

**YUNNAN WATER INVESTMENT COMPANY LTD:
LOYALTY PAYS DIVIDENDS
IN THE PEOPLE'S REPUBLIC OF CHINA**

The latest company to seek a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) is Yunnan Water Investment Company Ltd () (Code: 6839, Main Board, The Stock Exchange of Hongkong Ltd).

It is a company whose beneficial controlling shareholder is an entity of the Government of the PRC, namely: The State-Owned Assets Supervision and Administration Commission of Yunnan Provincial People's Government ().

Yunnan Water Investment has come to The Stock Exchange of Hongkong Ltd, primarily, in order to raise money to retire a goodly portion of its debts to at least three PRC banks, as well as giving comfort to its bankers due to the amount of the net proceeds of this cash-raising exercise to be lodged in the banks.

The Initial Public Offering (IPO)

Yunnan Water Investment has made a Global Offering of 287,521,000 'H' Shares, Nominal Value Per Share, being one renminbi, at the Indicative Offer Price Per Share, ranging from a low of \$HK5.00 to a high of \$HK5.80.

Investors of the HKSAR are being Offered 28,754,000 'H' Shares and International Investors are being Offered 258,767,000 'H' Shares.

Pages 438 and 439 of the Global Offering Prospectus give prospective investors an indication (only) of how the net proceeds of the Global Offering are likely to be utilised.

On the assumption that the Offer Price Per Share is determined at the midpoint of the Indicative Offer Price, being \$HK5.40, Management expects to net about \$HK1,397.90 million.

The current intent of the utilisation of that amount of money is:

1. Approximately 30 percent, that is \$HK419.40 million, *'to be used to finance the acquisition of existing wastewater treatment projects to be identified by us, which will help us to enter into new markets and expand our project portfolio and treatment capacity. As at the Latest Practicable Date (May 4 2015), we had neither entered into any letter of intent or agreement for such acquisition nor identified any definitive acquisition target'*;
2. Approximately 30 percent, that is \$HK419.40 million, *'to be used for investing in and developing our new wastewater treatment and water supply projects in order to expand our market share in the PRC'*;
3. Approximately 30 percent, that is \$HK419.40 million, *'to be used for repayment of portion of our current bank borrowings which were RMB400.0 million as at 31 March 2015'*; and,

4. Approximately 10 percent, that is \$HK139.80 million, to be tipped into the Working Capital Account of the Company.

With regard to Item Number 3, the banks to which ... [CLICK TO ORDER FULL ARTICLE](#)

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