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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)

**(I) PROPOSED REGISTRATION AND ISSUANCE OF CORPORATE
ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS;
(II) PROPOSED PROVISION OF GUARANTEES BY THE GROUP;
AND
(III) NOTICE OF 2016 FIRST EXTRAORDINARY GENERAL MEETING**

The 2016 first extraordinary general meeting of Yunnan Water Investment Co., Limited* will be held at 10:00 a.m. on Tuesday, 26 April 2016 at Conference Room 1503, 15th Floor, Block A, He Cheng International, 1088 Haiyan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC. Details of notice convening the EGM dated 11 March 2016 are set out on pages 12 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 (in case of holders of H Shares) or to the office of the secretariat of the Board (in case of 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 (in case of holders of H Shares) or to the office of the secretariat of the Board (in case of holders of Domestic Shares) on or before Wednesday, 6 April 2016.

* For identification purposes only

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DEFINITIONS

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

“Articles of Association”	articles of association of the Company;
“Authorized Committee”	the working group authorized by the Board for the purpose of the current registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments;
“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 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 (a) RMB debt financing instruments including corporate bonds, medium term notes, short-term financing notes, super short-term financing notes, wealth management direct financing notes, asset securitization and other types permitted for issuance by the regulatory authorities; and (b) offshore debt financing instruments including corporate bonds, foreign currency notes, commercial papers, bonds, subordinated bonds or structured notes denominated in foreign currencies, such as US dollar, Euro, and offshore RMB;
“Directors”	the directors of the Company;
“Domestic Shares”	the issued ordinary shares at the nominal value of RMB1.00 per share in the share capital of the Company, which are subscribed or credited as fully paid in RMB;
“EGM”	the extraordinary general meeting of the Company to be held on 26 April 2016;
“General Mandate”	the general mandate sought to be granted by the Shareholders to the Board and the Authorized Committee at the EGM, pursuant to which among others the Board and the Authorized Committee were authorized to effect the proposed issuance of Corporate Onshore and Offshore Debt Financing Instruments by one-off or multiple or multi-tranche issuances;
“Group”	the Company and its subsidiaries;

DEFINITIONS

“H Shares”	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) and subscribed for and traded in Hong Kong dollars;
“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 circular only, excluding Hong Kong Special Administrative Region of the People’s Republic of China, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the Domestic Shares and/or the H Shares;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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 (*Chief Executive Officer*)
Mr. Liu Xujun (*Deputy Chief Executive Officer*)
Mr. Huang Yunjian (*Deputy Chief Executive Officer*)

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. Hu Song
Mr. Ma Shihao
Mr. Ren Gangfeng

*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

11 March 2016

To the Shareholders

Dear Sir or Madam,

**(I) PROPOSED REGISTRATION AND ISSUANCE OF CORPORATE
ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS;
(II) PROPOSED PROVISION OF GUARANTEES BY THE GROUP;
AND
(III) NOTICE OF 2016 FIRST EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 7 March 2016 in relation to the proposed registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments

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and the proposed provision of guarantees by the Group. 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 REGISTRATION AND ISSUANCE OF CORPORATE ONSHORE AND OFFSHORE DEBT FINANCING INSTRUMENTS

Background

To meet the needs of business development and in order to optimize the financing structure of the Company and capture favourable market opportunities, the Board has passed the proposal of the issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company on one-off or multiple or multi-tranche registration and issuance bases at the Board meeting held on 7 March 2016. According to the relevant requirements of the Articles of Association, the Board is required to propose a special resolution at the EGM for consideration and approval to authorize the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company and to grant the General Mandate to the Board and the Authorized Committee, the details of which are as follows:

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

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

The total size of Corporate Onshore and Offshore Debt Financing Instruments to be registered and issued shall not exceed RMB4,000 million (inclusive of RMB4,000 million, and 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 such issuance), and must be in compliance with the requirements of the maximum limit for the registration and 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 Board or the Authorized Committee in accordance with the then market conditions and the capital needs of the Company. For the avoidance of doubt, the proposed issuance of the Corporate Onshore and Offshore Debt Financing Instruments not exceeding RMB4,000 million (inclusive of RMB4,000 million) is exclusive of the issuance of corporate onshore and offshore debt financing instruments not exceeding RMB2,000 million (inclusive of RMB2,000 million) which was considered and approved at the extraordinary general meeting of the Company convened on 16 October 2015.

Specific details of each issuance of Corporate Onshore and Offshore Debt Financing Instruments, 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 then market conditions at the time of issuance, and based on the principle of acting in the best interests of the Company.

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2. *Types of debt financing instruments*

The types of Corporate Onshore and Offshore Debt Financing Instruments to be issued include: (a) RMB debt financing instruments including corporate bonds, medium-term notes (中期票據), short-term financing notes (短期融資券), super short-term financing notes (超短融), wealth management direct financing (理財直融) notes, asset securitization (資產證券化) and other types permitted for issuance by the regulatory authorities; and (b) offshore debt financing instruments including corporate bonds, foreign currency notes, commercial papers, bonds, subordinated bonds or structured notes denominated in foreign currencies, such as US dollar, Euro and offshore RMB.

