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YUNNAN WATER

雲南水務投資股份有限公司

Yunnan Water Investment Co., Limited*

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

(Stock code: 6839)

**(I) PROPOSED REGISTRATION AND ISSUANCE
OF CORPORATE ONSHORE AND
OFFSHORE DEBT FINANCING INSTRUMENTS;
(II) PROPOSED PROVISION OF GUARANTEES
BY THE GROUP;
AND
(III) RESIGNATION OF DIRECTOR AND PROPOSED
APPOINTMENT OF DIRECTOR**

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules.

**(I) PROPOSED REGISTRATION AND ISSUANCE OF CORPORATE
ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS**

Background

To meet the needs of business development and in order to optimize the financing structure of the Group and capture favourable market opportunities, the Board has passed the proposal of the issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company on one-off or multiple or multi-tranche registration and issuance bases at the Board meeting held on 29 March 2019. According to the relevant requirements of the Articles of Association, the Board is required to propose a special resolution at the AGM for consideration and approval to authorize the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company and to grant the Debt Financing Instrument General Mandate to the Board and the Authorized Committee, the details of which are as follows:

1. Issuing entity, size and method of issuance

The Company will be the issuing entity for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments. The Corporate Onshore and Offshore Debt Financing Instruments will be issued by way of one-off or multiple or multi-tranche issuances through public offerings or private placements within or outside the PRC.

The total size of Corporate Onshore and Offshore Debt Financing Instruments to be registered and issued shall not exceed RMB6 billion (inclusive of RMB6 billion, and if issued in foreign currencies, the amount shall be converted at the central parity rate published by the People's Bank of China on the date of such issuance), and must be in compliance with the requirements of the maximum limit for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments under the relevant laws and regulations. The type, period and size of the Corporate Onshore and Offshore Debt Financing Instruments will be determined by the Board or the Authorized Committee in accordance with the then market conditions and the capital needs of the Company. Specific details of each issuance of Corporate Onshore and Offshore Debt Financing Instruments, such as the issuing entity, size of issuance, number of tranches, currency, method of issuance as well as listing and trading, will be determined within the aforesaid scope in compliance with the relevant laws and regulations and the opinions and recommendations of the regulatory authorities, the capital needs of the Group and the then market conditions at the time of issuance, and based on the principle of acting in the best interests of the Group.

2. Types of debt financing instruments

The types of Corporate Onshore and Offshore Debt Financing Instruments to be issued include: (a) RMB debt financing instruments including corporate bonds (公司債券), corporate green bonds (綠色企業債券), medium term notes (中期票據), short-term commercial paper (短期融資券), super short-term commercial paper (超短期融資券), asset-backed security (資產支持證券), asset-backed notes (資產支持票據), perpetual mid-term notes (永續中票), renewable corporate bonds (可續期公司債券) and other types permitted for issuance by the regulatory authorities; and (b) offshore debt financing instruments including corporate bonds, foreign currency notes, commercial papers, bonds, subordinated bonds or structured notes denominated in foreign currencies, such as US dollar, Euro, and offshore RMB. The registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments shall not contain provision for conversion into the Shares, and will not be linked to the Shares and any other equity derivatives of the Company.

The types and specific repayment priorities of Corporate Onshore and Offshore Debt Financing Instruments will be determined by the Board or the Authorized Committee in accordance with the relevant requirements and the then market conditions at the time of issuance.

3. Term of debt financing instruments

The term of Corporate Onshore and Offshore Debt Financing Instruments will not exceed 15 years (inclusive of 15 years), whereas for equity debt financing instruments (including but not limited to perpetual medium term notes (長期限含權中期票據) (also known as perpetual mid-term notes), and renewable corporate bonds) the term is continuing until redemption by the issuer in accordance with the terms of issuance (or when the renewal option is exercised by the issuer at a particular point in time), and is due upon redemption by the issuer in accordance with the terms of issuance (or until a particular point in time when the renewal option is not exercised by the issuer).

The above-mentioned financing instruments can be issued with a single term or a hybrid type with multiple terms. The specific term structure and size of each type of terms will be determined by the Board or the Authorized Committee in accordance with the relevant requirements and the then market conditions at the time of issuance.

