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雲南水務

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 2025**

### **FINANCIAL HIGHLIGHTS**

- Revenue was approximately RMB1,157.6 million, representing a decrease of approximately 6.8% over the corresponding period of last year.
- Gross profit was approximately RMB148.5 million, representing a decrease of approximately 26.2% over the corresponding period of last year.
- The loss for the period was approximately RMB1,047.5 million, compared to a loss of approximately RMB923.9 million over the corresponding period of last year. The net loss recorded during the Reporting Period was mainly attributable to the decrease in operating income and the expected loss allowances of financial assets as well as the provision for impairment of long-term assets.
- Loss attributable to the ordinary shareholders of the Company was approximately RMB875.4 million, and the basic loss per share was approximately RMB0.734.
- The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2025.

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 2025 (the “**Reporting Period**”).

## I. FINANCIAL INFORMATION OF THE GROUP

### Interim condensed consolidated statement of profit or loss and other comprehensive income

	<i>Notes</i>	Six months ended 30 June	
		2025	2024
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b><i>(Unaudited)</i></b>	<i>(Unaudited)</i>
Revenue	3	1,157,575	1,242,466
Cost and expense of sales		<u>(1,009,056)</u>	<u>(1,041,282)</u>
<b>Gross profit</b>		<b>148,519</b>	201,184
Other income		22,941	26,657
Other losses - net		(17,464)	(5,352)
Selling expenses		(15,217)	(14,535)
Administrative expenses		(454,824)	(221,821)
Net impairment losses on financial assets and contract assets		<u>(249,078)</u>	<u>(275,518)</u>
<b>Operating profit</b>		<b>(565,123)</b>	(289,385)
Finance income	4	3,096	5,074
Finance costs	4	<u>(483,254)</u>	<u>(621,792)</u>
Finance costs - net		(480,158)	(616,718)
Share of profit of investments accounted for using the equity method		<u>1,011</u>	<u>25,911</u>
<b>Loss before tax</b>	5	<b>(1,044,270)</b>	(880,192)
Income tax expenses	6	<u>(3,183)</u>	<u>(43,750)</u>
<b>Loss for the period</b>		<b>(1,047,453)</b>	(923,942)
<b>Other comprehensive income (loss)</b>			
<i>Items that may be reclassified to profit or loss</i>			
– Exchange differences on translation of foreign operations		<u>9,387</u>	<u>(6,630)</u>
<b>Total comprehensive income for the year, net of tax</b>		<b><u>(1,038,066)</u></b>	<b><u>(930,572)</u></b>

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

		<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b><i>(Unaudited)</i></b>	<b><i>(Unaudited)</i></b>
<b>Loss attributable to:</b>			
	– Ordinary shareholders of the Company	<b>(875,430)</b>	(743,144)
	– Non-controlling interests	<b>(172,023)</b>	(180,798)
		<u><b>(1,047,453)</b></u>	<u>(923,942)</u>
<b>Total comprehensive loss attributable to:</b>			
	– Ordinary shareholders of the Company	<b>(866,085)</b>	(749,218)
	– Non-controlling interests	<b>(171,981)</b>	(181,354)
		<u><b>(1,038,066)</b></u>	<u>(930,572)</u>
		<b><i>RMB</i></b>	<b><i>RMB</i></b>
<b>Loss per share for loss attributable to ordinary shareholders of the Company</b>			
	– Basic and diluted	<b>7 <u>(0.734)</u></b>	<u>(0.623)</u>

## Interim condensed consolidated balance sheet

		30 June 2025	31 December 2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		3,835,774	3,978,548
Investment properties		15,104	15,436
Right-of-use assets		291,954	301,783
Receivables under service concession arrangements	9	7,422,996	7,531,465
Contract assets	10	11,025,217	11,032,606
Intangible assets		9,616,713	9,975,490
Investments accounted for using the equity method		1,066,896	1,082,841
Financial asset at fair value through other comprehensive income		4,675	4,675
Trade and other receivables	11	192,692	185,382
Prepayments	11	1,122,314	1,193,712
Deferred tax assets		177,118	189,714
		<u>34,771,453</u>	<u>35,491,652</u>
<b>Current assets</b>			
Receivables under service concession arrangements	9	263,679	261,991
Inventories		109,783	113,775
Contract assets	10	148,384	160,602
Trade and other receivables	11	6,892,666	7,041,477
Prepayments	11	230,388	232,199
Restricted cash		110,248	108,959
Cash and cash equivalents		927,608	1,008,079
Financial asset at fair value through profit or loss		—	50,000
		<u>8,682,756</u>	<u>8,977,082</u>
Assets classified as held for sale	12	<u>76,630</u>	<u>—</u>
		<u>8,759,386</u>	<u>8,977,082</u>
<b>Total assets</b>		<u><u>43,530,839</u></u>	<u><u>44,468,734</u></u>

## Interim condensed consolidated balance sheet (Continued)

		<b>30 June 2025</b>	31 December 2024
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b><i>(Unaudited)</i></b>	<b><i>(Audited)</i></b>
<b>Equity</b>			
Share capital		<b>1,193,213</b>	1,193,213
Other reserves		<b>2,649,855</b>	2,640,358
Accumulated losses		<b>(4,399,284)</b>	(3,523,854)
		<b>(556,216)</b>	309,717
Perpetual bonds		<b>9,891,670</b>	9,891,670
Non-controlling interests		<b>788,489</b>	959,935
<b>Total equity</b>		<b>10,123,943</b>	11,161,322
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>38,956</b>	42,670
Borrowings	13	<b>19,282,584</b>	18,447,418
Trade and other payables	14	<b>146,780</b>	139,557
Deferred income		<b>680,353</b>	683,739
Deferred tax liabilities		<b>713,183</b>	732,981
Provision		<b>543,382</b>	516,119
		<b>21,405,238</b>	20,562,484
<b>Current liabilities</b>			
Contract liabilities		<b>113,886</b>	123,959
Lease liabilities		<b>546</b>	1,485
Borrowings	13	<b>2,401,214</b>	2,922,052
Trade and other payables	14	<b>8,924,526</b>	9,138,488
Tax payables		<b>561,486</b>	558,944
		<b>12,001,658</b>	12,744,928
<b>Total liabilities</b>		<b>33,406,896</b>	33,307,412
<b>Total equity and liabilities</b>		<b>43,530,839</b>	44,468,734

**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the six months ended 30 June 2025**

**1. General information and basis of presentation**

**1.1 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. The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 May 2015 with the total share capital subsequently increased to RMB1,193,213,000.

