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**Taizhou Water Group Co., Ltd.\***

**台州市水務集團股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1542)**

## **INSIDE INFORMATION PROPOSED ISSUE OF THE CORPORATE BONDS**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board hereby announces that, in order to cater for the business development needs of the Company, on 26 August 2020, the Board has resolved to submit to the Shareholders for consideration and approval the proposed issue of the Corporate Bonds with an aggregate principal amount of not more than RMB1.0 billion in accordance with the PRC Company Law, the PRC Securities Law and other relevant laws and regulations.

### **PROPOSED ISSUE OF CORPORATE BONDS**

The proposed arrangements for the issue of the Corporate Bonds are as follows:

Issuer:	The Company
Place of Issue:	The PRC
Size of Issue:	The aggregate principal amount of not more than RMB1.0 billion, in single or multiple tranche(s), issued publicly within the PRC upon the registration with the China Securities Regulatory Commission. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the specific issue size and issue method (including whether to issue in tranches and their respective issue size) of the Corporate Bonds according to the capital needs of the Company and the market conditions at the time of issue within the aforesaid scope.

Nominal Value and Issue Price:	Par value of RMB100 and issue at par.
Maturity and Type:	The maturity of the Corporate Bonds shall not exceed five years (five years inclusive) with single or multiple maturity period(s). It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the specific maturity structures of the Corporate Bonds and the offer size for Corporate Bonds with different maturity structures according to the capital needs of the Company and the market conditions at the time of issue.
Coupon Rate:	The Corporate Bonds are fixed interest bonds. The coupon rate will be determined by using the book-building method.
Repayment of Principal and Interest:	The Corporate Bonds will bear interest on an annual basis at simple rate rather than at compound rate. During the term of interest payment, interest will be paid annually and the total principal will be repaid in one lump sum on the maturity date together with the last interest payment.
Target Investors and Issue Method:	The Corporate Bonds shall be issued publicly to qualified investors as specified under relevant laws and regulations. No priority placement of the Corporate Bonds will be offered to the existing Shareholders.
Guarantee:	It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine whether the Corporate Bonds shall be guaranteed as well as the relevant guarantee arrangement according to the relevant requirements and the market conditions at the time of issue.
Redemption Terms or Repurchase Terms:	It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine as to whether the Corporate Bonds shall include redemption terms or repurchase terms as well as the specific contents of relevant terms according to the capital needs of the Company and market conditions at the time of issue.
Use of Proceeds:	After deducting the issue expenses, the proceeds are intended to be used to repay loans of the Company, replenish working capital of the Company and projects construction, as well as for other purposes as permitted by applicable laws and regulations. Subject to the granting of authorisation to the Board or the executive Directors at the EGM, the specific use of proceeds shall be determined by such executive Director in accordance with the capital needs of the Company within the scope approved at the EGM.

Listing: Upon completion of the issuance, the Company will apply for listing of the Corporate Bonds on the Shanghai Stock Exchange. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to deal with relevant matters pursuant to relevant regulations of the Shanghai Stock Exchange.

Source of Repayment: The Corporate Bonds shall be repaid with revenue generating from the business operation of the Company and/or credit facilities granted by financial institutions, etc.

The resolution on the issue of the Corporate Bonds shall be effective from the date of approval at the EGM till 24 months after the date of registration of the issue of the Corporate Bonds with the China Securities Regulatory Commission.

The proposed issue of the Corporate Bonds is, if approved at the EGM, still subject to necessary approvals by and registration with the China Securities Regulatory Commission and/or other relevant regulatory authorities.

#### **AUTHORISATION TO THE BOARD OR THE EXECUTIVE DIRECTORS TO DEAL WITH THE MATTERS RELATING TO THE ISSUE OF THE CORPORATE BONDS**

In order to improve the efficiency to issue the Corporate Bonds, the Board has resolved to seek for Shareholders' approval at the EGM and authorise the Board or the executive Directors to deal with the matters relating to the issue of the Corporate Bonds. The authorisation shall include but not limit to the following matters:

- (1) to formulate the specific issue plan and amend and adjust the issue terms of the Corporate Bonds in accordance with the relevant laws and regulations and the condition of the Company and the market, including but not limited to all matters in relation to the proposed issue of the Corporate Bonds such as the issue size, maturity, type, coupon rate of the Corporate Bonds and its way of determination, listing place, timing of the issue, issue arrangement (including whether the Corporate Bonds will be issued in tranches, number of tranches and issue size for each tranche), guarantee arrangement, time and ways of repayment of principal and payment of interest, rating arrangement, specific subscription method, specific placing arrangement, whether the repurchase terms or redemption terms will be set and the specific contents thereof, establishment of a custodial account for the proceeds raised, use of proceeds and proportion of proceeds thereof, guarantee measures arrangement and listing of the Corporate Bonds;
- (2) to determine and engage the professional advisers involved in the issue of the Corporate Bonds;
- (3) to select the bond trustee, formulate and execute the bond trustee management agreement and formulate the rules for the bondholders' meeting;

- (4) to handle matters in relation to the listing of the Corporate Bonds upon completion of the issue of the Corporate Bonds;
- (5) to execute contracts, agreements and documents in relation to the issue of the Corporate Bonds;
- (6) to be responsible for implementing the issue and the listing of the Corporate Bonds, including but not limited to the authorisation, signing, execution, modification and completion of all the documents, contracts, agreements and indentures (including but not limited to the prospectus, underwriting agreement, bond trustee management agreement, other announcements and legal documents) and to make appropriate information disclosure in accordance with the relevant laws, regulations and other regulatory documents;
- (7) save for matters which are subject to approval by the Shareholders at the general meeting in accordance with the requirements of relevant laws, regulations and the Articles of Association, to make corresponding adjustments to matters in relation to the issue of the Corporate Bonds based on the new policies and opinions issued by relevant regulatory authorities or new market conditions in case there is any change to the policies or the market conditions regarding the public issuance of the Corporate Bonds;
- (8) to determine whether the issue of the Corporate Bonds shall proceed based on actual circumstances in the event that there is any substantial change to the market environment or the policies and regulations;
- (9) to determine and formulate the guarantee arrangement, if any, in accordance with the relevant laws and regulations and the condition of the market;
- (10) to further improve the Company's assets and liabilities management and the liquidity management, ensuring the source of repayment and its emergency support;
- (11) to formulate the debt repayment guarantee mechanism and the dividend distribution limitation measures;
- (12) to deal with matters relating to the default liabilities of the Company; and
- (13) to determine and deal with any other matters relating to the issue and the listing of the Corporate Bonds.

The above authority granted to the Board or any one of the executive Directors shall be effective from the date of the approval at the EGM till the date of completion of the aforesaid matters.

## **REASONS AND BENEFIT FOR THE PROPOSED ISSUE OF THE CORPORATE BONDS**

The issue of the Corporate Bonds is to cater for the business development needs of the Company. The Board considers that the issuance of Corporate Bonds will benefit the Company in ensuring the openness of the bond financing channels, optimizing financing structure, reducing financing costs, maintaining financial stability and saving finance costs. Therefore, the Board considers that the proposed issue of the Corporate Bonds is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **EGM**

Special resolution will be proposed at the EGM scheduled to be held on Thursday, 24 September 2020 for the Shareholders to consider, and, if thought fit, to approve, among other things, the issue of the Corporate Bonds. A circular of the Company containing, among other things, detailed information of the issue of the Corporate Bonds and the notice of the EGM will be dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

## **DEFINITIONS**

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

“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Taizhou Water Group Co., Ltd.* (台州市水務集團股份有限公司), a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange
“Corporate Bonds”	the corporate bonds with an aggregate principal amount of, or not more than, RMB1.0 billion as proposed under a public issuance by the Company
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened by the Company, at which, among other things, the proposed issue of the Corporate Bonds will be proposed to be approved by the Shareholders

“Group”	the Company, its subsidiaries and its consolidated affiliated entities from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board of Directors  
**Taizhou Water Group Co., Ltd.\***  
 台州市水務集團股份有限公司  
**Yang Jun**  
*Chairman and Executive Director*

Taizhou, the PRC  
 26 August 2020

*As at the date of this announcement, the executive Directors are Mr. Yang Jun and Mr. Zhang Junzhou; the non-executive Directors are Mr. Wang Haiping, Mr. Wang Haibo, Ms. Fang Ya, Mr. Yu Yangbin, Ms. Huang Yuyan, Mr. Yang Yide, Mr. Guo Dingwen and Mr. Sun Hua; and the independent non-executive Directors are Mr. Zheng Jianzhuang, Ms. Hou Meiwen, Mr. Li Wai Chung, Ms. Lin Suyan and Mr. Wang Yongyue.*

\* For identification purpose only