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 2026

FINANCIAL HIGHLIGHTS

– Revenue was approximately RMB1,061.6 million, representing a decrease of approximately 8.29% over the corresponding period of last year.

– Gross profit was approximately RMB52.7 million, representing a decrease of approximately 64.55% over the corresponding period of last year.

– The loss for the period was approximately RMB760.9 million, compared to a loss of approximately RMB1,047.5 million over the corresponding period of last year. The net loss recorded during the Reporting Period was mainly attributable to the decrease in gross profit, which was insufficient to cover financing costs, as well as the expected credit provisions for financial assets.

– Loss attributable to the ordinary shareholders of the Company was approximately RMB655.9 million, and the basic loss per share was approximately RMB0.637.

– The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2026.

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 2026 (the "**Reporting Period**").

I. FINANCIAL INFORMATION OF THE GROUP

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

		Six months ended 30 June	
		2026	2025
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**1,061,579**	1,157,575
Cost and expense of sales		**(1,008,925)**	(1,009,056)
Gross profit		**52,654**	148,519
Other income		**25,980**	22,941
Other losses – net		**(7,453)**	(17,464)
Selling expenses		**(15,964)**	(15,217)
Administrative expenses		**(124,470)**	(454,824)
Net impairment losses on financial and contract assets		**(242,689)**	(249,078)
Operating loss		**(311,942)**	(565,123)
Finance income	*4*	**979**	3,096
Finance costs	*4*	**(440,594)**	(483,254)
Finance costs – net		**(439,615)**	(480,158)
Share of profit of investments accounted for using the equity method		**5,794**	1,011
Loss before income tax	*5*	**(745,763)**	(1,044,270)
Income tax expenses	*6*	**(15,098)**	(3,183)
Loss for the period		**(760,861)**	(1,047,453)

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

	Notes	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of foreign operations		**58,497**	9,387
Total comprehensive loss for the period, net of tax		**(702,364)**	(1,038,066)
Loss attributable to:			
– Ordinary shareholders of the Company		**(655,939)**	(875,430)
– Non-controlling interests		**(104,922)**	(172,023)
		(760,861)	(1,047,453)
Total comprehensive loss attributable to:			
– Ordinary shareholders of the Company		**(597,441)**	(866,085)
– Non-controlling interests		**(104,923)**	(171,981)
		(702,364)	(1,038,066)
		RMB	*RMB*
Loss per share for loss attributable to ordinary shareholders of the Company			
– Basic and diluted	*7*	**(0.637)**	(0.734)

Interim condensed consolidated statement of financial position

	Notes	30 June 2026 *RMB'000* (Unaudited)	31 December 2025 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**3,146,338**	3,276,150
Investment properties		**14,220**	14,555
Right-of-use assets		**279,637**	284,990
Receivables under service concession arrangements	*9*	**5,893,407**	6,157,032
Contract assets	*10*	**11,354,375**	11,344,693
Intangible assets		**9,951,784**	10,227,138
Investments accounted for using the equity method		**1,084,585**	1,083,917
Financial asset at fair value through other comprehensive income		**100**	100
Trade and other receivables		**181,131**	184,237
Prepayments		**1,015,758**	1,042,912
Deferred tax assets		**128,736**	127,696
		33,050,071	33,743,420
Current assets			
Receivables under service concession arrangements		**232,797**	229,777
Inventories		**122,661**	144,368
Contract assets	*10*	**202,116**	172,452
Trade and other receivables	*11*	**7,183,967**	7,057,866
Prepayments	*11*	**223,407**	208,813
Restricted cash		**61,318**	80,169
Cash and cash equivalents		**717,214**	806,757
Assets held for sale	*12*	**–**	73,361
		8,743,480	8,773,563
Total assets		**41,793,551**	42,516,983

Interim condensed consolidated statement of financial position (Continued)

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Equity			
Share capital		**1,193,213**	1,193,213
Other reserves		**2,786,755**	2,728,159
Accumulated losses		**(6,048,756)**	(5,392,817)
		(2,068,788)	(1,471,445)
Perpetual securities interests		**9,891,670**	9,891,670
Non-controlling interests		**620,636**	729,536
Total equity		**8,443,518**	9,149,761
Liabilities			
Non-current liabilities			
Lease liabilities		**37,027**	36,031
Borrowings	*13*	**17,075,619**	18,398,548
Trade and other payables	*14*	**204,237**	212,555
Deferred income		**683,732**	679,901
Deferred tax liabilities		**724,704**	724,239
Provisions		**538,291**	512,558
		19,263,610	20,563,832
Current liabilities			
Contract liabilities		**115,606**	96,736
Lease liabilities		**178**	1,455
Borrowings	*13*	**4,411,042**	3,010,439
Trade and other payables	*14*	**8,993,936**	9,115,507
Current taxation		**565,661**	579,253
		14,086,423	12,803,390
Total liabilities		**33,350,033**	33,367,222
Total equity and liabilities		**41,793,551**	42,516,983

