

## PRESS RELEASE

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### **CGIF Extends Sustainability Impact with Inaugural Blue Bonds, Issued by China Water Affairs Group Limited**

**Manila, 27 January 2025** – The Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("CGIF") has guaranteed China Water Affairs Group Limited's ("China Water Affairs") five-year CNH1,000,000,000 3.45 percent Senior Unsecured Guaranteed Blue Bonds due 2030 ("the Blue Bonds").

This transaction is another new breakthrough by CGIF as the first-ever CGIF-guaranteed Blue Bonds after having already supported all other types of thematic bonds in the region. Through CGIF's guarantee enhancement, China Water Affairs was able to diversify its funding and investor base by attracting sovereign wealth fund and government entity, extend debt maturity profile, and support its sustainable water and wastewater management businesses.

The Blue Bonds were issued in accordance with the China Water Affairs' Green & Blue Finance Framework ("Framework"). Moody's Ratings provided a Second Party Opinion to confirm that the Framework is aligned with the four core components of the International Capital Market Association's Green Bond Principles 2021, and the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association's Green Loan Principles 2023. In addition, the Framework is aligned with the IFC Blue Finance Guidelines.

The Blue Bonds were rated AA by S&P Ratings and were issued under the ASEAN+3 Multi-Currency Bond Issuance Framework ("AMBIF").

Morgan Stanley, China International Capital Corporation Hong Kong Securities Limited and Barclays Bank PLC acted as the Lead Joint Global Coordinators, and The Hongkong and Shanghai Banking Corporation Limited and China CITIC Bank International Limited, together with the Lead Joint Global Coordinators, acted as the Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers.

**Mr. Hongwei Wang, Chief Executive Officer of CGIF**, said, "We are honored to collaborate with China Water Affairs to catalyze the issuance of blue bonds in ASEAN+3. As this is the first blue bond to be guaranteed by CGIF, this milestone signifies another step forward in our objective to promote local currency sustainable bonds as a viable financing option for infrastructure with sustainability credentials in the region."

"The successful issuance of the first ever offshore RMB bond of China Water Affairs marking another milestone for group's oversea financing history, mitigating Forex risk in current volatile market. With CGIF AA credit enhancement, Company is able to broaden up investor basis, attracting more sovereign and health insurance funds with longer investment tenor and lower financing costs. As well the newly established Blue framework further improves our corporate governance and showcases Company's commitment to uphold higher safeguard standards and to achieve more sustainable and resilience water and wastewater development." noted **Mr. Duan Chuan Liang, Chairman of China Water Affairs**

**Mr. Saurabh Dinakar, Managing Director, Head of Asia Pacific Global Capital Markets of Morgan Stanley**, remarked, "Morgan Stanley is proud to partner with CGIF again to deliver a successful CNH blue bond offering for China Water Affairs. The receptivity from investors demonstrates the recognition of blue bonds in local currency markets. We congratulate China Water Affairs on its inaugural CNH blue bond issue and thank China Water Affairs for its continued trust in Morgan Stanley."

**Ms. Janessa Jia, Head of Fixed Income International team, Managing Director, Investment Banking Department of CICC**, stated "We extend our heartfelt congratulations to CGIF and China Water Affairs on the successful completion of the groundbreaking first blue bond issuance. CICC is proud to have played an integral role in this milestone transaction, building on our initial collaboration with CGIF in 2023. The growing familiarity of Renminbi investors with CGIF's guarantee structure has significantly bolstered market confidence, as demonstrated by the strong oversubscription from high-quality investors, including those in onshore China, facilitated through the Bond Connect in Hong Kong. We look forward to strengthening our partnership and achieving new milestones together, fostering the continued growth and development of capital markets in the ASEAN+3 region."

## **About CGIF**

CGIF is a multilateral facility established by the Association of Southeast Asian Nations ("ASEAN") members, China, Japan, Korea ("ASEAN+3") and Asian Development Bank ("ADB"). It is established as a trust fund of ADB with paid-in capital of USD1,158 million from its Contributors. As a key component of the Asian Bond Markets Initiative ("ABMI"), CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3-domiciled bond issuers.

Also, as a contributor to CGIF, ADB acts as the Secretariat to ABMI, and has long worked with ASEAN+3 policymakers to establish the ASEAN+3 Multi-Currency Bond Issuance Framework ("AMBIF"). The ABMI, CGIF, and AMBIF were established to support development of active long-term local currency bond markets so borrowers can avoid the currency and maturity bond mismatches that caused the 1997-1998 Asian Financial Crisis.

## **About China Water Affairs Group Limited**

China Water Affairs is one of the largest publicly listed water supply companies in China based on the volume of water sold for the year ended 31 March 2024. China Water Affairs began its operation in the water sector in 2003 and has experienced significant growth since then, primarily through mergers and acquisitions, especially those targeting developing cities in China.

As at 31 March 2024, China Water Affairs' water pipeline network reached approximately 149,000 km in length and covered an estimated population of more than 30 million for city water supply covering 70 districts, counties and county-level cities across 13 provinces and municipalities – via its extensive portfolio of city water supply projects of (i) 60 tap water supply projects with 163 tap water treatment plants; and (ii) eight raw water supply projects.

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