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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 US\$150,000,000 5.875% SENIOR NOTES DUE 2030**

The Company conducted an international offering of USD denominated senior notes, guaranteed by the Subsidiary Guarantors.

On 15 October 2025, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Morgan Stanley & Co. International plc, Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Deutsche Bank AG, Hong Kong Branch, DBS Bank Ltd. and SMBC Nikko Securities (Hong Kong) Limited, as initial purchasers, in connection with the issue and sale of 5.875% senior notes due 2030 (the “Notes”) in the aggregate principal amount of US\$150,000,000 (the “Notes Issue”).

The gross proceeds from the Notes Issue will be approximately US\$148.4 million. The net proceeds, after deducting the underwriting discounts and commissions and other estimated expenses payable by the Company in connection with this offering, will be used for repayment of certain offshore indebtedness. Subject to the foregoing, the Company plans to use an amount equal to the gross proceeds from the offering to finance or refinance, in whole or in part, Eligible Green Projects, particularly water supply projects, in accordance with the Green & Blue Finance Framework.

Approval-in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the SGX-ST. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or the Notes. The SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Notes has been sought in Hong Kong.

It is expected that completion of the Notes Issue will take place on 22 October 2025.

**As the conditions precedent to completion of the Purchase Agreement may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events, shareholders of the Company and prospective investors are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 15 October 2025, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Morgan Stanley & Co. International plc, Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Deutsche Bank AG, Hong Kong Branch, DBS Bank Ltd. and SMBC Nikko Securities (Hong Kong) Limited, as initial purchasers, in connection with the Notes Issue in the aggregate principal amount of US\$150,000,000.

## **THE PURCHASE AGREEMENT**

Date: 15 October 2025

### **Parties to the Purchase Agreement**

- a) the Company;
- b) the Subsidiary Guarantors; and
- c) Morgan Stanley & Co. International plc, Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Deutsche Bank AG, Hong Kong Branch, DBS Bank Ltd. and SMBC Nikko Securities (Hong Kong) Limited, as initial purchasers.

Morgan Stanley & Co. International plc, Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Deutsche Bank AG, Hong Kong Branch, DBS Bank Ltd. and SMBC Nikko Securities (Hong Kong) Limited are the joint global coordinators, joint bookrunners and joint lead managers in respect of the offer and sale of the Notes. They are also the initial purchasers of the Notes.

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.

The Notes have not been, and will not be, registered under the U.S. Securities Act. The Notes will only be offered 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.

## **PRINCIPAL TERMS OF THE NOTES**

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture and the Notes.

## **Notes Offered**

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$150,000,000. The Notes will mature on 22 October 2030, unless earlier redeemed in accordance with the terms thereof.

## **Offering Price**

The offering price of the Notes will be 98.937% of the principal amount of the Notes.

## **Issue Date**

22 October 2025.

## **Interest**

The Notes will bear interest from and including 22 October 2025 at a rate of 5.875% per annum, payable semi-annually in arrears on 22 October and 22 April of each year, commencing on 22 April 2026.

## **Ranking of the Notes**

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to Applicable Law); (4) guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described in the Indenture; (5) effectively subordinated to secured obligations (if any) of the Company and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Subsidiary Guarantee of each Subsidiary Guarantor is (1) a general obligation of such Subsidiary Guarantor; (2) effectively subordinated to the secured obligations (if any) of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor; (3) senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; (4) ranks at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to Applicable Law); and (5) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries of such Subsidiary Guarantor.

## **Events of default**

The events of default under the Notes include, among others: (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (3) default in the performance or breach of the provisions of the covenant described under “– Consolidation, Merger and Sale of Assets” or the failure by the Company to make or consummate an Offer to Purchase in the manner described under “– Repurchase of Notes upon a Change of Control Triggering Event” or “– Certain Covenants – Limitation on Asset Sales”; (4) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes; (5) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$30.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) a failure to pay principal of such Indebtedness when the same becomes due after giving effect to any grace period for such payment; (6) one or more final judgments or orders for the payment of money are rendered against the Company or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$30.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; (7) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for any substantial part of the property and assets of the Company or any Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect; (8) the Company or any Significant Subsidiary, (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Significant Subsidiary or for all or substantially all of the property and assets of the Company or any

Significant Subsidiary or (c) effects any general assignment for the benefit of creditors (other than, in each case under (b), any of the foregoing that arises from any solvent liquidation or restructuring of a Significant Subsidiary that shall result in the net assets of such Significant Subsidiary being transferred to or otherwise vested in the Company or any Restricted Subsidiary on a *pro rata* basis or on a basis more favorable to the Company); or (9) any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or will for any reason cease to be in full force and effect.

