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YUNNAN WATER

雲南水務投資股份有限公司

Yunnan Water Investment Co., Limited*

(a joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 6839)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Due to the travel, logistics and other restrictions caused by the novel coronavirus (COVID-19) pandemic in Mainland China, the audit procedures of the Group's 2021 financial results could not be completed by the date of this announcement. The unaudited annual results for the year ended 31 December 2021 have not agreed with the Auditors as required under Rule 13.49(2) of the Listing Rules. The unaudited annual results in this announcement have been reviewed by the Audit Committee.

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB5,280.7 million, representing a decrease of approximately 37.1% compared with the year ended 31 December 2020
- Loss for the year was approximately RMB1,055.3 million, representing a decrease of approximately 409.2% compared with the year ended 31 December 2020
- Loss attributable to ordinary shareholders of the Company was approximately RMB1,001.9 million, representing a decrease of approximately 549.1% compared with the year ended 31 December 2020
- Basic loss per share was approximately RMB0.84, representing a decrease of RMB1.03 compared with the basic earnings per share for the year ended 31 December 2020
- The Board does not recommend the distribution of final dividend for the year ended 31 December 2021 (2020: RMB0.06 per share)

The board (the “**Board**”) of directors (the “**Director(s)**”) of Yunnan Water Investment Co., Limited* (the “**Company**”) is pleased to announce the unaudited consolidated results and financial position of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 (the “**Reporting Period**”) together with the comparative figures of the audited consolidated results and financial position for 2020 as follows:

Consolidated statement of profit or loss and other comprehensive income

	Note	Year ended 31 December	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Audited)
Revenue	3	5,280,743	8,396,630
Cost of sales		<u>(3,964,179)</u>	<u>(6,300,498)</u>
Gross profit		1,316,564	2,096,132
Other income	4	54,080	86,668
Other gains — net		164,333	48,810
Selling expenses		(48,374)	(42,445)
Administrative expenses		(650,674)	(441,692)
Net impairment losses on financial and contract assets		<u>(419,125)</u>	<u>(70,156)</u>
Operating profit		416,804	1,677,317
Finance income	5	10,932	28,995
Finance expenses	5	<u>(1,537,186)</u>	<u>(1,282,258)</u>
Finance costs — net	5	(1,526,254)	(1,253,263)
Share of profit of investments accounted for using the equity method		<u>78,517</u>	<u>78,570</u>
(Loss)/profit before income tax		(1,030,933)	502,624
Income tax expenses	6	<u>(24,321)</u>	<u>(161,313)</u>
(Loss)/profit for the year		(1,055,254)	341,311
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
— Exchange differences on translation of foreign operations		<u>(22,147)</u>	<u>12,009</u>
Total comprehensive income for the year, net of tax		<u>(1,077,401)</u>	<u>353,320</u>

	Year ended 31 December	
	2021	2020
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
(Loss)/profit attributable to:		
— Ordinary shareholders of the Company	(1,001,876)	223,095
— Holders of perpetual capital instruments	113,587	117,640
— Non-controlling interests	(166,965)	576
	<u>(1,055,254)</u>	<u>341,311</u>
Total comprehensive income attributable to:		
— Ordinary shareholders of the Company	(1,024,023)	235,104
— Holders of perpetual capital instruments	113,587	117,640
— Non-controlling interests	(166,965)	576
	<u>(1,077,401)</u>	<u>353,320</u>
(Loss)/earnings per share for (loss)/profit attributable to ordinary shareholders of the Company		
<i>(expressed in RMB per share)</i>		
— Basic and diluted	7 <u>(0.840)</u>	<u>0.187</u>

Consolidated balance sheet

		As at 31 December	
		2021	2020
	Note	RMB'000 (Unaudited)	RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		4,250,964	4,081,849
Investment properties		23,115	23,960
Right-of-use assets		333,390	336,517
Receivables under service concession arrangements	9	6,406,389	5,235,494
Contract assets		12,700,091	10,959,833
Intangible assets		12,409,296	12,888,550
Investments accounted for using the equity method		1,084,751	852,784
Financial asset at fair value through other comprehensive income		4,675	4,675
Trade and other receivables	10	914,561	422,564
Prepayments	10	1,463,032	1,168,930
Deferred income tax assets		872,127	701,437
		<u>40,462,391</u>	<u>36,676,593</u>
Current assets			
Receivables under service concession arrangements	9	86,731	65,877
Inventories		116,043	108,337
Contract assets		486,042	565,470
Trade and other receivables	10	6,427,612	7,837,887
Prepayments	10	145,841	175,461
Restricted cash		272,533	125,501
Cash and cash equivalents		428,427	1,697,688
		<u>7,963,229</u>	<u>10,576,221</u>
Total assets		<u><u>48,425,620</u></u>	<u><u>47,252,814</u></u>

		As at 31 December	
		2021	2020
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
EQUITY			
Equity attributable to ordinary shareholders of the Company			
Share capital		1,193,213	1,193,213
Other reserves		2,752,075	2,800,727
Retained earnings		68,914	1,181,421
		<u>4,014,202</u>	<u>5,175,361</u>
Perpetual capital instruments		1,622,300	500,000
Non-controlling interests		1,961,636	1,932,201
		<u>7,598,138</u>	<u>7,607,562</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		30,956	35,776
Borrowings	<i>11</i>	7,970,439	17,865,921
Trade and other payables	<i>12</i>	2,833,401	5,906,360
Deferred income		817,160	709,768
Deferred income tax liabilities		1,326,435	1,277,470
Provision		526,247	497,236
		<u>13,504,638</u>	<u>26,292,531</u>
Current liabilities			
Contract liabilities		87,344	88,151
Lease liabilities		14,315	13,258
Borrowings	<i>11</i>	20,685,107	9,675,894
Trade and other payables	<i>12</i>	5,974,439	3,129,990
Current income tax liabilities		561,639	445,428
		<u>27,322,844</u>	<u>13,352,721</u>
		<u>40,827,482</u>	<u>39,645,252</u>
Total liabilities		<u>40,827,482</u>	<u>39,645,252</u>
Total equity and liabilities		<u>48,425,620</u>	<u>47,252,814</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The Group reported a net loss of RMB1,055,254,000 for the year ended 31 December 2021 and the Group’s current liabilities exceeded its current assets by RMB19,359,615,000 as at 31 December 2021. As at the same date, the Group’s total borrowings amounted to RMB28,655,546,000, of which current borrowings amounted to RMB20,685,107,000, while its cash and cash equivalents amounted to RMB428,427,000 only. As at 31 December 2021, the Group had capital commitment of approximately RMB11,723,410,000, which was mainly related to various concession projects and construction projects of the Group.

As at 31 December 2021, certain borrowings of RMB1,118,793,000, relating to borrowings with a total outstanding amount of RMB2,661,934,000, were overdue (“**Overdue Borrowings**”) (Such non-repayments are referred to as the “**Default Events**”). In addition, certain borrowings of RMB38,917,000 not abovementioned, with a total outstanding amount of RMB1,258,269,000, were overdue during the year (“**Other Overdue Borrowings**”); although these overdue balances and interests were subsequently settled before 31 December 2021, these borrowings remained in default as at 31 December 2021. Furthermore, the Group was not able to comply with certain financial covenants of its borrowings (“**Covenant borrowings**”) with a total amount of RMB1,695,958,000 as at 31 December 2021. Consequently, the aforementioned borrowings totaling RMB5,616,161,000 as at 31 December 2021 would be immediately repayable if requested by the lenders. Out of such amount, borrowings of RMB2,983,632,000 that have original contractual repayment dates fall beyond 31 December 2022 were classified as current liabilities as at 31 December 2021 (Note 11).

