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## **GENERTEC UNIVERSAL MEDICAL GROUP COMPANY LIMITED**

**通用環球醫療集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 2666)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF 85% EQUITY INTEREST IN CASSTAR**

#### **THE ACQUISITION**

The Board is pleased to announce that on 11 August 2023 (after trading hours), the Purchaser (a wholly owned subsidiary of the Company), the Vendors and Casstar entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell the Equity Interest, being an aggregate of 85% of the equity interest in Casstar, for a Consideration of RMB467.5 million.

Upon Completion, Casstar would be owned as to 85% and 15% by the Purchaser and Ms. Chen, an Independent Third Party, respectively. Accordingly, Casstar would become an indirect non-wholly owned subsidiary of the Company and the financial results of Casstar will be consolidated into the financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5%, but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

#### **WARNING**

**As Completion is subject to the terms and conditions under the Equity Transfer Agreement, the Equity Transfer Agreement and the transaction may or may not proceed at all or in a**

**timely manner. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

The Board is pleased to announce that on 11 August 2023 (after trading hours), the Purchaser (a wholly owned subsidiary of the Company), the Vendors and Casstar entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell the Equity Interest, being an aggregate of 85% of the equity interest in Casstar, for a Consideration of RMB467.5 million.

Upon Completion, Casstar would be owned as to 85% and 15% by the Purchaser and Ms. Chen, an Independent Third Party, respectively. Accordingly, Casstar would become an indirect non-wholly owned subsidiary of the Company and the financial results of Casstar will be consolidated into the financial statements of the Group.

## **THE EQUITY TRANSFER AGREEMENT**

### **Date**

11 August 2023

### **Parties**

- (1) the Purchaser;
- (2) the Vendors; and
- (3) Casstar.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners is an Independent Third Party.

### **Subject matter**

Pursuant to the Equity Transfer Agreement, the Purchaser has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Equity Interest, being a total of 85% equity interest in Casstar held by the Vendors.

### **Basis and payment of the Consideration**

Pursuant to the Equity Transfer Agreement, the Consideration for the Equity Interest is RMB467.5 million, which was arrived at after arm's length negotiations by the Purchaser and the Vendors with reference to an independent Valuation Report prepared under the income approach, pursuant to which the market value of the total shareholders' equity of Casstar as at 31 December 2022 was RMB579 million. The table below sets forth the consideration to be paid by the Purchaser to each of the Vendors:

<b>Vendor</b>	<b>Registered capital acquired (RMB in million)</b>	<b>Consideration (RMB in million)</b>
Ms. Chen	5.202	163.075
ZHOU Lihong	1.125	35.269
CHEN Xiaoque	0.375	11.756
Shanghai Lianshan	0.667	20.901
Shanghai Kaixi	3.333	104.499
GL Capital I	3.333	104.499 <sup>1</sup>
GL Capital II	0.877	27.500
<b>Total:</b>		<b>467.5</b>

Note:

1. Consideration payable by the Purchaser to GL Capital I should be in United States dollars equivalent to RMB104.499 million.

The Consideration for the Acquisition should be paid by the Purchaser in two instalments. The table below sets forth the specific payment arrangements:

<b>Payment schedule</b>	<b>Vendor</b>	<b>Consideration (RMB in million)</b>
The first instalment of Consideration	Ms. Chen	114.152
	ZHOU Lihong	35.269
	CHEN Xiaoque	11.756
	Shanghai Lianshan	20.901
	Shanghai Kaixi	104.499
	GL Capital I	104.499
	GL Capital II	27.500
Sub-total:		418.578
The second instalment of Consideration	Ms. Chen	48.922
<b>Total:</b>		<b>467.5</b>

#### ***Conditions to payment of the first instalment of Consideration***

The Purchaser should pay the first instalment of Consideration upon certain conditions having been fulfilled or otherwise be waived by the Purchaser in writing, including but not limited to the following:

- (a) the issuance of no-objection letter by the spouse of Ms. Chen;
- (b) the completion and/or obtaining of all approvals and licenses required for the Acquisition;
- (c) unanimous approval of a resolution terminating all special rights of the existing shareholders by the existing shareholders of Casstar; and

(d) full payment of registered capital of certain subsidiaries of Casstar by their respective shareholders.

