Beauty Farm Medical and Health Industry Inc.
美麗田園醫療健康產業有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2373)

FURTHER ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

Financial Advisor

Reference is made to the announcement of the Company dated March 26, 2024 in relation to the acquisition of 70% equity interest in the Target Company (the "**Announcement**"). Unless stated otherwise, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, given the valuation of the Target Group was based on the income approach, the valuation constitutes a profit forecast solely under Rule 14.61 of the Listing Rules (the "**Appraisal**").

In accordance with the requirements under Rule 14.60A of the Listing Rules, a summary of the Appraisal, including further information on the principal assumptions used in the Appraisal, please refer to Appendix I to this announcement.

Huatai Financial Holdings (Hong Kong) Limited, acting as the Company's financial adviser (the "**Financial Adviser**"), is satisfied that the profit forecast has been made after due and careful enquiry by the Board.

PricewaterhouseCoopers, acting as the Company's reporting accountant (the "**Reporting Accountant**"), has reported on the arithmetical accuracy of the calculations of the discounted cash flow forecast, which does not involve the adoption of accounting policies, as adopted in the preparation of the Valuation Report issued by the Valuer.

* *For identification purposes only*

In compliance with Rule 14.60A of the Listing Rules, the text of a letter from the Financial Adviser dated April 17, 2024 and a report from the Reporting Accountant dated April 17, 2024 are included in Appendix II and Appendix III to this announcement, respectively.

EXPERTS AND CONSENTS

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

Name	Qualification
Huatai Financial Holdings (Hong Kong) Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong, and a Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Shanghai Orient Appraisal Co., Ltd.	Independent qualified valuer in the PRC (the "**Valuer**")

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of the Financial Adviser, the Reporting Accountant and the Valuer is a third party independent of the Group and its connected persons. As at the date of this announcement, save for the 2,460,500 Shares (representing approximately 1.04% of the existing issued share capital of the Company) held by the Financial Adviser or its associate companies, each of the aforementioned parties does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the Valuer and the Reporting Accountant has given and has not withdrawn its written consent to the issue of this announcement with inclusion of its name, statements and all references to its name (including its qualification) in the form and context in which they are included.

Pre-Completion Reorganization

As of the date of this announcement, the Company is in the process of undertaking the Pre-Completion Reorganization. The Company will make further announcement regarding the status and completion of the Pre-Completion Reorganization in due course.

By Order of the Board
Beauty Farm Medical and Health Industry Inc.
LI Yang
Chairman and executive Director

Hong Kong, April 17, 2024

As at the date of this announcement, the Board comprises Mr. Li Yang as Chairman and executive Director, Mr. Lian Songyong as Vice-Chairman and executive Director, Mr. Zhai Feng, Mr. Geng Jiaqi and Ms. Li Fangyu as non-executive Directors and Mr. Fan Mingchao, Mr. Liu Teng and Mr. Jiang Hua as independent non-executive Directors.

APPENDIX I — SUMMARY OF THE VALUATION REPORT

PROFIT FORECAST UNDER THE VALUATION REPORT

Regarding the three generally accepted valuation approaches considered, namely the income approach, the cost approach and the market approach, the income approach was selected for the purpose of valuation of the Target Group as such approach estimates the Target Group's future economic benefits and discounts such benefits to their present value using an appropriate discount rate for all risks associated with realizing such benefits.

The reason for not adopting the cost approach is that the Target Company is in the beauty and wellness services industry, and the cost approach is difficult to adequately identify the intangible assets of companies in the beauty and wellness services industry, such as the ability of the management team, the ability to acquire customers, and the value of the brand name, and therefore the cost approach has not been adopted in this case.

The market approach was not used because of the limited availability of market data for comparable companies or comparable transactions.

Given that the preliminary valuation on the Target Company was prepared by the Valuer based on the income approach, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A of the Listing Rules apply.

