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Tibet Water Resources Ltd.

西藏水資源有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1115)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 26 January 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to place up to 500,000,000 Placing Shares at the Placing Price of HK\$0.218 per Placing Share to the Placee(s) on a best effort basis.

Assuming all the 500,000,000 Placing Shares are successfully placed, the Placing Shares represent approximately 12.26% of the existing issued share capital of the Company and approximately 10.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full (assuming there is no other change in the issued share capital of the Company from the date of this announcement to the Completion Date).

The Placing Price of HK\$0.218 per Placing Share represents: (i) a discount of approximately 11.38% to the closing price of HK\$0.246 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 7.23% to the average closing price of HK\$0.235 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

Assuming that all the Placing Shares are placed, the gross proceeds from the Placing will be HK\$109,000,000 and the net proceeds from the Placing, after deduction of the placing commission and other related expenses of the Placing, will be approximately HK\$105,800,000. The Company intends to use the proceeds to (i) partially repay the convertible bonds due 2024 of the Company; and (ii) for general working capital of the Group.

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

The Placing may or may not proceed as Completion is conditional upon the fulfillment of the Conditions Precedent. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

On 26 January 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the Placing. The principal terms of the Placing Agreement are set out below:

PLACING AGREEMENT

Date

26 January 2024

Issuer

the Company

Placing Agent

Gransing Securities Co., Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

The Placing Agent has conditionally agreed to place up to 500,000,000 Placing Shares on a best effort basis during the Placing Period. Subject to Completion, the Placing Agent will be entitled to a placing commission, in Hong Kong dollars, of (i) 3.0% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent or (ii) HK\$3,000,000 (whichever is lower) upon receipt of subscription moneys for the Placing Shares. The Placing Agent is authorised to deduct such placing commission, all reasonable out-of-pocket

expenses properly incurred by the Placing Agent in connection with the Placing as may be approved by the Company in writing in advance (save and except all fees, commissions, costs and expenses of any sub-agents appointed by the Placing Agent to carry out the Placing and all costs and expenses of the Placing Agent's own legal and other professional advisors and certain other professional costs and expenses as specified in the Placing Agreement, which shall all be borne by the Placing Agent solely) as well as the Stock Exchange trading fee, SFC transaction levy, investor compensation levy, CCASS stock settlement fee and AFRC transaction fee (in each case, if any) from the payment to be made by the Placing Agent to the Company at Completion pursuant to the Placing Agreement. Assuming all the Placing Shares are placed, the maximum placing commission payable by the Company to the Placing Agent shall be HK\$3,000,000.

The placing commission under the Placing Agreement was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and was determined with reference to, among other things, the prevailing market conditions and commission rate charged by other placing agents.

Placee(s)

The Placing Agent agrees, as the exclusive agent of the Company, to procure not less than six institutional, corporate or independent individual investors on a best effort basis to subscribe for the Placing Shares.

The choice of the Placees shall be determined by the Placing Agent at its sole discretion subject to the requirements of the Listing Rules and any objection the Stock Exchange may have to any particular person or company being a Placee provided that the Placing Agent shall use its best endeavours to:

- (i) procure that the Placing Shares shall only be placed to the Placees who, together with their respective ultimate beneficial owner(s), are third parties independent of and not connected with or are not acting in concert with the Company as well as its connected persons (including but not limited to the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its subsidiaries and their respective associate(s)); and
- (ii) ensure that none of the Placees will, immediately after the Placing, become a substantial shareholder of the Company.

Placing Shares

Assuming all the 500,000,000 Placing Shares are successfully placed, the Placing Shares represent approximately 12.26% of the existing issued share capital of the Company and approximately 10.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full (assuming there is no other change in the issued share capital of the Company from the date of this announcement to the Completion Date). Such Placing Shares will have an aggregate nominal value of HK\$5,000,000. The Placing Shares, when issued and allotted, will rank pari passu in all respects among themselves and with other Shares then in issue.

Placing Price

The Placing Price of HK\$0.218 per Placing Share represents: (i) a discount of approximately 11.38% to the closing price of HK\$0.246 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 7.23% to the average closing price of HK\$0.235 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares and the prevailing market conditions.