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. Its registered office of the Company is located at 2089 Haiyuan North Road, Gaoxin District, Kunming, Yunnan Province, the PRC.

These interim condensed consolidated financial statements for the six months ended 30 June 2025 (the “**Interim Financial Statements**”) are presented in Renminbi (“**RMB**”), unless otherwise stated. These Interim Financial Statements were approved by the board of directors of the Company on 29 August 2025.

**2. Basis of preparation and material accounting policy information**

**(a) Basis of preparation**

This Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements to the Rules Governing the Listing of Securities on the Stock Exchange. The Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

The Group reported a net loss of RMB1,047,453,000 for the six months ended 30 June 2025 and the Group’s current liabilities exceeded its current assets by RMB3,242,272,000 as at 30 June 2025. As at the same date, the Group’s total borrowings amounted to RMB21,683,798,000, of which current borrowings amounted to RMB2,401,214,000, while its cash and cash equivalents amounted to RMB927,608,000 only. As at 30 June 2025, the Group had capital commitment of approximately RMB7,137,122,000, mainly in relation to various concession projects and construction projects of the Group.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group to continue as a going concern.

## 2. Basis of preparation and material accounting policy information (Continued)

### (a) Basis of preparation (Continued)

The Interim Financial Statements have been prepared on the assumption that the Group will continue as a going concern notwithstanding the conditions prevailing as at 30 June 2025 and subsequently thereto up to the date when the Interim Financial Statements are authorised for issue. In order to mitigate the liquidity pressure, improve its financial position and sustain the Group as a going concern, the Group has taken and will take certain plans and measures, including but not limited to the following:

- (i) The Group has plans to divest certain of the Group's concession projects and construction projects. In the meantime, the Group is also actively looking for strategic investors to invest in certain existing projects of the Group so as to enhance the capital structure and reduce overall financing expenses of the Group;
- (ii) The directors of the Company ("**Directors**") are of the view that they have the ability to manage the progress of the projects from time to time and defer the payment schedule of the borrowings in these projects, if necessary. The Group has unutilised project loan facilities from banks to provide financing of up to RMB3,043,196,000 to satisfy part of the construction cost payable and committed capital expenditure in the next twelve months from 30 June 2025. The Group has also initiated the process to obtain new project loans to fund the Group's existing and new concession projects and construction projects. The Directors believe that these unutilised facilities will continue to be available to the Group and they are confident that they will be able to obtain such project loans from banks and other financial institutions as and when needed; and
- (iii) The Directors have reviewed the Group's cash flow forecast prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2025. On the basis of the successful implementation of the plans and measures described above in the foreseeable future and after assessing the Group's current and forecasted cash positions, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the Interim Financial Statements on a going concern basis.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these Interim Financial Statements.

### (b) Material accounting policy information

The accounting policies adopted are consistent with those of the annual consolidated financial statements of the Group for the year ended 31 December 2024, except for the adoption of the new/revised HKFRS Accounting Standards, which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 January 2025 as described below.

Amendments to HKAS 21

Lack of Exchangeability

### **3. 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 project construction and operation;
- (b) Water supply project construction and operation;
- (c) Construction and sales of equipment;
- (d) Solid waste treatment project construction and operation; and
- (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.



### 3. Segment information (Continued)

(i) Segment results and capital expenditure are as follows:

#### Six months ended 30 June 2025 (Unaudited) :

	Wastewater treatment project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Water supply project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Construction of equipment and sales <i>RMB'000</i> <i>(Unaudited)</i>	Solid waste treatment project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Others <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Revenue from external customers	621,518	263,919	11,007	231,770	29,361	1,157,575
Revenue from contracts with customers						
– Recognised at a point in time	—	262,115	5,377	—	—	267,492
– Recognised over time	473,655	664	5,630	221,426	29,361	730,736
Revenue from other sources						
– Finance income	147,863	1,140	—	10,344	—	159,347
Gross profit	166,205	5,280	(265)	(27,323)	4,622	148,519
Other income						22,941
Other losses - net						(17,464)
Selling expenses						(15,217)
Administrative expenses						(454,824)
Net impairment losses on financial assets and contract assets						(249,078)
Finance costs - net						(480,158)
Share of profit/(loss) of investments accounted for using the equity method - net	(3,187)	—	—	(5)	4,203	1,011
Loss before tax						(1,044,270)
Income tax expenses						(3,183)
Loss for the period						(1,047,453)
Depreciation and amortisation	(102,642)	(216,321)	(792)	(137,158)	(2,469)	(459,382)

### 3. Segment information (Continued)

(i) Segment results and capital expenditure are as follows: (Continued)

Six months ended 30 June 2024 (Unaudited) :

	Wastewater treatment project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Water supply project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Construction and sales of equipment <i>RMB'000</i> <i>(Unaudited)</i>	Solid waste treatment project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Others <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
Revenue from external customers	544,856	370,160	39,130	261,118	27,202	1,242,466
Revenue from contracts with customers						
– Recognised at a point in time	—	308,142	31,699	—	—	339,841
– Recognised over time	428,536	62,018	7,431	245,744	27,202	770,931
Revenue from other sources						
– Finance income	116,320	—	—	15,374	—	131,694
Gross profit	182,020	(34,780)	14,607	30,667	8,670	201,184
Other income						26,657
Other losses - net						(5,352)
Selling expenses						(14,535)
Administrative expenses						(221,821)
Net impairment losses on financial assets and contract assets						(275,518)
Finance costs - net						(616,718)
Share of profit/(loss) of investments accounted for using the equity method - net	3,695	—	—	(58)	22,274	25,911
Loss before tax						(880,192)
Income tax expenses						(43,750)
Loss for the period						(923,942)
Depreciation and amortisation	(69,695)	(208,212)	(9,052)	(133,517)	(2,732)	(423,208)

