WANT WANT CHINA HOLDINGS LIMITED
中國旺旺控股有限公司
(*Incorporated in the Cayman Islands with limited liability*)
(Stock code: 0151)

CONNECTED TRANSACTIONS
(1) Beijing Want-Yang Equity Transfer Agreement and
(2) Hangzhou Youshen Equity Transfer Agreement

On 27 March 2026:

(i) Row Want, Beijing Dairy-Want and Beijing Want-Yang entered into the Beijing Want-Yang Equity Transfer Agreement, pursuant to which Row Want agreed to transfer its 50% equity interest in Beijing Want-Yang to Beijing Dairy-Want; and

(ii) San Want, Hangzhou Big-Want and Hangzhou Youshen entered into the Hangzhou Youshen Equity Transfer Agreement, pursuant to which San Want agreed to transfer its 40% equity interest in Hangzhou Youshen to Hangzhou Big-Want.

Row Want and San Want are associates of Mr. Tsai (the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company) and hence connected persons of the Company within the meaning of the Listing Rules, and the transactions contemplated under the Equity Transfer Agreements constitute connected transactions of the Company.

As the highest of the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreements is more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BEIJING WANT-YANG EQUITY TRANSFER AGREEMENT

On 27 March 2026, Row Want, Beijing Dairy-Want and Beijing Want-Yang entered into the Beijing Want-Yang Equity Transfer Agreement, pursuant to which Row Want agreed to transfer its 50% equity interest in Beijing Want-Yang to Beijing Dairy-Want.

The principal terms of the Beijing Want-Yang Equity Transfer Agreement are set out below:

Date of agreement	:	27 March 2026
Parties	:	Row Want (as the transferor) Beijing Dairy-Want (as the transferee) Beijing Want-Yang (as the subject company)
Consideration	:	RMB132,800,000 Such consideration was determined on an arm's length basis with reference to, among other things, an asset valuation report prepared by the Independent Valuer, according to which, as at 31 December 2025, the market value of all holders' equity in Beijing Want-Yang amounted to RMB265,600,000 and the market value of 50% holders' equity in Beijing Want-Yang amounted to RMB132,800,000. For information on the valuation, please refer to the Appendix to this announcement.
Payment and closing terms	:	Beijing Dairy-Want shall remit the consideration by way of bank transfer to the bank account designated by Row Want within 30 working days of the date of the Beijing Want-Yang Equity Transfer Agreement. Such consideration was exclusive of tax. Row Want and Beijing Dairy-Want shall bear their respective own taxes payable in connection with the equity transfer from Row Want to Beijing Dairy-Want in accordance with the Beijing Want-Yang Equity Transfer Agreement. Such consideration will be paid by Beijing Dairy-Want with its internal resources. Row Want shall assist Beijing Want-Yang to obtain a new business license from Beijing Want-Yang's local administration for market regulation within 30 working days of the signing of the Beijing Want-Yang Equity Transfer Agreement to complete the closing.

Beijing Want-Yang is a limited liability company incorporated in the PRC on 21 February 2011 and is held as to 50% by Row Want and 50% by Warabeya Nichiyo International Co., Ltd. (a subsidiary of Warabeya Nichiyo). Beijing Want-Yang's principal business is the production and sales of ready-to-eat food products (including lunch boxes, rice balls, sushi and sandwiches). The profit before taxation and profit after taxation for the two financial years ended December 31, 2024 and 2025 of Beijing Want-Yang prepared in accordance with the China Accounting Standards for Business Enterprises were as follows:

	For the year ended 31 December 2024 (audited)	**For the year ended 31 December 2025** (unaudited)
Profit before taxation	RMB14.40 million	RMB16.57 million
Profit after taxation	RMB11.19 million	RMB12.81 million

As at 31 December 2025, Beijing Want-Yang's unaudited total assets and net assets amounted to RMB177.48 million and RMB160.72 million, respectively.

The original acquisition cost of 50% interest in Beijing Want-Yang to Row Want was US$8.00 million.

HANGZHOU YOUSHEN EQUITY TRANSFER AGREEMENT

On 27 March 2026, San Want, Hangzhou Big-Want and Hangzhou Youshen entered into the Hangzhou Youshen Equity Transfer Agreement, pursuant to which San Want agreed to transfer its 40% equity interest in Hangzhou Youshen to Hangzhou Big-Want.

