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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS

— Revenue was approximately RMB1,657.7 million, representing an increase of approximately 91.0% over the corresponding period of last year.

— Profit for the period was approximately RMB155.5 million, representing an increase of approximately 74.1% over the corresponding period of last year.

— Profit attributable to ordinary shareholders of the Company was approximately RMB91.8 million, representing an increase of approximately 14.5% over the corresponding period of last year.

— Basic earnings per share was approximately RMB0.077, representing an increase of approximately 14.9% over the corresponding period of last year.

— The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2017.

The board (the **"Board"**) of directors (the **"Directors"**) of Yunnan Water Investment Co., Limited* (the **"Company"**) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively the **"Group"**) for the six months ended 30 June 2017 (the **"Reporting Period"**).

I. FINANCIAL INFORMATION OF THE GROUP

(a) Interim condensed consolidated statement of profit or loss and other comprehensive income

	Note	Six months ended 30 June 2017 *RMB'000* (Unaudited)	Six months ended 30 June 2016 *RMB'000* (Unaudited)
Revenue	4	1,657,722	867,692
Cost of sales		(1,244,602)	(590,189)
Gross profit		413,120	277,503
Other income	5	155,024	44,485
Other gains - net	6	59,454	3,531
Selling expenses		(18,281)	(13,212)
Administrative expenses		(202,537)	(142,286)
Operating profit		406,780	170,021
Finance income	7	19,822	16,142
Finance costs	7	(235,901)	(79,463)
Finance costs - net		(216,079)	(63,321)
Share of loss of investments accounted for using the equity method		(4,379)	(57)
Profit before income tax		186,322	106,643
Income tax expenses	8	(30,780)	(17,349)
Profit for the period		155,542	89,294

	Note	Six months ended 30 June 2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Other comprehensive income			
(Items that may be reclassified subsequently to profit or loss)			
- Currency translation differences		72,941	769
- Share of other comprehensive income of investments accounted for using the equity method		3,731	—
Total comprehensive income for the period		232,214	90,063
Profit attributable to:			
- Ordinary shareholders of the Company		91,766	80,201
- Holders of perpetual capital instruments		42,638	—
- Non-controlling interests		21,138	9,093
		155,542	89,294
Total comprehensive income attributable to:			
- Ordinary shareholders of the Company		168,438	80,970
- Holders of perpetual capital instruments		42,638	—
- Non-controlling interests		21,138	9,093
		232,214	90,063
Earnings per share for profit attributable to ordinary shareholders of the Company (expressed in RMB per share)			
- Basic and diluted	9	0.077	0.067

(b) Interim condensed consolidated balance sheet

	Note	As at 30 June 2017 *RMB'000* *(Unaudited)*	As at 31 December 2016 *RMB'000* *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		2,338,113	2,326,287
Investment properties		27,079	17,177
Land use rights		193,230	192,381
Receivables under service concession arrangements	11	3,861,952	2,860,146
Amounts due from customers for contract works		483,471	659,974
Intangible assets		7,401,884	4,560,375
Investments accounted for using the equity method		313,668	746,680
Available-for-sale financial assets		4,675	4,675
Trade and other receivables	12	78,199	128,605
Prepayments	12	1,930,239	1,230,108
Deferred income tax assets		318,386	245,992
		16,950,896	12,972,400
Current assets			
Receivables under service concession arrangements	11	37,394	31,082
Non-current assets held-for-sale		130,000	—
Inventories		47,821	27,385
Amounts due from customers for contract works		262,365	30,614
Trade and other receivables	12	3,021,704	2,723,824
Prepayments	12	253,785	133,538
Restricted cash		40,000	9,610
Cash and cash equivalents		4,013,921	4,129,921
		7,806,990	7,085,974
Total assets		24,757,886	20,058,374

	Note	As at 30 June 2017 RMB'000 (Unaudited)	As at 31 December 2016 RMB'000 (Audited)
EQUITY			
Equity attributable to ordinary shareholders of the Company			
Share capital		1,193,213	1,193,213
Other reserves		2,164,739	2,247,305
Retained earnings		772,496	800,051
		4,130,448	4,240,569
Perpetual capital instruments		1,200,000	2,000,000
Non-controlling interests		862,500	1,005,890
Total equity		6,192,948	7,246,459
LIABILITIES			
Non-current liabilities			
Borrowings	14	8,985,310	5,689,554
Trade and other payables	13	50,797	49,055
Deferred income		651,230	646,997
Deferred income tax liabilities		912,618	646,890
Provision		218,080	78,717
		10,818,035	7,111,213

	Note	As at 30 June 2017	As at 31 December 2016
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
Current liabilities			
Borrowings	14	3,767,074	2,608,925
Trade and other payables	13	3,759,730	2,858,512
Amounts due to customers for contract works		3,333	3,333
Current income tax liabilities		216,766	229,932
		7,746,903	5,700,702
Total liabilities		18,564,938	12,811,915
Total equity and liabilities		24,757,886	20,058,374
Net current assets		60,087	1,385,272
Total assets less current liabilities		17,010,983	14,357,672

II. NOTES TO THE FINANCIAL INFORMATION

1. General information

Yunnan Water Investment Co., Limited (the "**Company**") was incorporated in Yunnan Province of the People's Republic of China (the "**PRC**") on 21 June 2011. On 22 July 2014, the Company was converted from a limited liability company into a joint stock limited liability company with registered capital of RMB787,880,000. As at 30 June 2017, the total registered capital of the Company is RMB1,193,213,000. The address of its registered office is 16th Floor, Block A Hecheng International, 1088 Haiyuan Zhong Road, Gaoxin District, Kunming, Yunnan Province, the PRC.

The Company is an investment holding company. The Company and its subsidiaries (together the "**Group**") are principally engaged in the development, design, construction, operation and maintenance of municipal water supply, wastewater treatment and solid waste treatment facilities in the PRC.

The Company's H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 27 May 2015.

