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北京北辰實業股份有限公司
BEIJING NORTH STAR COMPANY LIMITED

(A sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 588)

CONNECTED TRANSACTION

ENTERING INTO THE EQUITY TRANSFER AGREEMENT

On 17 June 2022, Capital Convention, a non-wholly owned subsidiary of the Company, entered into the Equity Transfer Agreement with BNSIGC in respect of the Acquisition, pursuant to which Capital Convention agreed to acquire and BNSIGC agreed to dispose of 100% equity interest in the Target Company at a consideration of RMB111,510,800.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BNSIGC holds 1,161,000,031 A Shares in the Company, representing approximately 34.48% of the total issued shares of the Company, and is the controlling shareholder of the Company. Therefore, BNSIGC is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules exceed(s) 0.1% but is(are) less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

1. EQUITY TRANSFER AGREEMENT

On 17 June 2022, Capital Convention (a non-wholly owned subsidiary of the Company) and BNSIGC entered into the Equity Transfer Agreement in respect of the Acquisition, pursuant to which Capital Convention agreed to acquire and BNSIGC agreed to dispose of 100% equity interest in the Target Company. The principal terms of the Equity Transfer Agreement are summarized as follows:

Date : 17 June 2022

Parties : (i) BNSIGC, as the transferor
(ii) Capital Convention, as the transferee

Subject matter : Capital Convention agreed to acquire and BNSIGC agreed to dispose of 100% equity interest in the Target Company. Non-public agreement transfer was adopted for the Acquisition to transfer the 100% equity interest in the Target Company.

Consideration and terms of payment : The consideration of the Acquisition is RMB111,510,800 and the appraised value of the entire shareholders' equity of the Target Company of approximately RMB111,510,800 as at the Benchmark Date as provided in the Asset Valuation Report has been taken into consideration.

The consideration shall be remitted by Capital Convention in one lump sum into the account designated by BNSIGC within five working days after the Equity Transfer Agreement takes effect.

The consideration will be paid out of the self-owned funds of the Group.

Completion : Within 30 working days after obtaining the equity transaction certificate for the Acquisition issued by China Beijing Equity Exchange Co., Ltd., BNSIGC shall procure the Target Company to process the registration procedures in relation to the relevant change in equity interest in the Target Company, and Capital Convention shall provide necessary assistance and cooperation.

2. INFORMATION ON THE TARGET COMPANY

The predecessor of the Target Company was the Beijing International Exhibition Center, which was established in 1985 as an exhibition arm of the Beijing Sub-council of China Council for the Promotion of International Trade. Afterwards, it has been corporatized and wholly allocated to BNSIGC, with a registered capital of RMB20 million, mainly engaged in sponsoring and undertaking of exhibitions and conference services.

Upon the completion of the Acquisition, the Target Company will become a subsidiary of the Group, and its results, assets and liabilities will be consolidated into the accounts of the Group.

According to the audited financial statements of the Target Company prepared in accordance with the Accounting Standards for Business Enterprises of the PRC, the audited net profit/(loss) before and after taxation of the Target Company for the two years ended 31 December 2020 and 2021 are as follow:

	For the year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Net profit/(loss) before taxation	9,445.68	(6,581.18)
Net profit/(loss) after taxation	8,794.91	(6,581.62)

On 31 March 2022, the audited net assets of the Target Company amounted to approximately RMB60,372,900.

Asset Valuation Report

According to the Asset Valuation Report, the entire shareholders' equity value of the Target Company as at the Benchmark Date (i.e. 30 June 2021) was approximately RMB111,510,800. As the appraised value was prepared based on the income approach, such appraised value constitutes a profit forecast as defined in Rule 14.61 of the Listing Rules.

Major Assumptions

Details of the key assumptions (including business assumptions) adopted in the Asset Valuation Report are set out below:

(I) Basic Assumptions

(1) Open Market Assumption

The open market assumption refers to the assumption that, with respect to the assets transacted or to be transacted in the market, both parties to the assets transaction have equal status and have the opportunity and time to obtain sufficient market information, so as to make rational judgments on the function, use and transaction price of the assets.

(2) Transaction Assumption

The transaction assumption refers to the assumption that all assets to be appraised are already in the process of transaction, and the appraisers conduct valuation based on the simulated market including the conditions of transaction of the assets to be appraised. The transaction assumption is one of the most fundamental precondition assumptions for the performance of asset valuation.