### 3. Segment information (Continued)

(ii) Segment assets and liabilities are as follows:

**As at 30 June 2025 (Unaudited) :**

	Wastewater treatment project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Water supply project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Construction and sales of equipment <i>RMB'000</i> <i>(Unaudited)</i>	Solid waste treatment project construction and operation <i>RMB'000</i> <i>(Unaudited)</i>	Others <i>RMB'000</i> <i>(Unaudited)</i>	Total <i>RMB'000</i> <i>(Unaudited)</i>
<b>Segment assets</b>	<b>16,814,220</b>	<b>13,711,910</b>	<b>4,579,158</b>	<b>6,652,137</b>	<b>1,773,414</b>	<b>43,530,839</b>
Segment assets include:						
Investments accounted for using the equity method	<b>55,637</b>	<b>—</b>	<b>—</b>	<b>26,896</b>	<b>984,363</b>	<b>1,066,896</b>
<b>Segment liabilities</b>	<b>10,555,961</b>	<b>13,476,309</b>	<b>4,837,150</b>	<b>3,748,831</b>	<b>788,645</b>	<b>33,406,896</b>

**As at 31 December 2024 (Audited) :**

	Wastewater treatment project construction and operation <i>RMB'000</i> <i>(Audited)</i>	Water supply project construction and operation <i>RMB'000</i> <i>(Audited)</i>	Construction and sales of equipment <i>RMB'000</i> <i>(Audited)</i>	Solid waste treatment project construction and operation <i>RMB'000</i> <i>(Audited)</i>	Others <i>RMB'000</i> <i>(Audited)</i>	Total <i>RMB'000</i> <i>(Audited)</i>
<b>Segment assets</b>	<b>16,856,251</b>	<b>14,238,220</b>	<b>4,700,610</b>	<b>6,895,555</b>	<b>1,778,098</b>	<b>44,468,734</b>
Segment assets include:						
Investments accounted for using the equity method	<b>58,824</b>	<b>—</b>	<b>—</b>	<b>26,902</b>	<b>997,115</b>	<b>1,082,841</b>
<b>Segment liabilities</b>	<b>10,349,680</b>	<b>13,484,654</b>	<b>4,828,578</b>	<b>3,851,875</b>	<b>792,625</b>	<b>33,307,412</b>

#### 4. Finance costs — net

	30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>
<b>Finance income</b>		
— Interest income	<u>3,096</u>	<u>5,074</u>
<b>Finance costs</b>		
— Borrowing costs	(434,518)	(582,960)
— Net exchange losses on financing activities	(30,882)	(25,681)
— Unwinding of provision	<u>(17,854)</u>	<u>(13,151)</u>
	<u>(483,254)</u>	<u>(621,792)</u>
Finance costs — net	<u><u>(480,158)</u></u>	<u><u>(616,718)</u></u>

#### 5. Loss before tax

	30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>
Employee benefit expenses	200,976	224,095
Depreciation of property, plant and equipment	169,336	175,395
Depreciation of right-of-use assets	6,813	10,810
Depreciation of investment properties	332	410
Amortisation of intangible assets	282,901	236,593
Impairment of goodwill	—	68,475
Impairment of prepayments	120,891	—
Impairment of intangible assets	<u><u>138,616</u></u>	<u><u>—</u></u>

## 6. Income tax expenses

	30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i>
Current income tax		
— Corporate income tax	10,808	24,062
Deferred tax	(7,625)	19,688
	<u>3,183</u>	<u>43,750</u>

## 7. Loss per share

The calculation of basic loss per share attributable to ordinary shareholders of the Company is based on the following data:

	30 June 2025 <i>(Unaudited)</i>	30 June 2024 <i>(Unaudited)</i>
<u>Loss</u>		
Loss attributable to the ordinary shareholders of the Company (RMB'000)	<u>(875,430)</u>	<u>(743,144)</u>
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue (thousands)	<u>1,193,213</u>	<u>1,193,213</u>
Basic loss per share (RMB per share)	<u>(0.734)</u>	<u>(0.623)</u>

Diluted loss per share is the same as basic loss per share as there were no potential diluted ordinary shares outstanding during the six months ended 30 June 2025 (six months ended 30 June 2024: same).

## 8. Dividends

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (2024: nil).

## 9. Receivables under service concession arrangements

The following is the summarised information of the Group's receivables under service concession arrangements:

	<b>30 June 2025 RMB'000 (Unaudited)</b>	<b>31 December 2024 RMB'000 (Audited)</b>
Receivables under service concession arrangements	<b>7,836,590</b>	7,950,970
Less: impairment loss	<b>(149,915)</b>	(157,514)
	<b>7,686,675</b>	7,793,456
Current portion	<b>(263,679)</b>	(261,991)
Non-current portion	<b>7,422,996</b>	7,531,465

In respect of the Group's receivables under service concession arrangements, credit risks varied amongst the Group's projects operated in different locations of Mainland China. The collection of receivables under services concession arrangements is closely monitored in order to minimize any credit risk associated with the receivables.

The receivables under service arrangements were billable receivables. They were mainly due from governmental authorities in Mainland China, as grantors in respect of the Group's service concession arrangements.