4. Interest rate of debt financing instruments

The interest rate and its method of calculation and payment for the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments will be determined by the Board or the Authorized Committee through negotiation and discussion with the underwriter (if any), and in accordance with the prevailing domestic and overseas market conditions and the relevant requirements on interest rate management for Corporate Onshore and Offshore Debt Financing Instruments.

5. Guarantee and other arrangements

Corporate Onshore and Offshore Debt Financing Instruments may be registered and issued by the Company as the issuing entity, with a (counter) guarantee, letter of support and/or keep-well agreement to be provided by the Company, the subsidiary and/or a third party, depending on the structure of each issuance. The particular arrangements for the provision of a (counter) guarantee, letter of support and/or keep-well agreement, will be determined in accordance with the structure of each issuance.

6. Use of proceeds

The proceeds raised from the registration and issuance of the Group Onshore and Offshore Debt Financing Instruments will be used for the daily business operation needs of the Group, the repayment of loans from financial institutions, the adjustment of the debt structure of the Group, project investment purposes and/or to replenish working capital of the Company. The specific use will be determined by the Board or the Authorized Committee according to the actual capital demand of the Group.

7. Issue price

The issue price of the Corporate Onshore and Offshore Debt Financing Instruments will be determined by the Board or the Authorized Committee in accordance with the then market conditions at the time of issuance and in compliance with the requirements of the relevant laws and regulations.

8. Targets of issue

The targets of the Corporate Onshore and Offshore Debt Financing Instruments are onshore and offshore institutional investors and/or individual investors and/or other qualified investors who satisfy the subscription conditions.

The Corporate Onshore and Offshore Debt Financing Instruments may be placed to the Shareholders. The specific arrangements for placement (such as whether the placement will be made, the placement proportion, etc.) will be determined by the Board or the Authorized Committee in accordance with the then market conditions at the time of issuance and in compliance with the requirements of the relevant laws and regulations.

9. Listing of debt financing instruments

The relevant matters relating to the application for listing (if relevant) of the Corporate Onshore and Offshore Debt Financing Instruments will be determined by the Board or the Authorized Committee in accordance with the requirements of the domestic and overseas laws and regulations, the requirements of the regulatory authorities, the actual conditions of the Company as well as the then prevailing market conditions of the domestic and overseas market.

10. Safeguard measures for repayment of the debt financing instruments

In the event of an anticipated failure in the repayment of principal and interest of debt financing instruments or a failure in the repayment of principal and interest of debt financing instruments on the due dates, the Company may adopt the following measures in accordance with the mandatory requirements (if applicable) under the relevant laws, regulations or regulatory documents:

- (1) increase the proportion of optional surplus accumulation fund and that of the ordinary risk reserve during the term of the debt financing instrument to mitigate repayment risk;
- (2) cease to distribute dividends to Shareholders;
- (3) temporarily suspend the implementation of capital expenditure projects, such as material external investments, mergers and acquisitions, etc.;

- (4) reduce or cease to pay the salaries and bonus of the directors and senior management of the Company; and
- (5) freeze job transfer of key responsible personnel.

11. Validity period of resolution

Resolution for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments passed at the AGM shall be valid during the period from the date when such resolution has been considered and approved by the Shareholders at the AGM to the date on which the annual general meeting is due to be convened in 2020.

If the Board or the Authorized Committee has decided on the registration and issuance or partial issuance of the Corporate Onshore and Offshore Debt Financing Instruments within the validity period of the resolution, and the Company has obtained approval, permission, filing or registration (if applicable) on the issuances from the regulatory authority within the validity period of the resolution, the Company may complete the registration and issuance or the relevant partial issuance of the relevant Corporate Onshore and Offshore Debt Financing Instruments within the validity period of such approval, permission, filing or registration/confirmation.

