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seazen

新城发展

**SEAZEN GROUP LIMITED**

**新城發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1030)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE DISPOSAL OF  
THE ENTIRE EQUITY INTEREST  
IN THE TARGET COMPANY AND  
REPAYMENT OF THE SHAREHOLDER'S LOAN**

**The Disposal**

The Board announces that on 26 September 2023, the Purchaser, the Vendor, the Target Company and Shanghai Xingyi entered into the Disposal Agreement, pursuant to which (1) the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company for the Consideration of RMB1,367,037,100.85 (subject to an additional RMB100,000,000 payment in certain conditions); and (2) the Vendor conditionally agreed to procure the Target Company to, and the Target Company has conditionally agreed to repay the Shareholder's Loan in the amount of RMB856,362,899.15 to Wealthzone Development (a wholly-owned subsidiary of the Company).

**Listing Rules Implications**

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal as contemplated under the Disposal Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

**Shareholders and potential investors of the Company should be aware that Completion of the Disposal Agreement is subject to fulfillment of the conditions precedent of the Disposal Agreement, and consequently the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

The Board announces that on 26 September 2023, the Purchaser, the Vendor, the Target Company and Shanghai Xingyi entered into the Disposal Agreement, pursuant to which (1) the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire the entire equity interest in the Target Company for the Consideration; and (2) the Vendor conditionally agreed to procure the Target Company to, and the Target Company has conditionally agreed to repay the Shareholder's Loan to Wealthzone Development (a wholly-owned subsidiary of the Company).

## DISPOSAL AGREEMENT

Principal terms of the Disposal Agreement are set out below:

**Date:** 26 September 2023

**Parties:**

- (1) The Vendor
- (2) The Purchaser
- (3) The Target Company
- (4) Shanghai Xingyi, the operating entity of the Target Group and owned as to 97.6% by the Target Company as at the date of this announcement

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners(s) are third parties independent of the Company and its connected person(s).

**Subject Matter:** Pursuant to the Disposal Agreement:

- (1) the Vendor has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the entire equity interest in the Target Company; and
- (2) the Vendor conditionally agreed to procure the Target Company to, and the Target Company has conditionally agreed to repay the Shareholder's Loan, being the outstanding loan due by the Target Company to Wealthzone Development as at Completion. As at the date of this announcement, the Shareholder's Loan amounted to RMB856,362,899.15 (inclusive of interest accrued up to and including the date of this announcement).

**Consideration:**

The Consideration for the Disposal shall be RMB1,367,037,100.85. In the event that (i) the Purchaser is unable to submit the application for the merger review to the SAMR by 30 September 2023; or (ii) the payment of the Consideration or the repayment of the Shareholder's Loan for whatever reason is delayed to a date after 30 November 2023, the Purchaser shall further pay an additional RMB100,000,000 to the Vendor as the remaining part of the Consideration.

The Consideration was agreed after arm's length negotiations among the parties to the Disposal Agreement having considered, among other things, the Valuation Report of the Target Company prepared by the Valuer (adopting discounted cash flow method under income approach) valuing the same at RMB1,360,000,000 and the section headed "Reasons For and Benefits of the Disposal" as set out in the announcement below.

**Payment Terms:**

Subject to the delivery of the documents as specified in the Disposal Agreement, on the Completion Date, the Purchaser shall pay the Consideration with deduction of withholding tax in cash to the bank account specified by the Vendor.

Pursuant to the Disposal Agreement, the Target Company shall repay the Shareholder's Loan to Wealthzone Development in full no later than the fifth (5th) business day following the obtainment of the updated business license of the Target Company. The Purchaser and the Target Company shall be jointly and severally liable for the repayment of the Shareholder's Loan.

**Conditions Precedent:**

Completion is conditional on the fulfillment (or, where applicable, waiver) of the following conditions precedent under the Disposal Agreement:

- a) **No action or demand.** There being no demand from any government authorities or claim from any other entity that, in the reasonable opinion of the Purchaser, may revoke, restrict, hinder or prohibit any transactions thereunder the Transaction Documents or the Target Group from holding the business licenses and carrying on their primary business.