Notes to the Interim Condensed Consolidated Financial Statements
For the six months ended 30 June 2026

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 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 2026 (the "**Interim Financial Statements**") are presented in Renminbi ("**RMB**"). All amounts have been rounded to the nearest thousand, unless otherwise stated. These Interim Financial Statements were approved by the board of directors of the Company on 31 August 2026.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of preparation

This Interim Financial Statements for the six months ended 30 June 2026 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 of Hong Kong Limited. The Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**").

The Group reported a net loss of RMB760,861,000 for the six months ended 30 June 2026 and the Group's current liabilities exceeded its current assets by RMB5,342,943,000 as at 30 June 2026. As at the same date, the Group's total borrowings amounted to RMB21,486,661,000, of which current borrowings amounted to RMB4,411,042,000, while its cash and cash equivalents amounted to RMB717,214,000 only. As at 30 June 2026, the Group had capital commitment of approximately RMB7,039,204,000, 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 2026 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 RMB2,996,704,000 to satisfy part of the construction cost payable and committed capital expenditure in the next twelve months from 30 June 2026. 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 2026. 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 2026. 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 2025, 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 2026 as described below.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Material accounting policy information (Continued)

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Annual Improvements to HKFRS Accounting Standards	Volume 11
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity

The application of the Amendments has had no material impact on the Group's financial position and performance for the current and prior periods and/or on the disclosures set out in this interim condensed consolidated financial information.

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 2026 (Unaudited):

	Wastewater treatment project construction and operation *RMB'000* (Unaudited)	Water supply project construction and operation *RMB'000* (Unaudited)	Construction and sales of equipment *RMB'000* (Unaudited)	Solid waste treatment project construction and operation *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Revenue from external customers	**523,021**	**272,908**	**7,058**	**225,246**	**33,346**	**1,061,579**
Revenue from contracts with customers						
– Recognised at a point in time	**–**	**272,785**	**2,098**	**–**	**–**	**274,883**
– Recognised over time	**392,154**	**123**	**4,960**	**220,264**	**33,346**	**650,847**
Revenue from other sources						
– Finance income	**130,867**	**–**	**–**	**4,982**	**–**	**135,849**
Gross profit	**79,680**	**(936)**	**(2,809)**	**(31,951)**	**8,670**	**52,654**
Other income						**25,980**
Other loss – net						**(7,453)**
Selling expenses						**(15,964)**
Administrative expenses						**(124,470)**
Net impairment losses on financial assets and contract assets						**(242,689)**
Finance costs – net						**(439,615)**
Share of profit/(loss) of investments accounted for using the equity method – net	**(2,522)**	**–**	**–**	**–**	**8,316**	**5,794**
Loss before income tax						**(745,763)**
Income tax expenses						**(15,098)**
Loss for the period						**(760,861)**
Depreciation and amortisation	**(113,494)**	**(191,277)**	**(3,415)**	**(118,917)**	**(2,406)**	**(429,509)**

3. SEGMENT INFORMATION (CONTINUED)

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

Six months ended 30 June 2025 (Unaudited):

	Wastewater treatment project construction and operation RMB'000 (Unaudited)	Water supply project construction and operation RMB'000 (Unaudited)	Construction and sales of equipment RMB'000 (Unaudited)	Solid waste treatment project construction and operation RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
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 loss – 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 income 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)

(ii) Segment assets and liabilities are as follows:

As at 30 June 2026 (Unaudited):

	Wastewater treatment project construction and operation *RMB'000* (Unaudited)	Water supply project construction and operation *RMB'000* (Unaudited)	Construction and sales of equipment *RMB'000* (Unaudited)	Solid waste treatment project construction and operation *RMB'000* (Unaudited)	Others *RMB'000* (Unaudited)	Total *RMB'000* (Unaudited)
Segment assets						
Segment assets include:	**18,814,721**	**10,504,015**	**5,289,717**	**6,110,260**	**1,074,838**	**41,793,551**
Investments accounted for using the equity method	**48,158**	**–**	**–**	**26,894**	**1,009,533**	**1,084,585**
Segment liabilities	**10,915,419**	**10,315,278**	**4,790,037**	**6,803,774**	**525,525**	**33,350,033**

