

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong 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)

**(I) Proposed Registration and Issuance of Corporate Onshore and
Offshore Debt Financing Instruments;
and
(II) Proposed Provision of Guarantees by the Group**

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

**(I) 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 2 November 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 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 RMB6 billion (inclusive of RMB6 billion, 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. 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.

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 (公司債券), corporate green bonds (綠色企業債券), medium term notes (中期票據), short-term commercial paper (短期融資券), super short-term commercial paper (超短期融資券), wealth management direct financing notes (理財直接融資票據), asset-backed securities (資產支持證券), perpetual mid-term notes (永續中票), renewable corporate bonds (可續期公司債券) 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), whereas for equity debt financing instruments (including but not limited to perpetual medium term notes (長期限含權中期票據) (also known as perpetual mid-term notes), and renewable corporate bonds) the term is continuing until redemption by the issuer in accordance with the terms of issuance (or when the renewal option is exercised by the issuer at a particular point in time), and is due upon redemption by the issuer in accordance with the terms of issuance (or until a particular point in time when the renewal option is not exercised by the issuer).

The above-mentioned financing instruments can be issued 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 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 a (counter) guarantee, letter of support and/or keep-well agreement, will be determined in accordance with the structure of each issuance.

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 the 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;
- (3) temporarily suspend 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 2018.

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 and 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, specific quantity, total amount and method of issuance, terms and conditions of issuance, targets of issuance, duration, whether to issue by way of one-off, multiple or multi-tranche issuances and hybrid issuances, arrangements on the size, term and type of each issuance, face value, the method of interest rate determination, currency (including offshore RMB), pricing method, issuance arrangements, letter or agreement of (counter) guarantee, letter of support or keep-well agreement arrangement, rating arrangement, 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 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 a 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 2018.

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.

(II) Provision of guarantees by the Group

On 2 November 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 and other businesses of banks and other financial institutions 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 not exceeding RMB4.85 billion. For the avoidance of doubt, the provision 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.

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 2018.

(III) EGM

An EGM will be held for the purpose of seeking approval from 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. Voting at the EGM will be carried out by way of poll.

A circular of the Company containing further information relating to, among others, the details on the General Mandate for the registration and issuance of Corporate Onshore and Offshore Debt Financing Instruments by the Company, the provision of guarantees by the Group and the notice of the EGM, will be despatched to Shareholders in due course.

(IV) Definition

Unless the context otherwise requires, the following expressions shall have the meaning below in this announcement:

“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 PRC, 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, corporate green bonds, medium term notes, short-term commercial paper, super short-term commercial paper, wealth management direct financing notes, asset-backed securities, perpetual mid-term notes, renewable corporate bonds 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;
“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;
“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;
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong Special Administration 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.

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

Kunming, the PRC
2 November 2016

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

** For identification purposes only*