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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 2024

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB1,242.5 million, representing a decrease of approximately 15.9% over the corresponding period of last year.
- Gross profit was approximately RMB201.2 million, representing a decrease of approximately 32.4% over the corresponding period of last year.
- The loss for the period was approximately RMB923.9 million, compared to a loss of approximately RMB248.8 million over the corresponding period of last year. The net loss recorded during the Reporting Period was mainly attributable to the decrease in operating revenue and increase in provision for expected credit allowance of financial assets and impairment allowance of goodwill.
- Loss attributable to the ordinary shareholders of the Company was approximately RMB743.1 million, and the basic loss per share was approximately RMB0.623.
- The Board does not recommend any distribution of interim dividend for the six months ended 30 June 2024.

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 2024 (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	
		2024	2023
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	3	1,242,466	1,477,335
Cost of sales and services		(1,041,282)	(1,179,884)
Gross profit		201,184	297,451
Other income		26,657	100,613
Other losses — net		(5,352)	(16,609)
Selling expenses		(14,535)	(18,291)
Administrative expenses		(221,821)	(161,755)
(Impairment losses)/reversal of impairment losses on financial assets		(275,518)	21,189
Operating (loss)/profit		(289,385)	222,598
Finance income	4	5,074	25,560
Finance expenses	4	(621,792)	(517,156)
Finance costs — net		(616,718)	(491,596)
Share of profit of investments accounted for using the equity method		25,911	24,078
Loss before income tax	5	(880,192)	(244,920)
Income tax expenses	6	(43,750)	(3,896)
Loss for the period		(923,942)	(248,816)
Other comprehensive expense			
<i>Item that may be reclassified subsequently to profit or loss</i>			
— Exchange differences on translation of foreign operations		(6,630)	(34,339)
Total comprehensive expense for the period, net of tax		(930,572)	(283,155)

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

	<i>Note</i>	Six months ended 30 June	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loss attributable to:			
— Ordinary shareholders of the Company		(743,144)	(192,289)
— Non-controlling interests		(180,798)	(56,527)
		<u>(923,942)</u>	<u>(248,816)</u>
Total comprehensive expense attributable to:			
— Ordinary shareholders of the Company		(749,218)	(223,333)
— Non-controlling interests		(181,354)	(59,822)
		<u>(930,572)</u>	<u>(283,155)</u>
Loss per share for loss attributable to ordinary shareholders of the Company (expressed in RMB per share)			
— Basic and diluted	7	<u>(0.623)</u>	<u>(0.161)</u>

Interim condensed consolidated balance sheet

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment		4,155,807	4,257,167
Investment properties		24,221	22,182
Right-of-use assets		308,223	319,577
Receivables under service concession arrangements	9	6,867,223	7,169,526
Contract assets		12,366,705	12,374,538
Intangible assets		10,254,442	10,836,425
Investments accounted for using the equity method		1,129,002	1,103,091
Financial asset at fair value through other comprehensive income		4,675	4,675
Trade and other receivables		308,540	285,516
Prepayments		1,133,124	1,119,352
Deferred income tax assets		223,682	217,656
		<u>36,775,644</u>	<u>37,709,705</u>
Current assets			
Receivables under service concession arrangements		320,719	190,597
Inventories		126,046	126,295
Contract assets		171,906	177,188
Trade and other receivables	10	7,027,024	7,295,341
Prepayments	10	333,516	310,990
Restricted cash		107,893	135,107
Cash and cash equivalents		725,168	899,244
		<u>8,812,272</u>	<u>9,134,762</u>
Assets classified as held for sale		<u>653,123</u>	<u>—</u>
		<u>9,465,395</u>	<u>9,134,762</u>
Total assets		<u>46,241,039</u>	<u>46,844,467</u>

Interim condensed consolidated balance sheet (Continued)

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
Equity			
Equity attributable to ordinary shareholders of the Company			
Share capital		1,193,213	1,193,213
Other reserves		2,539,938	2,546,012
Accumulated losses		(2,496,195)	(1,753,051)
		1,236,956	1,986,174
Non-controlling interests		1,294,290	1,465,281
Total equity		2,531,246	3,451,455
Liabilities			
Non-current liabilities			
Lease liabilities		39,553	43,125
Borrowings	<i>11</i>	25,390,314	29,184,590
Trade and other payables	<i>12</i>	18,138	44,641
Deferred income		841,938	834,346
Deferred income tax liabilities		794,261	768,547
Provision		503,964	475,917
		27,588,168	31,351,166
Current liabilities			
Contract liabilities		136,679	126,081
Lease liabilities		5,966	7,301
Borrowings	<i>11</i>	5,623,214	1,797,851
Trade and other payables	<i>12</i>	9,379,441	9,489,813
Current taxation		611,526	620,800
		15,756,826	12,041,846
Liabilities associated with assets classified as held for sale		364,799	—
		16,121,625	12,041,846
Total liabilities		43,709,793	43,393,012
Total equity and liabilities		46,241,039	46,844,467