### ***Payment schedule of the first instalment of Consideration***

Upon (i) the delivery of the updated register of shareholders of Casstar reflecting the shareholding percentages upon the Completion and (ii) the execution of closing confirmation letter by Ms. Chen (on behalf of the Vendors), the Purchaser and Casstar, on the date when the relevant Vendors complete the regulatory procedures in connection with the Acquisition, the Purchaser should pay the initial payment of the first instalment of Consideration based on the written instructions issued by the relevant Vendors.

The Purchaser should pay the balance of the first instalment of Consideration to the Vendors on the date (the “**Closing Date**”) on which Casstar completes the registration of changes in connection with the Acquisition and renews its business license.

### ***Conditions to payment of the second instalment of Consideration***

The Purchaser should pay the second instalment of Consideration upon the following conditions having been fulfilled or otherwise be waived by the Purchaser in writing, including but not limited to:

- (a) the completion of annual audit of Casstar for the year 2023 and the issuance of the audit report by the reporting accountant of Casstar;
- (b) key financial indicators of Casstar and its subsidiaries should be in line with the levels agreed by all parties; and
- (c) conditions to payment of the first instalment of Consideration having been fulfilled or otherwise be waived by the Purchaser.

### ***Payment schedule of the second instalment of Consideration***

The Purchaser should pay the second instalment of Consideration to Ms. Chen by no later than 30 April 2024.

### **Closing**

Subject to the full payment of the first instalment of Consideration under this Equity Transfer Agreement by the Purchaser, the Purchaser would be entitled to enjoy the shareholders' rights and assume the shareholders' obligations in respect of the Equity Interest from the Closing Date.

### **Corporate governance after the Closing**

Casstar would have a board comprising five directors, among whom four should be nominated by the Purchaser and one nominated by Ms. Chen. The chairman of the board of Casstar should be nominated by the Purchaser.

Casstar would have one supervisor nominated by the Purchaser.

In addition, Casstar would have one general manager and one financial officer, both of whom should be nominated by the Purchaser and appointed by Casstar's board of directors.

## **FINANCIAL INFORMATION OF CASSTAR**

The table below sets out the audited consolidated financial information of Casstar for the two financial years ended 31 December 2021 and 2022 prepared in accordance with generally accepted accounting principles in the PRC:

	<b>Year Ended 31 December 2021</b> <i>(RMB: million)</i>	<b>Year Ended 31 December 2022</b> <i>(RMB: million)</i>
Profits before taxation	24.78	41.03
Profits after taxation	20.09	34.85

According to Casstar's audited consolidated financial information, the net assets of Casstar as at 31 December 2022 are approximately RMB296.68 million.

## **PROFIT FORECAST IN COMPLIANCE WITH LISTING RULES**

Since the income approach was adopted by the Valuer in the preparation of the Valuation Report, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules, and the requirements of Rule 14.60A and 14.62 of the Listing Rules are therefore applicable.

### **Valuation assumptions**

The assumptions adopted in analysing and estimating in the Valuation Report are as follows:

#### ***General Assumptions***

(a) **Transaction Assumption**

The transaction assumption indicates that all the assets to be appraised are assumed to be in the transaction process. The assessor conducts appraisal following the transaction conditions of the assets to be appraised and other simulative market conditions. Transaction assumption is one of the most basic prerequisite assumptions for asset valuation.

(b) **Open Market Assumption**

The open market assumption assumes that both parties in a transaction involving an asset traded or planned to be traded on the market are equal and have the opportunity and time to obtain sufficient market information to make rational judgments about the asset's functions, purposes, transaction price, and so on. Open market assumption is based on the fact that assets can be publicly traded in the market.

(c) **Going-concern Assumption**

The going concern assumption is a valuation assumption made by taking the overall assets of an enterprise as the object of valuation. It is assumed that the enterprise, as a business entity, will be able to continue operation to carry out its objectives in the external environment. The business operator is capable of and will be responsible for the enterprise's operation; the enterprise will operate legally and gain proper profits to sustain its operation ability. The business assets will be used for the current purpose in the current way, scale, frequency and environment or be used after some changes.