12. Authorization for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments

In order to effectively coordinate specific matters relating to the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments and the process of issuance, the Board will propose at the AGM to authorize the Board, and the Board to further authorize the Authorized Committee to carry out all matters for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments in accordance with the requirements of the relevant laws and regulations, the opinions and recommendations of the regulatory authorities, under the framework and principles considered and approved at the AGM and based on the principle of acting in the best interests of the Company, including but not limited to:

- (1) formulating and adjusting of specific issuance plans for the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the applicable laws, regulations and relevant requirements of the regulatory authorities as well as the resolution passed at the AGM and by the Board, and based on the actual conditions of the Company and the relevant debt markets, including, without limitation, the suitable issuing entity, timing of issuance, specific quantity, total amount and method of issuance, terms and conditions of issuance, targets of issuance, duration, whether to issue by way of one-off, multiple or multi-tranche issuances and hybrid issuances, arrangements on the size, term and type of each issuance, face value, the method of interest rate determination, currency (including offshore RMB), pricing method, issuance arrangements, letter or agreement of (counter) guarantee, letter of support or keep-well agreement arrangement, rating arrangement, specific methods of purchase applications, whether repurchase

terms and redemption terms are provided, specific placement arrangements, use of proceeds, registration, listing and place of listing of the Corporate Onshore and Offshore Debt Financing Instruments, measures to mitigate repayment risks, measures to ensure debt repayment, etc. and all other relevant matters relating to the issuances of the Corporate Onshore and Offshore Debt Financing Instruments;

- (2) determining on the appointment of intermediaries, signing, executing, amending and completing all agreements and documents relating to the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments, and disclosing (if applicable) the relevant information in accordance with the relevant laws, regulations and the listing rules of the exchanges on which the Company's securities are listed;
- (3) selecting and engaging trustee(s) and clearance/settlement manager(s) for the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments, executing the trust agreement(s) and clearance/settlement management agreement(s) and (if applicable) formulating rules for meetings of the holders of the Corporate Onshore and Offshore Debt Financing Instruments;
- (4) undertaking all applications and filings as well as listing matters with regard to the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments, including but without limitation, signing, preparing, revising and submitting relevant application and filing materials relating to the issuance and listing of the Corporate Onshore and Offshore Debt Financing Instruments and application and filing materials in respect of any (counter) guarantee, letter of support or keep-well agreement to be provided by the Company, the issuing entity and/or a third party, and signing the relevant application and filing documents and other legal documents (if applicable);
- (5) making relevant adjustments to matters relating to the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the changes in opinions and policies of the regulatory authorities or the changes in market conditions, or determining whether to continue to proceed with all or part of the work in respect of the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the actual situation, except for matters on which re-approval by the Shareholders at a general meeting is otherwise required pursuant to the relevant laws, regulations and the Articles of Association; and
- (6) dealing with other relevant matters in relation to the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments.

The above-mentioned authorization shall remain valid and effective from the date on which the resolution for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments has been considered and approved by the Shareholders at the AGM to the date on which the annual general meeting is due to be convened in 2020.

The registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments are subject to approval by the Shareholders at the AGM and the obtaining of the approvals from the relevant government departments or regulatory authorities of the PRC. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

(II) PROPOSED PROVISION OF GUARANTEES BY THE GROUP

On 29 March 2019, the Board has resolved to seek approval from the Shareholders at the AGM for the various guarantees as follows:

- (a) The Company will provide guarantees to the credit business and other businesses of banks and other financial institutions of onshore subsidiaries controlled by the Company, and provide guarantees to the credit business and other businesses of banks and other financial institutions of offshore subsidiaries controlled by the Company pursuant to the relevant requirements of the PRC;
- (b) Guarantees to the credit business and other businesses of banks and other financial institutions will be provided by onshore and offshore subsidiaries controlled by the Company to each other pursuant to the relevant requirements of the PRC; and
- (c) The Company will provide guarantees to the credit business and other businesses of banks and other financial institutions of the onshore associated companies of the Company, and provide guarantees to the credit business and other businesses of banks and other financial institutions of the offshore associated companies of the Company pursuant to the relevant requirements of the PRC.

According to the relevant provisions under Article 62 of the Articles of Association, the provision of guarantees contemplated under paragraphs (a), (b) and (c) above is subject to approval by the Shareholders on a case-by-case basis. The Board, however, believes that granting a one-off approval by the Shareholders for the provision of the relevant guarantees by the Company and its subsidiaries will enable the members of the Group to have greater flexibility in obtaining timely credit financing.

