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# 越秀交通基建有限公司

## Yuexiu Transport Infrastructure Limited

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 01052)**

### **CONNECTED TRANSACTION: DISPOSAL OF 60% EQUITY INTERESTS IN A SUBSIDIARY**

#### **THE DISPOSAL**

Reference is made to the announcements of the Company dated 30 September 2024 and 3 November 2024 in relation to the potential disposal of 60% equity interests of the Target Company, an indirect non-wholly owned subsidiary of the Company, by way of public tender on GUAEE.

The Board is pleased to announce that on 4 December 2024 (after trading hours), the Vendor and the Purchaser entered into the Equity Transaction Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Disposal Interests (i.e., 60% equity interests in the Target Company) at a consideration of RMB190,800,000.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the Purchaser is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company (an indirect non-wholly owned subsidiary of the Company), the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratios of the Disposal is more than 1% but lower than 5% and the Purchaser is a connected person at the subsidiary level of the Company, the Disposal is subject to the reporting and announcement requirements but will be exempted from the circular (including independent financial advice) and independent shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

As none of the Directors had a material interest in the Disposal, no Director has abstained from voting on the relevant board resolutions of the Company.

## **1. INTRODUCTION**

Reference is made to the announcements of the Company dated 30 September 2024 and 3 November 2024 in relation to the potential disposal of 60% equity interests of the Target Company, an indirect non-wholly owned subsidiary of the Company, by way of public tender on GUAEE.

The Board is pleased to announce that on 4 December 2024 (after trading hours), the Vendor and the Purchaser entered into the Equity Transaction Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Disposal Interests (i.e., 60% equity interests in the Target Company) at a consideration of RMB190,800,000.

## **2. THE DISPOSAL**

Set out below is a summary of the principal terms of the Equity Transaction Agreement and other relevant information on the Disposal.

### **2.1. Date**

4 December 2024

### **2.2. Parties**

The Vendor and the Purchaser

### **2.3. Subject matter to be disposed**

Pursuant to the Equity Transaction Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, 60% of the equity interests in the Target Company.

### **2.4. Consideration**

The Purchaser has paid a transaction deposit in the amount of RMB57,000,000 to GUAEE upon its submission of bid in accordance with the applicable rules and procedures of GUAEE.

The Consideration of the Disposal is RMB190,800,000 (inclusive of the transaction deposit already paid to GUAEE), which was the effective bid price determined in accordance with the rules and procedures of GUAEE in relation to the Disposal.

### ***Payment of the Consideration***

The Purchaser shall pay the balance of the Consideration (i.e., exclusive of the transaction deposit already paid to GUAEE) to GUAEE within five (5) working days in the PRC after the effective date (i.e., the signing date) of the Equity Transaction Agreement. GUAEE will issue a property rights transaction certificate within three (3) working days in the PRC from the day after receiving the Consideration and service charges in full.

GUAEE will also transfer the amount of the Consideration (including the transaction deposit) to the Vendor without interests within five (5) working days in the PRC from the day after receiving the Consideration and service charges in full and the completion of the business registration procedures and foreign direct investment registration procedures.

### ***Basis for determining the Consideration***

The Consideration, which is determined with reference to the appraised market value of the Disposal Interests as at the Valuation Date and the factors mentioned in section 9 (REASONS FOR AND BENEFITS OF THE DISPOSAL) of this announcement and finalised based on the effective bid price determined in accordance with the rules and procedures of GUAEE in relation to the Disposal, represents a premium of approximately 0.72% to the appraised market value of the Disposal Interests (RMB189,436,205) according to the Valuation Report.

The Valuation Report, which adopted the discounted cash flow method under income approach, constituted a profit forecast (the “**Profit Forecast**”) under Rule 14.61 of the Listing Rules. Please refer to section 5 (MARKET VALUE OF THE DISPOSAL INTERESTS AS APPRAISED BY THE VALUER) below for assumptions on which the Profit Forecast was based.

## **2.5. Arrangements related to profits and losses**

Any profit or loss incurred by the Target Company during the period from 1 June 2024 to the date of completion of the business registration procedures (inclusive) (“**Relevant Period**”) shall be shared or borne by the shareholder(s) of the Target Company in proportion to their respective shareholding(s) upon the Disposal is completed (i.e., 100% by the Purchaser). The Purchaser and the Vendor shall not make any adjustment to the Consideration or the terms of the transfer for reasons such as any operating profit or loss incurred by the Target Company during the Relevant Period.

