

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

THE EXECUTION OF THE PERPETUAL SECURITIES AGREEMENT

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules.

On 31 December 2024, the Company entered into the Perpetual Securities Agreement with the controlling shareholders of the Company (namely, YHTH and YEPI), pursuant to which YHTH and YEPI agreed to convert their respective ordinary securities of the Company into perpetual securities.

As at the date of this announcement, YHTH and YEPI are the controlling shareholders of the Company and therefore connected persons of the Company, and this transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) the Perpetual Securities Agreement is made on normal or better commercial terms; and (ii) the perpetual securities are not secured by any assets of the Group, therefore, the execution of the Perpetual Securities Agreement is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements in respect of connected transactions under Rules 14A.90 of the Listing Rules.

PERPETUAL SECURITIES AGREEMENT

On 31 December 2024, the Company entered into the Perpetual Securities Agreement with the controlling shareholders of the Company (namely, YHTH and YEPI), pursuant to which YHTH and YEPI agreed to convert their respective ordinary securities of the Company into perpetual securities. The principal terms of the Perpetual Securities Agreement are set out below:

(I) AMOUNT OF PERPETUAL SECURITIES

As of 30 June 2024, YHTH held ordinary securities of the Company with principal and interest totaling RMB9,202,490,250.93, and YEPI held ordinary securities of the Company with principal and interest totaling RMB689,179,918.06 (hereinafter referred to as the “**Subject Securities**”).

As agreed by the parties to the agreement, the Subject Securities will be converted into perpetual securities from and including the effective date of the Perpetual Securities Agreement.

(II) DURATION OF PERPETUAL SECURITIES

The perpetual securities are renewable, with an initial period of 3 years commencing on 1 July 2024 (inclusive), which is also the value date of the perpetual securities. Upon the expiry of the initial term, every 3 years is a renewal period. Within 20 business days before the expiry of each renewal period, the Company has the option to extend the term of the perpetual securities under the Perpetual Securities Agreement for another renewal period by informing YHTH and YEPI in writing, or to fully repay the principal balance of all perpetual securities in the current duration period and all the outstanding interest payable (including deferred interest), proceeds (if any) and other expenses (if any) to YHTH and YEPI, respectively, upon the expiry date of the period. If the Company does not choose to renew, the expiry date of the current duration period is the maturity date of the securities.

(III) INTEREST OF PERPETUAL SECURITIES

The annualized interest rate of the perpetual securities for the first duration period is 2.1%. If the Company chooses to postpone, the annualized interest rate for the next duration period will increase by 100 base points, with the maximum interest rate not exceeding 4.5%.

Deferred payment of interest: If there is no compulsory interest payment event before the interest settlement date, the Company shall notify YHTH and YEPI in writing 5 working days in advance before each interest settlement date, and the Company has the option to postpone the payment of current interest and all the interest deferred according to this clause to the next interest settlement date without any restriction on number of deferred interest payments and accrual on deferred interest. The aforementioned interest deferral does not constitute a default event in which the Company fails to pay interest as agreed in the Perpetual Securities Agreement.

Compulsory interest payment event: During the term of the perpetual securities, in the event of liquidation of the Company, or if the Company reduces its registered capital (including making effective resolutions on reducing registered capital), or distributes dividends to its ordinary shareholders (including making effective resolutions on dividend distribution), the Company shall not postpone the payment of current interest and shall pay all the deferred interest as agreed in the Perpetual Securities Agreement.

(IV) ORDER OF SETTLEMENT

If the Company is liquidated (including but not limited to liquidation or bankruptcy liquidation), the order of settlement of the principal and interest of the perpetual securities under the Perpetual Securities Agreement shall be after the ordinary securities issued and other debts of the Company.

The Company shall settle the perpetual securities in order of the fees, liquidated damages, compensation, deferred interest and principal amount accordingly when it pays all or a portion of corresponding amount of the perpetual securities to YHTH and YEPI in accordance with the Perpetual Securities Agreement. If the amount repaid by the Company is insufficient to cover all the amounts in the same sequence, the Company will settle the amounts in the order in which they were incurred, and the amounts will be repaid on a pro rata basis if they were incurred at the same time.

