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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)**

**Announcement  
Discloseable Transaction  
Formation of the JV Company**

**Joint Venture Agreement**

The Board is pleased to announce that on 4 December 2015, the Company and the JV Partner entered into the Joint Venture Agreement pursuant to which the parties to the Joint Venture Agreement agreed to establish the JV Company in Fujian Province, the PRC with a registered capital of RMB1,000,000,000. Pursuant to the terms of the Joint Venture Agreement, the JV Company will be owned as to 70% by the Company and 30% by the JV Partner, and the JV Company will be a platform for the investment, construction and operation of water environment projects and infrastructure construction projects within the Fujian Province, the PRC.

**Implications of the Listing Rules**

As the Joint Venture Agreement and the Ningde Transfer Agreement (details of which are set out in the announcement of the Company dated 21 September 2015) were both entered into with the JV Partner within a 12-month period, the transactions contemplated under the Joint Venture Agreement and the Ningde Transfer Agreement are aggregated pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios for the transactions contemplated under the Joint Venture Agreement (after aggregating with the transactions contemplated under the Ningde Transfer Agreement) are more than 5% but less than 25%, the transactions contemplated under the Joint Venture Agreement and those under the Ningde Transfer Agreement constitute a discloseable transaction under Chapter 14 of the Listing Rules. Since the Company has already complied with the notification and announcement requirements under Chapter 14 of the Listing Rules in respect of the Ningde Transfer Agreement and since one or more of the applicable percentage ratios for the transactions contemplated under the Joint Venture Agreement (on a stand-alone basis) are more than 5% but less than 25%, the transactions contemplated under the Joint Venture Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements.

## **Introduction**

The Board is pleased to announce that on 4 December 2015, the Company and the JV Partner entered into the Joint Venture Agreement pursuant to which the parties to the Joint Venture Agreement agreed to establish the JV Company in Fujian Province, the PRC with a registered capital of RMB1,000,000,000. Pursuant to terms of the Joint Venture Agreement, the JV Company will be owned as to 70% by the Company and 30% by the JV Partner, and the JV Company will be a platform for the investment, construction and operation of water environment projects and infrastructure construction projects within the Fujian Province, the PRC.

## **Joint Venture Agreement**

The principal terms of the Joint Venture Agreement are set out below:

- (1) *Date:* 4 December 2015 (after trading hours)
- (2) *Parties:* (a) the Company; and  
(b) the JV Partner

*(3) Scope of business*

The scope of business of the JV Company includes, among others, investment, construction and operation of municipal and industrial water and wastewater treatment plants, river dredging, reclaimed water reuse, coastal construction, water conservancy construction, environmental protection consultancy, marketing and assembly of environmental protection facilities and solid waste disposal transportation.

*(4) Registered capital and capital contribution*

The total amount of registered capital of the JV Company is RMB1,000,000,000, which will be contributed by the parties to the Joint Venture Agreement in cash. The details are as follow:

	<b>Amount of capital contribution (RMB)</b>	<b>Shareholding percentage (%)</b>
The Company	700,000,000	70%
The JV Partner	<u>300,000,000</u>	<u>30%</u>
Total	<u><u>1,000,000,000</u></u>	<u><u>100%</u></u>

The capital contribution by the Company will be funded by debt financing and/or internal resources. The amount of capital contribution to be made by the Company was determined by the Company and the JV Partner through arm's length negotiation after considering the expected working capital required for infrastructure construction projects such as the integrated water environment projects, sewage treatment plants, solid waste disposal projects to be undertaken by the JV Company.

*(5) The board composition and management structure of the JV Company*

The board of directors of the JV Company will comprise of five members. The Company is entitled to nominate three directors and the JV Partner is entitled to nominate two directors. The chairman, who will also act as the legal representative of the JV Company, shall be a director nominated by the Company. The composition of the senior management of the JV Company includes: the Deputy General Manager and the Chief Financial Officer (both to be nominated by the Company), the General Manager and the Deputy Chief Financial Officer (both to be nominated by the JV Partner). All members of the senior management shall be appointed by the board of directors of the JV Company upon their nomination.