## **2.6. Arrangements related to receivables**

As at 31 May 2024, the Target Company had receivables in the amount of RMB60,000,000 due from YCTI. YCTI has agreed to settle such amount of receivables (together with interests accrued up to the date of signing of the Equity Transaction Agreement) within three (3) working days in the PRC after the date of signing of the Equity Transaction Agreement.

## 2.7. Conditions precedent and completion of the Disposal

Upon completion of the business registration procedures, the Purchaser shall assume and bear all rights and obligations in relation to the Disposal Interests.

Completion of the Disposal is conditional on the completion of state-owned property rights registration procedures (if necessary), business registration procedures and foreign direct investment registration procedures. In any event, the Vendor and the Purchaser must complete all the aforementioned procedures on or before 31 December 2024.

As at the Announcement Date, the Target Company is an indirect non-wholly owned subsidiary of the Company. Upon completion of the Disposal, the Group will cease to have any interest in the Target Company. The Target Company will then cease to be an indirect subsidiary of the Company and will become a wholly-owned subsidiary of the Purchaser.

## 3. INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in the construction, operation, management and maintenance of the Jinxiong Expressway. As at the Announcement Date, the equity interests of the Target Company are held by the Vendor and the Purchaser as to 60% and 40%, respectively.

Set out below are the key audited financial information of the Target Company prepared in accordance with PRC accounting standards:

	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Revenue	72,955	85,795
Profit before income tax	10,955	21,343
Profit after income tax	8,123	15,970
	<b>As at 31 December 2023</b>	<b>As at 31 May 2024</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Total assets	249,631	228,401
Total liabilities	47,057	30,455
Total equity	202,574	197,946

## 4. INFORMATION ON JINXIONG EXPRESSWAY

### 4.1. Location

The Jinxiong Expressway spans for a total length of 23.9 kilometres, starting from Wangqingtu County (located near the border between Tianjin and Bazhou, Hebei) and ending at Tianjin Hongqiao Dingzigu No.3 Interchange. The entire Jinxiong expressway serves as an important expressway connecting Baoding, Xiong'an and Tianjin. Additionally, it links with the Beijing-Shanghai Expressway at Wangqingtu Interchange, facilitating travel to Beijing and Shanghai.

For illustrative purposes only, the map showing the location of Jinxiong Expressway is set out below:



## 4.2. Toll mileage and other information

The toll mileage and other information on Jinxiong Expressway are set out below:

Toll mileage	:	23.9 km
Design speed	:	120 km per hour
Number of lanes	:	Four lanes
Number of toll collection stations	:	Two
Completion examination and acceptance	:	Completed
Expiry date of the toll collection right period	:	4 June 2030

*Note:* According to the approved toll collection right period for the Jinxiong Expressway, the toll collection right period commenced on 18 March 2000, with a duration of 30 years. However, following the *Notice of Tianjin Municipal Transportation Commission and Tianjin Municipal Development and Reform Commission on Extending the Toll Collection Right Period for the Municipal's Expressways (Jinjiaofa [2023] No.172)\** (天津市交通運輸委員會天津市發展和改革委員會關於順延我市收費公路收費期限的通知 (津交發[2023]172號)), the toll collection right period has been extended by 79 days, and now expires on 4 June 2030.

## 4.3. Toll level

The toll level of Jinxiong Expressway as at the Announcement Date is primarily based on classification of vehicles by reference to (i) (in the case of passenger vehicles) the number of seats or (ii) (in the case of trucks) the number of axles and, where applicable, length of the vehicle and maximum permitted loading weight. Details of the toll rates of Jinxiong Expressway based on classification of vehicles as at the Announcement Date are set out below:

Vehicle class		Classification Standard	Toll Rate (RMB/per vehicle)
Passenger vehicles	1	≤ 9 seats	0.55
	2	10 to 19 seats	0.95
	3	20 to 39 seats	1.55
	4	≥ 40 seats	1.75

Vehicle class		Classification Standard	Toll Rate (RMB/per vehicle)
Truck	1	(i) Number of axles: two; (ii) Length of truck: below 6,000 mm; and (iii) Maximum permitted loading weight: less than 4,500 kg	0.50
	2	(i) Number of axles: two; (ii) Length of truck: not less than 6,000 mm; or (iii) Maximum permitted loading weight: not less than 4,500 kg	0.94
	3	Number of axles: three	1.51
	4	Number of axles: four	1.75
	5	Number of axles: five	1.90
	6	Number of axles: six	2.00
		Number of axles: seven or above	For each additional axle, an additional RMB0.1 for trucks of class 6

*Note:* Length of truck and special purpose vehicles, and the maximum permitted loading weight are not specified in respect of trucks and special purpose vehicles of classes 3 to 6.

