

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ACQUISITION OF 100% EQUITY INTEREST IN FU'AN CITY SAIQI WASTE INCINERATION AND POWER GENERATION CO., LTD.

This announcement is made by Yunnan Water Investment Co., Limited* (the “**Company**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

On 18 September 2015 (after trading hours), the Company and Fujian Province Deify Industrial Co., Ltd.* (福建省大華實業有限公司) (“**Deify Industrial**”) entered into the Equity Transfer Agreement (the “**Equity Transfer Agreement**”), pursuant to which the Company agreed to conditionally purchase 100% equity interest in Fu'an City Saiqi Waste Incineration And Power Generation Co., Ltd.* (福安市賽岐垃圾焚燒發電有限公司) (“**Fu'an Company**”), and Deify Industrial agreed to conditionally transfer the entire equity interest in Fu'an Company held by it to the Company, for a transfer price (as defined below) of RMB107 million.

The key terms and conditions of the Equity Transfer Agreement were as follows:

Equity Transfer Agreement

Date: 18 September 2015 (after trading hours)

Parties:

(1) Transferor: Deify Industrial

(2) Transferee: The Company

After making all reasonable enquiries and to the best knowledge, information and belief of the directors of the Company (“**Directors**”), Deify Industrial and its ultimate beneficial owner were third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Equity Interest To Be Acquired

According to the Equity Transfer Agreement, the Company will acquire 100% equity interest in Fu’an Company (the “**Acquired Equity Interest**”), representing the registered capital of RMB87 million of Fu’an Company.

Transfer Price and Payment

According to the Equity Transfer Agreement, the Company will pay for the Acquired Equity Interest at the transfer price of RMB107 million (the “**Transfer Price**”), which was determined after an arm’s length negotiation by the parties by reference to the appraised value determined by the valuation report on Fu’an Company carried out by the State-owned Assets Supervision and Administration Commission of the People’s Government of Yunnan Province (“**Provincial SASAC**”). The final Transfer Price is subject to approval of the Provincial SASAC. If the Transfer Price is subject to adjustment, the Company will make a further announcement on such adjustment to the Transfer Price in accordance with the Listing Rules and in compliance with the relevant requirements of the Listing Rules, if applicable. The Company will make payments for the Transfer Price pursuant to the Equity Transfer Agreement. The Company will finance the Transfer Price by external bank financing.

The Directors (including independent non-executive Directors) are of the view that the Transfer Price payable by the Company under the Equity Transfer Agreement is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions Precedent

1. Payment conditions for the Transfer Price under the Equity Transfer Agreement, including, amongst others, completion of the registration for changes in shareholders with the industry and commerce administration, Fu’an Company’s obtaining of a new business license from the industry and commerce administration and the Consent to the Use of Woodland (《使用林地審核同意書》) in respect of the woodland occupied by Fu’an Company, have been satisfied.

2. The Company has absolute discretion to decide on the waiver of all or part of the payment conditions of the Transfer Price, or to request Deify Industrial to satisfy any such payment conditions of the Transfer Price after closing. If the Company has requested the satisfaction of any payment condition(s) of the Transfer Price after closing, such payment condition(s) of the Transfer Price shall automatically become post-closing undertaking(s), and Deify Industrial shall satisfy such post-closing undertaking(s) as soon as possible after closing and in any event shall not be later than sixty business days after closing. If the payment conditions for the Transfer Price are not satisfied within six months after the signing date of the Equity Transfer Agreement, the Company may terminate the Equity Transfer Agreement by way of a written notice to Deify Industrial.

Completion

After the payment condition of the second installment of Transfer Price has been satisfied, and completion of the change in business registration in respect of the equity transfer, the Company and Deify Industrial will determine the date for completion by negotiation. Upon completion, Fu'an Company will become a wholly-owned subsidiary of the Company.

Information of Fu'an Company

Fu'an Company is a company incorporated in accordance with the People's Republic of China laws with limited liability in February 2013 with registered capital of RMB87 million. Fu'an Company is a project company established under the Fu'an City (Saiqi) Household Waste Incineration and Power Generation Plant BOT Concession Project, responsible for the relevant works for the construction, operation, management and transfer of the Fu'an City Household Waste Incineration and Power Generation Plant ("**Fu'an Project**"). The BOT Concession Agreement was signed by Fu'an Company on 18 March 2013 with the Housing and Urban and Rural Planning and Construction Bureau of Fu'an City (福安市住房和城鄉規劃建設局) for a concession period of 30 years (including construction period) commencing from the date when the Fu'an project site was transferred to Fu'an Company by the local government after land requisition, relocation and resettlement work had been completed by the government. As at the date of this announcement, approval has been obtained from Fujian Provincial Development and Reform Commission (福建省發展和改革委員會) for the feasibility study of the Fu'an project, preparation for commencing construction work is in progress.

Reasons for and Benefits of the Proposed Acquisition of Fu'an Company

There has been an increasing trend in the growth of waste volume in the area of Fu'an City and its surrounding regions, the Fu'an Project is more likely to expand based on the treatment scale of 600 tonnes; the Fu'an Project has strong development potential with a good prospect for expected revenue.

The Fu'an Project will be able to attain a certain level of profit from project construction. At the same time of the proposed acquisition of Fu'an Company, the Company also intends to acquire other projects as well. Through the cooperation in various projects, the Company will be able to enter the solid waste treatment market of Fujian Province enabling the rapid expansion of the Company's solid waste business in Fujian Province, realizing cross-regional development, as well as facilitating subsequent investments in expansion and new construction projects, such that the scale of the Company's solid waste project will reach 3,000 — 4,000 tonnes/day within the short term, and therefore the strategic implications are material.

The Directors are of the view that the terms and conditions for entering into the Equity Transfer Agreement and the Acquired Equity Interest are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

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

Kunming, the PRC
18 September 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*