

This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the U.S. Securities Act, and may not be offered or sold in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act. The securities referred to herein will be offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. The Company does not intend to make any public offering of securities in the United States.

No public offer of the securities referred to herein is being or will be made in the United States. None of the securities referred to herein will be offered to the public in Hong Kong other than to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance.



中國水務集團有限公司*

China Water Affairs Group Limited

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 855)

**ISSUANCE OF CNY1,000,000,000 3.45%
GUARANTEED BLUE BONDS DUE 2030**

Reference is made to the announcement of the Company dated 21 January 2025 in respect of the Bonds Issue.

The Board is pleased to announce that on 21 January 2025, the Company entered into the Subscription Agreement with CGIF, the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers, in connection with the Bonds Issue.

The Company intends to use the net proceeds from the Bonds Issue for repayment of certain offshore indebtedness and in accordance with the Company's green & blue finance framework.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this announcement. Approval in-principle granted by the SGX-ST for the listing of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Company, CGIF or the Bonds. No listing of the Bonds has been, or will be, sought in Hong Kong.

Completion of the Bonds Issue is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section below headed "The Subscription Agreement" for further information. As the Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION AGREEMENT

Date

21 January 2025

Parties to the Subscription Agreement

- (a) the Company as the issuer of the Bonds;
- (b) CGIF as the guarantor of the Bonds;
- (c) Morgan Stanley & Co. International plc;
- (d) China International Capital Corporation Hong Kong Securities Limited;
- (e) Barclays Bank PLC;
- (f) The Hongkong and Shanghai Banking Corporation Limited; and
- (g) China CITIC Bank International Limited.

Subject to and in accordance with the provision of the Subscription Agreement, the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers severally (and not jointly) have agreed to subscribe and pay, or to procure subscriptions and payments for, the aggregate principal amount of the Bonds on the Closing Date at the Issue Price.

The Company has agreed to pay a underwriting, management and selling commission to the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers in connection with the Bonds Issue. The Subscription Agreement provides that the Company and CGIF will indemnify the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers against certain liabilities in connection with the Bonds Issue.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers are each an independent third party of and not connected with the Company and its connected persons.

No PRIIPs key information document (KID) has been prepared as distribution to retail is prohibited in the United Kingdom.

Any Bonds to be issued and the Guarantee have not been, and will not be, registered under the U.S. Securities Act, or the securities laws of any state of the United States, or any other jurisdiction, and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state or local securities laws. The Bonds and the Guarantee will be offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. None of the Bonds and the Guarantee will be offered to the public in Hong Kong other than to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance. None of the Bonds will be placed with any connected persons of the Company.

PRINCIPAL TERMS OF THE BONDS

Bonds Offered

Subject to certain conditions to completion, the Company will issue the Bonds in the aggregate principal amount of CNY1,000,000,000 which will mature on 27 January 2030, unless the Bonds are redeemed earlier pursuant to the respective terms thereof. At maturity, the Bonds are payable at their principal amount.

Issue Price

The issue price of the Bonds will be 100.0% of the principal amount of the Bonds.

Interest

The Bonds will bear interest from and including 27 January 2025 at the rate of 3.45% per annum, payable semi-annually in arrear on 27 January and 27 July, in each year, commencing on 27 July 2025.

Status of the Bonds and the Guarantee

The Bonds will constitute direct, unconditional, unsubordinated and (subject to the Terms and Conditions) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Company, present and future.

The payment obligations of the Company under the Bonds and the Trust Deed will be unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to, the terms of the Guarantee. Such obligations of the Guarantor under the Guarantee will be direct, unconditional and general obligations of the Guarantor and will rank *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law.

The Guarantee does not cover (i) any relevant amounts of principal or accrued but unpaid interest on the Bonds that may become payable by the Company on the exercise by it of an early redemption option, including as a result of the Company's early redemption for tax reasons and the Company's early redemption at its option or (ii) any amounts that may become payable by the Company or any of its subsidiaries as a result of the Company's or any of its subsidiaries' purchasing of the Bonds pursuant to the Terms and Conditions.

