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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)

INSIDE INFORMATION

TENDER AWARD OF THE PPP PROJECT IN RELATION TO THE WHOLE PACKAGE OF WATER PURIFICATION FACILITIES IN XINYI CITY, MAOMING CITY, GUANGDONG PROVINCE, THE PRC

This announcement is made by Yunnan Water Investment Co., Limited* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that, on 19 September 2018, the public-private-partnership (“**PPP**”) project (the “**Project**”) in relation to the whole package of water purification facilities of Xinyi City, which is granted by Xinyi City Housing and Urban-Rural Construction Bureau* (信宜市住房和城鄉規劃建設局) of Guangdong Province, the People's Republic of China (the “**PRC**”), has been formally awarded to the Company together with Maoming Jianjiang River Basin Water Conservancy and Hydropower Construction and Installation Engineering Co., Ltd.* (茂名市鑒江流域水利水電建築安裝工程有限公司) (“**Maoming WCHC**”) and Guangzhou Environmental Protection Engineering Co., Ltd.* (廣州市環境保護工程設計院有限公司) (“**GZEP**”). The total estimated investment amount of the Project is approximately RMB1,053,690,000.

The Project is an operating wastewater treatment project and is mainly composed of two projects in relation to the whole package of water purification facilities in the east area and west area of Xinyi City. The implementation in the east area mainly includes construction of 7 new town-level water purification facilities and auxiliary wastewater collection pipeline networks; addition of an auxiliary wastewater collection pipeline network for 1 town-level water purification facility which is under construction; and construction of 613 new rural water purification facilities and auxiliary wastewater collection pipeline networks. The implementation in the west area includes addition of 3 water purification facilities for towns and auxiliary wastewater collection pipeline networks;

addition of an auxiliary wastewater collection pipeline networks for the water purification facilities for towns which are under construction; and construction of 847 new rural water purification stations and auxiliary wastewater collection pipeline networks; while the projects in the east and west areas undertaking the business of entrusted operation of the original water purification facilities and auxiliary wastewater collection pipeline networks for towns and rural areas.

The main income of the Project is derived from the wastewater treatment service charge and pipeline network service charge. The new construction in the Project adopts the design — build — finance — operate — transfer (“**DBFOT**”) model. The completed projects or projects under construction as constructed with the investment by the government shall be subject to entrusted operation by the Company and consortium, therefore the Project adopts the model in combination of DBFOT and O&M (Operations & Maintenance), pursuant to which, the Company shall be responsible for completing survey, design, construction, operation and maintenance for the Project to give full play to the Company’s technological and operational superiority.

The Directors consider that the implementation of the Project can provide the Group with a good opportunity to further expand its business in the market of Guangdong Province, enhance its profitability and improve its influence over the environmental protection industry in Guangdong Province and achieve cross-regional development. The implementation of the Project can effectively improve the situation of disorderly discharge and insufficient treatment capacity of domestic wastewater in the existing towns and rural areas in Xinyi City, practically protect the water environment quality within the jurisdiction, and have great positive effects on improvement of the health and ecological environment as well as the quality of life for the people of the whole city. The Project can make full use of the practical experience of the Group in undertaking projects of wastewater treatment facilities in other districts in Maoming City. From a point to an area, the Group will continue to expand its footage in the environmental protection projects in Guangdong Province, the PRC to enhance its profitability.

None of the Directors or substantial shareholders of the Company has any direct or indirect interest in the Project.

To the best knowledge, information and belief of the Directors after making all reasonable enquiries, Maoming WCHC, GZEP and their respective ultimate beneficial owners (if applicable) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

As at the date of this announcement, the Company has not yet entered into any definitive agreement nor has it agreed to any terms or timeline in relation to the Project. In the event that any transaction(s) in relation to the Project, if and when materializes, constitutes notifiable transaction(s) of the Company, the Company will make further announcement(s) as and when appropriate and comply with the relevant requirements under the Listing Rules.

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

Kunming, the PRC
19 September 2018

As at the date of this announcement, the executive Directors are Mr. He Yuanping and Mr. Yang Fang, the non-executive Directors are Mr. Yang Tao (Chairman), Ms. Li Bo, Mr. Dai Richeng and Mr. Feng Zhuangzhi, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Hu Song and Mr. Ma Shihao.

* *For identification purposes only*