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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Yunnan Water Investment Co., Limited**, you should at once hand this circular, together with the enclosed form of proxy and reply slip, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 ISSUANCE OF CORPORATE ONSHORE AND
OFFSHORE DEBT FINANCING INSTRUMENTS;
PROVISION OF LOAN GUARANTEE FOR DALI WATER;
AND
NOTICE OF 2015 THIRD EXTRAORDINARY GENERAL MEETING**

The 2015 Third Extraordinary General Meeting of Yunnan Water Investment Co., Limited* will be held at 9:30 a.m. on Friday, 16 October 2015 at Conference Room 1503, 15th Floor, Block A Hichens International, 1088 Haiyan Zhong Road, Gaoxin District, Kunming, Yunnan Province. Details of notice convening the EGM dated 1 September 2015 are set out on pages 13 to 15 of this circular.

Whether or not you are able to attend the EGM, you are advised to read the notice of EGM and to complete and return the enclosed proxy form in accordance with the instructions printed thereon. The proxy form or any other authorization documents should be returned to the Company's H Share registrar, Tricor Investor Services Limited (for holders of H Shares), or to the office of the Board of the Company (for holders of Domestic Shares) in person or by post no later than 24 hours before the time appointed for convening the EGM or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or at any adjourned meeting if you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the reply slip to Tricor Investor Services Limited (for holders of H Shares) or to the office of the Board of the Company (for holders of Domestic Shares) on or before Saturday, 26 September 2015.

* *For identification purposes only*

1 September 2015

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Notice of EGM	13

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Articles of Association”	The articles of association of the Company;
“Authorized Committee”	The working group authorized by the Board for the purpose of the current issuance of 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 China, its H Shares are listed on the Main Board of the Stock Exchange;
“Corporate Onshore and Offshore Debt Financing Instruments”	Corporate onshore and offshore debt financing instruments, including but not limited to corporate bonds and medium term note issued onshore, and corporate bonds denominated in foreign currency (such as USD and Euro) and RMB denominated corporate bonds issued offshore;
“Domestic Shares”	Ordinary Shares issued by the Company with a nominal value of RMB1.00 each, which are subscribed in RMB or credited as fully paid;
“Directors”	Directors of the Company;
“Dali Water”	Dali Water Industry Investment Co., Ltd. (大理水務產業投資有限公司), a subsidiary of the Company, and its 45% equity interest is owned by the Company. The remaining equity interests are held by Dali Asset Company, Dali Travel Resort State-owned Asset Operation Co., Ltd. (大理省級旅遊度假區國有資產經營有限責任公司) and Dali Dongcheng Urban Engineering Co., Ltd. (大理市東城區市政工程有限責任公司) as to 25%, 15% and 15% respectively. The Company controls 70% voting rights in Dali Water pursuant to an acting in concert agreement dated 9 April 2014 entered into between the Company and Dali Asset Company;
“Dali Asset Company”	Dali State-owned Asset Operation Co. Ltd. (大理市國有資產經營有限責任公司), a limited liability company established in the PRC which holds 25% equity interest in the Company and is the connected person of the Company;

DEFINITIONS

“EGM”	The 2015 third extraordinary general meeting of the Company to be held at 9:30 a.m. on Friday, 16 October 2015 at Conference Room 1503, 15th Floor, Block A Hichens International, 1088 Haiyan Zhong Road, Gaoxin District, Kunming, Yunnan Province, PRC;
“General Mandate”	The general mandate proposed to be granted by Shareholders to the Board and the Authorized Committee at the EGM, pursuant to which the Board and the Authorized Committee were authorized to effect the issuance of Corporate Onshore and Offshore Debt Financing Instruments;
“Group”	The Company and its subsidiaries;
“H Shares”	Overseas listed foreign-invested ordinary Shares with a nominal value of RMB1.00 each in the share capital of the Company, such Shares are listed on the Main Board of the Stock Exchange (stock code: 6839);
“H Shareholders”	Holders of H Shares;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	28 August 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);
“PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of China;
“Shareholders”	Shareholders of the Company, including holders of Domestic Shares and holders of H Shares;
“Shares”	Shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“%”	percentage.