(V) DEFAULT LIABILITY

The Company shall be deemed to be in default if one of the following circumstances occurs:

1. illegal transfer of assets or misappropriating funds to evade debts;
2. failure to fulfil the notification obligation as agreed in the Perpetual Securities Agreement;
3. the Company provides false information in respect of the perpetual securities and post-vote inspection such as balance sheets, income statements and other financial information or intentional non-disclosure of material facts therein to YHTH and YEPI or a third party designated by them, or refuses to support supervision and inspection work on the use of perpetual securities that are conducted by YHTH and YEPI;
4. failure to use the perpetual securities provided by YHTH and YEPI as agreed in the Perpetual Securities Agreement;
5. failure to repay/pay the principal amount, interest, penalty, proceeds (if any) and other expenses (if any) of the perpetual securities to YHTH and YEPI as agreed in the Perpetual Securities Agreement;
6. any breach of other provisions of the Perpetual Securities Agreement by the Company.

In the event of the occurrence of the above-mentioned default by the Company during the duration period of the perpetual securities, both YHTH and YEPI shall have the right to request the Company to take remedial measures immediately. If the Company, upon receipt of the written notice from YHTH and/or YEPI, fails to reply in writing within the time required by YHTH and/or YEPI as to what remedial measures will be taken, or if such relevant remedial measures are not satisfactory to YHTH and/or YEPI, the Company shall be deemed to have declared the expiry of all the perpetual securities and the expiry date shall be the date of the occurrence of the default event. The Company shall repay all principal balance of the perpetual securities, all outstanding interests payable and other payables in accordance with the Perpetual Securities Agreement, and both YHTH and/or YEPI shall have the right to prosecute or take any other lawful and effective measures to safeguard their legitimate rights and interests in accordance with the law to pursue the Company's default obligation.

Special provision: During the term of Perpetual Securities, where the Company causes any loss to the legitimate rights and interests of YHTH and/or YEPI with intention or due to gross negligence, both of them shall have the right to take one or more measures as follows:

1. ask the Company to cease acts of willful or gross negligence immediately;
2. prosecute or take any other lawful and effective measures to safeguard their legitimate rights and interests.

(VI) EFFECTIVE CONDITION

The Perpetual Securities Agreement will be established and come into effect on and including the date of signing by each of the legal representatives or authorized representatives of such three parties with their respective official seals affixed.

REASONS FOR AND BENEFITS OF THE EXECUTION OF THE PERPETUAL SECURITIES AGREEMENT

The execution of the Perpetual Securities Agreement between the Company and the controlling shareholders is conducive to improving the capital structure of the Company, reducing the gearing level and improving the ability to resist risks and maintain its financial stability. The Board considers that the Perpetual Securities Agreement and the transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, YHTH and YEPI are the controlling shareholders of the Company and therefore connected persons of the Company, and this transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) the Perpetual Securities Agreement is made on normal or better commercial terms; and (ii) the perpetual securities are not secured by any assets of the Group, therefore, the execution of the Perpetual Securities Agreement is fully exempt from the independent shareholders' approval, annual review and all disclosure requirements in respect of connected transactions under Rules 14A.90 of the Listing Rules.

DEFINITIONS

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

“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 the PRC, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 6839)
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Perpetual Securities Agreement”	the agreement dated 31 December 2024 entered into between the Company, YHTH and YEPI in relation to the perpetual securities
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal value of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“YEPI”	Yunnan Green Environmental Protection Industry Group Co., Ltd.* (雲南省綠色環保產業集團有限公司), a limited liability company incorporated in the PRC, the Company's controlling shareholder

“YHTH”

Yunnan Health & Cultural Tourism Holding Group Co., Ltd.*
(雲南省康旅控股集團有限公司), a limited liability company
established in the PRC and the sole shareholder of YEPI, the
Company’s controlling shareholder

By order of the Board
Yunnan Water Investment Co., Limited*
Mei Wei
Chairman

Kunming, the PRC

31 December 2024

As at the date of this announcement, the executive Directors are Mr. Zheng Guangfeng (Vice-Chairman), Ms. Wang Rui and Mr. Liu Hui, the non-executive Directors are Mr. Mei Wei (Chairman), Mr. Dai Richeng and Mr. Chen Yong, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Zhong Wei and Mr. Zhou Beihai.

** For identification purposes only*