Notes to the Interim Condensed Consolidated Financial Statements
For the six months ended 30 June 2024

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. The address of its registered office is Yunnan Water 2089 Haiyuan North Road, Gaoxin District, Kunming, Yunnan Province, the PRC.

These interim condensed consolidated financial statements for the six months ended 30 June 2024 (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 30 August 2024.

2. Basis of preparation and material accounting policy information

(a) Basis of preparation

This Interim Financial Statements for the six months ended 30 June 2024 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 of 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The Group reported a net loss of RMB923,942,000 for the six months ended 30 June 2024 and the Group’s current liabilities exceeded its current assets by RMB6,656,230,000 as at 30 June 2024. As at the same date, the Group’s total borrowings amounted to RMB31,013,528,000, of which current borrowings amounted to RMB5,623,214,000, while its cash and cash equivalents amounted to RMB725,168,000 only. As at 30 June 2024, the Group had capital commitment of approximately RMB7,514,151,000, 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 2024 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 RMB3,129,384,000 to satisfy part of the construction cost payable and committed capital expenditure in the next twelve months from 30 June 2024. 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

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

(a) Basis of preparation (Continued)

(iii) The Group will actively obtain additional new sources of financing as and when needed.

The Directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 30 June 2024. 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 2024. 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 2023, except for the adoption of amended standards as set out below.

Amended standards adopted by the Group

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these Interim Financial Statements.

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.

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

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

3. Segment information (Continued)

(i) Segment results and capital expenditure for the six months ended 30 June 2024 are as follows:

Six months ended 30 June 2024:

<i>(Unaudited)</i>	Wastewater treatment project construction and operation <i>RMB'000</i>	Water supply project construction and operation <i>RMB'000</i>	Construction and sales of equipment <i>RMB'000</i>	Solid waste treatment project construction and operation <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Gross segment revenue	544,856	370,160	46,255	261,118	27,202	—	1,249,591
Inter-segment revenue	—	—	(7,125)	—	—	—	(7,125)
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/(loss)	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)
Impairment losses on financial 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 income tax							(880,192)
Income tax expenses							(43,750)
Loss for the period							(923,942)
Depreciation and amortization	(69,695)	(208,212)	(9,052)	(133,517)	(2,732)	—	(423,208)

3. Segment information (Continued)

(i) Segment results and capital expenditure for the six months ended 30 June 2024 are as follows (Continued):

Six months ended 30 June 2023:

<i>(Unaudited)</i>	Wastewater treatment project construction and operation <i>RMB'000</i>	Water supply project construction and operation <i>RMB'000</i>	Construction and sales of equipment <i>RMB'000</i>	Solid waste treatment project construction and operation <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Gross segment revenue	770,683	351,487	57,067	267,120	47,699	—	1,494,056
Inter-segment revenue	—	—	(16,721)	—	—	—	(16,721)
Revenue from external customers	770,683	351,487	40,346	267,120	47,699	—	1,477,335
Revenue from contracts with customers							
— Recognised at a point in time	—	330,839	30,470	—	—	—	361,309
— Recognised over time	491,154	10,951	9,876	240,578	47,699	—	800,258
Revenue from other sources							
— Finance income	279,529	9,697	—	26,542	—	—	315,768
Gross profit/(loss)	293,839	3,554	1,109	(12,567)	11,516	—	297,451
Other income							100,613
Other losses - net							(16,609)
Selling expenses							(18,291)
Administrative expenses							(161,755)
Reversal of impairment losses on financial assets							21,189
Finance costs - net							(491,596)
Share of profit of investments accounted for using the equity method - net	—	—	—	11,596	12,482	—	24,078
Loss before income tax							(244,920)
Income tax expenses							(3,896)
Loss for the period							(248,816)
Depreciation and amortisation	(132,947)	(163,446)	(4,524)	(71,848)	(7,937)	(5,519)	(386,221)

3. Segment information (Continued)

(ii) Segment assets and liabilities as at 30 June 2024 are as follows:

As at 30 June 2024:

