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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)*

**ISSUANCE OF ADDITIONAL US\$150,000,000
4.85% SENIOR NOTES DUE 2026 (TO BE CONSOLIDATED AND
FORM A SINGLE SERIES WITH THE US\$200,000,000 4.85%
SENIOR NOTES
DUE 2026 ISSUED ON 18 MAY 2021)**

Reference is made to the Announcements. Capitalized terms used in this announcement shall have the same meanings as defined in the Announcement unless the context requires otherwise.

On 19 January 2022, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with the Initial Purchasers in connection with the Additional Notes Issue.

The net proceeds of the Additional Notes Issue will be used in the Company's repayment of the 2017 Notes and certain other indebtedness and for financing working capital. Subject to the foregoing, the Company plans to use an amount equal to the net proceeds from the offering to finance or refinance, in whole or in part, eligible green projects, particularly water supply projects, in accordance with its green finance framework.

No PRIIPs key information document (KID) or UK PRIIPs key information document (KID) has been prepared as European Economic Area and United Kingdom retail investors are not targeted.

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

Reference is made to the Announcements. Unless otherwise defined, terms defined in this announcement shall have the same meanings as defined in the Announcements.

The Board is pleased to announce that on 19 January 2022, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with the Initial Purchasers in connection with the Additional Notes Issue.

THE PURCHASE AGREEMENT

Date: 19 January 2022

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors; and
- (c) the Initial Purchasers.

Morgan Stanley & Co. International plc, Barclays Bank PLC, BOCOM International Securities Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, China CITIC Bank International Limited, Standard Chartered Bank, Huatai Financial

Holdings (Hong Kong) Limited, Nomura International (Hong Kong) Limited, Mizuho Securities Asia Limited, UBS AG Hong Kong Branch, Australia and New Zealand Banking Group Limited and The Hongkong and Shanghai Banking Corporation Limited, have been appointed as the joint global coordinators, which are, together with The Bank of East Asia, Limited and CTBC Bank Co., Ltd., the joint lead managers and joint bookrunners of the Additional Notes Issue, as well as the initial purchasers of the Additional Notes. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Initial Purchasers is an independent third party and not a connected person of the Company and its connected persons. The Additional Notes will only be offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. None of the Additional Notes will be offered to the public in Hong Kong.

Principal terms of the Additional Notes

The principal terms of the Additional Notes are the same as the terms of the Original Notes as set forth in the announcements of the Company dated 12 May 2021 and 20 May 2021, other than with respect to the following:

Additional Notes Offered

Subject to certain conditions to completion, the Company will issue the Additional Notes in the aggregate principal amount of US\$150,000,000, to be consolidated and form a single series and rank pari passu with the Original Notes. The Additional Notes will mature on 18 May 2026, unless earlier redeemed in accordance with the terms thereof.

Offering Price

The offering price of the Additional Notes will be 97.0% of the principal amount of the Additional Notes plus accrued interest from and including 18 May 2021 to (but excluding) 26 January 2022.

Issue date

26 January 2022

Use of Proceeds for the Additional Notes Issue

The net proceeds of the Additional Notes Issue will be used in the Company's repayment of the 2017 Notes and certain other indebtedness and for financing working capital. Subject to the foregoing, the Company plans to use an amount equal to the net proceeds from the offering to finance or refinance, in whole or in part, eligible green projects, particularly water supply projects, in accordance with its green finance framework.

Listing and Rating

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

The Additional Notes are expected to be rated “BB+” by Standard & Poor’s Global Rating Services and “Ba1” by Moody’s Investors Service, Inc. Any rating does not constitute a recommendation to buy, sell or hold the Additional Notes and may be subject to suspension, reduction or withdrawal at any time by the relevant rating organization.

DEFINITIONS

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

“Additional Notes”	the additional US\$150,000,000 4.85% senior notes due 2026 (to be consolidated and form a single series with the Original Notes)
“Additional Notes Issue”	the issue of the Additional Notes by the Company
“Announcements”	the announcements of the Company dated 12 May 2021 and 20 May 2021 in respect of the issue of the Original Notes
“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
“Initial Purchasers”	Morgan Stanley & Co. International plc, Barclays Bank PLC, BOCOM International Securities Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, China CITIC Bank International Limited, Standard Chartered Bank, Huatai Financial Holdings (Hong Kong) Limited, Nomura International (Hong Kong) Limited, Mizuho Securities Asia Limited, UBS AG Hong Kong Branch, Australia and New Zealand Banking Group Limited, The Hongkong and Shanghai Banking Corporation Limited, The Bank of East Asia, Limited and CTBC Bank Co., Ltd.

“Original Notes”	US\$200,000,000 4.85% senior notes due 2026 issued by the Company on 18 May 2021
“Purchase Agreement”	the agreement dated 19 January 2022 entered into by and among, the Company, the Subsidiary Guarantors and the Initial Purchasers in relation to the Additional Notes Issue

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

Hong Kong, 20 January 2022

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, three non-executive Directors, being Mr. Zhao Hai Hu, 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*