As at 31 December 2025 (Audited):

	Wastewater treatment project construction and operation *RMB'000* (Audited)	Water supply project construction and operation *RMB'000* (Audited)	Construction and sales of equipment *RMB'000* (Audited)	Solid waste treatment project construction and operation *RMB'000* (Audited)	Others *RMB'000* (Audited)	Total *RMB'000* (Audited)
Segment assets						
Segment assets include:	17,514,271	11,667,754	5,307,008	6,196,771	1,831,179	42,516,983
Investments accounted for using the equity method	50,681	–	–	26,894	1,006,342	1,083,917
Segment liabilities	10,490,126	10,960,955	4,756,645	6,738,563	420,933	33,367,222

4. FINANCE COSTS — NET

	30 June 2026 *RMB'000* (Unaudited)	30 June 2025 *RMB'000* (Unaudited)
Finance income		
– Interest income	**979**	3,096
Finance costs		
– Borrowing costs	**(404,263)**	(434,518)
– Net exchange loss on financing activities	**(20,784)**	(30,882)
– Unwinding of provision	**(15,547)**	(17,854)
	(440,594)	(483,254)
Finance costs – net	**(439,615)**	(480,158)

5. LOSS BEFORE INCOME TAX

	30 June 2026 *RMB'000* (Unaudited)	30 June 2025 *RMB'000* (Unaudited)
Employee benefit expenses	**198,231**	200,976
Depreciation of property, plant and equipment	**171,404**	169,336
Depreciation of right-of-use assets	**7,258**	6,813
Depreciation of investment properties	**335**	332
Amortisation of intangible assets	**250,512**	282,901
Impairment of intangible assets	**–**	138,616
Impairment loss of prepayments	**(22,637)**	99,703

6. INCOME TAX EXPENSES

	30 June 2026	30 June 2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Corporate income tax	**15,675**	10,808
Deferred tax	**(577)**	(7,625)
	15,098	3,183

7. LOSS PER SHARE

The basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	30 June 2026	30 June 2025
	(Unaudited)	(Unaudited)
<u>Loss</u>		
Loss attributable to the ordinary shareholders of the Company (RMB'000)	**(655,939)**	(875,430)
Accrued distributions to the perpetual securities interests (RMB'000)	**(103,863)**	–
	(759,802)	(875,430)
<u>Number of shares</u>		
Weighted average number of ordinary shares in issue (thousands)	**1,193,213**	1,193,213
Basic loss per share (RMB per share)	**(0.637)**	(0.734)

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 2026 (six months ended 30 June 2025: same).

8. DIVIDENDS

The Board of Directors of the Company does not recommend the declaration of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

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

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Receivables under service concession arrangements	**6,518,388**	6,590,219
Less: impairment loss	**(392,184)**	(203,410)
	6,126,204	6,386,809
Portion classified as current assets	**(232,797)**	(229,777)
Non-current portion	**5,893,407**	6,157,032

In respect of the Group's receivables under service concession arrangements, credit risks varied amongst the Group's projects operated in different locations of Chinese Mainland. 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 Chinese Mainland, as grantors in respect of the Group's service concession arrangements.

10. CONTRACT ASSETS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Contract assets – Non-current		
—Related to wastewater treatment services	**9,171,841**	9,138,724
—Related to construction services	**877,148**	865,991
—Related to solid waste treatment services	**863,710**	859,297
—Related to water supply services	**600,705**	640,527
Less: impairment loss	**(159,029)**	(159,846)
	11,354,375	11,344,693
Contract assets – Current		
—Related to wastewater treatment services	**8,353**	18,570
—Related to construction services	**199,985**	158,466
—Related to water supply services	**–**	1,483
Less: impairment loss	**(6,222)**	(6,067)
	202,116	172,452

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade receivables		
– Related parties	**2,094,790**	2,148,004
– Local governments	**2,938,186**	2,742,595
– Third parties	**2,671,611**	2,591,628
Less: impairment loss	**(1,999,478)**	(1,948,299)
	5,705,109	5,533,928
Other receivables		
– Related parties	**41,039**	38,969
– Third parties	**1,881,950**	1,930,132
Less: impairment provision	**(263,000)**	(260,926)
	1,659,989	1,708,175
Total trade and other receivables	**7,365,098**	7,242,103
Less: non-current portion of other receivables	**(181,131)**	(184,237)
Current portion of trade and other receivables	**7,183,967**	7,057,866
Prepayments		
– Related parties	**150,781**	140,923
– Third parties	**1,142,997**	1,188,052
Less: impairment provision	**(54,613)**	(77,250)
	1,239,165	1,251,725
Less: non-current portion of prepayments	**(1,015,758)**	(1,042,912)
Current portion of prepayments	**223,407**	208,813