The principal terms of the Hangzhou Youshen Equity Transfer Agreement are set out below:

Date of agreement	:	27 March 2026
Parties	:	San Want (as the transferor) Hangzhou Big-Want (as the transferee) Hangzhou Youshen (as the subject company)
Consideration	:	RMB14,480,000 Such consideration was determined on an arm's length basis with reference to, among other things, an asset valuation report prepared by the Independent Valuer, according to which, as at 31 December 2025, the market value of all holders' equity in Hangzhou Youshen amounted to RMB42,600,000 and, after applying a 15% minority discount, the market value of 40% holders' equity in Hangzhou Youshen amounted to RMB14,480,000. For information on the valuation, please refer to the Appendix to this announcement.

Payment and closing terms :	Hangzhou Big-Want shall remit the consideration by way of bank transfer to the bank account designated by San Want within 30 working days of the date of the Hangzhou Youshen Equity Transfer Agreement. Such consideration was exclusive of tax. San Want and Hangzhou Big-Want shall bear their respective own taxes payable in connection with the equity transfer from San Want to Hangzhou Big-Want in accordance with the Hangzhou Youshen Equity Transfer Agreement. Such consideration will be paid by Hangzhou Big-Want with its internal resources. San Want shall assist Hangzhou Youshen to obtain a new business license from Hangzhou Youshen's local administration for market regulation within 30 working days of the signing of the Hangzhou Youshen Equity Transfer Agreement to complete the closing.

Hangzhou Youshen is a limited liability company incorporated in the PRC on 27 May 2009 and is held as to 40% by San Want and 60% by Tomoe Foods Manufactory Co., Ltd.. Hangzhou Youshen's principal business is the production and sales of bakery fillings. The profit (or loss) before taxation and profit (or loss) after taxation for the two financial years ended December 31, 2024 and 2025 of Hangzhou Youshen prepared in accordance with the China Accounting Standards for Business Enterprises were as follows:

	For the year ended 31 December 2024 (audited)	**For the year ended 31 December 2025** (unaudited)
Profit/(loss) before taxation	RMB2.52 million	(RMB0.20 million)
Profit/(loss) after taxation	RMB2.40 million	(RMB0.82 million)

As at 31 December 2025, Hangzhou Youshen's unaudited total assets and net assets amounted to RMB32.79 million and RMB26.58 million, respectively.

The original acquisition cost of 40% interest in Hangzhou Youshen to San Want was US$1.20 million.

REASONS AND BENEFITS FOR THE EQUITY TRANSFER AGREEMENTS

The Group's current core businesses are focused on three major categories, namely rice crackers, dairy products and beverages, and snack foods. Beijing Want-Yang and Hangzhou Youshen have accumulated years of experience and resources in the production of fresh food and bakery fillings through joint venture arrangements. The Group's acquisition of equity interests in Beijing Want-Yang and Hangzhou Youshen is expected to facilitate the Group in further expanding its business boundaries into the fresh food and fillings sectors.

The Group remains optimistic as to the development potential of the fresh food market alongside economic growth in the 15th Five-Year period (i.e., 2026 to 2030), the Group intends to gradually explore the fresh food products sector through the acquisition of 50% equity interest in Beijing Want-Yang. In addition to the convenience store channel on which it has long focused, Beijing Want-Yang is also in discussions with a number of new retail platforms regarding potential collaboration opportunities, which, if materialise, are expected to further broaden its market reach. Following the acquisition of equity interest in Beijing Want-Yang, the Group will be able to integrate Beijing Want-Yang's resources, such as channels, products, technologies and patents, including by leveraging Beijing Want-Yang's convenience store channel in the sales of the Group's products and the Group's existing channels in the sales of Beijing Want-Yang's products. In addition, the Group holds approximately 7% equity interest in Warabeya Nichiyo, and the Group's acquisition of 50% equity interest in Beijing Want-Yang is also expected to help the Group promote potential strategic cooperation and synergies with Warabeya Nichiyo in the future in areas such as domestic and overseas channels, products and research and development.

