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China Power International Development Limited

中國電力國際發展有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 2380)

CONNECTED TRANSACTION

Acquisition of controlling interest in Jinzishan Wind Power

On 31 December 2022, Nanning New Energy, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Guangxi Overseas, pursuant to which Nanning New Energy agreed to acquire and Guangxi Overseas agreed to sell 79.67% equity interest in Jinzishan Wind Power at a consideration of RMB546,600,000 (equivalent to approximately HK\$614,157,000).

As at the date of this announcement, SPIC owns approximately 61.06% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Guangxi Overseas is ultimately controlled by SPIC, Guangxi Overseas is therefore a connected person of the Company and the entering into the Equity Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the Acquisition contemplated under the Equity Transfer Agreement is therefore subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Prior to the Acquisition, Guangxi Company, a wholly-owned subsidiary of the Company, directly held 15.22% equity interest in Jinzishan Wind Power, while Guangxi Overseas, a 40%-owned associate of Guangxi Company, directly held 79.67% of Jinzishan Wind Power. In October 2022, Guangxi Company established a new wholly-owned subsidiary, Nanning New Energy, with the main purpose of consolidating the controlling stake of Jinzishan Wind Power under one holding company by means of (i) an internal transfer of 15.22% equity interest in Jinzishan Wind Power from Guangxi Company, and (ii) the acquisition of 79.67% equity interest in Jinzishan Wind Power from Guangxi Overseas.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are as follows:

Date

31 December 2022

Parties

- (i) Nanning New Energy, as the purchaser; and
- (ii) Guangxi Overseas, as the seller.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, Nanning New Energy agreed to acquire and Guangxi Overseas agreed to sell 79.67% equity interest in Jinzishan Wind Power.

Consideration and basis of determination

The consideration for the Acquisition is RMB546,600,000 (equivalent to approximately HK\$614,157,000), subject to adjustment for the actual amount of profit or loss incurred by Jinzishan Wind Power during the Transitional Period.

The consideration of the Acquisition was determined by the parties after arm's length negotiations with reference to the following:

- (i) The appraised value of Jinzishan Wind Power according to the Valuation Report as at the Valuation Date;
- (ii) the estimated amount of profit made by Jinzishan Wind Power during the Transitional Period; and
- (iii) the percentage of equity interest in Jinzishan Wind Power to be acquired.

As the value of Jinzishan Wind Power was evaluated by adopting the income approach, it constitutes a profit forecast pursuant to Rules 14.61 and 14.62 of the Listing Rules. For further information on the principal assumptions used in the Valuation Report, please refer to Appendix I to this announcement.

Ernst & Young, the reporting accountants of the Company, has reported on the calculations for the forecast used in the Valuation Report, which do not involve the adoption of accounting policies. So far as the calculations are concerned, the income approach has been adopted properly and compiled in all material respects in accordance with the bases and assumptions adopted by the Board as set out in the Valuation Report. Please refer to the report from Ernst & Young, the full text of which is set out in Appendix II to this announcement.

The Financial Adviser is satisfied that the profit forecast has been made after due and careful enquiry by the Board. Please refer to the letter from the Financial Adviser, the full text of which is set out in Appendix III to this announcement.

Payment Terms

Nanning New Energy shall pay the consideration to Guangxi Overseas within 30 working days after the execution of the Equity Transfer Agreement by bank remittance into the designated bank account of Guangxi Overseas or by such other means as agreed upon between the parties.

Completion

Completion shall take place on the date of execution of the Equity Transfer Agreement. Guangxi Overseas shall procure Jinzishan Wind Power to complete the change of industrial and commercial registration to effect the shareholding change in relation to the Acquisition within 20 business days after Completion.

Upon Completion, Jinzishan Wind Power shall become a non wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition will increase the Group's equity interest in Jinzishan Wind Power to 94.89%, and its controlling stake shall be directly held by Nanning New Energy. The Acquisition will also increase the Group's installed wind power generation capacity by 579MW, representing an increase of approximately 0.9 percentage point of its proportion of clean energy portfolio to the total consolidated installed capacity.