The Board is satisfied that (i) the Valuer is an independent professional party engaged by the Company; (ii) the Valuer has the necessary qualifications to perform the valuation on the Target Company and also has appropriate experience in carrying out similar valuations; (iii) the scope of work carried out by the Valuer is appropriate for the present engagement; and (iv) the valuation assumptions and methodologies adopted by the Valuer for the present engagement are fair and reasonable.

There was no limitation on the scope of the Valuers' work which might adversely impact on the Valuation given by their Valuation Report.

The underlying forecast has been prepared based on the unaudited management accounts of the Target Company for the year ended December 31, 2023, and the management's forecast of the results and cash flow of the Target Group for the five years ending December 31, 2028. In the course of the Valuer's work, it has carried out the following processes to evaluate the information provided by the management of the Company:

(i) discussed with the management and obtained relevant information (including the unaudited management accounts of the Target Company and the basis and rationale of the forecast) in respect of the Target Company;

(ii) examined the relevant basis and assumptions of the financial information in respect of the Target Company provided by its management;

(iii) conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and

(iv) arrived at its valuation opinion based on the relevant assumptions and information provided by the management (including the unaudited management accounts of the Target Company and the basis and rationale of the forecast).

Valuation approaches

Overview

The discounted cash flow method (DCF) is a commonly used method of the income approach, which means by estimating the future expected cash flow of an enterprise and adopting an appropriate discount rate, the expected cash flow is converted into the current value to obtain the value of all shareholders' equity. Discounted cash flow method usually includes free cash flow of firm discount model and equity free cash flow discount model. Appraisal professionals will properly select a discounted cash flow model based on the industry, business model, capital structure, and development trend of the subject of the appraisal.

Basic Concept

According to the asset composition and business characteristics of the Target Company and the due diligence of the valuation, the basic concept of this valuation is based on the unaudited management accounts of the subject of the appraisal (including surplus assets in cash flow considerations) included in the valuation range: firstly, the discounted cash flow method is adopted to estimate the value of the Target Company; then plus the value of other non-operating or assets, liabilities as at the Valuation Benchmark Date, net of interest-bearing debt, to arrive at the entire value of shareholders' equity.

According to the actual situation of the Target Company, the discounted cash flow specifically selects the Free Cash Flow of Firm (FCFF) Model.

The following key quantitative inputs were applied to the financial projections by discounting the expected free cashflow using the aforementioned discount rate and then adding the terminal value. Terminal value is calculated by using the formula: Terminal year cashflow/(discount rate — terminal growth rate).

For the purpose of complying with Rule 14.60A of the Listing Rules, set out below are the principal assumptions of the income approach adopted to evaluate the Target Company:

Basic Assumptions

1. ***Transaction assumption***

The transaction assumption is to assume that the Target Company to be valued are already in the process of transaction, and the valuers conduct valued valuation based on the simulated market such as the transaction conditions of the Target Company. Transaction assumption is the most basic premise for valuation to be carried out.

2. ***Open market assumption***

An open market assumption is an assumption about the market conditions into which the Target Company is intended to enter and what effects the Target Company will receive under such market conditions. An open market is a fully developed and comprehensive market condition, a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have access to adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions. The open market assumption is based on the assumption that assets are publicly tradable in the market.

3. ***Enterprise going concern assumption***

Enterprise going concern assumption is assuming that, the Target Company can legally continue its production and operation business according to its current status within the foreseeable future operating period under the existing asset resources conditions and there will be no major adverse changes in the operating conditions.

4. ***Assumption about the use of an asset for an existing purpose***

Assumption about the use of the Target Company's asset for an existing purpose is assuming that the asset will continue to be used for its existing purpose. First, it is assumed that the assets within the scope of valuation are in use. Then it is assumed that the assets will continue to be used for the current purpose and mode of use without considering asset use conversion or optimal utilization conditions.

5. ***Other general assumptions***

(i) The valuation assumes that there will be no unforeseen significant adverse changes in the external economic environment, including the relevant laws, macroeconomic, financial and industrial policies prevailing in the country after the valuation benchmark date, and that there will be no significant impact caused by other human force majeure and unforeseen factors.