The fillings produced by Hangzhou Youshen can be used in the production of the Group's existing products and new products to be developed. The Group uses fillings in various existing products, including biscuits, rice crackers and fish sausage products. Moreover, since the financial year of 2024/2025, the Group has been organising business units by product category and stepped up efforts in new product development, resulting in a material increase in the usage of fillings as a core raw material. The Group plans to use fillings produced by Hangzhou Youshen in the Group's existing products and, at the same time, develop dedicated fillings tailored to the new product needs of each business unit, thereby enhancing its product offerings. While Hangzhou Youshen strives to maintain a stable growth in sales from its existing customers, Hangzhou Youshen has been developing new customers and markets. Following the Group's acquisition of equity interest in Hangzhou Youshen, Hangzhou Youshen can also leverage the Group's mature sales network to expand into broader markets, create synergies, and enhance its operational efficiency and competitiveness.

The Board (including the independent non-executive Directors but excluding the Directors who were considered to have or may be perceived to have an interest in the transactions contemplated under the Equity Transfer Agreements, who did not attend the relevant Board meeting and accordingly did not vote on the Board resolutions approving the Equity Transfer Agreements and the transactions thereunder) considers that the terms of the Equity Transfer Agreements have been negotiated and arrived at on an arm's length basis and on normal commercial terms, and that such terms are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and that the Equity Transfer Agreements were entered into in the ordinary and usual course of business of the Group.

GENERAL INFORMATION ON THE PARTIES

The Company is an investment holding company. The Group is principally engaged in the manufacturing, distribution and sale of rice crackers, dairy products and beverages, snack foods and other products.

Row Want is a company incorporated in Hong Kong with limited liability. Its principal business is investment holding. San Want is a company incorporated in Barbados with limited liability. Its principal business is the operation of hospital, hotel and property businesses and other investments. Mr. Tsai is the ultimate controlling shareholder of Row Want and San Want.

Beijing Dairy-Want and Hangzhou Big-Want are limited liability companies incorporated in the PRC and subsidiaries of the Company that are indirectly owned as to 99.99% by the Company. The principal business activities of Beijing Dairy-Want and Hangzhou Big-Want are manufacturing and distribution of food and beverages.

For information on Beijing Want-Yang and Hangzhou Youshen, please refer to their introduction in "Beijing Want-Yang Equity Transfer Agreement" and "Hangzhou Youshen Equity Transfer Agreement" above.

LISTING RULES IMPLICATIONS

Row Want and San Want are associates of Mr. Tsai (the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company) and hence connected persons of the Company within the meaning of the Listing Rules, and the transactions contemplated under the Equity Transfer Agreements constitute connected transactions of the Company.

As the highest of the applicable percentage ratios in respect of the transactions contemplated under the Equity Transfer Agreements is more than 0.1% but less than 5%, such transactions are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Tsai, Mr. Tsai Shao-Chung, Mr. Tsai Wang-Chia, Mr. Huang Yung-Sung, Mr. Chu Chi-Wen, Mr. Tsai Ming-Hui, Mr. Maki Haruo and Mr. Cheng Wen-Hsien were considered to have or may be perceived to have an interest in the transactions contemplated under the Equity Transfer Agreements. As such, pursuant to the relevant requirements under the Listing Rules and the articles of association of the Company as well as the Company's corporate governance practices, each of them did not attend the relevant Board meeting and accordingly did not vote on the Board resolutions approving the Equity Transfer Agreements and the transactions thereunder.

DEFINITIONS

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

"Beijing Dairy-Want"	Beijing Dairy-Want Foods Ltd. (北京乳旺食品有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company that is indirectly owned as to 99.99% by the Company
"Beijing Want-Yang"	Beijing Want-Yang Foods Ltd. (北京旺洋食品有限公司), a limited liability company incorporated in the PRC
"Beijing Want-Yang Equity Transfer Agreement"	the equity transfer agreement made among Row Want, Beijing Dairy-Want and Beijing Want-Yang on 27 March 2026, pursuant to which Row Want agreed to transfer 50% equity interest in Beijing Want-Yang to Beijing Dairy-Want
"Board"	the board of Directors of the Company
"Company"	Want Want China Holdings Limited, a company incorporated as an exempted company with limited liability under the laws of the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Equity Transfer Agreements"	the Beijing Want-Yang Equity Transfer Agreement and the Hangzhou Youshen Equity Transfer Agreement
"Group"	the Company and its subsidiaries