12. ASSETS HELD FOR SALE

On 28 April 2025, the Company entered into a property rights transaction agreement with Dali Innovation Construction and Development Co., Ltd, a state-owned enterprise (the Purchaser), in relation to the disposal of Dali Water Industry Investment Co., Ltd.'s Dali City Fourth Water Plant Expansion and Pipeline Network Project. Pursuant to which, the Company agreed to sell and the Purchaser agreed to acquire the Dali City Fourth Water Plant Expansion and Pipeline Network Project at a consideration of approximately RMB89,952,000. In 2026, due to the inability to complete the change of registration for certain parcels of land and certain assets being involved in litigation, the enterprise was unable to transfer all of its assets, resulting in a final consideration of approximately RMB86,833,000.

The disposal was completed during the six months ended 30 June 2026.

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Asset		
Property, plant and equipment	–	66,500
Lease	–	6,861
Assets classified as held for sale	–	73,361

13. BORROWINGS

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Non-current		
Long-term Bank borrowings	**14,028,692**	15,400,939
Corporate bonds and other borrowings	**3,046,927**	2,997,609
	17,075,619	18,398,548
Current		
Short-term Bank borrowings	**1,753,829**	–
Current portion of long-term bank borrowings	**891,247**	1,176,752
Current portion of corporate bonds and other borrowings	**1,765,966**	1,833,687
	4,411,042	3,010,439
	21,486,661	21,408,987

14. TRADE AND OTHER PAYABLES

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Trade payables:		
– Related parties	**1,721,931**	1,749,088
– Third parties	**5,600,584**	5,676,561
	7,322,515	7,425,649
Other payables:		
– Related parties	**237,518**	228,726
– Third parties	**1,335,202**	1,387,695
Staff welfare benefit payable	**95,392**	88,345
Other taxes payable	**141,796**	134,697
Dividend payables	**65,750**	62,950
	9,198,173	9,328,062
Less: non-current portion	**(204,237)**	(212,555)
Current portion	**8,993,936**	9,115,507

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2026, the water, solid waste, and emerging pollutant governance industries welcomed several landmark top-level designs and policy implementations, maintaining continuous momentum from macro planning to rule-of-law safeguards.

Key policies related to the water industry in 2026 are set as follows:

In February, Premier Li Qiang of the State Council signed a decree promulgating the Regulation on Water Supply (State Council Decree Order No. 831) (《供水條例》(第831號國務院令)), which officially came into effect on 1 June. Replacing the Urban Water Supply Regulations that had been implemented for 32 years, the new Regulations incorporate rural large-scale water supply into unified national standards for the first time, emphasizing coordinated urban-rural supervision. Key measures include clarifying the pricing principle of "cost coverage plus reasonable returns"; standardizing charging practices by eliminating miscellaneous fees such as account opening and connection fees; strengthening water quality safety through a dual-penalty system for both "entities and individuals", and requiring cities with a single water source to build emergency or backup water supply sources, establishing a comprehensive regulatory framework from source to tap.

In March, the Report on the Work of the Government 2026 explicitly proposed to "accelerating the construction of a modern water network", promoting the strategic upgrade of water conservancy construction from "point-and-line projects" to a holistic "single network", pointing out the annual direction for the water industry. The Report proposed to "build new forms of smart economy", deepening the commercialized and scaled application of "AI plus" in key livelihood areas such as water services to advance smart water construction. It also emphasized promoting high-quality urban renewal and accelerating efforts to make up for shortcomings in rural modern living conditions, forcefully advancing the integration of urban and rural water supply as well as scaled centralized water supply projects as key initiatives.

In May, the State Council issued the 15th Five-Year Plan for Urban Renewal (《城市更新「十五五」規劃》), clarifying the target indicators, key tasks, major projects, and policy measures for urban renewal during the "15th Five-Year Plan" period. Among them, it explicitly proposed accelerating efforts to make up for deficiencies in urban sewage collection and treatment facilities, and promoting the establishment of a long-term mechanism for integrated plant-network construction, operation, and maintenance, enhancing urban sewage treatment capacity, building and upgrading sewage treatment facilities with a total capacity of 25 million cubic meters/day, and exploring technical routes for rain-season overflow pollution control in urban drainage systems, while refining relevant policies and standards.

