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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 A SHARE ISSUE;  
(II) PROPOSED AMENDMENTS  
TO THE ARTICLES OF ASSOCIATION;  
(III) RESIGNATION AND RE-DESIGNATION OF DIRECTOR  
AND PROPOSED APPOINTMENT OF DIRECTOR; AND  
(IV) 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 A SHARE ISSUE**

The board of directors of the Company (the “**Board**”) wishes to announce that the Company proposes to formally activate its active pursue of the issue of A shares in China, and convene a Board meeting and (or) a general meeting in due course to seek approval regarding details of the A share issue. Further announcements will be made by the Company pursuant to the Listing Rules in respect of details of the proposed A share issue.

The proposed A share issue may or may not materialize, and is subject to, among others, the approval by the Board, the general meeting, the China Securities Regulatory Commission and other related regulatory authorities. Shareholders of the Company and the public are reminded to exercise caution when dealing in the securities of the Company.

## (II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to enhance the Party construction work in state-owned holding enterprises, according to the relevant requirements of the Notice of Promoting the Incorporation of Party Construction in the Articles of Association of State-owned Enterprises of the Organizing Department of CCCPC and the Party Committee of SASAC under the State Council (《中共中央組織部國務院國資委黨委關於扎實推進國有企業黨建工作要求寫入公司章程的通知》) and the Company Law, and in view of the Company's H share issuance and actual needs, the Company proposes to amend the relevant contents of the Articles of Association (the “**Proposed Amendments**”). Details of the Proposed Amendments are set out as follows:

### 1. Add one article under Chapter 1 of the original Articles of Association as new Article 6. Details are set out as follows:

**Article 6** The Company shall set up its organization of the Communist Party of China in accordance with the requirements of the Constitution of the Communist Party of China, the Company Law and other relevant requirements. The Company shall set up a working body for the Party, allocate sufficient staff to deal with Party affairs and guarantee sufficient funds to operate the Party organization. The Party organization shall perform the core leadership and political functions.

### 2. Add one chapter after Chapter 9 of the original Articles of Association as new Chapter 10. Details are set out as follows:

#### CHAPTER 10 PARTY COMMITTEE AND ITS WORKING BODY

**Article 100** In accordance with the Constitution of the Communist Party of China, the Company has established the Committee of the Communist Party of China of Yunnan Water Investment Co., Limited (the “**Party Committee**”) and the Commission of Discipline Inspection of the Communist Party of China of Yunnan Water Investment Co., Limited (the “**Discipline Inspection Commission**”).

**Article 101** The number of secretary, deputy secretary and other members for Party Committee and Discipline Inspection Commission are determined by the approval of higher-level Party organizations, and they are elected or appointed in accordance with the Constitution of the Communist Party of China and the Provisional Regulations on the Election of Grass-root Organizations of the Communist Party of China (《中國共產黨基層組織選舉工作暫行條例》). Eligible members of the Party Committee are allowed to join the Board, the board of supervisors and senior management through legal procedures. Eligible Party members in the Board, the board of supervisors and senior management are allowed to join the Party Committee in accordance with relevant provisions and procedures.

**Article 102** The Party Committee and the Discipline Inspection Commission shall set up working departments, and establish the labor union, the league committee and other mass organizations.

**Article 103** The Party Committee shall discharge the following duties:

- (1) Guarantee and supervise the implementation of policies and guidelines of the Party and the State and key strategic deployment of higher-level Party organizations in the Company.
- (2) Insist on the integration of the principle that the Party manages the officials with the function of the Board in the lawful selection of the management and with the lawful exercise of authority of appointment, promotion and demotion of personnel by the management.
- (3) Study and discuss reform, development and stability of the Company, material operation and management issues and material issues concerning employees' immediate interests, and propose opinions and suggestions thereon.
- (4) Assume the primary responsibility to run the Party comprehensively with strict disciplines, lead the Company's ideological and political work, the United Front work, the cultural and ethical progress, corporate culture cultivation as well as the work of groups such as the Labor Union of the Company and the Communist Youth League, lead the construction of the Party's working style and its clean and honest administration, and support the Discipline Inspection Commission in earnestly performing its supervisory responsibilities.