(ii) The valuation does not consider the impact on the Target Company's valuation conclusion of any collateral or guarantee that the Target Company's and its assets may assume in the future, or any additional price that may be paid as a result of special transactions.

(iii) It is assumed that there will be no significant changes in the socio-economic environment in which the Target Company is located or in the fiscal and taxation policies in place, such as taxes and tax rates, and that the credit policy, interest rate, exchange rate and other financial policies will be generally stable.

(iv) The current and future business operations of the Target Company are and will be legal and in compliance with the relevant provisions of its business license and articles of association.

(III)Specific valuation assumptions for the income approach

1. The future earnings of the Target Company can be reasonably expected and measured in monetary terms; the risks associated with the expected earnings can be measured; and the period of future earnings can be determined or reasonably expected.

2. It is assumed that the current and future management of the Target Company is complied with the laws and regulations, diligently performing its operation and management functions. After the implementation of the Acquisition, there will be no serious impact on the development of the Target Company or damage to the interests of shareholders, and it will continue to maintain the existing operation management model and management level.

3. It is assumed that the core management and technical team of the Target Company will remain stable in the future forecast period, and there will be no significant changes affecting the business development and profit realization of the Target Company.

4. It is assumed that the accounting policies adopted by the Target Company after the valuation benchmark date is consistent with the accounting policies adopted for the preparation of the Valuation Report in material aspects.

5. The Valuation Report assumes that the Target Company's stores operate out of rented premise and that upon expiry of the lease agreement of the premise of the Target Company, the Target Company will be able to be renewed for further use in accordance with the terms of the lease agreement or that premises of similar terms and scales will then be available at market rental prices.

6. It is assumed that the Target Company will continue to be licensed after the expiry of its business qualification.

The profit forecast for the Target Group based on the Valuation Report:

Key Assumptions	Inputs	Basis of Assumptions and Considerations
Compound annual revenue growth rate (throughout the forecast period of the year 2024 to 2028)	11.1%	Throughout the forecast period of the year 2024 to 2028 with estimated annual growth rates between 4.7% to 15.7%. Factors: a) Integration effect of the Target Company after integrating the selected premium stores of the Naturade brand, it has strong potential for income growth, with the recovery of people's consumption in the post-pandemic period and the overall growth trend of the beauty and wellness industry. b) Expansion in medical aesthetic and development of Chinese medicine and wellness business as a means of boosting revenues for the current business. As the industry leader, the Company is expected to enable the Target Company to enhance the development of its medical beauty business in the future by increasing its promotional efforts, which will serve as a major driver of growth in medical aesthetics revenue. The effects are expected to continue to be realized during the forecast period from the year 2024 to 2028, providing a revenue boost. c) the historical compound annual revenue growth rate of the Company of about 11.2% from the year 2019 to 2023.

Key Assumptions	Inputs	Basis of Assumptions and Considerations
		d) According to the Frost & Sullivan Industry Report, the historical compound annual growth rate of the total revenue of traditional beauty service market in China was approximately 4.0% for the years from 2017 to 2021; and the forecasted compound annual growth rate of the total revenue of traditional beauty service market in China will be approximately 5.3% for the years from 2021 to 2030.
		e) According to the Frost & Sullivan Industry Report, the historical compound annual growth rate of the total revenue of non-surgical aesthetic medical services market in China was approximately 24.9% for the years from 2017 to 2021; and the forecasted compound annual growth rate of the total revenue of non-surgical aesthetic medical services market in China will be approximately 17.5% for the years from 2021 to 2030.
		f) According to the Frost & Sullivan Industry Report, the historical compound annual growth rate of the total revenue of subhealth assessment and intervention service market in China was approximately 23.9% for the years from 2017 to 2021; and the forecasted compound annual growth rate of the total revenue of non-surgical aesthetic medical services market in China will be approximately 17.1% for the years from 2021 to 2030.

