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Kindstar Globalgene Technology, Inc.

康聖環球基因技術有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9960)

CONNECTED TRANSACTION ACQUISITION OF 40% EQUITY INTEREST IN HUAXI KINDSTAR

THE ACQUISITION

The Board is pleased to announce that Wuhan Kindstar, a PRC Consolidated Entity, has succeeded in bidding for 40% equity interest of Huaxi Kindstar (a PRC Consolidated Entity) held by Huaxi Health Technology, through the public tender in CBEX. On November 25, 2025, Wuhan Kindstar and Huaxi Health Technology entered into the Property Rights Transaction Contract, pursuant to which Wuhan Kindstar agreed to acquire and Huaxi Health Technology agreed to sell 40% equity interest of Huaxi Kindstar at a consideration of RMB12,396,000.

LISTING RULES IMPLICATIONS

Huaxi Kindstar is a PRC Consolidated Entity. As of the date of this announcement, the Transferor is a substantial shareholder of Huaxi Kindstar and hence a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company. By virtue of Rule 14A.101 of the Listing Rules, as the Board has approved the Acquisition, and the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that Wuhan Kindstar, a PRC Consolidated Entity, has succeeded in bidding for 40% equity interest of Huaxi Kindstar (a PRC Consolidated Entity) held by Huaxi Health Technology through the public tender in CBEX. On November 25, 2025, Wuhan Kindstar and Huaxi Health Technology entered into the Property Rights Transaction Contract, pursuant to which Wuhan Kindstar agreed to acquire and Huaxi Health Technology agreed to sell 40% equity interest of Huaxi Kindstar at a consideration of RMB12,396,000.

PROPERTY RIGHTS TRANSACTION CONTRACT

The principal terms of the Property Rights Transaction Contract are set out below:

Date

November 25, 2025

Parties

- (1) Huaxi Health Technology (as Transferor); and
- (2) Wuhan Kindstar (as Transferee)

Subject Asset

The 40% equity interest of Huaxi Kindstar held by Huaxi Health Technology

Consideration and Basis of Determination

The consideration for the Acquisition amounted to RMB12,396,000, which is the final bidding price of 40% equity interest of Huaxi Kindstar. Such amount is determined with reference to the evaluation value of RMB30,990,000 of all the shareholders' equity interest in Huaxi Kindstar as at the Valuation Base Date, as set out in the Valuation Report prepared by the Valuer using income-based approach.

The income-based approach has been adopted in preparing the evaluation value of all the shareholders' equity interest in Huaxi Kindstar (the “**Valuation**”), which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the “**Profit Forecast**”). For details of the principal assumptions upon which the Valuation is based as required to be included under Rule 14.60A of the Listing Rules and other relevant information, please refer to Appendix III to this announcement.

Payment of Consideration

Prior to the signing of the Property Rights Transaction Contract, the Transferee had made a guarantee payment of RMB3,700,000 to a designated account of the CBEX as a guarantee of its intention to accept such transfer and/or participation in the bidding, which will be deducted as part of the consideration upon signing the Property Rights Transaction Contract. The Transferee shall pay the balance of the above consideration (after deducting the guarantee payment above) to the designated settlement account of the CBEX in one lump sum within 5 working days after the Property Rights Transaction Contract becomes effective.

The consideration of the Acquisition will be funded by Wuhan Kindstar's own capital.

Completion

The Transferor shall procure Huaxi Kindstar to proceed with the equity interest change registration procedures within 5 working days after the issuance of the property rights transaction certificate by CBEX, during which the Transferee shall assist and cooperate with the Transferor as necessary.

INFORMATION OF HUAXI KINDSTAR

Huaxi Kindstar is a limited liability company incorporated under the laws of the PRC and established on December 29, 2017. Its principal business is medical research and experimental development; development of biomedical detection technologies; and research and development of biological reagents. As at the date of this announcement, it is owned as to 60% and 40% by Wuhan Kindstar and Huaxi Health Technology, respectively.

Upon the completion of the Acquisition, Huaxi Kindstar will become a wholly-owned subsidiary of Wuhan Kindstar, and remains to be one of the PRC Consolidated Entities.

The following table sets out the summary of the unaudited financial information of Huaxi Kindstar for the six months ended June 30, 2024 and the six months ended June 30, 2025 and the summary of the audited financial information of Huaxi Kindstar for the two years ended December 31, 2024, which have been prepared in accordance with China Accounting Standards for Business Enterprises.

