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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 licensed stockbroker or registered dealer in securities, bank, 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 proxy form and reply slip, to the purchaser or transferee or to the bank, licensed stockbroker or registered dealer in securities 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) GENERAL MANDATE FOR SHARE ISSUANCE**  
**(II) PROPOSED FINAL DIVIDEND DISTRIBUTION PLAN**  
**(III) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**(IV) PROPOSED PROVISION OF GUARANTEES BY THE GROUP**  
**(V) PROPOSED ELECTION OF DIRECTOR**  
**AND**  
**(VI) NOTICE OF ANNUAL GENERAL MEETING**

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The Annual General Meeting of Yunnan Water Investment Co., Limited\* will be held at 10:00 a.m. on Wednesday, 13 June 2018 at Conference Room 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC. The Notice of Annual General Meeting is set out on pages 13 to 18 of this circular. The proxy form and reply slip for the Annual General Meeting are enclosed herewith, the same is also published on the website of the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.yunnanwater.cn](http://www.yunnanwater.cn)).

Whether or not you are able to attend the Annual General Meeting, you are advised to complete and return as soon as possible the enclosed proxy form in accordance with the instructions printed thereon. The proxy form for holders of H Shares should be returned to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, located at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and the proxy form for holders of Domestic Shares should be returned to the secretariat of the Board at 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC by no later than 24 hours before the time appointed for convening the Annual General Meeting or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting, or any adjourned meeting, in person if you so wish.

If you intend to attend the Annual General Meeting in person, you are required to complete and return the reply slip to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited (for holders of H Shares) or to the secretariat of the Board (for holders of Domestic Shares) on or before Thursday, 24 May 2018 for the Company to assess whether or not it is necessary to announce the Notice of AGM again. If the number of voting Shares as represented by the reply slips collected by Thursday, 24 May 2018 reaches no less than one half of the total number of the issued Shares, the Company may hold the Annual General Meeting as stipulated in the Notice of AGM. If not, the Company shall within five days notify the Shareholders again, by public notice or otherwise required in the Articles of Association, of the matters to be considered as well as the date and place of the Annual General Meeting. Upon such notification, the Company may hold the Annual General Meeting.

\* For identification purposes only

27 April 2018

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## DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company for the year ended 31 December 2017 to be held at 10:00 a.m. on Wednesday, 13 June 2018 at Conference Room 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“Chairman”	the chairman of the Board
“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 Stock Exchange (stock code: 6839)
“Compliance Committee”	the compliance committee of the Company
“Director(s)”	the director(s) of the Company
“Domestic Shares”	the ordinary shares in issue in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed in RMB or credited as fully paid
“General Mandate”	a general mandate proposed to be granted to the Board to exercise all the powers of the Company to allot, issue and deal with the Shares in the manner as set out in special resolution No.8 of the Notice of AGM
“Group”	the Company and its subsidiaries
“H Shares”	the ordinary shares in issue in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	20 April 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of AGM”	the notice to convene the AGM as set out on pages 13 to 18 of this circular
“PRC”	the People’s Republic of China, for the purpose of this circular only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Company Law”	the Company Law of the PRC (中華人民共和國公司法), as supplemented and otherwise modified from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	Domestic Shares and/or H Shares
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“subsidiary/(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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## EXPECTED TIMETABLE

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**2018**

Deadline for registration of transfer of Shares in order to be eligible for attending and voting at the Annual General Meeting. ....4:30 p.m. on Friday, 11 May

Suspension of registration of transfer of Shares. . . . From Monday, 14 May to Wednesday, 13 June  
(both dates inclusive)

Deadline for returning the reply slip for the Annual General Meeting . . . . . Thursday, 24 May

Deadline for returning the proxy form for the Annual General Meeting . 10:00 a.m. on Tuesday, 12 June

Annual General Meeting . . . . . 10:00 a.m. on Wednesday, 13 June

Resumption of registration of transfer of Shares . . . . . Thursday, 14 June

Last trading day of H Shares eligible for receiving the final dividend . . . . . Friday, 15 June

First trading day of H Shares not eligible for receiving the final dividend . . . . . Tuesday, 19 June

Deadline for registration of transfer of Shares in order to be eligible to receive the final dividend . . . . . 4:30 p.m. on Wednesday, 20 June

Suspension of registration of transfer of Shares . . . . From Thursday, 21 June to Monday, 25 June  
(both dates inclusive)