Note: If there is any inconsistency between the Chinese and English versions of this circular, the Chinese version shall prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Yu Long (General Manager)

Mr. Liu Xujun

Mr. Huang Yunjian

Non-executive Directors:

Mr. Xu Lei (Chairman)

Mr. Wen Jianping

Mr. Jiao Jun

Mr. He Yuanping

Mr. Feng Zhuangzhi

Independent non-executive Directors:

Mr. Kwok For Chi

Mr. Ma Shihao

Mr. Ren Gangfeng

Mr. Hu Song

*Registered office and principal place
of business in the PRC:*

16th Floor, Block A

He Cheng International

1088 Haiyuan Zhong Road

Gaoxin District

Kunming

Yunnan

Principal place of business in Hong Kong:

Suite 5007, 50/F, Central Plaza,

18 Harbour Road, Wanchai

Hong Kong

1 September 2015

To the Shareholders

Dear Sir or Madam,

**PROPOSED ISSUANCE OF CORPORATE ONSHORE AND
OFFSHORE DEBT FINANCING INSTRUMENTS;
PROVISION OF LOAN GUARANTEE FOR DALI WATER;
AND
NOTICE OF 2015 THIRD EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 28 August 2015 in relation to the proposed issuance of Corporate Onshore and Offshore Debt Financing Instruments and the provision

LETTER FROM THE BOARD

of loan guarantee for Dali Water. The purpose of this circular is to give you notice of the EGM and to provide you with information related to the above matters reasonably necessary to enable you to make an informed decision on the resolutions to be proposed at the EGM.

II. PROPOSED ISSUANCE OF CORPORATE ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS

Background

According to the needs of business development, in order to optimize the financial structure of the Company and capture favourable market opportunities, the Board has passed the proposal on the issuance of Corporate Onshore and Offshore Debt Financing Instruments on an one-off or multiple issuances or multi tranche issuances bases at the Board meeting held on 28 August 2015. According to the relevant requirements of the Article of Association, the Board has submitted a special resolution to the EGM for consideration and approval (if thought fit) to authorize the issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company and grant the General Mandate to the Board and the Authorized Committee comprising of authorised persons as authorized by the Board, the particular details are as follows:

1. *Issuing entity, size and method of issuance*

The Company or wholly-owned subsidiaries of the Company will be the issuing entity for the issuance of Corporate Onshore and Offshore Debt Financing Instruments. The Corporate Onshore and Offshore Debt Financing Instruments will be issued on an one-off or multiple issuances or multi tranche issuances bases through public offerings or private placements within or outside the PRC.

The balances of issued Corporate Onshore and Offshore Debt Financing Instruments shall not exceed RMB2,000 million (inclusive of RMB2,000 million, 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 each issuance) in aggregate, and in compliance with the requirements of the maximum limit for the 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 Authorized Committee in accordance with market conditions and the capital needs of the Company.

Specific details of each Corporate Onshore and Offshore Debt Financing Instrument, 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 Company and the market conditions at the time of issuance, on the principle of maximizing the interests of the Company.

LETTER FROM THE BOARD

2. *Types of debt financing instruments*

The issuance of types of Corporate Onshore and Offshore Debt Financing Instruments include:

RMB debt financing instruments include corporate bonds, medium term notes, ordinary bonds, subordinated bonds, subordinated debts, income certificates and other types permitted for issue by the regulatory authorities.

Offshore debt financing instruments include US dollar, Euro and other foreign currencies and offshore RMB corporate bonds, foreign currency notes, commercial papers, bonds, subordinated bonds or structured notes.

Issuances of Corporate Onshore and Offshore Debt Financing Instruments shall not contain provision for conversion into shares, and will not be linked to 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 market conditions at the time of issuance.