### ***Special Assumptions***

- (a) It is assumed that the external economic environment on the base date of this appraisal remains unchanged and that the state's present macroeconomic condition continues unaltered;
- (b) There are no significant changes in the social and economic environment of the enterprise and policies on tax, tax rate, etc;
- (c) The appraisal object shall fulfil the duties of the management in the future operation period and sustain the current operation mode on the base date of assets appraisal;
- (d) The acquisition and utilization methods of the production and business premises of the appraisal object continue following the mode on the base date of assets appraisal;
- (e) The appraisal object will keep its recent years' status of its asset size and composition, main business structure, product structure, income and cost composition, sales strategy and cost control in the forecast period without significant change. The profits or losses brought about by changes in asset scale and composition as well as the main business and product structures due to changes in the management, operating strategy and business environment, and so on shall not be considered;
- (f) In the future operation period, various expenses of the appraisal object based on the existing conditions shall be kept constant in recent years without significant change and synchronized with the change of the operation scale. Given the frequent changes on the enterprise's monetary fund or bank deposit during the production and operation process, and the idle funds have been considered as surplus assets, the interest income generated by the deposit, the impact of fees and other uncertain profits or losses except for the interest-bearing liabilities is excluded from consideration in the appraisal;
- (g) Each asset of this appraisal is premised on the actual holdings on the base date of the appraisal, and the current market prices of related assets are based on the effective domestic prices on the base date of the appraisal;
- (h) This appraisal assumes that the basic data and financial data provided by the client and appraisal object are authentic, accurate and complete;
- (i) The forecast of the future income of the appraisal object is based on the client and the appraisal object's forecast of future earnings and other relevant data;
- (j) In 2021, Casstar passed the qualification examination of high-tech enterprises and obtained the "High-tech Enterprise Certificate" jointly issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation, which is valid for three years. Taking into account the analysis and judgment of Casstar's development plan, technical team, industry, etc., this appraisal assumes that Casstar can continue to obtain high-tech enterprise certification in the future operating period and enjoy a 15% income tax rate; and
- (k) The operating cash inflows and cash outflows of appraisal object over the future earnings period will be balanced.

This valuation conclusion will generally be invalid when events inconsistent with the aforementioned assumptions occur.

The Reporting Accountant has been engaged by the Company to review the calculation and compilation of the discounted estimated future cash flows upon which the Valuation Report prepared by the Valuer was based.

The Directors have discussed with the Valuer about the valuation, including the bases and assumptions upon which such valuation has been prepared, and reviewed the valuation for which the Valuer is responsible. The Directors have also considered the report from the Reporting Accountant dated 11 August 2023 regarding whether the discounted estimated future cash flows of Casstar, so far as the calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions set out in the Valuation Report. The Directors have confirmed that the valuation has been made after due and careful enquiry.

For the purposes of Rules 14.60A and 14.62 of the Listing Rules, a letter from the Board and a report from the Reporting Accountant are set out in Appendix I and II to this announcement, respectively.

## **EXPERTS AND CONSENTS**

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

<b>Name</b>	<b>Qualification</b>
Grant Thornton Hong Kong Limited	Certified Public Accountants
China United Assets Appraisal Group Company Limited (中聯資產評估集團有限公司)	Independent valuer

Each of the Reporting Accountant and the Valuer has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its report/ letter and all references to its name (including its qualifications) in the form and context in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Reporting Accountant and the Valuer is an Independent Third Party. As at the date of this announcement, neither the Reporting Accountant nor the Valuer has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Acquisition will provide the Group with significant support in improving the core competitiveness of its equipment life cycle management business, as well as expedite the Group's industry consolidation plan and contribute to the rapid growth of its business.

Casstar is a high-tech enterprise, a provincial specialized and sophisticated small and medium-sized

enterprise, and a provincial gazelle enterprise (省級瞪羚企業). Casstar has always been committed to providing maintenance services for various types of medical imaging equipment, with maintenance capacity covering mainstream medical imaging equipment, as well as life emergency, respiratory anesthesia, hemodialysis, and ultrasonography equipment. Casstar has provided services to over 1,500 hospitals and retains a long-term partnership with over 500 hospitals, providing nationwide service capacity. Casstar owns a number of intellectual property rights and possesses the core advantages of the Internet of Things and digital development, making Casstar a leading and influential enterprise in the industry.