## 10. Contract assets

	30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
Non-current		
– Related to wastewater treatment services	8,957,965	8,954,549
– Related to construction services	931,622	977,862
– Related to solid waste treatment services	513,709	513,929
– Related to water supply services	758,304	704,052
Less: impairment loss	(136,383)	(117,786)
	<u>11,025,217</u>	<u>11,032,606</u>
Current		
– Related to wastewater treatment services	71,754	12,046
– Related to construction services	69,441	161,948
– Related to solid waste treatment services	—	3,931
– Related to water supply services	27,456	—
Less: impairment loss	(20,268)	(17,323)
	<u>148,384</u>	<u>160,602</u>

## 11. Trade and other receivables and prepayments

	30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
<b>Trade receivables</b>		
— Related parties	2,013,961	2,155,014
— Local governments	2,662,639	2,407,629
— Third parties	2,745,346	2,631,054
Less: impairment losses	(1,890,185)	(1,741,302)
	<u>5,531,761</u>	<u>5,452,395</u>
<b>Other receivables</b>		
— Related parties	42,174	40,365
— Third parties	1,771,116	1,907,540
Less: impairment losses	(259,693)	(173,441)
	<u>1,553,597</u>	<u>1,774,464</u>
Total trade and other receivables	7,085,358	7,226,859
Less: non-current portion	(192,692)	(185,382)
Current portion	<u>6,892,666</u>	<u>7,041,477</u>
<b>Prepayments</b>		
— Related parties	172,046	193,674
— Third parties	1,338,363	1,290,241
Less: impairment losses	(157,707)	(58,004)
	<u>1,352,702</u>	<u>1,425,911</u>
Less: non-current portion	(1,122,314)	(1,193,712)
Current portion	<u>230,388</u>	<u>232,199</u>



## 12. Assets classified as held for sale

**30 June**  
**2025**  
**RMB'000**  
**(Unaudited)**

### Assets

Intangible assets	68,862
Right-of-use assets	7,768
	<hr/>
Assets classified as held for sale	<b>76,630</b>
	<hr/> <hr/>

## 13. Borrowings

<b>30 June</b> <b>2025</b> <b>RMB'000</b> <b>(Unaudited)</b>	31 December 2024 <b>RMB'000</b> <b>(Audited)</b>
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### Non-current

Bank borrowings	16,326,135	15,468,327
Corporate bonds and other borrowings	2,956,449	2,979,091
	<hr/>	<hr/>
	<b>19,282,584</b>	<b>18,447,418</b>
	<hr/> <hr/>	<hr/> <hr/>

### Current

Bank borrowings	421,481	1,124,718
Corporate bonds and other borrowings	1,979,733	1,797,334
	<hr/>	<hr/>
	<b>2,401,214</b>	<b>2,922,052</b>
	<hr/>	<hr/>
	<b>21,683,798</b>	<b>21,369,470</b>
	<hr/> <hr/>	<hr/> <hr/>

## 14. Trade and other payables

	30 June 2025 <i>RMB'000</i> <i>(Unaudited)</i>	31 December 2024 <i>RMB'000</i> <i>(Audited)</i>
<b>Trade payables:</b>		
— Related parties	1,766,569	1,722,281
— Third parties	5,443,895	5,579,239
	<u>7,210,464</u>	<u>7,301,520</u>
<b>Other payables:</b>		
— Related parties	197,620	244,768
— Third parties	1,358,632	1,433,494
Staff welfare benefit payable	98,148	93,009
Other taxes payable	137,801	140,834
Dividend payables	68,641	64,420
	<u>1,860,842</u>	<u>1,976,525</u>
Total	9,071,306	9,278,045
	<u>(146,780)</u>	<u>(139,557)</u>
Less: non-current portion		
Current portion	<u>8,924,526</u>	<u>9,138,488</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

Key policies related to the water industry in 2025 are set as follow:

In January, the Central Committee of the Communist Party of China and the State Council issued the Plan for Comprehensive Revitalisation of Rural Areas (《鄉村全面振興規劃》) (2024-2027). The plan calls for the upgrade of infrastructure and the strengthening of water supply security. It promotes the integrated urban-rural water supply systems and the development of scaled centralised water supply, encourages the standardised construction and renovation of small water supply projects, strengthens the construction of small and medium-sized water source projects, and implements water quality improvement initiatives. It also focuses on the continuous improvement of living environment by aligning the rural toilet revolution with domestic sewage treatment, advancing sewage treatment by classification with key implementation phases targeting townships and central villages, and eliminating large-scale black and odorous water bodies. Multi-dimensional efforts are planned to promote rural greening and village cleanliness campaigns. In the same month, the Ministry of Ecology and Environment and ten other ministries jointly issued the Implementation Plan for Building Beautiful Cities(《美麗城市建設實施方案》), which focuses on guiding cities in five areas-green and low-carbon, pleasant environment, ecological liveability, safety and health, and smart and efficient-to create benchmark demonstrations of Beautiful Cities and develop high-quality ecological communities. By 2027, notable progress is expected in the green transformation of urban production and lifestyles, with major environmental issues effectively addressed. By 2035, green urban lifestyles are expected to be widely established, with fundamental improvements in ecological conditions and significantly enhanced ecosystem diversity, stability, and sustainability.

In February, the Urban Construction Department of the Ministry of Housing and Urban-Rural Development issued the Guidelines on Promoting Full Coverage of Urban Domestic Sewage Networks and the Establishment of Long-Term Integrated Management Mechanisms (First Edition) (《推進城市生活污水管網全覆蓋及廠網一體長效機制建設工作指南(第一版)》), which provide systematic guidance and support for expanding sewer coverage and establishing sustainable operation and maintenance mechanisms.

In April, the Ministry of Water Resources, together with the Ministry of Industry and Information Technology, Ministry of Housing and Urban-Rural Development, Ministry of Agriculture and Rural Affairs and the State Administration for Market Regulation, issued the Opinions on Comprehensively Establishing a Policy System for Water Conservation (《關於全面構建節水制度政策體系的意見》). The document sets water-saving targets for 2030 and 2035 and outlines complete water-saving policy systems for agriculture, industry and urban areas. It establishes and refines institutional frameworks across the “three major areas” of agricultural water-saving and efficiency enhancement, industrial water-saving and emissions reduction, and urban water-saving and loss reduction, to promote the high-quality development of water conservation initiatives.