3. *Term of debt financing instruments*

The Corporate Onshore and Offshore Debt Financing Instruments will have a term not exceeding 5 years (inclusive of 5 years), the instruments can be of a single term or a hybrid type with multiple terms. The specific term structure and size of each type with different terms will be determined by the Board or the Authorized Committee in accordance with the relevant requirements and market conditions at the time of issuance.

4. *Interest rate of debt financing instruments*

The interest rate and method of calculation and payment for the issuance of Corporate Onshore and Offshore Debt Financing Instruments will be determined by the Board or the Authorized Committee in consultation 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. *Security and other arrangements*

Corporate Onshore and Offshore Debt Financing Instruments may be issued by the Company or qualified wholly-owned subsidiaries of 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 wholly-owned subsidiaries and/or a third party, depending on the structure of each issuance. The particular arrangements for the provision of (counter) guarantee, letter of support and/or keep-well agreement, will be determined on the structure of each issuance.

LETTER FROM THE BOARD

6. *Use of proceeds*

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

7. *Issuing price*

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

8. *Targets of issue*

The targets of issue for 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 issued may be placed to shareholders of the Company, the specific arrangements for placement (including whether placement will be made, the placement proportion, etc.) will be determined by the Board or the Authorized Committee in accordance with the market conditions at the time of issue 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 domestic and overseas laws and regulations and requirements of the regulatory authorities depending on the actual conditions of the Company as well as the prevailing domestic and foreign market conditions.

10. *Safeguard measures for debt 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 due dates, the Company may adopt the following measures in accordance with the mandatory requirements (if applicable) under the 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) Not to distribute profits to Shareholders;

LETTER FROM THE BOARD

- (3) Suspend temporarily the implementation of capital expenditure projects, such as material external investments, mergers and acquisitions;
- (4) Reduce or cease the payment of salaries and bonus to directors and senior management; and
- (5) Freeze job transfer of key responsible persons.

11. *Validity period of resolutions*

Resolutions for issuance of Corporate Onshore and Offshore Debt Financing Instruments passed at the EGM shall be valid for 36 months from the date when it has been considered and approved at the relevant EGM.

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

12. *Authorization for the issuances of Corporate Onshore and Offshore Debt Financing Instruments*

In order to effectively coordinate specific matters relating to the issuances of Corporate Onshore and Offshore Debt Financing Instruments during issuance, the Board will propose to the EGM to authorize the Board, and the Board to further authorize the Authorized Committee to carry out all matters for the issuance of Corporate Onshore and Offshore Debt Financing Instruments in accordance with the requirements of the relevant laws and regulations, opinions and recommendations of the regulatory authority, under the framework and principles considered and approved by the EGM and upholding the principle of maximization of benefits for the Company, including but not limited to:

- (1) formulating and adjusting of specific plans for the issuances of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as the resolutions passed at the EGM for such purposes, and based on the actual conditions of the Company and the relevant debt markets, including, without limitation, suitable issuing entity, timing of issuance, place of issuance, specific amount, total consideration and method of issuance, specific type, terms and conditions of issuance, targets and duration, whether to issue on an one-off, multiple issuances, multi-tranche issuances and number of issuances or multiple-type issuances basis and, if on multiple issuances, multi-tranche issuances or multiple-type issuances bases, the size and term of each issuance, tranche and type, the ways in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, letter of (counter) guarantee or (counter) guarantee agreement, letter of support or keep-well arrangement, rating arrangement, details of guarantee, duration of repayment of principal and payment of interests, specific methods of application and purchase, inclusion of the terms relating to

LETTER FROM THE BOARD

repurchase or redemption, specific placement arrangement, use of proceeds, registration, listing of the Corporate Onshore and Offshore Debt Financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment, etc. and all matters relating to the issuances of the Corporate Onshore and Offshore Debt Financing Instruments;

