THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hua Xia Water Group Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 circular 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 circular misleading.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

Hua Xia Water Group Limited
華夏水務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8401)

(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company



Capitalised terms used on this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 16 of this circular. A notice convening the EGM to be held at Units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Hong Kong on Monday, 23 November 2026 at 11:30 a.m. is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.hwaxiawater.com).

Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:30 a.m. on Saturday, 21 November 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

This circular will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the website of the Company at http://www.hwaxiawater.com.

Shareholders and potential investors should note that the Share Consolidation is conditional upon the fulfilment of the conditions set out in the section headed "Conditions of the Share Consolidation" under the section headed "The Share Consolidation" in the Letter from the Board in this circular, and that the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their stockbroker, bank manager, solicitor, professional accountant or other professional advisers.

30 October 2026

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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Set out below is the expected timetable for the implementation of the Share Consolidation and the Change in Board Lot Size, which has been prepared with reference to the Trading Arrangements Guide. The expected timetable is subject to the results of the EGM and the fulfilment of the conditions of the Share Consolidation and is therefore indicative only. Any change to the expected timetable will be announced by the Company by way of a separate announcement as and when appropriate. All times and dates referred to in this circular are Hong Kong times and dates.

Event	**Time and date**
Latest time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Tuesday, 17 November 2026
Closure of register of members for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Wednesday, 18 November 2026 to Monday, 23 November 2026
Latest time for lodging forms of proxy for the EGM	11:30 a.m. on Saturday, 21 November 2026
Record date for determining the entitlement to attend and vote at the EGM	Monday, 23 November 2026
Date and time of the EGM	11:30 a.m. on Monday, 23 November 2026
Publication of the announcement of the poll results of the EGM	Monday, 23 November 2026

The following events are conditional upon the fulfilment of the conditions of the Share Consolidation and the dates below are therefore tentative only:

Event	**Time and date**
Effective date of the Share Consolidation	Wednesday, 25 November 2026
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares (commencement of the Free Exchange Period)	Wednesday, 25 November 2026
Dealings in the Consolidated Shares commence	9:00 a.m. on Wednesday, 25 November 2026
Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 25 November 2026
Temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 25 November 2026
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Wednesday, 9 December 2026
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Wednesday, 9 December 2026
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 9 December 2026

Event	Time and date
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Wednesday, 30 December 2026
Temporary counter for trading in the Consolidated Shares in board lots of 100 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 30 December 2026
Last day of parallel trading in the Consolidated Shares	4:10 p.m. on Wednesday, 30 December 2026
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares (end of the Free Exchange Period)	4:30 p.m. on Monday, 4 January 2027

The effective date of the Share Consolidation, being one clear Business Day after the date of the EGM, and the commencement of dealings in the Consolidated Shares will remain unchanged even if that day is a severe weather trading day.

Shareholders and potential investors should note that the implementation of the Share Consolidation and the Change in Board Lot Size, and the dates set out above, are subject to the conditions referred to in the paragraph headed ''Conditions of the Share Consolidation'' under the section headed ''The Share Consolidation'' in the Letter from the Board in this circular being fulfilled.

In this circular, unless the context otherwise requires, the following expressions have the meanings set out below:

"Announcement"	the announcement of the Company dated 29 October 2026 in relation to, among other things, the Share Consolidation and the Change in Board Lot Size
"Articles of Association"	the memorandum and articles of association of the Company, as amended from time to time
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Change in Board Lot Size"	the proposed change in the board lot size of the shares of the Company for trading on GEM from 2,000 Existing Shares to 10,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective
"Companies Act"	the Companies Act (As Revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Company"	Hua Xia Water Group Limited 華夏水務集團有限公司 (formerly known as Stream Ideas Group Limited 源想集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (Stock Code: 8401)
"Consolidated Share(s)"	the issued and unissued ordinary share(s) of HK$0.20 each in the share capital of the Company upon the Share Consolidation becoming effective
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be convened and held at Units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Hong Kong on Monday, 23 November 2026 at 11:30 a.m., or any adjournment thereof, for the Shareholders to consider and, if thought fit, approve the Share Consolidation and the transactions contemplated thereunder, the notice of which is set out on pages EGM-1 to EGM-3 of this circular
"Existing Share(s)"	the issued and unissued ordinary share(s) of HK$0.01 each in the share capital of the Company prior to the Share Consolidation becoming effective
"Free Exchange Period"	the period during which the Shareholders may submit their existing share certificate(s) for the Existing Shares in exchange for new share certificate(s) for the Consolidated Shares free of charge, as more particularly described in the paragraph headed "Exchange of Share Certificates" under the section headed "The Share Consolidation" in the Letter from the Board in this circular
"GEM"	GEM operated by the Stock Exchange
"GEM Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange with responsibility for GEM
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	being 28 October 2026, the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

"Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of the Company in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong
"Scheme Mandate Limit"	has the meaning ascribed to it in the paragraph headed "Adjustments in Relation to the Share Option Scheme" in the Letter from the Board in this circular
"Share Consolidation"	the proposed consolidation of every twenty (20) issued and unissued Existing Shares of HK$0.01 each into one (1) Consolidated Share of HK$0.20 each
"Share Option Scheme"	the share option scheme of the Company approved and adopted pursuant to a resolution of the Shareholders passed on 7 March 2018
"Share(s)"	the Existing Share(s) and/or the Consolidated Share(s), as the context may require
"Shareholder(s)"	the holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Trading Arrangements Guide"	the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Stock Exchange on 28 November 2008 (as updated in September 2024), as amended, supplemented or otherwise updated from time to time
"%"	per cent

Hua Xia Water Group Limited
華夏水務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8401)

Executive Directors:
Mr. Yam Yuet Hang *(Chairman)*
Ms. Cai Ying *(Chief Executive Officer)*
Mr. Lee Wing Leung Garlos
Ms. Li Qianwen
Mr. Wong Tsz Tuk Alexis

Independent non-executive Directors:
Mr. Kwan Chi Hong
Ms. Wang Ting
Mr. Yiu Chun Wing

Registered office:
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 402A, 4/F
Benson Tower
74 Hung To Road
Kwun Tong
Hong Kong

30 October 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Share Consolidation and the Change in Board Lot Size.

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation and the Change in Board Lot Size; (ii) the expected timetable for the implementation of the Share Consolidation and the Change in Board Lot Size; and (iii) the notice convening the EGM, together with such other information as is required to be disclosed under the GEM Listing Rules, so as to enable you to make an informed decision as to whether to vote for or against the ordinary resolution to be proposed at the EGM.

II. THE SHARE CONSOLIDATION

(A) Proposed Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK$100,000,000 divided into 10,000,000,000 Existing Shares of HK$0.01 each, of which 813,210,607 Existing Shares have been allotted and issued and are fully paid or credited as fully paid. The Board proposes to implement the Share Consolidation, pursuant to which every twenty (20) issued and unissued Existing Shares of HK$0.01 each will be consolidated into one (1) Consolidated Share of HK$0.20 each.

Effects of the Share Consolidation

Immediately upon the Share Consolidation becoming effective, and assuming that there will be no change in the number of Existing Shares in issue between the Latest Practicable Date and the effective date of the Share Consolidation, the authorised share capital of the Company will become HK$100,000,000 divided into 500,000,000 Consolidated Shares of HK$0.20 each, of which 40,660,530 Consolidated Shares will be in issue and fully paid or credited as fully paid.

The Consolidated Shares will rank pari passu in all respects with each other in accordance with the Articles of Association and will have the rights and privileges, and be subject to the restrictions, provided for in the Articles of Association. The Share Consolidation will not result in any change in the relative rights of the Shareholders.

Other than the expenses to be incurred in relation to the Share Consolidation and the Change in Board Lot Size, the implementation thereof will not alter the underlying assets, liabilities, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders, save for possible changes arising from the treatment of fractional entitlements as described in the section headed "Fractional Entitlements" below. The Directors are of the view that the Share Consolidation will not have any material adverse effect on the financial position of the Group and is in the interests of the Company and the Shareholders as a whole.

Assuming that there is no change in the number of issued Existing Shares from the Latest Practicable Date up to and including the date on which the Share Consolidation becomes effective, the share capital structure of the Company will be as follows:

	As at the Latest Practicable Date	**Immediately upon the Share Consolidation becoming effective**
Par value	HK$0.01 per Existing Share	HK$0.20 per Consolidated Share
Number of authorised shares	10,000,000,000 Existing Shares	500,000,000 Consolidated Shares
Amount of authorised share capital	HK$100,000,000	HK$100,000,000
Number of issued shares	813,210,607 Existing Shares	40,660,530 Consolidated Shares
Amount of issued share capital	HK$8,132,106.07	HK$8,132,106.00
Board lot size	2,000 Existing Shares	10,000 Consolidated Shares

Shareholders should note that the above figures are for reference only. The actual number of issued Consolidated Shares upon the Share Consolidation becoming effective may differ if there is any change in the number of issued Existing Shares between the Latest Practicable Date and the effective date of the Share Consolidation.