In May, the General Office of the CPC Central Committee and the General Office of the State Council released the Opinions on Continuously Promoting Urban Renewal Actions (《關於持續推進城市更新行動的意見》). The Opinions highlight eight key tasks, including accelerating the upgrade and construction of underground utility pipeline networks and integrated utility tunnels for gas, water supply, drainage, wastewater, and heating, and improving the sustainable operation and maintenance mechanisms. The document also emphasises enhancing urban water supply infrastructure, upgrading facilities for wastewater collection, treatment, reuse, and sludge disposal, and establishing integrated operation and maintenance systems for sewage treatment plants and pipe networks. Additionally, it calls for the coordination of urban flood control and waterlogging management by establishing and improving an integrated operation and management model that links urban water systems and drainage networks to surrounding rivers, lakes, seas and reservoirs. It further urges the construction and upgrading of drainage and waterlogging mitigation infrastructure to build a comprehensive urban flood control and drainage system and enhance emergency response capabilities. In addition, efforts should be made to upgrade and transform the treatment facilities for municipal solid waste.

Key policies on solid waste and emerging pollutants in 2025 are set as follow:

In April, the Ministry of Ecology and Environment issued the Opinions on Strengthening Environmental Impact Assessments (EIAs) for Construction Projects in Key Sectors Involving Emerging Pollutants (《關於加強重點行業涉新污染物建設項目環境影響評價工作的意見》), requiring six key industries (including petrochemicals, coatings and pharmaceuticals) to optimise raw materials processes to reduce the generation of new pollutants. EIAs must quantify data on the generation and discharge of emerging pollutants and incorporate these as evaluation factors. The policy emphasises enhanced monitoring of emerging pollutant discharges, integration of environmental registration for new chemicals into EIAs, inclusion of pollutant control requirements in discharge permits and stricter enforcement during and after project implementation. In parallel, the Ministry of Ecology and Environment is developing the 15th Five-Year Plan for solid waste and emerging pollutants, with the aim of establishing a traceable full-process environmental management system for hazardous waste and promoting the comprehensive utilisation of typical bulk solid waste and risk control of emerging pollutants. Key initiatives for 2025 include enhancing bulk solid waste utilisation, hazardous waste supervision and emerging solid waste management.

In view of the policies and documents issued by national and local governments regarding the water industry, the policy direction for 2025 is characterised by ecological prioritisation, systematic governance and institutional innovation. The industry continues to transition from “ensuring supply” to “ecological enhancement”, and from “single-point treatment” to “systematic service”. Anchored in the national strategies of rural revitalisation and Beautiful China initiatives, the water industry is entering a period of “institutional reconstruction” and “value redefinition”. An analysis of the policy direction suggests that over the next five years, the strategic focus for most water enterprises will revolve around three priorities: revitalising existing assets, reshaping the industry landscape and rebuilding competitive barriers. Asset revitalisation forms the overarching context for future industry development; landscape reshaping represents the core challenge confronting the industry; and barrier rebuilding, through professional expertise, is a critical pathway to navigating cyclical shifts. These three transformative forces will facilitate the industry’s leap from quantitative expansion to qualitative and efficient development. Only enterprises that possess genuine expertise, systemic capability and operational excellence will ultimately prevail in the new era of competition.

Policies on solid waste and emerging pollutants indicate a direction in 2025 that focuses on “precise control of emerging pollutants + resource recovery of bulk solid waste”. This is to be achieved through source prohibition and restriction (for emerging pollutants), whole-process supervision (for hazardous waste) and regional collaboration (for the utilisation of solid waste). These efforts jointly support the development of “zero-waste cities” and the enhancement of capabilities in managing emerging pollutants.

## **DEVELOPMENT STRATEGIES AND PROSPECT**

In the first half of 2025, the Company fully aligned with the Yunnan Provincial Committee’s three-phase strategic objectives for high-quality, leapfrog development and continued to advance the Group’s “3510” Action Plan. Adhering to a problem-solving mindset amid development and maintaining stability while pursuing progress, the Company centred its operations around the core business strategy of “Expansion, Optimisation, Stabilisation, Enhancement and Capacity-building”. We remained focused on achieving high-level transformation and high-quality development, in line with our positioning as a leading “integrated service provider in the urban environmental protection industry”. We will concentrate on its core responsibilities and main business, shift its development model, enhance operational efficiency, expand into emerging sectors, strengthen team building and cultivate leadership talent, and drive technological innovation to shape core capabilities. We placed particular emphasis on the generation, maintenance and management of cash flow. Furthermore, the Company seeks to consolidate the achievements of debt optimisation and open up a new chapter in its transformation towards high-quality development, guided by key priorities, realised through project execution and driven by reform and innovation.

In the second half of 2025, the Company will continue to advance high-quality transformational development by focusing on five key areas: First, uphold the safety baseline for development. Resolutely consolidate the achievements in debt risk mitigation, strictly implement the mechanisms for debt repayment reserves and capital contribution incentives, and earnestly ensure the timely repayment of principal and interest on all debts. Second, strive for new breakthroughs in revenue generation and growth. Spare no effort to enhance production and operations, and work to build a framework of “tapping existing capacity, nurturing new growth, and revitalizing variable assets.” Maximise revenue channels, explore every potential, and leave no stone unturned in generating and increasing income. Third, pursue new breakthroughs in quality and efficiency enhancement. Implement a cost control system covering the entire business chain, lifecycle, and all operational elements. Raise the centralized procurement rate of bulk materials, optimize operating costs through process and technological innovation, and carry out the “Three Reductions” initiative—reducing management layers, reducing redundant departments, and reducing surplus personnel—to further reduce administrative expenses. Fourth, achieve new breakthroughs in asset revitalization. Based on an in-depth survey of the Company’s asset structure, quality, and risk profile, formulate an asset-optimization plan aligned with strategic and development goals; vigorously revitalize restricted projects and existing assets; and expedite the restructuring and disposal of low-efficiency or non-performing assets. Fifth, accelerate the advancement of projects under construction. Leverage limited funds to the fullest extent possible to activate projects that should and can be revitalized, speed up the pace and intensifying efforts to put them into production and operation as soon as possible in order to achieve greater output.

