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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)

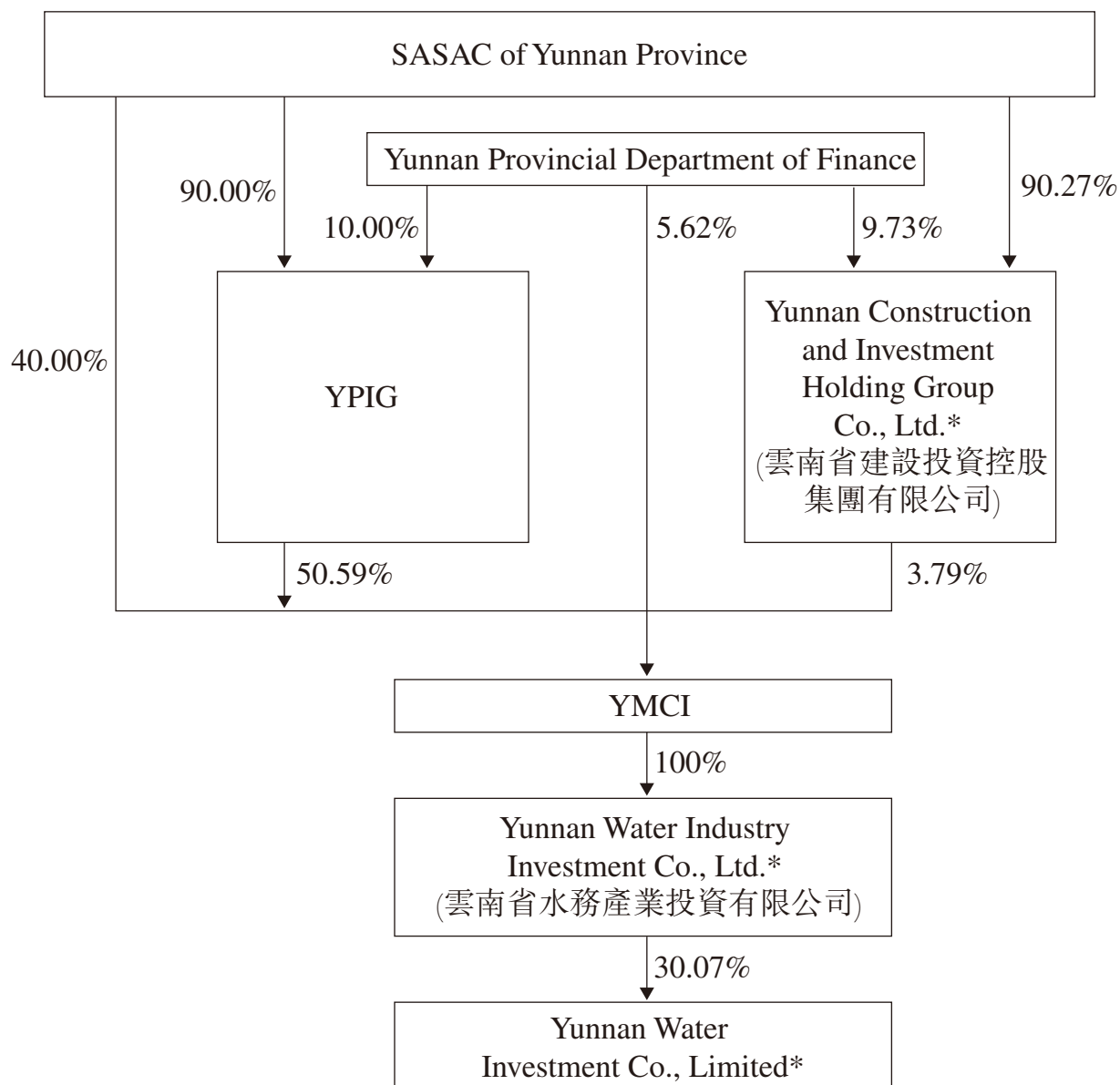
INSIDE INFORMATION TRANSFER OF EQUITY INTERESTS IN CONTROLLING SHAREHOLDER

This announcement is made by Yunnan Water Investment Co., Limited* (the “**Company**”) 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 of the Company hereby announces that on 14 May 2020, the Company received the Notice on the Change in the Shareholding Structure of Yunnan Metropolitan Construction Investment Group Co., Ltd. (《關於雲南省城市建設投資集團有限公司股權結構變動的通告》) (the “**Notice**”) issued by Yunnan Metropolitan Construction Investment Group Co., Ltd.* (雲南省城市建設投資集團有限公司) (“**YMCI**”) (As at the date of this announcement, YMCI directly holds 30.07% equity interests of the Company through Yunnan Water Industry Investment Co., Ltd.*, and holds approximately 31% in total of the equity interests of the Company upon calculating those held by parties acting in concert with it and the H shares of the Company held through its subsidiary.), the controlling shareholder of the Company, in relation to the adjustments proposed to be made by SASAC of Yunnan Province to the shareholding structure of YMCI (the “**Transfers of Equity Interests**”).

The Transfers of Equity Interests

According to the Notice, SASAC of Yunnan Province proposes to (1) transfer the 50.59% equity interests held directly by SASAC of Yunnan Province in YMCI to Yunnan Provincial Investment Holdings Group Co., Ltd.* (雲南省投資控股集團有限公司) (“YPIG”); and (2) transfer the 40% equity interests held directly by the subsidiary of SASAC of Yunnan Province in YMCI to SASAC of Yunnan Province. After the Transfers of Equity Interests, the shareholding structure of YMCI will be shown as below:



After the Transfers of Equity Interests, YPIG will hold 50.59% equity interests in YMCI. Meanwhile, YPIG intends to delegate shareholders’ rights underlying the 50.59% equity interests held by it in YMCI except for property rights and disposal rights, including shareholders’ proposal/convening rights, directors or supervisors’ nomination/voting rights, voting rights at shareholders’ general meeting, etc. to SASAC of Yunnan Province to exercise. YPIG will not appoint directors, supervisors and senior management members to YMCI for the time being. The management structure of YMCI remains same as the current prior to the adjustment of equity interests. YMCI will be managed directly by SASAC of Yunnan Province still as a backbone

enterprise of Yunnan Province, and its ultimate beneficial owner is still SASAC of Yunnan Province. According to the arrangement above, the proportions of actual voting rights directly held by each shareholder of YMCI are 90.59% by SASAC of Yunnan Province (the original actual direct voting rights of which accounted for 50.59%), 5.62% by Yunnan Provincial Department of Finance (雲南省財政廳), and 3.79% by Yunnan Construction and Investment Holding Group Co., Ltd.* (雲南省建設投資控股集團有限公司).

After the Transfers of Equity Interests, YMCI will remain to be the controlling shareholder of the Company. YPIG will become the indirect controlling shareholder of the Company, and the ultimate beneficial owner of the Company will still be SASAC of Yunnan Province. In addition, the Transfers of Equity Interests will not have any substantial impact on the operating activities of the Company.

As for the possibility of the Transfers of Equity Interests to trigger the obligation of making a general offer, the Company will apply to the relevant regulatory authorities for an exemption as and when appropriate.

Save for the aforesaid herein, if any relevant matters can be materialized, the Company will make further announcements as and when appropriate in accordance with relevant requirements under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Kunming, the PRC
14 May 2020

As at the date of this announcement, the executive Directors of the Company are Mr. Yu Long (Vice Chairman) and Mr. Yang Fang, the non-executive Directors are Mr. Yang Tao (Chairman), Mr. He Yuanping, Ms. Li Bo and Mr. Chen Yong, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Hu Song and Mr. Ma Shihao.

* For identification purposes only