nominated by Bohai Water, one will be nominated by Ms. Li Huaqing and four will be nominated by Guangdong Water Investment Co. The chairman of the board of directors shall be one of the directors nominated by Guangdong Water Investment Co.

The general manager shall be responsible for the management of Jiacheng Environmental Engineering. Such general manager shall be appointed by the board of directors of Jiacheng Environmental Engineering.

Information about the parties

The Company and the Purchaser

The Group is principally engaged in investment holding, water resources, property investment and development, department store operation, hotel ownership, operation and management, investment in energy projects and road and bridge operation.

Guangdong Water Investment Co is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in water supply investment and operation and operates sewage treatment and other environmental engineering projects.

Ms. Li Huaqing

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Ms. Li Huaqing is an Independent Third Party.

Bohai Water

Bohai Water is a state-owned enterprise established under the laws of the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000605.SZ). It is primarily engaged in water infrastructure development and investment in the PRC and disposal of its assets contemplated under the Second Share Transfer Agreement is subject to the process of Public Bidding.

Jiacheng Environmental Engineering

Jiacheng Environmental Engineering is a company established in the PRC with limited liability. It was established in 2005 and is primarily engaged in conducting environmental engineering works and offers investment, design, construction, operation, consulting, equipment research and development and manufacturing services for engineering-related works.

The table below sets out certain audited and unaudited consolidated financial information of Jiacheng Environmental Engineering (prepared in accordance with the PRC generally accepted accounting principles) for the years ended 31 December 2019 and 31 December 2020:

	For the year ended 31 December	
	2019	2020
	Audited	Unaudited
	(RMB '000)	(RMB '000)
Revenue	643,133	704,569
Net profit before taxation	15,464	5,052
Net profit after taxation	11,089	3,255

The unaudited consolidated net asset value of Jiacheng Environmental Engineering (prepared in accordance with the PRC generally accepted accounting principles) as at 31 December 2020 was approximately RMB923,188,000.

Reasons for the Transaction and benefits to the Company

The Group is principally engaged in investment holding, water resources, property investment and development, department store operation, hotel ownership, operation and management, investment in energy projects and road and bridge operation. In particular, the Group has been continuing in its capacity expansion and acceleration in the water resources segment, and has been constantly looking to expand its geographical coverage in the segment. Jiacheng Environmental Engineering is a company with operations in the PRC offering a wide range of environmental engineering development and consulting works with a particular focus on municipal water supply and drainage work in the Hebei Province and Henan Province in the PRC. The Board believes that Guangdong Water Investment Co's participation in the Share Transfers would enable the Group to acquire relevant experience in the region and further strengthen the Group's market share and brand influence in Northern China. In the future, the Group may leverage on Jiacheng Environmental Engineering's local experience and long-standing cooperation relationships with its project customers and local governments and tap into further development opportunities in Northern China.

Whilst pursuant to the Share Transfer Agreements, the Shareholders Loans will not be provided by all the shareholders of Jiacheng Environmental Engineering on a pro-rata basis but will only be provided by Guangdong Water Investment Co and Bohai Water, the Board considers that in the event Jiacheng Environmental Engineering requires additional funding, the financial assistance and any guarantees will facilitate Jiacheng Environmental Engineering and its subsidiaries to obtain the necessary funding required in furthering development of the various ongoing sewage treatments projects including but not limited to the Baoding PPP Project, and is thus in the interest of the Group as a stakeholder of Jiacheng Environmental Engineering to proceed on this basis.

Taking into account of the above and based on the due diligence valuation work performed by an independent valuer carried out on Jiacheng Environmental Engineering, the Directors (including the independent non-executive Directors) believe that the Transaction presents good strategic and investment opportunities for the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Listing Rules implications

As all the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the First Share Transfer are less than 5%, the First Share Transfer is fully exempt from all reporting, disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules at the time of entering into of the First Share Transfer Agreement.