Redemption for Tax Reasons

The Bonds may be redeemed at the option of the Company in whole, but not in part only, at any time, on giving not less than 15 nor more than 30 days' notice to the Bondholders in accordance with the Terms and Conditions and to the Guarantor, the Trustee and the CMU Lodging and Paying Agent in writing (which notice shall be irrevocable) at their principal amount, together with interest accrued but unpaid to (but excluding) the date fixed for redemption, in the event of certain tax changes if, immediately before giving such notice, the Company satisfies certain conditions as described in the Terms and Conditions.

Redemption in the event of a CGIF Acceleration

At any time following the occurrence of a CGIF Acceleration, the Guarantor may at its discretion, on giving not less than 7 nor more than 15 days' notice to the Company, the Trustee and the CMU Lodging and Paying Agent, require the Company to redeem the Bonds in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to (but excluding) the date fixed for redemption, and immediately upon receipt of such notice, the Company shall, or if the Company fails to do so the Guarantor may, give notice of the redemption of the Bonds to the Bondholders in accordance with the Terms and Conditions and to the Trustee and the CMU Lodging and Paying Agent in writing (which notice shall be irrevocable).

Redemption at the Option of the Company

On or after 27 December 2029 (being the date that falls 1 month prior to the maturity date), the Company may, at any time, on giving not less than 15 nor more than 30 days' notice to the Bondholders in accordance with the Terms and Conditions and to the Guarantor, the Trustee and the CMU Lodging and Paying Agent in writing (which notice shall be irrevocable), redeem the Bonds, in whole, but not in part only, at their principal amount, together with interest accrued but unpaid to (but excluding) the date fixed for redemption.

Events of Default

Under the Terms and Conditions, if any of the certain events occurs and is continuing, such as non-payment, breach of certain obligations owed by the Company, cross default, winding up and others, then such event constitutes an event of default and the Trustee shall comply with the limitations on acceleration as set out in the Terms and Conditions to the extent applicable.

The Trustee shall not take an Acceleration Step (as defined in the Terms and Conditions) unless the Guarantor has failed to make payment of a guaranteed amount such that a Non-Payment Event (as defined in the Terms and Conditions) has occurred and is continuing (a “**Guaranteed Party Acceleration**”). Pursuant to the Trust Deed, neither the Trustee nor any Bondholder shall be entitled to take an Acceleration Step against the Company or the Guarantor unless a Guaranteed Party Acceleration has occurred or with the prior written consent of the Guarantor and, in the event that an Acceleration Step is taken in contravention of such provision, the Guarantor shall not be required to pay any amounts in respect of such Acceleration Step.

Upon the occurrence of a Guaranteed Party Acceleration and if the Guaranteed Amounts (as defined in the Terms and Conditions) are not paid by the Company or the Guarantor in accordance with the Terms and Conditions and the Trust Deed following such Guaranteed Party Acceleration, the Trustee may at its sole discretion and, if so requested in writing by holders of at least 25% of the aggregate principal amount of the outstanding Bonds or if so directed to do so by an extraordinary resolution shall (subject to the Trustee having been indemnified and/or provided with security and/or pre-funded to its satisfaction in all cases), deliver in accordance with the Trust Deed a Guaranteed Party Acceleration Notice (as defined in the Terms and Conditions) in respect of the aggregate of the unpaid Guaranteed Amounts and the Guarantor default interest amount (if any) to be paid by CGIF in accordance with the Guarantee.

REASONS FOR THE BONDS ISSUE

The Company intends to use the net proceeds from the Bonds Issue for repayment of certain offshore indebtedness and in accordance with the Company's green & blue finance framework.

THE GUARANTOR

CGIF, a trust fund of the Asian Development Bank ("**ADB**"), was established by the 10 members of the Association of Southeast Asian Nations ("**ASEAN**") together with the People's Republic of China ("**PRC**"), Japan, the Republic of Korea ("**Korea**") (the PRC, Japan and Korea together with ASEAN, "**ASEAN+3**") and the ADB in 2010. The 10 members of ASEAN consist of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Republic of the Union Myanmar, the Philippines, Singapore, Thailand and Vietnam.

CGIF was established in November 2010 to promote economic development, stability and resilience of financial markets in the ASEAN+3 region (the "**Region**"). The main function of CGIF is to provide credit guarantees for local currency denominated bonds issued in the Region by corporations in the Region.