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The Defaulted Events triggered cross-defaults of other borrowings of the Group with total amount of RMB10,781,143,000 (“**Cross-default Borrowings**”) as at 31 December 2021, of which RMB6,628,398,000 with original contractual repayment dates fall beyond 31 December 2022 were classified as current liabilities (Note 11) as they are due upon demand if requested by the lenders.

Subsequent to the balance sheet date, certain borrowings of RMB262,806,000, relating to borrowings with a total amount of RMB4,093,055,000, were overdue (“**Subsequent Overdue Borrowings**”). Of which RMB1,019,248,000 were related to Overdue Borrowings and RMB837,403,000 were related to Cross-default Borrowings as at 31 December 2021. A further RMB548,247,000 of non-current borrowings as at 31 December 2021 were reclassified as current liabilities subsequent to the balance sheet date as a result of this Subsequent Overdue Borrowings. From December 2021 to January 2022, lenders of certain Overdue Borrowings had applied for property preservation measures, which included the freeze of the Group’s certain cash in banks, equity interests in an associate and a subsidiary. On 23 March 2022, the Company was listed as a person subject to enforcement by Urumqi Intermediate People’s Court, and the subject matter of execution was the assets of the Group with a total value of no more than RMB371,502,848.

Up to the date of approval of these consolidated financial statements, the Group’s defaulted and cross-defaulted borrowings amounted to approximately RMB17,846,690,000 (“**Defaulted Borrowings**”).

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

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been and will be taken to mitigate the liquidity pressure and to improve its financial position; and to remediate certain delayed repayments to financial institutions which include, but are not limited to, the following:

- (i) The Group’s had corporate bonds of RMB852,721,000 with early redemption option exercisable by bondholders in March 2022, out of which RMB577,028,000 was exercised by the bondholders and redeemed by the Group, while the bondholders for the remaining RMB275,693,000 did not exercise the option and such amount will be due for repayment by March 2024.
- (ii) In March 2022, the Group obtained a borrowing of RMB990,000,000 from its immediate holding company, Yunnan Green Environmental Protection Industry Group Co., Ltd (“**YEPI**”). The proceeds from the borrowing was partly used to redeem the corporate bonds of RMB577,028,000 as mentioned above, partly used to repay the Group’s borrowings of RMB154,436,000 which were due for repayment in March 2022 and partly used to repay the interest and other financing charges for Yunnan Health & Cultural Tourism Holding Group Co., Ltd. (“**YHTH**”). The Group also obtained borrowings of RMB212,000,000 from a subsidiary of its intermediate shareholder YHTH, to repay corporate bonds of RMB212,000,000 which were due in March 2022.
- (iii) The Group will continue with its ongoing effort to convince the lenders of the Defaulted Borrowings not to take any actions against the Group for immediate repayment of the outstanding borrowings. Other than the property preservation measures and enforcement incidents mentioned above, directors are not aware of any indication that other lenders have any current intention to take actions against the Group to demand immediate payment based on the latest communication.
- (iv) The Group is also in active negotiations with the respective lenders in respect of the Defaulted Borrowings for renewal and extension of the relevant borrowings and for grant of waivers for non-compliance of financial covenants or cross defaults and the directors are confident that agreements will be reached and appropriate waivers will be granted. Since 1 January 2022, the Group has successfully extended RMB412,984,000 of the Overdue Borrowings under the same terms of the original agreement despite the continuing defaulted status.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (v) For those loan facilities not subject to any default, the Directors are confident that the Group will be able to renew these existing revolving facilities as well as to obtain new facilities as planned given the long standing relationship the Group has with the respective banks.
- (vi) The Group has plans to divest certain of the Group's concession and construction projects. As at 31 December 2021, the Group has received deposit from a potential acquirer of several subsidiaries amounted to RMB200,000,000 and the completion of the disposal is expected to take place before June 2022 with a further consideration of approximately RMB220,000,000 to be received. 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.
- (vii) The 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, if necessary. The Group has uncommitted project loan facilities from banks to provide financing of up to RMB5,506,109,000 to satisfy part of the construction cost payable and committed capital expenditure in the next twelve months from 31 December 2021. 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. Despite the default situation as described above, based on the latest communication with the banks, the directors believe that these uncommitted facilities will continued 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.
- (viii) As at 31 December 2021, the borrowings due to YHTH was RMB4,366,330,000, of which RMB63,741,000 will be repayable by 2022 and the remaining of RMB4,302,589,000 will be repayable by 2023. Moreover, during the year ended 31 December 2021, YHTH has provided credit enhancement to the Group's perpetual bonds of RMB1,622,300,000. YHTH also issued a letter to the Group and agreed to provide financial support to the Group for a period up to 18 months from 31 December 2021 and to take measures to enable the Group to have sufficient working capital to meet its liabilities and obligations as and when they fall due and to continue to carry on its business.
- (ix) The Group is actively communicating with relevant financial institutions involved in the lawsuit, seeking solutions from the professional lawyer team, hoping to reach a settlement through mediation and ensure the smooth implementation of relevant settlement agreements.

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 31 December 2021. They are of the opinion that, taking into account the above-mentioned plans and measures, 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 31 December 2021. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, material uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) Successful in securing agreement with the Group's existing lenders such that they will not take any actions against the Group to demand immediate repayment of the Defaulted Borrowings before the Group has the financial ability to meet those obligations;
- (ii) Successful negotiations with the lenders for the renewal of or extension for repayments beyond the year ended 31 December 2022 in respect of the Defaulted Borrowings; and obtaining waivers from the relevant lenders for non-compliance of financial covenants and cross defaults;
- (iii) Successful in renewal of other existing revolving bank facilities not subject to any default, in obtaining new bank facilities and draw down from those facilitates, as and when needed;

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

- (iv) Successful in divesting the Group's concession and construction projects and introduction of strategic investors to existing projects as planned;
- (v) Successful in managing the progress of its concession and construction projects to defer the payment schedule of construction costs, if necessary and to obtain project and other financing to meet with the construction cost payable, as and when needed;
- (vi) Successful in obtaining financial support from YHTH to meet with its financial obligation as and when needed.
- (vii) Successful in settling the cases of financial dispute without significant financial loss to the Group.

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 consolidated financial statements.

(a) Amended standards adopted by the Group

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions

The adoption of the amended standards does not have significant impact on the Financial Information

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted:

Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ¹
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 Cycle ¹
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ¹
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use ¹
HKFRS 17	Insurance Contracts ²
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ²
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies ²
HKAS 8 (Amendments)	Definition of Accounting Estimates ²
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture ³

1. Effective for annual periods beginning on or after 1 January 2022

2. Effective for annual periods beginning on or after 1 January 2023

3. Effective date to be determined

The impact of new standards and amendments to standards that issued but not effective is still under assessment by the Group.

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;
- (b) Water supply;
- (c) Construction and sales of equipment;
- (d) Solid waste treatment;
- (e) Others, including operation and maintenance services and other businesses.

