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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)

PROPOSED REGISTRATION AND ISSUANCE OF CORPORATE ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS

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 20 May 2021. According to the relevant requirements of the Articles of Association, the Board is required to propose a special resolution at the General Meeting for consideration and approval to authorize the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments 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 and (or) its subsidiary(ies) 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 that issued in RMB in an amount 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 subject to the cap of the Corporate Onshore and Offshore Debt Financing Instruments to be registered and issued under the relevant laws and regulations. The specific size for various types and terms 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 based on the relevant laws and regulations, the opinions and recommendations of the regulatory authorities, the capital needs of the Group and the then market conditions at the time of issuance 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: (1) 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), infrastructure REITs (基礎設施公募REITs) and other types permitted for issuance by the regulatory authorities; (2) 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 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 shall generally not exceed 15 years (inclusive of 15 years, subject to the actual term of issuance) for general debt financing instruments, 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”), renewable corporate bonds and other similar debt financing instruments), the term shall last until redemption by the issuer in accordance with the terms of issuance (or when the renewal option granted to the issuer is exercised at a particular point of time), and is due upon redemption by the issuer in accordance with the terms of issuance (or when the renewal option granted to the issuer is not exercised at

a particular point of time). The above-mentioned financing instruments can be a type 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 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 for the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments, and the determination of the calculation and payment thereof, will be determined by the Board or the Authorized Committee through negotiation and discussion with the underwriter (if any), in accordance with the prevailing domestic and overseas market conditions and the relevant requirements on interest rate management for debt financing instruments.

5. *Guarantee and other arrangements*

Corporate Onshore and Offshore Debt Financing Instruments may be registered and issued by the Company and (or) its subsidiary(ies) 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 Corporate 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 Group. The specific use will be determined by the Board or the Authorized Committee according to the actual capital needs of the Group at the time being.

7. *Issue price*

The issue price of the Corporate Onshore and Offshore Debt Financing Instruments will be determined 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 domestic and international 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 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 departments, 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 reserve and general 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 General Meeting shall be valid during the period from the date when such resolution has been considered and approved by the Shareholders at the General Meeting to the date on which the annual general meeting is due to be convened in 2022.

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 such 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 General Meeting to authorize the Board, and the Board to further authorize the Authorized Committee to carry out all the matters in relation to 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 General Meeting in the best interests of the Company, including but not limited to:

- (1) formulating and adjusting the 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 General Meeting 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 and term of each tranche, period and type of issuance, method to determine face value and interest rate, currency (including offshore RMB), pricing method, issuance arrangements, letter or agreement of (counter) guarantee, letter of support or keep-well agreement arrangement, rating arrangement, guarantee, 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 and all other relevant matters relating to the issuances of the Corporate Onshore and Offshore Debt Financing Instruments;
- (2) determining 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 of procedure for 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 of the regulatory authorities, policies 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 the 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 General Meeting to the date on which the annual general meeting is due to be convened in 2022.

The registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments are subject to approval by the Shareholders at the General Meeting 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) DEFINITIONS

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

“Articles of Association”	articles of association of the Company;
“Authorized Committee”	the working group authorized by the Board for the purpose of the current registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments;
“Board”	the board of Directors of the Company;
“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;
“Corporate Onshore and Offshore Debt Financing Instruments”	the corporate onshore and offshore debt financing instruments, including but not limited to (1) 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), infrastructure REITs (基礎設施公募REITs) and other types permitted for issuance by the regulatory authorities; and (2) 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;
“Debt Financing Instrument General Mandate”	the general mandate sought to be granted by the Shareholders to the Board and the Authorized Committee at the General Meeting, pursuant to which, among others, the Board and the Authorized Committee are authorized to effect the proposed issuance of Corporate Onshore and Offshore Debt Financing Instruments by one-off or multiple or multi-tranche issuances;
“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;

“General Meeting”	the general meeting of the Company to be held for the purposes of approving, among others, 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;
“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;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules; and
“%”	per cent.

By order of the Board
Yunnan Water Investment Co., Limited*
Li Jialong
Chairman

Kunming, the PRC
20 May 2021

As at the date of this announcement, the executive Directors are Mr. Yu Long (Vice-chairman) and Mr. Yang Fang, the non-executive Directors are Mr. Li Jialong (Chairman), Ms. Li Bo, Mr. Dai Richeng and Mr. Chen Yong, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Zhong Wei and Mr. Zhou Beihai.

* For identification purposes only