<i>(Unaudited)</i>	Wastewater treatment project construction and operation <i>RMB'000</i>	Water supply project construction and operation <i>RMB'000</i>	Construction and sales of equipment <i>RMB'000</i>	Solid waste treatment project construction and operation <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	17,372,232	15,448,111	5,323,886	7,280,377	806,355	10,078	46,241,039
Segment assets include:							
Investments accounted for using the equity method	61,954	—	—	26,950	1,040,098	—	1,129,002
Segment liabilities	<u>11,989,744</u>	<u>18,007,207</u>	<u>5,914,974</u>	<u>5,146,584</u>	<u>1,614,927</u>	<u>1,036,357</u>	<u>43,709,793</u>

As at 31 December 2023:

<i>(Audited)</i>	Wastewater treatment project construction and operation <i>RMB'000</i>	Water supply project construction and operation <i>RMB'000</i>	Construction and sales of equipment <i>RMB'000</i>	Solid waste treatment project construction and operation <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	18,268,626	15,261,882	5,147,152	7,367,225	792,171	7,411	46,844,467
Segment assets include:							
Investments accounted for using the equity method	58,260	—	—	27,008	1,017,823	—	1,103,091
Segment liabilities	<u>11,911,088</u>	<u>17,694,390</u>	<u>5,950,390</u>	<u>5,093,309</u>	<u>1,704,207</u>	<u>1,039,628</u>	<u>43,393,012</u>

4. Finance costs — net

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Finance income		
— Interest income	5,074	2,674
— Net exchange gains on financing activities	—	22,886
	<u>5,074</u>	<u>25,560</u>
Finance expenses		
— Borrowing costs	(582,960)	(512,668)
Less: amounts capitalised on qualifying assets	—	1,867
	<u>(582,960)</u>	<u>(510,801)</u>
— Net exchange loss on financing activities	(25,681)	—
— Unwinding of provision	(13,151)	(6,355)
	<u>(621,792)</u>	<u>(517,156)</u>
Finance costs — net	<u>(616,718)</u>	<u>(491,596)</u>

5. Loss before income tax

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Employee benefit expenses	224,095	247,264
Depreciation of property, plant and equipment	175,395	91,610
Depreciation of right-of-use assets	10,810	7,905
Depreciation of investment properties	410	423
Amortisation of intangible assets	236,593	286,283
Impairment of goodwill	68,475	—
	<u>68,475</u>	<u>—</u>

6. Income tax expenses

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Current income tax		
— Corporate income tax	24,062	855
Deferred income tax		
— Corporate income tax	19,688	3,041
	<u>43,750</u>	<u>3,896</u>

7. Loss per share

(a) Basic

The basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the six months ended 30 June 2024.

	Six months ended 30 June	
	2024	2023
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Loss attributable to the ordinary shareholders of the Company (RMB'000)	(743,144)	(192,289)
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>(0.623)</u>	<u>(0.161)</u>

(b) Diluted

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 2024 (six months ended 30 June 2023: same).

8. Dividends

Pursuant to the board of directors meeting held by the Company on 28 March 2024, the Directors did not recommend the payment of any final dividend for the year ended 31 December 2023 (2022 dividends: Nil) out of retained earnings of the Company.

No interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil) has been proposed by the Board of the Company.

9. Receivables under service concession arrangements

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

	As at	
	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Receivables under service concession arrangements	7,267,906	7,469,014
Less: provision for impairment	(79,964)	(108,891)
	7,187,942	7,360,123
Portion classified as current assets	(320,719)	(190,597)
Non-current portion	<u>6,867,223</u>	<u>7,169,526</u>

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. Trade and other receivables and prepayments

	As at	
	30 June 2024	31 December 2023
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
Trade receivables		
— Related parties	2,308,505	2,305,099
— Local governments	2,224,380	2,057,067
— Third parties	2,651,374	2,574,026
Less: provision for impairment	<u>(1,404,912)</u>	<u>(1,167,620)</u>
	<u>5,779,347</u>	<u>5,768,572</u>
Other receivables		
— Related parties	76,533	64,945
— Third parties	1,643,139	1,911,544
Less: provision for impairment	<u>(163,455)</u>	<u>(164,204)</u>
	<u>1,556,217</u>	<u>1,812,285</u>
Total trade and other receivables	7,335,564	7,580,857
Less: non-current portion of trade and other receivables	<u>(308,540)</u>	<u>(285,516)</u>
Current portion of trade and other receivables	<u>7,027,024</u>	<u>7,295,341</u>
Prepayments		
— Related parties	175,771	171,110
— Third parties	1,332,830	1,301,193
Less: provision for impairment	<u>(41,961)</u>	<u>(41,961)</u>
	1,466,640	1,430,342
Less: non-current portion of prepayments	<u>(1,133,124)</u>	<u>(1,119,352)</u>
Current portion of prepayments	<u>333,516</u>	<u>310,990</u>