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

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

Unallocated assets mainly represented cash and cash equivalents, 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 year ended 31 December 2021 are as follows:

Year ended 31 December 2021:

	Wastewater treatment RMB'000 (Unaudited)	Water supply RMB'000 (Unaudited)	Construction and sales of equipment RMB'000 (Unaudited)	Solid waste treatment RMB'000 (Unaudited)	Others RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Gross segment revenue	3,387,304	921,809	185,511	754,765	79,798	—	5,329,187
Inter-segment revenue	—	—	(48,444)	—	—	—	(48,444)
Revenue from external customers	3,387,304	921,809	137,067	754,765	79,798	—	5,280,743
Revenue from contracts with customers							
— Recognised at a point in time	—	700,091	18,550	—	—	—	718,641
— Recognised at over time	2,697,007	172,748	118,517	695,990	79,798	—	3,764,060
Revenue from other sources							
— Finance income	690,297	48,970	—	58,775	—	—	798,042
Gross profit	1,089,813	161,201	(1,574)	45,154	21,970	—	1,316,564
Other income							54,080
Other gains — net							164,333
Selling expenses							(48,374)
Administrative expenses							(650,674)
Net impairment losses on financial and contract assets							(419,125)
Finance costs — net							(1,526,254)
Share of profit/(loss) of investments accounted for using the equity method — net	36,370	8,862	16,457	(2,389)	1,928	17,289	78,517
Loss before income tax							(1,030,933)
Income tax expenses							(24,321)
Loss for the year							(1,055,254)
Depreciation and amortisation	(164,981)	(251,987)	(12,703)	(204,445)	(6,487)	(22,725)	(663,328)
Segment assets	23,136,847	8,425,005	5,985,077	8,418,512	1,772,449	687,730	48,425,620
Segment assets include:							
Investments accounted for using the equity method	58,287	—	—	39,200	987,264	—	1,084,751
Segment liabilities	12,946,848	1,192,607	5,288,207	3,510,081	767,151	17,122,588	40,827,482
Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,043,812	119,749	207,613	409,046	770,469	45,499	3,596,188

3. Segment information (Continued)

(i) Segment results and capital expenditure for the year ended 31 December 2021 are as follows: (Continued)

Year ended 31 December 2020:

	Construction						Total RMB'000 (Audited)
	Wastewater treatment RMB'000 (Audited)	Water supply RMB'000 (Audited)	and sales of equipment RMB'000 (Audited)	Solid waste treatment RMB'000 (Audited)	Others RMB'000 (Audited)	Unallocated RMB'000 (Audited)	
Gross segment revenue	5,286,533	975,588	1,912,808	1,346,698	166,699	—	9,688,326
Inter-segment revenue	—	—	(1,291,696)	—	—	—	(1,291,696)
Revenue from external customers	5,286,533	975,588	621,112	1,346,698	166,699	—	8,396,630
Revenue from contracts with customers							
— Recognised at a point in time	—	683,764	324,143	—	—	—	1,007,907
— Recognised at over time	4,695,819	241,824	296,969	1,300,224	166,699	—	6,701,535
Revenue from other sources							
— Finance income	590,714	50,000	—	46,474	—	—	687,188
Gross profit	1,314,752	270,890	344,473	110,239	55,778	—	2,096,132
Other income							86,668
Other gains — net							48,810
Selling expenses							(42,445)
Administrative expenses							(441,692)
Net impairment losses on financial and contract assets							(70,156)
Finance costs — net							(1,253,263)
Share of profit/(loss) of investments accounted for using the equity method — net	29,699	8,918	15,299	50,231	3,499	(29,076)	78,570
Profit before income tax							502,624
Income tax expenses							(161,313)
Profit for the year							<u>341,311</u>
Depreciation and amortisation	<u>(152,699)</u>	<u>(222,233)</u>	<u>(13,052)</u>	<u>(175,052)</u>	<u>(15,320)</u>	<u>(12,521)</u>	<u>(590,877)</u>
Segment assets	21,570,460	8,254,206	6,788,458	9,076,813	986,914	575,963	47,252,814
Segment assets include:							
Investments accounted for using the equity method	<u>265,724</u>	<u>55,507</u>	<u>60,660</u>	<u>192,462</u>	<u>38,033</u>	<u>240,398</u>	<u>852,784</u>
Segment liabilities	<u>10,110,711</u>	<u>1,364,570</u>	<u>4,327,386</u>	<u>3,203,200</u>	<u>777,924</u>	<u>19,861,461</u>	<u>39,645,252</u>
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>5,295,921</u>	<u>731,037</u>	<u>333,046</u>	<u>1,292,150</u>	<u>21,306</u>	<u>16,066</u>	<u>7,689,526</u>

4. Other income

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Government grants	39,093	41,938
Value-added tax refunds	9,547	16,355
Miscellaneous income	5,440	28,375
	<u>54,080</u>	<u>86,668</u>

5. Finance income and expenses

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
<i>Finance income</i>		
— Interest income	10,932	13,825
— Net exchange gains on financing activities	—	15,170
	<u>10,932</u>	<u>28,995</u>
<i>Finance costs</i>		
— Borrowing costs	(1,631,394)	(1,477,909)
Less: amounts capitalised on qualifying assets	139,644	204,006
	<u>(1,491,750)</u>	<u>(1,273,903)</u>
— Net exchange loss on financing activities	(33,712)	—
— Unwinding of provision	(11,724)	(8,355)
	<u>(1,537,186)</u>	<u>(1,282,258)</u>
Finance costs — net	<u>(1,526,254)</u>	<u>(1,253,263)</u>

6. Income tax expenses

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Current income tax		
— Corporate income tax	146,046	239,640
Deferred income tax		
— Increase in deferred income tax assets	(276,760)	(263,045)
— Increase in deferred income tax liabilities	155,035	184,718
	<u>(121,725)</u>	<u>(78,327)</u>
	<u>24,321</u>	<u>161,313</u>

(a) *PRC corporate income tax*

Certain subsidiaries in certain industries operating in the western region of Mainland China can enjoy a preferential corporate income tax rate of 15%, provided their revenues generated from main operating activities accounted for more than 70% of their total revenues of the period.

Certain subsidiaries operating wastewater and solid waste treatment projects in Mainland China are eligible for a tax holiday of three-year full exemption followed by three-year half exemption of corporate income tax commencing from their first year generating operating revenue.

Except for preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group in Mainland China are subject to corporate income tax at the statutory rate of 25% (2020: 25%).

(b) *Thailand corporate income tax*

The subsidiary operating solid waste treatment project in Thailand is subject to corporate income tax at the statutory rate of 20% for the year ended 31 December 2021 (2020: The subsidiary operating solid waste treatment project in Thailand is eligible for an eight-year tax holiday of full exemption from July 2013 to June 2020 and subject to corporate income tax at the statutory rate of 20% from July 2020).

(c) *Hong Kong profits tax*

The applicable Hong Kong profits tax rate is 16.5% for the year ended 31 December 2021 (2020: 16.5%).

No provision for Hong Kong profits tax was made as the Group did not have any assessable profit in Hong Kong for the year ended 31 December 2021 (2020: same).

(d) *Indonesia corporate income tax*

The subsidiary operating solid waste treatment project in Indonesia is subject to corporate income tax at the statutory rate of 22% for the year ended 31 December 2021 (2020: same).

7. (Loss)/earnings per share

(a) Basic

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 issued during the year ended 31 December 2021.

	Year ended 31 December	
	2021 (Unaudited)	2020 (Audited)
(Loss)/profit attributable to the ordinary shareholders of the Company (<i>RMB'000</i>)	(1,001,876)	223,095
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,193,213</u>	<u>1,193,213</u>
Basic (loss)/earnings per share (<i>RMB per share</i>)	<u><u>(0.840)</u></u>	<u><u>0.187</u></u>

(b) Diluted

Diluted loss per share is the same as basic loss per share as there were no potential diluted ordinary shares outstanding as at 31 December 2021 (2020: Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding as at December 2020).

8. Dividends

At the board of directors meeting held on 31 March 2022, the directors of the Company did not recommend the payment of any final dividend for the year ended 31 December 2021 (2020: RMB0.06 per ordinary share amounting to approximately RMB71,593,000) out of retained earnings of the Company.

