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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)

PROPOSED ISSUE OF SENIOR NOTES

The Company proposes to conduct an international offering of senior notes.

The pricing of the Notes, including the aggregate principal amount, the Offer Price and the interest rate, will be determined through a book building exercise to be conducted by Morgan Stanley, BNP PARIBAS and ANZ as the joint global coordinators, and are, together with The Bank of East Asia, Limited and DBS Bank Ltd., the joint bookrunners and joint lead managers of the Notes Issue. Upon finalising the terms of the Notes, it is expected that Morgan Stanley, BNP PARIBAS, ANZ, The Bank of East Asia, Limited, DBS Bank Ltd., the Company and the Subsidiary Guarantors will enter into the Purchase Agreement.

The Company intends to use the net proceeds from the Notes Issue in the Company's repayment of the 2017 Notes and certain other indebtedness and for financing working capital and in accordance with the Company's green finance framework.

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries or associated companies (if any). No listing of the Notes will be sought in Hong Kong.

As no binding agreement in relation to the Notes Issue has been entered into as at the date of this announcement, the Notes Issue may or may not materialize. The completion of the Notes Issue is subject to market conditions and investors' interest. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. A further announcement in respect of the Notes Issue will be made by the Company should the Purchase Agreement be signed.

THE NOTES ISSUE

Introduction

The Company proposes to conduct an international offering of senior notes. The pricing of the Notes, including the aggregate principal amount, the Offer Price and the interest rate, will be determined through a book building exercise to be conducted by Morgan Stanley, BNP PARIBAS and ANZ as the joint global coordinators, and are, together with The Bank of East Asia, Limited and DBS Bank Ltd., the joint bookrunners and joint lead managers of the Notes Issue. The terms and conditions of the Notes are still being determined and will likely include guarantees to be provided by the Subsidiary Guarantors. Upon finalising the terms of the Notes, it is expected that Morgan Stanley, BNP PARIBAS, ANZ, The Bank of East Asia, Limited, DBS Bank Ltd. and the Company, among others, will enter into the Purchase Agreement, pursuant to which Morgan Stanley, BNP PARIBAS, ANZ, The Bank of East Asia, Limited and DBS Bank Ltd. will be the initial purchasers of the Notes. The Company will make a further announcement in respect of the Notes Issue upon the execution of the Purchase Agreement.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold 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. The Notes are being offered and sold by the initial purchasers outside the United States in compliance with Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong and none of the Notes will be placed with any connected persons of the Company.

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

No PRIIPs key information document (KID) has been prepared as not available to retail in the United Kingdom.

Reasons for the Notes Issue

The Company intends to use the net proceeds from the Notes Issue in the Company's repayment of the 2017 Notes and certain other indebtedness and for financing working capital and in accordance with the Company's green finance framework.

Listing

Approval in-principle has been received for the listing and quotation of the Notes on the SGX-ST. Approval in-principle for the listing and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Company, the Notes, the Subsidiary Guarantees, the Subsidiary Guarantors or their respective subsidiaries or associated companies (if any). No listing of the Notes has been sought in Hong Kong.

GENERAL

As no binding agreement in relation to the Notes Issue has been entered into as at the date of this announcement, the Notes Issue may or may not materialize. The completion of the Notes Issue is subject to market conditions and investors' interest. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company. A further announcement in respect of the Notes Issue will be made by the Company should the Purchase Agreement be signed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

“2017 Notes”	USD300,000,000 5.25% senior notes due 2022
“ANZ”	Australia and New Zealand Banking Group Limited
“BNP PARIBAS”	BNP Paribas
“Board”	the Board of directors of the Company
“Company”	China Water Affairs Group Limited, 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
“DBS Bank Ltd.”	DBS Bank Ltd.
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Notes”	the USD senior notes to be issued by the Company subject to the terms and conditions of the Purchase Agreement

“Notes Issue”	the proposed issue of the Notes by the Company
“Offer Price”	the final price at which the Notes will be sold
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“PRIIPs”	the Packaged Retail and Insurance-based Investment Products (as defined by Regulation (EU) No 1286/2014, as amended)
“Purchase Agreement”	the agreement proposed to be entered into by the Company, the Subsidiary Guarantors, Morgan Stanley, BNP PARIBAS, ANZ, The Bank of East Asia, Limited and DBS Bank Ltd. in relation to the Notes Issue
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantees”	the guarantees to be provided by the Subsidiary Guarantors in respect of the Notes Issue
“Subsidiary Guarantors”	certain existing subsidiaries of the Company to guarantee the Notes
“The Bank of East Asia, Limited”	The Bank of East Asia, Limited
“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“USD”	United States dollar

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

Hong Kong, 12 April 2021

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Duan Chuan Liang, Ms. Ding Bin, Ms. Liu Yu Jie, Mr. Li Zhong and Mr. Duan Jerry Linnan, four non-executive Directors, being Mr. Zhao Hai Hu, Mr. Zhou Wen Zhi, Mr. Makoto Inoue and Ms. Wang Xiaoqin, and five independent non-executive Directors, being Mr. Chau Kam Wing, Mr. Siu Chi Ming, Ms. Ho Ping, Ms. Zhou Nan and Mr. Chan Wai Cheung Admiral.

* *For identification purposes only*