Record date for determining the entitlement for the final dividend . . . . . Monday, 25 June

Resumption of registration of transfer of Shares . . . . . Tuesday, 26 June

Payment of the final dividend . . . . . on or before Friday, 27 July

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Dai Richeng (*Vice-Chairman*)

Mr. Yang Fang (*Deputy Chief Executive Officer*)

*Non-executive Directors:*

Mr. Yang Tao (*Chairman*)

Mr. He Yuanping

Ms. Li Bo

Mr. Feng Zhuangzhi

*Independent Non-executive Directors:*

Mr. Kwok For Chi

Mr. Hu Song

Mr. Ma Shihao

*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  
the PRC

*Principal place of business in Hong Kong:*  
Suite 3110-11, 31/F, Tower 1, The Gateway,  
Harbour City  
21 Canton Road, Tsim Sha Tsui, Kowloon  
Hong Kong

27 April 2018

*To the Shareholders*

Dear Sir or Madam,

- (I) GENERAL MANDATE FOR SHARE ISSUANCE**  
**(II) PROPOSED FINAL DIVIDEND DISTRIBUTION PLAN**  
**(III) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**(IV) PROPOSED PROVISION OF GUARANTEES BY THE GROUP**  
**(V) PROPOSED ELECTION OF DIRECTOR**  
**AND**  
**(VI) NOTICE OF ANNUAL GENERAL MEETING**

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

At the Annual General Meeting, resolutions will be proposed for the Shareholders to consider and approve, among other matters, (i) the proposed grant of the General Mandate to the Board; (ii) the proposed declaration of a final dividend for the year ended 31 December 2017; (iii) the proposed amendments to the Articles of Association; (iv) the proposed provision of guarantees by the Group; and (v) the proposed election of director.

The purpose of this circular is to provide you with all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions at the Annual General Meeting.

### 2. GENERAL MANDATE FOR SHARE ISSUANCE

To ensure flexibility and confer discretion to the Board for issuance of Shares under appropriate circumstances, a special resolution will be proposed at the Annual General Meeting to grant the General Mandate to the Board to exercise all the powers of the Company to allot, issue and deal with additional Domestic Shares and H Shares, separately or jointly, up to 20% of the respective number of Domestic Shares and H Shares in issue as at the date of passing the relevant resolution at the Annual General Meeting, and to authorize the Board to make corresponding amendments to the Articles of Association to reflect the increase in registered capital and changes in the share capital structure of the Company after new Shares have been allotted or issued pursuant to the General Mandate. The allotment and issue of the additional Shares are also subject to the approval of the China Securities Regulatory Commission and/or other PRC government authorities.

As at the Latest Practicable Date, the Company had 1,193,213,457 Shares in issue, including 829,499,557 Domestic Shares and 363,713,900 H Shares. Based on the above issued share capital, up to 165,899,911 new Domestic Shares and 72,742,780 new H Shares may be issued pursuant to the General Mandate.

The General Mandate (if granted) shall expire upon the earliest of the following events: (i) conclusion of the next annual general meeting of the Company; (ii) expiry of the deadline when the next annual general meeting of the Company shall be convened according to the requirements of the Articles of Association or other applicable laws and regulations; and (iii) the revocation or modification of the authority given under the General Mandate by a special resolution passed by a general meeting of the Company.

The Directors believe that it is in the best interests of the Company and the Shareholders to grant a general mandate to the Board to allot, issue and deal with additional Shares. Whilst it is not possible to anticipate in advance any specific circumstances in which the Board might think it appropriate to issue additional Shares, the General Mandate would provide the Board with the flexibility to capture the opportunity when it arises.

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## LETTER FROM THE BOARD

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### 3. PROPOSED FINAL DIVIDEND DISTRIBUTION PLAN

The Board has resolved to declare a final dividend of RMB0.13 (tax included) per Share for the year ended 31 December 2017. Based on the Company's total number of Shares in issue as of the Latest Practicable Date, the total dividend to be paid to the Shareholders amounts to RMB155,117,749. The proposed distribution of the final dividend is subject to the approval at the Annual General Meeting. Upon approval at the Annual General Meeting, the final dividend will be paid on or before 27 July 2018.

Pursuant to the requirements of the Articles of Association, dividend is denominated and declared in RMB. Dividend for Domestic Shares will be paid in RMB, while dividend for H Shares will be paid in HK\$. The relevant exchange rate for conversion shall be calculated by the average median exchange rate for converting RMB into HK\$ as quoted by the China Foreign Exchange Trading Center for the week immediately before the date on which the dividend is declared (i.e. Wednesday, 13 June 2018).

