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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)

ANNOUNCEMENT PROFIT WARNING

This announcement is made by Yunnan Water Investment Co., Limited* (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) hereby informs the shareholders and potential investors of the Company that based on a preliminary assessment of the Company’s unaudited management accounts, it is expected that the Company will record a net loss in unaudited management accounts for the six months ended 30 June 2020 as compared to unaudited profit attributable to ordinary shareholders of the Company for the six months ended 30 June 2019. It is expected that loss attributable to the ordinary shareholders of the Company will range from approximately RMB280 million to RMB320 million as compared to profit attributable to the ordinary shareholders of the Company of approximately RMB59 million in the corresponding period last year.

The Board believes that the expected net loss for the six months ended 30 June 2020 is primarily attributable to, on one hand, a severe impact on the environmental protection industry due to the global outbreak of COVID-19 pandemic in the first half of 2020, which resulted in nationwide suspension of work and production that lead to a decrease in supply of the environmental protection market. This has contributed to a reduction in scale of the EPC construction and sales of equipment business of the Company and its subsidiaries (the “**Group**”). In addition, several factors such as goods and materials relating to epidemic prevention and disinfection as well as a rise in labour costs also resulted in an increase in operating costs of solid waste projects of the Group. On the other hand, finance costs of the Group also increased in the first half of 2020.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the Company's management accounts for the six months ended 30 June 2020, which have not been confirmed or reviewed by the auditor of the Company. The interim results announcement of the Company for the six months ended 30 June 2020 is expected to be published at the end of August 2020 pursuant to the requirements of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Yunnan Water Investment Co., Limited*
Li Jialong
Chairman

Kunming, the PRC
20 August 2020

As at the date of this announcement, the executive Director are Mr. Yu Long (Vice Chairman) and Mr. Yang Fang, the non-executive Directors are Mr. Li Jialong (Chairman), Ms. Li Bo, Mr. He Yuanping and Mr. Chen Yong, and the independent non-executive Directors are Mr. Liu Shuen Kong and Mr. Ma Shihao.

* *For identification purposes only*