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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)

**ENVIRONMENTAL INFRASTRUCTURE FACILITIES COOPERATION
FRAMEWORK AGREEMENT AND
PROPOSED ESTABLISHMENT OF A WHOLLY-OWNED SUBSIDIARY**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**ENVIRONMENTAL INFRASTRUCTURE FACILITIES COOPERATION
FRAMEWORK AGREEMENT**

The Board wishes to announce that on 9 July 2015, the Company entered into the Framework Agreement with the Renhuai Government, pursuant to which the Company and the Renhuai Government will cooperate in the areas of wastewater treatment, watershed management and water affairs through a public-private partnership model, under which (i) the Renhuai Government will grant the Company the right to finance, construct, operate and maintain environmental infrastructure facilities, and (ii) the Company will finance and, through the Project Company (as defined below), construct, operate and maintain the environmental infrastructure facilities and transfer the environmental infrastructure facilities back to the Renhuai Government upon the expiration of the concession period or as otherwise agreed between the Company and the Renhuai Government.

PROPOSED ESTABLISHMENT OF A WHOLLY-OWNED SUBSIDIARY

The Group is in the process of applying for the establishment of the Project Company in Renhuai, Guizhou Province, the People's Republic of China, which will be a wholly-owned subsidiary of the Group and can assist the Group to

perform its obligations under the Framework Agreement and the cooperation contemplated thereunder (if materialized). It is currently proposed that the registered capital of the Project Company will be RMB1,000 million, and it is expected that the first instalment of registered capital in the amount of RMB200 million will be paid up within 15 days after the establishment of the Project Company. The principal business activities of the Project Company will be the finance, construction, operation and maintenance of environmental infrastructure facilities in Renhuai.

This announcement is made by the board (“**Board**”) of directors of the Company (“**Directors**”, each a “**Director**”) of Yunnan Water Investment Co., Limited* (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

ENVIRONMENTAL INFRASTRUCTURE FACILITIES COOPERATION FRAMEWORK AGREEMENT

The Board wishes to announce that on 9 July 2015, the Company entered into a framework agreement (the “**Framework Agreement**”) with the Renhuai Municipal People’s Government (the “**Renhuai Government**”).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Renhuai Government is a third party independent of the Company and its connected persons and their respective associates (within the meaning of the Listing Rules).

Pursuant to the Framework Agreement, the Company and the Renhuai Government agree that:

1. to efficiently promote the construction of environmental infrastructure facilities in Renhuai and improve the quality of public services, they will cooperate in the areas of wastewater treatment, watershed management and water affairs;
2. they will cooperate through a public-private partnership model, under which (i) the Renhuai Government will grant the Company the right to finance, construct, operate and maintain environmental infrastructure facilities, and (ii) the Company will finance and, through the Project Company (as defined below), construct, operate and maintain the environmental infrastructure facilities and transfer the environmental infrastructure facilities back to the Renhuai Government upon the expiration of the concession period or as otherwise agreed between the Company and the Renhuai Government;

3. within 45 days of the signing of the Framework Agreement, the Company shall establish a wholly-owned subsidiary (the “**Project Company**”) with registered capital of RMB1,000 million in Renhuai to serve as the operation entity under the public-private partnership and the main entity in Renhuai responsible for all water and environmental infrastructure projects;
4. within 15 days of the establishment of the Project Company, the Company shall contribute RMB200 million towards the registered capital of the Project Company to provide initial funding for the environmental infrastructure projects. The Framework Agreement will automatically terminate if the Company fails to contribute RMB200 million to the Project Company within 15 days of its establishment or if the Company uses the RMB200 million for purposes other than the aforesaid use;
5. after the signing of the Framework Agreement, the Company and the Renhuai Government shall identify environmental infrastructure projects they will cooperate on and enter into a definitive cooperation agreement for each project so identified; and
6. either party to the Framework Agreement may terminate the Framework Agreement if the parties cannot agree on any definitive cooperation agreement, and the Framework Agreement will automatically terminate if no definitive cooperation agreement is entered into within six months after signing of the Framework Agreement.

The Directors are of the view that the cooperation contemplated under the Framework Agreement represents a good opportunity for the Company to expand its business into the Guizhou market, increase its water supply and drainage capacities, enhance its profitability, strengthen its influence in the water affairs industry in Guizhou Province and implement its cross-regional development.

Further announcement will be made by the Company in accordance with the Listing Rules as and when the Company and the Renhuai Government enter into any definitive cooperation agreement.

PROPOSED ESTABLISHMENT OF A WHOLLY-OWNED SUBSIDIARY

The Group is in the process of applying for the establishment of the Project Company in Renhuai, Guizhou Province, the People’s Republic of China, which will be a wholly-owned subsidiary of the Group and can assist the Group to perform its obligations under the Framework Agreement and the cooperation contemplated thereunder (if materialized). It is currently proposed that the registered capital of the Project Company will be RMB1,000 million, and it is expected that the first

instalment of registered capital in the amount of RMB200 million will be paid up within 15 days after the establishment of the Project Company. The principal business activities of the Project Company will be the finance, construction, operation and maintenance of environmental infrastructure facilities in Renhuai.

The Group will fund the registered capital of the Project Company from its internal resources.

Barring any unforeseeable matters, the Company expects that the Project Company will be established within 45 days (including obtaining the required business license) and is expected to commence business after the establishment.

The cooperation contemplated under the Framework Agreement may or may not be materialized. Shareholders and potential investors of the Company should exercise caution when dealing in shares of the Company.

By order of the Board
Yunnan Water Investment Co., Limited*
Xu Lei
Chairman

Hong Kong, 9 July 2015

As at the date of this announcement, the executive Directors are Mr. Yu Long, Mr. Liu Xujun and Mr. Huang Yunjian, the non-executive Directors are Mr. Xu Lei (Chairman), Mr. Wen Jianping, Mr. Jiao Jun, Mr. He Yuanping and Mr. Feng Zhuangzhi, and the independent non-executive Directors are Mr. Kwok For Chi, Mr. Ma Shihao, Mr. Ren Gangfeng and Mr. Hu Song.

** For identification purposes only*