Key Assumptions	Inputs	Basis of Assumptions and Considerations
Revenue growth rate and Terminal growth rate from the financial year ended 31 December 2029	0%	The growth rate from 2029 and the sustainable growth rate beyond the forecast period of the acquisition target have been set at 0% for prudential reasons
Gross profit margin (from the financial years ending 31 December 2024 to 2028)	41.1%–42.0%	Cost of sales and services comprises mainly salaries, consumables, rent and depreciation. Taking into account (a) the pre-transaction gross margin level, (b) growth of revenue scale, and (c) the accompanying dilution of fixed costs.
Selling, and general and administrative expenses	28.0% to 30.0% of revenue	The expenses, which mainly consists of salaries, advertising expenses and depreciation and amortisation, mainly taking into account the historical ratio of these expenses to the revenue of the Target Company and the Company.
Annual capital expenditure in RMB'000 (from the financial years ending 31 December 2024 to 2028)	55,234–75,103	Consider the relevant new as well as maintenance equipment investment and renovation investment budgets based on the current asset allocation of the Target Company.
Discount rate	12.3%	Based on weighted average cost of capital (WACC)

The Valuer has obtained the weighted average cost of capital of the Operating Entity as a basic discount rate. The key parameters of the WACC adopted are as follows:

WACC components	Inputs	Basis of Assumptions
(a) Risk-free rate	2.7%	The daily-average of the yield of 10-year China's treasury bonds for the fourth quarter of 2023
(b) Market risk premium	6.8%	Calculation of Market return rate *(Rm)*: The annualised yield is calculated based on China's securities market index (the CSI 300 Total Return Index). Calculation of risk-free rate for market risk premium *(Rf)*: The risk-free interest rate is calculated using the yield of 10-year China's treasury bonds for the same period (data source is the same as stated above). In order to align with calculation basis for market return rate, the risk fee rate for market risk premium is calculated using the yearly average of the respective year. Market risk premium (MRP) = Rm-Rf The average of the market risk premium during the five years of 2019 to 2023 of 6.8% is adopted
(c) Relevered beta coefficient	0.759	The database, Capital IQ, was used for this query. The weighted ex-financial leverage adjusted average for comparable companies in the beauty services and aesthetic medical services sector examined was 0.759
(d) Specific risk premium	4.5%	The judgment is based on a comprehensive consideration of the Target Company's operational risk, financial risk, management risk and other factors.

WACC components	Inputs	Basis of Assumptions
(e) Cost of equity	12.3%	The cost of equity is calculated according to the CAPM model: risk-free rate + market risk premium* Un-levered Beta + specific risk premium
(f) Cost of debt	4.2%	the quoted market rates for loans published by the National Interbank Offered Rate Center (LPR) — 5-Year Loan Interest Rate published before 31 December 2023, the base date
(g) Weight of equity value to enterprise value	100%	Based on the actual capital structure of the Target Company
(h) Weight of debt value to enterprise value	0%	Based on the actual capital structure of the Target Company
(i) Corporate tax rate	25%	Statutory Income Tax Rate for Domestic Enterprises
Discount rate	**12.3%**	

Based on the key inputs, the Valuer performed a sensitivity analysis on (i) the discount rate; and (ii) the earnings growth rate used in the valuation, details of which are set out below:

Discount Rate (change in absolute value)	**Compound annual revenue growth rate (change in absolute value)**	**Valuation** *RMB (million)*	**Valuation Increase/(decrease)** *RMB (million)*
11.3% (–1%)	10.1% (–1%)	**528**	**11**
11.3% (–1%)	11.1%	**584**	**68**
11.3% (–1%)	12.1% (+1%)	**642**	**126**
12.3%	10.1% (–1%)	**463**	**(53)**
12.3%	11.1%	**517 (the Valuation)**	**—**
12.3%	12.1% (+1%)	**571**	**55**
13.3% (+1%)	10.1% (–1%)	**409**	**(108)**
13.3% (+1%)	11.1%	**459**	**(57)**
13.3% (+1%)	12.1% (+1%)	**511**	**(6)**