Ageing analysis of gross trade receivables (including amounts due from related parties of trading in nature) at the respective balance sheet dates, based on the invoice dates or contractual terms, is as follows:

	As at	
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Within one year	899,071	1,372,186
One to two years	873,629	750,644
Two to three years	679,925	375,271
Over three years	4,731,634	4,438,091
	<u>7,184,259</u>	<u>6,936,192</u>

11. Borrowings

	As at	
	30 June	31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current		
Long-term bank borrowings	15,971,818	16,712,426
Corporate bonds and other borrowings	9,418,496	12,472,164
	<u>25,390,314</u>	<u>29,184,590</u>
Current		
Short-term bank borrowings	79,980	78,937
Current portion of long-term bank borrowings	913,593	135,403
Current portion of corporate bonds and other borrowings	4,629,641	1,583,511
	<u>5,623,214</u>	<u>1,797,851</u>
	<u>31,013,528</u>	<u>30,982,441</u>

12. Trade and other payables

	As at	
	30 June 2024	31 December 2023
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
Trade payables		
— Related parties	1,475,465	1,617,926
— Third parties	5,596,237	5,719,801
	<u>7,071,702</u>	<u>7,337,727</u>
Other payables		
— Related parties	392,032	321,131
— Third parties	1,492,742	1,426,311
Staff welfare benefit payable	107,356	107,451
Other taxes payable	268,955	277,042
Dividend payables	64,792	64,792
	<u>9,397,579</u>	<u>9,534,454</u>
Less: non-current portion	(18,138)	(44,641)
Current portion	<u><u>9,379,441</u></u>	<u><u>9,489,813</u></u>

Trade payables are settled in accordance with agreed terms with suppliers. As at 30 June 2024, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) based on invoice dates or contractual terms is as follows:

	As at	
	30 June 2024	31 December 2023
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>
Within one year	230,992	334,165
One to two years	177,694	900,901
Two to three years	829,797	1,473,969
Over three years	5,833,219	4,628,692
	<u>7,071,702</u>	<u>7,337,727</u>

13. Subsequent event

On 12 July 2024, the Company and Gongyi Yuansheng Water Co., Ltd. (“**Purchaser**”), a state-owned enterprise, entered into a sale and purchase agreement, pursuant to which, the Company has agreed to sell, and Purchaser has agreed to acquire, the 89.995% equity interest in Gongyi Water Resources Co., Ltd. at a consideration of RMB67,374,000.

For details, please refer to the Company’s announcements dated 12 July 2024 and 2 August 2024 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The year 2024 marking China's 75th anniversary is a crucial year for our country to advance the Beautiful China Initiative. China's economic and social development has entered a green, low-carbon and high-quality development stage, and the construction of a beautiful China has become an important goal of building a modern socialist country in an all-round way. The eco-environmental protection industry shall implement the requirements of pollution control in a targeted, scientific and lawful manner, improve the level of industrial development and develop modernized environmental governance capacity; aim to reduce pollution, cut carbon emissions and expand green development, and broaden the field and scope of industrial development; lead industrial innovation with scientific and technological innovation and create a new situation of industrial development; actively participate in global environmental governance and cultivate new advantages in industrial development and competition.

Key measures in water treatment include the *Notice on the Selection of Green and Low-carbon Benchmark Plants for Sewage Treatment* (《關於開展污水處理綠色低碳標杆廠遴選工作的通知》) issued by the General Office of the National Development and Reform Commission and the General Office of the Ministry of Housing and Urban-Rural Development, stating that it is proposed to select and build a number of green and low-carbon benchmark plants for sewage treatment, in order to play a leading and exemplary role, promote the transformation toward a green and low-carbon industry, and boost the construction of a beautiful China. The Notice emphasizes that among the sewage treatment plants that have been built and in good operation, an overall evaluation will be conducted regarding water quality, energy saving, carbon reduction, resource utilization, environmental friendliness, system coordination and other indicators, in order to select several representative benchmark plants. Through benchmarking relevant indicators and experience of benchmark plants selected, combined with the central government budgetary investment and large-scale equipment renewal, we encourage and support the construction, renovation and expansion of a number of sewage treatment plants and improve the supporting pipe network simultaneously, improve the efficiency of domestic sewage collection and treatment, reduce energy and material consumption and carbon emissions, and promote the comprehensive recycling of energy resources. We also review the selected green and low-carbon benchmark plants, and arrange the acceptance of the newly renovated and expanded sewage treatment benchmark plants on schedule. For those benchmark plants playing an exemplary and leading role, we summarize and promote experience and practices, and for those failing to meet the benchmarking requirements, we make timely adjustments for plants exit. According to the operation of the green and low-carbon benchmark plants, the relevant standards will be improved, in order to promote the continuous improvement of the green and low-carbon level of the sewage treatment industry.

