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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)**

**CONNECTED TRANSACTIONS  
IN RELATION TO EQUITY TRANSFERS IN FOUR SUBSIDIARIES  
AND  
CERTAIN RELATED CONTINUING CONNECTED TRANSACTIONS**

**THE EQUITY TRANSFERS**

On 27 May 2022, the Group entered into the Equity Transfer Agreements with Guangdong Water Technology, pursuant to which:

- (a) Harbin Water Technology (a non-wholly owned subsidiary of Company) agreed to transfer 54% equity interest in National Water Resources Centre to Guangdong Water Technology at a consideration of RMB71,784,200;
- (b) Guangdong Water Investment (a wholly owned subsidiary of Company) agreed to transfer 49% equity interest in Guangdong Water Resources Centre to Guangdong Water Technology at a consideration of RMB1;
- (c) Guangdong Water Investment (a wholly owned subsidiary of Company) agreed to transfer 51% equity interest in Kerong Software to Guangdong Water Technology at a consideration of RMB39,031,300;
- (d) Hairun Water (a wholly owned subsidiary of Company) agreed to transfer 95% equity interest in Guangdong Water Testing to Guangdong Water Technology at a consideration of RMB6,188,000; and
- (e) Guangdong Water Investment (a wholly owned subsidiary of Company) agreed to transfer 5% equity interest in Guangdong Water Testing to Guangdong Water Technology at a consideration of RMB325,700.

Upon completion of the Equity Transfers, each of the Target Companies will cease to be a subsidiary of the Company and the financial results of the Target Companies will not be consolidated to the financial results of the Group.

## **LISTING RULES IMPLICATIONS**

Guangdong Holdings is the ultimate controlling shareholder of the Company, which indirectly holds approximately 56.49% of the total number of shares of the Company in issue as at the date of this announcement. By virtue of being a subsidiary of Guangdong Holdings, Guangdong Water Technology is an associate of Guangdong Holdings and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Equity Transfers constitute connected transactions under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated on an aggregated basis in respect of the Equity Transfers is more than 0.1% but less than 5% in accordance with Rule 14.07 of the Listing Rules, the above transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **CERTAIN RELATED CONTINUING CONNECTED TRANSACTIONS**

Prior to the date of this announcement, the Group and certain of the Target Companies (namely Kerong Software and Guangdong Water Testing) had entered into the Existing Agreements concerning certain continuing transactions between the relevant parties. Upon completion of the Equity Transfers, each of Kerong Software and Guangdong Water Testing will become a connected person of the Company and the continuing transactions between the Group, on the one hand, and Kerong Software or Guangdong Water Testing (as the case may be), on the other hand, will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing an announcement and annual reporting if the Group continues to conduct the transactions under the Existing Agreements.

## **THE EQUITY TRANSFERS**

On 27 May 2022, the Group entered into the Equity Transfer Agreements with Guangdong Water Technology in relation to the transfer of equity interests in the Target Companies.

### **Principal terms of the Equity Transfer Agreements**

The following summarises the principal terms of the Equity Transfer Agreements.

#### ***Date***

27 May 2022

#### ***Parties, subject matter and consideration***

<b>Transferor</b>	<b>Transferee</b>	<b>Target company</b>	<b>Subject matter</b>	<b>Consideration</b>
(1) Harbin Water Technology (a non-wholly owned subsidiary of the Company)	Guangdong Water Technology	National Water Resources Centre	54% equity interest in National Water Resources Centre ( <i>Note 1</i> )	RMB71,784,200

(2) Guangdong Water Investment (a wholly owned subsidiary of the Company)	Guangdong Water Technology	Guangdong Water Resources Centre	49% equity interest in Guangdong Water Resources Centre	RMB1 (Note2)
(3) Guangdong Water Investment (a wholly owned subsidiary of the Company)	Guangdong Water Technology	Kerong Software	51% equity interest in Kerong Software	RMB39,031,300
(4) Hairun Water (a wholly owned subsidiary of the Company)	Guangdong Water Technology	Guangdong Water Testing	95% equity interest in Guangdong Water Testing	RMB6,188,000 (Note2)
(5) Guangdong Water Investment (a wholly owned subsidiary of the Company)	Guangdong Water Technology	Guangdong Water Testing	5% equity interest in Guangdong Water Testing	RMB325,700 (Note2)