In June, the State Council issued the 15th Five-Year Plan for Accelerating Agricultural and Rural Modernization (《加快農業農村現代化「十五五」規劃》). In terms of promoting the construction of beautiful and harmonious countryside that is suitable for living and working, the Plan proposed to strengthen rural infrastructure construction and maintenance, implement projects to make up for shortcomings in rural modern living conditions, and promote the integrated urban-rural water supply, scaled centralized water supply, and standardized small-scale water supply projects by classification, while orderly advancing county-wide unified management of rural water supply. Focusing on population-concentrated villages, it tailored local sewage treatment modes such as resource utilization, connection to urban sewage pipe networks (plants), and centralized treatment, while strengthening the connection and long-term operation and maintenance of rural domestic sewage governance. It emphasized accelerating agricultural and rural modernization to better advance the Chinese path to modernization.

Key policies on solid waste and emerging pollutants in 2026 are set as follows:

In June, the State Council issued the 15th Five-Year Plan for Building a Beautiful China (《美麗中國建設「十五五」規劃》), deploying three major tasks in terms of solid waste and emerging pollutant governance: First, implementing comprehensive management of solid waste, strengthening full-chain control and large-scale utilization of industrial solid waste, advancing the standardized "five-instant" management and "one-code integrated" full-process supervision of hazardous waste, controlling the proportion of hazardous waste landfilled within 10%, completing the remediation of over 60% of historical legacy storage sites, and supporting approximately 200 cities in building "waste-free cities". Second, strengthening the prevention and control of heavy metal pollution. Promoting hidden danger inspection and risk assessment, implementing systematic governance through "one plan for one enterprise", driving source reduction of key products, reducing the use of raw ores high in thallium, cadmium and other metals, and improving long-term prevention and control as well as automated monitoring mechanisms. Third, deepening the governance of emerging pollutants. Strengthening the source replacement of hazardous substances in key products such as electrical and electronic equipment, dynamically updating control lists, establishing a synergistic governance and risk control system for persistent organic pollutants, microplastics, antibiotics, and other substances, while refining environmental risk monitoring and early warning mechanisms.

In the first half of 2026, driven by policies, the water industry experienced a profound transformation. At the legal level, the rollout of the new Regulations on Water Supply established an integrated urban-rural water supply supervision and the pricing mechanism of "cost coverage plus reasonable returns", effectively alleviating the long-standing pain point of cost inversion, urban-rural integration, digital and intelligent upgrades, and market-oriented reforms will guide industry participants toward incremental tracks such as precise pipeline network renewal layouts and smart water services, driving the industry's transition toward high-quality and refined operations. At the development level, the 15th Five-Year Plan for Urban Renewal clarified mandatory tasks for updating old pipeline networks and digital-intelligent upgrading, requiring the industry's investment logic to shift comprehensively from scale expansion to stock quality enhancement. Overall, the water industry is accelerating its pace toward compliant and refined operations, expecting to usher in a new phase of earnings recovery and value revaluation.

From the perspective of solid waste and emerging pollutant governance policies, the policy environment in the first half of 2026 is undergoing a historical leap from "last-resort support" to "resource recycling" and "systemic synergy". The governance of solid waste and emerging pollutants is no longer merely a public welfare proposition for environmental protection, but a core engine driving green economic growth and safeguarding strategic resource security. Seizing the dividends at the opening of the "15th Five-Year Plan", the industry is accelerating digital and intelligent transformation alongside high-value technology research and development, laying out new tracks in new energy recycling and "environmental protection plus".

DEVELOPMENT STRATEGIES AND PROSPECT

In the first half of 2026, centering around the Group's "3510" Action Plan and the Company's positioning as the "Main Environmental Protection Platform in Yunnan and a Leading Integrated Service Provider in China", the Company accelerated project construction and standardized operational management. Closely adhering to the main line of asset-light transformation and focusing on key tasks with targeted efforts, the Company spared no effort to build a sustainable and high-quality development landscape. During the process, the Company adhered to strategic anchoring to tackle transformation goals, remained problem-oriented to break through transformation bottlenecks, insisted on reform enablement to activate transformation momentum, and maintained bottom-line thinking to consolidate the foundation for transformation. Centering closely on the revitalization of assets, the Company actively disposed of non-performing assets such as under-construction projects slated for exit and suspended projects, and enhanced returns from low-efficiency assets such as accounts receivable, projects under construction, and loss-making projects, ensuring that all tasks yielded practical results and targets were achieved as scheduled.

