

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 ISSUANCE OF DEBT FINANCING NOTES
THROUGH PRIVATE PLACEMENT

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules 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 optimize the capital structure of the Company, reduce the financial costs, and further improve the comprehensive strength of the Company, on 2 December 2022, the Board has resolved to submit to the Shareholders for consideration and approval the proposed application for the quota of registration of debt financing notes in the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) of the PRC with the registered principal amount of no more than RMB1.0 billion in the PRC and the issue of such debt financing notes through private placement (i.e. the Private Placement Notes) in accordance with the Articles of Association, the PRC Company Law, the PRC Securities Law and other relevant laws and regulations and subject to the business development and financial needs of the Company.

PROPOSED ISSUANCE OF PRIVATE PLACEMENT NOTES

The proposed arrangements for the issuance of Private Placement Notes 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 privately within the PRC upon the registration with the National Association of Financial Market Institutional Investors of the PRC. 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 Private Placement Notes 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:	Nominal value of RMB100 and issue price will be determined based on nominal value.
Maturity:	The term of the Private Placement Notes shall not exceed three years (three years inclusive), which can either be in a single or mixture of various maturity categories. 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 Private Placement Notes and the offer size for Private Placement Notes with different maturity structures according to the capital needs of the Company and the market conditions at the time of issue.
Coupon rate:	The Private Placement Notes are in the form of fixed interest rate. The coupon rate will be determined by using the book-building method. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine whether the Private Placement Notes are accompanied by the option to adjust the coupon rate, the option to sell back and the specific terms according to the capital needs of the Company and the market conditions at the time of issue.
Repayment of principal and interest:	The Private Placement Notes will bear interest on an annual basis at a simple rate rather than at a 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 Private Placement Notes shall be issued to qualified investors who satisfied the conditions stipulated in the “Special Institutional Investors Selection Rules for Targeted Debt Financing Instruments (2020 Edition)” (《定向債務融資工具專項機構投資人遴選細則(2020版)》) and “List of Investors for Special Institutions for Targeted Debt Financing Instruments” (《定向債務融資工具專項機構投資人名單》) and can participate in bond subscription and transfer (except for those prohibited by national laws and regulations). The bonds will not be preferentially allocated to the current Shareholders.
Guarantee:	It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine whether the Private Placement Notes shall be guaranteed as well as the relevant guarantee arrangement according to the relevant requirements and the 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 fund 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 the Board or such executive Director in accordance with the actual needs of the Company.
Listing:	Upon completion of the issuance of Private Placement Notes, the Company will apply to the National Interbank Funding Center (全國銀行間同業拆借中心) for listing and trading of the Private Placement Notes. 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 National Association of Financial Market Institutional Investors and the National Interbank Funding Center.
Source of repayment:	The Private Placement Notes shall be repaid with revenue generating from the business operation of the Company and/or credit facilities granted by financial institutions, etc.

Bond labeling status: If the issuance of the Private Placement Notes meets the conditions for labeling as green bonds after review by professional institutions, it will be issued in the form of labeled green bonds, and the corresponding use of raised funds will be adjusted accordingly based on the main project conditions. It was proposed that the Board or the executive Directors shall be granted the authority at the EGM to determine the issuance of labeled green bonds and project selection according to the capital needs of the Company and the market conditions at the time of issue.

The resolution on the issue of the Private Placement Notes shall be effective from the date of approval at the EGM till 24 months after the date of registration of the issue of the Private Placement Notes with the National Association of Financial Market Institutional Investors.

The proposed issue of the Private Placement Notes is, if approved at the EGM, still subject to necessary approvals by and registration with the National Association of Financial Market Institutional Investors 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 PRIVATE PLACEMENT NOTES

In order to improve the efficiency to issue the Private Placement Notes, 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 Private Placement Notes. 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 Private Placement Notes 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 Private Placement Notes such as the issue size, maturity, type, coupon rate of the Private Placement Notes and its way of determination, listing place, timing of the issue, issue arrangement (including whether the Private Placement Notes 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 Private Placement Notes;
- (2) to determine and engage the professional advisers involved in the issue of the Private Placement Notes;

- (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 Private Placement Notes upon completion of the issue of the Private Placement Notes;
- (5) to execute contracts, agreements and documents in relation to the issue of the Private Placement Notes;
- (6) to be responsible for implementing the issuance application and the listing of the Private Placement Notes, including but not limited to the formulation, approval, 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, fundraising supervision agreement and 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 Private Placement Notes 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 issuance of the Private Placement Notes;
- (8) to determine whether the issue of the Private Placement Notes 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 whether the Private Placement Notes shall be guaranteed 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 Private Placement Notes.

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 PRIVATE PLACEMENT NOTES

The issue of the Private Placement Notes is to optimize the capital structure of the Company, reduce the financial costs, and further improve the comprehensive strength of the Company. The Board considers that the issuance of Private Placement Notes 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 Private Placement Notes is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EGM

Special resolutions will be proposed at the EGM scheduled to be held on Friday, 23 December 2022 for the Shareholders to consider, and, if thought fit, to approve, among other things, the issue of the Private Placement Notes. A circular of the Company containing, among other things, detailed information of the issue of the Private Placement Notes 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

“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
“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 Private Placement Notes 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
“Private Placement Notes”	debt financing notes issued through private placement with an aggregate principal amount of not more than RMB1.0 billion
“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
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
 2 December 2022

As at the date of this announcement, the executive Directors are Mr. Yang Jun and Mr. Pan Gang; the non-executive Directors are Mr. Wang Haiping, Mr. Wang Haibo, Ms. Fang Ya, Mr. Yu Yangbin, Mr. Yang Yide, Mr. Guo Dingwen and Mr. Lin Yang; and the independent non-executive Directors are Mr. Huang Chun, Ms. Hou Meiwen, Mr. Li Wai Chung, Ms. Lin Suyan and Mr. Wang Yongyue.

* *For identification purpose only*