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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)

CONTINUING CONNECTED TRANSACTIONS
THE PROCUREMENT MASTER AGREEMENT

The Board is pleased to announce that on 13 August 2025 (after trading hours), the Company entered into the Procurement Master Agreement with Beijing OriginWater, pursuant to which the Group agreed to purchase membrane ancillary materials from the Beijing OriginWater Group during the term of the Procurement Master Agreement commencing from 13 August 2025 to 31 December 2027.

As at the date of this announcement, Beijing OriginWater holds approximately 24.02% of the total issued share capital of the Company (including Domestic Shares and H Shares), and is a substantial shareholder of the Company. Hence, Beijing OriginWater is a connected person of the Company under Chapter 14A of the Listing Rules. In such case, the transactions contemplated under the Procurement Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of applicable percentage ratios (other than the profits ratio) in relation to the Proposed Annual Caps exceeds 5%, the continuing connected transactions under the Procurement Master Agreement are subject to, among other things, the independent shareholders' approval, reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

At the EGM, the Company will propose and the Independent Shareholders will consider and, if thought fit, pass resolutions to approve, among others, the Procurement Master Agreement.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the Procurement Master Agreement and the transactions contemplated thereunder. CEB International Capital Corporation Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among other things, (i) information about the Procurement Master Agreement, (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders; and (iv) the notice convening the EGM, is expected to be published by the Company on or before 3 September 2025.

INTRODUCTION

The Board is pleased to announce that on 13 August 2025 (after trading hours), the Company entered into the Procurement Master Agreement with Beijing OriginWater, pursuant to which the Group agreed to purchase membrane ancillary materials from the Beijing OriginWater Group during the term of the Procurement Master Agreement commencing from 13 August 2025 to 31 December 2027. The principal terms of the Procurement Master Agreement are as follows:

THE PROCUREMENT MASTER AGREEMENT

Date	13 August 2025 (after trading hours)
Parties	(1) The Company; and (2) Beijing OriginWater As at the date of this announcement, Beijing OriginWater holds approximately 24.02% of the total issued share capital of the Company (including Domestic Shares and H Shares), and is a substantial shareholder of the Company. Hence, Beijing OriginWater is a connected person of the Company under Chapter 14A of the Listing Rules.
Subject matter	Members of the Group will procure membrane ancillary materials from the Beijing OriginWater Group.
Term and termination	The term of the Procurement Master Agreement commences from 13 August 2025 and ends on 31 December 2027. Any party may terminate the Procurement Master Agreement by serving the other party a written notice of not less than 30 days in advance.

Price determination and pricing policy	The price of the products to be procured by the Group shall be no less favorable than the market price of relevant product at the time when the individual procurement agreement is entered into. The market price shall be determined in accordance with (i) the price and terms of the type of products quoted by no less than two independent suppliers on normal commercial terms in the ordinary course of businesses in the PRC; or (ii) in the event that (i) is inapplicable, it shall be determined by both parties to the Procurement Master Agreement on fair and reasonable basis and on normal commercial terms and credit terms. Based on the above, the Directors (except for Mr. Dai Richeng, the non-executive Director) believe that the aforesaid pricing policy and procedure can ensure the relevant continuing connected transactions will be conducted in accordance with the terms under the Procurement Master Agreement and are of the view that the Procurement Master Agreement was entered into on an arm's length basis and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.
Condition precedent	The Procurement Master Agreement shall be effective upon the Company having obtained the Independent Shareholders' approval pursuant to the Listing Rules, and the Procurement Master Agreement being approved by the board of directors of Beijing OriginWater.

Historical transaction amounts

The historical transaction amounts in respect of the procurement of membrane ancillary materials between the Group and the Beijing OriginWater Group for the three years ended 31 December 2022, 2023 and 2024 are set out below:

	Historical transaction amounts		
	Year ended 31 December 2022	**Year ended 31 December 2023**	**Year ended 31 December 2024**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
The historical transaction amounts			
— Procurement of membrane ancillary materials	256	—	8,588

Proposed Annual Caps

The Proposed Annual Caps for the transactions contemplated under the Procurement Master Agreement for the three years ending 31 December 2027 are set out below:

	Proposed Annual Caps for the year ending 31 December		
	2025 (from the date of signing the Procurement Master Agreement)	**2026**	**2027**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Proposed Annual Caps			
— Procurement of membrane ancillary materials	79,000	65,000	56,000

In arriving at the above Proposed Annual Caps, the Directors have taken into account a number of factors, in particular: (i) the size and number of projects expected to be constructed by the Group; (ii) the estimated quantity of membrane ancillary materials required by the Group; and (iii) the estimated market price of membrane ancillary materials.

IMPLEMENTATION OF AGREEMENTS

It is expected that the Group will enter into individual procurement agreement with the Beijing OriginWater Group from time to time and as necessary. The individual procurement agreement is expected to contain more detailed terms of the transactions which should reflect the binding principles, guidelines and terms and conditions as provided under the Procurement Master Agreement.

As the individual procurement agreement provides for the purchases and sales of membrane ancillary materials under the Procurement Master Agreement, such individual procurement agreement, when entered into, will not constitute a new category of connected transactions and will be within the scope of the Procurement Master Agreement and the Proposed Annual Caps. The Company will comply with the relevant Listing Rules if and when the amount of transactions contemplated under the Procurement Master Agreement is likely to exceed the Proposed Annuals Caps.