	For the year ended December 31, 2023 (Audited) RMB	For the year ended December 31, 2024 (Audited) RMB	For the six months ended June 30, 2024 (Unaudited) RMB	For the six months ended June 30, 2025 (Unaudited) RMB
Net profit before tax	6,568,477.93	1,856,368.82	4,196,880.16	4,098,618.80
Net profit after tax	5,099,499.51	1,174,336.02	618,062.55	3,758,892.69

The book value of net assets of Huaxi Kindstar in the audited financial statements prepared in accordance with China Accounting Standards for Business Enterprises was RMB17,799,059.82 as at December 31, 2024.

The original investment amount of Huaxi Health Technology in the 40% equity interest of Huaxi Kindstar is RMB4,000,000.

REASONS AND BENEFITS OF THE ACQUISITION

Upon completion of this transaction, Huaxi Kindstar will become an indirect wholly-owned subsidiary of the Company. With its careful evaluation, the Board believes that this transaction is in the overall interests of the Company and its Shareholders, in particular: (I) As the core platform of “National Special Testing Network + Regional Central Laboratory (全國特檢網絡+區域中心實驗室)” strategy of the Group in Southwest China, Huaxi Kindstar has developed into a regional high-end special testing service provider covering provinces including Sichuan, Chongqing, Yunnan and Guizhou, with large-scale testing capabilities and mature experience in areas such as early cancer screening and molecular diagnostics. The Acquisition, realizing the Group as the sole owner, will help the Group strengthen the overall management of the business operations and strategic direction of Huaxi Kindstar, and ensure the efficient and consistent execution of its overall strategy in the Southwest China; (II) As a leading Independent Clinical Laboratory (ICL) platform, Huaxi Kindstar will strongly support the Group for its “ICL + IVD” dual-driver development strategy in addition to effectively promoting the synergistic effect of “ICL to drive IVD products’ development, IVD to support ICL services’ upgrading”; (III) the Company will take full control over the management appointment, performance evaluation, and resource allocation of Huaxi Kindstar, further improving the execution efficiency of cross-regional projects (including the joint construction of regional testing centers and cooperation with primary healthcare institutions). The Company will also further extend and deepen its clinical and research cooperation with West China Hospital of Sichuan University (四川大學華西醫院) to reinforce its regional integrated operation capabilities on this basis through better integration of the channels, technology, and medical resources in Southwest China.

The Directors (including the independent non-executive Directors) consider that although the Acquisition was not entered into in the ordinary and usual course of business of the Company, the terms of the Acquisition are fair and reasonable and on normal commercial terms or better, and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY AND WUHAN KINDSTAR

The Company is an exempted company with limited liability incorporated under the laws of the Cayman Islands on August 24, 2007. The Group is a leading independent esoteric clinical testing service provider in the PRC.

Wuhan Kindstar is a limited liability company incorporated under the laws of the PRC on August 8, 2003, which is a PRC Consolidated Entity primarily engaged in providing clinical trial services in the PRC. As of the date of this announcement, Wuhan Kindstar is legally held by registered shareholders, Dr. Huang Shiang and Mr. Tu Zanbing (each as an executive Director), with 96.29% and 3.71% of the interests respectively.

INFORMATION OF HUAXI HEALTH TECHNOLOGY

Huaxi Health Technology is a limited liability company incorporated under the laws of the PRC on July 22, 1999, which is mainly engaged in investment, development, and operation in the medical-related industries, as well as the incubation and commercialization of scientific and technological achievements. As of the date of this announcement, it is a wholly-owned subsidiary of West China Hospital of Sichuan University.

EXPERTS AND CONSENTS

Name	Qualification
Sichuan Weicheng Assets Appraisal Co., Ltd. (四川維誠資產評估有限公司)	Qualified PRC Valuer
Ernst & Young	Certified Public Accountant

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the experts above are third parties independent of the Group and its connected persons. As at the date of this announcement, none of the experts above has any shareholding in any member of the Group or the right to subscribe for or to nominate persons to subscribe for securities in any member of the Group (whether legally enforceable or not). The experts above have given and have not withdrawn their written consents to the issue of this announcement with the inclusion herein of their letters and/or references to their names (including their qualifications) in the form and context in which they are included.

The Directors have reviewed the principal assumptions which the Profit Forecast and Valuation are based on. The Valuation, in views of the Directors, is made after due and careful inquiry.

Ernst & Young, as the reporting accountant (the “**Reporting Accountant**”) of the Company, has been engaged by the Company to review the arithmetical calculation of the discounted corporate free cash flow method upon which the Valuation Report prepared by the Independent Valuer were based.