(3) Going-concern Assumption

Going-concern assumption refers to the assumption that the appraised entity will not cease to operate for various reasons in the foreseeable future based on the conditions of existing assets and resources, but will operate lawfully and on a going-concern basis.

(II) General Assumptions

- (1) It is assumed that there is no material change in the relevant current laws, regulations and policies, and the macroeconomic situation of the PRC, and there is no material change in the political, economic and social environment of the regions where the parties to this transaction are located.
- (2) It is assumed that there will be no material change in the interest rate, exchange rate, tax base and tax rate, policy levy and other expenses relevant to the appraised entity after the Benchmark Date.
- (3) It is assumed that the management of the appraised entity after the Benchmark Date is responsible, stable, and capable of assuming its duties.

- (4) Unless otherwise stated, it is assumed that the Target Company fully complies with all relevant laws and regulations.

(III) Forecasting Assumptions of Income Approach and Other Special Assumptions

- (1) It is assumed that the values of various parameters measured in this valuation are determined according to the current price system, without considering the influence of inflation factors following the Benchmark Date.
- (2) It is assumed that no force majeure or unforeseeable factor will have any material adverse effect on the appraised entity following the Benchmark Date.
- (3) It is assumed that the accounting policies adopted by the appraised entity following the Benchmark Date will be consistent in material aspects with those adopted in the preparation of this Asset Valuation Report.
- (4) It is assumed that the scope and method of business of the appraised entity following the Benchmark Date will be consistent with those in existence currently on the basis of the existing management model and level.
- (5) It is assumed that the general information, property right information, policy documents and other relevant materials relating to business operation provided by BNSIGC and the appraised entity are true and valid.
- (6) It is assumed that there will be no material changes in the operating scope and mode of the Target Company in the future operating period. The structure of its principal business, income and cost composition as well as the sales strategies and cost control of its future business will maintain its current status in recent years without material changes. Changes in operating capability, business scale and business structure arising from the possible changes in management, operating strategies and additional investment as well as business environment in the future are not taken into consideration, notwithstanding the high probability of occurrence of such changes. In other words, the valuation is based on the assumption that the operating capability, business scale and business model operate on a going-concern basis on the Benchmark Date, without taking into account the special changes caused by possible overrun or reduction in production.

- (7) During the future operating period of the Target Company, there will not be any material changes in operating and management expenses of the Target Company on the existing basis, but will continue to maintain its changing trend in recent years and will change simultaneously along with the changes in business scale.
- (8) The Target Company will continue to use the existing operating premises and equipment, and will not bear any cost arising from asset ownership issues.
- (9) In this valuation, it is assumed that the Target Company has balanced net cash flows in the year.

Important Valuation Parameters

(I) Statement of free cash flows to equity for the forecast period is as follows:

Unit: RMB0'000

Year	July – December 2021	2022	2023	2024	2025	2026	Perpetual period
I. Operating revenue	320.52	8,867.92	9,400.00	9,500.00	9,500.00	9,500.00	
II. Cost of sales	280.98	7,105.52	7,660.13	7,317.42	7,694.59	7,516.98	
Taxes and surcharges	0.61	21.02	44.81	48.34	45.65	46.95	
Selling expense	184.94	365.32	383.58	402.76	422.90	444.05	
Administrative expense	771.20	1,143.06	1,142.81	1,184.20	1,227.13	1,272.24	
Finance expense	-18.17	-36.33	-36.33	-36.33	-36.33	-36.33	
III. Operating profit	-899.04	269.33	205.00	583.60	146.06	256.11	
IV. Total profit	-899.04	269.33	205.00	583.60	146.06	256.11	256.11
Less: Income tax expense	-95.32	67.33	51.25	145.90	36.51	64.03	64.03
V. Net profit	-803.72	202.00	153.75	437.70	109.54	192.08	192.08
Add: Depreciation of fixed assets	3.15	7.26	7.26	7.26	7.26	7.26	7.26
Add: Amortization of intangible assets and long-term deferred expenses	0.02	55.86					
Less: Capital expenditure	–	5.00	5.00	5.00	5.00	5.00	7.26
Less: Increase in working capital	-2,062.13	-386.60	-314.07	255.12	-228.63	139.62	
VI. Free cash flows to equity	1,261.59	646.72	470.08	184.84	340.43	54.72	192.08