Key measures in the treatment of solid waste and new pollutants include that the General Office of the State Council issued an opinion on speeding up the construction of waste recycling system, specifying that the construction of waste recycling system is an important initiative to implement the comprehensive saving strategy, ensure the security of national resources, actively and steadily promote carbon peaking and carbon neutrality, and accelerate the transformation toward a green development mode. In addition, we shall follow the circular economy concept of reduction, reuse and recycling, with the goal of improving the efficiency of resource utilization, and fine management, effective recycling and efficient utilization of waste as the development path, develop the resource recycling industry which will cover all production activities, improve the incentive and restraint mechanism, and accelerate the construction of a comprehensive, efficient, standardized and orderly waste recycling system, in order to lay a green and low-carbon foundation for high-quality development and further build a beautiful China in an all-round way. We will also detail the management requirements in promoting fine management and effective recycling of waste, improving the level of recycling and reuse of waste, strengthening the recycling of key waste, cultivating and expanding the resource recycling industry, improving the policy mechanism and strengthening the organization and implementation.

The government work report at the Second Session of the 14th National People's Congress held on 5 March 2024 pointed out that "the quality of ecological environment improved steadily over the last year", which proves our achievements in ecological conservation over the past year. In the future, we will continue the pollution prevention and control, and strive to make substantial progress in air and water environment quality improvement, water ecological restoration, rural environment improvement, and hazardous waste risk management and control, so as to make a good start and lay a solid foundation for comprehensively promoting the construction of a beautiful China. Furthermore, we will focus on major regional strategies to promote the construction of pilot zones for the Beautiful China Initiative, and advance the construction of beautiful provinces, beautiful cities, beautiful countryside, beautiful rivers and lakes and beautiful bays at different levels. Strong efforts will be made to promote a green, low-carbon and high-quality development, and facilitate the adjustment and optimization of industrial structure, energy structure and transportation structure. We will advance the ecological environment control by zones, and build a national carbon emission market, especially the voluntary greenhouse gas emission reduction trading market, in order to support the green transformation. Efforts will also be made to strengthen the supervision of ecosystem protection and restoration, striving to improve the diversity, stability and sustainability of the ecosystem. Moreover, the Ministry of Ecology and Environment and relevant departments will continue to carry out special rectification action, and will further strengthen the pervasive supervision featuring "Big Data +Artificial Intelligence" and build a back line against fraud with scientific and technological strength.

DEVELOPMENT STRATEGIES AND PROSPECT

In the first half of 2024, the Company engages in the Group's "3510" Action Plan, focuses on the established goals, actively responds to challenges, and leverages internal and external synergies with an aim to achieve remarkable results in promoting production, operation, reform and development.

The Company will implement detailed initiatives to improve quality and efficiency, advance the debt collection and the disposal of inefficient and ineffective assets, strive for external special relief funds, expand cash flow sources by various means, keep the bottom line of debt risk, and make every effort to complete projects in progress and put them into operation.

The Company will engage a third-party organization to check its management defects and potential risks, and develop a system integrating the risk, compliance and internal control of the Company. At the same time, for those existing litigation risks, the Company will set up a special group for litigation progress to actively supervise, compile and manage those litigation cases, further effectively controlling the operational risks.

In the second half of 2024, the Company will focus on four aspects to accelerate the construction of a new development pattern and strive to promote high-quality development. Firstly, taking multiple measures to raise funds. The Company will strive for and make good use of policy relief funds, broaden other external funding sources, advance the completion and operation of mature projects under construction to increase income and ease the financial pressure. Secondly, focusing on operations to improve quality and efficiency. The Company will tap the potential of operational projects, find out the weak links of operation and management, strengthen operation and management and improve operational efficiency through price adjustment, introduction of new technologies and professional training. Thirdly, continuously deepening corporate governance. The Company will continue to advance the special action of rectification of mixed-ownership enterprises to ensure the completion of the annual target, improve the establishment of a system integrating the risk, internal control and compliance, sort out the list of powers and responsibilities and clarify the management and control mode, and do a good job in supervising key litigation cases and reduce legal risks of enterprises. Fourthly, strengthening the building of talent team. The Company will ensure that the management is fully equipped with competent personnel through internal selection, competition for posts and other ways, optimize the cadre team structure, combine human resources management with the Company's reform and overall development, and straighten out the boundary of powers and responsibilities to promote synergic development of the Company.