"Hangzhou Big-Want"	Hangzhou Big-Want Foods Ltd. (杭州大旺食品有限公司), a limited liability company incorporated in the PRC and a subsidiary of the Company that is indirectly owned as to 99.99% by the Company
"Hangzhou Youshen"	Hang Zhou YouShen Foods Co., Ltd. (杭州友神食品有限公司), a limited liability company incorporated in the PRC
"Hangzhou Youshen Equity Transfer Agreement"	the equity transfer agreement made among San Want, Hangzhou Big-Want and Hangzhou Youshen on 27 March 2026, pursuant to which San Want agreed to transfer 40% equity interest in Hangzhou Youshen to Hangzhou Big-Want
"Independent Valuer"	Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), an independent qualified valuer in the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Mr. Tsai"	Mr. TSAI Eng-Meng, the chairman, chief executive officer, an executive Director and the ultimate controlling shareholder of the Company
"percentage ratio(s)"	has the meaning ascribed to it under the Listing Rules
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Row Want"	Row Want Holdings Limited, a company incorporated in Hong Kong with limited liability, and an associate of Mr. Tsai and hence a connected person of the Company
"San Want"	San Want Holdings Limited, a company incorporated in Barbados with limited liability, and an associate of Mr. Tsai and hence a connected person of the Company
"Share(s)"	ordinary share(s) with nominal value of US$0.02 each in the issued share capital of the Company
"Shareholders"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"US$"	United States dollars, the lawful currency of the United States of America
"Warabeya Nichiyo"	Warabeya Nichiyo Holdings Co., Ltd., a company listed on the Tokyo Stock Exchange with stock code 2918
"%"	per cent.

By order of the Board
Want Want China Holdings Limited
TSAI Eng-Meng
Chairman

Hong Kong, 27 March 2026

As at the date of this announcement, the executive Directors are Mr. TSAI Eng-Meng, Mr. TSAI Shao-Chung, Mr. TSAI Wang-Chia, Mr. HUANG Yung-Sung, Mr. CHU Chi-Wen, Mr. TSAI Ming-Hui and Ms. LAI Hong Yee; the non-executive Directors are Mr. MAKI Haruo and Mr. CHENG Wen-Hsien; and the independent non-executive Directors are Dr. PEI Kerwei, Mr. HSIEH Tien-Jen, Mr. LEE Kwok Ming, Mr. PAN Chih-Chiang and Mrs. KONG HO Pui King, Stella.

APPENDIX
Information on Valuation

Valuation Approach

In accordance with the *Asset Appraisal Practice Standards – Enterprise Value* (《資產評估執業準則—企業價值》) promulgated by the China Appraisal Society (中國資產評估協會), the Independent Valuer considered three valuation approaches, namely the income approach, the market approach and the asset-based approach.

- The income approach refers to a valuation method under which the expected income is capitalised or discounted to determine the value of the appraisal object.
- The market approach refers to a valuation method under which the appraisal object is compared with comparable listed companies or comparable transaction cases to determine the value of the appraisal object.
- The asset-based approach refers to a valuation method under which, based on the balance sheet of the appraised entity as at the valuation benchmark date, the values of all on-balance sheet and identifiable off-balance sheet assets and liabilities are reasonably assessed to determine the value of the appraisal object.

As there are few comparable listed companies and few recent equity transactions in the property rights trading market with similar industry characteristics and business models, and relevant information such as transaction background and operating and financial data of comparable transaction cases is not available from public sources, the Independent Valuer considered that the basic conditions for adopting the market approach were not met.

The Independent Valuer adopted both the income approach and the asset-based approach to appraise the value of all holders' equity in Beijing Want-Yang and Hangzhou Youshen respectively. The results are as follows:

	Beijing Want-Yang	**Hangzhou Youshen**
Income approach	RMB265,600,000	RMB42,600,000
Asset-based approach	RMB172,106,800	RMB27,070,600

The Independent Valuer is of the view that an enterprise's value should comprise not only tangible resources such as fixed assets and working capital, but also the contribution of important intangible resources such as product quality advantages, customer resources, service capabilities, management advantages and brand advantages. The asset-based approach only assesses the value of individual tangible assets and identifiable intangible assets, and cannot fully reflect the value contribution of the combination of individual assets to the entire company, nor can it fully measure the effect on overall enterprise value that may arise from the interaction and organic integration among individual assets. The appraised value under the income approach reflects all unidentifiable intangible assets of the enterprise and is therefore higher than that under the asset-based approach. In view of the purpose of the valuation, the income approach can objectively and reasonably reflect the value of the appraisal object, and accordingly, the result under the income approach was adopted as the final valuation conclusion.