In the second half of 2026, the Company will closely focus on the "One Profit and Five Ratios" operational indicators, coordinate business directions including project construction, investment expansion, and asset revitalization, and focus on advancing the following four areas of work. First, deepen lean operational control and implement internal control to reduce costs and enhance efficiency. On the premise of ensuring that project water quality meets standards and equipment operates smoothly, the Company will deeply tap potential to reduce energy consumption, labor, and material costs, accelerate full coverage of the smart water platform across urban and rural sewage treatment projects, and steadily improve business profitability. Second, tackle key projects by orderly advancing the acceptance, settlement, and commercial operation transition of existing construction projects, standardizing new project reserves and investment management, and ensuring the efficient implementation of new projects. Third, broaden cash inflow channels. Anchoring the target of debt collection, the Company will categorize and review various receivables, formulate differentiated collection plans, and simultaneously step up the disposal of idle and low-efficiency assets to supplement operating cash flows and relieve funding gap pressures. Fourth, optimize business structure. While consolidating core businesses in sewage, water supply, and solid waste, the Company will seize the policy window for local fiscal price adjustments and compensations to implement price adjustments and make up for differentials. Concurrently, the Company will explore incremental business from existing projects, continuously expand entrusted operations, and cultivate new revenue growth points.

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**"), 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 four major segments, namely wastewater treatment, water supply, solid waste treatment and others.

As at 30 June 2026, the Group's water related projects in commercial operation (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 3,425,488 tonnes. As at 30 June 2026, the Group's solid waste treatment related projects in commercial operation (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 2,194,500 tonnes.

Wastewater Treatment Projects

As at 30 June 2026, the Group had a total of 77 wastewater treatment projects in commercial operation, including 4 BOO projects, 48 BOT projects, 2 TOO projects, 10 TOT projects, 6 ROT projects and 7 municipal environmental comprehensive treatment projects, with a total daily treatment capacity of approximately 1,835,450 tonnes. During the Reporting Period, the Group's average utilization rate of wastewater treatment was approximately 77.29%, and the average unit charge of wastewater treatment was approximately RMB1.41 per tonne.

Water Supply Projects

As at 30 June 2026, the Group had a total of 33 water supply projects in commercial operation, including 12 BOO projects, 11 BOT projects, 9 TOT projects and 1 municipal environmental comprehensive treatment project, with a total daily treatment capacity of approximately 1,098,000 tonnes. During the Reporting Period, the Group's average utilization rate of water supply was approximately 74.61%, and the average unit charge of water supply was approximately RMB2.85 per tonne.

Solid Waste Treatment Projects

As at 30 June 2026, the Group had a total of 14 solid waste treatment projects in commercial operation with a total annual treatment capacity of 2,194,500 tonnes, including 6 BOT projects, 2 TOT projects, 1 licensed business project and 5 municipal environmental comprehensive treatment projects. During the Reporting Period, the Group's average utilization rate of solid waste treatment was approximately 94.72%.

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 2026, the Group was providing relevant operation services for 44 O&M projects. These projects included 43 wastewater treatment projects with a total daily treatment capacity of approximately 487,038 tonnes, and 1 water supply project with a daily treatment capacity of approximately 5,000 tonnes.

As at 30 June 2026, the Group had a total of 7 photovoltaic power generation projects in commercial operation, all of which are BOO projects, with an aggregate installed capacity of 14,842.24 kW.

FINANCIAL REVIEW

Results of Operation

During the Reporting Period, the Group recorded revenue of approximately RMB1,061.6 million, representing a period-on-period decrease of approximately 8.29% as compared to that for the six months ended 30 June 2025. During the Reporting Period, the Group recorded a net loss of approximately RMB760.9 million, compared to a loss of approximately RMB1,047.5 million over the six months ended 30 June 2025. Loss attributable to the ordinary shareholders of the Company was approximately RMB655.9 million, compared to loss attributable to the ordinary shareholders of the Company of approximately RMB875.4 million over the six months ended 30 June 2025. Loss per share for the six months ended 30 June 2026 was approximately RMB0.637.