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 2024, 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 6,117,500 tonnes. As at 30 June 2024, 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 4,117,280 tonnes.

Wastewater Treatment Projects

As at 30 June 2024, the Group had a total of 127 concession wastewater treatment projects, including 7 BOO projects, 65 BOT projects, 2 TOO projects, 24 TOT projects, 1 ROT project and 28 municipal environmental comprehensive treatment projects, with a total daily treatment capacity of approximately 3,278,750 tonnes.

As at 30 June 2024, 95 concession projects with a total daily treatment capacity of approximately 2,332,550 tonnes had commenced commercial operation (including 7 municipal environmental comprehensive treatment projects with a total daily wastewater treatment capacity of approximately 243,550 tonnes). During the Reporting Period, the Group’s average utilization rate of wastewater treatment was approximately 80.05%, and the average unit charge of wastewater treatment was approximately RMB1.48 per tonne.

As at 30 June 2024, 24 concession projects with total daily treatment capacity of approximately 626,200 tonnes had not commenced commercial operation (including 21 municipal environmental comprehensive treatment projects with a total daily treatment capacity of approximately 572,200 tonnes).

Water Supply Projects

As at 30 June 2024, the Group had a total of 66 concession water supply projects with a total daily treatment capacity of approximately 2,469,100 tonnes, including 15 BOO projects, 34 BOT projects, 11 TOT projects and 6 municipal environmental comprehensive treatment projects, and the total treatment capacity remained stable as compared to that as at 31 December 2023.

As at 30 June 2024, 47 concession projects with a total daily capacity of approximately 1,480,000 tonnes had commenced commercial operation (including 1 municipal environmental comprehensive treatment project with a total daily treatment capacity of approximately 30,000 tonnes). During the Reporting Period, the Group's average utilization rate of water supply was approximately 64.58%, and the average unit charge of water supply was approximately RMB2.31 per tonne.

As at 30 June 2024, 14 concession projects with a total daily capacity of approximately 784,100 tonnes had not commenced commercial operation (including 5 municipal environmental comprehensive treatment projects with a total daily treatment capacity of approximately 429,700 tonnes).

Solid Waste Treatment Projects

As at 30 June 2024, the Group had 24 solid waste treatment projects with a total annual treatment capacity of 4,117,280 tonnes, 12 of which with an annual treatment capacity of 2,288,550 tonnes had commenced commercial operation (including 2 municipal environmental comprehensive treatment projects with treatment capacity of approximately 419,750 tonnes), and 8 of which with an annual treatment capacity of 1,618,000 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 80.53%.

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 2024, the Group had a total of 11 BT projects, which were either under construction and/or completed, among which the income of 10 BT projects 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 2024, the Group was providing relevant operation services for 23 O&M projects. These projects included 22 wastewater treatment projects with a total daily treatment capacity of approximately 361,650 tonnes (including the capacity of wastewater treatment projects adopting O&M model within municipal environment comprehensive treatment projects), and 1 water supply project with a daily treatment capacity of approximately 8,000 tonnes.

FINANCIAL REVIEW

Results of Operation

During the Reporting Period, the Group recorded revenue of approximately RMB1,242.5 million, representing a period-on-period decrease of approximately 15.9% as compared to that for the six months ended 30 June 2023. During the Reporting Period, the Group recorded a net loss of approximately RMB923.9 million, compared to a loss of approximately RMB248.8 million over the six months ended 30 June 2023. Loss attributable to the ordinary shareholders of the Company was approximately RMB743.1 million, compared to loss attributable to the ordinary shareholders of the Company of approximately RMB192.3 million over the six months ended 30 June 2023. Loss per share for the six months ended 30 June 2024 was approximately RMB0.623.

Revenue

Revenue of the Group decreased from approximately RMB1,477.3 million for the six months ended 30 June 2023 to approximately RMB1,242.5 million for the Reporting Period, representing a decrease of approximately 15.9%.