The 2020 dividends of RMB21,166,000 were paid in August 2021.

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 31 December	
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Audited)
Receivables under service concession arrangements	6,509,663	5,304,961
Less: provision for impairment	<u>(16,543)</u>	<u>(3,590)</u>
	6,493,120	5,301,371
Portion classified as current assets	<u>(86,731)</u>	<u>(65,877)</u>
Non-current portion	<u><u>6,406,389</u></u>	<u><u>5,235,494</u></u>

9. Receivables under service concession arrangements (Continued)

The expected collection schedule of receivables under service concession arrangements is as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within one year	86,731	65,877
One to two years	93,784	84,531
Two to five years	348,382	310,763
Over five years	5,980,766	4,843,790
	<u>6,509,663</u>	<u>5,304,961</u>

10. Trade and other receivables and prepayments

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade receivables		
— Related parties	2,052,478	2,395,236
— Local governments	1,130,648	1,072,050
— Third parties	2,684,947	2,936,151
Less: provision for impairment	(395,341)	(145,570)
	<u>5,472,732</u>	<u>6,257,867</u>
Other receivables		
— Related parties	40,567	39,861
— Third parties	1,942,621	1,995,577
Less: provision for impairment	(113,747)	(32,854)
	<u>1,869,441</u>	<u>2,002,584</u>
Total trade and other receivables	7,342,173	8,260,451
Less: non-current portion of trade and other receivables	(914,561)	(422,564)
	<u>6,427,612</u>	<u>7,837,887</u>
Prepayments		
— Related parties	267,842	232,084
— Third parties	1,380,298	1,112,307

10. Trade and other receivables and prepayments (Continued)

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Less: provision for impairment	<u>(39,267)</u>	<u>—</u>
	1,608,873	1,344,391
Less: non-current portion of prepayments	<u>(1,463,032)</u>	<u>(1,168,930)</u>
Current portion of prepayments	<u>145,841</u>	<u>175,461</u>

(a) Trade receivables

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 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within one year	1,020,168	2,921,478
One to two years	1,981,864	1,263,267
Two to three years	870,572	1,103,251
Over three years	<u>1,995,469</u>	<u>1,115,441</u>
	<u>5,868,073</u>	<u>6,403,437</u>

11. Borrowings

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Non-current		
Long-term bank borrowings	2,778,605	10,946,507
Corporate bonds and other borrowings	5,191,834	6,919,414
	<u>7,970,439</u>	<u>17,865,921</u>
Current		
Short-term bank borrowings	4,439,748	4,157,826
Current portion of long-term bank borrowings	10,508,225	2,141,836
Current portion of corporate bonds and other borrowings	5,737,134	3,376,232
	<u>20,685,107</u>	<u>9,675,894</u>
	<u><u>28,655,546</u></u>	<u><u>27,541,815</u></u>

As at 31 December 2021, certain borrowings of RMB1,118,793,000, relating to borrowings with a total outstanding amount of RMB2,661,934,000, were overdue (“**Overdue Borrowings**”) (Such non-repayments are referred to as the “**Default Events**”). In addition, certain borrowings of RMB38,917,000 not abovementioned, with a total outstanding amount of RMB1,258,269,000, were overdue during the year (“**Other Overdue Borrowings**”); although these overdue balances and interests were subsequently settled before 31 December 2021, these borrowings remained in default as at 31 December 2021. Furthermore, the Group was not able to comply with certain financial covenants of its borrowings (“**Covenant borrowings**”) with a total amount of RMB1,695,958,000 as at 31 December 2021. Consequently, the aforementioned borrowings totaling RMB5,616,161,000 as at 31 December 2021 would be immediately repayable if requested by the lenders. Out of such amount, borrowings of RMB2,983,632,000 that have original contractual repayment dates fall beyond 31 December 2022 were classified as current liabilities as at 31 December 2021.

The Defaulted Events triggered cross-defaults of other borrowings of the Group with total amount of RMB10,781,143,000 (“**Cross-default Borrowings**”) as at 31 December 2021, of which RMB6,628,398,000 with original contractual repayment dates fall beyond 31 December 2022 were classified as current liabilities as they are due upon demand if requested by the lenders.

12. Trade and other payables

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Trade payables:		
— Related parties	1,498,780	1,468,045
— Third parties	5,210,270	5,825,723
	<u>6,709,050</u>	<u>7,293,768</u>
Notes payables	318,010	160,000
Other payables:		
— Related parties	246,061	305,788
— Third parties	1,200,576	955,240
Staff welfare benefit payable	59,957	46,849
Other taxes payable	200,531	262,476
Dividend payables	73,655	12,229
	<u>8,807,840</u>	<u>9,036,350</u>
Less: non-current portion	<u>(2,833,401)</u>	<u>(5,906,360)</u>
Current portion	<u>5,974,439</u>	<u>3,129,990</u>

(a) Trade payables are settled in accordance with agreed terms with suppliers.

(b) At 31 December 2021, the ageing analysis of the trade payables based on invoice dates or contractual terms, is as follows:

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within one year	1,635,012	4,202,807
One to two years	2,701,724	1,590,313
Two to three years	1,250,758	1,168,930
Over three years	1,121,556	331,718
	<u>6,709,050</u>	<u>7,293,768</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2021, the global economic situation continued to be affected by the spread of COVID-19 and was full of uncertainties. The developed economies in the world have ushered in a policy transition, and suffered from intensified inflation, posing risks to global economic growth. Against the backdrop of a complex global economy, China's economic environment at domestic and abroad was full of difficulties and challenges, and trade protectionism and anti-globalization are rising around the world. China was faced with deep-seated structural and cyclical challenges, as well as epidemics and natural disasters. In 2021, China overcame numerous difficulties and the main indicators of the national economy exceeded expectations.

The year of 2021 was the first year for China to take “double carbon (雙碳)” strategy. Environmental protection industry has placed a vital role in the construction of ecological civilization and fighting with pollution prevention and control, and it has provided important supports to co-ordinate the high-quality development of economy and the high-level protection of ecological environment and to realize the development of green transformation. Based on this, although the environmental protection industry in China was exposed to many difficulties in recent years, it was still in the period of strategic opportunities.

In the first quarter, soil contamination prevention and control became a hot topic of discussion in the industry. The identification method of responsible persons for soil contamination in construction land and agricultural land was introduced, which further refined the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Prevention and Control of Soil Contamination (《中華人民共和國土壤污染防治法》) and other relevant laws. The technical catalogue in the field of the solid waste and soil contamination prevention and control was released, which also further clarified the direction and standards of soil contamination prevention and control in the future. In the second quarter, each provinces successively issued regulations on the prevention and control of environment pollution caused by solid wastes, to further elaborate and implement the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》). In the third quarter, the State issued the Notice on the Relevant Work for Promoting the National Eco-industrial Demonstration Parks to Achieve Carbon Dioxide Peaking and Carbon Neutrality (《關於推進國家生態工業示範園區碳達峰碳中和相關工作的通知》), which clarified the demonstration and leading role of the national eco-industrial demonstration parks in promoting the synergy of pollution reduction and carbon reduction and promoting the green development of the region. In the fourth quarter, ecological partition control guidance for “three lines and one list (三線一單)” was promulgated, which further defined the scopes and contents of the red line of ecological protection, bottom line of environmental quality, upper line of resource utilization and ecological environment access list, which is conducive to the further comprehensive control, system management and precise management, promoting to build a new pattern of the development of environmental protection. At the end of the year, the “Work Plan for the Construction of “Wasteless City (無廢城市)” during the Period of the “Fourteenth Five-Year Plan” (《「十四五」時期「無廢城市」建設工作方案》)” was introduced, which clarified that approximately 100 cities at prefectural level and above will be promoted to carry out the construction of “wasteless city” during the period of the “Fourteenth Five-year Plan”. By the year of

2025, in “wasteless city”; solid waste generation intensity will rapidly decrease; the comprehensive utilization level will significantly increase; the harmless disposal capacity will be effectively guaranteed; the synergy of pollution reduction and carbon reduction will be fully brought into play; the solid waste management information will be generally integrated into “one network (一張網)”;

the concept of “wasteless (無廢)” will be widely recognized; and the solid waste management system and capacity will be significantly improved.