For the purpose of determining entitlement for the final dividend for the year ended 31 December 2017, the register of members of the Company will be closed from Thursday, 21 June 2018 to Monday, 25 June 2018 (both dates inclusive) during which registration of transfer of Shares will be suspended. To be eligible to receive the final dividend, all transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares), or the secretariat of the Board located at 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC (for holders of Domestic Shares), by no later than 4:30 p.m. on Wednesday, 20 June 2018.

Under the relevant tax rules and regulations of the PRC (collectively the "PRC Tax Law"), the Company is required to withhold corporate income tax at the rate of 10% when distributing the final dividend to non-resident enterprises (such term shall have the meaning as defined under the PRC Tax Law) whose names appear on the H Shares register of members of the Company.

In accordance with the PRC Tax Law, the Company is also required to withhold individual income tax when distributing the final dividend to individual shareholders whose names appeared on the H Shares register of members of the Company. The Company will determine the country of domicile of the individual holders of H Shares based on the registered addresses as recorded in the H Shares register of members of the Company on the record date with details as follows:

- For individual holders of H Shares who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them.
- For individual holders of H Shares whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of them. The Company would make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by



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## LETTER FROM THE BOARD

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Non-residents under Tax Treaties (Tentative) (Guo Shui Fa 2009 No.124) 《國家稅務總局關於印發〈非居民享受稅收協議待遇管理辦法(試行)〉的通知》(國稅發2009124號)).

- For individual holders of H Shares whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of higher than 10% but lower than 20%, the Company would withhold and pay the individual income tax at the agreed-upon effective tax rate on behalf of them.
- For individual holders of H Shares who are residents of those countries without any tax treaties with the PRC or having tax treaties with the PRC stipulating a dividend tax rate of 20% or more, and other situations, the Company would withhold and pay the individual income tax at a tax rate of 20% on behalf of them.

#### 4. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 13 April 2018 in relation to, among others, the proposed amendments to the Articles of Association. Due to the operational and strategic development needs of the Company, the Board proposed to make certain amendments to the Articles of Association about the Company's domicile. The proposed amendments to the Articles of Association are set out as follows:

##### **Existing Article 3:**

Company's domicile: 16th Floor, Block A, He Cheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan.

Postal code: 650106

Tel :(+86) 871-67209927

Fax :(+86) 871-67209871

The existing Article 3 of the Articles of Association be deleted in its entirety and replaced with the followings:

##### **Amended Article 3:**

Company's domicile: Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan.

Postal code: 650106

Tel :(+86) 871-67209927

Fax :(+86) 871-67209871

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## LETTER FROM THE BOARD

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The proposed amendments to the Articles of Association above shall be subject to the approval by the Shareholders at the Annual General Meeting by way of a special resolution and the obtaining of any required approval or endorsement from, or registration with, the relevant regulatory authorities.

Since the Company is a company established in the PRC and the official Articles of Association are in the Chinese language, the above proposed amendments are unofficial English language translation (the “**English Translation**”) of the official proposed amendments in the Chinese language (the “**Official Amendments**”), which are set out in the Chinese language version of this announcement. Accordingly, in the event of any inconsistency between the English Translation and the Official Amendments, the Official Amendments shall prevail.

### 5. PROPOSED PROVISION OF GUARANTEES BY THE GROUP

Reference is also made to the announcement of the Company dated 13 April 2018 in relation to, among others, the proposed provision of guarantees by the Group. The Board proposed to the Shareholders to consider and approve (if thought fit) a general authorization for the proposed provision of guarantees by the Group at the Annual General Meeting.

On 13 April 2018, the Board has resolved to seek approval from the Shareholders at the Annual General Meeting 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;
- (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; and
- (c) The Company will provide guarantees to the credit business and other businesses of banks and other financial institutions of the onshore associated companies of the Company, and provide guarantees to the credit business and other businesses of banks and other financial institutions of the offshore associated companies of the Company 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), (b) and (c) 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 Annual General Meeting, approval by way of special resolution will be sought from the Shareholders in relation to the provision of the guarantees contemplated under paragraphs (a)

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## LETTER FROM THE BOARD

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and (b) above by the Company and its subsidiaries with a total amount not exceeding RMB1 billion; the provision of the guarantees contemplated under paragraph (c) above by the Company with a total amount not exceeding RMB1 billion. For the avoidance of doubt, the provision of guarantee by the Company and its subsidiaries contemplated under paragraphs (a), (b) and (c) above is irrelevant to all the other existing guarantees provided by the Company and its subsidiaries.