*Note1: Harbin Water Technology also agreed to transfer 19.31% equity interest in National Water Resources Centre to Guangdong Water Investment (a wholly owned subsidiary of the Company) at a consideration of RMB25,669,500.*

*Note2: Pursuant to the relevant Equity Transfer Agreements, Guangdong Water Technology agrees to pay up all the unpaid registered capital in Guangdong Water Resources Centre in the amount of RMB19,600,000 before 31 January 2023; and agreed to pay up the remaining unpaid registered capital in Guangdong Water Testing in the amount of RMB5,350,000 before 31 December 2030.*

The respective considerations for the Equity Transfers (save for the equity transfer in Guangdong Water Resources Centre) were arrived at after arm's length negotiations between the parties with reference to the value of the Target Companies as appraised by an independent valuer in the PRC using an asset-based approach (in the case of National Water Resources Centre and Guangdong Water Testing) or a market approach (in the case of Kerong Software). The consideration for the equity transfer in Guangdong Water Resources Centre is nominal as (i) Guangdong Water Resources Centre was only established recently in December 2021 and does not have any substantial operation as at the date of this announcement; and (ii) the transferor, namely Guangdong Water Investment, has not paid up any of its equity interest in Guangdong Water Resources Centre.

### ***Payment terms***

The respective considerations for the Equity Transfers will be payable in cash by Guangdong Water Technology to the relevant transferees within 30 business days upon the satisfaction of each of the following conditions:

- (1) completion of the Change Registration for the relevant Equity Transfer;
- (2) completion of the handover procedures as described in the relevant Equity Transfer Agreement; and
- (3) the audited accounts of the relevant Target Company as of the date of Completion (the “**Completion Accounts**”) having been issued in accordance with the corresponding Equity Transfer Agreement.

Pursuant to the relevant Equity Transfer Agreements, an auditor appointed by the transferor and transferee will issue the Completion Accounts. As compared to the audited net assets of the Target Company as at 31 December 2021, any increase in the net assets of the Target Company as shown in the Completion Accounts, multiplied by the percentage of equity interest to be transferred under the relevant Equity Transfer, will be payable in cash by the transferee to the transferor, and any decrease by the transferor to the transferee, within 10 business days after the issuance of the Completion Accounts. The Company currently expects that there will not be a material difference between the net assets of the Target Companies as at 31 December 2021 and those as at the date of Completion.

### ***Completion***

The relevant transferor and the Target Company will arrange for the Change Registration for the corresponding Equity Transfer within 15 business days following the effective date of the corresponding Equity Transfer Agreement. Completion of the Equity Transfers will take place upon completion of the relevant Change Registration.

Upon completion of the Equity Transfers:

- (a) National Water Resources Centre will be owned as to 54% by Guangdong Water Technology, 19.31% by Guangdong Water Investment and 26.69% by two Independent Third Parties;
- (b) Guangdong Water Resources Centre will be owned as to 51% by National Water Resources Centre (a subsidiary of Guangdong Water Technology upon Completion) and 49% by Guangdong Water Technology;
- (c) Kerong Software will be owned as to 51% by Guangdong Water Technology and 49% by five Independent Third Parties; and
- (d) Guangdong Water Testing will be wholly-owned by Guangdong Water Technology.

Accordingly, following Completion, each of the Target Companies will cease to be a subsidiary of the Company and the financial results of the Target Companies will not be consolidated to the financial results of the Group.

## **Financial effect arising from the Equity Transfers**

Based on a preliminary assessment, it is estimated that the Group will record an unaudited gain on the Equity Transfers of approximately RMB17,687,400 according to the book value of the Target Companies held by the Group as at 31 December 2021.

The actual gain or loss as a result of the Equity Transfers to be recorded by the Group is subject to a final audit to be performed by the auditor of the Company upon completion of the Equity Transfers.

The net proceeds from the Equity Transfers of approximately RMB116,622,600 will be used by the Group for general corporate purposes.

## **Information about the Target Companies**

### ***National Water Resources Centre***

National Water Resources Centre is a limited liability company established in the PRC on 21 November 2007. National Water Resources Centre is principally engaged in technology development, design services and consultation of water resources in the PRC. As at the date of this announcement, National Water Resources Centre is a company owned as to 73.31% by Harbin Water Technology and 26.69% by two Independent Third Parties.

