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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 to the Company



金利豐證券
KINGSTON SECURITIES

THE PLACING

On 5 June 2025 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 57,472,000 Placing Shares to not less than six independent Placees at a price of HK\$0.228 per Placing Share.

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 57,472,000 Placing Shares under the Placing represent (i) approximately 10% of the existing issued share capital of the Company of 574,721,928 Shares as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$5,747,200.

The Placing Price of HK\$0.228 per Placing Share represents: (i) a discount of approximately 8.43% to the closing price of HK\$0.2490 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.94% to the average closing price of approximately HK\$0.2848 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

* For identification purposes only

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The gross proceeds from the Placing will be approximately HK\$13.1 million. The net proceeds from the Placing will amount to approximately HK\$12.6 million which is intended to be used (1) approximately 79.37% (approximately HK\$10.0 million) for repayment of debts; and (2) approximately 20.63% (approximately HK\$2.6 million) for the general working capital of the Group. The net proceeds raised per Placing Share will be approximately HK\$0.220 per Share.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

5 June 2025 (after trading hours)

Issuer

The Company

Placing Agent

Kingston Securities Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 57,472,000 Placing Shares to independent Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The terms of the Placing Agreement were 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 condition. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, Mrs. Chu Yuet Wah, the ultimate beneficial owner of the Placing Agent, holding 24.63% of the total issued shares of the Company, is a substantial shareholder and therefore a connected person of the Company under the Listing Rules.

As all the percentage ratios (as defined in the Listing Rules) (other than the profit ratio) of the Placing Agreement are less than 5% and the total consideration is less than HK\$3,000,000, the Placing Agreement and the transactions contemplated thereunder fall below the de minimus threshold as stipulated under Rule 14A.76(1) of the Listing Rules, and therefore are fully exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to currently expected not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) (if applicable) 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 57,472,000 Placing Shares under the Placing represent (i) approximately 10% of the existing issued share capital of the Company of 574,721,928 Shares as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$5,747,200.

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\$0.228 per Placing Share represents: (i) a discount of approximately 8.43% to the closing price of HK\$0.2490 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.94% to the average closing price of approximately HK\$0.2848 per Share as quoted on the Stock Exchange for the last five trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The issue of the Placing Shares is not subject to Shareholders' approval.

The Placing Shares will be issued under the General Mandate granted to the Directors at the AGM subject to the limit up to 574,721,929 Pre-consolidated Shares (representing 20% of the total number of issued Pre-consolidated Shares as at the date of the AGM). The Share Consolidation became effective on 11 December 2024, as such the limit of the General Mandate was adjusted to 57,472,192 Shares (representing 10% of the total number of issued Shares as at the date of this announcement). Up to the date of this announcement, the General Mandate has not been utilised.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
- (ii) all necessary consents and approvals to be obtained on the part of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated hereunder having been obtained.

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" 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 25 June 2025 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 under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

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 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 this Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days; or
- (c) the Placing Agent becomes aware 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 whether 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; or
- (d) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
- (e) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole,

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, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement, save for any antecedent breaches under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

As mentioned in the prospectus of the Company dated 23 December 2024 (the “**Prospectus**”) regarding the rights issue (the “**Rights Issue**”), the Group had debts of approximately HK\$137.73 million which were due for repayment on demand or within three months as at the latest practicable date of the Prospectus. The Group had settled part of the debts by fully utilising the HK\$68.0 million according to the intended use of net proceeds of the Rights Issue. Save for the proceeds from the Rights Issue, it is expected that the Group will settle the outstanding debts by operating cash flows, trade receivables to be received by the Group and proceeds from other potential fund raising activities, such as placing of new Shares under general mandate and debt financing. According to the management accounts of the Company, as at 31 May 2025, the debts due for repayment on demand or within three months are approximately HK\$203.64 million. It is urgent for the Group to repay the outstanding liabilities.

Assuming that all the Placing Shares are successfully placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$13.1 million and the relevant expenses would be approximately HK\$0.5 million. The net subscription price per Rights Share is expected to be approximately HK\$0.220. Accordingly, the maximum net proceeds (after deducting the estimated expenses) of the Rights Issue are estimated to be approximately HK\$12.6 million.

The Company intends to use the net proceeds from the Placing for the following purposes: (i) approximately 79.37% (or approximately HK\$10.0 million), will be used for the repayment of debts; and (ii) approximately 20.63% (or approximately HK\$2.6 million) will be for used as the general working capital of the Group.

The Board has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Board considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group’s financial position and the then financial market

condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under General Mandate.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interest of the Company and the Shareholders as a whole.

To settle the outstanding liabilities, the Company is actively exploring various ways, including but not limited to any potential fundraising activities to raise funds. In addition, the Company is negotiating with the borrower to extend the maturity date. As at the date of this announcement, there are no concrete plans.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Except for the equity fund raising activities as mentioned below, there has not been any other equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
6 November 2024	Rights Issue	HK\$90.1 million	(i) as to approximately HK\$68.0 million for the repayment of debts; and (ii) as to approximately HK\$15.0 million for the investment in biomass gas project; and (iii) as to approximately HK\$7.1 million 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)	The proceeds for the repayment of debts and general working capital of the Group have been utilised as intended. The allocation of approximately HK\$15.0 million for the investment in biomass gas project will be revised and reallocated for the repayment of debts. For further details, please refer to the announcement of the Company dated 5 June 2025.

The Board proposed a rights issue on the basis of one (1) rights share for every one (1) consolidated share held by the qualifying shareholders on the record date at the subscription price of HK\$0.45 per rights share on 4 October 2024 which was terminated on 6 November 2024.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing) is set out as below:

Substantial Shareholder

	As at the date of this announcement		Immediately upon the completion of the Placing	
	<i>No. of Shares</i>	<i>Approximately %</i>	<i>No. of Shares</i>	<i>Approximately %</i>
Step Wide Investment Limited (<i>Note 1</i>)	141,564,202	24.63	141,564,202	22.39
Director				
Ms. Chu Yin Yin Georgiana	111,200	0.02	111,200	0.02
Other public shareholders	433,046,526	75.35	433,046,526	68.50
Placees	—	—	57,472,000	9.09
Total	<u>574,721,928</u>	<u>100.00</u>	<u>632,193,928</u>	<u>100.00</u>

Notes:

1. Step Wide Investment Limited is ultimately controlled by Mrs. Chu Yuet Wah, who is also the ultimate controller of the Placing Agent.
2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

TERMS AND DEFINITIONS

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

“AGM”	annual general meeting of the Company held on 14 June 2024 to approve the General Mandate
“Board”	the board of Directors
“Company”	China Water Industry Group Limited, incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	Third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 57,472,000 Placing Shares pursuant to the terms and conditions 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 conditional placing agreement entered into between the Company and the Placing Agent dated 5 June 2025 in relation to the Placing
“Placing Price”	HK\$0.228 per Placing Share
“Placing Share(s)”	up to 57,472,000 new Shares to be placed pursuant to the Placing Agreement
“Pre-consolidated Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately prior to the Share Consolidation becoming effective
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company
“Share Consolidation”	Share consolidation of every 10 Pre-consolidated Shares into 1 Share which became effective on 11 December 2024
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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.