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

3. *Term of debt financing instruments*

The term of Corporate Onshore and Offshore Debt Financing Instruments will not exceed 10 years (inclusive of 10 years) with a single term or a hybrid type with multiple terms. The specific term structure and size of each type of terms will be determined by the Board or the Authorized Committee in accordance with the relevant requirements and the then market conditions at the time of issuance.

4. *Interest rate of debt financing instruments*

The interest rate and its method of calculation and payment for the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments will be determined by the Board or the Authorized Committee through negotiation and discussion 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. *Guarantee and other arrangements*

Corporate Onshore and Offshore Debt Financing Instruments may be registered and issued by the Company or a qualified subsidiary 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 subsidiary 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 in accordance with the structure of each issuance.

LETTER FROM THE BOARD

6. *Use of proceeds*

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

7. *Issue price*

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

8. *Targets of issue*

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

10. *Safeguard measures for 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 relevant 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) cease to distribute dividends to Shareholders;

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- (3) suspend temporarily the implementation of capital expenditure projects, such as material external investments, mergers and acquisitions, etc;
- (4) reduce or cease to pay the salaries and bonus of the directors and senior management of the Company; and
- (5) freeze job transfer of key responsible personnel.

11. *Validity period of resolution*

Resolution for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments passed at the EGM shall be valid during the period from the date when such resolution has been considered and approved by the Shareholders at the EGM to the date on which the annual general meeting is due to be convened in 2017.

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

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

In order to effectively coordinate specific matters relating to the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments during the process of issuance, the Board will propose at the EGM to authorize the Board, and the Board to further authorize the Authorized Committee to carry out all matters for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments in accordance with the requirements of the relevant laws and regulations, the opinions and recommendations of the regulatory authorities, under the framework and principles considered and approved at the EGM and based on the principle of acting in the best interests of the Company, including but not limited to:

- (1) formulating and adjusting of specific issuance plans for the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the applicable laws, regulations and relevant requirements of the regulatory authorities as well as the resolution passed at the EGM and by the Board, and based on the actual conditions of the Company and the relevant debt markets, including, without limitation, the suitable issuing entity, timing of issuance, place of issuance, specific quantity, total amount and method of issuance, specific type, terms and conditions of issuance, targets and duration, whether to issue by way of one-off, multiple or multi-tranche issuances and number of issue tranches or hybrid issuances, arrangements on the size and term of each issuance, tranche and type, the method of interest rate determination, currency (including offshore RMB), pricing method, issuance arrangements, letter or agreement of (counter) guarantee, letter of

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support or keep-well agreement arrangement, rating arrangement, details of guarantee, deadline for repayment of principal and interest payments, specific methods of purchase applications, whether repurchase terms and redemption terms are provided, specific placement arrangements, use of proceeds, registration, listing and place of listing of the Corporate Onshore and Offshore Debt Financing Instruments, measures to mitigate repayment risks, measures to ensure debt repayment, etc. and all other relevant matters relating to the issuances of the Corporate Onshore and Offshore Debt Financing Instruments;

- (2) determining on the appointment of intermediaries, signing, executing, amending and completing all agreements and documents relating to the registration and issuance of 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 registration and issuance 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 registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments, including but without limitation, signing, preparing, revising and submitting relevant application and filing materials relating to the issuance and listing of the Corporate Onshore and Offshore Debt Financing Instruments and application and filing 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 application and filing documents and other legal documents (if applicable);
- (5) making relevant adjustments to matters relating to the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the changes in opinions and policies of the regulatory authorities or the changes in market conditions, or determining whether to continue to proceed with all or part of the work in respect of the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments in accordance with the actual situation, except for matters on which 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 relevant matters in relation to the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments.

The above-mentioned authorization shall remain valid and effective from the date on which the resolution for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments has been considered and approved by the Shareholders at the EGM to the date on which the annual general meeting is due to be convened in 2017.

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The registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments are subject to approval by the Shareholders at the EGM and the obtaining of the approvals from the relevant government departments or regulatory authorities of the PRC. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and other securities of the Company.

III. PROVISION OF GUARANTEES BY THE GROUP

On 7 March 2016, the Board has resolved to seek approval from the Shareholders for the various guarantees as follows:

- (a) The Company will provide guarantees to the credit business and other businesses of banks and other financial institutions of onshore subsidiaries controlled by the Company, and provide guarantees to the credit business and other businesses of banks and other financial institutions of offshore subsidiaries controlled by the Company pursuant to the relevant requirements of the PRC; and
- (b) Guarantees to the credit business of banks and other financial institutions and other businesses will be provided by onshore and offshore subsidiaries controlled by the Company to each other pursuant to the relevant requirements of the PRC.

According to the relevant provisions under Article 62 of the Articles of Association, the provision of guarantees contemplated under paragraphs (a) and (b) above is subject to approval by the Shareholders on a case-by-case basis. The Board, however, believes that granting an one-off approval by the Shareholders for the provision of the relevant guarantees by the Company and its subsidiaries will enable the members of the Group to have greater flexibility in obtaining timely credit financing.