In respect of the business segments of the Group, revenue from the wastewater treatment business segment decreased by approximately 29.3% from approximately RMB770.7 million for the six months ended 30 June 2023 to approximately RMB544.9 million for the Reporting Period. Revenue from the water supply segment increased by 5.3% from approximately RMB351.5 million for the six months ended 30 June 2023 to approximately RMB370.2 million for the Reporting Period. Revenue from solid waste treatment business segment decreased by approximately 2.3% from approximately RMB267.1 million for the six months ended 30 June 2023 to approximately RMB261.1 million for the Reporting Period. Revenue from construction and sales of equipment business segment decreased by 3.0% from approximately RMB40.3 million for the six months ended 30 June 2023 to approximately RMB39.1 million for the Reporting Period. Revenue from other business decreased by approximately 43.0% from approximately RMB47.7 million for the six months ended 30 June 2023 to approximately RMB27.2 million for the Reporting Period.

The decrease in revenue from the wastewater treatment business segment was mainly attributable to the decrease in construction project revenue of the water plants and finance income.

The increase in revenue from the water supply business segment was mainly attributable to the increase in BOO operating revenue during the Reporting Period.

The decrease in revenue from the solid waste treatment business segment was mainly attributable to the increase in the operation revenue of solid waste projects and decrease in 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 decrease in revenue from the other business segment was mainly attributable to the decrease in service revenue generated due to the termination of certain O&M projects during the Reporting Period.

Cost of Sales and Services

During the Reporting Period, the Group recorded cost of sales and services of approximately RMB1,041.3 million, representing a period-on-period decrease of approximately RMB138.6 million and 11.8% as compared to approximately RMB1,179.9 million for the six months ended 30 June 2023. The decrease in cost of sales and services was mainly attributable to the decrease in cost for construction which was in line with the decrease in construction revenue of the existing wastewater treatment projects under construction during the construction period, the decrease in cost as compared to the corresponding period last year due to the completion of certain solid waste treatment projects this year, while the suspension and renovation of which led to the increase in operational cost during the corresponding period last year, and the decrease in operational cost of wastewater treatment projects due to cost reduction and efficiency improvement measures.

Gross Profit Margin

During the Reporting Period, gross profit margin of the Group was approximately 16.2%, representing a decrease of approximately 3.9% as compared to approximately 20.1% for the six months ended 30 June 2023.

Other Income

During the Reporting Period, the Group recorded other income of approximately RMB26.7 million, representing a period-on-period decrease of approximately RMB73.9 million or 73.5% as compared with approximately RMB100.6 million for the six months ended 30 June 2023. The decrease in other income was mainly attributable to the absence of new revision to the terms of the loan agreements during the Reporting Period.

Selling Expenses

During the Reporting Period, selling expenses of the Group were approximately RMB14.5 million, representing a period-on-period decrease of approximately RMB3.8 million or 20.8% from approximately RMB18.3 million for the six months ended 30 June 2023.

Administrative Expenses

During the Reporting Period, administrative expenses of the Group were approximately RMB221.8 million, representing a period-on-period increase of approximately RMB60.0 million or 37.1% from approximately RMB161.8 million for the six months ended 30 June 2023. 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 increased by approximately RMB125.1 million from approximately RMB491.6 million for the six months ended 30 June 2023 to approximately RMB616.7 million for the Reporting Period, representing an increase of approximately 25.5%. The increase in net finance costs was primarily due to the exchange loss incurred during the Reporting Period and the increase in borrowing cost.

The average interest rate on borrowings of the Group for the Reporting Period was approximately 3.76% per annum, representing a period-on-period increase compared with approximately 3.40% per annum for the six months ended 30 June 2023.

Loss before Income Tax

As a result of the foregoing, the Group recorded a loss before income tax of approximately RMB880.2 million for the six months ended 30 June 2024, compared to a loss before income tax of approximately RMB244.9 million for the six months ended 30 June 2023.

Income Tax Expenses

The Group recorded income tax expenses of approximately RMB43.8 million for the six months ended 30 June 2024, compared to income tax expenses of approximately RMB3.9 million for the six months ended 30 June 2023.

Loss for the Reporting Period

As a result of the foregoing, loss for the Reporting Period increased by approximately RMB675.1 million from a net loss of approximately RMB248.8 million for the six months ended 30 June 2023 to a net loss of approximately RMB923.9 million for the Reporting Period.

Receivables under Service Concession Arrangements

The Group's receivables under service concession arrangements decreased by approximately RMB172.2 million from approximately RMB7,360.1 million as at 31 December 2023 to approximately RMB7,187.9 million as at 30 June 2024, representing a decrease of approximately 2.3%.