The Directors (including the independent non-executive Directors) are of the view that, as far as the shareholders of the Company are concerned, the terms of the Equity Transfer Agreement are fair and reasonable, on normal commercial terms, and the Acquisition contemplated thereunder are in the interest of the Company and its shareholders as a whole.

None of the Directors has material interest in the Acquisition contemplated under the Equity Transfer Agreement or is required to abstain from voting on the related Board resolution.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is the core and flagship listed subsidiary of SPIC. The Group is principally engaged in generation and sales of electricity in Mainland China, including investment, development, operation and management of hydropower, wind power, photovoltaic power and coal-fired power plants; and provision of energy storage, green power transportation and integrated intelligent energy solution services. Its businesses are located in various major power grid regions of China.

INFORMATION OF SPIC

SPIC is an investment holding principally engaged in businesses that cover various sectors, including power, coal, aluminum, logistics, finance, environmental protection and high-tech industries in the PRC and abroad. SPIC, together with its subsidiaries, is an integrated energy group which simultaneously owns coal-fired power, hydropower, nuclear power and renewable energy resources in the PRC.

INFORMATION ON GUANGXI COMPANY AND NANNING NEW ENERGY

Guangxi Company is a limited liability company incorporated in the PRC in May 2016 and a wholly-owned subsidiary of the Company. It is principally engaged in development, investment, construction, operation and management of power generation projects (mainly hydropower, wind power and photovoltaic power plants at present).

Nanning New Energy is a limited liability company incorporated in the PRC in October 2022 and a wholly-owned subsidiary of Guangxi Company. It is principally engaged in investment holding, power generation, power transmission and power supply, installation, maintenance and testing of power facilities, wind power and photovoltaic technology services, research and development of offshore wind power related systems, and heat production and supply.

INFORMATION OF GUANGXI OVERSEAS

Guangxi Overseas is a joint venture formed and incorporated in the PRC with limited liability in April 2020. Its equity interest is directly held as to 40% by Guangxi Company, 55% indirectly by SPIC and 5% by a third party independent of the Group and its connected parties, respectively. It is principally engaged in development and investment in electricity, generation and supply of electricity, electrical engineering, environmental protection engineering, development of energy saving projects, development and utilization of industrial waste, contracting, provision of technical assistance and consultancy for general electrical infrastructure in Guangxi Zhuang Autonomous Region, the PRC and overseas.

INFORMATION OF JINZISHAN WIND POWER

Jinzishan Wind Power is a company that is principally engaged in wind power generation.

Set out below is the financial information of Jinzishan Wind Power prepared in accordance with China Accounting Standards for Business Enterprises for year ended 31 December 2021 and the eight months ended 31 August 2022:

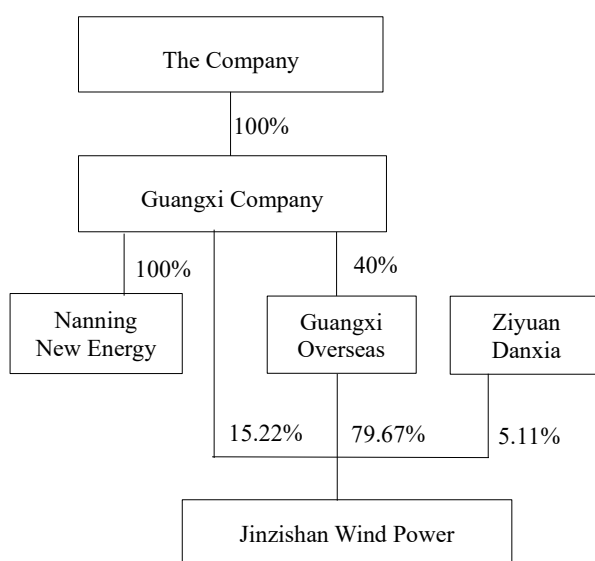
	For the year ended 31 December 2021	For the eight months ended 31 August 2022
	<i>(RMB '000)</i>	<i>(RMB '000)</i>
	<i>Audited</i>	<i>Audited</i>
Net profit before tax	16,399	71,329
Net profit after tax	12,265	78,960 [#]

[#] For the eight months ended 31 August 2022, there was a tax refund in the amount of approximately RMB7.6 million.