The water industry is an important municipal public utility and an important basic industry to guarantee the normal development of economy and society. Since 2021, the policies of the water industry have mainly focused on guiding documents of laws and regulations, and national policies have pointed the direction of the development of the industry from various aspects of environmental protection. With the release of the policy benefits, the competition in the water industry has intensified, the industry concentration has been further enhanced, and the improvement of quality and efficiency and sustainable development have been further valued by the industry. Since 2021, several hot fields of water industry have been attached great importance. Firstly, it is intelligent transformation of water industry. With the development of digitization, intelligence upgrading of water industry becomes absolutely necessary, because intelligent water-related affairs can meet the needs of water treatment in the scattered areas, villages and towns to a greater extent and will become an essential industry technology in the future. Secondly, it is the sludge harmless treatment. With the popularity of sewage treatment, sludge treatment volume has increased significantly, at the same time, due to the strengthening of the national policy, it attaches great attention to accelerate the reduction of treatment technology in the industry, and it will have a huge market in the future; Thirdly, it is rural water treatment. It is one of the country’s major strategic decision deployments to improve the rural living environment. Compared with cities and towns, China’s rural environmental infrastructure seriously lag behind. Therefore, it will become a hot spot of industry development in the future.

The year of 2021 is the first year for China to implement the strategy of “Carbon Dioxide Peaking • Carbon Neutrality (碳達峰 • 碳中和)”. The implementation of the dual carbon strategy puts forward new requirements for the development of solid waste treatment industry in the future. Firstly, the scale of solid waste treatment industry will further expand, especially the large and medium-sized enterprises in the industry will continue to grow. Secondly, “wasteless city” will interact with “Carbon Dioxide Peaking • Carbon Neutrality” to jointly promote urban green transformation. In addition, the recycling of solid waste will become the top priority of the solid waste industry, and the reduction and recycling of solid waste will accelerate and release a broader market. Among them, rural waste disposal and waste resource utilization will become a new hot spot in the industry over a period in the future, and enterprises that are specialized in the harmless and recycling disposal of small-scale solid waste will usher in new opportunities.

With the implementation of the “Fourteenth Five-Year Plan” in the ecological environmental protection industry, the ecological environmental protection industry has entered into an era in which it requires intensive cultivation and equal attention to scale and technology. The Group will overcome the current competition and difficulties in the industry, strive to enhance its core competitiveness, and contribute to the development of environmental protection industry and the construction of ecological civilization.

DEVELOPMENT STRATEGIES AND PROSPECT

In 2021, facing the complicated domestic and international economic situation and the persistently sluggish market environment, the Group focused on the established work objectives and strategic positioning with firm confidence, overcame difficulties and made every effort to improve quality and efficiency.

As at 31 December 2021, the total defaulted and cross-defaulted borrowings amounted to approximately RMB16,397,304,000, of which lenders of certain Overdue Borrowings had applied for property preservation measures by judicatory. In view of the above defaults, the Group has taken positive measures to mitigate the liquidity pressure and to improve its financial position, including: (1) actively negotiates with lenders in respect of overdue borrowings for renewal of relevant borrowings and for grant of waivers for defaults or cross-defaults; (2) disposes its certain concession and construction projects in batches to supplement liquidity in time; (3) actively communicates with the financial institutions involved in the lawsuit, seeks solutions from the professional lawyer team, and ensure the smooth implementation of the settlement agreements.

In 2022, while making every effort to solve the liquidity problem, the Group will continue to focus on the two main businesses of “water + solid waste” and go all out in production and operation. In particular, the Group will further improve its operation and management level, speed up the construction progress of projects under construction, prudently expand advantageous projects, reduce financial leverage, and focus on market opportunities in comprehensive solid waste treatment, sludge carbonization, integration of rural water supply and drainage, intelligent water business and other fields, so as to enable the Group’s core business to achieve sound development.

Focus on operations to improve quality and efficiency. In the future development strategy, the Group will focus on operations to improve quality and efficiency, continue to refine management standards, and promote energy conservation and consumption reduction. To this end, the Group will fully implement the scientific budgeting system, and reasonably calculate the operation indicators of each project based on the current operating conditions. The Group will also further strengthen checking and eliminate the unstable factors and hidden dangers of exceeding standards in the operation process, so as to realize the stable operation of the Group’s projects in operation.

Reduce gearing ratio. Firstly, the Group will promote equity financing, focusing on capital operation in the solid waste sector and other advantageous sectors; secondly, the Group will optimize the financing structure, and match the Group’s business operations based on the loan terms by gradually adjusting the structure of long-term and short-term liabilities; thirdly, the Group will further strengthen debt collection to increase net operating cash inflow.

Accelerate technology research and development and promotion. The Group will continue to enhance its innovation and sustainable development capabilities, and establish innovation mechanism and reward system. According to the current market demand, the Group will improve the current core technologies, especially strengthen our low-temperature aerobic pyrolysis and carbonization technology of organic solid waste, and strive to fully realize the reduction, harmlessness, stabilization and resource utilization of solid organic waste treatment.

Looking forward, the Group will continue to adhere to the development goal of “based in Yunnan, covering the nation and going global, striving to be a leading integrated environmental services provider at the municipal level (立足雲南、面向全國、走向國際，致力成為領先的城鎮環境綜合服務商)”, and pay close attention to the development of the industry, grasp the industry development trend, overcome the current shortcomings and difficulties, improve the Group’s technical strength, core competitiveness and social influence, and create substantial value for its shareholders.

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 (“**BOT**”), Build-Own-Operate (“**BOO**”), Transfer-Operate-Transfer (“**TOT**”), Transfer-Own-Operate (“**TOO**”), Build and Transfer (“**BT**”), Engineering-Procurement-Construction (“**EPC**”), Rehabilitate-Operate-Transfer (“**ROT**”), Operation and Maintenance (“**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 the PRC and the Southeast Asian countries, the Group’s principal businesses comprise five major segments, namely, wastewater treatment, water supply, solid waste treatment, construction and sales of equipment and others.

As at 31 December 2021, 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 the total daily treatment capacity of approximately 6,365,200 tonnes. As at 31 December 2021, 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 the total annual treatment capacity of approximately 4,081,900 tonnes. The volume of water and solid waste treatment of the Group remained stable on the whole.

Wastewater Treatment Projects

As at 31 December 2021, the Group had a total of 134 concession wastewater treatment projects, including 7 BOO projects, 69 BOT projects, 2 TOO projects, 27 TOT projects, 1 ROT project and 28 municipal environment comprehensive treatment projects, with total daily treatment capacity of approximately 3,553,400 tonnes, representing an addition of 7 TOT projects, and a reduction of 1 ROT project year-on-year, and a decrease in the daily wastewater treatment capacity of approximately 15,400 tonnes as compared with the year ended 31 December 2020, which remained basically stable year-on-year.

