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中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1129)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



金利豐證券
KINGSTON SECURITIES

THE PLACING AGREEMENT

On 27 January 2022, the Company entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best efforts basis, up to 319,200,000 Placing Shares, to currently expected to be not fewer than six Placees who and whose ultimate beneficial owners are Independent Third Parties and not acting in concert with the connected persons of the Company at a price of HK\$0.25 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Number of Placing Shares

The maximum number of 319,200,000 Placing Shares under the Placing represent (i) approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming only the Placing is completed in full).

Use of proceeds from the Placing

The maximum gross and net proceeds from the Placing are estimated to be HK\$79.8 million and approximately HK\$77.6 million, respectively (representing a net issue of price of approximately HK\$0.243 per Placing Share). It is expected that the net proceeds from the Placing will be used as the partial repayment of the Group's loan and accrued interests and/or the general working capital for the Group.

Since completion of each of the Placing is subject to the fulfilment or waiver of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

* For identification purpose only

On 27 January 2022, the Company entered into the Placing Agreement with the Placing Agent for the placing of a maximum of 319,200,000 Placing Shares at the Placing Price of HK\$0.25 per Placing Share. The principal terms and conditions of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

27 January 2022

Issuer

The Company

Placing Agent

Kingston Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Placing Agent has conditionally agreed to place up to 319,200,000 Placing Shares on a best efforts basis. The Placing Agent will be entitled to receive a commission of 2.5% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the Placing Agent. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

The Placing Agent is an indirectly wholly-owned subsidiary of Kingston. Mrs. Chu is a substantial Shareholder of the Company, and a controlling shareholder and executive director of Kingston. Therefore, the Placing Agent is a connected person of the Company under the Listing Rules.

Placees

The Placing Agent will place the Placing Shares to currently expected to be not fewer than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 319,200,000 Placing Shares under the Placing represent (i) approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement; (ii) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming only the Placing is completed in full). The aggregate nominal value of the Placing Shares under the Placing will be HK\$3,192,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.25 per Placing Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on 27 January 2022, being the date of the Placing Agreement; and
- (ii) a discount of approximately 12.28% to the average closing price of approximately HK\$0.285 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Proceeds from the Placing

Assuming all the Placing Shares to be placed under the Placing Agreement have been placed, the gross proceeds from the Placing will be HK\$79.8 million and the net proceeds will be approximately HK\$77.6 million (after deduction of commission and other expenses of the Placing). On such basis, the net issue price will be approximately HK\$0.243 per Placing Share.

General Mandate to Allot and Issue the Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company of 1,596,539,766 Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 319,307,953 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

Completion of the Placing

Completion of the Placing, in any event, will take place within four business days after the fulfillment of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 22 February 2022 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches hereof).

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date:

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches. The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (i) provision of water supply, sewage treatment and construction services; (ii) exploitation and sale of renewable energy; and (iii) property investment and development.

The maximum gross and net proceeds from the Placing are estimated to be HK\$79.8 million and approximately HK\$77.6 million, respectively (representing a net issue of price of approximately HK\$0.243 per Placing Share). It is expected that the net proceeds from the Placing will be used as the partial repayment of the Group's loan and accrued interests and/or the general working capital for the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, set out below are the existing shareholding structure of the Company and the effect on the shareholder structure of the Company upon completion of the Placing (assuming all the Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares).

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Step Wide Investment Limited (Note 1)	276,112,000	17.29	276,112,000	14.41
Honghu Capital Co. Ltd. (Note 2)	161,676,000	10.13	161,676,000	8.44
Hu Siyun (Note 3)	27,936,000	1.75	27,936,000	1.46
Deng Xiao Ting (Note 3)	3,000,000	0.19	3,000,000	0.16
Chu Yin Yin Georgiana (Note 3)	743,200	0.05	743,200	0.04
Placees	–	–	319,200,000	16.66
Other Shareholders	1,127,072,566	70.59	1,127,072,566	58.83
Total	1,596,539,766	100.00	1,915,739,766	100.00

Notes:

1. Step Wide Investment Limited is the wholly-owned by Mrs. Chu.
2. Honghu Capital Co. Ltd. is the wholly-owned by Mr. Deng Jue Jie.
3. Mr. Hu Siyun, Ms. Deng Xiao Ting and Ms. Chu Yin Yin Georgiana are executive Directors.

Since completion of each of the Placing is subject to the fulfilment or waiver of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“AGM”	the annual general meeting of the Company held on 2 June 2021
“Board”	the board of Directors
“Company”	China Water Industry Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 1129)
“connected person(s)”	the meaning ascribed thereto in the Listing Rules

“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Kingston”	Kingston Financial Group Limited, a company incorporated under the laws of Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1031)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mrs. Chu”	Mrs. Chu Yuet Wah, the substantial Shareholder of the Company, and the executive director and the controlling shareholder of Kingston
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of 319,200,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 27 January 2022 in relation to the Placing
“Placing Price”	HK\$0.25 per Placing Share
“Placing Share(s)”	up to 319,200,000 new Shares to be allotted and issued under the Placing
“Shareholder(s)”	holder(s) of the Share(s)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Water Industry Group Limited
Mr. Zhu Yongjun
Chairman and Executive Director

Hong Kong, 27 January 2022

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