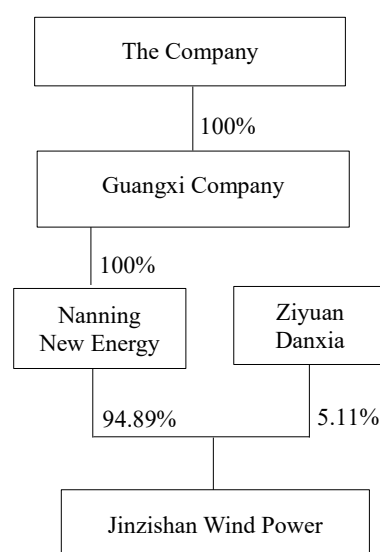
The audited net assets of Jinzishan Wind Power as at 31 December 2021 and 31 August 2022 was RMB597 million and RMB627 million, respectively.

The following diagrams illustrate the shareholding structure of Jinzishan Wind Power as at the date of this announcement and immediately upon Completion:

As at the date of this announcement



Immediately upon Completion



LISTING RULES IMPLICATIONS

As at the date of this announcement, SPIC owns approximately 61.06% of the issued share capital of the Company. As SPIC is the ultimate controlling shareholder of the Company, SPIC, its subsidiaries and associates are connected persons of the Company within the meaning of the Listing Rules.

Guangxi Overseas is ultimately controlled by SPIC, Guangxi Overseas is therefore a connected person of the Company and the entering into the Equity Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the Acquisition contemplated under the Equity Transfer Agreement is therefore subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

EXPERTS AND CONSENTS

The qualification of the experts who have provided their opinions and advice, which are included in this announcement, are as follows:

Name	Qualification
Shanghai Orient Appraisal Co., Ltd.	Qualified asset valuer in the PRC
Ernst & Young	Certified Public Accountants
Huatai Financial Holdings (Hong Kong) Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO

As at the date of this announcement, all of the experts set out above:

- (i) did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in any member of the Group; and
- (ii) did not have any direct or indirect interests in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

All of the experts set out above had given and had not withdrawn their written consents to the issue of this announcement with the inclusions of their reports, opinions or statements (as the case may be) as set out in this announcement and references to their name in the form and context in which they are included.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, all the above experts are independent third parties.

DEFINITIONS

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

“Acquisition”	the acquisition of 79.67% equity interest in Jinzishan Wind Power by Nanning New Energy pursuant to the Equity Transfer Agreement
“Board”	the board of Directors of the Company
“Company”	China Power International Development Limited (中國電力國際發展有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition. For further information, please refer to the section titled “Completion” in this announcement
“Director(s)”	director(s) of the Company
“Equity Transfer Agreement”	the agreement dated 31 December 2022 entered into between Nanning New Energy and Guangxi Overseas in relation to the Acquisition
“Group”	the Company and its subsidiaries from time to time
“Guangxi Company”	國家電投集團廣西電力有限公司 (SPIC Guangxi Power Limited*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Guangxi Overseas”	廣西國電投海外能源投資有限公司 (Guangxi SPIC Overseas Energy Investment Limited*), a company incorporated in the PRC with limited liability and ultimately controlled by SPIC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Financial Adviser”	Huatai Financial Holdings (Hong Kong) Limited
“independent third party(ies)”	a third party independent of the Group and its connected persons
“Jinzishan Wind Power”	國家電投集團廣西金紫山風電有限公司 (SPIC Guangxi Jinzishan Wind Power Limited*), a company incorporated in the PRC with limited liability and owned as to 79.67% by Guangxi Overseas, 15.22% by Guangxi Company and 5.11% by Ziyuan Danxia, respectively, as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt, that is, one million watts. The installed capacity of a power plant is generally expressed in MW
“Nanning New Energy”	廣西南寧綠動新能源投資有限公司 (Guangxi Nanning Lvdong New Energy Investment Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Guangxi Company
“PRC” or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SPIC”	國家電力投資集團有限公司 (State Power Investment Corporation Limited*), the ultimate controlling shareholder of the Company, a wholly State-owned enterprise established by the approval of the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transitional Period”	the period between the Valuation Date and the date of Completion