## BUSINESS REVIEW

The Group is one of the leading integrated service providers in the urban environmental protection industry in China. The Group mainly adopts the Build-Operate-Transfer (the “**BOT**”), Build- Own- Operate (the “**BOO**”), Transfer-Operate-Transfer (the “**TOT**”), Transfer-Own-Operate (the “**TOO**”), Build and Transfer (the “**BT**”), Engineering-Procurement-Construction (the “**EPC**”), Rehabilitate- Operate-Transfer (the “**ROT**”), Operation and Maintenance (the “**O&M**”) and licensed operation models to provide customized and integrated turnkey solutions for water supply, wastewater treatment and solid waste treatment as well as system integration services of core technologies to customers. The Group’s businesses are carried out in China and the southeast Asian countries, and 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 2025, the Group’s water related projects (including the following wastewater treatment projects, water supply projects and all water related projects under other business segments) had a total daily treatment capacity of approximately 5,767,650 tonnes. As at 30 June 2025, the Group’s solid waste treatment related projects (including the following solid waste treatment projects and all solid waste treatment related projects under other business segments) had a total annual treatment capacity of approximately 4,111,980 tonnes.

## **Wastewater Treatment Projects**

As at 30 June 2025, the Group had a total of 121 concession wastewater treatment projects, including 7 BOO projects, 60 BOT projects, 2 TOO projects, 23 TOT projects, 1 ROT project and 28 municipal environmental comprehensive treatment projects, with a total daily treatment capacity of approximately 3,196,700 tonnes.

As at 30 June 2025, 90 concession projects with a total daily treatment capacity of approximately 2,381,045 tonnes had commenced commercial operation (including 7 municipal environmental comprehensive treatment projects with a total daily wastewater treatment capacity of approximately 360,045 tonnes). During the Reporting Period, the Group's average utilization rate of wastewater treatment was approximately 80.77%, and the average unit charge of wastewater treatment was approximately RMB1.49 per tonne.

As at 30 June 2025, 22 concession projects with total daily treatment capacity of approximately 485,660 tonnes had not commenced commercial operation (including 20 municipal environmental comprehensive treatment projects with a total daily treatment capacity of approximately 476,660 tonnes).

## **Water Supply Projects**

As at 30 June 2025, the Group had a total of 60 concession water supply projects with a total daily treatment capacity of approximately 2,205,300 tonnes, including 15 BOO projects, 29 BOT projects, 11 TOT projects and 5 municipal environmental comprehensive treatment projects, and the total treatment capacity remained stable as compared to that as at 31 December 2024.

As at 30 June 2025, 44 concession projects with a total daily capacity of approximately 1,175,000 tonnes had commenced commercial operation. During the Reporting Period, the Group's average utilization rate of water supply was approximately 67.88%, and the average unit charge of water supply was approximately RMB2.59 per tonne.

As at 30 June 2025, 13 concession projects with a total daily capacity of approximately 700,300 tonnes had not commenced commercial operation (including 5 municipal environmental comprehensive treatment projects with a total daily treatment capacity of approximately 380,900 tonnes).



## **Solid Waste Treatment Projects**

As at 30 June 2025, the Group had 27 solid waste treatment projects with a total annual treatment capacity of 4,111,980 tonnes, 14 of which with an annual treatment capacity of 2,272,800 tonnes had commenced commercial operation (including 5 municipal environmental comprehensive treatment projects with treatment capacity of approximately 419,700 tonnes), and 8 of which with an annual treatment capacity of 1,617,500 tonnes were under construction (including 1 municipal environmental comprehensive treatment project with a total annual treatment capacity of approximately 750,000 tonnes). During the Reporting Period, the Group's average utilization rate of solid waste treatment was approximately 82.98%.

## **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 2025, the Group had a total of 11 BT projects, which were either under construction and/or completed, among which the income of 11 BT projects was recognised as revenue during the Reporting Period.

During the Reporting Period, the Group had a total of 13 EPC projects.

## **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 provision of technical and consultancy services in relation to environmental protection. As at 30 June 2025, the Group was providing relevant operation services for 22 O&M projects. These projects included 20 wastewater treatment projects with a total daily treatment capacity of approximately 341,650 tonnes (including the capacity of wastewater treatment projects adopting O&M model within municipal environment comprehensive treatment projects), and 2 water supply projects with a daily treatment capacity of approximately 24,000 tonnes.



# FINANCIAL REVIEW

## Results of Operation

During the Reporting Period, the Group recorded revenue of approximately RMB1,157.6 million, representing a period-on-period decrease of approximately 6.8% as compared to that for the six months ended 30 June 2024. During the Reporting Period, the Group recorded a net loss of approximately RMB1,047.5 million, compared to a loss of approximately RMB923.9 million over the six months ended 30 June 2024. Loss attributable to the ordinary shareholders of the Company was approximately RMB875.4 million, compared to loss attributable to the ordinary shareholders of the Company of approximately RMB743.1 million over the six months ended 30 June 2024. Loss per share for the six months ended 30 June 2025 was approximately RMB0.734.

## Revenue

Revenue of the Group decreased from approximately RMB1,242.5 million for the six months ended 30 June 2024 to approximately RMB1,157.6 million for the Reporting Period, representing a decrease of approximately 6.8%.

In respect of the business segments of the Group, revenue from the wastewater treatment business segment increased by approximately 14.1% from approximately RMB544.9 million for the six months ended 30 June 2024 to approximately RMB621.5 million for the Reporting Period. Revenue from the water supply segment decreased by approximately 28.7% from approximately RMB370.2 million for the six months ended 30 June 2024 to approximately RMB263.9 million for the Reporting Period. Revenue from solid waste treatment business segment decreased by approximately 11.2% from approximately RMB261.1 million for the six months ended 30 June 2024 to approximately RMB231.8 million for the Reporting Period. Revenue from construction and sales of equipment business segment decreased by approximately 71.9% from approximately RMB39.1 million for the six months ended 30 June 2024 to approximately RMB11.0 million for the Reporting Period. Revenue from other business increased by approximately 8.1% from approximately RMB27.2 million for the six months ended 30 June 2024 to approximately RMB29.4 million for the Reporting Period.