The financial information is presented in Renminbi ("**RMB**"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the board of directors of the Company on 25 August 2017.

2. Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with HKAS 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2017.

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the Group's financial year beginning 1 January 2017. The adoption of these amendments to standards does not have significant impact to the results or financial position of the Group.

HKAS 12 (Amendments)	Income taxes
HKAS 7 (Amendments)	Statement of cash flows
HKFRS 12 (Amendments)	Disclosure of interest in other entities

(b) New standards, amendments to standards and interpretations that have been issued but are not effective

HKFRS 15	Revenue from contracts with consumers[1]
HKFRS 9	Financial instruments[1]
HKAS 28 (Amendments)	Investments in associates and joint ventures[1]
HK (IFRIC) 22	Foreign currency transactions and advance consideration[1]
HKFRS 16	Leases[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture[3]

1. Effective for annual periods beginning on 1 January 2018.

2. Effective for annual periods beginning on 1 January 2019.

3. Effective date to be determined.

4. **Segment information**

The executive directors of the Company are the chief operating decision-maker of the Group. Management has determined the operating segments based on reports reviewed by the executive directors of the Company for the purpose of allocating resources and assessing performance.

The executive directors of the Company consider the business from product and service perspective. The Group is organised into five business segments as below:

(a) Wastewater treatment;

(b) Water supply;

(c) Construction and sales of equipment;

(d) Solid waste treatment;

(e) Others, including operation and maintenance services and other businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of revenue and gross profit of each operating segment.

The amounts provided to the executive directors of the Company with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment.

Unallocated assets mainly represented cash and cash equivalents, certain prepayments and certain receivables of the group entities engaging in multiple business segments. Management considered that it is impracticable or not meaningful in allocating to different segments.

Unallocated liabilities mainly represented certain borrowings, certain payables and deferred income of the group entities engaging in multiple business segments. Management considered that it is impracticable or not meaningful in allocating to different segments.

(i) Segment results for the six months ended 30 June 2017 are as follows:

Six months ended 30 June 2017 (Unaudited):

	Wastewater treatment	**Water supply**	**Construction and sales of equipment**	**Solid waste treatment**	**Others**	**Unallocated**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total segment revenue	596,801	620,174	362,304	238,478	24,222	—	1,841,979
Inter-segment revenue	—	—	(184,257)	—	—	—	(184,257)
Revenue from external customers	596,801	620,174	178,047	238,478	24,222	—	1,657,722
Gross profit	219,569	65,799	27,802	96,370	3,580	—	413,120
Other income							155,024
Other gains - net	30,584	21,246	—	—	6,123	1,501	59,454
Selling expenses							(18,281)
Administrative expenses							(202,537)
Finance income							19,822
Finance costs							(235,901)
Share of profit/(loss) of investments accounted for using the equity method	9,178	(13,557)	—	—	—	—	(4,379)
Profit before income tax							186,322
Income tax expenses							(30,780)
Profit for the period							155,542
Depreciation and amortisation	(48,415)	(65,542)	(4,090)	(62,003)	(5,824)	(6,760)	(192,634)

Six months ended 30 June 2016 (Unaudited):

	Wastewater treatment	Water supply	Construction and sales of equipment	Solid waste treatment	Others	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total segment revenue	252,242	309,291	200,283	108,510	31,666	—	901,992
Inter-segment revenue	—	—	(34,300)	—	—	—	(34,300)
Revenue from external customers	252,242	309,291	165,983	108,510	31,666	—	867,692
Gross profit	128,260	70,078	37,976	31,332	9,857	—	277,503
Other income							44,485
Other gains - net	—	—	—	—	—	3,531	3,531
Selling expenses							(13,212)
Administrative expenses							(142,286)
Finance income							16,142
Finance costs							(79,463)
Share of loss of investments accounted for using the equity method	—	—	—	—	(57)	—	(57)
Profit before income tax							106,643
Income tax expenses							(17,349)
Profit for the period							89,294
Depreciation and amortisation	(17,159)	(31,768)	(4,618)	(34,891)	(1,187)	(2,913)	(92,536)

5. **Other income**

	Six months ended 30 June	
	2017	**2016**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Interest income		
- Other receivables from third parties	2,453	—
- Other receivables from a joint venture	5,265	—
Recovery of other receivables	95,054	—
Value-added tax refunds	33,957	27,600
Government grants	15,436	14,887
Miscellaneous income	2,859	1,998
	155,024	44,485

6. **Other gains - net**

	Six months ended 30 June	
	2017	**2016**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Fair value gains on the remeasurement of a joint venture	51,830	—
Fair value gains on the remeasurement of an associate	6,123	—
Others	1,501	3,531
	59,454	3,531

7 Finance costs - net

	Six months ended 30 June	
	2017	**2016**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Finance income		
- Interest income from bank deposits	19,822	14,281
- Net exchange gains on financing activities	—	1,861
	19,822	16,142
Finance costs		
- Borrowing costs	(237,778)	(104,566)
Less: amounts capitalised on qualifying assets	19,943	25,762
	(217,835)	(78,804)
- Unwinding of provision	(4,768)	(659)
- Net exchange losses on financing activities	(13,298)	—
	(235,901)	(79,463)
Finance costs - net	(216,079)	(63,321)

8. Income tax expenses

	Six months ended 30 June	
	2017	**2016**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current income tax		
- Corporate income tax	62,506	22,963
Deferred income tax	(31,726)	(5,614)
	30,780	17,349

9. Earnings per share

(a) *Basic*

The basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017	**2016**
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit attributable to the ordinary shareholders of the Company (RMB'000)	91,766	80,201
Weighted average number of ordinary shares in issue (thousands)	1,193,213	1,193,213
Basic earnings per share (RMB per share)	0.077	0.067

(b) *Diluted*

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding during the six months ended 30 June 2017 and 2016.