“Valuer”	Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), a qualified asset valuer in the PRC
“Valuation Date”	31 August 2022, being the reference date on which the value of Jinzishan Wind Power was evaluated
“Valuation Report”	the valuation report as of the Valuation Date prepared by the Valuer in relation to the value of Jinzishan Wind Power
“Ziyuan Danxia”	資源縣丹霞生態能源有限公司 (Ziyuan County Danxia Ecology Energy Limited*), a company incorporated in the PRC with limited liability and an independent third party

* *English or Chinese translation, as the case may be, is for identification purposes only*

This announcement contains translation between Renminbi and Hong Kong dollars at RMB0.89 to HK\$1.00. The translation shall not be taken as representation that Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

By Order of the Board
China Power International Development Limited
HE Xi
Chairman

Hong Kong, 3 January 2023

As at the date of this announcement, the directors of the Company are: executive directors HE Xi and GAO Ping, non-executive directors ZHOU Jie and XU Zuyong, and independent non-executive directors LI Fang, YAU Ka Chi and HUI Hon Chung, Stanley.

APPENDIX I – KEY ASSUMPTIONS OF THE VALUATION REPORT

For the purpose of complying with Rule 14.62 of the Listing Rules, set out below are the principal assumptions of the income approach adopted to evaluate Jinzishan Wind Power:

(I) General Assumptions

1. It is assumed that subsequent to the Valuation Date, there will be no unforeseen material changes to external economic factors such as relevant law and regulations, and macro-economy, financial and industry polices, and there are no force majeure factors or unpredictable factors causing significant adverse effect.
2. The valuation has not taken into consideration that assets of the valuation target may be used as collateral subject to charges or guarantees, and any special transaction(s) which may result in an increase in the transaction price which may affect the valuation conclusion.
3. It is assumed that there will be no significant changes to the social-economical environment and the application of fiscal-taxation policies in relation to tax payable and taxation rate, and financial policies in relation to credit, interest rates and foreign exchange rate remain stable.
4. It is assumed that the business operation of the valuation target is currently, and will remain, in compliance with relevant laws and regulations, and conforms with the restrictions in its business license and articles of association.

(II) Special Assumptions

1. It is assumed that the management of the valuation target is currently, and will continue to, abide with relevant laws and regulations, and exercise its management function responsibly. There shall be no circumstance which may lead to any significant impact on the operations of the valuation target or shareholders' interest, and the valuation target shall maintain its current management style and management level.
2. It is assumed that core management personnel of the valuation target remains stable, and there shall be no significant changes which may result in the operation development and revenue realization of the valuation target.
3. It is assumed that the accounting policies adopted by the valuation target remains consistent subsequent to the Valuation Date.
4. It is assumed that cash inflows and cash outflows are normal cash inflows and cash outflows, respectively, subsequent to the Valuation Date.
5. The valuation is performed on the basis of a reasonable estimation of the future operation environment of the valuation target without taking into consideration unpredictable material change or fluctuation to the operating environment of the valuation target, such as natural disasters, climate change or human error, etc.

