



The Board of Directors
Yunnan Water Investment Co., Limited
2089 Haiyuan North Road,
Gaoxin District, Kunming City,
Yunnan Province, PRC

Dear Sirs,

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE EQUITY INTEREST IN THE TARGET COMPANY

To the directors of Yunnan Water Investment Co., Limited

We have examined the calculations of the underlying profit forecast (the "**Underlying Forecast**") to the business valuation prepared by Beijing Yachao Assets Valuation Co., Ltd. (the "**Valuer**") dated 26 April 2024 in respect of the valuation on Gongyi Water Resources Co., Ltd. (the "**Target Company**"), as at 31 May 2023 (the "**Valuation**"). The Valuation, was prepared in connection with the proposed disposal of 89.995% equity interest in the Target Company by Yunnan Water Investment Co., Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") as set out in this circular. The Valuation based on the discounted future estimated cash flows is regarded as profit forecasts under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of the Company (the "**Directors**") are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Company based on discounted future estimated cash flows method. The Underlying Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**") that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.60A(2) of the Listing Rules and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Underlying Forecast does not involve adoption of accounting policies of the Group.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) ("HKSAE 3000 (Revised)") "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. We examined the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, so far as the calculations are concerned, the Underlying Forecast has been properly compiled, in all material aspects, in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Lee Shun Ming', with a stylized flourish at the end.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lee Shun Ming

Practising Certificate Number: P07068
Hong Kong

25 October 2024

25th October 2024

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place Central
Hong Kong

Dear Sirs,

**RE: CIRCULAR —
MAJOR TRANSACTION
DISPOSAL OF INTEREST IN GONGYI WATER**


We, Yunnan Water Investment Co., Limited (the “**Company**”) (stock code: 6839), refer to the circular of the Company dated 25th October 2024 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We refer to the valuation of the Disposal Interests (the “**Valuation**”) conducted by Beijing Yachao Assets Valuation Co., Ltd. (北京亞超資產評估有限公司) (the “**Valuer**”), an independent valuer. The Valuation adopts the income approach, which is based on the discounted cash flow forecast and is regarded as a profit forecast under Rule 14.61 of the Listing Rules. We have discussed with the Valuer the different aspects upon which the Valuation was prepared (including the principal and commercial assumptions) and have reviewed the Valuation for which the Valuer is responsible.

Pursuant to Rule 14.60A of the Listing Rules, we have also engaged SHINEWING (HK) CPA Limited, acting as the Company’s reporting accountants, to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (which does not involve the adoption of accounting policies), and considered the report from SHINEWING (HK) CPA Limited which was prepared in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants, as set out in Appendix III to the Circular.

On the basis of the above, we confirm that the Valuation has been made after due and careful enquiry by us.

Yours faithfully,



On behalf of the Board
Yunnan Water Investment Co., Limited
Mei Wei
Chairman