As such, at the AGM, approval by way of special resolution will be sought from the Shareholders in relation to the provision of the guarantees contemplated under paragraphs (a) and (b) above by the Company and its subsidiaries with a total amount not exceeding RMB8 billion; the provision of the guarantees contemplated under paragraph (c) above by the Company with a total amount not exceeding RMB0.5 billion. For the avoidance of doubt, the provision of guarantee by the Company and its subsidiaries contemplated under paragraphs (a), (b) and (c) above is irrelevant to all the other existing guarantees provided by the Company and its subsidiaries.

The relevant approval limit of guarantees mentioned above is only the contemplated and maximum amount of guarantees to be provided. The specific amount of guarantee transactions shall be subject to the guarantee agreement(s) signed with the relevant financial institutions. The Company will comply with the relevant applicable requirements of the Listing Rules upon the signing of the relevant guarantee agreement(s).

The provision of above-mentioned guarantees will be carried out strictly in compliance with the requirements of the relevant laws and regulations of the PRC and the Stock Exchange and the Articles of Association.

The above-mentioned authorization shall remain valid and effective from the date on which the resolution for the provision of guarantees by the Group has been considered and approved by the Shareholders at the AGM to the date on which the annual general meeting is due to be convened in 2020.

(III) RESIGNATION OF DIRECTOR AND PROPOSED APPOINTMENT OF DIRECTOR

Mr. Feng Zhuangzhi (“**Mr. Feng**”) was originally elected as a non-executive Director of the second session of the Board at the 2017 first extraordinary general meeting of the Company held on 28 August 2017. On 29 March 2019, the Board received a resignation letter from Mr. Feng stating that due to his other work commitments, Mr. Feng resigned as a non-executive Director of the second session of the Board, with effective upon the conclusion of the AGM.

Mr. Feng confirms that there is no disagreement between him and the Company, the Board and the Supervisory Committee, respectively, and there are no other matters relating to his resignation that need to be brought to the attention of the Stock Exchange and the Shareholders.

The Board would like to take this opportunity to thank Mr. Feng for his valuable contributions to the Company during his term of office.

In the meantime, the Board proposed to nominate Mr. Chen Yong (陳勇) (“**Mr. Chen**”) to be the non-executive Director candidate of the second session of the Board. The biographical details of Mr. Chen are set out below:

Mr. Chen, aged 46, a postgraduate and senior accountant. Mr. Chen obtained a bachelor’s degree in computer science from Xinjiang University in July 1999 and a master’s degree in business administration from Xinjiang University of Finance and Economics in June 2009. Mr. Chen has over 25 years of extensive experience in accounting and management. From February 1992 to July 2008, Mr. Chen worked for CNPC Xinjiang Sales Company* (中國石油新疆銷售公司) and served as Deputy Director of the Finance Department and Director of the Corporate Management Department. Since September 2010, Mr. Chen has been the General Manager of the Equity Investment Department of Kunlun Trust Co., Ltd.* (昆侖信託有限責任公司), General Manager of the Equity Investment Department of CNPC Asset Management Co., Ltd.* (中油資產管理有限公司), Managing Director of Ningbo Kunlun Xinyuan Equity Management Partnership (Limited Partnership)* (寧波昆侖信元股權管理

合夥企業 (有限合夥)) and Authorized Representative of the Executive Partner of Yantai Xinzhen Tianying Equity Investment Center (Limited Partnership)* (煙台信貞添盈股權投資中心 (有限合夥)). In addition, Mr. Chen has been a supervisor of Shandong International Trust Co., Ltd.* (山東省國際信託股份有限公司) (a company listed on the Stock Exchange, stock code: 1697) since September 2014. He has been a director of Jiemian (Shanghai) Network Technology Co., Ltd.* (介面 (上海) 網路科技有限公司) since July 2016, and a director of Beijing Wuerzhilu Technology Co., Ltd.* (北京無二之旅科技有限公司) since April 2017, and a director of Beijing Weiche Technology Co., Ltd.* (北京喂車科技有限公司) since May 2017. Mr. Chen has been a director of Shandong Provincial Financial Asset Management Co., Ltd.* (山東省金融資產管理股份有限公司) since July 2018, the vice chairman of Beijing Kunlun Zhihui Technology Co., Ltd.* (北京昆侖致匯科技有限公司) since February 2018, and a director of Tianjin Climate Exchange Co., Ltd.* (天津排放權交易所有限公司) since December 2015.