As at 31 December 2021, 106 concession projects with total daily treatment capacity of approximately 2,814,500 tonnes had commenced commercial operation (including 4 municipal environment comprehensive treatment projects with a total daily wastewater treatment capacity of approximately 121,500 tonnes), representing an addition of 3 BOT projects and 3 municipal environment comprehensive treatment projects which commenced operation year-on-year, an addition of 7 TOT projects, and an increase in total daily treatment capacity of approximately 281,500 tonnes or a growth rate of approximately 11% as compared with the year ended 31 December 2020. During the Reporting Period, the Group’s effective wastewater treatment utilization rate was approximately 78.5%, and the average unit charge of wastewater treatment was approximately RMB1.59 per tonne.

As at 31 December 2021, 28 concession projects with total daily treatment capacity of approximately 738,900 tonnes had not commenced commercial operation (including 24 municipal environment comprehensive treatment projects with total daily treatment capacity of approximately 673,900 tonnes), representing a reduction of 1 ROT project, and 3 municipal environment comprehensive treatment projects and 3 BOT projects under construction converted to operation.

Water Supply Projects

As at 31 December 2021, the Group had a total of 67 concession water supply projects with total daily treatment capacity of approximately 2,449,100 tonnes, including 15 BOO projects, 35 BOT projects, 11 TOT projects and 6 municipal environment comprehensive treatment projects, representing a reduction of 1 BOT project year-on-year, and an increase in total daily treatment capacity of approximately 31,000 tonnes as compared with 31 December 2020, which remained basically stable year-on-year.

As at 31 December 2021, 49 concession projects with total daily treatment capacity of approximately 1,595,000 tonnes had commenced commercial operation (including 1 municipal environment comprehensive treatment project with a total daily treatment capacity of approximately 30,000 tonnes), representing an addition of 2 BOT projects and 1 BOO project, and an increase in the total daily treatment capacity of approximately 65,000 tonnes as compared with 31 December 2020. During the Reporting Period, the Group's commercial water supply decreased due to the impact of the COVID-19 pandemic. the Group's effective water supply utilization rate was approximately 64.3%, and the average unit charge of water supply was approximately RMB2.24 per tonne.

As at 31 December 2021, 18 concession projects with total daily treatment capacity of approximately 854,100 tonnes had not commenced commercial operation (including 5 municipal environment comprehensive treatment projects with total daily treatment capacity of approximately 389,700 tonnes), representing 2 BOT projects and 1 BOO project under construction converted to operation, and a reduction of 1 BOT project as compared with 31 December 2020.

Solid Waste Treatment Projects

As at 31 December 2021, the Group had 24 solid waste treatment projects with total annual treatment capacity of approximately 4,081,900 tonnes, 13 of which with an annual treatment capacity of approximately 2,186,600 tonnes had commenced commercial operation ((including 1 municipal environment comprehensive treatment project with an annual treatment capacity of approximately 219,000 tonnes), representing 5 additional projects which commenced operation with total annual treatment capacity of approximately 1,017,200 tonnes as compared with 31 December 2020; 11 of them with an annual treatment capacity of approximately 1,895,300 tonnes were under construction (including 2 municipal environment comprehensive treatment projects with the total annual treatment capacity of approximately 900,800 tonnes), representing an addition of 1 project under construction as compared with 31 December 2020. During the Reporting Period, the Group's effective solid waste treatment utilization rate was approximately 73.15%. The utilization rate of solid waste treatment in 2021 decreased as compared with 2020, due to the large number of new projects put into operation and the low annual utilization rate in the early stage when new projects put into operation.

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 31 December 2021, the Group had a total of 10 BT projects, which were either under construction and/or completed, among which revenue of 9 BT projects was recognised during the Reporting Period.

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

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

Others

During the Reporting Period, the Group also undertook O&M projects for wastewater treatment and water supply owned by third parties as well as provision of technical and consultancy services in relation to environmental protection. As at 31 December 2021, the Group had 26 O&M projects, representing a reduction of 3 projects as compared with 31 December 2020. These projects included 25 wastewater treatment projects with total daily treatment capacity of approximately 357,700 tonnes (including the capacity of wastewater treatment projects adopting O&M model within municipal environment comprehensive treatment projects), and 1 water supply project with daily treatment capacity of approximately 5,000 tonnes.

FINANCIAL REVIEW

Results of Operation

During the Reporting Period, the Group recorded revenue of approximately RMB5,280.7 million, representing a decrease of approximately 37.1% compared with the year ended 31 December 2020. The Group realized a net loss of approximately RMB1,055.3 million, representing a decrease of approximately 409.2% compared with the year ended 31 December 2020. Loss attributable to the ordinary shareholders of the Company was approximately RMB1,001.9 million, representing a decrease of approximately 549.1% as compared with 31 December 2020. Loss per share for the year ended 31 December 2021 was approximately RMB0.84.

Revenue

Revenue of the Group decreased from approximately RMB8,396.6 million for the year ended 31 December 2020 to approximately RMB5,280.7 million for the Reporting Period, representing a decrease of approximately 37.1%.

In respect of the business segments of the Group, revenue from wastewater treatment decreased from approximately RMB5,286.5 million for the year ended 31 December 2020 to approximately RMB3,387.3 million for the Reporting Period. Revenue from water supply decreased by approximately 5.5% from approximately RMB975.6 million for the year ended 31 December 2020 to approximately RMB921.8 million for the Reporting Period. Revenue from solid waste treatment decreased by approximately 44.0% from RMB1,346.7 million for the year ended 31 December 2020 to approximately RMB754.8 million for the Reporting Period. Revenue from construction and sales of equipment decreased by approximately 77.9% from approximately RMB621.1 million for the year ended 31 December 2020 to approximately RMB137.1 million for the Reporting Period. Revenue from other business decreased from approximately RMB166.7 million for the year ended 31 December 2020 to approximately RMB79.8 million for the Reporting Period.

The decrease in revenue from the wastewater treatment segment was mainly attributable to the decrease in construction revenue of the existing wastewater treatment projects under construction during the Reporting Period.

The decrease in revenue from the water supply segment was mainly attributable to the decrease in construction revenue as some water supply projects were completed during the Reporting Period. The increase in operating revenue from the water supply projects was less than the decrease in construction revenue.

The decrease in revenue from the solid waste treatment segment was mainly attributable to the decrease in construction revenue as some solid waste projects entered the trial operation during the Reporting Period.

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

Cost of Sales

Cost of sales of the Group for the Reporting Period was approximately RMB3,964.2 million, representing a decrease of approximately 37.1% as compared with approximately RMB6,300.5 million for the year ended 31 December 2020. The decrease was primarily due to the decrease in cost for construction which was in line with the decrease in construction revenue of the existing solid waste projects and wastewater treatment projects under construction during the construction period.

Gross Profit Margin

During the Reporting Period, gross profit margin of the Group was approximately 24.93%, representing a decrease of approximately 0.03% as compared to approximately 24.96% for the year ended 31 December 2020.

Other Income

During the Reporting Period, the Group recorded other income of approximately RMB54.1 million as compared with approximately RMB86.7 million for the year ended 31 December 2020, representing a decrease of approximately 37.6%. The decrease in other income was mainly due to a decrease in income of miscellaneous income.

Other Gains — net

During the Reporting Period, the Group recorded other net gains of approximately RMB164.3 million, representing an increase of approximately RMB115.5 million as compared with a net gains of approximately RMB48.8 million for the year ended 31 December 2020. The increase in other gains was mainly due to the increase in gains from fair value gain on re-measurement of investment in an associate.

Selling Expenses

During the Reporting Period, selling expenses of the Group was approximately RMB48.4 million, representing an increase of approximately RMB6.0 million or 14.2% as compared with approximately RMB42.4 million for the year ended 31 December 2020.