Valuation Assumptions

The Independent Valuer adopted the following valuation assumptions and limitations:

Basic Assumptions

- **Transaction assumption:** It is assumed that all appraised assets are already in the process of transaction, and the valuer conducts the valuation by simulating the market based on the transaction conditions of the appraised assets.

- **Open market assumption:** It relates to the assumed market conditions into which the assets are to enter and the influences the assets will be subject to under such market conditions. An open market refers to a fully developed and well-functioning market with voluntary buyers and sellers in a competitive environment, where buyers and sellers deal on arm's length basis, have sufficient opportunity and time to obtain adequate market information, and transactions are conducted voluntarily, rationally and free from coercion or restriction. The open market assumption is based on the premise that assets can be publicly traded in the market.

- **Going concern assumption:** It is assumed that the appraised entity, with its existing assets and resources, will continue its business operations lawfully in accordance with its current status in the foreseeable future, and that there will be no material adverse change in its operating conditions.

- **Assumption of assets being used for existing purposes:** It is assumed that the assets will continue to be used for their current purposes. It is first assumed that the assets within the scope of valuation are in use, and further assumed that they will continue to be used in accordance with their current purposes and manner, without considering any change in use or optimal use conditions.

General Assumptions

- It is assumed that after the valuation benchmark date, there will be no unforeseeable material adverse change in the external economic environment such as national laws currently in force, macro-economy, finance and industry policies, and that there will be no other force majeure or unforeseeable factors causing material impact.

- The valuation does not take into account the impact on the valuation conclusion of any mortgages or guarantees to which the appraised entity and its assets may be subject in the future, or any additional consideration that may arise from special transaction arrangements.

- It is assumed that there will be no material changes in the socio-economic environment or in the fiscal and taxation policies such as tax types and tax rates in the place where the appraised entity is located, and that financial policies such as credit policies, interest rates and exchange rates will remain generally stable.

- It is assumed that the current and future business operations of the appraised entity are lawful and compliant, and are consistent with the relevant provisions of its business licence and articles of association.

Special Assumptions under the Income Approach

- It is assumed that the current and future management of the appraised entity will perform their operational and management functions lawfully, compliantly, diligently and conscientiously, and that after implementation of the transactions, there will be no circumstances that materially affect the development of the entity or prejudice the interests of equity holders, and that the existing operating and management models and standards will be maintained.

- It is assumed that during the forecast period, the core management personnel and technical team of the appraised entity will remain relatively stable, and that there will be no significant changes that would affect the entity's operations, development and income.

- It is assumed that the accounting policies adopted by the appraised entity after the valuation benchmark date will remain materially consistent with those adopted when the valuation report was prepared.

- It is assumed that cash inflows and outflows of the appraised entity after the valuation benchmark date will occur evenly.

- It is assumed that upon expiry of the leases for the appraised entity's operating premises, the appraised entity will be able to renew the leases in accordance with the agreed terms, or obtain similar premises of comparable scale with similar conditions at market rental levels.

- It is assumed that the appraised entity will maintain its food production licence and be able to continue with production.

- It is assumed that Hangzhou Youshen will continue to meet the conditions to be recognised as a small- and micro-enterprise, and will continue to enjoy preferential enterprise income tax policies up to 31 December 2027; thereafter, it will pay enterprise income tax at a rate of 20% and resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty for securities transactions), cultivated land occupation tax, education surcharge and local education surcharge without the 50% reduction.