(B) Adjustments in Relation to the Share Option Scheme

The Share Option Scheme was approved and adopted by the Company pursuant to a resolution of the Shareholders passed on 7 March 2018 and, unless terminated earlier, will remain valid and effective until 6 March 2028. As at the Latest Practicable Date, there was no outstanding option granted under the Share Option Scheme. Accordingly, the Share Consolidation will not give rise to any adjustment to the exercise price of, or the number of Shares falling to be issued upon the exercise of, any outstanding option.

As at the Latest Practicable Date, the maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme (the "**Scheme Mandate Limit**") was 20,000,000 Existing Shares, representing approximately 2.46% of the 813,210,607 Existing Shares in issue as at the Latest Practicable Date. Pursuant to Note 2 to Rule 23.03B of the GEM Listing Rules, if a listed issuer conducts a share consolidation after the scheme mandate limit has been approved in general meeting, the maximum number of shares that may be issued in respect of all options and awards to be granted under all of the schemes of the listed issuer under the scheme mandate limit, as a percentage of the total number of issued shares at the date immediately before and after such consolidation, shall be the same, rounded to the nearest whole share.

Accordingly, subject to and upon the Share Consolidation becoming effective, and assuming that there is no change in the number of issued Existing Shares from the Latest Practicable Date up to and including the effective date of the Share Consolidation, the Scheme Mandate Limit will be adjusted from 20,000,000 Existing Shares to 1,000,000 Consolidated Shares, representing approximately 2.46% of the 40,660,530 Consolidated Shares in issue immediately upon the Share Consolidation becoming effective.

Save for the above adjustment to the Scheme Mandate Limit, all other terms and conditions of the Share Option Scheme will remain unchanged. In the event that any option is granted under the Share Option Scheme after the Latest Practicable Date and remains outstanding when the Share Consolidation becomes effective, the Company will make the corresponding adjustments (if any) to the exercise price and/or the number of Shares subject to such option in accordance with the rules of the Share Option Scheme, Rule 23.03(13) of the GEM Listing Rules and the note thereto, and the relevant guidance issued by the Stock Exchange, and will engage its auditors or an independent financial adviser to confirm in writing to the Directors that such adjustments satisfy the relevant requirements. The Company will make further announcement(s) in this regard as and when appropriate.

Save as disclosed above, as at the Latest Practicable Date, the Company had no outstanding options, derivatives, warrants or other securities in issue which are convertible into, or which give rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

(C) Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

(i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;

(ii) the GEM Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares in issue upon the Share Consolidation becoming effective; and

(iii) the compliance with all other relevant procedures and requirements under the applicable laws of the Cayman Islands, the Articles of Association and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the Business Day immediately following the fulfilment of the conditions set out above, or on such other date as the Board may determine in accordance with the GEM Listing Rules and the Trading Arrangements Guide. None of the above conditions can be waived.

As at the Latest Practicable Date, none of the above conditions had been fulfilled.

As the Share Consolidation is conditional upon the fulfilment of the above conditions, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

(D) Fractional Entitlements

Fractional entitlements arising from the Share Consolidation will be disregarded and will not be allocated to the Shareholders, but will, so far as practicable, be aggregated and, if the aggregated fractions represent one or more whole Consolidated Share(s), such Consolidated Share(s) will be sold in the market and the proceeds retained for the benefit of the Company. Fractional entitlements will only arise in respect of the entire shareholding of a Shareholder as at the relevant record time, regardless of the number of share certificates held by such Shareholder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers about the possibility of buying or selling the Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

(E) Status of the Consolidated Shares and Application for Listing

The Consolidated Shares will rank pari passu in all respects with each other, including the right to receive all dividends and distributions declared, made or paid after the effective date of the Share Consolidation. An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consolidated Shares in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the securities of the Company (whether equity or debt) is listed or dealt in on any stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

(F) Exchange of Share Certificates

Subject to the Share Consolidation becoming effective, Shareholders may submit their existing share certificates for the Existing Shares to the Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, during business hours from Wednesday, 25 November 2026 to 4:30 p.m. on Monday, 4 January 2027 (both days inclusive), being the Free Exchange Period, in exchange for new share certificates for the Consolidated Shares free of charge. The Free Exchange Period will commence on the effective date of the Share Consolidation and will end on the second Business Day after the last day of parallel trading, being a period of not less than five weeks in accordance with the Trading Arrangements Guide. Thereafter, share certificates for the Existing Shares submitted for cancellation, or new share certificates issued for the Consolidated Shares, will be subject to a fee of HK$2.50 (or such other amount as may be prescribed by the Stock Exchange from time to time) payable by the relevant Shareholder for each share certificate cancelled or each new share certificate issued, whichever is the higher of the number of certificates cancelled or issued.