- b) **No legal restrictions.** No government authorities having formulated, promulgated, implemented or enacted any law or government order that would make the transactions under the Transaction Documents unlawful, or otherwise revoke, restrict, hinder or prohibit the transactions under the Transaction Documents or the Target Group from holding the business licenses and carrying on their primary business.
- c) **Execution of the Transaction Documents.** The relevant parties to the Transaction Documents having duly executed and delivered the Transaction Documents and the relevant documents thereto as required by competent market supervision and administration authorities for registration of changes involved in the Disposal or for filing purposes.
- d) **Representations, warranties and undertakings.** The representations and warranties in the Disposal Agreement remaining true, accurate, complete and not misleading in all respects, subject to certain materiality qualifiers, from the date of entering into of the Disposal Agreement to the Completion Date. Each of the Vendor, the Target Company and Shanghai Xingyi having performed or complied with their undertakings, obligations and covenants under the Transaction Documents on or before the Completion Date.
- e) **No material adverse effect.** From the date of the Disposal Agreement up to the Completion Date, there being no changes, facts or matters, which individually or collectively, have caused or is reasonably expected to cause (i) a material adverse effect on the primary business, assets, reputation, financial conditions, operations or business prospects of the Target Group; or (ii) other circumstances that materially prevent or adversely affect Completion. The above changes, facts and matters include but are not limited to: (i) material non-compliance of the Target Group and/or the Vendor; or (ii) investigation by government departments, changes in laws, industry policies, regulations and political environment; or (iii) natural disasters, war, sabotage, armed hostilities and terrorism.
- f) **Merger review.** The merger review having been completed and approved by the SAMR.

- g) **Internal authorisation.** All relevant internal approvals and consents, required or necessary for the completion of the transactions contemplated under the Transaction Documents having been obtained or completed by the parties to the Transaction Documents, and remaining valid, including but not limited to written resolutions (if applicable) passed by the shareholders and the board of directors of the Target Company, Shanghai Xingyi, the Vendor and the Company to (i) approve the execution, delivery and performance of the Transaction Documents, (ii) adopt the new articles of association of the Target Company and Shanghai Xingyi to the satisfaction of the Purchaser; and (iii) effect the changes of the current directors, supervisors, managers and legal representatives of the Target Group.
- h) **Termination of related party transactions.** The Vendor and its related parties having terminated the related party transactions (including the repayment of any funds of the Target Group borrowed or otherwise deployed by the Vendor and its related parties) and having produced payment proof to the Purchaser.
- i) **Tax filings.** The Purchaser having declared the tax returns for the Disposal under applicable laws and the Disposal Agreement and the tax payment notice having been obtained from the relevant tax authority.
- j) **Letter of confirmation on satisfaction of conditions precedent.** On the Completion Date, the Vendor having executed and delivered a letter of confirmation confirming satisfaction of conditions precedent under the Disposal Agreement in an agreed form.

**Completion:**

The Completion Date shall be the first (1st) business day (or at such other date as may be agreed by the Vendor and the Purchaser) after the date on which all of the conditions precedent under the Disposal Agreement have been satisfied or waived in writing by the relevant party.

The Target Company should submit the relevant filing and/or registration to the SAMR and the updated business licenses should be issued to the Purchaser as soon as possible after Completion.

**Termination:**

The Disposal Agreement may be terminated in the following ways:

- I. All parties to the Disposal Agreement shall agree in writing on the termination of the Disposal Agreement and the time when termination becomes effective;
- II. The Purchaser or the Vendor may notify the other parties to the Disposal Agreement of the termination of the Disposal Agreement in writing when the following circumstances occur:
  - (a) material breach(es) of representations and warranties, covenants and obligations under the Disposal Agreement by the Target Company, Shanghai Xingyi, and the Vendor on the one hand, and by the Purchaser on the other hand, and failure to rectify such breach(es) within five (5) days after being notified to do so in writing, resulting in failure to achieve the contractual purposes of the Disposal Agreement;
  - (b) failure to complete the Disposal Agreement or failure to repay the Shareholder's Loan by the Long Stop Date (whichever is later);
  - (c) the Vendor not having produced the documents as required by the Disposal Agreement upon Completion and failing to rectify such breach(es) within five (5) days after being notified to do so in writing by the Purchaser;
  - (d) the Vendor having been in breach of exclusivity clause as required by the Disposal Agreement and failing to rectify such breach(es) within five (5) days after being notified to do so in writing by the Purchaser;
  - (e) the Purchaser not having paid the full amount of the Consideration as required by the Disposal Agreement and failing to rectify such breach within five (5) days after being notified to do so in writing by the Vendor; and
  - (f) the Purchaser not having paid the Shareholder's Loan by the fifth (5th) business day following obtaining of the updated business license of the Target Company and failing to rectify such breach within five (5) days after being notified to do so in writing by the Vendor.