### ***Guangdong Water Resources Centre***

Guangdong Water Resources Centre is a limited liability company recently established in the PRC on 27 December 2021 and has not yet had any substantial operation. As at the date of this announcement, Guangdong Water Resources Centre is a company owned as to 51% by National Water Resources Centre and 49% by Guangdong Water Investment.

### ***Kerong Software***

Kerong Software is a limited liability company established in the PRC on 8 July 2002. Kerong Software is principally engaged in computer software and hardware development, sales and related technical services and consultation in the PRC. As at the date of this announcement, Kerong Software is owned as to 51% by Guangdong Water Investment and 49% by five Independent Third Parties.

### ***Guangdong Water Testing***

Guangdong Water Testing is a limited liability company established in the PRC on 8 September 2016. Guangdong Water Testing is principally engaged in water quality testing business in the PRC. As at the date of this announcement, Guangdong Water Testing is owned as to 95% by Hairun Water and 5% by Guangdong Water Investment.

The table below sets forth certain audited financial information of each of the Target Companies for the two years ended 31 December 2020 and 31 December 2021 (prepared in accordance with PRC Generally Accepted Accounting Principles):

For the year ended 31 December  
2020 2021

Target Companies	Net profit (loss) before taxation and extraordinary items (RMB)	Net profit (loss) after taxation and extraordinary items (RMB)	Net profit (loss) before taxation and extraordinary items (RMB)	Net profit (loss) after taxation and extraordinary items (RMB)
National Water Resources Centre	(21,823,730)	(21,543,840)	93,660	620,110
Guangdong Water Resources Centre	-	-	-	-
Kerong Software	11,318,800	9,957,400	9,207,130	12,988,560
Guangdong Water Testing	833,310	833,310	145,150	145,150

As at 31 December 2021, the audited net assets of the Target Companies are:

- (a) National Water Resources Centre: RMB95,389,927;
- (b) Guangdong Water Resources Centre: nil;
- (c) Kerong Software: RMB73,797,889; and
- (d) Guangdong Water Testing: RMB6,513,710.

### **Information about the Group**

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.

#### ***Harbin Water Technology***

Harbin Water Technology is a subsidiary of the Company established in the PRC and owned as to 75% by Guangdong Water Investment (a wholly-owned subsidiary of the Company) and as to 25% by an Independent Third Party. Harbin Water Technology is principally engaged in investment holdings.

#### ***Guangdong Water Investment***

Guangdong Water Investment is a wholly-owned subsidiary of the Company established in the PRC. Guangdong Water Investment is principally engaged in investment holdings.

#### ***Hairun Water***

Hairun Water is a wholly-owned subsidiary of the Company established in the PRC. Guangdong Water Investment is principally engaged in investment holdings.

## **Information about Guangdong Water Technology**

Guangdong Water Technology is a limited liability company established in the PRC on 13 December 2021. Guangdong Water Technology is principally engaged in investment holding businesses in the PRC. As at the date of this announcement, Guangdong Water Technology is a subsidiary of Guangdong Holdings, the ultimate controlling shareholder of the Company, which is in turn held as to 90% by the People's Government of Guangdong Province (the "**Guangdong Government**") and as to 10% by the Department of Finance of the Guangdong Government.

## **Reasons for and benefits of the Equity Transfers**

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.

The businesses of the Target Companies are principally related to the provision of ancillary services for the water resources business. Being in an early stage of development, such companies primarily derived their business within the Group with the profit ratio much lower than relevant industry average and have been facing intense competition in sourcing external customers. Affected by the challenging market environment, the business performance of the Target Companies were not satisfactory in recent years and a number of such companies incurred net losses for two consecutive years. In light of the current market conditions, the Company expects that the Target Companies are not likely to bring considerable revenue and profit to the Company in the short to medium term.

Accordingly, the Directors are of the view that the Equity Transfers will enable the Group to dispose of such ancillary businesses which are, and are expected to be in the short to medium term, loss-making, and to allocate resources more effectively on its core business. With the reduction of costs on such ancillary businesses, the Company expects that the Group will be able to focus its resources on increasing the operating scale of its core business, mainlining its quality and profitability and making it more resistant to market changes. Further, the Equity Transfers will enable the Group to capture a capital gain and improve its cash flow, allowing the Group to seize any investment opportunities as and when appropriate, focus on the development of its core businesses and expand the strategic layout of its water resources business, all of which are in line with the Group's long term development goal.

