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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 AMENDMENTS
TO THE ARTICLES OF ASSOCIATION;
AND
(II) RESIGNATION OF CHAIRMAN AND
PROPOSED APPOINTMENT OF DIRECTOR**

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 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to Regulations on the Work of Basic Organizations of the State-owned Enterprises of the Communist Party of China (Trial)* (《中國共產黨國有企業基層組織工作條例（試行）》) and the relevant provisions and requirements of the CPC Central Committee on the work of “Adoption of Party Building into Articles of Association”, and in view of the Company’s actual needs, the Board proposes to amend the relevant terms of the Articles of Association (the “**Proposed Amendments**”). Details of the Proposed Amendments are set out as follows:

| Article No. | Original Article | Amended Article |
|--------------------|---|--|
| Article 6 | The Company shall set up its organization of the Communist Party of China in accordance with the requirements of the Company Law, the Constitution of the Communist Party of China 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. | The Company shall set up its organization of the Communist Party of China in accordance with the requirements of the Company Law, the Constitution of the Communist Party of China 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. |

| Article No. | Original Article | Amended Article |
|-------------|---|---|
| | | <p>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 and the Regulations on the Work of Basic Organizations of the State-owned Enterprises of the Communist Party of China (Trial), carry out the activities of the Party, set up a working body for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient funds to operate the Party organization.</p> |
| Article 8 | <p>The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors and senior management members; the aforementioned person(s) may assert claims in respect of the Company's affairs pursuant to the Articles of Association.</p> <p>Pursuant to the Articles of Association, shareholders may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management members of the Company.</p> <p>“Legal proceedings” referred to in the preceding paragraph includes any legal action brought before a court and any arbitration application submitted to an arbitration institution.</p> | <p>The Articles of Association shall have binding effect on the Company and its shareholders, directors, supervisors and senior management members; The Articles of Association shall have binding effect on the bodies performing the contributor's functions, the Company and its shareholders, members of the Party Committee, directors and senior management members. The aforementioned person(s) may assert claims in respect of the Company's affairs pursuant to the Articles of Association.</p> <p>Pursuant to the Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against shareholders; shareholders may institute legal proceedings against shareholders; and shareholders may institute legal proceedings against directors, supervisors and senior management members of the Company.</p> |

| Article No. | Original Article | Amended Article |
|-------------|--|---|
| | | “Legal proceedings” referred to in the preceding paragraph includes any legal action brought before a court and any arbitration application submitted to an arbitration institution. |
| CHAPTER 10 | PARTY COMMITTEE AND ITS WORKING BODY | PARTY COMMITTEE AND ITS WORKING BODY PARTY COMMITTEE OF THE COMPANY |
| 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 ”). | 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”). Holding high the great banner of socialism with Chinese characteristics, guided by Marxism-Leninism, Mao Zedong Thought, Deng Xiaoping Theory, the Theory of Three Represents, the Scientific Outlook on Development, Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, adhering to the basic theory, the basic line and the basic strategy of the Party, enhancing the “Four Consciousness”, persisting with “Four Confidences”, endeavoring to “Upholding in the Two Aspects”, asserting and strengthening the Party’s overall leadership over enterprises. |

| Article No. | Original Article | Amended Article |
|-------------|---|--|
| Article 101 | <p>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 supervisory committee and senior management through legal procedures. Eligible Party members in the Board, the supervisory committee and senior management are allowed to join the Party Committee in accordance with relevant provisions and procedures.</p> | <p>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 supervisory committee and senior management through legal procedures. Eligible Party members in the Board, the supervisory committee and senior management are allowed to join the Party Committee in accordance with relevant provisions and procedures.</p> <p>In accordance with the Constitution of the Communist Party of China and the Regulations on the Work of Basic Organizations of the State-owned Enterprises of the Communist Party of China (Trial) and the relevant requirements and with approval of higher-level Party organizations, the Company has established the Committee of the Communist Party of China of Yunnan Water Investment Co., Limited. Meanwhile, the Company has also established the Commission for Discipline Inspection of the Communist Party according to the relevant requirements.</p> |