10. **Dividends**

Pursuant to the resolution of the Company's Annual General Meeting held on 13 June 2017, the Company has declared 2016 dividends of RMB 119,321,000 (2015 dividends: RMB119,321,000). The 2016 dividends were paid on 20 July 2017.

No interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: nil) has been proposed by the board of directors of the Company.

11. Receivables under service concession arrangements

The following is the summarised information of the financial asset component (receivable under a service concession arrangements) with respect to the Group's service concession arrangements:

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Receivables under service concession arrangements	3,899,346	2,891,228
Less: portion classified as current assets	(37,394)	(31,082)
Non-current portion	3,861,952	2,860,146

12. Trade and other receivables and prepayments

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables		
- Related parties	1,169,306	1,024,685
- Local governments	511,086	367,560
- Third parties	513,499	469,629
Less: provision for impairment	(36,698)	(34,430)
	2,157,193	1,827,444

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Other receivables		
- Joint venture	—	482,378
- Related parties	6,404	6,403
- Third parties	943,649	543,081
Less: provision for impairment	(7,343)	(6,877)
	942,710	1,024,985
Total trade and other receivables	3,099,903	2,852,429
Less: non-current portion of other receivables	(78,199)	(128,605)
Current portion of trade and other receivables	3,021,704	2,723,824
Prepayments		
- Related parties	70,575	81,636
- Third parties	2,113,449	1,282,010
	2,184,024	1,363,646
Less: non-current portion of prepayments	(1,930,239)	(1,230,108)
Current portion of prepayments	253,785	133,538

In general, the Group grants credit periods of 90 to 180 days to its customers. Aging analysis of gross trade receivables (including amounts due from related parties of trading in nature) at the respective balance sheet dates, based on the invoice dates or contractual terms, is as follows:

	As at	
	30 June 2017	**31 December 2016**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	1,566,712	1,502,558
One to two years	382,957	158,404
Two to three years	116,828	130,108
Over three years	127,394	70,804
	2,193,891	1,861,874

13. **Trade and other payables**

	As at	
	30 June 2017	**31 December 2016**
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade payables:		
- Related parties	727,217	531,674
- Third parties	1,434,926	1,183,181
Notes payables	40,000	—
Other payables:		
- Related parties	183,879	210,553
- Third parties	927,417	729,578
Advances from customers	285,193	61,328
Staff welfare benefit payable	14,648	31,312
Dividend payables	119,321	—
Other taxes payable	77,926	159,941
Less: non-current portion	(50,797)	(49,055)
Current portion	3,759,730	2,858,512

As at 30 June 2017, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice date were as follows:

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	1,626,100	1,238,674
One to two years	228,595	266,666
Two to three years	171,820	142,570
Over three years	135,628	66,945
	2,162,143	1,714,855

14. **Borrowings**

	As at 30 June 2017	As at 31 December 2016
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Non-current	8,985,310	5,689,554
Current	3,767,074	2,608,925
	12,752,384	8,298,479

Movements in borrowings is analysed as follows:

	Six months ended 30 June 2017
	RMB'000
	(Unaudited)
Opening balance as at 1 January 2017	*8,298,479*
Proceeds from borrowings	7,076,067
Repayments of borrowings	(2,576,866)
Acquisition of subsidiaries	13,400
Exchange gains on financing activities	(4,098)
Currency translation differences	(54,598)
Closing balance as at 30 June 2017	12,752,384

Management Discussion and Analysis

INDUSTRY OVERVIEW

In recent years, the environmental protection industry in the PRC has been developing rapidly which is driven by various factors, such as the rapid development of ecological civilization system, tightened and strict enforcement of the environmental laws and regulations, and enhanced public awareness towards energy saving and environmental protection. In 2017, enhanced monitoring from the PRC government and the introduction of new and tightened laws and regulations for the prevention and treatment of air, water and soil pollution are expected to continue to provide a platform for an intensive growth of the environmental protection industry. During the Reporting Period, the PRC government has introduced certain new environmental protection policies, for example, the Law of the PRC on Water Pollution Prevention and Control (中華人民共和國水污染防治法), the Law of the PRC on Prevention and Control of Soil Pollution (Draft)(中華人民共和國土壤污染防治法(草案)), the "13th Five-Year" Development Plan for the National Standards of Environmental Protection (國家環境保護標準「十三五」發展規劃), the Proposal on Implementation of Domestic Waste Classification System (生活垃圾分類制度實施方案), the Implementation Regulation on the Environmental Protection Tax Law of the PRC (Draft for Comment) (中華人民共和國環境保護稅法實施條例 (徵求意見稿)) and the Belt and Road Ecological and Environmental Cooperation Plan (「一帶一路」生態環境保護合作規劃).

During the "13th Five-Year Plan" period, the environmental protection industry has seen an upward trend. There has been stable growth in the traditional market segments, such as rural sewage treatment, sponge city development, river watercourse treatment, municipal sewage treatment, sludge treatment and municipal solid waste incineration market, as well as the emergence of new market segments, such as soil remediation and sanitation.

2017 is an important year since it is the first year with the full implementation of the ecological and environmental protection plan under the "13th Five-Year Plan". The parallel implementation and the promotion of various reforms for ecological and environmental protection and the strict enforcement of environmental laws and regulation are believed to provide a strong platform for guarantee for realizing the phrasal objectives of environmental management and continue to drive the rapid development of the environmental protection industry.

DEVELOPMENT STRATEGIES AND PROSPECT

The environmental protection market has become increasingly challenging with intensified market competition and a decline of the liquidity in the market with increased interest rate. In order to deal with these challenges, on one hand, the Group has actively explored and adopted new models for centralized regional project management whereby the Group has successfully achieved synergies across different projects in different regions; on the other hand, the Group has actively broadened its financing channels both locally and internationally as well as explored new financing method, for example, the issuance of financial products and debt securities, which has become an important capital source of the Group. The Group believes that its overall liquidity structure has been stable and reasonable.