In addition, as at the Announcement Date, Tianjin Municipal offers a 5% discount to vehicles using electronic toll collection (“ETC”) to pay tolls.

## 5. MARKET VALUE OF THE DISPOSAL INTERESTS AS APPRAISED BY THE VALUER

### 5.1. Principal assumptions

For the purpose of complying with rule 14.62 of the Listing Rules, the principal assumptions on which the Profit Forecast is based are set out below:

- (i) Prudent and effective management policies will continue to be implemented for as long as necessary to maintain the character and integrity of the Disposal Interests.
- (ii) There will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Disposal Interests.
- (iii) The operational and contractual terms stipulated in the relevant contracts and agreements will be honoured.
- (iv) The copies of the operating licenses and company incorporation documents of the Target Company provided by the Company are reliable and legitimate.
- (v) The financial and operational information provided by the Company are accurate.
- (vi) There are no hidden or unexpected conditions associated with the Disposal Interests that might adversely affect the reported value in the Valuation Report. The Valuer assumes no responsibility for changes in market conditions after the Valuation Date.

### 5.2. Traffic Consultant Report prepared by CCCC Second Highway Consultants Co., Ltd. (中交第二公路勘察設計研究院有限公司)

*Table A: Summary of the traffic volume forecast on an annual average daily traffic basis (vehicles/day)*

<b>Year</b>	<b>Total</b>
2024	13,727
2025	14,470
2026	15,168
2027	15,879
2028	17,172
2029	17,578
2030	18,365



Table B: Summary of annual toll revenue forecast (RMB million)

Year	Total
2024	85.50
2025	90.17
2026	94.82
2027	99.47
2028	107.80
2029	110.57
2030	49.17

Notes:

1. The forecasts set out in Table A and Table B are made on the basis that there will be 155 days in 2030 (being the year in which the toll collection right will expire) on which toll may be collected.
2. The toll rates for toll mileage beyond the toll collection stations of the Jinxiong Expressway will be collected in accordance with the *Implementation Policy for Compensating Tianjin Municipal Expressways for Stopping Toll Collection for Mileage outside of Toll Collection Stations (Trial)*\* (天津市高速公路收費站站外里程停止收費補償工作實施辦法(試行)).
3. In recent years, the Tianjin Municipal Transport Commission (天津市交通運輸委員會) and other governmental authorities have issued series of documents to provide clear guidance on the toll rate discount policies for ETC passenger vehicles and trucks using expressways. The Traffic Consultation Report considered the current favourable toll rate policies and future development trends, and adopts the following assumptions for the forecast set out in Table B: (i) all ETC vehicles temporarily receive a uniform 5% discount in toll rates; and (ii) from 2024 and onwards, trucks of class 2 and class 6 will receive a 4% discount on the toll rates, while maintain the toll rate standards as set out in *Notice of Tianjin Municipal Transportation Commission and Tianjin Municipal Development and Reform Commission on Adjusting the Differentiated Toll Collection Policy of the Municipal's Expressways (Jinjaofa (2021) No.207)* (天津市交通運輸委員會天津市發展和改革委員會關於調整我市高速公路差異化收費政策的通知(津交發[2021]207號)).

### 5.3. Reports from the Board and auditor of the Company

The Board has issued a report confirming that the Directors have made the Profit Forecast after due and careful enquiry. Please refer to Appendix I to this announcement for the said report of the Board.

Ernst & Young have reviewed the arithmetical accuracy of the calculations of the discounted cash flow forecast upon which the Valuation Report is based. Please refer to Appendix II to this announcement for the said report.

## **6. INFORMATION ON THE PARTIES**

### **6.1. The Group and the Vendor**

The Group is principally engaged in the investment, construction and development, operation and management of toll expressways and bridges mainly in Guangdong province and other high growth provinces in the PRC.