Revenue

Revenue of the Group decreased from approximately RMB1,157.6 million for the six months ended 30 June 2025 to approximately RMB1,061.6 million for the Reporting Period, representing a decrease of approximately 8.29%. In respect of the business segments of the Group, revenue from the wastewater treatment business segment decreased by approximately 15.9% from approximately RMB621.5 million for the six months ended 30 June 2025 to approximately RMB523.0 million for the Reporting Period. Revenue from the water supply segment increased by approximately 3.4% from approximately RMB263.9 million for the six months ended 30 June 2025 to approximately RMB272.9 million for the Reporting Period. Revenue from solid waste treatment business segment decreased by approximately

2.8% from approximately RMB231.8 million for the six months ended 30 June 2025 to approximately RMB225.2million for the Reporting Period. Revenue from construction and sales of equipment business segment decreased by approximately 35.9% from approximately RMB11.0 million for the six months ended 30 June 2025 to approximately RMB7.1 million for the Reporting Period. Revenue from other business increased by approximately 13.6% from approximately RMB29.4 million for the six months ended 30 June 2025 to approximately RMB33.3 million for the Reporting Period.

The decrease in revenue from the wastewater treatment business segment was mainly attributable to the decrease in construction revenue of water plant and finance income. The increase in revenue from the water supply business segment was mainly attributable to the increase in construction revenue of water plant and finance income. The decrease in revenue from the solid waste treatment business segment was mainly due to the decrease in operating revenue and finance income. The decrease in revenue from the construction and sales of equipment business segment was mainly attributable to the reduction in construction revenue during the Reporting Period. The decrease in revenue from other business segment was mainly attributable to the contraction of the scale of relevant businesses during the Reporting Period.

Cost of Sales

During the Reporting Period, the Group recorded cost of sales and services of approximately RMB1,008.9 million, representing a period-on-period decrease of approximately RMB0.2 million or 0.01% as compared to approximately RMB1,009.1 million for the six months ended 30 June 2025. 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 certain wastewater treatment projects under construction during the construction period.

Gross Profit Margin

During the Reporting Period, gross profit margin of the Group was approximately 5.0%, representing a decrease of approximately 7.8% as compared to approximately 12.8% for the six months ended 30 June 2025.

Other Income

During the Reporting Period, the Group recorded other income of approximately RMB26.0 million, representing a period-on-period increase of approximately RMB3.1 million or 13.3% as compared with approximately RMB22.9 million for the six months ended 30 June 2025.

Selling Expenses

During the Reporting Period, selling expenses of the Group were approximately RMB16.0 million, representing a period-on-period increase of approximately RMB0.8 million or 4.9% from approximately RMB15.2 million for the six months ended 30 June 2025.

Administrative Expenses

During the Reporting Period, administrative expenses of the Group were approximately RMB124.5 million, representing a period-on-period decrease of approximately RMB330.5 million or 72.6% from approximately RMB454.8 million for the six months ended 30 June 2025. The significant decrease in administrative expenses was primarily attributable to the recognition of impairment provisions for long-term assets in the corresponding period last year, whereas the related impairment provisions recognised in the current period were relatively small.

Finance Costs – net

Net finance costs decreased by approximately RMB40.6 million from approximately RMB480.2 million for the six months ended 30 June 2025 to approximately RMB439.6 million for the Reporting Period, representing a decrease of approximately 8.4%. The decrease in net finance costs was primarily due to decrease in average interest rate on borrowings during the Reporting Period.

The average interest rate on borrowings of the Group for the Reporting Period was approximately 3.76% per annum, representing a period-on-period decrease compared with approximately 4.04% per annum for the six months ended 30 June 2025.

Loss before Tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB745.8 million for the six months ended 30 June 2026, compared to a loss before income tax of approximately RMB1,044.3 million for the six months ended 30 June 2025.

Income Tax Expenses

The Group recorded income tax expenses of approximately RMB15.1 million for the six months ended 30 June 2026, compared to income tax expenses of approximately RMB3.2 million for the six months ended 30 June 2025.

Loss for the Reporting Period

As a result of the foregoing, loss for the Reporting Period decreased by approximately RMB286.6 million from a net loss of approximately RMB1,047.5 million for the six months ended 30 June 2025 to a net loss of approximately RMB760.9 million for the Reporting Period.

Receivables under Service Concession Arrangements

The Group's receivables under service concession arrangements decreased by approximately RMB260.6 million from approximately RMB6,386.8 million as at 31 December 2025 to approximately RMB6,126.2 million as at 30 June 2026, representing a decrease of approximately 4.08%.

Trade and Other Receivables and Prepayments

The Group's trade and other receivables and prepayments increased by approximately RMB110.5 million from approximately RMB8,493.8 million as at 31 December 2025 to approximately RMB8,604.3 million as at 30 June 2026, representing an increase of approximately 1.3%.

Cash and Cash Equivalents

The Group's total cash balance decreased by approximately RMB89.6 million from approximately RMB806.8 million as at 31 December 2025 to approximately RMB717.2 million as at 30 June 2026, representing a decrease of approximately 11.1%, which was primarily attributable to the combined effect of net cash outflows from operating, investing and financing activities.