In light of the above and having considered the bases of the consideration for the Equity Transfers, the Directors (including the independent non-executive Directors) consider that the terms of the Equity Transfer Agreements and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better, and are in the interests of the Company and its shareholders as a whole.

## **Listing Rules implications**

Guangdong Holdings is the ultimate controlling shareholder of the Company, which indirectly holds approximately 56.49% of the total number of shares of the Company in issue as at the date of this announcement. By virtue of being a subsidiary of Guangdong Holdings, Guangdong Water Technology is an associate of Guangdong Holdings and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Equity Transfers constitute connected

transactions under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated on an aggregated basis in respect of the Equity Transfers is more than 0.1% but less than 5% in accordance with Rule 14.07 of the Listing Rules, the above transactions are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As certain of the Directors, namely Mr. Hou Wailin and Mr. Cai Yong, are also directors of Guangdong Holdings, they were not counted in the quorum and abstained from voting on the relevant Board resolutions to approve the Equity Transfer Agreements and the transactions contemplated thereunder at the relevant Board meeting. Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Directors had any material interest in the Equity Transfer Agreements and the transactions contemplated thereunder.

## **CERTAIN RELATED CONTINUING CONNECTED TRANSACTIONS**

### **Existing Continuing Transactions**

Prior to the date of this announcement, the Group and certain of the Target Companies (namely Kerong Software and Guangdong Water Testing) had entered into the Existing Agreements concerning certain continuing transactions between the relevant parties. Upon completion of the Equity Transfers, each of Kerong Software and Guangdong Water Testing will become a subsidiary of Guangdong Water Technology, which is in turn a subsidiary of Guangdong Holdings (the ultimate controlling shareholder of the Company). Accordingly, Kerong Software and Guangdong Water Testing will each become a connected person of the Company and the continuing transactions between the Group and Kerong Software (or Guangdong Water Testing, as the case may be) (the "**Existing Continuing Transactions**") will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements including publishing an announcement and annual reporting if the Group continues to conduct the transactions under the Existing Agreements. The Company will comply with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Existing Agreements.

The salient terms of the Existing Continuing Transactions are set out below.

### ***Secondary pump room data access monitoring centre service agreement (the "Software Service Agreement")***

*Date:* 4 September 2020

*Parties:* (a) Kerong Software  
(b) Dongguan Qingyue (a subsidiary of the Company)

*Term:* 4 September 2020 to 3 September 2022

*Subject matter:* Dongguan Qingyue agreed to engage Kerong Software to provide certain software development services, including communication with pump equipment manufacturers, development of applications for user management and system reports and joint debugging with pump equipment manufacturers.

*Service fee:* A service fee is payable by Dongguan Qingyue to Kerong Software in December each year during the term of the agreement at a fixed rate of RMB5,000 for each site for which data access has been completed. Any outstanding service fee accrued is payable after the expiry of the term of the agreement. The service fee rate was determined based on (i) the cost of consumables incurred for the provision of such services; and (ii) the prevailing market rates for similar services. Based on the number of sites proposed to establish data access, the Company estimates that the total service fees payable by the Group under the Software Service Agreement to be not exceeding RMB15,000 for the year ending 31 December 2022.

***Water quality testing business entrustment agreement for Guangdong Water Supply (the “GWS Water Testing Agreement”)***

*Date:* 8 November 2021

*Parties:* (a) Guangdong Water Testing  
(b) Guangdong Water Supply (a subsidiary of the Company)

*Term:* October 2021 to December 2022

*Subject matter:* Guangdong Water Supply agreed to engage Guangdong Water Testing for water quality testing and technical services.

*Service fee:* For services rendered in 2021, a service fee of RMB2,400,000 was paid by Guangdong Water Supply to Guangdong Water Testing before the last day of November; and a service fee of RMB900,000 was paid by Guangdong Water Supply to Guangdong Water Testing before the last day of December. For services rendered in 2022, a service fee is payable by Guangdong Water Supply to Guangdong Water Testing before the last day of each January, March, May, July and October at a fixed rate of RMB2,420,000. The service fee rate was determined based on (i) the cost of consumables incurred for the provision of such services; and (ii) the prevailing market rates for similar services. The Company estimates that the total service fees payable by the Group under the GWS Water Testing Agreement to be not exceeding RMB12,100,000 for the year ending 31 December 2022.