Administrative Expenses

Administrative expenses of the Group increased by RMB209.0 million from approximately RMB441.7 million for the year ended 31 December 2020 to approximately RMB650.7 million for the Reporting Period, representing an increase of approximately 47.3%. The increase in administrative expenses was primarily due to the provision for impairment of long-term assets in the current period.

Finance Costs — net

Net finance costs increased by RMB273.0 million from approximately RMB1,253.3 million for the year ended 31 December 2020 to approximately RMB1,526.3 million for the Reporting Period, representing an increase of approximately 21.8%. The increase in net finance costs was primarily due to the fact that certain projects under construction of the Group are in the early stage during which significant investment is required to be made on an ongoing basis, resulting in an increase in financial cost during the Reporting Period.

The average interest rate on borrowings of the Group for the Reporting Period was approximately 5.73% per annum, representing a decrease compared with approximately 5.74% per annum for the year ended 31 December 2020.

Loss Before Income Tax

As a result of the above factors, the Group recorded loss before income tax of approximately RMB1,030.9 million for the Reporting Period, representing a decrease of approximately 305.1% as compared with the profit before income tax of approximately RMB502.6 million recorded for the year ended 31 December 2020.

Income Tax Expenses

Income tax expenses decreased by RMB137.0 million from approximately RMB161.3 million for the year ended 31 December 2020 to approximately RMB24.3 million for the Reporting Period, representing a decrease of approximately 84.9%. The decrease is caused by a change in the profitability of the Group's subsidiaries in respective countries and regions as a result of different corporate income tax rates being applied during the Reporting Period.

(Loss)/Profit for the Reporting Period

As a result of the foregoing, loss for the Reporting Period decreased by approximately RMB1,396.6 million from the profit of approximately RMB341.3 million for the year ended 31 December 2020 to the loss of approximately RMB1,055.3 million for the Reporting Period, representing a decrease of approximately 409.2%.

Receivables under Service Concession Arrangements

The Group's receivables under service concession arrangements increased by approximately RMB1,191.7 million from approximately RMB5,301.4 million as at 31 December 2020 to approximately RMB6,493.1 million as at 31 December 2021, representing an increase of approximately 22.5%. Such increase was due to a number of concession projects commenced commercial operation during the Reporting Period.

Trade and Other Receivables and Prepayments

The Group's trade and other receivables and prepayments decreased by approximately RMB653.8 million from approximately RMB9,604.8 million as at 31 December 2020 to approximately RMB8,951.0 million as at 31 December 2021, representing a decrease of approximately 6.8%. Such decrease was primarily due to the decrease in receivables from related parties and project owners due to the collection of receivables during the Reporting Period.

Cash and Cash Equivalents

The Group's cash and cash equivalents decreased by approximately RMB1,269.3 million from approximately RMB1,697.7 million as at 31 December 2020 to approximately RMB428.4 million as at 31 December 2021, representing a decrease of approximately 74.8%. Such decrease was primarily due to the net cash used in operating and investment activities was greater than the net cash generated from financing activities during the Reporting Period.

Trade and Other Payables

The Group's trade and other payables decreased by approximately RMB228.6 million from approximately RMB9,036.4 million as at 31 December 2020 to approximately RMB8,807.8 million as at 31 December 2021, representing a decrease of approximately 2.5%. Such decrease was primarily due to the reimbursement of construction and installation payables during the Reporting Period.

Borrowings

As at 31 December 2021, the Group had borrowings of approximately RMB28,655.5 million (31 December 2020: approximately RMB27,541.8 million). As at 31 December 2021, the Group had unsecured borrowings of approximately RMB14,708.6 million (31 December 2020: approximately RMB15,365.8 million), and secured borrowings of approximately RMB13,946.9 million (31 December 2020: approximately RMB12,176.0 million).

Pledge of Assets

As at 31 December 2021, borrowing of approximately RMB13,946.9 million (31 December 2020: approximately RMB12,176.0 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 subsidiaries.

Gearing Ratio

The Group's gearing ratio (calculated as net debt divided by total capital) increased from approximately 77.26% as at 31 December 2020 to approximately 78.79% as at 31 December 2021. The increase in gearing ratio was mainly due to the increased scale of debt financing during the Reporting Period.

The Board will closely monitor and improve the gearing ratio of the Group.

Employees and Remuneration Policy

As at 31 December 2021, the Group employed 6,998 employees (31 December 2020: 7,007). During the Reporting Period, staff cost was approximately RMB666.5 million (for the year ended 31 December 2020: RMB588.9 million). The Group will strive to ensure that the remuneration level of employees is in line with industry practices and prevailing market conditions, and remunerations of employees will be determined based on their performance. The remuneration package provided to employees also includes basic and floating salaries, discretionary bonus and staff benefits. The Group also provides external and internal training programs for its employees.

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

Foreign Exchange Risk

The Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the group entities. The Group also has certain subsidiaries in foreign operations. Foreign exchange risk arises from the recognised assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through financing activities denominated in the relevant foreign currencies.

The group entities are exposed to foreign exchange risk of foreign currencies other than their functional currencies, primarily with respect to the US dollars ("US\$"), Euro ("EUR") and Hong Kong dollars ("HKD") (together "Non-functional Currencies"). The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. Management considers the fluctuations in exchange rates between the functional currencies of respective group entities and Non-functional Currencies in which the group entities conduct business will not have significant effect on the Group's financial position and results of operations.

Contingent Liabilities

Affected by the cases of financial leasing contract dispute, some assets of the Group were taken property preservation measures by the relevant courts from December 2021 to January 2022. The above assets relate to the equity interest of some subsidiaries/associates held by the Group and some bank accounts of the Group. According to the inside information announcement issued by the Company on 25 March 2022, due to the continuous impact of one of the above financial leasing contract dispute cases, the Company has been listed as a person subject to enforcement by Urumqi Intermediate People's Court, and the subject matter of enforcement was the assets of the Group with a total value of no more than RMB371,502,848.

At present, the Company is actively communicating with relevant financial institutions involved in the lawsuit, seeking solutions from the professional lawyer team, hoping to reach a settlement through mediation and ensuring the smooth implementation of relevant settlement agreements. If the relevant settlement matters can be reached, the Company's assets subject to preservation measures and enforcement may be unfrozen, and such release will not have any adverse impact on the ownership of relevant assets and the circulation of funds in the account. Therefore, the Company believes that the property preservation and enforcement caused by relevant financial lease contract disputes will not constitute major contingent liabilities of the Group.

Final Dividend

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2021.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

— On 6 June 2021, the Company entered into the Equity Acquisition and Share Issuance Agreement with Zhejiang Qianjiang Biochemical Co., Ltd.* (浙江錢江生物化學股份有限公司) (“**Qianjiang Biochemical**”) and Haining Municipal Water Investment Group Co., Limited* (海寧市水務投資集團有限公司) (“**Haining Water Investment Group**”), pursuant to which Haining Water Investment Group conditionally agreed to sell and Qianjiang Biochemical conditionally agreed to acquire 51% equity interest in Zhejiang Haiyun Environmental Protection, 40% equity interest in Capital Water, 40% equity interest in Shikang Water, 40% equity interest in Lvdong Haiyun held by Haining Water Investment Group, and 49% equity interest in Zhejiang Haiyun Environmental Protection held by the Company at a total consideration of RMB2,103,200,000. Upon completion of the Acquisition, Qianjiang Biochemical will hold 100% equity interest in Zhejiang Haiyun Environmental Protection, 40% equity interest in Capital Water, 40% equity interest in Shikang Water and 40% equity interest in Lvdong Haiyun, and the Company will cease to hold any equity interest in Zhejiang Haiyun Environmental Protection and will hold approximately 20.24% equity interest in Qianjiang Biochemical (assuming there will be no other change in the registered capital of Qianjiang Biochemical), which will be accounted for as an associated company of the Company.