The existing share certificates will only be valid for delivery, trading, settlement and registration purposes up to Wednesday, 30 December 2026, being the last day of parallel trading, after which they will not be accepted for delivery, trading, settlement and registration purposes, and trading will only be in the Consolidated Shares. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of every twenty (20) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in green colour in order to distinguish them from the existing share certificates, which are in blue colour. It is expected that the new share certificates for the Consolidated Shares will be available for collection on or before the first day of parallel trading.

III. THE CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares were traded on GEM in the board lot size of 2,000 Existing Shares. The Board proposes to change the board lot size for trading in the shares of the Company on GEM from 2,000 Existing Shares to 10,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective. The Change in Board Lot Size is not subject to the approval of the Shareholders.

Based on the closing price of HK$0.031 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date (equivalent to a theoretical closing price of HK$0.62 per Consolidated Share), (i) the value of each existing board lot of 2,000 Existing Shares is HK$62; (ii) the value of each board lot of 2,000 Consolidated Shares would be HK$1,240 on the assumption that the Share Consolidation has become effective; and (iii) the value of each board lot of 10,000 Consolidated Shares would be HK$6,200 on the assumption that the Change in Board Lot Size has also become effective.

The proposed board lot size of 10,000 Consolidated Shares is one of the eight standardised board lot units contemplated under the Trading Arrangements Guide, and the expected value of each board lot of 10,000 Consolidated Shares falls within the range of not less than HK$1,000 and not more than HK$50,000 set out thereunder. During the period of parallel trading, the board lot size in the temporary counter will be 100 Consolidated Shares, being the existing board lot size of 2,000 Existing Shares divided by the basis of the Share Consolidation, so that one board lot in the temporary counter is equivalent to one board lot prior to the Share Consolidation becoming effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. Shareholders and potential investors should note that the above figures are for illustration purposes only and do not represent the actual trading price of the Consolidated Shares upon the Share Consolidation and the Change in Board Lot Size becoming effective.

IV. REASONS FOR AND BENEFITS OF THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The Stock Exchange considers any trading price of less than HK$0.10 to be approaching the extremity of HK$0.01.

Further, pursuant to the announcement of Hong Kong Exchanges and Clearing Limited dated 30 June 2026 in relation to the streamlined board lot framework, the Trading Arrangements Guide has been updated such that, with effect from 2 July 2026, (i) the expected value per board lot should be not less than HK$1,000, taking into account the minimum transaction costs for a securities trade; (ii) the expected value per board lot should not exceed HK$50,000 for issuers adopting a board lot unit of more than 100 shares; and (iii) issuers undertaking a change of board lot unit, a share consolidation or a share sub-division are expected to adopt one of the standardised board lot units of 1, 50, 100, 500, 1,000, 2,000, 5,000 or 10,000 shares.

Based on the closing price of HK$0.031 per Existing Share as quoted on the Stock Exchange on the Latest Practicable Date and the existing board lot size of 2,000 Existing Shares, the value per existing board lot is HK$62, which is substantially below the minimum board lot value of HK$1,000 set out in the Trading Arrangements Guide. The Directors consider that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per share of the Company on the Stock Exchange. Based on the aforesaid closing price (equivalent to a theoretical closing price of HK$0.62 per Consolidated Share), the expected market value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size have become effective, would be approximately HK$6,200, which is above the minimum board lot value of HK$1,000 and below the maximum board lot value of HK$50,000 set out in the Trading Arrangements Guide, and the proposed board lot size of 10,000 Consolidated Shares is one of the standardised board lot units thereunder. The Directors therefore consider that the Share Consolidation and the Change in Board Lot Size would enable the Company to comply with the aforesaid requirements, although Shareholders should note that the actual trading price of the Consolidated Shares will be determined by market forces and no assurance can be given in this regard.