### **Covenants**

The Notes and the Indenture will limit the Company's and the Restricted Subsidiaries' ability to, among other things:

- (a) incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- (b) declaring dividends on its capital stock or purchasing or redeeming capital stock;
- (c) making investments or other specified restricted payments;
- (d) entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (e) issuing or selling capital stock of the related restricted subsidiaries;
- (f) guaranteeing indebtedness of the related restricted subsidiaries;
- (g) selling assets;
- (h) creating liens;
- (i) entering into sale and leaseback transactions;
- (j) entering into transactions with shareholders or affiliates; and
- (k) effecting a consolidation or merger.

### **Optional Redemption**

The Notes may be redeemed in the following circumstances:



At any time and from time to time on or after 22 October 2028, the Company may at its option redeem the Notes, in whole or in part, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 22 October of the years indicated below, subject to the rights of holders of the Notes on the relevant Record Date to receive interest on the relevant Interest Payment Date:

<b>Year</b>	<b>Redemption Price</b>
2028	102.938%
2029 and thereafter	101.469%

At any time prior to 22 October 2028, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 22 October 2028, the Company may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 105.875% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding immediately after each such redemption and any such redemption takes place within 90 days after the closing of the related Equity Offering.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

- (1) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or
- (2) if the Notes are not listed on any national securities exchange, on a *pro rata* basis, unless otherwise required by law or by applicable stock exchange or clearing system requirements.

A Note of US\$200,000 in principal amount or less shall not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

## **USE OF PROCEEDS**

The net proceeds, after deducting the underwriting discounts and commissions and other estimated expenses payable by the Company in connection with this offering, will be used for repayment of certain offshore indebtedness. Subject to the foregoing, the Company plans to use an amount equal to the gross proceeds from the offering to finance or refinance, in whole or in part, Eligible Green Projects, particularly water supply projects, in accordance with the Green & Blue Finance Framework.

## **LISTING AND RATING**

Approval-in-principle has been received from the SGX-ST for the listing and quotation of the Notes on the Official List of the SGX-ST. Approval in-principle from, admission of the Notes to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Subsidiary Guarantors or the Notes. The SGX-ST assumes no responsibility for the contents of this announcement. No listing of the Notes has been sought in Hong Kong.

The Notes are expected to be rated “Ba1” by Moody’s Investors Service and “BB+” by Standard & Poor’s Global Rating Services. A credit rating is not a recommendation to buy, sell or hold securities and maybe subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

## **GENERAL**

The completion of the Purchase Agreement is subject to certain conditions which may or may not be satisfied and the Purchase Agreement may be terminated upon the occurrence of certain events.



## DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	China Water Affairs Group Limited (stock code: 855), 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
“Director(s)”	the director(s) of the Company
“Eligible Green Projects”	eligible green projects as defined in the Green & Blue Finance Framework
“Green & Blue Finance Framework”	the Group’s Green & Blue Finance Framework which has been developed to detail how the Company and its subsidiaries intend to issue green financing transactions to fund projects and developments that will deliver environmental benefits to support its business strategy and green and sustainability vision, particularly those related to improving the environmental performance of buildings, landscapes and the communities in which they are located, as well as the health of their respective users
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indenture”	the indenture governing the Notes, which is to be entered into on the original issue date of the Notes among the Company, the Subsidiary Guarantors and Citicorp International Limited as trustee
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the USD denominated senior notes proposed to be issued by the Company and guaranteed by the Subsidiary Guarantors, subject to the terms and conditions of the Purchase Agreement

“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this announcement
“Purchase Agreement”	the purchase agreement dated 15 October 2025 entered into by and among the Company, the Subsidiary Guarantors and Morgan Stanley & Co. International plc, Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited, China CITIC Bank International Limited, Deutsche Bank AG, Hong Kong Branch, DBS Bank Ltd. and SMBC Nikko Securities (Hong Kong) Limited as initial purchasers 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 Subsidiary Guarantors’ guarantee of the Notes
“Subsidiary Guarantors”	certain subsidiaries of the Company which provide unconditional and irrevocable guarantees to secure the Company’s obligations under the Notes
“United States”	the United States of America
“USD” or “US\$”	United States dollar(s)
“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, 15 October 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, four non-executive Directors, being Mr. Li Hao, Mr. Bai Li, Mr. Xu Yan and Ms. Wang Xiaoqin, 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