For details of the above-mentioned significant investment and acquisition, please refer to the announcement published by the Company on 6 June 2021.

Subsequent Events:

— On 11 January 2022, the company name of the Company's Controlling Shareholder has been formally changed from “Yunnan Province Water Industry Investment Co., Ltd.* (雲南省水務產業投資有限公司)” to “Yunnan Green Environmental Protection Industry Group Co., Ltd.* (雲南省綠色環保產業集團有限公司)”.

For details of the above-mentioned subsequent event, please refer to the announcement published by the Company on 11 January 2022.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

The Group believes that effective environmental, social and corporate governance management policies are crucial to the sustainability of the Group's business. As such, the Group proactively enhances its understanding of the latest laws and regulations and the best practices both within and outside the PRC, which are relevant to the Group's business, as well as its management approach and management system. As a responsible corporation, the Group is also committed and dedicated to maintaining the highest environmental and social standards.

The Group has complied with all relevant laws and regulations in relation to its business, including but not limited to health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. Towards that end, it has encouraged employees, customers, suppliers and other stakeholders to participate in environmental and social activities which benefit the community as a whole. The Group also maintains strong relationships with its employees, has enhanced cooperation with its suppliers and has provided high quality products and services to its customers so as to ensure sustainable development.

An environmental, social and governance (“**ESG**”) report is being prepared with reference to Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The ESG report represents our contribution to sustainable development during the Reporting Period, and covers the major environmental and social policies, environmental indicators of our Group, measures adopted for reducing emissions by our Group and the relevant achievements of such policies.

The ESG report will be included in the 2021 annual report of the Company to be despatched to the Company's shareholders in due course and published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yunnanwater.cn).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

At present, the Board has four professional committees including the Audit Committee, Nomination Committee, Remuneration Committee and Compliance Committee.

During the Reporting Period, the Company has complied with all code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the “**Corporate Governance Code**”) in Appendix 14 to the Listing Rules.

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

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and supervisors of the Company (the “**Supervisors**”). The Group has made specific enquiries with all of its Directors and Supervisors, and all Directors and Supervisors have confirmed that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the Reporting Period, and reviewed matters concerning the distribution of dividends, reappointment of auditors and determination of the auditors’ remuneration. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

NOMINATION COMMITTEE

The Nomination Committee consists of one executive Director, Mr. Yu Long (as acting 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 to be 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 has reviewed the appointment of new Directors.

REMUNERATION COMMITTEE

The Remuneration Committee consists of one executive Director, Mr. Yu Long, 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; review and approval 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 to advise 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.

COMPLIANCE COMMITTEE

The Compliance Committee consists of one executive Directors, Mr. Yu Long, three independent non-executive Directors, Mr. Liu Shuen Kong, Mr. Zhong Wei (as chairman) and Mr. Zhou Beihai, and one Supervisor, Mr. Huang Yi. The principal responsibilities of the Compliance Committee are to conduct independent investigation and make decisions on compliance matters with respect to our business operations by authorization from the Board. The Company established the Compliance Committee to ensure the acquisition projects and operations of the Group have complied with our 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.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining an adequate risk management and internal control system to safeguard the Shareholder's investments and the Company's assets, and reviewing the effectiveness of such system on an annual basis with the support of the Audit Committee.

The Board, through the Audit Committee, has reviewed the effectiveness of the internal audit system and the risk management and internal control system of the Company and its subsidiaries, including the adequacy of resources, qualifications and experience of staff in the aforementioned systems and of the Company's accounting and financial reporting function, and the adequacy of their training programmes and budget.

During the Reporting Period, the Board, through a review, considered that the risk management and internal control system of the Company and its subsidiaries was effective and adequate.

PARTICULARS OF DIRECTORS AND SUPERVISORS

The information of the Directors and supervisors of the Company (the “**Supervisor(s)**”) required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules has been changed as follows:

On 31 March 2021, Mr. Li Jialong resigned as a non-executive Director, Chairman, and chairman and member of the Nomination Committee, with effective from the conclusion of the AGM convened on 11 June 2021.

On 31 March 2021, Mr. Yang Fang resigned as an executive Director and member of the Compliance Committee, with effective from the conclusion of the AGM convened on 11 June 2021.

On 11 June 2021, Ms. Li Bo was appointed as the Chairman. On 24 June 2021, Ms. Li Bo was re-designated from a non-executive Director to an executive Director. On 30 September 2021, Ms. Li Bo resigned as an executive Director, Chairman, and chairman and member of the Nomination Committee with immediate effect.

On 11 June 2021, Mr. Liu Hui was appointed as a non-executive Director of the third session of the Board.

On 11 June 2021, Ms. Ling Hui was appointed as an executive Director of the third session of the Board. On 30 September 2021, Ms. Ling Hui resigned as an executive Director, with effective from the conclusion of the extraordinary general meeting held on 10 November 2021.

On 30 September 2021, Mr. Yu Long was elected as the Acting Chairman and acting chairman of the Nomination Committee.

On 10 November 2021, Mr. Zhou Zhimi was appointed as an executive Director of the third session of the Board.

For details of the above-mentioned particulars of Directors and Supervisors, please refer to the announcements published by the Company on 31 March 2021, 11 June 2021, 24 June 2021, 30 September 2021 and 10 November 2021, respectively.

The composition of new session of each of the audit committee, remuneration committee, nomination committee and compliance committee of the Company is as follows. For further details, please refer to the announcement published by the Company on 10 November 2021.

Audit Committee

Mr. Liu Shuen Kong (Chairman)

Mr. Zhong Wei

Mr. Zhou Beihai

Remuneration Committee

Mr. Zhong Wei (Chairman)

Mr. Yu Long

Mr. Zhou Beihai

Nomination Committee

Mr. Yu Long (Acting Chairman)

Mr. Zhou Beihai

Mr. Zhong Wei

Compliance Committee

Mr. Zhong Wei (Chairman)

Mr. Yu Long

Mr. Liu Shuen Kong

Mr. Zhou Beihai

Mr. Huang Yi (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 2021.

FURTHER ANNOUNCEMENT(S)

Due to the travel, logistics and other restrictions caused by the novel coronavirus (COVID-19) pandemic in Mainland China, certain audit procedures required to be conducted by the Company's auditors (the "**Auditors**") cannot be completed by the date of this announcement. The unaudited annual results for the year ended 31 December 2021 contained herein have not been agreed with the Auditors as required under Rule 13.49(2) of the Listing Rules.

Following the completion of the auditing process, the Company will issue further announcements in relation to the audited annual results for the year ended 31 December 2021 as agreed by the Auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcements as and when necessary if there are other material development in the completion of the auditing process, including the expected date of completion of the auditing process once it can be ascertained.

PUBLICATION OF THE UNAUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This unaudited annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.yunnanwater.cn). The 2021 annual report of the Company will be despatched to the Company's shareholders and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to the Company's shareholders for their support and to the Group's staff for their hard work and contribution in 2021.

By order of the Board
Yunnan Water Investment Co., Limited*
Yu Long
Acting Chairman

Kunming, the PRC
31 March 2022

As at the date of this announcement, the executive Directors are Mr. Yu Long (Acting Chairman) and Mr. Zhou Zhimi, the non-executive Directors are Mr. Dai Richeng, Mr. Chen Yong and Mr. Liu Hui, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Zhou Beihai and Mr. Zhong Wei.

** For identification purposes only*