## **Information on the JV Partner**

The JV Partner is a limited liability company established in the PRC, whose principal business includes the harmless treatment of municipal waste by way of incineration and power generation; investment in waste and renewable energy projects, construction, management; solid waste treatment technology development and technical consultation; import and export business of self-manufacturing and distribution of various commodities and technologies (other than those restricted by the State).

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, the JV Partner and its ultimate beneficial owners (where applicable) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **Reasons for and benefits of the Joint Venture Agreement**

The Group is one of the leading urban sewage treatment and water supply industry comprehensive service providers in Yunnan Province, the PRC. Its principal businesses include urban water supply, sewage treatment, solid waste disposal, investment, construction and management services for environment control projects, equipment sales and other environmental protection-related services. The Group's corporate strategy is to base its business in Yunnan Province and continue to identify investment opportunities to gradually expand its business to other areas in order to ensure stable sources of income.

Pursuant to the Joint Venture Agreement, the JV Company will be a platform for the investment, construction and operation of water environment projects and infrastructure construction projects within the administrative region in Fujian Province. Fujian Province is located at the start of the Maritime Silk Road under the national strategy of "One belt, One road". There is significant demand in the market to optimize and integrate water and other environmental projects in the region. The projects planned for cooperation following the establishment of the JV Company include: (i) inland river management and integrated water treatment projects; (ii) construction of sewage treatment plants and landfills; and (iii) integrated water environment and infrastructure projects in the region.

The Group processes extensive experiences in urban sewage treatment, water supply industry and environment control projects. The JV Partner is a well-known environmental protection enterprise in Fujian Province who has a leading position in the industry. The JV Partner has board experiences in integrated environmental governance including the sectors of the environmental technology consulting services, garbage collection and power generation, and urban environment cleaning. The Directors believe that the strengths and experiences of the parties, in conjunction

with the market demands to optimize and integrate water and other environmental projects in the region, will ensure an effective cooperation by the parties to the Joint Venture Agreement in implementing water environment projects and infrastructure construction projects. Meanwhile, this cooperation will provide the Company with the opportunity to develop the market of solid waste treatment in the region. The strategic cooperation between the Company and the JV Partner will play a complementary role in developing water environment control projects and infrastructure construction projects within the Fujian Province while generating favorable economic benefits.

After considering the above factors, the Directors are of the view that the Joint Venture Agreement was entered into through arm's length negotiation and on normal commercial terms, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Implications of the Listing Rules**

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## Definitions

In this announcement, unless the context otherwise requires, the following terms have the following meanings.

“Board”	the board of Directors;
“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;
“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 issued ordinary share(s) at the 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);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Joint Venture Agreement”	the joint venture agreement entered into between the Company and the JV Partner on 4 December 2015;
“JV Company”	Fujian Environmental Protection Investment Co. Ltd*. (福建省環境保護投資有限公司) (subject to the final name as approved and registered by the local government authority), a limited liability company to be incorporated in Fujian Province, the PRC pursuant to the Joint Venture Agreement;
“JV Partner”	Fujian Environmental Protection Co., Ltd.* (福建省環境保護股份公司), a limited liability company established in the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time);

“Ningde Transfer Agreement”	the equity transfer agreement dated 21 September 2015 entered into among the Company, the JV Partner, Mr. Huang Huaiyong and Fujian Daxin Weiye Environmental Protection Technology Co., Ltd* (福建大新偉業環保科技有限公司) concerning the acquisition of the 100% equity interests in Ningde Zhangwan Waste Incineration and Power Generation Co., Ltd.* (寧德漳灣垃圾焚燒發電有限公司, details of which are set out in the announcement of the Company dated 21 September 2015);
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Regions of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the Domestic Share(s)/H Share(s);
“Shareholder(s)”	the holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules; and
“%”	per cent.

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

Kunming, the PRC  
4 December 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*