(II) Based on the above forecast cash flows, it was discounted with the calculated discount rate that the value of the operating assets of the Target Company was RMB35,326,700. Details of the calculation results are as follows:

Unit: RMB0'000

Year	Parameter	July - December 2021	2022	2023	2024	2025	2026	Perpetual period
Item		0.2500	1.0000	2.0000	3.0000	4.0000	5.0000	
I. Free cash flows to equity		1,261.59	646.72	470.08	184.84	340.43	54.72	192.08
Discount factor	11.55%	0.9730	0.8965	0.8036	0.7204	0.6458	0.5790	5.0130
II. Discounted free cash flows to equity		1,227.53	579.79	377.75	133.16	219.85	31.68	962.91
III. Accumulation of discounted free cash flows to equity								3,532.67

(III) At the Benchmark Date, the value of some assets (liabilities) is not considered in the estimation of the net cash flow. Such value shall be recognised as other non-operating or surplus assets other than the cash flow derived in this estimation, and shall be estimated separately when estimating the value of the Target Company. Statistics on the related non-operating assets and liabilities are as follows:

Unit: RMB0'000

Item	Carrying amount	Appraised value
I. Non-operating assets		
Other receivable	7,426.70	7,426.70
Other current asset	191.42	191.42
Deferred income tax assets	0.29	0.29
Total	<u>7,618.41</u>	<u>7,618.41</u>

A total of one other receivable represents deposits placed with the parent group by the appraised entity and is recognised as a non-operating asset.

A total of one other current asset is input tax to be deducted and is recognised as a non-operating asset.

A total of two deferred income tax assets represent tax differences arising from impairment losses and are recognised as non-operating assets.

(IV) Determination of the entire shareholders' equity value

Entire shareholders' equity value = Value of operating assets + Value of surplus assets + Non-operating assets – Non-operating liabilities

Based on the above calculations, the entire shareholders' equity value of the Target Company is shown in the following table:

Unit: RMB0'000

Item	Amount
I. Accumulation of discounted free cash flows to equity	3,532.67
Add: Non-operating assets	7,618.41
Less: Non-operating liabilities	–
II. Appraised value of shareholders' equity of the Company	11,151.08

(V) Valuation Conclusion

Beijing Guorongxinghua Assets Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司) adopted the asset-based approach and the income approach to value the entire shareholders' equity value of the Target Company with 30 June 2021 as the Benchmark Date.

If the appraised value of the entire shareholders' equity of the Target Company had been prepared based on the asset-based approach, the appraised value would have been approximately RMB66,334,600, representing a difference of approximately RMB45,176,200 from the appraised value of approximately RMB111,510,800 based on the income approach mentioned above. The difference was mainly due to the difference in the nature of the focus of the income approach and the asset-based approach: the valuation result of the asset-based approach mainly reflected the summation of the value of the existing individual assets of the Target Company, which could not reflect the comprehensive profitability and overall value of the businesses of the enterprise as a whole, whereas the income approach mainly considered the future profitability of the Target Company, taking into account the intrinsic value of each resource, including the brand competitiveness, customer resources value, human resources value and corporate management value of the Target Company. Therefore, on balance, the valuation result of the income approach can better reflect the entire shareholders' equity value of the Target Company in an objective and reasonable manner, i.e. the valuation value of the entire shareholders' equity of the Target Company is RMB111,510,800.

The Directors have reviewed the Asset Valuation Report and are of the view that the appraised value has been arrived at after due and careful enquiry.

PricewaterhouseCoopers, the auditor of the Company, has reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions adopted by the Directors set out in the Asset Valuation Report. The discounted future estimated cash flows prepared for the appraised value do not involve the adoption of accounting policies.

A letter from the Board and a report from PricewaterhouseCoopers have been submitted to the Stock Exchange and are set out in Appendix I and Appendix II to this announcement respectively.

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
PricewaterhouseCoopers	Hong Kong Certified Public Accountants
Beijing Guorongxinghua Assets Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司)	Certified Public Valuer in the PRC

As at the date of this announcement, none of the above experts directly or indirectly had any shareholding in any member of the Group, nor had any right, whether legally enforceable or not, to subscribe for or to nominate others to subscribe for securities in any member of the Group.