The respective approval limit of guarantees mentioned above is only the contemplated and maximum 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 comply with the relevant applicable requirements of the Listing Rules upon the signing of the relevant guarantee agreement(s).

The provision of above-mentioned guarantees will be carried out strictly in compliance with the requirements of the relevant laws and regulations of the PRC 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 Annual General Meeting to the date on which the annual general meeting of the Company is due to be convened in 2019.

### 6. PROPOSED ELECTION OF DIRECTOR

Reference is also made to the announcement of the Company dated 13 April 2018 in relation to among others, the proposed election of independent non-executive Director.

Mr. Kwok For Chi (“**Mr. Kwok**”) was elected as an independent non-executive Director of the second session of the Board at the 2017 first extraordinary general meeting of the Company held on 28 August 2017. On 13 April 2018, the Board received a resignation letter from Mr. Kwok stating that due to his other work commitments, Mr. Kwok resigned as an independent non-executive Director of the second session of the Board, member and chairman of the Audit Committee and member of the Compliance Committee with effective upon the conclusion of the Annual General Meeting.

Mr. Kwok confirmed that he has no disagreement with the Company, the Board and the Supervisory Committee, respectively, and there were no other matters relating to his resignation that needed to be brought to the attention of the Stock Exchange and the Shareholders.

The Board would like to take this opportunity to thank Mr. Kwok for his valuable contributions to the Company during his term of office.

In the meantime, the Board proposed to nominate Mr. Liu Shuen Kong (廖船江) (“**Mr. Liu**”) to be the independent non-executive Director candidate of the second session of the Board. The biographical details of Mr. Liu are set out below:

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## LETTER FROM THE BOARD

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Mr. Liu, aged 46. Mr. Liu obtained a bachelor's degree in accounting and a master's degree in accounting from RMIT University of Australia in 1996 and 2002, respectively. He subsequently obtained a master's degree in business administration from Deakin University of Australia in 2004 and is now studying as a doctor majoring in management at Newcastle University of Australia. Mr. Liu has more than 20 years of experience in accounting, auditing and management and is a qualified accountant of CPA Australia and Hong Kong Institute of Certified Public Accountants. Mr. Liu has worked at KPMG since 1996 as a manager, senior manager and supervisor. From 1996 to 1999, he worked in the audit department of the Hong Kong office of KPMG. From 1999 to 2010, he worked in the financial advisory service department of the Guangzhou office and Shenzhen office of KPMG. From October 2010 to December 2013, Mr. Liu was chief financial officer and company secretary of Leoch International Technology Limited (a company listed on the Stock Exchange, stock code: 842). From December 2013 to May 2017, Mr. Liu was executive director, chief financial officer and company secretary of Yestock Car Rental Company Limited. Since May 2017, Mr. Liu has been the managing director of Heungkong Financial Group Limited.

Save as disclosed above, Mr. Liu confirms that (i) he did not take up any position in the Group nor any other directorship in any other publicly listed companies in the past three years; (ii) he did not have any other major appointment and professional qualifications; (iii) he did not have any relationship with any Directors, Supervisors, senior management, substantial or controlling shareholders (as defined in the Listing Rules) of the Company; and (iv) he did not have any interests in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there are no other matters concerning the appointment of Mr. Liu which need to be brought to the attention of the Shareholders and the Stock Exchange and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

The resolution in respect of the appointment of Mr. Liu as an independent non-executive Director for the second session of the Board will be proposed at the Annual General Meeting for consideration and approval by the Shareholders. The term of office of Mr. Liu shall commence upon the approval of the appointment by the Shareholders at the Annual General Meeting and shall terminate upon the expiry of the second session of the Board. The Shareholders will also consider and, if thought appropriate, approve the authority granted to the Board to determine his remuneration at the Annual General Meeting with reference to his responsibilities, the Company's remuneration policies and the market conditions. In the event that Mr. Liu is appointed as an independent non-executive Director at the Annual General Meeting, the Company will enter into a service agreement with Mr. Liu. Mr. Liu will be subject to retirement and re-election in accordance with the Articles of Association upon expiry of his term of office.