***Water quality testing business entrustment agreement for Suixi Water (as amended, the “SW Water Testing Agreement”)***

- Date:* 21 December 2021 (amended on 9 May 2022)
- Parties:* (a) Maoming branch of Guangdong Water Testing  
(b) Suixi Water (a subsidiary of the Company)
- Term:* 21 December 2021 to 20 December 2022
- Subject matter:* Suixi Water agreed to engage Maoming branch of Guangdong Water Testing for water quality testing and technical services.
- Service fee:* The service fees that are based on the actual amount and type of works provided by Maoming branch of Guangdong Water Testing are payable on a biannually basis during the term of the agreement. The service fee rate was determined based on (i) the cost of consumables incurred for the provision of such services; (ii) the industry guidance rates issued by the relevant authority in Guangdong Province; and (iii) a discount usually applied for similar services provided to Independent Third Parties. The Company estimates that the total service fees payable by the Group under the SW Water Testing Agreement to be not exceeding RMB300,636 for the year ending 31 December 2022.

***Water quality testing business entrustment agreement for Hainan Tap Water (the “HTW Water Testing Agreement”)***

- Date:* 1 January 2022
- Parties:* (a) Hainan branch of Guangdong Water Testing  
(b) Hainan Tap Water (a subsidiary of the Company)
- Term:* January 2022 to December 2022
- Subject matter:* Hainan Tap Water agreed to engage Hainan branch of Guangdong Water Testing for water quality testing and technical services.
- Service fee:* An initial service fee of RMB342,000 was paid by Hainan Tap Water to Hainan branch of Guangdong Water Testing at the date of signing of the agreement; the remaining service fee of RMB798,000 is payable by Hainan Tap Water to Hainan branch of Guangdong Water Testing on a monthly basis during the term of the agreement. The service fee rate was determined based on (i) the cost of consumables incurred for the provision of such services; and (ii) the prevailing market rates for similar services. The Company estimates that the total service fees payable by the Group under the HTW Water Testing Agreement to be not exceeding RMB1,140,000 for the year ending 31 December 2022.

***Water quality testing business entrustment agreement for Hainan Water (the “HW Water Testing Agreement”)***

*Date:* 1 January 2022

*Parties:* (a) Hainan branch of Guangdong Water Testing  
(b) Hainan Water (a subsidiary of the Company)

*Term:* January 2022 to December 2022

*Subject matter:* Hainan Water agreed to engage Hainan branch of Guangdong Water Testing for water quality testing and technical services.

*Service fee:* An initial service fee of RMB176,220 was paid by Hainan Water to Hainan branch of Guangdong Water Testing at the date of signing of the agreement; the remaining service fee of RMB411,180 is payable by Hainan Water to Hainan branch of Guangdong Water Testing on a monthly basis during the term of the agreement. The service fee rate was determined based on (i) the cost of consumables incurred for the provision of such services; and (ii) the prevailing market rates for similar services. The Company estimates that the total service fees payable by the Group under the HW Water Testing Agreement to be not exceeding RMB587,400 for the year ending 31 December 2022.

**Reasons and Benefits for the Existing Continuing Transactions**

Kerong Software is principally engaged in computer software development and sales in the PRC and has been providing software related services for the Group. Guangdong Water Testing is principally engaged in water quality testing business in the PRC and has been providing water quality testing services for the Group. In continuing with the Existing Continuing Transactions, the Group will continue to enjoy such services at a reasonable fee without causing any disruption to our operations immediately following the Equity Transfers.

The Directors (including the independent non-executive Directors) consider that the terms of the Existing Agreements and the transactions contemplated thereunder are fair and reasonable, entered into on normal commercial terms or better and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its shareholders as a whole.