Trade and Other Receivables and Prepayments

The Group's trade and other receivables and prepayments decreased by approximately RMB209.0 million from approximately RMB9,011.2 million as at 31 December 2023 to approximately RMB8,802.2 million as at 30 June 2024, representing a decrease of approximately 2.3%.

Cash and Cash Equivalents

The Group's total cash balance decreased by approximately RMB174.0 million from approximately RMB899.2 million as at 31 December 2023 to approximately RMB725.2 million as at 30 June 2024, representing a decrease of approximately 19.4%.

Trade and Other Payables

The Group's trade and other payables decreased by approximately RMB136.9 million from approximately RMB9,534.5 million as at 31 December 2023 to approximately RMB9,397.6 million as at 30 June 2024, representing a decrease of approximately 1.4%.

Borrowings

As at 30 June 2024, the Group had borrowings of approximately RMB31,013.5 million (31 December 2023: approximately RMB30,982.4 million). As at 30 June 2024, the Group had unsecured borrowings of approximately RMB18,123.5 million (31 December 2023: approximately RMB18,119.3 million), and secured borrowings of approximately RMB12,890.0 million (31 December 2023: approximately RMB12,863.3 million).

Pledge of Assets

As at 30 June 2024, borrowings of approximately RMB12,980.1 million (31 December 2023: approximately RMB12,863.1 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 increased by approximately RMB246.7 million from approximately RMB7,267.5 million as at 31 December 2023 to approximately RMB7,514.2 million as at 30 June 2024, representing an increase of approximately 3.4%.

Gearing Ratio

The Group's gearing ratio (calculated by net debt divided by total capital) increased from approximately 89.71% as at 31 December 2023 to approximately 92.29% as at 30 June 2024, representing an increase of approximately 2.58%. The increase was primarily due to the increase in net debt and the decrease in total equity of the Group during the Reporting Period.

Significant Investments and Acquisitions

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

CHANGES SINCE 31 DECEMBER 2023

Save as disclosed herein, there had been no material change in the Group's business and financial position, and no important event affecting the Group had occurred since the publication of the Company's 2023 annual report.

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 executive Directors of the fourth session of the Board and the General Manager.

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 Rules Governing the Listing of Securities on the Stock Exchange (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 salary of senior management of the Company in 2024 and the payout of the annual performance salary of senior management in 2023.

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 to discuss the Company's risk assessment report for 2023 and other matters, the second meeting to discuss the Company's annual performance in 2023, provision for credit and asset impairment in 2023, and not recommending the payment of the final dividend in 2023, the third meeting to discuss matters such as the special audit report of the Company's procurement, and the fourth meeting to discuss the Company's internal control evaluation report for 2023.

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.

COMPLIANCE COMMITTEE

The 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 Compliance Committee are to conduct independent investigation and make decisions on compliance matters with respect to the business operations as authorized by the Board. The Company has established the Compliance Committee to ensure the project acquisition and operation of the Group is in compliance with the Company's internal control standards and the relevant PRC laws and regulations. Terms of reference of the Compliance Committee have been published on the website of the Company.

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 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

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 2023.

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 2024.

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 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 June 2024, 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 2024, 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

Moore 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 2024.

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 2024.

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 DRAFT REVIEW REPORT BY MOORE CPA LIMITED ON THE GROUP'S INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Conclusion

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

Other matter

The comparative interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six-month period ended 30 June 2023 and the relevant explanatory notes included in these interim condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Material uncertainty related to going concern

We draw attention to Note 2 to the interim condensed consolidated financial statements, the Group reported a net loss of RMB923,942,000 for the six months ended 30 June 2024 and the Group's current liabilities exceeded its current assets by RMB6,656,230,000 as at 30 June 2024. As at the same date, the Group's total borrowings amounted to RMB31,013,528,000, of which current borrowings amounted to RMB5,623,214,000, while its cash and cash equivalents amounted to RMB725,168,000 only. As at 30 June 2024, the Group had capital commitments of approximately RMB7,514,151,000, which were mainly related to various concession projects and construction projects of the Group.

These conditions, together with other matters described in Note 2 to the interim condensed consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2024 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
30 August 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Zheng Guangfeng (Vice-Chairman), Mr. Liu Hui and Mr. Zhou Zhimi, the non-executive Directors of the Company are Mr. Mei Wei (Chairman), Mr. Dai Richeng and Mr. Chen Yong, 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