## 7. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 10:00 a.m. on Wednesday, 13 June 2018 at Conference Room 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC. The Notice of AGM is set out on pages 13 to 18 of this circular. The proxy form and reply slip for the Annual General Meeting are enclosed herewith.

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## LETTER FROM THE BOARD

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Whether or not you are able to attend the Annual General Meeting, you are advised to complete and return as soon as possible the enclosed proxy form in accordance with the instructions printed thereon. The proxy form for holders of H Shares should be returned to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, located at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, and the proxy form for holders of Domestic Shares should be returned to the secretariat of the Board located at 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the PRC by no later than 24 hours before the time appointed for convening the Annual General Meeting or any adjourned meeting thereof. Completion and return of the proxy form will not preclude you from attending and voting at the Annual General Meeting, or any adjourned meeting, in person if you so wish.

If you intend to attend the Annual General Meeting in person, you are required to complete and return the reply slip to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited (for holders of H Shares) or to the secretariat of the Board (for holders of Domestic Shares) on or before Thursday, 24 May 2018 for the Company to assess whether or not it is necessary to announce the Notice of AGM again. If the number of voting Shares as represented by the reply slips collected by Thursday, 24 May 2018 reaches no less than one half of the total number of the issued Shares, the Company may hold the Annual General Meeting as stipulated in the Notice of AGM. If not, the Company shall within five days notify the Shareholders again, by public notice or otherwise required in the Articles of Association, of the matters to be considered as well as the date and place of the Annual General Meeting. Upon such notification, the Company may hold the Annual General Meeting.

In order to determine the Shareholders who are entitled to attend and vote at the Annual General Meeting, the registers of members of the Company will be closed from Monday, 14 May 2018 to Wednesday, 13 June 2018 (both dates inclusive) during which registration for transfer of Shares will be suspended. Holders of H Shares who intend to attend and vote at the Annual General Meeting shall deliver all transfer forms together with the relevant share certificates to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at or before 4:30 p.m. on Friday, 11 May 2018 in order to be eligible to attend and vote at the Annual General Meeting.

All Shareholders listed in the register of members of the Company as at the close of business on Tuesday, 12 June 2018 are eligible to attend and vote at the Annual General Meeting.

### **8. RECOMMENDATION**

The Board is of the view that (i) the proposed grant of the General Mandate to the Board; (ii) the proposed declaration of a final dividend for the year ended 31 December 2017; (iii) the proposed amendments to the Articles of Association; (iv) the proposed provision of guarantees by the Group; and (v) the proposed election of director, are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the relevant resolutions as set out in the Notice of AGM.

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## LETTER FROM THE BOARD

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### 9. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, voting by any Shareholders at a general meeting shall be by way of poll, except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the general meeting shall require each of the resolutions proposed at the Annual General Meeting to be voted by way of poll according to the Articles of Association.

During voting by way of poll, each Shareholder who attends in person or by proxy (or if the Shareholder is a company, then its officially authorized representative) may have one vote for each Share recorded under his/her/its name as set out in the register of members of the Company. The Company will announce the poll results after the Annual General Meeting in the manner as stipulated under Rule 13.39(5) of the Listing Rules.

### 10. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By Order of the Board  
**Yunnan Water Investment Co., Limited\***  
**Yang tao**  
*Chairman*

\* *For identification purposes only*

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

#### NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) of Yunnan Water Investment Co., Limited\* (雲南水務投資股份有限公司) (the “**Company**”) will be held at 10:00 a.m. on Wednesday, 13 June 2018 at Conference Room 5th Floor, Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan Province, the People’s Republic of China to consider and, if thought fit, approve the following resolutions. Unless the context otherwise requires, capitalized terms used in this notice shall have the same meanings as defined in the circular of the Company dated 27 April 2018.

#### ORDINARY RESOLUTIONS

1. To consider and approve the Report of the Board for the year ended 31 December 2017.
2. To consider and approve the Report of the Supervisory Committee of the Company for the year ended 31 December 2017.
3. To consider and approve the Auditors’ Report and the audited financial statements of the Company for the year ended 31 December 2017.
4. To consider and approve the final financial accounts for the year ended 31 December 2017 and the financial budget for the year ending 31 December 2018.
5. To consider and approve the profit distribution plan and final dividend distribution plan of the Company for the year ended 31 December 2017, and authorize the Board to distribute final dividend to the Shareholders.
6. To consider and approve the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the PRC auditors and PricewaterhouseCoopers as the international auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorize the Board to fix their remuneration.