REASONS FOR ENTERING INTO THE PROCUREMENT MASTER AGREEMENT

The Group has from time to time purchased membrane ancillary materials from the Beijing OriginWater Group. The Beijing OriginWater Group has provided stable supply of membrane ancillary materials in accordance with the quality requirements and standards as required by the Group in order to ensure the product quality of the Group and enhance the recycling efficiency and confidentiality of the Group's technologies. Moreover, after taking into account the prices quoted by the Beijing OriginWater Group as compared to those quoted by independent suppliers, the Directors (except for Mr. Dai Richeng, a non-executive Director) consider that it is in the interests of the Group and the Shareholders as a whole to enter into the Procurement Master Agreement and continue to procure membrane ancillary materials from the Beijing OriginWater Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Beijing OriginWater holds approximately 24.02% of the total issued share capital of the Company (including Domestic Shares and H Shares), and is a substantial shareholder of the Company. Hence, Beijing OriginWater is a connected person of the Company. In such case, the transactions contemplated under the Procurement Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of applicable percentage ratios (other than the profits ratio) in relation to the Proposed Annual Caps exceeds 5%, the continuing connected transactions under the Procurement Master Agreement are subject to, among other things, the independent shareholders' approval, reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

At the EGM, the Company will propose and the Independent Shareholders will consider and, if thought fit, pass resolutions to approve, among others, the Procurement Master Agreement.

An Independent Board Committee comprising the independent non-executive Directors has been established to advise the Independent Shareholders on the Procurement Master Agreement and the transactions contemplated thereunder. CEB International Capital Corporation Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

Mr. Dai Richeng, a non-executive Director of the Company, is a director and a shareholder of Beijing OriginWater and is materially interested in the Procurement Master Agreement and has abstained from voting on the relevant Board resolutions approving the Procurement Master Agreement. Except for Mr. Dai Richeng, none of the Directors is materially interested in the Procurement Master Agreement and the transactions contemplated thereunder.

Save for the Procurement Master Agreement, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the members of the Group has entered into other continuing connected transactions with the Beijing OriginWater Group.

A circular containing, among other things, (i) information about the Procurement Master Agreement, (ii) the advice from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders; and (iv) the notice convening the EGM, is expected to be published by the Company on or before 3 September 2025.

Beijing OriginWater and its associates will abstain from voting in connection with the Procurement Master Agreement at the EGM.

GENERAL INFORMATION OF THE PARTIES TO THE PROCUREMENT MASTER AGREEMENT

The Group is one of the leading integrated service providers in the urban sewage treatment and water supply industry in Yunnan Province, the PRC. Its principal operations include investment, construction and management services in relation to urban water supply, sewage treatment, solid waste treatment and environmental governance projects, equipment sales and other environmental protection related services. The corporate strategy of the Group is to base its business in Yunnan Province and continue to identify investment opportunities to expand its operations gradually into other regions to ensure stable income sources.

Beijing OriginWater, a substantial shareholder of the Company holding 24.02% of the total issued share capital of the Company (including Domestic Shares and H Shares), is a limited liability company established in the PRC on 17 July 2001 and its shares are listed on the Shenzhen Stock Exchange. It is primarily engaged in the design, sales and manufacturing of equipment (particularly membrane) used in urban sewage treatment and solid waste treatment facilities based on EPC and equipment sales and the provision of system integration services.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Beijing OriginWater"	Beijing OriginWater Technology Co., Ltd. (北京碧水源科技股份有限公司), a substantial shareholder of the Company holding 24.02% of the total issued share capital of the Company (including Domestic Shares and H Shares), is a limited liability company established in the PRC on 17 July 2001 and its shares are listed on the Shenzhen Stock Exchange (stock code: 300070);

"Beijing OriginWater Group"	Beijing OriginWater and its subsidiaries;
"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 company with limited liability incorporated in the PRC, the H Shares of which are listed on the main board of the Stock Exchange (stock code: 06839);
"connected person(s)"	has the same meaning ascribed thereto under the Listing Rules;
"Domestic Share(s)"	the issued ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for or credited as fully-paid in RMB;
"Director(s)"	the director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened for, among other matters, approving the Procurement Master Agreement and the related proposed annual caps;
"EPC"	engineering, procurement and construction;
"Group"	the Company and its subsidiaries;
"H Share(s)"	the issued ordinary shares with a nominal value of RMB1.00 each in the share capital of the Company, and are listed on the main board of the Stock Exchange (stock code: 06839);
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	the independent board committee of the Company comprising of Mr. Liu Shuen Kong, Mr. Zhou Beihai and Mr. Zhong Wei, each an independent non-executive Director, established to advise the Independent Shareholders on the Procurement Master Agreement and the transactions contemplated thereunder;

"Independent Financial Adviser"	CEB International Capital Corporation Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Procurement Master Agreement and the proposed annual caps;
"Independent Shareholders"	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution(s) approving the Procurement Master Agreement;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
"membrane"	a selective barrier that allows the passage of certain constituents and retains other constituents found in the liquid with the degree of selectivity of membranes depending on the membrane pore size, according to which the membranes can be classified as microfiltration, ultrafiltration, nanofiltration and reverse osmosis membranes;
"membrane ancillary materials"	any materials, equipment and components in relation to membrane production;
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
"Procurement Master Agreement"	the agreement dated 13 August 2025 entered into by the Company and Beijing OriginWater relating to the purchase of membrane ancillary materials by the Group from the Beijing OriginWater Group;
"Proposed Annual Caps"	the maximum aggregate annual amounts for the transactions contemplated under the Procurement Master Agreement;
"RMB"	Renminbi, the lawful currency of the PRC;
"Share(s)"	Domestic Shares/H Shares;
"Shareholder(s)"	the holders of the Shares;
"substantial shareholder(s)"	has the same meaning ascribed thereto under the Listing Rules;

"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the same meaning ascribed thereto under the Listing Rules; and
"%"	per cent.

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

Kunming, the PRC
13 August 2025

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. Xia Lin, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Zhou Beihai and Mr. Zhong Wei.

* *For identification purposes only*