In the second half of 2017, the Group will adhere to its primary business strategy of steady development and continue to strengthen the management of the newly acquired projects in terms of project operation, financial management and corporate governance, with the aim of generating investment return for the Group as soon as possible. Furthermore, the Group will further promote the application of centralized project management for its solid waste treatment projects and increase its investment in the research and development of technologies relating to solid waste treatments, such as sludge carbonization and waste gasification, with a view to strengthening its core technologies and manufacture of equipment in this area which the Company believes may serve as a new source of income for the Group and enhance the Group's overall competitiveness and profitability.

As part of its future strategic development plan, the Group plans to set up integrated platform of investment, financing and project management in Xinjiang, Shandong, Shanghai, Heilongjiang and Fujian, to integrate regional resources and improve operational efficiency. The Company believes that with an optimized project network, the Company will be able to further achieve synergy effect and operate in a more cost-effective manner in terms of project operation, project management and financing.

BUSINESS REVIEW

The Group is one of the leading municipal environment integrated services providers in the PRC. The Group mainly adopts the Build-Operate-Transfer ("**BOT**"), Build-Own-Operate ("**BOO**"), Transfer-Own-Operate ("**TOO**"), Transfer-Operate-Transfer ("**TOT**"), Build and Transfer ("**BT**"), Engineering-Procurement-Construction ("**EPC**"), Operation and Maintenance ("**O&M**") and Public-Private-Partnership ("**PPP**") project models to provide customized and integrated turnkey solutions for water supply, wastewater treatment and solid waste treatment as well as the comprehensive treatment of urban environment (which includes watercourse treatment, black and odorous water treatment, reservoir work and etc.) to customers. The Group's businesses are principally carried out in the PRC and the Southeast Asian countries. The Group's principal businesses comprise five major segments, namely, wastewater treatment, water supply, solid waste treatment, construction and sales of equipment, and others.

As at 30 June 2017, the Group's relevant water projects (including all water related projects under the following wastewater treatment, water supply and other business segments) had a total daily treatment capacity of approximately 3,874,000 tonnes, representing an increase of approximately 47.1% as compared to the total daily treatment capacity of 2,634,000 tonnes as at 31 December 2016. As at 30 June 2017, the Group's relevant solid waste treatment projects (including all solid waste treatment related projects under the following solid waste treatment and other business segments) had a total annual solid waste treatment capacity of approximately 1,454,000 tonnes, representing an increase of approximately 7.7% as compared to the total annual capacity of 1,350,000 tonnes as at 31 December 2016.

Wastewater Treatment Projects

As at 30 June 2017, the Group had a total of 85 concession wastewater treatment projects under construction and in operation, including 5 BOO projects, 62 BOT projects, 2 TOO projects and 16 TOT projects, with a total daily wastewater treatment capacity of 2,038,000 tonnes, representing an addition of 14 BOT projects and 4 TOT projects, and an increase in the total daily wastewater treatment capacity of 659,000 tonnes or a growth rate of approximately 47.8% as compared with 31 December 2016.

As at 30 June 2017, 71 concession projects had commenced commercial operation with a total daily wastewater treatment capacity of 1,629,000 tonnes, representing an addition of 9 BOT projects and 4 TOT projects and an increase in the total daily wastewater treatment capacity of 505,000 tonnes as compared with 31 December 2016. During the Reporting Period, the Group's effective wastewater treatment utilization rate was approximately 74.0%, and the average unit charge of wastewater treatment was approximately RMB1.24 per tonne.

As at 30 June 2017, 14 concession projects had not commenced commercial operation with a total daily wastewater treatment capacity of 409,000 tonnes, representing an addition of 5 BOT projects and an increase in total daily wastewater treatment capacity of 154,000 tonnes as compared with 31 December 2016.

Water Supply Projects

As at 30 June 2017, the Group had a total of 47 concession water supply projects, including 14 BOO projects, 21 BOT projects and 12 TOT projects, with a total daily capacity of 1,547,000 tonnes, representing an addition of 12 BOT projects and 4 TOT projects, and an increase in the total daily capacity of 531,000 tonnes or a growth rate of approximately 52.3% as compared with 31 December 2016.

As at 30 June 2017, 33 concession projects with a total daily capacity of 1,155,000 tonnes had commenced commercial operation, representing an addition of 9 BOT projects, 3 TOT projects and 1 BOO project and an increase in the total daily capacity of 480,000 tonnes as compared with 31 December 2016. During the Reporting Period, the Group's effective water supply utilization rate was approximately 70.3%, and the average unit charge of water supply was approximately RMB 2.33 per tonne.

As at 30 June 2017, 14 concession projects with a total daily capacity of approximately 392,000 tonnes had not commenced commercial operation, representing an addition of 3 BOT projects and 1 TOT project and an increase in the total daily capacity of approximately 61,000 tonnes as compared with 31 December 2016. During the Reporting Period, 1 BOO project had commenced commercial operation with a total daily capacity of 10,000 tonnes.

Solid Waste Treatment Projects

As at 30 June 2017, the Group had 9 solid waste treatment projects with a total annual treatment capacity of 1,308,000 tonnes, among which 6 of them with an annual treatment capacity of 729,000 tonnes had commenced commercial operation and 3 of them with an annual treatment capacity of 579,000 tonnes were pending for operation. As compared with 31 December 2016, 2 additional solid waste treatment projects were pending for operation and the total annual treatment capacity increased by 323,000 tonnes. During the Reporting Period, the Group's effective solid waste treatment utilization rate was approximately 91.0%.

PPP Project

The Group has been actively capturing opportunities brought upon by the PPP project introduced by the Chinese government and carried out PPP projects ever since 2016. As at 30 June 2017, the Group had been awarded tenders of five main PPP projects including "Erhai main river inflow watercourse comprehensive treatment"in Dali city, Yunnan Province, "comprehensive utilization of water resources and integration of urban and rural sanitation" in Luo Yuan County, Fujian Province and "environment upgrade and ecological restoration works for Yanjin lake within Chishui river areas" in Renhuai City, Guizhou Province. The total investment amount of the above-mentioned PPP projects was approximately RMB6.6 billion with business involving water treatment, solid waste treatment, watercourse comprehensive treatment and reservoir building etc.