Trade and Other Payables

The Group's trade and other payables decreased by approximately RMB129.9 million from approximately RMB9,328.1 million as at 31 December 2025 to approximately RMB9,198.2 million as at 30 June 2026, representing a decrease of approximately 1.39%.

Borrowings

As at 30 June 2026, the Group had borrowings of approximately RMB21,486.7 million (31 December 2025: approximately RMB21,409.0 million). As at 30 June 2026, the Group had unsecured borrowings of approximately RMB7,602.5 million (31 December 2025: approximately RMB7,475.4 million), and secured borrowings of approximately RMB13,884.2 million (31 December 2025: approximately RMB13,933.6 million).

Pledge of Assets

As at 30 June 2026, borrowings of approximately RMB13,884.2 million (31 December 2025: approximately RMB13,933.6 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 RMB18.5 million from approximately RMB7,057.7 million as at 31 December 2025 to approximately RMB7,039.2 million as at 30 June 2026, representing a decrease of approximately 0.3%.

Gearing Ratio

The Group's gearing ratio (calculated by net debt divided by total capital) increased from approximately 78.48% as at 31 December 2025 to approximately 79.80% as at 30 June 2026, representing an increase of approximately 1.68%.

Significant Investments and Acquisitions

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

CHANGES SINCE 31 DECEMBER 2025

Save as disclosed in the announcement dated 30 June 2026 relating to the retirement of auditor and this announcement, there have been no material changes in the business and financial position of the Group, nor have any material events been affecting the Group, since the publication of the Company's 2025 annual report.

NOMINATION COMMITTEE

The Nomination Committee currently consists of one non-executive Director, Mr. Zhu Zhen (Chairman), one non-executive Director, Ms. Duan Tao, and three independent non-executive Directors, Mr. Liu Shuen Kong, 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 three 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.

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 six meetings, and the main contents of the six 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 East China Region. The second meeting was held to discuss matters relating to the summary of audit and evaluation work for 2025 and the work plan for 2026 of the Company. The third meeting was held to discuss matters relating to the announcement of annual results of the Company for the year 2025. The fourth meeting was held to discuss matters relating to the three-year plan for internal audit and evaluation (2026-2028) of the Company. The fifth meeting was held to discuss matters relating to the provision for credit and asset impairment of the Company for the year 2025. The sixth meeting was held to discuss matters relating to the re-appointment of the auditor for the year 2026.

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, two independent non-executive Directors, Mr. Zhong Wei (as chairman) and Mr. Liu Shuen Kong.

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 four meetings to discuss matters relating to the evaluation report on the effectiveness of the compliance management system of the Company, the risk assessment report for the year 2026, the internal control evaluation report for the year 2025, and the legal compliance work summary for the year 2025.

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 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions 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.

The Company had made specific enquiries with all of its Directors, and all Directors had confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2026.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2026, to the best knowledge of the Board, none of the Directors 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 2026, 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 ("**Forvis Mazars**"), is engaged to review the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2026.

The Audit Committee has discussed the accounting policies and practices adopted by the Group together with the management and Forvis Mazars, and has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2026.

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 2026

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 to the interim condensed consolidated financial statements, the Group reported a net loss of RMB760,861,000 for the six months ended 30 June 2026 and the Group's current liabilities exceeded its current assets by RMB5,342,943,000 as at 30 June 2026. As at the same date, the Group's total borrowings amounted to RMB21,486,661,000, of which current borrowings amounted to RMB4,411,042,000, while its cash and cash equivalents amounted to RMB717,214,000 only. As at 30 June 2026, the Group had capital commitment of approximately RMB7,039,204,000, mainly in relation to various concession projects and construction projects of the Group.

These circumstances, together with other matters as described in note 2 to the interim condensed consolidated financial statements, indicate the existence of material uncertainties that 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) and the website of the Company (www.yunnanwater.com.cn). The interim report of the Group for the six months ended 30 June 2026 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*
Zhu Zhen
Chairman

Kunming, the PRC
31 August 2026

As at the date of this announcement, the executive Directors are Mr. Zhu Zhen (Chairman), Mr. Zheng Guangfeng (Vice-Chairman) and Mr. Liu Hui, the non-executive Directors are Mr. Li Zhengzheng, Mr. Xia Lin and Ms. Duan Tao, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Zhou Beihai and Mr. Zhong Wei.

* *For identification purposes only*