Each of the above experts has given and has not withdrawn its written consent to the publication of this announcement and to the reproduction of its report and/or reference to its name in the form and context in which they are included.

3. REASONS FOR AND BENEFITS OF THE ACQUISITION

In the convention and exhibition industrial chain, the upstream main contracting business generally has higher overall efficiency than other business links. As an exhibition sponsoring and undertaking company focusing on light assets operation model, the Target Company has been operating a series of well-known and well-established international business exhibitions such as China Refrigeration Expo (中國製冷展), Transportation Engineering Exhibition (交通工程展) and Franchise China (特許加盟展), among which China Refrigeration Expo has two international authoritative certifications, namely the UFI and the US FCS, and has become the largest professional exhibition in the global HVAC&R industry. Benefiting from high-quality convention and exhibition projects, the Target Company has stable operating cash flow and great development potential. Through the Acquisition, the group of Capital Convention will be able to further strengthen the upstream convention and exhibition sponsoring and undertaking business layout, accelerate the improvement of the operation mode of the whole industry chain of the convention and exhibition industry, give full play to the advantages of interconnection, complementarity and synergistic development among various business forms, which will be conducive to enhancing the profitability and sustainable operation capability of the convention and exhibition segment and better serve the building of Beijing into “four centres (i.e. the political centre, cultural centre, international exchange centre and technological innovation centre) of the nation”, in line with the Company’s long-term strategic development plan.

The Company will pay the consideration out of its self-owned funds, which will not have a material impact on the Company’s operating cash flow and financial position.

The Directors (including the independent non-executive Directors) have confirmed that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its shareholders as a whole.

Given Mr. LI Wei-Dong and Ms. LI Yun also act as directors in BNSIGC, and Ms. ZHANG Wen-Lei and Mr. GUO Chuan are also directors and supervisors of subsidiaries of BNSIGC, they are deemed to have material interest in the Acquisition. They all have abstained from voting on approving the Equity Transfer Agreement in the Board meeting pursuant to the requirements under the Listing Rules. Save as disclosed above, none of the Directors has any material interest in the Acquisition.

4. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BNSIGC holds 1,161,000,031 A Shares in the Company, representing approximately 34.48% of the total issued shares of the Company, and is the controlling shareholder of the Company. Therefore, BNSIGC is a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) calculated pursuant to Rule 14.07 of the Listing Rules exceed(s) 0.1% but is(are) less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

5. GENERAL INFORMATION

The Company is principally engaged in development properties and investment properties (including hotels). Capital Convention is principally engaged in conferences and exhibition services; property management; hotel management; organization of cultural and artistic exchange activities (excluding performances); corporate planning; enterprise management consultancy; project management services; leasing of construction engineering machinery and equipment; technology development, technology promotion, technology consulting; computer graphic design and production; software development; application software services (excluding medical software); information consultancy of properties; information consultancy of travel; education consultancy; economic and trade consultancy; design, production, agency and release of advertisements; etiquette services; photography and photographic processing services; leasing of office; sales of electronic products, handicrafts and stationery supplies; accommodation.

BNSIGC is a state-owned enterprise, which is principally engaged in real estate development, convention and exhibition as well as operation and management of ancillary properties.

6. DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions shall have the following meanings:

“A Share(s)”	domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shanghai Stock Exchange (stock code: 601588);
“Acquisition”	the acquisition of 100% equity interest in the Target Company by Capital Convention from BNSIGC pursuant to the Equity Transfer Agreement;
“Asset Valuation Report”	the asset valuation report dated 31 December 2021 prepared by Beijing Guorongxinghua Assets Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司) (Certified Public Valuer in the PRC), in relation to the appraised value of the entire shareholders’ equity of the Target Company as at the Benchmark Date;
“Benchmark Date”	30 June 2021;
“BNSIGC”	Beijing North Star Industrial Group Limited Liabilities Company, a company incorporated in the PRC with limited liability, holding approximately 34.48% of the equity interest in the Company as at the date of this announcement, and is the controlling shareholder of the Company;
“Board”	the board of Directors of the Company;
“Capital Convention”	Capital Convention (Group) Co., Ltd.* (首都會展(集團)有限公司), a company incorporated in the PRC with limited liability, in which the Company holds 60% equity interest as at the date of this announcement;