Construction and Sales of Equipment

The Group's construction and sales of equipment segment comprises BT projects, EPC projects and sales of equipment. As at 30 June 2017, the Group had a total of 11 BT projects, which were either under construction and/or completed, among which the income of 10 BT projects were recognised during the Reporting Period.

During the Reporting Period, the Group had a total of 9 EPC projects, representing an addition of 2 EPC projects as compared with that at 31 December 2016.

The Group engages in the production, sales and installation of equipment necessary for wastewater treatment, water supply facilities and solid waste treatment. The major category of water equipment in the Group's production is membrane products. All of the membrane products are produced by the own plant of the Group.

Others

During the Reporting Period, the Group also undertook O&M projects for wastewater treatment, water supply and solid waste treatment facilities owned by third parties, as well as the provision of technical and consultancy services in relation to environmental protection projects. As at 30 June 2017, the Group had 27 O&M projects, including 25 wastewater treatment projects with a daily wastewater treatment capacity of approximately 284,000 tonnes, 1 water supply project with a daily capacity of approximately 5,000 tonnes and 1 solid waste treatment projects with an annual treatment capacity of approximately 146,000 tonnes, representing an addition of 1 wastewater treatment O&M project, and an increase in the daily capacity of 50,000 tonnes as compared with that at 31 December 2016. During the Reporting Period, an O&M agreement of a solid waste treatment project with an annual treatment capacity of approximately 219,000 tonnes was terminated.

FINANCIAL REVIEW

Results of Operation

During the Reporting Period, the Group recorded a revenue of approximately RMB1,657.7 million, representing a year-on-year increase of 91.0% as compared with the corresponding period in 2016. During the Reporting Period, the Group realized a net profit of approximately RMB155.5 million, representing a year-on-year increase of 74.1% as compared with the corresponding period in 2016. Profit attributable to the ordinary shareholders of the Company was approximately RMB91.8 million, representing a year-on-year increase of 14.5% as compared with the corresponding period in 2016. Earnings per share for the six months ended 30 June 2017 was approximately RMB0.077.

Revenue

Revenue of the Group increased from approximately RMB867.7million for the six months ended 30 June 2016 to approximately RMB1,657.7 million for the Reporting Period, representing an increase of approximately 91.0%.

In respect of the business segments of the Group, revenue from wastewater treatment business segment increased by approximately 136.6% from approximately RMB252.2 million for the six months ended 30 June 2016 to approximately RMB596.8 million for the Reporting Period. Revenue from water supply segment increased by approximately 100.5% from approximately RMB309.3 million for the six months ended 30 June 2016 to approximately RMB620.2 million for the Reporting Period. Revenue from solid waste treatment business segment increased by approximately 119.8% from RMB108.5 million for the six months ended 30 June 2016 to approximately RMB238.5 million for the Reporting Period. Revenue from construction and sales of equipment business segment increased by approximately 7.2% from approximately RMB166.0 million for the six months ended 30 June 2016 to approximately RMB178.0 million for the Reporting Period. Revenue from other business decreased by approximately 23.7% from approximately RMB31.7million for the six months ended 30 June 2016 to approximately RMB24.2 million for the Reporting Period.

The increase in revenue from the wastewater treatment business segment was mainly attributable to (i) an increase in construction revenue generated by certain wastewater treatment projects under construction; and (ii) the commencement of commercial operation of certain wastewater treatment projects newly acquired by the Group in the second half of 2016 and in the first half of 2017.

The increase in revenue from the water supply business segment was mainly attributable to (i) the increase in construction revenue generated by certain water supply projects under construction; and (ii) the commencement of commercial operation of certain water supply projects newly acquired by the Group in the second half of 2016 and in the first half of 2017.

The increase in revenue from the solid waste treatment business segment was mainly attributable to (i) the commencement of commercial operation of certain solid waste treatment projects acquired by the Group in the second half of 2016 which realized a half-year revenue during the Reporting Period; and (ii) the construction revenue generated by solid waste treatment projects under construction.

The increase in revenue from the construction and sales of equipment business segment was mainly attributable to (i) business expansion of EPC and sales of equipment in wastewater treatment, water supply watershed management and solid waste treatment industries; and (ii) the increasing construction and interest income of existing BT projects under construction during the Reporting Period.

Cost of Sales

During the Reporting Period, the Group recorded cost of sales of approximately RMB1,244.6 million, representing a year-on-year increase of RMB654.4 million or a growth rate of approximately 110.9% as compared with approximately RMB590.2 million for the six months ended 30 June 2016. The increase was primarily due to (i) the acquisitions of certain wastewater treatment and water supply projects in the Reporting Period which resulted in an increase in operating costs; (ii) certain solid waste treatment projects acquired in the second half of 2016 recorded a half-year operation cost during the Reporting Period; and (iii) the increase in construction costs of various existing BT, BOT and PPP projects which entered into critical construction period.

Gross Profit Margin

During the Reporting Period, gross profit margin of the Group was approximately 24.9%, representing a decrease of approximately 7.1% as compared with approximately 32.0% for the six months ended 30 June 2016. The decrease was primarily due to (i) the profit margins of certain newly acquired water supply and wastewater treatment projects are lower than the margins of the existing projects; and (ii) certain newly-operated BOO projects recorded a lower gross profit margin as a result of a relatively higher depreciation and other fix cost against a lower initial unit price and utilisation rate.

Other Income

During the Reporting Period, the Group recorded other income of approximately RMB155.0 million as compared with approximately RMB44.5 million for the six months ended 30 June 2016, representing an increase of more than double that for the same period last year. The increase in other income during the Reporting Period was mainly attributable to the collection of certain other receivables, which were fully impaired in prior years.