- (2) determining and engaging intermediary agency, signing, executing, amending and completing all agreements and documents relating to the issuances of the 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 issuances 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 issuances of the Corporate Onshore and Offshore Debt Financing Instruments, including, without limitation, signing, preparing, revising and submitting relevant applications and filings materials relating to the issuances and listings of the Corporate Onshore and Offshore Debt Financing Instruments and applications and filings of 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 applications and filing documents and other legal documents (if applicable);
- (5) making relevant adjustments to matters relating to the issuances of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the opinions and changes in the policies of the regulatory authorities or the changes in market conditions, or determining whether to continue with all or part of the work in respect of the issuances of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the actual situation, unless re-approval by the Shareholders at general meeting is otherwise required pursuant to the relevant laws, regulations and the Articles of Association; and
- (6) dealing with other matters in relation to the issuances of the Corporate Onshore and Offshore Debt Financing Instruments.

The above-mentioned authorisation shall remain valid and effective on and from the date when the Shareholders at the EGM have approved and passed the resolutions to the date when the resolutions passed at the EGM approving the Corporate Onshore and Offshore Debt Financing Instruments cease to be effective or to the date when matters authorized above have been completed.

LETTER FROM THE BOARD

Issuance of the Corporate Onshore and Offshore Debt Financing Instruments is subject to approval by the EGM and obtaining approvals from the relevant government department or regulatory authority of the PRC, Shareholders and investors should exercise caution when dealing in the Shares and other securities of the Company.

III. PROVISION OF LOAN GUARANTEE FOR DALI WATER

On 28 August 2015, the Board passed a resolution for the provision of guarantee, with joint and several liabilities, of not more than RMB 250 million in respect of a fixed asset loan for Dali Water, a subsidiary of the Company. To ensure the smooth payment of construction funds for the Sewage Treatment Project of the Hundred Villages in Er Hai Lake and repayment of borrowings from shareholders at the preliminary stage of the project. Dali Water intended to apply for a fixed asset loan of RMB250 million from the Bank of Communications, Dali Branch, for a term of eight years, at an interest rate of 10% above the benchmark interest rate of the same term, and secured by the guarantee, with joint and several liabilities, provided by the Company. Since the current gearing ratio of Dali Water is over 70%, according to the relevant requirements of the Articles of Association, the intended loan guarantee is subject to approval by Shareholders in the form of ordinary resolution.

Basic information of Dali Water

Name of guaranteed party:	Dali Water
Place of registration:	Ershuichang Road, North District, Xiaguan Township, Dali
Legal representative:	Yu Long
Registered capital:	RMB200 million
Scope of business:	Tap water production and supply, construction of water supply and drainage facilities, development and utilization of water products, maintenance and treatment of drainage pipeline, sewage and waste residue, water supply and drainage pipeline and water heating equipment, hardware and construction material operations, integrated services for water supply and drainage projects, survey and design for water supply and drainage projects
Credit rating:	Grade 5 by internal ratings (comprising 15 Grades in total with Grade 1 as the highest) of the Bank of Communications
Significant contingent matter affecting solvency of guarantor:	Nil

LETTER FROM THE BOARD

Shareholding structure: The Company owns 45% equity interest in Dali Water. The remaining equity interests are held by Dali Asset Company, Dali Travel Resort State-owned Asset Operation Co., Ltd. (大理省級旅遊度假區國有資產經營有限責任公司) and Dali Dongcheng Urban Engineering Co., Ltd. (大理東城市政工程有限責任公司) as to 25%, 15% and 15% respectively. Our Company controls 70% voting rights in Dali Water pursuant to an acting in concert agreement dated 9 April 2014 entered into between the Company and Dali Asset Company

Unaudited financial information:

Unit: RMB million

Item	As at	As at
	30 June 2015	31 December 2014
Total assets	1,357.64	1,231.21
Total liabilities	1006.25	886.28
Short-term borrowings	418.00	320.00
Total current liabilities	697.95	579.14
Net assets	351.39	344.93

Item	For the six months ended	For the year ended
	30 June 2015	31 December 2014
Revenue	46.93	87.15
Net profit	6.46	36.31

Major contents of the guarantee agreement

Currently, the Company has not entered into any relevant guarantee agreement, the above approved limit of guarantee is only an intended amount of guarantee to be provided, the actual guarantee amount provided within the above guarantee limit will depend on the guarantee agreement signed with the relevant financial institution. The Company will timely perform its information disclosure obligation according to the guarantee agreement actually signed.