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7. To consider and approve the appointment of Mr. Liu Shuen Kong as an independent non-executive Director, to authorize the Board to determine his remuneration, and to execute a service contract with him pursuant to such terms and conditions as the Board shall think fit and to do all such acts and things to give effect to such matters.

### SPECIAL RESOLUTIONS

8. To consider and approve the grant of the General Mandate to the Board to allot, issue and deal in additional Domestic Shares and H Shares which, separately or jointly, of not more than 20% of the respective Shares in issue on the date of the pass of this special resolution, and authorize the Board to make corresponding amendments to the Articles of Association as it thinks fit to reflect the new capital structure after allotment or issue of Shares:

#### “PROPOSED THAT

- (a) Subject to paragraph (c) below and pursuant to the relevant requirements of the Listing Rules, Articles of Association and applicable laws and regulations, general and unconditional approval is hereby granted for the Board to exercise all powers of the Company within the Relevant Period (as defined below) to allot, issue and deal in additional Domestic Shares and H Shares separately or jointly, and to decide the terms and conditions for the allotment and issuance of new Shares, including but not limited to the following terms:
- (i) the class and number of new Shares proposed to be issued;
  - (ii) pricing mechanism for new Shares and/or issue price (including price range);
  - (iii) dates of commencement and termination of issuance;
  - (iv) class and number of new Shares issued to existing Shareholders; and
  - (v) make or grant share offers, agreements or share options that require the exercise of such power.
- (b) The approval mentioned above in paragraph (a) shall authorize the Board during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after expiry of the Relevant Period;
- (c) The Board, pursuant to the approval granted in paragraph (a), shall allot, issue and deal in or consent to conditionally or unconditionally allot, issue and deal in (whether pursuant to options or for other reasons) Domestic Shares and H Shares with their respective aggregate nominal value not exceeding 20% of the total nominal value of the Domestic Shares and H Shares in issue of the Company respectively on the date of passing this special resolution, except pursuant to (i) Rights Issue (as defined below) or (ii) any scrip dividend in lieu of all or part of the dividends of the Company pursuant to the Articles of Association or similar arrangement for allotment of Shares;



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(d) For the purpose of this resolution:

“**Relevant Period**” refers to the period from the date of approval of this resolution to the earliest of the following time line:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) expiry of the deadline for convening the next annual general meeting of the Company pursuant to the Articles of Association or requirements of other applicable laws; or
- (iii) the date when the mandate as stated in this resolution is revoked or modified by a special resolution passed at a general meeting of the Company.

“**Rights Issue**” means an offer of shares open for a period fixed by the Board to holders of Shares on the register on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).

- (e) The Board, subject to the approval of the relevant authorities of the PRC and in accordance with the PRC Company Law, be authorized to increase the registered capital of the Company to the required amount upon the exercise of the powers pursuant to paragraph (a) above.
- (f) The Board be authorized to sign the necessary documents, complete the necessary formalities and take other necessary steps to complete the allotment, issue and listing of new Shares, in accordance with the relevant laws, administrative regulations, the relevant regulatory stipulations (as amended from time to time) of the places where the Company is listed and the Articles of Association.
- (g) Subject to the requirement of the relevant PRC authorities, the Board be authorized to make appropriate and necessary amendments to the Articles of Association after completion of the allotment and issue of new Shares according to the method, type and amount of the allotment and issue of new Shares by the Company and the actual situation of the shareholding structure of the Company at the time of completion of the allotment and issue of new Shares in order to reflect the alteration of the share capital structure and registered capital of the Company pursuant to the exercise of this mandate.”

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9. Due to the operational and strategic development needs of the Company, the Articles of Association be and hereby amended

- (a) **PROPOSED THAT** the existing Article 3 of the Articles of Association be deleted in its entirety and replaced with the following:

**Amended Article 3:**

Company's domicile: Yunnan Water, 2089 Haiyuan Bei Road, Gaoxin District, Kunming, Yunnan.

Postal code: 650106

Tel :(+86) 871-67209927

Fax :(+86) 871-67209871

- (b) The Board be authorized to make amendments to the Articles of Association in accordance with paragraph (a), and to take all such actions and handle such documents and other such matters as it considers necessary or expedient at its sole discretion for such amendments on behalf of the Company.