As such, at the EGM, approval by way of special resolution will be sought from the Shareholders in relation to the provision of the guarantees contemplated under paragraphs (a) and (b) above by the Company and its subsidiaries with a total amount of not exceeding RMB2,000 million (inclusive of RMB2,000 million). For the avoidance of doubt, the provision of guarantee by the Company and its subsidiaries contemplated under paragraphs (a) and (b) above is irrelevant to the provision of (counter) guarantee by the Company, the subsidiary and/or third party in respect of the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments and all other existing guarantees provided by the Company and its subsidiaries.

The approval limit of guarantees mentioned above is only the contemplated amount of guarantees to be provided. The specific amount of guarantee transactions shall be subject to the guarantee agreement(s) signed with the relevant financial institutions. The Company will keep the Shareholders and potential investors of the Company informed of the progress of the signing of the guarantee agreements in accordance to the Listing Rules, where applicable.

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The provision of above-mentioned guarantees will be carried out strictly in compliance with the requirements of the relevant laws and regulations of the China Securities Regulatory Commission and the Stock Exchange and the Articles of Association.

The above-mentioned authorization shall remain valid and effective from the date on which the resolution for the provision of guarantees by the Group has been considered and approved by the Shareholders at the EGM to the date on which the annual general meeting is due to be convened in 2017.

IV. EGM

The EGM will be held for the purpose of seeking approval from the Shareholders on the special resolutions on (1) the proposal for granting the General Mandate for registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company; and (2) the provision of the relevant guarantees by the Group. The notice convening the EGM is set out on pages 12 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 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 secretariat of the Board at 16th Floor, Block A, He Cheng 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 convening the EGM (or any adjournment thereof). Completion and return 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 secretariat of the Board at 16th Floor, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC (in case of holders of Domestic Shares) on or before Wednesday, 6 April 2016.

Closure of the register of Shareholders

For the purpose of ascertaining the Shareholders who are entitled to attend and vote at the EGM, the register of Shareholders will be closed from Saturday, 26 March 2016 to Tuesday, 26 April 2016, 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

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Queen's Road East, Hong Kong or holders of Domestic Shares with the secretariat of the Board at 16th Floor, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC no later than 4:30 p.m. on Friday, 25 March 2016.

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 special resolutions for the consideration and approval by Shareholders 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 2016 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2016 First extraordinary general meeting (the “**EGM**”) of Yunnan Water Investment Co., Limited* (the “**Company**”) will be held at 10:00 a.m. on Tuesday, 26 April 2016 at Conference Room 1503, 15th Floor, Block A, He Cheng International, 1088 Haiyan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the 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 11 March 2016.

SPECIAL RESOLUTION

1. To consider and approve the resolution on granting the General Mandate for the registration and issuance of the Corporate Onshore and Offshore Debt Financing Instruments:
 - 1.1 Issuing entity, size and method of issuance;
 - 1.2 Types of debt financing instruments;
 - 1.3 Term 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 Targets of issuance;
 - 1.9 Listing of debt financing instruments;
 - 1.10 Safeguard measures for repayment of debt financing instruments;

NOTICE OF EGM

- 1.11 Validity period of resolution; and
- 1.12 Authorization for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments.
2. To consider and approve the provision of guarantees by the Group from the date on which this resolution is passed until the date when annual general meeting is due to be convened in 2017, with details set out as follows:
- (i) The Company will provide guarantees to the credit business and other businesses of banks and other financial institutions of onshore subsidiaries controlled by the Company, and provide guarantees to the credit business and other businesses of banks and other financial institutions of offshore subsidiaries controlled by the Company pursuant to the relevant requirements of the PRC; and
 - (ii) Guarantees to the credit business of banks and other financial institutions and other businesses will be provided by onshore and offshore subsidiaries controlled by the Company to each other pursuant to the relevant requirements of the PRC.

The total amount of the guarantees to be provided by the Company and subsidiaries controlled by the Company within and outside the PRC pursuant to paragraphs (i) and (ii) above shall not exceed RMB2,000 million (inclusive of RMB2,000 million).

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

Kunming, the PRC,
11 March 2016

NOTICE OF EGM

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 Friday, 25 March 2016 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 Saturday, 26 March 2016 to Tuesday, 26 April 2016 (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 or holders of Domestic Shares with the secretariat of the Board at 16th Floor, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC no later than 4:30 p.m. on Friday, 25 March 2016. 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 or by post, 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 secretariat of the Board at 16th Floor, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan, PRC (in case of holders of Domestic Shares) on or before Wednesday, 6 April 2016.
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; and (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 appointor, 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, 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 secretariat of the Board at 16th Floor, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan, PRC (in case of 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.
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.

NOTICE OF EGM

8. The EGM will last for no more than one day. Shareholders 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: 16/F, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan, the PRC

Contact person: Zhang Liang

Telephone: 0871-67209716 (ext.618)

Fax: 0871-67209871

* *For identification purposes only*