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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF 100% EQUITY INTERESTS IN HYFLUX WASTE WATER

THE HYFLUX DISPOSAL

Reference is made to the announcement of the Company dated 25 August 2022 in relation to the potential disposal of the Disposal Assets by way of public tender through YNEX. As of the date of this announcement, the process of the public tender in relation to the disposal of Hyflux Waste Water through YNEX has been completed. The Board is pleased to announce that on 20 December 2022 (after trading hours), Hyflux Utility, a wholly-owned subsidiary of the Company (as vendor) and the Purchaser (as purchaser) entered into the Hyflux Equity Transaction Agreement, pursuant to which, Hyflux Utility has agreed to sell, and the Purchaser has agreed to acquire, 100% equity interest in Hyflux Waste Water at the consideration of RMB96,523,000. Upon completion of the Hyflux Disposal, Hyflux Utility shall cease to have any interest in Hyflux Waste Water.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Hyflux Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements under the Listing Rules.

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HYFLUX EQUITY TRANSACTION AGREEMENT

Date: 20 December 2022 (after trading hours)

Parties: (i) Hyflux Utility (as vendor); and
(ii) the Purchaser (as purchaser)

Disposal Interest

Under the Hyflux Disposal, Hyflux Utility has agreed to sell, and the Purchaser has agreed to acquire, 100% interest in Hyflux Waste Water.

Consideration and Basis of Determination

The Company has entrusted YNEX to obtain the equity bidder by way of public tender, and the method of agreement transfer is adopted. The consideration of the Hyflux Disposal is RMB96,523,000, which was determined and equivalent to the appraised value of Hyflux Waste Water as at 31 December 2021 by an independent PRC valuer using the asset-based approach and income approach.

Payment Terms

The Purchaser shall pay the consideration in two installments:

- (a) 60% of the consideration (i.e. RMB57,913,800) shall be paid to Hyflux Utility within 5 Working Days from signing of the Hyflux Equity Transaction Agreement; and
- (b) 40% of the consideration (i.e. RMB38,609,200), subject to deduction of the withholding tax payable as required by the local tax authority and settlement of outstanding intra-group payments, shall be paid to Hyflux Utility within 7 Working Days after submission of the relevant materials for the change of registration to the responsible industry and commerce authority.

Transition Period

During the period from the transaction reference date (i.e. 31 December 2021) to the completion of the transfer of the interest of Hyflux Waste Water, Hyflux Utility is obliged to maintain good management of Hyflux Waste Water and its shareholder's rights and assets.

Completion

Completion shall take place on the date when the change of registration procedures in the responsible industry and commerce authority completes.

INFORMATION OF THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and, to the best knowledge of the Directors, is primarily engaged in environmental and ecological business fields such as environmental protection in nuclear power stations, water supply and drainage, hazardous and solid waste disposal, water treatment and biomass. The Purchaser is an indirect wholly-owned subsidiary of CGN Power Co., Ltd.* (中國廣核電力股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (stock code: 1816) and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 003816).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

INFORMATION OF THE GROUP

The Group is one of the leading integrated service providers in the urban wastewater treatment and water supply industry in the PRC. The major business of the Company includes the investment, construction and management services in relation to urban water supply, wastewater treatment, solid waste treatment and environmental governance projects, equipment sales and other environmental protection related services.

INFORMATION OF HYFLUX WASTE WATER

Hyflux Waste Water was established on 28 May 2008 with a registered capital of USD7,930,000. Its business scope includes the construction and operation of wastewater and recycled water treatment plants and the provision of technical consultancy and services for the membrane process. As at the date of this announcement, the Company indirectly held 100% equity interest of Hyflux Waste Water through its wholly-owned subsidiary, Hyflux Utility.

Set out below is the key audited financial information for the financial year ended 31 December 2020 and the key audited financial information for the financial year ended 31 December 2021 of Hyflux Waste Water, both prepared according to the PRC accounting standards.

	For the year ended/As at	
	31 December	31 December
	2020	2021
	<i>RMB million</i>	<i>RMB million</i>
	<i>(audited)</i>	<i>(audited)</i>
Operating revenue	20.0	19.9
Profit before tax	9.1	7.8
Profit after tax	6.8	5.9
Total assets	87.4	91.7
Net assets	56.2	62.1

“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 the PRC, whose H Shares are listed on the Main Board of the Stock Exchange (stock code: 6839);
“Director(s)”	the director(s) of the Company;
“Disposal Assets”	the 100% equity interest in Hyflux Waste Water, and the 100% equity interest in Lu’an Yeji Yunshui Water Investment Co., Ltd.* (六安市葉集區雲水水務投資有限公司);
“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 Share(s)”	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.HK) and subscribed for and traded in Hong Kong dollars;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hyflux Disposal”	the disposal of 100% equity interest by Hyflux Utility to the Purchaser in accordance with the terms and conditions of the Hyflux Equity Transaction Agreement;
“Hyflux Equity Transaction Agreement”	the sale and purchase agreement dated 20 December 2022, together with its supplemental agreement, entered into between Hyflux Utility and the Purchaser in relation to the Hyflux Disposal;
“Hyflux Utility”	Hyflux Utility WWT (MG) Limited (凱發新泉公用事業污水 (明光) 有限公司), a company incorporated in Singapore with limited liability;
“Hyflux Waste Water”	Hyflux NewSpring Waste Water Treatment (Mingguang) Co., Ltd.* (凱發污水處理 (明光) 有限公司), a company established in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC” or “State”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan;

“Purchaser”	CGN Environmental Protection Industry Co. Ltd. (中廣核環保產業有限公司), a limited liability company established in the PRC and the purchaser of Hyflux Waste Water;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the Domestic Shares and/or H Shares;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Working Day”	a day other than Saturday, Sunday and statutory holiday in the PRC;
“YNEX”	Yunnan Equity Exchange Co., Ltd., an institution authorised by the Yunnan Provincial State-owned Assets Supervision and Administration Commission to transact assets and equity of state-owned enterprises under the Yunnan Provincial Government; and
“%”	per cent.

By order of the Board
Yunnan Water Investment Co., Limited*
Yu Long
Acting Chairman

Kunming, the PRC
20 December 2022

As at the date of this announcement, the executive directors of the Company are Mr. Yu Long (Acting Chairman) and Mr. Zhou Zhimi, the non-executive directors of the Company are Mr. Dai Richeng, Mr. Chen Yong and Mr. Liu Hui, and the independent non-executive directors of the Company are Mr. Liu Shuen Kong, Mr. Zhou Beihai and Mr. Zhong Wei.

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