10. 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 of the Company is due to be convened in 2019, 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;
- (ii) 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;and
- (iii) The Company will provide guarantees to the credit business and other businesses of banks and other financial institutions of the onshore associated companies of the Company, and provide guarantees to the credit business and other businesses of banks and other financial institutions of the offshore associated companies of the Company pursuant to the relevant requirements of the PRC.

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The total amount of the guarantees to be provided by the Company and its subsidiaries controlled by the Company within and outside the PRC pursuant to paragraphs (i) and (ii) above shall not exceed RMB1 billion; and the total amount of the guarantees to be provided by the Company within and outside the PRC pursuant to paragraph (iii) shall not exceed RMB1 billion.

By Order of the Board  
**Yunnan Water Investment Co., Limited\***  
**Yang Tao**  
*Chairman*

Kunming, the PRC  
27 April 2018

*Notes:*

- (1) Pursuant to the Listing Rules, voting on all resolutions at a general meeting shall be by way of poll. The poll results of the AGM will be published on the websites of the Stock Exchanges and the Company in accordance with the requirements of the Listing Rules.
- (2) For the purpose of ascertaining eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 14 May 2018 to Wednesday, 13 June 2018 (both dates inclusive) during which registration for transfer of shares will be suspended. Holders of H Shares who intend to attend and vote at the AGM shall deliver all transfer forms together with the relevant share certificates to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, at or before 4:30 p.m. on Friday, 11 May 2018.
- (3) For the purpose of ascertaining eligibility to receive the proposed final dividend, the register of members of the Company will be closed from Thursday, 21 June 2018 to Monday, 25 June 2018 (both dates inclusive) during which registration of transfer of shares will be suspended. In order to be eligible to receive the final dividend, holders of H Shares shall deliver all transfer forms together with the relevant share certificates to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited, before 4:30 p.m. on Wednesday, 20 June 2018. The final dividend is expected to be paid on or before Friday, 27 July 2018 to all shareholders whose names appear on the register of members of the Company on Monday, 25 June 2018.
- (4) Any Shareholder who is entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his/her behalf. A proxy needs not be a Shareholder. If the Shareholder appoints more than one proxy, his/her proxies may only vote by poll.
- (5) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing. If the Shareholder is a legal entity, then the relevant appointing document must be 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 duly authorized by the Shareholder, the powers of attorney or other instruments of authorization shall be notarized.
- (6) The proxy form together with the power of attorney or other authorization documents, if any, must be delivered to the secretariat of the Board located at the principal place of business of the Company in the PRC (for holders of Domestic Shares) or the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited (for holders of H Shares) not later than 24 hours before the time appointed for the holding of the AGM or any adjourned meeting thereof (as the case may be) in order to be effective.

\* *For identification purposes only*

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(7) Any Shareholder who wishes to attend the AGM in person or by proxy is required to complete and return the reply slip to the secretariat of the Board in the PRC (for holders of Domestic Shares) or to the Company's H Share registrar in Hong Kong, Tricor Investor Services Limited (for holders of H Shares), by hand or by post, on or before Thursday, 24 May 2018.

(8) The H Share registrar of the Company in Hong Kong is Tricor Investor Services Limited and its address and contact information are as follows:

22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong

Tel: (+852) 2980 1333

Fax: (+852) 2810 8185

(9) The address and contact information of the principal place of business of the Company in the PRC are as follows:

*Principal place of business in the PRC:*

16th Floor, Block A, He Cheng International, 1088 Haiyuan Zhong Road,  
Gaoxin District, Kunming, Yunnan Province, the PRC.

*Contact information:*

Yunnan Water, 2089 Haiyuan Bei Road,

Gaoxin District, Kunming, Yunnan Province, the PRC.

Contact person: Ms. Guo Jia

Tel: (+86) 871 6720 9716 (ext: 658)

Fax: (+86) 871 6720 9871

(10) Pursuant to the Articles of Association, for joint registered Shareholders consisting of two or more persons, only the Shareholder whose name appear first on the register of members of the Company is entitled to receive this notice, attend the AGM and exercise the entire voting rights conferred by the relevant Shares, and this notice shall be deemed to have served all such joint registered Shareholders.

(11) The AGM is expected to last for no more than half a day. Shareholders who attend the AGM in person or their proxies shall be responsible for their own travelling and accommodation expenses. Shareholders or their proxies who attend the AGM must produce their identity documents for identification.