The Board has also considered alternative consolidation ratios and board lot sizes. The Board is of the view that a consolidation ratio lower than twenty (20) to one (1) may not provide sufficient headroom for the Company to satisfy the trading requirements under the GEM Listing Rules and the Trading Arrangements Guide, in particular if the Shares were to

trade at a price below the theoretical closing price referred to above, whereas a higher ratio would result in a board lot value materially in excess of what the Board considers necessary for that purpose. Accordingly, the Board considers the basis of the Share Consolidation and the proposed board lot size to be appropriate.

In addition, the Existing Shares have been trading at a relatively low price level. The Board considers that the low trading price of the Existing Shares may adversely affect the reputation and image of the Company and increase the administrative burden and transaction costs, such as brokerage fees, transfer duty and other transaction costs, for investors dealing in the Shares, as many trading systems, brokerage platforms and financial media set a minimum trading price or minimum board lot value for reporting or trading purposes. The Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, and is intended to make investing in the Shares more attractive to a broader range of investors, in particular institutional investors whose internal rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor.

The Change in Board Lot Size would help to maintain the value of each board lot at a reasonable level upon the Share Consolidation becoming effective, minimise the creation of odd lots and attract more investors so as to broaden the shareholder base of the Company. In view of the above, the Board considers that the Share Consolidation and the Change in Board Lot Size are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to the Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company had no plan to carry out any corporate action in the twelve months from the Latest Practicable Date which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size, and the Company had no other present intention to raise funds through an equity fund raising exercise or to alter the capital structure of the Company during such period. The Board cannot, however, rule out the possibility that the Company may conduct debt and/or equity fund raising exercises should suitable opportunities arise in order to support the future development of the Group, in which case further announcement(s) will be made by the Company in accordance with the GEM Listing Rules as and when appropriate. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

V. ODD LOT ARRANGEMENTS

Pursuant to Rule 17.77 of the GEM Listing Rules, in the event of any amendment to the capital structure of an issuer or to its board lot size, the Stock Exchange reserves the right to request that adequate arrangements are made to enable resulting odd lot holders either to dispose of their odd lots or to round them up to a board lot. In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, the Company has appointed Grand China Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and an independent third party of the Company, as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Consolidated Shares, during the period from 9:00 a.m. on Wednesday, 9 December 2026 to 4:00 p.m. on Wednesday, 30 December 2026 (both days inclusive), being the same period as the period of parallel trading and a period of not less than three weeks.

Shareholders who wish to take advantage of this arrangement may, directly or through their brokers, contact Mr. Leung Hon Wing of Grand China Securities Limited at telephone number +852 3979 6718 during office hours (i.e. from 9:00 a.m. to 4:00 p.m.) within such period. Holders of odd lots of the Consolidated Shares who wish to use the matching service are recommended to make an appointment in advance.

Holders of odd lots of the Consolidated Shares should note that (i) odd lots will be created upon the Share Consolidation and the Change in Board Lot Size becoming effective; (ii) the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed and they may experience difficulty in selling odd lots that are not sufficient to constitute a full board lot on the market; and (iii) odd lots may be sold at a price below the prevailing market price. Shareholders who are in any doubt about the odd lot matching arrangement are recommended to consult their own professional advisers.

VI. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity during the twelve months immediately preceding the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
15 July 2026	Placing of 135,535,101 new Existing Shares under the general mandate at the placing price of HK$0.026 per Existing Share, which was completed on 30 July 2026	approximately HK$3.50 million	General working capital of the Group	Fully used as intended

Save as disclosed above, the Company has not conducted any equity fund raising activity during the twelve months immediately preceding the Latest Practicable Date.

VII. THE EGM AND CLOSURE OF REGISTER OF MEMBERS

(A) The EGM

The EGM will be convened and held at Units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Hong Kong on Monday, 23 November 2026 at 11:30 a.m. for the Shareholders to consider and, if thought fit, approve the ordinary resolution in respect of the Share Consolidation and the transactions contemplated thereunder. A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:30 a.m. on Saturday, 21 November 2026) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation or the Change in Board Lot Size which is different from that of the other Shareholders, and accordingly no Shareholder is required to abstain from voting on the ordinary resolution to approve the Share Consolidation at the EGM.

(B) Closure of Register of Members

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 18 November 2026 to Monday, 23 November 2026 (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares should ensure that all transfer documents accompanied by the relevant share certificates are lodged with the Registrar, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 17 November 2026.

(C) Voting by Poll

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be proposed at the EGM will be voted on by way of a poll and the Company will announce the poll results in accordance with the GEM Listing Rules.

