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INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE INTEREST IN SHAANXI UNISPLENDOUR LIFE CARE PHARMACEUTICAL CO., LIMITED

To the Board of Directors of Kontafarma China Holdings Limited

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 6 January 2023 prepared by Beijing Zhongtianhua Asset Appraisal Co. Ltd. in respect of the market value of the entire equity interest in Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd. (“Shaanxi Unisplendour”) as at 30 September 2022 is based. The Valuation is set out in Appendix III of the circular of Kontafarma China Holdings Limited (the “Company”) dated 23 June 2023 in connection with the disposal of 66% equity interest in Shaanxi Unisplendour by a subsidiary of the Company (the “Circular”). The Valuation is prepared based on the discounted future estimated cash flows and 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 of the Company (the “Directors”) are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions adopted by the Directors as set out under heading “9. Valuation Assumptions” in Appendix III of the Circular on which the discounted future estimated cash flows are based (the “Bases and Assumptions”). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, 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 report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This reasonable assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Bases and Assumptions. Within the scope of our work, we performed procedures on, amongst others, the arithmetical accuracy and the compilation of the discounted future estimated cash flows in accordance with the Bases and Assumptions. 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.

The discounted future estimated cash flows on which the Valuation is based do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions which cannot be confirmed and verified in the same way as past results and which are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of Shaanxi Unisplendour or an expression of an audit or review opinion on the Valuation.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Bases and Assumptions.

A handwritten signature in blue ink, appearing to read 'BDO Limited', written over a faint, larger blue signature.

BDO Limited
Certified Public Accountants
Hong Kong

Date: 23 June 2023