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**GREAT WATER
GREAT WATER HOLDINGS LIMITED**

建禹集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8196)

**VOLUNTARY ANNOUNCEMENT — TRANSFER OF EQUITY INTEREST IN
INVESTMENT
DISCLOSEABLE TRANSACTION — PROVISION OF FINANCIAL ASSISTANCE**

DISPOSAL OF INVESTMENT

On 26 January 2021, the Subsidiary disposed of 10% equity interest in the Target to the Second Investor.

PROVISION OF FINANCIAL ASSISTANCE

On 26 January 2021, the Target entered into a term loan agreement with the Lender. In connection with the term loan, each of the shareholders of the Target agreed to guarantee the repayment obligations of the Target in the amount pro-rated to their respective shareholding of the Target. The pro-rated guaranteed amount for the Subsidiary is RMB13,585,000.

GEM LISTING RULES IMPLICATIONS

(1) Disposal

As all of the relevant applicable percentage ratios in respect of the Disposal are less than 5%, the Disposal does not constitute a notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

(2) Provision of financial assistance

As one of the percentage ratios set out in Rule 19.06 of the GEM Listing Rules in respect of the amount guaranteed by the Subsidiary under the term loan is more than 5% but is less than 25%, the financial assistance provided by the Subsidiary constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DISPOSAL OF INVESTMENT

(1) The Disposal

On 26 January 2021, the Subsidiary disposed of 10% equity interest in the Target to the Second Investor.

As disclosed in the announcement of the Company dated 11 May 2020, each of the shareholders of the Target agreed to make further capital contributions (the “**Capital Contribution**”) to the Target to increase its registered capital from RMB10 million to RMB68 million. As at the date of this announcement, the capital contributions have yet to be made. The Disposal was at nil consideration.

Upon completion of the Disposal, the outstanding capital contribution of the Subsidiary under the Capital Contribution will be reduced from RMB8,700,000 to RMB1,900,000.

As at the date of this announcement and upon completion of the Disposal, the Target is and will remain accounted as equity investments designated at fair value through other comprehensive income in the Group’s financial statements.

The shareholding structure of the Target as at the date of this announcement, immediately following completion of the Disposal and immediately following completion of the Capital Contribution is set out below.

| | As at the date of this announcement | | Immediately following completion of the Disposal | | Immediately following completion of the Capital Contribution | |
|---------------------|---|-----------------|--|-----------------|--|-----------------|
| | Registered and paid- up capital of the Target | Approximate (%) | Registered and paid- up capital of the Target | Approximate (%) | Registered and paid- up capital of the Target | Approximate (%) |
| Shareholder | (RMB) | (%) | (RMB) | (%) | (RMB) | (%) |
| The Subsidiary | 1,500,000 | 15 | 1,500,000 | 5 | 3,400,000 | 5 |
| The Second Investor | 23,800,000 | 35 | 23,800,000 | 45 | 30,600,000 | 45 |
| The First Investor | 34,000,000 | 50 | 34,000,000 | 50 | 34,000,000 | 50 |
| | <u>59,300,000</u> | <u>100</u> | <u>59,300,000</u> | <u>100</u> | <u>68,000,000</u> | <u>100</u> |

PROVISION OF FINANCIAL ASSISTANCE

On 26 January 2021, the Target entered into a term loan agreement with the Lender. In connection with the term loan, each of the shareholders of the Target agreed to guarantee the repayment obligations of the Target in the amount pro-rated to their respective shareholding of the Target. The pro-rated guaranteed amount for the Subsidiary is RMB13,585,000.

The principal terms of the term loan are set out below.

| | | | |
|--------------------|---|---|-------------------------|
| Principal amount | : | RMB271,700,000 | |
| Interest | : | 60 basis points (BPS) below the five- year loan prime rate (LPR), payable on a quarterly basis | |
| Drawdown date | : | Within 90 days of 26 January 2021 | |
| Repayment schedule | : | Date | Repayment amount |
| | | 3rd anniversary of the drawdown date | RMB10,000,000 |
| | | 4th anniversary of the drawdown date | RMB20,000,000 |
| | | Each of the 5th to 9th anniversary of the drawdown date | RMB40,000,000 |
| | | 10th anniversary of the drawdown date | RMB41,700,000 |
| Use of proceeds | : | the construction and development of a hazardous waste treatment plant in the Huangpu District of Guangzhou, the PRC | |

REASONS AND BENEFITS

The Target was established on 25 December 2018 for the operation of the waste treatment business. The Disposal reduces the Group's commitment under the Capital Contribution. The consideration for the disposal is nominal as (i) neither the Subsidiary nor any of the shareholders of the Target has made any further contributions under the Capital Contribution; and (ii) the Subsidiary's commitment under the Capital Contribution will be reduced. The Board considers that the Disposal is fair and reasonable, on normal commercial terms and is in the interest of the Company and its shareholders as a whole.