Given the First Share Transfer and the Second Share Transfer are of the same nature involving the acquisition of shares in Jiacheng Environmental Engineering and have been entered into by the Group within a 12-month period, the transactions contemplated under the First Share Transfer Agreement and the Second Share Transfer Agreement shall be aggregated as if they were one transaction pursuant to Rule 14.23 of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the First Share Transfer and the Second Share Transfer, on an aggregated basis, reaches or exceeds 5% but none of them reaches 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

FINANCE LEASE ARRANGEMENT FOR JIACHENG ENVIRONMENTAL ENGINEERING COMPANY LIMITED AND ITS SUBSIDIARIES

The Company was informed that on 15 April 2021, Jiacheng Environmental Engineering, Xingtang Jiacheng Water Co (a wholly-owned subsidiary of Jiacheng Environmental Engineering), Handan Jiacheng Sewage Treatment Co (a wholly-owned subsidiary of Jiacheng Environmental Engineering) and Jiacheng Jiaozuo Water Co (a non-wholly owned subsidiary of Jiacheng Environmental Engineering) entered into the Finance Lease Arrangement with Guangdong Financial Leasing (a wholly-owned subsidiary of Guangdong Holdings, being the ultimate controlling shareholder of the Company) which comprises, among others, (i) the Asset Transfer Agreement; and (ii) the Finance Lease Agreement, whereby Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co, being the owners of the Leased Assets, have agreed to transfer the Leased Assets to Guangdong Financial Leasing at the Purchase Consideration of RMB224,000,000 and Guangdong Financial Leasing has agreed to lease back the Leased Assets to Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co for the Lease Consideration of RMB237,104,000, for a term of 12 months. A summary of the principal terms of the Finance Lease Arrangement is as follows:

Asset Transfer Agreement

Date

15 April 2021

Parties

- (1) Guangdong Financial Leasing, as transferee of the Leased Assets;
- (2) Xingtang Jiacheng Water Co, as transferor of the Leased Assets;
- (3) Handan Jiacheng Sewage Treatment Co, as transferor of the Leased Assets;
- (4) Jiacheng Jiaozuo Water Co, as transferor of the Leased Assets; and
- (5) Jiacheng Environmental Engineering, as recipient of the Purchase Consideration.

Guangdong Financial Leasing is a wholly-owned subsidiary of Guangdong Holdings, being the ultimate controlling shareholder of the Company.

Jiacheng Environmental Engineering is the target company of the Share Transfer under the Share Transfer Agreements, while each of Xingtang Jiacheng Water, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co is a subsidiary of Jiacheng Environmental Engineering. Please refer to the section headed “Acquisition of shares and joint venture arrangement in Jiacheng Environmental Engineering” above for details. Given that the completion of the Share Transfers has not yet taken place, as at the date of the Asset Transfer Agreement and Finance Lease Agreement, none of the aforesaid companies were members of the Group.

Pursuant to the Asset Transfer Agreement, Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co, being the owners of the Leased Assets, have agreed to sell the Leased Assets to Guangdong Financial Leasing at the Purchase Consideration of RMB224,000,000.

The Purchase Consideration of RMB224,000,000 was determined after arm’s length negotiation between Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co as the sellers, Guangdong Financial Leasing as the buyer and Jiacheng Environmental Engineering with reference to the net book value of the Leased Assets as at 31 December 2020, which amounted to an aggregate of approximately RMB250,041,694. The Purchase Consideration shall be paid by Guangdong Financial Leasing in a lump sum to Jiacheng Environmental Engineering.

Finance Lease Agreement

Date

15 April 2021

Parties

- (1) Guangdong Financial Leasing, as lessor of the Leased Assets;
- (2) Xingtang Jiacheng Water Co, as lessee of the Leased Assets;
- (3) Handan Jiacheng Sewage Treatment Co, as lessee of the Leased Assets;
- (4) Jiacheng Jiaozuo Water Co, as lessee of the Leased Assets; and

(5) Jiacheng Environmental Engineering, as joint lessee of the Leased Assets.

Pursuant to the Finance Lease Agreement, Guangdong Financial Leasing (as lessor) has agreed to lease back the Leased Assets to each of Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co (as lessees; together with Jiacheng Environmental Engineering, the “Lessees”) for the Lease Consideration of approximately RMB237,104,000, for a term of 12 months.

Objects of the Lease

The object of the Finance Lease Arrangement is for Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co to continue carrying out each of their water supply and drainage engineering work in the Hebei Province and Henan Province in the PRC.

Lease Period

The lease period for the Finance Lease Arrangement is 12 months commencing from the payment date of the Purchase Consideration to be payable by Guangdong Financial Leasing to Jiacheng Environmental Engineering pursuant to the Asset Transfer Agreement (the “Lease Period”).

Lease Consideration and Payments

Pursuant to the Finance Lease Agreement, Guangdong Financial Leasing has agreed to lease back the Leased Assets to each of Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co for the Lease Consideration of approximately RMB237,104,000, comprising the principal amount of RMB224,000,000 and the interest of RMB13,104,000, for a term of 12 months.