Other Gains - net

During the Reporting Period, the Group recorded other gains-net of approximately RMB59.5 million, representing a substantial increase as compared with approximately RMB3.5 million for the six months ended 30 June 2016. The increase was mainly attributable to fair value gains on the remeasurement of a joint venture and an associate.

Selling Expenses

During the Reporting Period, selling expenses of the Group was approximately RMB18.3 million, representing a year-on-year increase of RMB5.1 million or a growth rate of approximately 38.6% from approximately RMB13.2 million for the six months ended 30 June 2016. The increase in selling expenses was mainly due to the increase in selling expenses from newly acquired businesses in the second half of 2016 and in the first half of 2017.

Administrative Expenses

During the Reporting Period, administrative expenses of the Group were approximately RMB202.5 million, representing a year-on-year increase of RMB60.2 million or a growth rate of approximately 42.3% from approximately RMB 142.3 million for the six months ended 30 June 2016. The increase in administrative expenses was primarily due to the expansion of the Group's business by acquisitions, which resulted in an increase in expenses such as employee remuneration expenses and legal and professional fees for the acquisitions.

Finance Costs - net

Net finance costs increased by RMB152.8 million from approximately RMB63.3 million for the six months ended 30 June 2016 to approximately RMB216.1 million for the Reporting Period, representing an increase of more than double that for the corresponding period last year. The increase in net finance costs was primarily due to a number of additional bank borrowings and the issuance of debt securities to support the Group's business acquisitions and operation.

The average interest rate on borrowings of the Group for the Reporting Period was approximately 4.26% per annum, representing a year-on-year decrease of 0.44% as compared with 4.70% per annum for the year ended 31 December 2016. Decrease in the average borrowing rate was due to the diversified financing sources in the Reporting Period.

Profit Before Income Tax

As a result of the above factors, the Group recorded a profit before income tax of approximately RMB186.3 million for the six months ended 30 June 2017, representing an increase of approximately 74.8% as compared with approximately RMB106.6 million recorded for the six months ended 30 June 2016.

Income Tax Expenses

Income tax expenses increased by RMB13.5 million from approximately RMB17.3 million for the six months ended 30 June 2016 to approximately RMB30.8 million for the Reporting Period, representing an increase of approximately 78.0%. The weighted average effective tax rate was approximately 16.5% (for the year ended 31 December 2016: 19.8%). The fluctuation was caused by the change in the profitability of the Group's subsidiaries in respective countries or regions applying different corporate income tax rates.

Profit and Net Profit Margin for the Reporting Period

As a result of the foregoing, profit for the Reporting Period increased by RMB66.2 million from approximately RMB89.3 million for the six months ended 30 June 2016 to approximately RMB155.5 million for the Reporting Period, representing an increase of approximately 74.1%. Net profit margin decreased from approximately 10.3% for the six months ended 30 June 2016 to approximately 9.4% for the Reporting Period.

Receivables under Service Concession Arrangements

The Group's receivables under service concession arrangements increased by RMB1,008.1 million from approximately RMB2,891.2 million as at 31 December 2016 to approximately RMB3,899.3 million as at 30 June 2017, representing an increase of approximately 34.9%. Such increase was primarily due to (i) the receivables of the wastewater and water supply concession projects newly acquired during the Reporting Period; and (ii) the additional investments on BOT projects under construction by the Group which led to an increase in receivables under the service concession arrangements.

Trade and Other Receivables and Prepayments

The Group's trade and other receivables and prepayments increased by RMB1,067.8 million from approximately RMB4,216.1 million as at 31 December 2016 to approximately RMB5,283.9 million as at 30 June 2017, representing an increase of approximately 25.3%. Such increase was primarily due to (i) an increase in trade and other receivables and prepayments from the projects acquired by the Group during the Reporting Period; (ii) a continuous increase of sales of equipment; and (iii) an increase in prepayments for ongoing construction projects.

Cash and Cash Equivalents

The Group's total cash balance decreased by RMB116.0 million from approximately RMB4,129.9 million as at 31 December 2016 to approximately RMB4,013.9 million as at 30 June 2017, representing a slight decrease of approximately 2.8%.

Perpetual capital instruments

During the Reporting Period, the Company issued perpetual capital instruments with an aggregate proceeds of RMB1,200.0 million to a financial institution in the PRC (for the six months ended 30 June 2016: nil); and redeemed perpetual capital instruments amounted to RMB2,000.0 million from a financial institution in the PRC (for the six months ended 30 June 2016: nil). The perpetual capital instruments have no maturity date, and the payments of distribution can be deferred at the discretion of the Company. The profit attributable to the holders of perpetual capital instruments for the six months ended 30 June 2017 was approximately RMB42.6 million (for the six months ended 30 June 2016: nil).

Trade and Other Payables

The Group's trade and other payables increased by RMB902.9 million from approximately RMB2,907.6 million as at 31 December 2016 to approximately RMB3,810.5 million as at 30 June 2017, representing an increase of approximately 31.1%. Such increase was primarily due to (i) the increase in trade and other payables for the newly acquired projects; and (ii) an increase in the construction investments in BOT, PPP and BT projects.

Borrowings

As at 30 June 2017, the Group had borrowings of approximately RMB12,752.4 million (31 December 2016: approximately RMB8,298.5 million).

As at 30 June 2017, the Group had unsecured borrowings of approximately RMB9,952.4 million (31 December 2016: approximately RMB6,468.7 million), and secured borrowings of approximately RMB2,800.0 million (31 December 2016: approximately RMB1,829.8 million).

Pledge of Assets

As at 30 June 2017, the Group had borrowings of approximately RMB1,572.5 million which were secured by the Group's land use rights shares of subsidiaries (31 December 2016: borrowings of approximately RMB688.5 million which were secured by the Group's land use rights, shares of a subsidiary and a joint venture). As of 30 June 2017, the Group had borrowings of approximately RMB1,227.5 million (31 December 2016: approximately RMB1,141.3 million) which were secured by right of charges from concession, BT and water supply and wastewater treatment projects.