6. According to the feasibility study report, the wind power projects of Jinzishan Wind Power have an operation life span of 20 years, among which, (i) Jinzishan Phase I 49.5MW wind power project can operate for 20 years until 2030; (ii) Jinzishan Phase II 49.5MW wind power project can operate for 20 years until 2031; (iii) Shiwan Gutian 150MW wind power project can operate for 20 years until 2039; and Majia 80MW wind power project can operate for 20 years until 2039, and shall be liquidated after 2039.
7. According to the feasibility study report and estimation of the management, Ziyuan County Jinzishan Wind Power Project Phase III of 廣西資源國電投綠動新能源有限公司 (Guangxi Ziyuan SPIC Green Power New Energy Limited*) (“**Guangxi Ziyuan SPIC**”) will connect to the main grid in late 2023 and commence power generation in early 2024, which will operate for 20 years until 2043, and shall be liquidated after 2043.
8. According to the operation and taxation plans and strategy of the management of Guangxi Ziyuan SPIC, Guangxi Ziyuan SPIC shall maintain stable investment into research and development after receiving electricity fees, and expect to obtain National High-tech Enterprise certification. It is assumed that Guangxi Ziyuan SPIC will retain at least 4% of electricity fee income for research and development expenses, and remain certified as a National High-tech Enterprise in accordance with the relevant regulations in relation to National High-tech Enterprise.
9. The electricity price charged by the valuation target shall not vary after obtaining approval from relevant government authorities, and it has been verified that there has been no historical change in electricity price charged by the valuation target. It is assumed that the electricity price charged by the valuation target will not be varied and agreements in relation to electricity sales can be effectively enforced during the operation period of the valuation target.

APPENDIX II – REPORT FROM ERNST & YOUNG

The following is the full text of the report from Ernst & Young, for the purpose of, among other things, incorporation into this announcement.

3 January 2023

The Board of Directors
China Power International Development Limited
Suite 6301, 63/F., Central Plaza, 18 Harbour Road, Wanchai,
Hong Kong

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF JINZISHAN WIND POWER

Dear Sirs,

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 prepared by Shanghai Orient Appraisal Co., Ltd. in respect of SPIC Guangxi Jinzishan Wind Power Limited (“Jinzishan Wind Power”) as at 31 August 2022 is based. The valuation is set out in the announcement of China Power International Development Limited (the “Company”) dated 3 January 2023 (the “Announcement”) in connection with the acquisition of 79.67% equity interest in Jinzishan Wind Power. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 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 of the Company (the “Directors”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “Assumptions”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The key Assumptions are set out in Appendix I (Key Assumptions of the Valuation Report) to the Announcement.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“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 Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting 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. 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 Jinzishan Wind Power. 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 paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work or arising out of or in connection with our work.

Opinion

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,

Certified Public Accountants
Hong Kong

APPENDIX III – LETTER FROM THE FINANCIAL ADVISER

The following is the full text of the letter from the Financial Adviser, for the purpose of, among other things, incorporation into this announcement.

The Board of Directors

China Power International Development Limited

Suite 6301, 63/F, Central Plaza

18 Harbour Road, Wanchai, Hong Kong

3 January 2023

Dear Sirs,

We refer to the valuation (the “Valuation”) dated 15 October 2022 prepared by Shanghai Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) (the “Independent Valuer”) in respect of the appraisal of the value of SPIC Guangxi Jinzishan Wind Power Limited (國家電投集團廣西金紫山風電有限公司), (the “Target Company”), as at 31 August 2022. We noted that the Valuation have been evaluated based on the income approach which constitutes a profit forecast (the “Forecast”) pursuant to Rules 14.61 and 14.62 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 14.62(3) of the Listing Rules.

The principal assumptions upon which the Valuation is based are included in Appendix I to the announcement of China Power International Development Limited (the “Company”) dated 3 January 2023 (the “Announcement”), of which this letter forms part.

We have reviewed the underlying Forecast of the Valuation, for the Company is solely responsible, and had discussions involving the management of the Company and the Independent Valuer in respect of the bases and assumptions upon which the Forecast has been made.

We have also considered the report addressed solely to and for the sole benefit of the directors of the Company from Ernst & Young (the “Auditor”) dated 3 January 2023 regarding the calculations upon which the Forecast has been made as set out in Appendix II to the Announcement regarding the Valuation.

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 Independent 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, the Independent Valuer and the Auditor and opinions expressed by, and representations of, the employees and/or management of the Company, the Independent Valuer and the Auditor. 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 Announcement, for which the Company is 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 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 Independent Valuer, for which the Independent Valuer and the Company are responsible, we are satisfied that the Forecast, for which the Company is 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 (and as Appendix III to the Announcement) under Rule 14.62(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

Name: Andy Wai

Title: Managing Director, Co-head of Corporate Finance Division, Head of M&A Division