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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 the preliminary review of the unfinalized and unaudited management accounts (the “**Management Accounts**”) of the Company for the year ended 31 December 2020, it is expected that the Company will record a decrease in profit attributable to the ordinary shareholders of the Company in the range of approximately 40% to 55% (or approximately RMB180 million to RMB240 million) for the year ended 31 December 2020, as compared to the audited profit attributable to the ordinary shareholders of the Company of approximately RMB398 million for the year ended 31 December 2019.

The Board believes that the decrease in profit attributable to the ordinary shareholders of the Company for the year ended 31 December 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 2020, which resulted in nationwide suspension of work and production that led to a decrease in supply of the environmental protection market. This has resulted in a reduction in business scale of the solid waste segment of the Company and its subsidiaries (the “**Group**”). In addition, several factors such as goods and materials relating to pandemic prevention and disinfection as well as a rise in labour costs also resulted in an increase in operating costs of the Group. On the other hand, finance costs of the Group also increased in 2020.

The Company is still preparing and finalizing the annual results for the year ended 31 December 2020. The above information is only a preliminary assessment made by the management of the Company based on its currently available information and the Management Accounts. The audited consolidated financial results of the Company have not been finalized, and are subject to revision and confirmation with the Company's auditor. Therefore, the aforesaid estimated amount of profit attributable to the ordinary shareholders for the year ended 31 December 2020 is subject to any potential adjustments and further provisions, and the Group's annual results may differ from those as disclosed in this announcement. In accordance with the requirements of the Listing Rules, the Company's results announcement for the year ended 31 December 2020 is expected to be published around the end of March 2021.

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
12 March 2021

As at the date of this announcement, the executive Directors are Mr. Yu Long (Vice-chairman) and Mr. Yang Fang, the non-executive Directors are Mr. Li Jialong (Chairman), Ms. Li Bo, Mr. Dai Richeng and Mr. Chen Yong, and the independent non-executive Directors are Mr. Liu Shuen Kong, Mr. Zhong Wei and Mr. Zhou Beihai.

* *For identification purposes only*