Income Approach Valuation Model

In accordance with the *Asset Appraisal Practice Standards – Enterprise Value* (《資產評估執業準則—企業價值》), the discounted cash flow (DCF) method is a commonly used method under the income approach. Under this method, the value of all holders' equity is determined by estimating the entity's expected future cash flows and applying an appropriate discount rate to discount such expected cash flows to present value. The Independent Valuer adopted the discounted free cash flow model based on the actual circumstances of the appraised entities, with a basic formula as follows:

Value of all holders' equity = Enterprise value – Value of interest-bearing debt

Where:

Enterprise value = Value of operating assets + Value of surplus assets + Value of non-operating assets and liabilities

The calculation formula for the value of operating assets is as follows:

$$p = \sum_{i=1}^{n} \frac{F_i}{(1+r)^i} + \frac{F_n \times (1+g)}{(r-g)-(1+r)^n}$$

where:

- F_i refers to the amount of free cash flow in the i-th income period

- n refers to the forecast period, being the period from the valuation benchmark date to the time when the enterprise reaches a relatively stable operating state

- g refers to the expected annual growth rate of income after the forecast period

- r refers to the discount rate.

Steps of Valuation under the Income Approach

1. Determine the expected income amounts

Having regard to the appraised entity's human resources, technical capability, capital structure, operating conditions, historical performance and development trends, as well as macroeconomic factors and the current status and development prospects of the industry in which it operates, the Independent Valuer conducted necessary analysis, review, judgment and adjustments on the future income forecasts provided by the management. On such basis, the Independent Valuer reasonably determined the valuation assumptions to derive the expected income amounts.

The principal customers of Beijing Want-Yang are convenience stores in the Beijing-Tianjin region. Based on the expected growth rate of approximately 9% to 10% per annum from 2026 to 2030 of PRC's convenience store market size, and taking into account factors such as Beijing Want-Yang's strategic plans for market expansion, it is expected that Beijing Want-Yang's revenue will have a compound annual growth rate of approximately 8% from 2025 to 2030. Beijing Want-Yang's gross profit margin was 26% in 2025, and it is expected that Beijing Want-Yang's gross profit margin will remain relatively stable between 26% and 29% from 2026 to 2030.

The principal customers of Hangzhou Youshen are brands in the bakery products industry. Based on the fact that PRC's fillings industry is in a stage of positive upgrade and steady expansion in scale, with a forecast compound annual growth rate of approximately 8% from 2026 to 2030, it is expected that Hangzhou Youshen's sales volume will rise steadily in line with the industry trend, and that its revenue will have a compound annual growth rate of approximately 6% from 2025 to 2030. Hangzhou Youshen's gross profit margin in 2025 was 27%, and it is expected that Hangzhou Youshen's gross profit margin will remain relatively stable between 28% and 30% from 2026 to 2030.

2. Determine the future income period

After analysing and understanding the nature and type of the appraised entity, the current status and development prospects of the industry in which it operates, the arrangements under agreements and articles of association, operating conditions, asset characteristics and resource conditions, the future income period was determined to be indefinite. At the same time, based on a comprehensive analysis of the remaining economic life of the appraised entity's products or services and the status of research and development of substitute products or services, revenue structure, cost structure, capital structure, capital expenditure, working capital, investment income and risk level, and taking into account macro policies, industry cycles and other factors affecting the enterprise's entry into a stable period, the forecast period (n) was determined to be five years, and the F_i amount after the forecast period remains unchanged, i.e. g is taken as zero.

3. Determine the discount rate

The discount rate was determined by calculating the weighted average cost of capital (WACC), being the weighted average of the expected return on equity and the expected return on debt after adjusting for income tax. The formula is as follows:

$$\text{WACC} = R_d \times (1 - T) \times W_d + R_e \times W_e$$

where:

- R_d refers to the expected return on debt
- T refers to the entity's effective income tax rate
- W_d refers to the percentage of debt capital in the capital structure
- R_e refers to the expected return on equity
- W_e refers to the percentage of equity capital in the capital structure

The expected return on equity was determined using the modified capital asset pricing model (CAPM). The formula is as follows:

$$R_e = R_f + \beta_e \times \text{MRP} + \varepsilon$$

where:

- R_f refers to the risk-free rate
- MRP refers to the market risk premium
- ε refers to the specific risk return
- β_e refers to the expected market risk coefficient of the equity capital of the appraisal object

After the above calculations, the discount rate was determined to be 9%.

4. Value of interest-bearing debt

As at the valuation benchmark date, the entities had no interest-bearing debt.

Other Matters

As Beijing Want-Yang and Hangzhou Youshen are not and will not become subsidiaries of the Company before or after completion of the transactions under the Equity Transfer Agreements, the requirements in relation to profit forecasts under Rule 14.60A of the Listing Rules are not applicable.