**Others**

For completeness, it is noted that in addition to the Existing Agreements in respect of the Existing Continuing Transactions, prior to the date of this announcement the Group and certain of the Target Companies had also entered into other agreements in respect to certain specific or one-off matters, which are immaterial in nature. Given that these agreements refer to specific or one-off matters and, unlike the Existing Agreements, are not in respect of the provision of services on a recurring and continuing basis, the Company does not consider that the transactions contemplated under such agreements would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate”	has the meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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;
“Change Registration”	the change of company registration records or other filing procedures with the competent industry and commerce administration bureau in the PRC and (where applicable) the Shenzhen United Property and Equity Exchange in connection with the relevant Equity Transfers according in accordance with the PRC laws and regulations;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Completion”	completion of the Equity Transfers;
“Director(s)”	the director(s) of the Company;
“Dongguan Qingyue”	東莞市清粵市政工程有限公司 (Dongguan Qingyue Municipal Engineering Co., Ltd.*), a company established in the PRC with limited liability;
“Equity Transfer(s)”	the equity transfer(s) as contemplated under the Equity Transfer Agreements;
“Equity Transfer Agreement(s)”	the equity transfer agreements dated 27 May 2022 and entered into between:  (a) Harbin Water Technology (as transferor), Guangdong Water Technology (as transferee) and National Water Resources Centre (as target company) in relation to the transfer of 54% equity interest in National Water Resources Centre;  (b) Guangdong Water Investment (as transferor), Guangdong Water Technology (as transferee) and Guangdong Water Resources Centre (as target company) in relation to the transfer of 49% equity interest in Guangdong Water Resources Centre;  (c) Guangdong Water Investment (as transferor), Guangdong Water Technology (as transferee) and Kerong Software (as target company) in relation to the transfer of 51% equity interest in Kerong Software;

(d) Hairun Water (as transferor), Guangdong Water Technology (as transferee) and Guangdong Water Testing (as target company) in relation to the transfer of 95% equity interest in Guangdong Water Testing Centre; and

(e) Guangdong Water Investment (as transferor), Guangdong Water Technology (as transferee) and Guangdong Water Testing (as target company) in relation to the transfer of 5% equity interest in Guangdong Water Testing, respectively;

“Existing Agreements”	the Software Service Agreement and the Water Testing Agreements;
“Group”	the Company and its subsidiaries;
“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 a controlling shareholder of the Company;
“Guangdong Water Investment”	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 and a wholly-owned subsidiary of the Company;
“Guangdong Water Resources Centre”	粵海水資源工程研究中心 (廣東) 有限公司 (Guangdong Water Resources Engineering Research Centre (Guangdong) Company Limited*), a company established in the PRC with limited liability;
“Guangdong Water Supply”	廣東粵港供水有限公司 (Guangdong Yuegang Water Supply Co., Ltd.*), a company established in the PRC with limited liability;
“Guangdong Water Technology”	廣東粵海水務科技有限公司 (Guangdong Water Technology Co., Ltd.*) (formerly known as 廣州粵海水務環境有限公司), a company established in the PRC with limited liability and a subsidiary of Guangdong Holdings;
“Guangdong Water Testing”	廣東粵海水務檢測技術有限公司 (Guangdong Water Testing Technology Co., Ltd.*), a company established in the PRC with limited liability;
“Hainan Tap Water”	海南儋州粵海自來水有限公司 (Hainan Danzhou Guangdong Tap Water Co., Ltd.*), a company established in the PRC with limited liability;
“Hainan Water”	海南儋州粵海水務有限公司 (Hainan Danzhou Guangdong Water Co., Ltd.*), a company established in the PRC with limited liability;
“Hairun Water”	深圳市海潤水業有限責任公司 (Shenzhen Hairun Water Industry Co., Ltd.*), a company established in the PRC with limited liability;

“Harbin Water Technology”	哈爾濱粵海水務科技有限公司 (Harbin Guangdong Water Technology Co., Ltd.*), a company established in the PRC with limited liability;
“HK\$”	Hong Kong dollars, the lawful 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;
“Kerong Software”	深圳市科榮軟件股份有限公司 (Shenzhen Kerong Software Co., Ltd.*), a company established in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“National Water Resources Centre”	哈爾濱工業大學水資源國家工程研究中心有限公司 (Harbin Technology University Water Resources National Engineering Research Centre Company Limited), a company established in the PRC with limited liability;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suixi Water”	遂溪粵海水務有限公司 (Suixi Guangdong Water Co., Ltd.*), a company established in the PRC with limited liability;
“Target Companies”	National Water Resources Centre, Guangdong Water Resources Centre, Kerong Software and Guangdong Water Testing;
“Water Testing Agreements”	GWS Water Testing Agreement, SW Water Testing Agreement, HTW Water Testing Agreement and HW Water Testing Agreement; 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 Nam**  
*Director*

Hong Kong, 27 May 2022

*As at the date of this announcement, the Board of the Company comprises five 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.*