As required by Rule 14.60A of the Listing Rules, Appendix I and Appendix II to this announcement contain the letter from the Reporting Accountant and the letter from the Board, respectively.

LISTING RULES IMPLICATIONS

Huaxi Kindstar is a PRC Consolidated Entity. As of the date of this announcement, the Transferor is a substantial shareholder of Huaxi Kindstar and hence a connected person of the Company at the subsidiary level. Accordingly, the Acquisition constitutes a connected transaction of the Company. By virtue of Rule 14A.101 of the Listing Rules, as the Board has approved the Acquisition, and the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are less than 5%, the Acquisition does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As none of the Directors have a material interest in the Acquisition, no Director was required to abstain from voting on the relevant Board resolutions approving the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of 40% equity interest in Huaxi Kindstar held by Huaxi Health Technology pursuant to the terms and conditions of the Property Rights Transaction Contract by Wuhan Kindstar
“Board”	the board of Directors of the Company
“CBEX”	China Beijing Equity Exchange (北京產權交易所)
“Company”	Kindstar Globalgene Technology, Inc., an exempted company with limited liability incorporated under the laws of the Cayman Islands
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“Huaxi Health Technology” or “Transferor”	Sichuan Huaxi Health Technology Co., Ltd. (四川華西健康科技有 限公司), a limited liability company established under the laws of the PRC
“Huaxi Kindstar”	Sichuan Huaxi Kindstar Medical Laboratory Co., Ltd. (四川華西 康聖達醫學檢驗有限公司), a limited liability company established under the laws of the PRC and one of the PRC Consolidated Entities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, unless the context otherwise requires and for the purposes of this announcement only, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan

“PRC Consolidated Entity(ies)”	entity(ies) whose financial results have been consolidated and accounted for as subsidiaries of the Company by virtue of variable interest entity structure
“Property Rights Transaction Contract”	the Property Rights Transaction Contract entered into by Wuhan Kindstar and Huaxi Health Technology on November 25, 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.00025 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Valuation Base Date”	December 31, 2024
“Valuation Report”	the valuation report dated July 9, 2025 issued by the Valuer in respect of all the shareholders’ equity interest in Huaxi Kindstar with December 31, 2024 as the Valuation Base Date
“Valuer” or “Independent Valuer”	Sichuan Weicheng Assets Appraisal Co., Ltd. (四川維誠資產評估有限公司), a qualified PRC independent valuer
“Wuhan Kindstar” or “Transferee”	Wuhan Kindstar Medical Laboratory Co., Ltd. (武漢康聖達醫學檢驗所有限公司), a limited liability company established in the PRC and one of the PRC Consolidated Entities
“%”	per cent

By order of the Board
Kindstar Globalgene Technology, Inc.
 康聖環球基因技術有限公司
HUANG Shiang
Chairman

Hong Kong, November 25, 2025

As of the date of this announcement, the Board comprises Dr. Huang Shiang, Mr. Tu Zanbing and Ms. Chai Haijie as executive Directors, Mr. Huang Zuie-Chin, Mr. Peng Wei and Ms. Huang Lu as non-executive Directors, and Dr. Yao Shanglong, Dr. Xia Xinping and Mr. Gu Huaming as independent non-executive Directors.

Appendix I – Letter from the Reporting Accountant

The following is the full text of a letter received from the Reporting Accountant, Ernst & Young, for inclusion in this announcement.

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTEREST OF SICHUAN HUAXI KINDSTAR MEDICAL LABORATORY CO., LTD

To the Directors of Kindstar Globalgene Technology, Inc.

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 July 9, 2025 prepared by Sichuan Weicheng Assets Appraisal Co., Ltd in respect of the entire equity interest of Sichuan Huaxi Kindstar Medical Laboratory Co., Ltd (the “**Target Company**”) as at December 31, 2024 is based. The valuation is set out in the announcement of Kindstar Globalgene Technology, Inc. (the “**Company**”) dated 25 November 2025 (the “**Announcement**”) in connection with the transfer of 40% equity interest in the Target Company by Sichuan Huaxi Health Technology Co., Ltd to the Company. 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 Assumptions are set out on pages 11-13 of 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 the Target Company. 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.

Ernst & Young
Certified Public Accountants

Hong Kong
25 November 2025

Appendix II – The Letter from the Board

The following is the full text of a letter received from the Board, for inclusion in this announcement.