Cumulative external guarantee amount and overdue guarantee amount

As at the Latest Practicable Date, the Company had not provided any external guarantee.

LETTER FROM THE BOARD

Reasons for the guarantee

Having considered that Dali Water is a significant subsidiary of the Company, and that the Company's provision of guarantee will have no material and adverse impact on the Group's overall financial condition. The Board is of the view that the guarantee is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board passed a resolution for the provision of guarantee, with joint and several liabilities, of not more than RMB 250 million in respect of a fixed asset loan for Dali Water, a subsidiary of the Company, and proposed for consideration and approval at the EGM of the Company by special resolution.

IV. EGM

An EGM will be held by the Company for the purpose of seeking approval from Shareholders on (1) the special resolution on the proposed issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company; and (2) the ordinary resolution on the provision of loan guarantee to Dali Water. The notice convening the EGM is set out on pages 13 to 15 of this circular.

No Shareholder is required to abstain from voting in connection with the matters to be resolved at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies (a proxy need not be a Shareholder) to attend the EGM and vote on their behalves. Whether or not you are able to attend the EGM in person, you are requested to complete and return the form of proxy as soon as possible to the Company's H Share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of holders of H Shares) or to the board office of the Company at 16th Floor, Block A Hecheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC (in case of holders of Domestic Shares) as soon as possible, but in any event, no later than 24 hours before the time appointed for holding the meeting (or any adjournment thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment if you so wish.

Shareholders who intend to attend the EGM are requested to complete and return the accompanying reply slip in accordance with the instructions printed thereon to the Company's H Share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of holders of H Shares) or to the board office of the Company at 16th Floor, Block A Hecheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC (in case of holders of Domestic Shares) on or before Saturday, 26 September 2015.

LETTER FROM THE BOARD

Closure of Register of Shareholders of the Company

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of Shareholders of the Company will be closed from Wednesday, 16 September 2015 to Friday, 16 October 2015, both dates inclusive, during which period no transfers of Shares will be effected. All transfer instruments accompanied by the relevant share certificates must be lodged by holders of H Shares with the Company's H Share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (in case of holders of H Shares) or the board office of the Company at 16th Floor, Block A Hecheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC (in case of holders of Domestic Shares) no later than 4:30 p.m. on Tuesday, 15 September 2015.

Voting by poll

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, with the principle of good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted by a show of hands). The chairman of the EGM will demand a poll for all the proposed resolutions in the notice of EGM. The results of the poll will be published on the websites of the Company and the Stock Exchange on the day of the above meeting.

On a poll, every Shareholder present at the EGM in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each share registered in his/her/its name in the register of members of the Company. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all his/her/its votes in the same manner.

V. RECOMMENDATION

The Board is of the view that the above proposed ordinary resolution and special resolution are in the best interests of the Company and its Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favor of the resolutions to be proposed at the EGM.

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

* For identification purposes only

NOTICE OF EGM



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)

NOTICE OF 2015 THIRD EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 third extraordinary general meeting (the “**EGM**”) of Yunnan Water Investment Co., Limited* (the “**Company**”) will be held at 9:30 a.m. on Friday, 16 October 2015 at Conference Room 1503, 15th Floor, Block A Hichens International, 1088 Haiyan Zhong Road, Gaoxin District, Kunming, Yunnan Province, PRC, for the purposes of considering and, if thought fit, passing the following resolutions. Unless the context otherwise requires, capitalized terms used in this notice shall have the same meanings as defined in the circular (the “**Circular**”) of the Company dated 1 September 2015.

