



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

Dear Sirs,

REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION OF HYFLUX NEWSRING (GUANYUN) CO., LTD.

(established in the People's Republic of China with limited liability)

Introduction

We have reviewed the historical financial information of Hyflux NewSpring (Guanyun) Co., Ltd. (the "**Target Company**") set out on pages II-4 to II-23 which comprise the condensed statements of financial position as of 31 December 2021, 2022 and 2023 and 30 June 2024, and the related condensed statements of profit or loss and other comprehensive income, condensed statements of changes in equity and condensed statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 (the "**Relevant Periods**") and certain explanatory notes (the "**Historical Financial Information**"). The Historical Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by Yunan Water Investment Co., Limited (the "**Company**") in connection with the disposal of 100% equity interest in the Target Company (the "**Disposal**") in accordance with paragraph 14.68(2)(a)(i)(A) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Historical Financial Information

The directors of the Company (the "**Directors**") are responsible for the preparation and presentation of the Historical Financial Information of the Target Company in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information and paragraph 14.68(2)(a)(i) of the Listing Rules. The Directors are also responsible for such internal control as management determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibility is to express a conclusion on this Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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**REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION
OF HYFLUX NEWSRING (GUANYUN) CO., LTD. (Continued)**

Practitioner's Responsibility

Our responsibility is to express a conclusion on the Historical Financial Information. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" ("HKSRE 2400 (Revised)") and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the HKICPA. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, is not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Hong Kong Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Target Company for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Emphasis of matter - Material uncertainty related to going concern

Without qualifying our conclusion, we draw attention to Note 2 to the Historical Financial Information, which indicates that the Target Company had net current liabilities of approximately RMB23,235,000 as at 30 June 2024, which was primarily attributable to the loans from the Company and its fellow subsidiary classified under current liabilities of approximately RMB108,477,000 and RMB4,065,000 respectively.

As at 30 June 2024, the Target Company had total bank balances and cash of approximately RMB658,000, and the Company agreed to provide sufficient financial assistance to the Target Company and undertook to have itself and its subsidiaries not demand for repayment for outstanding loans and non-trade balances with the Target Company as at 30 June 2024 for a period of not less than twelve months after the date of this report or up to the completion date of the Disposal, whichever is shorter.



**REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION
OF HYFLUX NEWSRING (GUANYUN) CO., LTD. (Continued)**

Emphasis of matter - Material uncertainty related to going concern (Continued)

As at 30 June 2024, the Company's consolidated statement of financial position was having net current liabilities amounting to approximately RMB6,656,230,000, which may cast doubt on the Company's ability to provide sufficient financial assistance to the Target Company to enable the Target Company to meet in full their financial obligations as they fall due for a period of not less than twelve months after date of this report or up to the completion date of the Disposal, whichever is shorter.

The above events and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Target Company's ability to continue as a going concern.

A handwritten signature in black ink, appearing to be 'Lee Shun Ming', written over a horizontal line.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lee Shun Ming
Practising Certificate Number: P07068

Hong Kong
27 November 2024