“Company”	Beijing North Star Company Limited (北京北辰實業股份有限公司), a sino-foreign joint venture joint stock limited company incorporated in the PRC, whose A shares and H shares are listed and traded on the Shanghai Stock Exchange and the Stock Exchange, respectively;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 17 June 2022 entered into between BNSIGC, as the transferor, and Capital Convention, a non-wholly owned subsidiary of the Company, as the transferee, in respect of the Acquisition;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Beijing International Exhibition Center Co., Ltd.* (北京國際展覽中心有限公司), a company incorporated in the PRC with limited liability, a wholly-owned subsidiary of the BNSIGC prior to completion of the Acquisition; and
“%”	per cent.

By order of the Board
Beijing North Star Company Limited
GUO Chuan
Executive Director and Company Secretary

Beijing, the PRC, 17 June 2022

As at the date of this announcement, the Board comprises eight Directors, of which Mr. LI Wei-Dong, Ms. LI Yun, Mr. CHEN De-Qi, Ms. ZHANG Wen-Lei and Mr. GUO Chuan are executive Directors and Dr. CHOW Wing-Kin, Anthony, Mr. GAN Pei-Zhong and Mr. CHEN De-Qiu are independent non-executive Directors.

In case of inconsistency between the Chinese and English versions of this announcement, the Chinese version shall prevail.

* *for identification purpose only*

APPENDIX I LETTER FROM THE BOARD

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

17 June 2022

Dear Sir or Madam,

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN BEIJING INTERNATIONAL EXHIBITION CENTER CO., LTD.* (北京國際展覽中心有限公司)

Reference is made to the asset valuation report (the “**Asset Valuation Report**”) dated 31 December 2021 prepared by Beijing Guorongxinghua Assets Appraisal Co., Ltd.* (北京國融興華資產評估有限責任公司) (the “**Valuer**”), in relation to the appraised value (the “**Appraised Value**”) of the entire shareholders’ equity of Beijing International Exhibition Center Co., Ltd.* (北京國際展覽中心有限公司) as at 30 June 2021.

As the Appraised Value is prepared under the income approach, which involves the calculation of discounted future estimated cash flows, the Appraised Value constitutes a profit forecast as defined in Rule 14.61 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have reviewed the Asset Valuation Report and discussed with the Valuer on the bases and assumptions on which the Appraised Value has been prepared. We have also considered the report from PricewaterhouseCoopers, the auditor of the Company, regarding whether the Appraised Value was prepared properly so far as the calculations are concerned.

On the basis of the foregoing, we confirm that the profit forecast set out in the Asset Valuation Report were made after due and careful enquiry.

Yours faithfully,
On behalf of the Board
BEIJING NORTH STAR COMPANY LIMITED
GUO Chuan
Executive Director and Company Secretary

APPENDIX II REPORT OF PRICEWATERHOUSECOOPERS

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE ASSETS VALUATION OF BEIJING INTERNATIONAL EXHIBITION CENTER CO., LTD.

TO THE BOARD OF DIRECTORS OF BEIJING NORTH STAR COMPANY LIMITED

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the assets valuation (the "Valuation") dated 31 December 2021 prepared by Beijing Guorongxinghua Assets Appraisal Co., Ltd. (北京國融興華資產評估有限責任公司) in respect of the appraisal of the fair value of the 100% equity interests in Beijing International Exhibition Center Co., Ltd. (the "Target Company") as at 30 June 2021 is based. The summary of the Valuation is set out on pages 3 to 9 of the announcement of Beijing North Star Company Limited (the "Company") dated 17 June 2022 (the "Announcement") in connection with the acquisition by the Company of 100% equity interests in the Target Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions as set out on pages 3 to 9 of the Announcement on which the discounted future estimated cash flows are based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our Independence and Quality Control

We have complied with the independence and other ethical requirements 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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

It is our responsibility, pursuant to paragraph 14.62(2) of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out on pages 3 to 9 of the Announcement. The extent of procedures selected depends on the Reporting Accountant’s judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and 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, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows has been properly compiled in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages 3 to 9 of the Announcement.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 17 June 2022