SPECIAL RESOLUTION

1. To consider and approve the resolution on the General Mandate for the issuance of Corporate Onshore and Offshore Debt Financing Instruments:
 - 1.1 Issuer, size and method of issuance;
 - 1.2 Types of debt financing instruments;
 - 1.3 Term of maturity of debt financing instruments;
 - 1.4 Interest rate of debt financing instruments;
 - 1.5 Guarantee and other arrangements;
 - 1.6 Use of proceeds;
 - 1.7 Issue price;
 - 1.8 Target of issuance;
 - 1.9 Listing of debt financing instruments;
 - 1.10 Repayment protection measures of debt financing instruments;

NOTICE OF EGM

1.11 Valid period of resolutions;

1.12 Authorization matters for the issuance of Corporate Onshore and Offshore Debt Financing Instruments.

ORDINARY RESOLUTION

2. To consider and approve the resolution on the provision of guarantee for the loans of Dali Water.

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

Kunming, PRC,
1 September 2015

Notes:

1. All holders of the Company's H Shares whose names appear on the register of members of the Company at 4:30 p.m. on Tuesday, 15 September 2015 are entitled to attend the EGM and should bring along their identity cards or passports when attending the EGM. Holders of the Company's H Shares should note that the register of members of the Company will be closed from Wednesday, 16 September 2015 to Friday, 16 October 2015 (both dates inclusive) during which period no transfers of Shares will be effected. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, namely, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 15 September 2015. Any Shareholders who intend to attend the EGM should deliver reply slip for attending at the EGM, a copy of each of the shareholding document(s), copies of their identity cards or passports (with the pages showing the names of such shareholders), by hand, by post or by facsimile, to the Company's H Share Registrar, namely, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (if you are H Shareholders) or the Board office of the Company at 16th Floors, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan, PRC (if you are holders of Domestic Shares) on or before Saturday, 26 September 2015.
2. Any Shareholders entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a Shareholder. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that Shareholder: (1) the Shareholder's right to speak at the meeting; (2) the right to demand, whether on his own or together with others, a poll; (3) to exercise the right to vote by a show of hands or by poll; however, if more than one proxy is appointed by a Shareholder, such proxies shall only exercise the right to vote on a poll.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity either under seal or under the hand of its director or attorney duly authorized. If the instrument appointing a proxy is signed by a person authorized by the appointer, the powers of attorney or other instruments of authorization shall be notarised. The notarially certified power of attorney or other authority together with the instrument appointing the proxy must be delivered to the Company's H Share Registrar, namely, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (if you are H Shareholders) or the board office of the Company at 16th Floors, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan, PRC (if you are holders of Domestic Shares) not later than 24 hours before the time appointed for the holding of the EGM. Completion and return of the proxy form will not affect the rights of the Shareholders of the Company to attend and vote at the EGM in person.

NOTICE OF EGM

4. The registration procedures for attending the EGM as set out in note 1 above shall not constitute a necessary condition to the lawful entitlement of the Company's shareholders to attend the EGM.
5. Where the meeting is attended by proxy, he shall produce the identification card and letter of authorisation signed by the appointor or its legal representative which indicates the date of appointment. Where corporate shareholder appoints its legal representative to attend the meeting the legal representative shall produce his/her identity documents and a notarially certified copy of the resolution signed by the board of directors or other authorized parties of the corporate shareholders or other notarially certified documents allowed by the Company.
6. Ordinary resolution shall be passed by Shareholders (including proxies) representing more than half of the votes represented by the Shareholders (including proxies) attending at the EGM who have voting rights. Special resolution shall be passed by Shareholders (including proxies) representing more than two thirds of the votes represented by the Shareholders (including proxies) attending at the EGM who have voting rights.
7. Directors, supervisors and senior management of the Company and the witnessing lawyers and other relevant staff of the Company will attend the EGM.
8. The EGM will last for no more than one day. Shareholders of the Company attending the EGM should be responsible for their own travelling and accommodation expenses.
9. Contact details of the Company are set out as follows:

Correspondence address: Conference Room 1503, 15th Floor, Block A Hichens International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan, PRC

Contact persons: Guo Jia

Telephone: 0871-67209716 (ext.658)

Fax: 0871-67209871

Postal code: 650106

* *For identification only*