The Lease Consideration shall be repayable by the Lessees in a lump sum or by instalments to be agreed by the parties pursuant to the terms of the Finance Lease Agreement.

The interest is determined with reference to the RMB Benchmark Lending Rate for a one-year loan promulgated by People’s Bank of China.

Ownership of the Leased Assets

During the Lease Period, the legal ownership of the Leased Assets shall vest in Guangdong Financial Leasing. Upon expiry of the Lease Period and subject to the payment of the Lease Consideration and other payables (if any) in full by the Lessees, the title of and all rights in the Leased Assets shall vest in Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co.

Accounts Receivable Pledge Agreements

As additional security for the payment obligations of the Lessees under the Finance Lease Agreement, on 15 April 2021, each of Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co entered into the Accounts Receivable Pledge Agreements with Guangdong Financial Leasing to pledge each of their Accounts Receivables in favour of Guangdong Financial Leasing to secure the due performance of the payment obligations of the Lessees to Guangdong Financial Leasing under the Finance Lease Agreement.

Information about the parties

Guangdong Financial Leasing

Guangdong Financial Leasing is a company established in the PRC with limited liability and ultimately owned by Guangdong Holdings and GDH as to 75% and 25%, respectively. It is primarily engaged in the financial leasing business. Guangdong Holdings is the ultimate controlling shareholder of the Company,

which holds the entire issued share capital of GDH. GDH in turn is the immediate controlling shareholder of the Company, holding approximately 56.49% of the issued shares of the Company as at the date of this announcement. The principal business of Guangdong Holdings is investment holding.

Jiacheng Environmental Engineering and its subsidiaries

Please refer to the section headed “Acquisition of shares and joint venture arrangement in Jiacheng Environmental Engineering” above for details about Jiacheng Environmental Engineering. Each of Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co is a subsidiary of Jiacheng Environmental Engineering.

Xingtang Jiacheng Water Co is a company established in the PRC with limited liability and a wholly-owned subsidiary of Jiacheng Environmental Engineering. It is primarily engaged in conducting water and environmental engineering works.

Handan Jiacheng Sewage Treatment Co is a company established in the PRC with limited liability and a wholly-owned subsidiary of Jiacheng Environmental Engineering. It is primarily engaged in conducting water and environmental engineering works.

Jiacheng Jiaozuo Water Co is a company established in the PRC with limited liability. It is ultimately owned by Jiacheng Environmental Engineering and Bohai Water as to 70% and 30%, respectively. It is primarily engaged in conducting water and sewage treatment engineering works.

Given that the completion of the Share Transfers has not yet taken place, as at the date of the Asset Transfer Agreement and Finance Lease Agreement, none of the aforesaid companies were members of the Group. Upon completion of the Share Transfers, each of the aforesaid companies will become non-wholly owned subsidiaries of the Company.

Reasons for the Finance Lease Arrangement and benefits to the Company

The Finance Lease Arrangement would enhance the working capital position of Jiacheng Environmental Engineering and its subsidiaries (namely Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co) and thereby optimising their abilities to conduct and deliver their engineering project works and increasing the overall competitiveness of Jiacheng Environmental Engineering in Northern China which will become a non-wholly owned subsidiary of the Company upon completion of the Transaction.

The Company considered that the Finance Lease Arrangement was entered into on normal commercial terms after arm’s length negotiation between the parties and the terms of each of the Asset Transfer Agreement, the Finance Lease Agreement and the Accounts Receivable Pledge Agreements are on normal commercial terms or better which are fair and reasonable and are in the interest of the Company and the Shareholders taken as a whole.

Listing Rules implications

Guangdong Financial Leasing is a subsidiary of Guangdong Holdings. Guangdong Holdings is the ultimate controlling shareholder of the Company, which holds the entire issued share capital of GDH. GDH in turn is the immediate controlling shareholder of the Company, holding approximately 56.49% of the issued shares of the Company as at the date of this announcement. As such, Guangdong Financial Leasing is an associate of Guangdong Holdings and a connected person of the Company under Chapter 14A of the Listing Rules.

Mr. HOU Wailin and Mr. CAI Yong, directors of the Company, are also directors of both Guangdong Holdings and GDH.