Company: Kindstar Globalgene Technology, Inc. (the “**Company**”)

In relation to: Profit Forecast – Confirmation Letter required under Rule 14.60A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)

Reference is made to the announcement dated November 25, 2025 of the Company, which mentions the valuation report (the “**Valuation Report**”) prepared by Sichuan Weicheng Assets Appraisal Co., Ltd. (the “**Valuer**”) dated July 9, 2025, with the income-based approach used to value all the shareholders’ equity interest of Sichuan Huaxi Kindstar Medical Laboratory Co., Ltd. as of December 31, 2024.

The Board of the Company has reviewed and discussed the basis and assumptions of the valuations above with the Valuer and Ernst & Young, the reporting accountant (“**Reporting Accountant**”) of the Company. The Board of the Company has also considered the confirmation letter issued by the Reporting Accountant dated November 25, 2025, in relation to the calculation of Profit Forecast for the Valuation Report.

In accordance with the requirements of Rule 14.60A of the Listing Rules, the Board of the Company confirms that the Profit Forecast used in the Valuation Report above has been prepared after due and careful inquiry.

The Board of
Kindstar Globalgene Technology, Inc.

November 25, 2025

Appendix III Further Information on the Evaluation

I. EVALUATION APPROACHES

According to the Valuation Report prepared by the Valuer, with a Valuation Base Date of December 31, 2024, the Valuation Report adopts both the asset-based approach and the income-based approach, with the evaluation results from the income-based approach as the final evaluation conclusion.

Reasons for adopting the income-based approach for the valuation conclusion

Firstly, the asset-based approach starts from the historical cost input, focusing on asset effectiveness and controlling investment costs, reflecting the net asset value after deducting liabilities from the evaluation value of the enterprise's elemental assets listed in its financial statements. Although identifiable intangible assets including software copyrights and patents were considered in this asset-based approach, intangible assets were not reflected with failure to meet the recognition criteria of the Accounting Standards for Business Enterprises, such as contracts in force, customer resources, sales networks, potential projects, enterprise qualifications, human resources, and strong product research and development capabilities. The contributions of such resources to the enterprise are reflected in the net cash flow of the enterprise, thus leading to a significant difference in the evaluation results between the income-based approach and the asset-based approach; furthermore, the income-based approach focuses on the profitability and growth of the enterprise from the perspective of resource allocation output, reflecting the value of its profitability relative to the industry average. As the industry cycle where Huaxi Kindstar in is in a rapid developing stage with great potential for future growth, the evaluation conclusion under the income-based approach shall be able to reflect its overall growth and profitability. Considering the purpose of this evaluation, the income-based approach is selected as the evaluation conclusion for this equity transfer.

II. EVALUATION ASSUMPTIONS

(I) General assumptions

1. Transaction assumption

The transaction assumption refers to that the Valuer will evaluate assets based on simulated market conditions such as the trading conditions of the assets to be evaluated assuming that all assets to be evaluated are already in the trading process. Transaction assumption is one of the most fundamental prerequisite assumptions for asset valuation.

2. Open market assumption

The open market assumption assumes that the parties to an asset transaction or a proposed asset transaction in the market are dealing with each other at arm's length and have the opportunities and time to obtain sufficient market information to make rational and informed judgment on the functions, uses and transaction prices of the underlying assets. The basis of the open market assumption is that the assets can be traded openly in the market.

3. *Going-Concern assumption*

The going-concern assumption in all the shareholders' equity value evaluation mainly includes the going concern assumption for existing assets, the going concern assumption for incremental assets, and the going concern assumption for merger and acquisition integration. Based on its purpose, target, and scope, this valuation is a going concern assumption for existing assets.