| Article No. | Original Article | Amended Article |
|-------------|---|---|
| Article 102 | <p>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.</p> | <p>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.</p> <p>The Party Committee of the Company shall be elected from the Party member congress or the Party representative congress; each term of office is five (5) years. Regular re-election shall be conducted upon the expiration of its term of office. Each term of office of the Discipline Inspection Commission under the Party shall be the same as the Party Committee.</p> |
| Article 103 | <p>The Party Committee shall discharge the following duties:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> | <p>The Party Committee shall discharge the following duties:</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> |

| Article No. | Original Article | Amended Article |
|-------------|---|--|
| | <p>(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.</p> | <p>(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.</p> <p>The Party Committee of the Company generally consists of 5 to 7 members, with a maximum number of 9. There should be 1 party secretary, and 1-2 deputy party secretaries as and when they are needed.</p> |

| Article No. | Original Article | Amended Article |
|----------------------|------------------|--|
| Article 104 (New) | | <p>By insisting on and improving the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee may take seats in the Board of Directors, the Supervisory Committee and the management through statutory procedures, while eligible members of the Board of Directors, the Supervisory Committee and the management who are also Party members may take seats in the Party Committee in accordance with related regulations and procedures. Generally, secretary of the Party Committee and chairman of the Board of Directors are held by the same person, while deputy secretary is assumed by the general manager who is also a Party member.</p> |

| Article No. | Original Article | Amended Article |
|----------------------|------------------|---|
| Article 105 (New) | | <p>Party Committee of the Company shall play a leading role, supervising the Company's direction of development, monitoring the whole picture and ensuring implementation, discussing and making decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:</p> <p>(1) to enhance the building of politics of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;</p> |

| Article No. | Original Article | Amended Article |
|-------------|------------------|---|
| | | <p>(2) to thoroughly study and implement Xi Jinping’s Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party’s theory, thoroughly implement the Party’s line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organisation at a higher level in the Company;</p> <p>(3) to investigate and discuss the significant operation and management matters of the Company and support the shareholders’ general meeting, the Board of Directors, the Supervisory Committee and the management to exercise their rights and perform their duties in accordance with the laws;</p> <p>(4) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company;</p> |

| Article No. | Original Article | Amended Article |
|----------------------|------------------|--|
| | | <p>(5) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote Party self-governance exercised fully and with rigor into the grassroots level;</p> <p>(6) to strengthen the building of grass-root Party organisations and the Party member service, unit and lead officials and employees to devote themselves into the reform and development of the Company;</p> <p>(7) to lead the Company’s ideological and political work, the spirit and civilization progress, the United Front work and lead mass organisations such as the Labour Union, Communist Youth League and Women’s Organisation of the Company.</p> |
| Article 106 (New) | | <p>The Party Committee of the Company must assume the leadership responsibility for strict self-governance in an all-round manner, enhance the education and management of Party members, seriously organise the Party’s organisational life, and do the best in daily management work such as Party member development.</p> |

| Article No. | Original Article | Amended Article |
|----------------------|------------------|---|
| Article 107 (New) | | <p>Based on the actual needs, Party Committee of the Company shall establish relevant working organisations. According to the number of employees and the actual needs of the Company, a certain percentage of full-time and part-time Party affairs staff are to be appointed. The same-level treatment policy should be strictly implemented to facilitate the two-way exchange between Party affairs staff and other management personnel. Through including into management expenses and retention of Party fees, the working funds for the Company's Party organisation are guaranteed, and it is inclined to the front line of production and operation. The fee included in the management expenses is generally arranged according to the proportion of 1% of the total wages of employees of the Company in the previous year, and is included in the annual budget by the Company.</p> |

The Board considers that the Proposed Amendments are in the interests of the Company and its Shareholders as a whole.

The Proposed Amendments shall be subject to the approval by the Shareholders at the EGM by way of special resolutions and the obtaining of any required approval or endorsement from, or registration with, the relevant regulatory authorities. The special resolutions (among others) will be proposed at the Company's EGM to be held for the Shareholders to consider and, if thought fit, approve the Proposed Amendments. A circular containing, among other things, details of the Proposed Amendments, together with a notice of the EGM will be dispatched to the Shareholders as soon as practicable.

Upon the approval from the Shareholders of the relevant special resolutions at the EGM, the Proposed Amendments will be filed with the relevant PRC authorities. The Proposed Amendments will take effect on the date of approval at the EGM.