The Financing Lease Arrangement did not constitute any transaction of the Company under either Chapter 14 or 14A of the Listing Rules at the time of entering into of the Asset Transfer Agreement, the Finance Lease Agreement and the Accounts Receivable Pledge Agreements, given that none of Jiacheng Environmental Engineering and its subsidiaries (namely Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co) was a member of the Group. Upon completion of the Transaction, these entities will become non-wholly owned subsidiaries of the Company. Accordingly, the Finance Lease Arrangement will constitute a connected transaction of the Company under the Listing Rules upon completion of the Transaction. As one or more of the applicable percentage ratio(s) calculated pursuant to the Listing Rules in respect of the transaction contemplated under the Finance Lease Arrangement reaches or exceeds 0.1% but none of them reaches 5%, such transaction constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

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| “Account Receivable Pledged Agreements” | <ul style="list-style-type: none"> (i) the accounts receivable pledge agreement dated 15 April 2021 executed by Xingtang Jiacheng Water Co in favour of Guangdong Financial Leasing whereby Xingtang Jiacheng Water Co has agreed to pledge the Xingtang Jiacheng Water Co Accounts Receivable in favour of Guangdong Financial Leasing; (ii) the accounts receivable pledge agreement dated 15 April 2021 executed by Handan Jiacheng Sewage Treatment Co in favour of Guangdong Financial Leasing whereby Xingtang Jiacheng Water Co has agreed to pledge the Handan Jiacheng Sewage Treatment Co Accounts Receivable in favour of Guangdong Financial Leasing; and (iii) the accounts receivable pledge agreement dated 15 April 2021 executed by Jiacheng Jiaozuo Water Co in favour of Guangdong Financial Leasing whereby Xingtang Jiacheng Water Co has agreed to pledge the Jiacheng Jiaozuo Water Co Accounts Receivable in favour of Guangdong Financial Leasing; |
| “Asset Transfer Agreement” | the agreement dated 15 April 2021 entered into between Guangdong Financial Leasing as the transferee, Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co as the transferors and Jiacheng Environmental Engineering, pursuant to which Guangdong Financial Leasing has agreed to transfer the Leased Assets from Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co at the Purchase Consideration; |
| “Baoding PPP Project” | the public-private partnership project for certain sewage treatment work in Baoding City, Hubei Province in the PRC operated by Jiacheng Environmental Engineering; |
| “Baoding Sewage Improvement and Renovation Project” | the sewage improvement and renovation project in relation to the Baoding PPP Project; |
| “Board” | the board of Directors; |

“Bohai Water”	渤海水業股份有限公司 (Bohai Water Industry Co., Ltd.*), a state-owned enterprise established in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange (Stock Code: 000605.SZ);
“Company”	Guangdong Investment Limited (粵海投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Escrow Account”	the bank account under the name of Guangdong Water Investment Co with an escrow agent for the purpose of holding the Stage 1 Payment and the Stage 2 Payment;
“Escrow Agreement”	an agreement entered on 16 April 2021 among Ms. Li Huaqing, Guangdong Water Investment Co and an escrow agent setting out the terms of operation of the Escrow Account;
“Finance Lease Agreement”	the agreement dated 15 April 2021 entered into among Guangdong Financial Leasing, Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co, Jiacheng Jiaozuo Water Co and Jiacheng Environmental Engineering, pursuant to which Guangdong Financial Leasing has agreed to lease back the Leased Assets to Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co at the Lease Consideration for a term of 12 months;
“Finance Lease Arrangement”	a finance lease arrangement which comprises transactions contemplated under the Asset Transfer Agreement, the Finance Lease Agreement and the Accounts Receivable Pledge Agreements;
“First Sale Shares”	32% of the registered capital of Jiacheng Environmental Engineering;
“First Share Transfer Agreement”	the share transfer agreement dated 15 April 2021 entered into among Ms. Li Huaqing, Guangdong Water Investment Co and Jiacheng Environmental Engineering in relation to the First Share Transfer;
“GDH”	GDH Limited (粵海控股集團有限公司), a company incorporated in Hong Kong with limited liability, the immediate holding company of the Company and a wholly-owned subsidiary of Guangdong Holdings;
“Group”	the Company and its subsidiaries;
“Guangdong Financial Leasing”	廣東粵海融資租賃有限公司 (Guangdong Yuehai Financial Leasing Company Limited *), a company established in the PRC with limited liability, an indirect non-wholly owned subsidiary of Guangdong Holdings;
“Guangdong Holdings”	廣東粵海控股集團有限公司 (Guangdong Holdings Limited*), a company established in the PRC with limited liability and the ultimate holding company of the Company;