LISTING AND RATING

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the accuracy of any of the statements made or opinions expressed in this announcement. Approval in-principle granted by the SGX-ST for the listing of the Bonds on the SGX-ST is not to be taken as an indication of the merits of the Company, CGIF or the Bonds. No listing of the Bonds has been, or will be, sought in Hong Kong.

The Bonds are expected to be rated AA by S&P Global Ratings, a division of S&P Global Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

GENERAL

Completion of the Bonds Issue is subject to the satisfaction, or waiver, of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the section above headed “The Subscription Agreement” for further information. As the Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Agency Agreement”	an agency agreement in relation to the Bonds among the Company, CGIF, and Citicorp International Limited as Trustee, CMU Lodging and Paying Agent and Transfer Agent and Registrar to be executed on or about the Closing Date
“Board”	the board of Directors
“Bondholder(s)”	the person in whose name such Bond is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof)
“Bonds”	CNY1,000,000,000 3.45% Guaranteed Blue Bonds due 2030 issued by the Company and unconditionally and irrevocably guaranteed by CGIF
“Bonds Issue”	the offer, sale and issue of Bonds and the Guarantee by the Company
“CGIF” or the “Guarantor”	Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank
“CGIF Acceleration”	a CGIF Acceleration occurs if: (a) an Issuer Event of Default (as defined in the Terms and Conditions) occurs under the Terms and Conditions; or (b) a Missed Payment Event (as defined in the Terms and Conditions) has occurred and is continuing, irrespective of whether the Guarantor has already paid any guaranteed amounts in respect of such Missed Payment Event; or

- (c) any term or provision of the Terms and Conditions, the Trust Deed or the Agency Agreement has been amended, modified, varied, novated, supplemented, superseded, waived or terminated without the prior written consent of the Guarantor as required pursuant to the terms of the Guarantee, the Trust Deed or the Agency Agreement, as the case may be,

and the Guarantor has delivered a notice of CGIF Acceleration to the Trustee in accordance with the Trust Deed.

“Closing Date”	27 January 2025
“CMU”	the Central Moneymarkets Unit Service
“CMU Lodging and Paying Agent”	Citicorp International Limited
“CNY”	are to the Renminbi, the official currency of the PRC
“Company”	China Water Affairs Group Limited (中國水務集團有限公司), an exempted company incorporated under the laws of the Cayman Islands and continued as an exempted company in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the unconditional and irrevocable guarantee given by CGIF in connection with the Company’s payment obligations under the Bonds and the Trust Deed pursuant to the Guarantee Agreement
“Guarantee Agreement”	a guarantee agreement in relation to the Bonds between the Guarantor and the Trustee to be executed on or about the Closing Date
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers”	The Hongkong and Shanghai Banking Corporation Limited and China CITIC Bank International Limited, together with the Lead Joint Global Coordinators, the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Bonds and the Guarantee
“Lead Joint Global Coordinators”	Morgan Stanley & Co. International plc, China International Capital Corporation Hong Kong Securities Limited and Barclays Bank PLC, lead joint global coordinators in respect of the offer and sale of the Bonds and the Guarantee
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRIIPs”	the Packaged Retail and Insurance-based Investment Products (as defined by Regulation (EU) No 1286/2014, as amended)
“Register”	a register in respect of the Bonds maintained outside the United Kingdom
“Registrar”	Citicorp International Limited
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 21 January 2025 entered into among the Company, CGIF, the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers in connection with the Bonds Issue
“Terms and Conditions”	the terms and conditions of the Bonds
“Transfer Agent”	Citicorp International Limited

“Trust Deed”	the trust deed in relation to the Bonds among the Company, the Guarantor and Citicorp International Limited, as trustee to be executed on or about the Closing Date
“Trustee”	Citicorp International Limited
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“%”	per cent.

By order of the Board
China Water Affairs Group Limited
Duan Chuan Liang
Chairman

Hong Kong, 21 January 2025

As at the date of this announcement, the Board comprises four executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin, Mr. Li Zhong and Mr. Duan Jerry Linnan, three non-executive Directors, being Mr. Li Hao, Ms. Wang Xiaoqin and Ms. Liu Yu Jie, and four independent non-executive Directors, being Mr. Chau Kam Wing, Mr. Siu Chi Ming, Ms. Ho Ping and Mr. Xiao Zhe.

* *For identification purposes only*