Assuming all the Placing Shares are successfully placed, the estimated expenses of the Placing are approximately HK\$3,200,000, including the placing commission and other fees, costs, charges and expenses of the Placing and the net Placing Price will be approximately HK\$0.2116 per Placing Share.

Conditions Precedent

Completion 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 (and such listing and permission not subsequently being revoked prior to Completion); and (ii) the Placing Agreement not having been terminated by the Placing Agent pursuant to its terms.

The Company and the Placing Agent shall use their respective best endeavours to procure that the Conditions Precedent are fulfilled. If any of the Conditions Precedent is not fulfilled by Friday, 16 February 2024 (or such later date as may be agreed by the Company and the Placing Agent in writing), the Placing shall lapse and all rights, obligations and liabilities of the Company and the Placing Agent in respect of the Placing shall cease and neither of the parties shall have any claim against the other party in respect of the Placing, save for any antecedent breach and/or any rights

or obligations which may have accrued under the Placing Agreement prior to such termination. The Placing Agent shall provide to the Company all reasonable assistance required by the Company for the Company's fulfillment of the Conditions Precedent.

Completion

Subject to the fulfillment of the Conditions Precedent, Completion shall take place on the Completion Date.

Termination

The Placing Agent shall be entitled by giving written notice to the Company prior to 6:00 p.m. on the day immediately preceding the Completion Date to terminate the Placing Agreement if the following event or circumstance occurs:

- (i) any Specified Event comes to the notice of the Placing Agent at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date; or
- (ii) there develops, occurs or comes into force at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date:
 - (a) any new law, rule or regulation or any change in existing laws, rules or regulations or the interpretation thereof which will in the reasonable opinion of the Placing Agent materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date of the Placing Agreement) of a political, military, economic or other nature which will in the reasonable opinion of the Placing Agent have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the reasonable opinion of the Placing Agent has a material adverse effect on the Placing; or
- (iii) there is any adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Placing Agent and in the reasonable opinion of the Placing Agent material in the context of the Placing.

If such written notice is given by the Placing Agent to the Company, the Placing Agreement shall terminate and be of no further effect and neither party to the Placing Agreement shall be under any liability to the other party in respect of the Placing Agreement, save for any antecedent breach or any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

APPLICATION FOR LISTING

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.

GENERAL MANDATE

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 30 June 2023, the Directors were granted a general mandate to allot, issue or deal with additional Shares of up to 20% of the total number of the issued Shares on that date (i.e. up to 815,837,600 Shares) (the “**General Mandate**”).

Since the granting of the General Mandate and up to the date of this announcement, no Shares have been issued under the General Mandate. Accordingly, as at the date of this announcement, the number of Shares that the Company may issue under the General Mandate is 815,837,600 Shares. The Placing Shares will be issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the maximum number of the Placing Shares. Accordingly, the Placing is not subject to the approval of the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the production and sale of water products and beer products in the PRC.

Assuming that all the 500,000,000 Placing Shares are successfully placed, the gross proceeds from the Placing will be HK\$109,000,000 and the net proceeds from the Placing, after deduction of the placing commission and other related expenses of the Placing, will be approximately HK\$105,800,000. The Company intends to use 50% of the net proceeds (approximately HK\$52,900,000) to partially repay the convertible bonds due 2024 of the Company and 50% of the net proceeds (approximately HK\$52,900,000) for general working capital of the Group. The Company expects to fully utilise the net proceeds from the Placing for each of the aforesaid purposes by 30 June 2024.

The Board considers equity fundraising to be a suitable financing option as compared with other means of financing as it enables the Group to raise capital in an efficient manner without increasing the interest burden on the Group, strengthen its financial position and reduce the liquidity risk. It also represents a good opportunity to broaden the capital base of the Company.