“Guangdong Water Investment Co”	廣東粵海水務投資有限公司 (Guangdong Yue Hai Water Investment Company Limited*), a company established in the PRC with limited liability;
“Handan Jiacheng Sewage Treatment Co”	邯鄲市永年區嘉誠污水處理有限公司 (Handan City Yongnian District Jiacheng Sewage Treatment Company Limited*), a company established in the PRC with limited liability;
“Handan Jiacheng Sewage Treatment Co Accounts Receivable”	the amounts payable to Handan Jiacheng Sewage Treatment Co for the services provided by Handan Jiacheng Sewage Treatment Co under a sewage treatment engineering project conducted by Handan Jiacheng Sewage Treatment Co;
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company and its connected persons;
“Jiacheng Environmental Engineering”	嘉誠環保工程有限公司 (Jiacheng Environmental Engineering Company Limited*), a company established in the PRC with limited liability;
“Jiacheng Jiaozuo Water Co”	嘉誠 (焦作) 水務有限公司 (Jiacheng (Jiaozuo) Water Company Limited*), a company established in the PRC with limited liability;
“Jiacheng Jiaozuo Water Co Accounts Receivable”	the amounts payable to Jiacheng Jiaozuo Water Co for the services provided by Jiacheng Jiaozuo Water Co under a sewage treatment engineering project conducted by Jiacheng Jiaozuo Water Co;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“Lease Consideration”	the total lease consideration of approximately RMB237,104,000, comprising the principal amount of RMB224,000,000 and the interest of RMB13,104,000, to be paid by the Lessee to Guangdong Financial Leasing under the Finance Lease Agreement;
“Leased Assets”	a set of agreed construction-related assets of Xingtang Jiacheng Water Co, Handan Jiacheng Sewage Treatment Co and Jiacheng Jiaozuo Water Co as listed out in the Finance Lease Agreement;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Reminbi, the lawful currency of the PRC;
“Purchase Consideration”	the amount of RMB224,000,000 payable by Guangdong Financial Leasing to Jiacheng Environmental Engineering for the purchase of the Leased Assets pursuant to the Asset Transfer Agreement;

“Second Sale Shares”	21% of the registered capital of Jiacheng Environmental Engineering;
“Second Share Transfer Agreement”	the share transfer agreement dated 19 April 2021 entered into between Bohai Water and Guangdong Water Investment Co in relation to the Second Share Transfer;
“Share Transfer Agreements”	collectively, the First Share Transfer Agreement and the Second Share Transfer Agreement;
“Share Transfers”	collectively, the First Share Transfer and the Second Share Transfer;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianjin Property Rights Exchange”	天津產權交易中心 (Tianjin Property Rights Exchange*);
“Transaction”	collectively, the transactions in relation to the acquisition of the First Sale Shares and the Second Sale Shares by Guangdong Water Investment Co as contemplated under the respective Share Transfer Agreements;
“Xingtang Jiacheng Water Co”	行唐縣嘉誠水務有限公司 (Xingtang County Jiacheng Water Company Limited*), a company established in the PRC with limited liability;
“Xingtang Jiacheng Water Co Accounts Receivable”	the amounts payable to Xingtang Jiacheng Water Co for the services provided by Xingtang Jiacheng Water Co under a water supply engineering project conducted by Xingtang Jiacheng Water Co; and
“%”	per cent.

** The English translation of the Chinese name of the relevant company included in this announcement is prepared by the Company for reference only, and such translation may not be accurate and such company may not have an official English translation/version of its Chinese name.*

By Order of the Board
TSANG HON HAM
Director

Hong Kong, 19 April 2021

As at the date of this announcement, the Board of the Company comprises four Executive Directors, namely, Mr. HOU Wailin, Mr. LIN Tiejun, Mr. WEN Yinheng, Mr. TSANG Hon Nam and Ms. LIANG Yuanjuan; three Non-Executive Directors, namely, Mr. CAI Yong, Mr. LAN Runing and Mr. FENG Qingchun; and five Independent Non-Executive Directors, namely, Dr. CHAN Cho Chak, John, Mr. FUNG, Daniel R., Dr. the Honourable CHENG Mo Chi, Moses, Mr. WU Ting Yuk, Anthony and Mr. Li Man Bun, Brian David.