(II) *Special assumptions*

1. This valuation is based on the specific valuation purpose stated in the Valuation Report as its basic assumption and premise and does not consider the impact of the economic activities involved in this valuation purpose on business operation of enterprises.
2. This valuation assumes that there will be no material changes in the current relevant national laws, regulations, and industrial policies, and that the current pattern of industry access system and market segmentation will be maintained, without considering unpredictable material changes after the Valuation Base Date.
3. It is assumed that the enterprise's capital structure, operating methods, product structure, accounting policies, tax policies, etc., will not undergo significant changes. Based on its existing assets and resources, the enterprise will not be significantly adversely affected by various unpredictable and force majeure factors in the foreseeable future, leading to an inability to continue operations or a cessation of production. Instead, it will maintain its current status and continue to operate legally and on a going-concern basis.
4. The scope of the valuation is subject to the actual inventory in the valuation declaration form stamped by the appraised entity and confirmed by the principal, without taking into account contingent assets and contingent liabilities not included in the list provided by the appraised entity. The current market prices of related assets are based on the effective domestic prices as at the Valuation Base Date.
5. Unless otherwise specified under special circumstances, this valuation assumes that all valuation subjects were acquired by the rights holder through legal means, with no ownership disputes, and are assets transferable in the market as permitted by laws and regulations; it is assumed that the valuation subjects have not made external equity investments, sales, leases, or mortgages in any form, nor are there any circumstances where judicial and administrative authorities have ruled or decided to seize or otherwise restrict the rights of these assets or affect their open market value in accordance with the law, and it is assumed that the physical condition of various assets observed during the on-site inspection is consistent with their physical condition on the Valuation Base Date.
6. During the on-site inspection, the valuation professionals were unable to conduct technical inspection and testing on the material, internal structure, technical parameters, and technical performance of the equipment. They only conducted an on-site inspection of the appearance and usage conditions of the equipment, and made judgments on the current status of the evaluation object based on the true and valid technical data and operating records provided by the principal. Unless otherwise specified, this valuation assumes that the inherent quality (material, internal structure, technical parameters, and technical performance) of the evaluation equipment complies with relevant national standards and can be used normally, legally, and continuously as is.

7. Assumptions related to profit forecast:
- (1) It is assumed that the accounting policies adopted for the historical financial information provided by the Company are basically consistent in material aspects with the accounting policies adopted in the preparation of this report, and can better reflect a relatively stable proportional relationship between asset operation and income.
 - (2) It is assumed that the technological advancement of the appraised unit will remain at the current level after the Valuation Base Date, its products or services will continue to maintain their current market competitiveness, its tax incentives can be normally extended upon expiration, and all taxes borne by it will remain at the base date level.
 - (3) It is assumed that during the future operating period of the appraised entity, the main business structure, operation and management model, income and cost structure, and future business operation strategies and cost control of the valuation subjects will maintain their development trends of recent years without significant changes from the current basis, and will change synchronously with the changes in the operating scale.
 - (4) It is assumed that the enterprise's management is responsible and diligent, capable of ensuring the enterprise's legal existence and good operation, and able to ensure the smooth realization of relevant data for future profit forecasts. The management undertakes that the various forecast values for the future in this valuation do not consider the impact of changes in business structure, operating scale, and other conditions on expected revenue and costs due to future changes in enterprise management, operating strategies, additional investments, and the business environment.
 - (5) It is assumed that the relevant basic data and financial information provided by the appraised entity and the principal are true, accurate and complete, and that the management's forecast on future profits is reasonable, scientific and achievable, and that various unpredictable and unavoidable factors that may affect the realization of the profit forecasts will not occur in the future.
 - (6) It is assumed that the signed lease of the appraised entity is legal and valid; the signed lease is actually performed and will not be changed and terminated without cause; the operating status of the leased assets will not change significantly.
8. The impact of inflation factors is not considered in the values of various parameters measured in this valuation.

III. CALCULATION FORMULA FOR VALUATION UNDER THE INCOME-BASED APPROACH

The income-based approach refers to a valuation method that determines the value of the valuation subject by capitalizing or discounting future expected income. The income-based approach commonly includes the dividend discount method, discounted equity free cash flow method, discounted corporate free cash flow method, and economic profit discount method. The discounted corporate free cash flow method was adopted in this valuation.

The basic valuation methodologies using the discounted corporate free cash flow model are as follows:

- On a basis of the audited statements, the expected net cash flows shall be estimated for assets and businesses included in the statements in accordance with the historical operating conditions and business types over the recent years to arrive the value of operating investment assets by discounting such cash flows; the discount rate adopted in this valuation is 10.08%, which is determined based on the Capital Asset Pricing Model (CAPM);
- assets (or liabilities) included in the statements but not considered in the estimated expected operating cash flows shall be defined as non-operating (or surplus) assets (or liabilities) existing as at the Valuation Base Date, and such evaluation value shall be separately calculated;
- the calculated value of operating investment assets and estimated value of non-operating (or surplus) assets (or liabilities) shall be summed to arrive the enterprise value of the evaluated object before its equity capital value shall be arrived by deducting the value of interest-bearing debt; and
- the value of the enterprise's operating assets shall be arrived using the discounted corporate free cash flow model. The value of the enterprise's interest-bearing debt shall be arrived by considering the evaluated value of non-operating (or surplus) assets (or liabilities) and deducting the equity interest value of all the shareholders.