The Vendor is an indirect wholly-owned subsidiary of the Company and is an investment holding company.

### **6.2. The Purchaser**

The Purchaser is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government. It engages in the operation of civil engineering and construction projects, including highway management and maintenance. As of the Announcement Date, it holds 40% equity interests and is a substantial shareholder of the Target Company (an indirect non-wholly owned subsidiary of the Company), and therefore a connected person of the Company at the subsidiary level.

Save for the fact that the Purchaser holds 40% equity interests and is a substantial shareholder of the Target Company, the Purchaser and its ultimate beneficial owner do not have any other connected relationship with the Company and its subsidiaries.

## **7. FINANCIAL EFFECTS OF THE DISPOSAL**

After taking into account the difference between the Consideration and the book value of the Target Company in the unaudited consolidated financial statements of the Company as of 30 June 2024, and deducting the expected costs and expenses for the Disposal, the Company is expected to record a gain (after tax) of approximately RMB67,764,000 as a result of the Disposal.

The actual financial effects of the Disposal is subject to the audit and the completion of the Disposal, and will take into account any other costs and expenses incurred in relation to the Disposal.

## **8. USE OF PROCEEDS**

The expected net proceeds from the Disposal of approximately RMB189,300,000 will be used by the Group for future potential investments in the development of its core business operations and general working capital purposes.

## 9. REASONS FOR AND BENEFITS OF THE DISPOSAL

Since its establishment, the Target Company has been engaging in the construction, operation, management and maintenance of the Jinxiong Expressway. Considering the toll collection period has six years remaining and the extension will be subject to regulatory approval and further capital expenditure, the Company has evaluated its strategy and expects that the Disposal will generate immediate cash inflow which is expected to improve the Company's net profit after the completion of the transaction.

Taking into account the reasons and benefits described above, the Board (including the Independent Directors) considers that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## 10. IMPLICATIONS UNDER THE LISTING RULES

As the Purchaser is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company (an indirect non-wholly owned subsidiary of the Company), the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratios of the Disposal is more than 1% but lower than 5% and the Purchaser is a connected person at the subsidiary level of the Company, the Disposal is subject to the reporting and announcement requirements but will be exempted from the circular (including independent financial advice) and independent shareholders' approval requirements by virtue of Rule 14A.101 of the Listing Rules.

As none of the Directors had a material interest in the Disposal, no Director has abstained from voting on the relevant board resolutions of the Company.

## 11. EXPERTS AND CONSENTS

The following are the qualifications of experts who have given opinions or advice contained in this announcement:

<b>Name</b>	<b>Qualifications</b>
Ernst & Young	Certified Public Accountants
CCCC Second Highway Consultants Co., Ltd. (中交第二公路勘察設計研究院有限公司)	Independent professional traffic consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent professional business valuer

As at the Announcement Date, none of the above experts has any shareholding, directly or indirectly, in any member of the Group or the 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 above experts has given and has not withdrawn its written consent to the issue of this announcement with the inclusion herein of its letter, report, opinion and/or the references to its name in the form and context in which they appear.

**The Disposal is subject to certain conditions being satisfied, and therefore completion may or may not occur. Any estimates, projections, targets, forecasts, timelines and other forward-looking statements made or proposed by the Company or the Directors in this announcement are based on its or their current expectations and assumptions. These statements are subject to uncertainties and are not guarantees of future performance or development. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.**

## 12. DEFINITIONS

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

“Announcement Date”	the date of this announcement, being 4 December 2024
“Board”	the board of Directors
“Company”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), an exempted company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01052)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal Interests payable by the Purchaser under the Equity Transaction Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Disposal Interests by the Vendor to the Purchaser in accordance with the Equity Transaction Agreement
“Disposal Interests”	60% equity interests in the Target Company held by the Vendor