Capital Commitments

The Group's capital commitments decreased by RMB1,444.3 million from approximately RMB4,683.2 million as at 31 December 2016 to approximately RMB3,238.9 million as at 30 June 2017, representing a decrease of approximately 30.8%. Such decrease was primarily due to the completion of several acquisitions during the Reporting Period.

Gearing Ratio

The Group's gearing ratio (calculated as net debt divided by total capital) increased from approximately 36.52% as at 31 December 2016 to approximately 58.52% as at 30 June 2017. The increase in gearing ratio was mainly due to the increased scale of debt financing to support the acquisitions and investments in multiple long term operational assets during the Reporting Period.

The Initial Public Offering

The H shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 27 May 2015 (the "**IPO**"). After completion of the IPO, the total number of the Company's H shares was 363,713,900 (including the H shares converted from domestic shares on a one-for-one basis). The proceeds from the IPO after deducting the relevant listing expenses were approximately HK$1,739 million. The utilization of the proceeds is in line with the information as disclosed in the prospectus of the Company dated 13 May 2015. As at 30 June 2017, the Group had utilized proceeds of approximately HK$1,716 million, and unutilized proceeds amount to approximately HK$23 million.

Employees and Remuneration Policy

As at 30 June 2017, the Group employed 4,748 employees (31 December 2016: 3,666). For the six months ended 30 June 2017, staff cost of the Group was approximately RMB174.8 million (for the six months ended 30 June 2016: approximately RMB103.7 million). The Group will strive to ensure that the remuneration level of employees is in line with industry practices and prevailing market conditions, and remunerations of employees will be determined based on their performance. Remuneration package provided to employees also includes basic and floating salaries, discretionary bonus and staff benefits. The Group also provides external and internal training programs for its employees.

The Group did not experience any significant labour disputes causing any material impact on its normal business operations.

Foreign Exchange Risk

The Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the Group's entities. The Group also has certain subsidiaries which conduct foreign operations. Foreign exchange risk arises from the identifiable assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through operating and financing activities denominated in the relevant foreign currencies. The group entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to the US dollars, Euro, and Hong Kong dollars.

Currently, the Group does not have any derivative financial instrument to hedge its foreign currency risk. However, the Group is discussing measures for foreign exchange risk control with relevant financial institutions and is seeking to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position.

Contingent Liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities.

INTERIM DIVIDEND

The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

— On 25 January 2017, the Company entered into a joint venture agreement with Yunnan Sidu Investment Management Co., Ltd.* (雲南斯度投資管理有限公司) in relation to the establishment of Yunnan Solid Waste Investment Co., Ltd.* (雲南固廢投資有限公司) as a joint venture company in Kunming, Yunnan Province, the PRC, with a total investment amount of RMB500,000,000.

— On 13 April 2017, Yunnan Water (Hong Kong) Company Limited ("**Yunnan Water (Hong Kong)**") entered into an equity transfer agreement with Ms. Zhang Hui in relation to the acquisition of 97% equity interest of Pan Asia International (Sishui) Co., Limited at a consideration of RMB376,400,000 (equivalent to approximately US$54,606,122).

— On 12 May 2017, Yunnan Solid Waste Investment Co., Ltd* (云南固廢物投資有限公司) entered into an equity transfer agreement with Zhongshan Chuangzhi Building Materials Technology Co., Ltd.* (中山市創志建材科技有限公司) in relation to the acquisition of 90% equity interest of Sanming Jinliya Environmental Protection Technological Investment Co., Ltd.* (三明市金利亞環保科技投資有限公司) at a consideration of RMB276,520,900.

— On 12 May 2017, the comprehensive utilization of water resources and integration of urban and rural sanitation PPP project in Luoyuan County, Fujian Province, the PRC, which is granted by the Water Conservancy Bureau of Luoyuan County* (羅源縣水利局) and is authorized by the People's Government of Luoyuan County, Fujian Province, the PRC, has been formally awarded to the Company together with Fujian Dongfei Environmental Group Co., Ltd.* (福建東飛環境集團有限公司) and Xiamen Anneng Construction Co., Ltd.* (廈門安能建設有限公司), by way of public tender. The total estimated investment amount of the Project is RMB1,335,000,000.

— On 27 June 2017, the Environment Upgrade and Ecological Restoration Works for Yanjin Lake within Chishui River Areas PPP project, which is granted by the Renhuai Environmental Protection Bureau* (仁懷市環境保護局) and is authorized by the People's Government of Renhuai City, Guizhou Province, the PRC, has been formally awarded to the Company, by way of public tender. The total estimated investment amount of the Project is RMB 2,600,000,000.

— On 26 October 2016, Yunnan Water (Hong Kong) and the Company entered into an equity transfer agreement with Hyflux Asset Management Pte. Ltd and Hyflux Ltd. in relation to the acquisition of the remaining 50% interest in Galaxy NewSpring Capital Pte. Ltd., Limited at a consideration of US$136,500,000. The acquisition was completed on 15 March 2017.

For details of the above-mentioned significant investments and acquisitions, please refer to the announcements published by the Company on 25 January 2017, 13 April 2017, 12 May 2017, 12 May 2017, 27 June 2017 and 15 March 2017, respectively.

Subsequent Events

— On 26 July 2017, the Company entered into a joint venture agreement with Renhuai Urban Development Construction and Investment Operation Co., Ltd.* (仁懷市城市開發建設投資經營有限責任公司) in relation to the establishment of Guizhou Renhuai Yunshui Environment Co., Ltd.* (貴州仁懷雲水環境有限公司) as a joint venture company in Renhuai, Guizhou Province, the PRC, with a total investment amount of RMB522,838,800. For details, please refer to the Company's announcement dated 26 July 2017.