華泰金融控股(香港)有限公司
HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

地址：香港皇后大道中99號中環中心62樓
Address: 62F The Center, 99 Queen's Road Central, Hong Kong

電話：(852) 3658 6000 Tel: (852) 3658 6000
傳真：(852) 3544 3884 Fax: (852) 3544 3884
網址：www.htsc.com.hk Web: www.htsc.com.hk

17 April 2024

The Board of Directors
Beauty Farm Medical and Health Industry Inc.
Unit 1206, 12th Floor,
No. 1089 Dongdaming Road,
Hongkou District Shanghai
People's Republic of China

We refer to the valuation report (the "**Valuation**") dated 20 March 2024 prepared by, Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) (the "**Valuer**") in respect of the appraisal of the value of the Target Company as at 31 December 2023. We noted that the Valuation has been developed based on the discounted cash flow approach which is regarded as a profit forecast (the "**Forecast**") under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and this letter is issued in compliance with the requirement under Rule 14.60A(3) of the Listing Rules.

The principal assumptions upon which the Valuation is based are included in the Appendix I to the further announcement of the Company to be dated 17 April 2024 (the "**Further Announcement**"), of which this letter forms part.

We have reviewed the underlying Forecast of the Valuation, for which you as the directors of the Company are solely responsible. We have attended the discussions involving the management of the Company and the Valuer in respect of the bases and assumptions upon which the Forecast have been made.

We have also considered the letter addressed solely to and for the sole benefit of the directors of the Company from PricewaterhouseCoopers (the "**Reporting Accountant**") dated 17 April 2024 regarding the calculations upon which the Forecast have been made (the "**Reporting Accountant's Letter**").

The Forecast has been prepared using a set of assumptions that include hypothetical assumptions about future events and other assumptions that may or may not necessarily be expected to occur and, as such, the Forecast may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual results are still likely to differ from the Forecast since such anticipated events frequently may or may not occur as expected and the variation may be material.

We have not independently verified the computations leading to the Valuer's determination of the value of the Target Company. We have had no role or involvement and have not provided and will not provide any assessment of the value of the Target Company and, accordingly, we take no responsibility and express no views therefor. The assessment, review and discussions carried out by us as described in this letter are based on financial, economic, market and other conditions in effect, and the information made available to us, as of the date of this letter and we have, in arriving at our views, relied on information and materials supplied to us by the Company and the Valuer, and opinions expressed by, and representations of, the employees and/or management of the Company and the Valuer, and the Reporting Accountant's Letter. We have assumed, without independent verification, that all information, materials and representations so supplied, including all information, materials and representations referred to or contained in the Further Announcement, for which you as directors of the Company are wholly responsible, were true, accurate, complete and not misleading at the time they were supplied or made and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations referred to or contained in the Further Announcement, and we have not assumed any responsibility or liability therefor. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our assessment and review.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Valuer, for which the Valuer and the Company are responsible, we are satisfied that the Forecast, for which you as the directors of the Company are solely responsible, have been made by you after due and careful enquiry.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Yours faithfully,
For and on behalf of
Huatai Financial Holdings (Hong Kong) Limited
Gene Liu
Executive Director
Head of M&A Division

Match Yim
Vice President

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF GUANGZHOU NATURADE HEALTH CONSULTING CO., LTD

TO THE BOARD OF DIRECTORS OF BEAUTY FARM MEDICAL AND HEALTH INDUSTRY INC.

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 20 March 2024 prepared by Shanghai Orient Appraisal Co., Ltd. in respect of the appraisal of the fair value of the entire equity interests in Guangzhou Naturade Health Consulting Co., Ltd. (the "**Target Company**") is based. The Valuation is set out in the announcement of Beauty Farm Medical and Health Industry Inc. (the "**Company**") dated 17 April 2024 (the "**Announcement**") in connection with the acquisition by the Company of a 70% equity interest 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 set on pages 6 to 12 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 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 ("**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 (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, 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, pursuant to paragraph 14.60A(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 6 to 12 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 have 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 6 to 12 of the Announcement.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 17 April 2024