The Board considers the terms of the Placing Agreement (including the placing commission and the Placing Price), which were arrived at after arm's length negotiations between the Company and the Placing Agent, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming all the Placing Shares are placed, set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately following Completion (assuming that there will be no other change in the issued share capital of the Company from the date of this announcement to the Completion Date) respectively:

	Shareholding as at the date of this announcement		Shareholding immediately following Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholders:				
Tianshan Industry Investment Limited	462,400,740	11.34	462,400,740	10.10
Tibet Water Resources Limited	<u>437,410,960^(Note 1)</u>	<u>10.72</u>	<u>437,410,960^(Note 1)</u>	<u>9.55</u>
Sub-total	899,811,700	22.06	899,811,700	19.65
Other Shareholders:				
The Placee(s) ^(Note 2)	—	—	500,000,000	10.92
Others	<u>3,179,376,300^(Note 3)</u>	<u>77.94</u>	<u>3,179,376,300^(Note 3)</u>	<u>69.43</u>
Total	<u>4,079,188,000</u>	<u>100.00</u>	<u>4,579,188,000</u>	<u>100.00</u>

Notes:

- (1) For 200,000,000 Shares out of these 437,410,960 Shares, please refer to the Company's announcement dated 14 November 2019.
- (2) For illustration purposes only. It is expected that none of the Placees will become a substantial Shareholder upon Completion.
- (3) These 3,179,376,300 Shares have not taken into account the 200,000,000 Shares mentioned in Note 1.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Set out below are the fund-raising activities of the Company involving the issue of its equity securities within the past twelve months immediately prior to the date of this announcement:

Date of announcements/ listing documents	Fundraising activity	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds
2 December 2022, 21 December 2022, 11 January 2023 and 27 January 2023	Rights issue and placing of untaken shares	HK\$388 million	70% for repayment of external debts of the Group payable in 2023; and 30% for general working capital of the Group	Fully utilised as intended

The Placing may or may not proceed as Completion is conditional upon the fulfillment of the Conditions Precedent. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Codes;
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;

“Business Day”	a day (excluding a Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“chief executive”	has the meaning ascribed to it under the Listing Rules;
“Company”	Tibet Water Resources Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement;
“Completion Date”	the fifth Business Day following the day on which all the Conditions Precedent are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing);
“Conditions Precedent”	the conditions precedent to Completion as set out in the section headed “Conditions Precedent” in this announcement;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“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 Parties”	third parties who are not connected persons of the Company and its subsidiaries and who are independent of the Company and connected persons of the Company;
“Listing Committee”	has the meaning ascribed to it under the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any institutional, corporate or independent individual investors procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement;
“Placing”	the placing of up to 500,000,000 new Shares by the Placing Agent on a best effort basis in accordance with the terms of the Placing Agreement;
“Placing Agent”	Gransing Securities Co., Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO;
“Placing Agreement”	the placing agreement dated 26 January 2024 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Period”	the period commencing from the date of the Placing Agreement and ending on the date falling on the fifteenth Business Day thereafter (or such later date as may be agreed by the Company and the Placing Agent in writing) (both dates inclusive);
“Placing Price”	HK\$0.218 per Placing Share;
“Placing Shares”	a maximum of 500,000,000 new Shares to be placed under the Placing Agreement;

“PRC”	the People’s Republic of China;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company;
“Shareholders”	holders of the Shares;
“Specified Event”	an event occurring or matter arising on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations contained in the Placing Agreement untrue or incorrect in any material respect and as such would have a material adverse impact or effect on the Placing;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Takeover Codes”	The Codes on Takeovers and Mergers issued by the SFC (as may be amended from time to time); and
“%”	per cent.

By order of the Board
Tibet Water Resources Ltd.
CHOW Wai Kit

Executive Director and Company Secretary

Hong Kong, 26 January 2024

As of the date of this announcement, the executive Directors are Mr. CHOW Wai Kit, Mr. CHENG Gwan Sing and Mr. YUE Zhiqiang, the non-executive Directors are Ms. JIANG Xiaohong, Mr. XIE Kun and Mr. WEI Zheming and the independent non-executive Directors are Dr. ZHANG Chunlong (Chairman), Mr. LO Wai Hung and Ms. LIN Ting.