Save as disclosed above, Mr. Chen confirms that (i) he did not take up any position in the Group nor any other directorship in any other publicly listed companies in the past three years; (ii) he did not have any other major appointment and professional qualifications; (iii) he did not have any relationship with any Directors, Supervisors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) he did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters concerning the appointment of Mr. Chen which need to be brought to the attention of the Shareholders and the Stock Exchange and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The resolution in respect of the appointment of Mr. Chen as a non-executive Director for the second session of the Board will be proposed at the AGM for consideration and approval by the Shareholders. The term of office of Mr. Chen shall commence upon the approval of the appointment by the Shareholders at the AGM and shall terminate upon the expiry of the second session of the Board. The Shareholders will also consider and, if thought appropriate, approve the authority granted to the Board to determine his remuneration at the AGM with reference to his responsibilities, the Company's remuneration policies and the market conditions. In the event that Mr. Chen is appointed as non-executive Director at the AGM, the Company will enter into a service agreement with Mr. Chen. Mr. Chen will be subject to retirement and re-election in accordance with the Articles of Association upon expiry of his term of office.

(IV) THE AGM

The AGM is expected to be held on 13 June 2019 by the Company for the purpose of seeking approvals from the Shareholders, among others, on (i) the special resolution on the proposal for granting the Debt Financing Instrument General Mandate for registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company; (ii) the special resolution on the provision of the relevant guarantees by the Group; and (iii) the ordinary resolution on the proposed appointment of Mr. Chen Yong as a non-executive Director. Voting at the AGM will be carried out by way of poll.

A circular containing information relating to, among others, (i) the details on the proposed registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments; (ii) the details on the provision of guarantees by the Group; and (iii) the proposed appointment of Mr. Chen Yong as a non-executive Director, together with the notice of the AGM, will be despatched to Shareholders in due course in accordance with the relevant requirements under the Listing Rules and the Articles of Association.

(V) DEFINITIONS

Unless the context otherwise requires, the following expressions shall have the meaning below in this announcement:

“AGM”	the annual general meeting of the Company is expected to be held on 13 June 2019, for the purposes of approving, among others, (i) the special resolution on the proposal for granting the General Mandate for registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company; (ii) the special resolution on the provision of the relevant guarantees by the Group; and (iii) the ordinary resolution on the proposed appointment of Mr. Chen Yong as a non-executive Director;
“Articles of Association”	articles of association of the Company;
“Board”	the board of Directors;
“Company”	Yunnan Water Investment Co., Limited* (雲南水務投資股份有限公司), a joint stock limited liability company incorporated in PRC, its H Shares are listed on the Main Board of the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Domestic Share(s)”	the issued ordinary shares at the nominal value of RMB1.00 per share in the share capital of the Company which are subscribed for or credited as paid up in RMB;
“Group”	the Company and its subsidiaries;
“H Shares”	the overseas listed foreign-invested ordinary shares of the Company with a nominal value of RMB1.00 per share in the share capital of the Company, which are listed on the Main Board of the Stock Exchange (stock code: 6839) and subscribed for and traded in Hong Kong dollars;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;

“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the Domestic Shares and/or the H Shares;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supervisor(s)”	the supervisor(s) of the Company;
“Supervisory Committee”	the supervisory committee of the Company; and
“%”	per cent.

By order of the Board
Yunnan Water Investment Co., Limited*
Yang Tao
Chairman

Kunming, the PRC
29 March 2019

As at the date of this announcement, the executive Directors are Mr. Yu Long (Vice Chairman), Mr. Yang Fang, the non-executive Directors are Mr. Yang Tao (Chairman), Ms. Li Bo, Mr. He Yuanping and Mr. Feng Zhuangzhi, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Hu Song and Mr. Ma Shihao.

* *For identification purposes only*