The increase in revenue from the wastewater treatment business segment was mainly attributable to the increase in operating income, construction project revenue and finance income during the Reporting Period.

The decrease in revenue from the water supply business segment was mainly attributable to the decrease in operating income and construction project revenue during the Reporting Period.

The decrease in revenue from the solid waste treatment business segment was mainly attributable to the decrease in operating income, construction project revenue and finance income during the Reporting Period.

The decrease in revenue from the construction and sales of equipment business segment was mainly attributable to the decrease in construction revenue during the Reporting Period.

The increase in revenue from the other business segment was mainly attributable to the increase in other income during the Reporting Period.

### **Cost of Sales**

During the Reporting Period, the Group recorded cost of sales of approximately RMB1,009.1 million, representing a period-on-period decrease of approximately RMB32.2 million and 3.1% as compared to approximately RMB1,041.3 million for the six months ended 30 June 2024. The decrease in cost of sales was attributable to the decrease in cost for construction which was in line with the decrease in construction revenue of the existing solid waste disposal projects and water supply projects under construction during the construction period, while the operating costs of waste water projects and water supply projects decreased as a result of asset disposal and compulsory taking over by government.

### **Gross Profit Margin**

During the Reporting Period, gross profit margin of the Group was approximately 12.8%, representing a decrease of approximately 3.4% as compared to approximately 16.2% for the six months ended 30 June 2024.

### **Other Income**

During the Reporting Period, the Group recorded other income of approximately RMB22.9 million, representing a period-on-period decrease of approximately RMB3.8 million or 14.2% as compared with approximately RMB26.7 million for the six months ended 30 June 2024. The decrease in other income was mainly due to that there was no new disposal revenue from investment properties during the Reporting Period.

### **Selling Expenses**

During the Reporting Period, selling expenses of the Group were approximately RMB15.2 million, representing a period-on-period increase of approximately RMB0.7 million or 4.8% from approximately RMB14.5 million for the six months ended 30 June 2024.

### **Administrative Expenses**

During the Reporting Period, administrative expenses of the Group were approximately RMB454.8 million, representing a period-on-period increase of approximately RMB233.0 million or 105.0% from approximately RMB221.8 million for the six months ended 30 June 2024. The increase in administrative expenses was primarily due to the provision for impairment of long-term asset during the Reporting Period.

## **Finance Costs — net**

Net finance costs decreased by approximately RMB136.5 million from approximately RMB616.7 million for the six months ended 30 June 2024 to approximately RMB480.2 million for the Reporting Period, representing a decrease of approximately 22.1%. The decrease in net finance costs was primarily due to the signing of the perpetual bond agreement at the end of 2024, which resulted in a decrease in finance costs during the Reporting Period.

The average interest rate on borrowings of the Group for the Reporting Period was approximately 4.04% per annum, representing a period-on-period increase compared with approximately 3.76% per annum for the six months ended 30 June 2024.

## **Loss before Tax**

As a result of the foregoing, the Group recorded a loss before tax of approximately RMB1,044.3 million for the six months ended 30 June 2025, compared to a loss before tax of approximately RMB880.2 million for the six months ended 30 June 2024.

## **Income Tax Expenses**

The Group recorded income tax expenses of approximately RMB3.2 million for the six months ended 30 June 2025, compared to income tax expenses of approximately RMB43.8 million for the six months ended 30 June 2024.

## **Loss for the Reporting Period**

As a result of the foregoing, loss for the Reporting Period increased by approximately RMB123.6 million from a net loss of approximately RMB923.9 million for the six months ended 30 June 2024 to a net loss of approximately RMB1,047.5 million for the Reporting Period.

## **Receivables under Service Concession Arrangements**

The Group's receivables under service concession arrangements decreased by approximately RMB106.8 million from approximately RMB7,793.5 million as at 31 December 2024 to approximately RMB7,686.7 million as at 30 June 2025, representing a decrease of approximately 1.4%.

## **Trade and Other Receivables and Prepayments**

The Group's trade and other receivables and prepayments decreased by approximately RMB214.7 million from approximately RMB8,652.8 million as at 31 December 2024 to approximately RMB8,438.1 million as at 30 June 2025, representing a decrease of approximately 2.5%.

## **Cash and Cash Equivalents**

The Group's total cash balance decreased by approximately RMB80.5 million from approximately RMB1,008.1 million as at 31 December 2024 to approximately RMB927.6 million as at 30 June 2025, representing a decrease of approximately 8.0%.

## **Trade and Other Payables**

The Group's trade and other payables decreased by approximately RMB206.8 million from approximately RMB9,278.1 million as at 31 December 2024 to approximately RMB9,071.3 million as at 30 June 2025, representing a decrease of approximately 2.2%.

## **Borrowings**

As at 30 June 2025, the Group had borrowings of approximately RMB21,683.8 million (31 December 2024: approximately RMB21,369.5 million). As at 30 June 2025, the Group had unsecured borrowings of approximately RMB7,722.2 million (31 December 2024: approximately RMB7,306.3 million), and secured borrowings of approximately RMB13,961.6 million (31 December 2024: approximately RMB14,063.2 million).

## **Pledge of Assets**

As at 30 June 2025, borrowings of approximately RMB13,961.6 million (31 December 2024: approximately RMB14,063.2 million) were secured by the Group's receivables under service concession arrangements, contract assets, right-of-use assets, property, plant and equipment, intangible assets and the Company's investments in associates and subsidiaries.

## **Capital Commitments**

The Group's capital commitments decreased by approximately RMB62.2 million from approximately RMB7,199.3 million as at 31 December 2024 to approximately RMB7,137.1 million as at 30 June 2025, representing a decrease of approximately 0.9%.

## **Gearing Ratio**

The Group's gearing ratio (calculated by net debt divided by total capital) increased from approximately 64.6% as at 31 December 2024 to approximately 67.2% as at 30 June 2025, representing an increase of approximately 2.6%.