In 26 January 2021, the Target has obtained the relevant permits from the authorities and will commence construction of the hazardous waste treatment plant. The size of the loan was determined with reference to the expected capital expenditure of the Target for the first phase development of the hazardous waste treatment plant.

Taking into account that (i) the proceeds of the facility will be applied towards the construction of the hazardous waste treatment plant, which is beneficial to the Target's long term development and the Company's investment; and (ii) the financial assistance is provided pro-rated to each of the shareholder's equity holding, the Board considers that the provision of the financial assistance is fair and reasonable, on normal commercial terms and is in the interest of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

(1) The Group

The Company is an investment holding company and the Group is principally engaged in the environmental protection business, including wastewater treatment and soil remediation, through the provision of design, construction, operation and maintenance service for related facilities and the trading of related equipment.

The Subsidiary is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

(2) The First Investor and the Second Investor

The First Investor is principally engaged in investment holding. It is ultimately controlled by Guangzhou Development Zone Investment Group Limited* (科學城(廣州)投資集團有限公司).

The Second Investor is principally engaged in investment holding. It is ultimately controlled by Guangzhou Environmental Protection Investment Group Limited* (廣州環保投資集團有限公司).

Each of Guangzhou Development Zone Investment Group Limited* (科學城(廣州)投資集團有限公司) and Guangzhou Environmental Protection Investment Group Limited* (廣州環保投資集團有限公司) is a state-owned conglomerate engaged in various business activities including but not limited to construction, infrastructure projects, wholesale and export of goods, consultation services, property management and information technology.

(3) The Lender

Shanghai Pudong Development Bank Co Ltd is a joint stock company established in the PRC and the shares of which is listed on the Shanghai Stock Exchange (Stock code: 600000). It is principally engaged in the provision of banking and financial services.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, each of the First Investor, the Second Investor and the Lender and each of their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

GEM LISTING RULES IMPLICATIONS

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(2) Provision of financial assistance

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DEFINITIONS

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

| | |
|---------------------|---|
| “Board” | the board of the Company |
| “Company” | Great Water Holdings Limited (建禹集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM |
| “connected person” | has the meaning as ascribed to it under the GEM Listing Rules |
| “Directors” | the directors of the Company |
| “Disposal” | The disposal of 5% equity interest in the Target |
| “First Investor” | Guangzhou Development Zone Environment Investment Company Limited* (科學城(廣州)環保產業投資集團有限公司), a company established in the PRC with limited liability |
| “GEM Listing Rules” | Rules Governing the Listing of Securities on the GEM |
| “Group” | the Company and its subsidiaries |
| “Lender” | Shanghai Pudong Development Bank Co., Ltd.*, Guangzhou Branch(上海浦東發展銀行股份有限公司廣州分行) |
| “PRC” | the People’s Republic of China |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Second Investor” | Guangzhou Environment Investment Group Limited* (廣州環投控股有限公司), a company established in the PRC with limited liability |
| “Subsidiary” | Guangzhou Great Water Environmental Protection Company Limited* (廣州中科建禹環保有限公司), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company |

“Target”

Guangzhou Environmental Technology Company Limited*
(廣州環科環保科技有限公司), a company established in the
PRC with limited liability

“%”

per cent.

By order of the Board
Great Water Holdings Limited
XIE Yang
Chairman

Guangzhou, PRC, 26 January 2021

As at the date of this announcement, the executive directors of the Company are Mr. XIE Yang and Mr. HE Yuan Xi; the non-executive director of the Company is Ms. GONG Lan Lan and the independent non-executive directors of the Company are Ms. BAI Shuang, Mr. HA Cheng Yong and Mr. TSE Chi Wai.

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.greatwater.com.cn.