NOMINATION COMMITTEE

The Nomination Committee consists of one non-executive Director, Mr. Jiao Jun (appointed as the acting Chairman on 24 February 2017 in place of Mr. Xu Lei who resigned as the Chairman and the chairman of the Nomination Committee on the same day), and two independent non-executive Directors, Mr. Hu Song and Mr. Ren Gangfeng.

The principal responsibilities of the Nomination Committee include reviewing and monitoring the structure, size, composition and diversity of members of the Board in light of the Company's strategy; identifying suitably qualified individuals and making recommendations to the Board spending new Board members; reviewing and making recommendations to the Board on individuals nominated to be Directors by Shareholders to ensure that all nominations are fair and transparent; assessing the independence of independent non-executive Directors; reviewing and monitoring the implementation of diversity policy of Board members of the Company. Terms of reference of the Nomination Committee have been published on the website of the Company.

During the Reporting Period, the Nomination Committee had convened one meeting to discuss the relevant matters of forthcoming re-appointment of the first session of the Board and to express opinion on the Director candidates nominated for the second session of the Board. Please refer to the circular and supplemental circular of the Company dated 12 July 2017 and 14 August 2017 respectively for details.

REMUNERATION COMMITTEE

The Remuneration Committee consists of one executive Director, Mr. Yu Long, and two independent non-executive Directors, Mr. Hu Song (as chairman) and Mr. Ren Gangfeng.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the policy and structure of remuneration for all Directors and senior management members and on the establishment of a formal and transparent procedure for developing remuneration policy; reviewing and approving of the remuneration proposals from the management; making recommendations to the Board on the remuneration packages of individual executive Directors and senior management members; and advising Shareholders with respect to the service contracts of Directors that require Shareholders' approval under the the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"). Terms of reference of the Remuneration Committee have been published on the website of the Company.

AUDIT COMMITTEE

The Audit Committee consists of four independent non-executive Directors, Mr. Kwok For Chi (as chairman), Mr. Hu Song, Mr. Ma Shihao and Mr. Ren Gangfeng.

The principal responsibilities of the Audit Committee include reviewing and supervising the financial reporting process, risk management and internal control systems of the Company, including making recommendations on appointing or changing the external auditor and its terms of engagement; reviewing and monitoring external auditor's independence and audit process objectively; monitoring the integrity of the Company's financial statements, annual report and accounts and half-year report; overseeing of the Company's financial reporting system, risk management and internal control system; attending to other matters that the Board has authorized it to deal with. Terms of reference of the Audit Committee have been published on the website of the Company.

The Audit Committee had reviewed the unaudited consolidated financial information of the Group for the Reporting Period. The Audit Committee had also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

COMPLIANCE COMMITTEE

The Compliance Committee consists of one executive Director, Mr. Yu Long (Chairman), and three independent non-executive Directors, Mr. Kwok For Chi, Mr. Hu Song and Mr. Ren Gangfeng and one Supervisor, Ms. Yang Chuanyun.

The principal responsibilities of the Compliance Committee are to conduct independent investigation and make decisions on compliance matters with respect to the business operations by authorization from the Board. The Company has established the Compliance Committee to ensure the operation of any projects acquired and operated by the Group are in compliance with the Company's internal control standards and the relevant PRC laws and regulations. Terms of reference of the Compliance Committee have been published on the website of the Company.

DIRECTORS' PARTICULARS

Changes in Directors' particulars which are required to be disclosed pursuant to Rule 13.51(2) and 13.51B(1) of the Listing Rules are as follow:

Mr. Xu Lei resigned as a non-executive Director, chairman of the Board and chairman and member of the Nomination Committee of the Company with effect from 24 February 2017.

Mr. Jiao Jun was appointed as the acting chairman of the Board and the acting chairman and member of the Nomination Committee with effect from 24 February 2017.

Save as disclosed above, after having made all reasonable enquiries, the Company is not aware of any other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's annual report for the year ended 31 December 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of Shareholders and enhancing corporate value. The Board believes that good corporate governance is one of the key factors leading to the success of the Company and balancing the interests of Shareholders, customers and employees.

The Company had complied with all code provisions as set out in the Corporate Governance Code throughout the six months ended 30 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BYDIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct regarding securities transactions by the Directors and supervisors of the Company (the "**Supervisors**").

The Company had made specific enquiries with all of its Directors and Supervisors, and all Directors and Supervisors had confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2017, to the best knowledge of the Board, none of the Directors and Supervisors and their respective associates had any business or interest that competes or may compete with the business of the Group or had or might have any conflict of interest with the Group.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

PUBLIC FLOAT

According to public information available to the Company and to the best knowledge of the Board, as at the date of this interim results announcement, at least 25% of the total issued share capital of the Company was held in public hands.

REVIEW OF THE INTERIM RESULTS

The Group's unaudited interim condensed consolidated financial information for the six months ended 30 June 2017 had been reviewed by the auditor of the Company, PricewaterhouseCoopers, in accordance with the Hong Kong Review Engagement Standards 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by Hong Kong Institute of Certified Public Accountants. The unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2017 had also been reviewed by the Audit Committee.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yunnanwater.cn). The interim report of the Group for the six months ended 30 June 2017 will be dispatched to Shareholders in due course and published on the aforesaid websites of the Stock Exchange and the Company.

By Order of the Board
Yunnan Water Investment Co., Limited*
Jiao Jun
Acting Chairman

Kunming, the PRC
25 August 2017

As at the date of this announcement, the executive Directors are Mr. Yu Long, Mr. Dai Richeng, Mr. Liu Xujun and Mr. Huang Yunjian, the non-executive Directors are Mr. Jiao Jun (Acting Chairman), Mr. He Yuanping and Mr. Feng Zhuangzhi, and the independent non-executive Directors are Mr. Kwok For Chi, Mr. Hu Song, Mr. Ma Shihao and Mr. Ren Gangfeng.

** For identification purposes only*