## **Significant Investments and Acquisitions**

No significant investments and acquisitions activities occurred during the Reporting Period.

## **NOMINATION COMMITTEE**

The Nomination Committee currently consists of one non-executive Director, Mr. Mei Wei (as chairman), and two independent non-executive Directors, Mr. Zhou Beihai and Mr. Zhong Wei.

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 regarding 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 two meetings to discuss the candidates of the non-executive Directors of the fourth session of the Board.

## **REMUNERATION COMMITTEE**

The Remuneration Committee currently consists of one executive Director, Mr. Liu Hui, and two independent non-executive Directors, Mr. Zhong Wei (as chairman) and Mr. Zhou Beihai.

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 Listing Rules. Terms of reference of the Remuneration Committee have been published on the website of the Company.

During the Reporting Period, the Remuneration Committee had convened three meetings to discuss the advance payment of the annual performance salary of senior management of the Company in 2024 and the payout of the annual performance salary of senior management in 2024.

## AUDIT COMMITTEE

The Audit Committee currently consists of three independent non-executive Directors, Mr. Liu Shuen Kong (as chairman), Mr. Zhong Wei and Mr. Zhou Beihai.

The principal responsibilities of the Audit Committee include reviewing and supervising the financial reporting process, risk management and internal control system of the Company, including making recommendations on appointing and 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.

During the Reporting Period, the Audit Committee had convened four meetings, and the main contents of the four meetings are summarized as follows:

The first meeting was held to discuss matters relating to the audit report on the economic responsibilities of the former management personnel of the Company's South China Region. The second meeting was held to discuss the Company's financial results for the year 2024, the provision for impairment of credit and asset for the year 2024, and the recommendation not to declare a final dividend for the year 2024. The third meeting was held to discuss the internal control evaluation report of the Company for the year 2024. The fourth meeting was held to discuss the financial statements of the Company for the year 2024 and the re-appointment of the auditor for the year 2025.

The Audit Committee had reviewed the unaudited interim condensed 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 matters with senior management of the Company.

## RISK MANAGEMENT, INTERNAL CONTROL AND COMPLIANCE COMMITTEE

The Risk Management, Internal Control and Compliance Committee currently consists of one executive Director, Mr. Zheng Guangfeng, three independent non-executive Directors, Mr. Zhong Wei (as chairman), Mr. Liu Shuen Kong and Mr. Zhou Beihai, and one Supervisor, Mr. Mo Wenyi.

The principal responsibilities of the Risk Management, Internal Control and Compliance Committee include being responsible for the organization, leadership and coordination of the Company's work relating to risk management, internal control and compliance management, as well as studying and advising on its overall objectives, system construction and basic systems; evaluating the compliance of major decisions authorized by the Board and solutions to major risks; supervising and evaluating the Company's work in relation to the risk management, internal control and compliance management. Terms of reference of the Risk Management, Internal Control and Compliance Committee have been published on the website of the Company.

During the Reporting Period, the Risk Management, Internal Control and Compliance Committee had convened a total of two meetings, and the main contents of the two meetings are summarized as follows:

The first meeting was held to discuss the Company's risk assessment report for the year 2024. The second meeting was held to discuss the revision of the Company's internal control manual.



## INFORMATION ON DIRECTORS AND SUPERVISORS

During the Reporting Period, there was no change in information on Directors and supervisors of the Company (the “**Supervisors**”) which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

The composition of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management, Internal Control and Compliance Committee is as follows.

### **Audit Committee**

Mr. Liu Shuen Kong (*Chairman*)

Mr. Zhong Wei

Mr. Zhou Beihai

### **Remuneration Committee**

Mr. Zhong Wei (*Chairman*)

Mr. Liu Hui

Mr. Zhou Beihai

### **Nomination Committee**

Mr. Mei Wei (*Chairman*)

Mr. Zhou Beihai

Mr. Zhong Wei

### **Risk Management, Internal Control and Compliance Committee**

Mr. Zhong Wei (*Chairman*)

Mr. Zheng Guangfeng

Mr. Liu Shuen Kong

Mr. Zhou Beihai

Mr. Mo Wenyi (*Supervisor*)

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 2024.

## **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 in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2025.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct regarding securities transactions by the Directors and 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 2025.

## **DIRECTORS’ INTERESTS IN COMPETING BUSINESS**

During the six months ended 30 June 2025, 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 2025, 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 were held in public hands.



## **REVIEW OF THE INTERIM RESULTS**

Forvis Mazars CPA Limited, the auditor of the Company, has reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

The Audit Committee has discussed the accounting policies and practices adopted by the Group together with the management and the independent auditors, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2025.

The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

### **EXTRACT OF THE REVIEW REPORT BY FORVIS MAZARS CPA LIMITED ON THE GROUP'S CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2025**

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### **MATERIAL UNCERTAINTIES RELATING TO CONTINUING OPERATIONS**

We hereby draw your attention to the note 2.1 to the interim condensed consolidated financial statements, the Group reported a net loss of RMB1,047,453,000 for the six months ended 30 June 2025 and the Group's current liabilities exceeded its current assets by RMB3,242,272,000 as at 30 June 2025. As at the same date, the Group's total borrowings amounted to RMB21,683,798,000, of which current borrowings amounted to RMB2,401,214,000, while its cash and cash equivalents amounted to RMB927,608,000 only. As at 30 June 2025, the Group had capital commitment of approximately RMB7,137,122,000, mainly in relation to various concession projects and construction projects of the Group. Such events or conditions indicate the existence of material uncertainties in the Group's continuing operations which may cast significant doubt about the Group to continue as a going concern. In this regard, our conclusions are not modified.

# **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](http://www.hkexnews.hk)) and the website of the Company ([www.yunnanwater.com.cn](http://www.yunnanwater.com.cn)). The interim report of the Group for the six months ended 30 June 2025 will be dispatched to Shareholders and published on the aforesaid websites of the Stock Exchange and the Company in due course.

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

Kunming, the PRC  
29 August 2025

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

\* For identification purposes only