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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)

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the prospectus of the Company dated 23 December 2024 relating to the proposed rights issue (the “**Rights Issue**”) on the basis of one (1) rights share for every one (1) shares held on the record date (the “**Prospectus**”). Unless the context requires otherwise, capitalised terms used in this announcement shall have the same meaning as those defined in the Prospectus.

The Board would like to provide an update on the proposed change in use of proceeds from the Rights Issue in the manner as set out below.

USE OF PROCEEDS FROM THE RIGHTS ISSUE

As disclosed in the Prospectus, the net proceeds of approximately HK\$90.10 million (the “**Net Proceeds**”) from the Rights Issue shall be applied (i) approximately 75% of the net proceeds (or approximately HK\$68.0 million) will be used for the repayment of debts; (ii) approximately 17% of the net proceeds (or approximately HK\$15.0 million) will be for the investment in biomass gas project; and (iii) approximately 8% of the net proceeds (or approximately HK\$7.1 million) will be for used as the general working capital of the Group (including but not limited to the payment of salaries, rental expenses, professional fees and/or other corporate expenses).

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, a total of approximately HK\$75.1 million of the net proceeds from the Rights Issue had been utilised by the Group according to the allocation as set out in the Prospectus and the remaining net proceeds from the Rights Issue amount to approximately HK\$15.0 million (the “**Remaining Net Proceeds**”).

* For identification purposes only

After careful consideration and detailed evaluation of the Group's operations and the business strategies, the Board has resolved to change the use of the Remaining Net Proceeds. Set out below is the utilisation of Net Proceeds up to the date of this announcement and the proposed change in use of the Remaining Net Proceeds:

	Intended use of Net Proceeds as disclosed in the Prospectus HK\$'million	Utilised Net Proceeds as at the date of this announcement HK\$'million	Remaining Net Proceeds as at the date of this announcement HK\$'million	Revised allocation of the Remaining Net Proceeds HK\$'million
Use of proceeds from the Rights Issue				
Repayment of debts	68.0	68.0	—	15.0
Investment in biomass gas project	15.0	—	15.0	—
General working capital of the Group	7.1	7.1	—	—
	<u>90.1</u>	<u>75.1</u>	<u>15.0</u>	<u>15.0</u>

The Company currently expects to fully utilise the Remaining Net Proceeds by 30 September 2025.

Save for the disclosed herein, there are no other changes in the use of the Net Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the Prospectus, the Group had Debts of approximately HK\$137.73 million which were due for repayment on demand or within three months from the Latest Practicable Date. The Group had settled part of the Debts by fully utilising the HK\$68.0 million according to the intended use of Net Proceeds as disclosed in the Prospectus. However, as at 31 May 2025, the debts due for repayment on demand or within three months are approximately HK\$203.64 million.

For the Remaining Net Proceeds, HK\$10 million was expected to be part of the capital injection for the existing biomass gas project (i.e., the centralised comprehensive treatment centre for agricultural waste in Boli County (the “**Boli Project**”), as announced by the Company on 25 August 2023). The remaining HK\$5 million was expected to be allocated for potential biomass gas projects. As at the date of this announcement, the Group is negotiating the loans with banks to finance the Boli Project, and suitable opportunities for expansion have yet to be identified. The Remaining Net Proceeds are currently placed as interest-bearing deposits in banks. However, it is urgent for the Group to repay the outstanding liabilities. Under such circumstances, the Board considers that the change of use of the Remaining Net Proceeds will allow the Company to deploy its financial resources more effectively and is in the interests of the Company and its shareholders as a whole and will not have any material adverse effect on the existing business and operations of the Group.

The Board confirms that there are no material changes in the nature of the business of the Group as set out in the Prospectus.

Save as disclosed in this announcement, the Board does not anticipate any other change to the plan as to the use of the Remaining Net Proceeds.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 5 June 2025

As at the date of this announcement, the Board comprises Mr. Zhu Yongjun (Chairman) and Ms. Chu Yin Yin Georgiana, all being executive Directors, Mr. Wong Siu Keung, Joe, Mr. Lam Cheung Shing, Richard and Mr. Mak Ka Wing, Patrick, all being independent non-executive Directors.