Upon the Completion, Casstar will become the strategic support center of the Group's equipment life cycle management business and a core subsidiary of the Group, providing a strong guarantee for the Group's business development; the Acquisition's high level of interest among the industry will also accelerate the process of in-depth cooperation with a number of other enterprises; the Group's life cycle management business has already formed a certain system and market base. As a result of the Acquisition, the injection of personnel, business, system, technology, and other resources of Casstar into the Group will efficiently assist the Group's equipment life cycle management business in rapidly developing toward specialization, scale, systematization, and maturity, enabling the Group to rapidly grow into a leading enterprise in the domestic industry and achieve high-quality development as a listed company.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Acquisition will enhance the long-term growth and value of the Group. The Directors are also of the view that the Equity Transfer Agreement is on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

### **The Company**

The Company is an integrated healthcare service provider with a focus on the fast-growing healthcare service industry in the PRC. Leveraging its own diversified healthcare resources and strong financial support, the Company has been committed to building up hospitals' comprehensive strengths in terms of healthcare technology, service quality, operating efficiency as well as managerial capacity.

### **The Purchaser**

The Purchaser, Genertec Universal Medical Technology Services (Tianjin) Co., Ltd. (通用環球醫療技術服務(天津)有限公司), is a company established in the PRC with limited liability in 2015. The Purchaser is a wholly owned subsidiary of the Company, principally engaged in medical equipment operating business.

### **The Vendors**

As at the date of this announcement,

1. Ms. Chen owns 44.65% equity interests in Casstar and is an Independent Third Party;



2. ZHOU Lihong owns 6.41% equity interests in Casstar and is an Independent Third Party;
3. CHEN Xiaoque owns 2.14% equity interests in the Casstar and is an Independent Third Party;
4. Shanghai Lianshan owns 3.80% equity interests in Casstar. Shanghai Lianshan is a company established in the PRC with limited liability in 2016 and is principally engaged in investment holding. It is held as to 75% and 25% by ZHOU Lihong and CHEN Xiaoque, respectively;
5. Shanghai Kaixi owns 19.00% equity interests in Casstar. Shanghai Kaixi is a limited partnership principally engaged in investment holding. The general partner of Shanghai Kaixi is Shanghai Kailiang Investment Management Co., Ltd. (上海凱樑投資管理有限公司), which in turn is held as to 68.33%, 23.75% and 7.92% by Ms. Chen, ZHOU Lihong and CHEN Xiaoque, respectively;
6. GL Capital I owns 19.00% equity interests in Casstar. GL Capital I is a private company incorporated in Hong Kong in 2013 and is principally engaged in investment holding. The ultimate beneficial owner of GL Capital I is GL Capital Group (德福資本); and
7. GL Capital II owns 5.00% equity interests in Casstar. GL Capital II is a limited partnership principally engaged in investment holding. The ultimate beneficial owner of GL Capital II is GL Capital Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners is an Independent Third Party.

### **Casstar**

Casstar is a company established in the PRC with limited liability in 2015 and is principally engaged in providing repair and maintenance services of large-scale medical imaging equipment as well as comprehensive hospital medical equipment hosting services.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5%, but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

### **WARNING**

**As Completion is subject to the terms and conditions under the Equity Transfer Agreement, the Equity Transfer Agreement and the transaction may or may not proceed at all or in a timely manner. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

### **DEFINITIONS**

“Acquisition”	the acquisition of Equity Interest by the Purchaser from the Vendors
“Board”	the board of Directors of the Company
“Casstar”	Casstar Medical Technology Wuxi Co., Ltd. (凱思軒達醫療科技無錫有限公司), a limited liability company established under the laws of the PRC
“Company”	Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司), a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2666)
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
“Consideration”	RMB467.5 million, being the total amount of consideration to be paid by the Purchaser to the Vendors for the Equity Interest
“GL Capital I”	SEA SUN PHARMA INVESTMENT HK LTD.
“GL Capital II”	Guangzhou GL II Equity Investment Fund (Limited Partnership) (廣州德福二期股權投資基金(有限合夥))
“Director(s)”	the director(s) of the Company
“Equity Interest”	a total of 85% equity interest in Casstar held by the Vendors
“Equity Transfer Agreement”	the equity transfer agreement dated 11 August 2023 entered into by the Purchaser, the Vendors and Casstar in relation to the acquisition of the Equity Interest
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the StockExchange
“Ms. Chen”	CHEN Xingjie (陳星潔), the actual controller of the Casstar as at the date of this announcement
“PRC”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan solely for the purpose of this announcement
“Purchaser”	Genertec Universal Medical Technology Services (Tianjin) Co., Ltd. (通用環球醫療技術服務(天津)有限公司), an indirect wholly owned subsidiary of the Company