VIII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 circular 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 circular misleading.

IX. RECOMMENDATION

The Directors consider that the Share Consolidation and the Change in Board Lot Size are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Share Consolidation to be proposed at the EGM.

X. ADDITIONAL INFORMATION

Your attention is drawn to the other information set out in this circular, including the expected timetable and the notice of the EGM.

Yours faithfully,
By order of the Board
Hua Xia Water Group Limited
Yam Yuet Hang
Chairman

Hua Xia Water Group Limited
華夏水務集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8401)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Hua Xia Water Group Limited (the "**Company**") will be held at Units 5906–5912, 59/F, The Center, 99 Queen's Road Central, Hong Kong on Monday, 23 November 2026 at 11:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT** subject to and conditional upon (i) the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) in issue upon the Share Consolidation (as defined below) becoming effective; and (ii) the compliance with all other relevant procedures and requirements under the applicable laws of the Cayman Islands, the memorandum and articles of association of the Company and the Rules Governing the Listing of Securities on GEM of the Stock Exchange to effect the Share Consolidation, with effect from the Business Day immediately following the date on which this resolution is passed by the shareholders of the Company (the "**Shareholders**") or the date on which the above conditions are fulfilled, whichever is the later:

   (a) every twenty (20) issued and unissued ordinary shares of HK$0.01 each (each an "**Existing Share**") in the share capital of the Company be consolidated into one (1) ordinary share of HK$0.20 each (each a "**Consolidated Share**") (the "**Share Consolidation**"), such that the authorised share capital of the Company be changed from HK$100,000,000 divided into 10,000,000,000 Existing Shares of HK$0.01 each to HK$100,000,000 divided into 500,000,000 Consolidated Shares of HK$0.20 each;

   (b) all fractional entitlements to the Consolidated Shares arising from the Share Consolidation be disregarded and not be allotted or issued to the Shareholders, but be aggregated and, if the aggregated fractions represent one or more whole Consolidated Share(s), such Consolidated Share(s) be sold in the market for the benefit of the Company in such manner and on such terms as the directors of the Company (the "**Directors**") may think fit;

(c) the Consolidated Shares arising from the Share Consolidation shall rank pari passu in all respects with each other and shall have the rights and privileges, and be subject to the restrictions, contained in the memorandum and articles of association of the Company; and

(d) any one or more of the Directors, the registered office provider of the Company and/or the company secretary of the Company be and is/are hereby authorised to do all such acts and things, to execute (as a deed or otherwise) and deliver on behalf of the Company all such documents, and to effect any filing with any relevant authority, as he/she/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Share Consolidation.''

By order of the Board
Hua Xia Water Group Limited
Yam Yuet Hang
Chairman

Hong Kong, 30 October 2026

Registered office:
Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Head office and principal place of business in Hong Kong:
Unit 402A, 4/F
Benson Tower
74 Hung To Road
Kwun Tong
Hong Kong

Notes:

1. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote instead of him/her/it. A proxy need not be a Shareholder.

2. A form of proxy for use at the EGM is enclosed with this circular. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 11:30 a.m. on Saturday, 21 November 2026) or any adjournment thereof.

3. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof and, in such event, the form of proxy shall be deemed to be revoked.

4. For the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Wednesday, 18 November 2026 to Monday, 23 November 2026 (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of Shares should ensure that all transfer

documents accompanied by the relevant share certificates are lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 17 November 2026.

5. In the case of joint holders of a Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto. If more than one of such joint holders are present at the EGM, whether in person or by proxy, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at the EGM or any adjournment thereof will be taken by poll.

7. If a tropical cyclone warning signal no. 8 or above, a black rainstorm warning or an "extreme conditions" announcement is in force in Hong Kong at any time after 9:00 a.m. on the date of the EGM, the EGM will be postponed and the Company will publish an announcement on the respective websites of the Stock Exchange and the Company to notify the Shareholders of the date, time and place of the rescheduled meeting.

As at the date of this notice, the Board comprises five executive Directors, namely Mr. Yam Yuet Hang (Chairman), Ms. Cai Ying (Chief Executive Officer), Mr. Lee Wing Leung Garlos, Ms. Li Qianwen and Mr. Wong Tsz Tuk Alexis; and three independent non-executive Directors, namely Mr. Kwan Chi Hong, Ms. Wang Ting and Mr. Yiu Chun Wing.

This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 notice 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 notice misleading.

This notice will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of seven days from the date of its publication and on the website of the Company at http://www.hwaxiawater.com.