Save for the Proposed Amendments, 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 are 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.

(II) RESIGNATION OF CHAIRMAN AND PROPOSED APPOINTMENT OF DIRECTOR

The Board hereby announces that Mr. Yang Tao (“**Mr. Yang**”) tendered his resignation as a non-executive Director, the Chairman, and chairman and member of the Nomination Committee due to work reasons, with effective upon the conclusion of the EGM.

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

Meanwhile, the Board proposes to nominate Mr. Li Jialong (“**Mr. Li**”) to be a non-executive Director candidate of the second session of the Board. The biographical details of Mr. Li are set out below:

Mr. Li, borned in September 1969, a CPC party member, obtained the bachelor’s degree from the Department of Geology of Kunming University of Science and Technology in July 1992. From February 1996 to April 1999, Mr. Li served as the deputy secretary and secretary to the League Committee of the Kunming University of Science and Technology. From April 1999 to February 2002, Mr. Li served in the Yunnan provincial committee of the Communist Youth League as the deputy director and the director of the general office, and the director of the Publicity Department in the Yunnan provincial committee of the Communist Youth League from February 2002 to February 2005. From February 2005 to April 2009, he acted as the county mayor and the secretary to county committee of the Communist Party Committee of Shuangbai County, Chuxiong Prefecture. He acted as the deputy head of Chuxiong People’s Government from April 2009 to May 2011. From May 2015 to March 2016, he served as the deputy secretary to Communist Party Committee and the vice chairman of Southwest Transportation Construction Group Co., Ltd.* (西南交通建設集團股份有限公司). From March 2016 to April 2020, he has been the deputy secretary to the Communist Party Committee, the general manager and the vice chairman of Yunnan Construction and Investment Holding Group Co., Ltd.* (雲南省建設投資控股集團有限公司). Mr. Li has been served as the deputy secretary to the Communist Party Committee, the president the vice chairman of Yunnan Metropolitan Construction Investment Group Co., Ltd.* (雲南省城市建設投資集團有限公司) from April 2020 to date.

Save as disclosed above, Mr. Li 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 does not have any other major appointment and professional qualifications; (iii) he does 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 does not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, there are no other matters concerning the appointment of Mr. Li 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. Li as a non-executive Director for the second session of the Board will be proposed at the EGM for consideration and approval by the Shareholders. The term of office of Mr. Li shall commence upon the approval of the appointment by the Shareholders at the EGM 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 EGM with reference to his responsibilities, the Company's remuneration policies and the market conditions. In the event that Mr. Li is appointed as non-executive Director at the EGM, the Company will enter into a service agreement with Mr. Li. Mr. Li will be subject to retirement and re-election in accordance with the Articles of Association upon expiry of his term of office.

(II) EGM

The EGM is expected to be held by the Company for the purpose of seeking approvals from the Shareholders, among others, on (i) the special resolution on Proposed Amendments to the Articles of Association; and (ii) the ordinary resolution on proposed appointment of Mr. Li Jialong as non-executive Director. 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; and (ii) proposed appointment of Mr. Li Jialong as non-executive Director, 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.

(IV) DEFINITIONS

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

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| “Articles of Association” | articles of association of the Company; |
| “Board” or “Board of Directors” | the board of Directors of the Company; |
| “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; |
| “Director(s)” | the director(s) 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 for and credited as paid up in RMB; |
| “EGM” | the extraordinary general meeting to be held by the Company for the purposes of approving, among others, (i) the special resolution on Proposed Amendments to the Articles of Association; and (ii) the ordinary resolution on proposed appointment of Mr. Li Jialong as non-executive Director; |
| “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; |
| “Nomination Committee” | the nomination committee of the Board; |
| “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; |

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| “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; |
| “Supervisor(s)” | the supervisor(s) of the Company; |
| “Supervisory Committee” | the supervisory committee of the Company; and |
| “%” | per cent. |

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

Kunming, the PRC
12 June 2020

As at the date of this announcement, the executive Directors are Mr. Yu Long (Vice Chairman) and Mr. Yang Fang, the non-executive Directors are Mr. Yang Tao (Chairman), Ms. Li Bo, 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*