“Reporting Accountant”	Grant Thornton Hong Kong Limited, the reporting accountant of the Company for the Acquisition
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Kaixi”	Shanghai Kaixi Investment Partnership (Limited Partnership) (上海凱熹投資合夥企業(有限合夥))
“Shanghai Lianshan”	Shanghai Lianshan Investment Co., Ltd. (上海濂山投資有限公司)
“Shareholder(s)”	holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the valuation report dated 3 July 2023 prepared by the Valuer
“Valuer”	China United Assets Appraisal Group Company Limited (中聯資產評估集團有限公司)
“Vendors”	Ms. Chen, ZHOU Lihong, CHEN Xiaoque, Shanghai Lianshan, Shanghai Kaixi, GL Capital I and GL Capital II
%	per cent

By order of the Board  
**Genertec Universal Medical Group Company  
Limited**  
通用環球醫療集團有限公司  
**Peng Jiahong**  
*Chairwoman of the Board*

Beijing, PRC, 11 August 2023

*As at the date of this announcement, the executive Directors are Ms. Peng Jiahong (Chairwoman), Mr. Wang Wenbing and Ms. Wang Lin; the non-executive Directors are Mr. Chan Kai Kong (Vice-chairman), Mr. Tong Chaoyin, Mr. Xu Ming and Mr. Zhu Ziyang; and the independent non-executive Directors are Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Xu Zhiming and Mr. Chan, Hiu Fung Nicholas.*

## 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

11 August 2023

Re: Discloseable Transaction - Acquisition of 85% Equity Interest in Casstar Medical Technology Wuxi Co., Ltd. (凱思軒達醫療科技無錫有限公司) (“**Casstar**”)

We refer to the valuation report dated 3 July 2023 (the “**Valuation Report**”) and prepared by China United Assets Appraisal Group Company Limited (中聯資產評估集團有限公司) (the “**Valuer**”) in relation to the valuation of Casstar using income approach, which constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

We have discussed with the Valuer about the valuation of Casstar, including the bases and assumptions upon which such valuation has been prepared, and reviewed the valuation for which the Valuer is responsible. We have also considered the report from Grant Thornton Hong Kong Limited dated 11 August 2023 regarding whether the discounted estimated future cash flows of Casstar, so far as the calculations are concerned, have been properly compiled in all material respects in accordance with the bases and assumptions set out in the Valuation Report.

On the basis of the foregoing, we confirm that the above valuation has been made after our due and careful enquiry.

Yours faithfully,  
On behalf of the Board  
**Genertec Universal Medical Group  
Company Limited**  
通用環球醫療集團有限公司  
**Peng Jiahong**  
*Chairwoman of the Board*

## **APPENDIX II –**

*The following is the text of the report dated 11 August 2023 from the Reporting Accountant, prepared for inclusion in this announcement.*

### **Independent Reporting Accountant’s Assurance Report on the Calculations of Discounted Future Estimated Cash flows in Connection with Business Valuation of Casstar Medical Technology Wuxi Co., Ltd.**

#### **To the Board of Directors of Genertec Universal Medical Group Company Limited**

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 3 July 2023 prepared by China United Assets Appraisal Group Co., Ltd. in respect of the appraisal of the fair value of the 100% equity interests in Casstar Medical Technology Wuxi Co., Ltd. (the “**Target Company**”). The Valuation is in connection with the announcement of Genertec Universal Medical Group Company Limited (the “**Company**”) dated 11 August 2023 (the “**Announcement**”) relating to the acquisition of 85% equity interests in the Target Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as 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 in accordance with the bases and assumptions determined by the directors and as set on pages 5 to 6 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Our Independence and Quality Management**

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 Management 1 “Quality Management for Firms that Perform Audits or Review 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 Accountant’s Responsibilities**

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. 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 conducted our work 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 HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 5 to 6 of the Announcement. We 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 depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

## **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 made by directors of the Company as set out on pages 5 to 6 of the Announcement.

**Grant Thornton Hong Kong Limited**  
*Certified Public Accountants*

Hong Kong  
11 August 2023