“Equity Transaction Agreement”	the equity transaction agreement in respect of the Disposal entered into between the Vendor and the Purchaser according to the rules of GUAEE on 4 December 2024
“Group”	the Company and its subsidiaries
“GUAEE”	GuangDong United Assets and Equity Exchange (廣東聯合產權交易中心), the only institution in Guangdong Province engaging in transfer of state-owned assets
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Director(s)”	the independent non-executive Director(s)
“Jinxiong Expressway”	the Tianjin section of the Jinxiong expressway* (津雄高速公路), an expressway which starts from Wangqingtu County (near the border between Tianjin and Bazhou, Hebei) and ends at the Tianjin Hongqiao Dingzigu No.3 Interchange
“km”	kilometre
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Profit Forecast”	has the meaning as defined in section 2.4 (Consideration) of this announcement
“Purchaser”	Tianjin Expressway Group Co., Ltd. (天津高速公路集團有限公司), a company established under the laws of the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Tianjin Jinfu Expressway Co., Ltd. (天津津富高速公路有限公司), a sino-foreign joint venture established under the laws of the PRC

“Traffic Consultation Report”	the traffic assessment and consultation report in respect of Jinxiong Expressway dated August 2024 prepared by CCCC Second Highway Consultants Co., Ltd. (中交第二公路勘察設計研究院有限公司)
“Valuation Date”	31 May 2024
“Valuation Report”	the valuation report dated 4 December 2024 prepared by the Valuer in relation to the valuation of the Disposal Interests as at the Valuation Date
“Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent professional business valuer appointed by the Company in relation to the Disposal
“Vendor”	Choice Tone Limited (翔通有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of the Company
“YCTI”	Yuexiu (China) Transport Infrastructure Investment Company Limited (越秀(中國)交通基建投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

By order of the Board  
**Yuexiu Transport Infrastructure Limited**  
**Yu Tat Fung**  
*Company Secretary*

Hong Kong, 4 December 2024

*As at the date of this announcement, the Board comprises:*

*Executive Directors : LIU Yan (Chairman), HE Baiqing, CHEN Jing, CAI Minghua and PAN Yongqiang*

*Independent Non-executive Directors : FUNG Ka Pun, LAU Hon Chuen Ambrose, CHEUNG Doi Shu and PENG Vincent Shen*

\* *For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

## APPENDIX I LETTER FROM THE BOARD

4 December 2024

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

Dear Sir or Madam,

### **CONNECTED TRANSACTION – DISPOSAL OF 60% EQUITY INTERESTS IN A SUBSIDIARY THROUGH PUBLIC TENDER**

Reference is made to the announcements of Yuexiu Transport Infrastructure Limited (the “**Company**”) dated 30 September 2024, 3 November 2024 and 4 December 2024 in relation to the disposal of 60% equity interests in the Target Company held by Choice Tone Limited (翔通有限公司), an indirect wholly-owned subsidiary of the Company (the “**Announcements**”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

We refer to the Valuation Report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (the “**Valuer**”) in relation to the valuation (the “**Valuation**”) of the Disposal Interests as at the Valuation Date which was determined based on the income approach (which is based on the discounted cash flow forecast). Such Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer on different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the report issued by our auditor, Ernst & Young, pursuant to Rule 14.60A(2) of the Listing Rules.

Based on the foregoing, the Board of the Company confirmed that the Valuation prepared by the Valuer has been made after due and careful enquiry.

Yours faithfully,  
For and on behalf of the Board  
**Yuexiu Transport Infrastructure Limited**  
**LIU Yan**  
*Chairman*

## **APPENDIX II REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF THE MARKET VALUE OF THE 60% EQUITY INTERESTS IN TIANJIN JINFU EXPRESSWAY CO., LTD.**

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

### **To the Directors of Yuexiu Transport Infrastructure Limited**

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 4 December 2024 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in respect of the market value of 60% equity interests (the “**Disposal Interests**”) in Tianjin Jinfu Expressway Co., Ltd. (the “**Target**”) as at 31 May 2024 is based. The valuation is set out in the announcement of Yuexiu Transport Infrastructure Limited (the “**Company**”) dated 4 December 2024 (the “**Announcement**”) in connection with the disposal of the Disposal Interests. The valuation based on the Forecast 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’ responsibilities**

The directors (the “**Directors**”) of the Company are solely responsible for the preparation of the Forecast in accordance with the bases and assumptions (the “**Assumptions**”) determined by the Directors and as set out in the section headed “5. MARKET VALUE OF THE DISPOSAL INTERESTS AS APPRAISED BY THE VALUER” of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Forecast 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 (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on *Quality Management 1 Quality Management for Firms that Perform Audits or Reviews 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 Accountants' responsibilities**

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement 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 obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors in all material respects. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under Rule 14.60A(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**

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully,  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

4 December 2024