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

Save for the Proposed Amendments, the contents of other sections and articles of the Articles of Association remain unchanged. Changes in section and article numbering of the Articles of Association as a result of the Proposed Amendments shall be adjusted accordingly.

The Proposed Amendments to the Articles of Association is prepared in Chinese and the English version is therefore a translation only. In the event of any discrepancy between the English translation and the Chinese version of the Articles of Association, the Chinese version shall prevail.

Despite the duties and powers of Party construction work stipulated in the Articles of Association, the Board and senior management of the Company will decide whether or not to adopt the opinions and advice provided by the Party Committee and the Discipline Inspection Commission in the day-to-day management and decision-making of the Company in view of the actual situations of the Company. The relevant duties and powers of the Board and senior management stipulated in the Articles of Association will remain unchanged.

### (III) RESIGNATION AND RE-DESIGNATION OF DIRECTOR AND PROPOSED APPOINTMENT OF DIRECTOR

#### 1. Resignation of Director

On 16 October 2018, the Board received a resignation letter from Mr. Dai Richeng (“**Mr. Dai**”) stating that due to his personal business commitments, Mr. Dai resigned as a non-executive Director of the second session of the Board, member and chairman of the Compliance Committee with effective upon the conclusion of the EGM.

Mr. Dai 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. Dai for his valuable contributions to the Company during his term of office.

#### 2. Re-designation of Director

Mr. He Yuanping (“**Mr. He**”), due to his personal business commitments, was re-designated from an executive Director to a non-executive Director. Mr He’s biographical details are set out as follows:

Mr. He, aged 51, joined the Company in June 2011 as a non-executive Director. Mr. He obtained a bachelor’s degree in engineering from Nanjing University of Science and Technology in July 1987. He obtained a master’s degree in mechanical engineering from Beijing University of Science and Technology in February 1992 and a master’s degree in financial mathematics from Victoria University of Wellington in New Zealand in July 2000. Mr. He was appointed as a director, deputy general manager and chief financial officer of Beijing OriginWater Science and Technology Development Co., Ltd. (predecessor of Beijing OriginWater) from September 2005 to June 2007. He served as a director, deputy general manager, chief financial officer and secretary to the board of directors of Beijing OriginWater from June 2007 to March 2018, and has been the chairman and a director of a number of subsidiaries of Beijing OriginWater since May 2011. He has more than ten years of management experience in large-scale enterprises and the water industry. In addition, Mr. He has been appointed as director of Wuhan Sanzhen Industry Holding Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600168), since November 2013. Save as disclosed above, Mr. He did not hold any directorship in any listed companies in the past three years.

As at the date of this announcement, Mr. He did not have any interest or short position in the shares and underlying shares of the Company or any of its associated corporations as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and did not have any relationship with any directors, senior management, substantial Shareholders or controlling Shareholders of the Company. Mr. He has confirmed that there are no matters relating to this that need to be brought to the

attention of the Shareholders of the Company and that there was no information required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Board will determine the remuneration of Mr. He based on the market conditions and his duties, responsibilities and experience.

### **3. Proposed appointment of Director**

The Board proposed to nominate Mr. Yu Long (“**Mr. Yu**”), Chief Executive Officer of the Company, to be the executive Director candidate of the second session of the Board. The biographical details of Mr. Yu are set out below:

Mr. Yu, aged 46. Mr. Yu joined the Group in June 2011, and currently serves as Chief Executive Officer of the Company. Mr. Yu obtained a MBA degree from Guanghua School of Management, Peking University in July 2013, and is now studying as a doctor at the School of Economics and Management at University of Chinese Academy of Sciences. Mr. Yu has more than 16 years of experience in environmental and water works industry, market development, project management, investment capital management, and risk control management, and he is mainly responsible for the overall operation and management, strategic planning and business development of the Company. Mr. Yu was appointed as general manager of water works division and deputy general manager of Beijing Tsinghua Novel Environmental Protection Company Limited between July 2003 and August 2007. Mr. Yu was appointed as project management director of Kardan Water Group Limited between August 2007 and July 2008. Between July 2008 and April 2009, Mr. Yu was appointed as the deputy general manager of Ruoshi (Beijing) Investment Co., Ltd. Between May 2009 and October 2012, Mr. Yu was appointed as the sales director and the deputy general manager of Beijing OriginWater. Between June 2011 and August 2017, Mr. Yu served as Chief Executive Officer and executive Director of the Company, and Mr. Yu has served as Chief Executive Officer of the Company from August 2017 till now. In addition, Mr. Yu has been appointed as chairman or director of various subsidiaries of our Group since January 2011.

Save as disclosed above, Mr. Yu confirms that he has not held any directorship in any publicly listed company in the past three years nor has he held other major appointment and professional qualifications and does not have any relationship with any Director, senior management, substantial or controlling Shareholder (as defined in the Listing Rules) of the Company.

The term of office of Mr. Yu will commence upon the approval of his appointment by the Shareholders at the EGM and shall expire at the end of the term of office of the second session of the Board. The Company will enter into a service agreement with Mr. Yu. The remuneration of Mr. Yu will be determined by the Board and the remuneration committee of the Company with reference to his responsibilities, the Company’s remuneration policy and the prevailing market conditions. Mr. Yu will be subject to retirement and re-election in accordance with the Articles of Association upon expiry of his term of office.

As at the date of this announcement, Mr. Yu directly held 10,820,000 domestic shares and 770,000 H shares of the Company.

Save as disclosed above, there are no other matters concerning the appointment of Mr. Yu 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.

#### **(IV) PROPOSED PROVISION OF GUARANTEES BY THE GROUP**

On 19 October 2018, the Board has resolved to seek approval from the Shareholders at the EGM 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 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 and authorising the Board to execute the guarantees 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 billion. 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 all the other existing guarantees provided by the Company and its subsidiaries and other effective limit of guarantees approved by Shareholders of the Company.

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 EGM to the date on which the annual general meeting is due to be convened in 2019.

## **(V) EGM**

The EGM will be held by the Company for the purpose of seeking approvals from the Shareholders regarding, among others, (i) the special resolution on Proposed Amendments to the Articles of Association; (ii) the ordinary resolution on proposed appointment of Director; and (iii) the special resolution on proposed provision of guarantees by the Group. Voting at the EGM will be carried out by way of poll. A circular containing information relating to, among others, (i) Proposed Amendments to the Articles of Association; (ii) proposed appointment of Director; and (iii) proposed provision of guarantees by the Group, together with the notice of the EGM, will be despatched to Shareholders in due course in accordance with the relevant requirements under the Listing Rules and the Articles of Association.

## **(VI) DEFINITIONS**

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;
“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;
“Company Law”	the Company Law of the People’s Republic of China
“Director(s)”	the director(s) of the Company;
“Domestic Share(s)”	the issued ordinary shares at the nominal value of RMB1.00 per share in the share capital of the Company which are subscribed for and credited as paid up in RMB;
“EGM”	the extraordinary general meeting which is expected to be held on or around 12 December 2018 by the Company for the purposes of approving, among others, (i) the special resolution on Proposed Amendments to the Articles of Association; (ii) the ordinary resolution on proposed appointment of Director; and (iii) the special resolution on proposed provision of guarantees by the Group;

“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 Administrative Region of the PRC, Macau Special Administrative Region of the PRC 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;
“% ”	per cent.

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

Kunming, the PRC  
19 October 2018

*As at the date of this announcement, the executive Director is Mr. Yang Fang, the non-executive Directors are Mr. Yang Tao (Chairman), Ms. Li Bo, Mr. Dai Richeng, Mr. He Yuanping 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*