## **THE LETTER OF GUARANTEE**

On 26 September 2023, the Company issued a letter of guarantee to the Purchaser, pursuant to which it agreed to procure, and guarantee to the Purchaser, the performance of the Vendor's responsibilities and obligations under the Disposal Agreement. Pursuant to such guarantee, the Company and the Vendor shall be jointly and severally liable for any breach, compensation and payment obligations payable by the Vendor under the Disposal Agreement.

## **VALUATION REPORT**

The fair value of the Target Company as at 30 June 2023 assessed in the Valuation Report was prepared using discounted cash flow method under income approach. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Accordingly, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable.

Pursuant to Rule 14.62(1) of the Listing Rules, details of the principal assumptions, including commercial assumptions, upon which the Valuation Report was based are as follows:

### **Principal and commercial assumptions**

- 1 There will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company;
- 2 The conditions in which the business is being operated and which are material to revenue and costs of the business will remain unchanged;
- 3 The business forecast has been prepared on a reasonable basis after due and careful consideration by the management of the Target Company;
- 4 All relevant legal approvals and business certificates or licenses to the Target Company in the localities in which the Target Company operates or intends to operate are properly in place or would be officially obtained;
- 5 Competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of the Target Company;
- 6 Accuracy of all information provided;
- 7 The Target Company will continue to operate after the Valuation Date;
- 8 The core business operation of the Target Company will not differ materially from those of present or expected; and
- 9 There are no hidden or unexpected conditions associated with the Target Company that might adversely affect the reported value. Further, there is no responsibility for changes in market conditions after the Valuation Date.

The Board has reviewed the principal and commercial assumptions upon which the profit forecast was based and is of the view that the profit forecast was made after due and careful considerations and enquiry.

Prism has been engaged by the Company to review the arithmetical calculation and compilation of the discounted future estimated cash flows upon which the Valuation Report prepared by the Valuer was based.

A letter from the Board and a report from Prism are included in the appendices to this announcement for the purposes of Rules 14.60A and 14.62 of the Listing Rules. The following are the qualifications of the Valuer and Prism:

## **EXPERTS AND CONSENTS**

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
Prism Hong Kong and Shanghai Limited	Certified Public Accountant
Cushman & Wakefield Limited	Independent valuer

Each of the Valuer and Prism has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its report/letter and all references to its name (including its qualifications) in the form and context of this announcement in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Valuer and Prism is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Valuer nor Prism has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

As at the date of this announcement, neither the Valuer nor Prism had any direct or indirect interests in any assets which have been, since 31 December 2022 (the date to which the latest published annual results of the Group were made up), acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

## **INFORMATION ABOUT THE GROUP, THE VENDOR AND THE PURCHASER**

The Group is principally engaged in property development and property investment in the PRC.

The Vendor is a company incorporated in Hong Kong primarily engaged investment holding and is an indirect wholly-owned subsidiary of the Company.



To the best of knowledge, information and belief of the Directors, having made all reasonable enquiry, the Purchaser is an investment holding company incorporated in Hong Kong with limited liability. It is an indirect wholly-owned subsidiary of PAG. PAG is a leading alternative investment firm focused on APAC with three core strategies: Credit & Markets, Private Equity and Real Assets. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s).

## **INFORMATION ABOUT THE TARGET COMPANY**

The Target Company is a company established in the PRC primarily engaged in consulting and investment, and is an indirect wholly-owned subsidiary of the Company. Shanghai Xingyi, a company established in the PRC on 16 January 2015, is the operating entity of the Target Group and is principally engaged in the investment and management in the cinematic industry. As at 30 June 2023, the Target Group operated and managed a total of 144 cinemas in China.

As at the date of this announcement, Shanghai Xingyi is owned as to 97.60% by the Target Company, 1.914% by Shanghai Muwei and 0.486% by Shanghai Xuyue. Shanghai Muwei and Shanghai Xuyue are management and employee shareholding platforms of the Group and save for each of Mr. Lv Xiaoping and Mr. Lu Zhongming, the Directors, who beneficially owned as to 0.093% of the equity interest in Shanghai Xingyi, their ultimate beneficial owners are the employees of the Group without relation to any connected persons of the Company.

The unaudited financial information of the Target Group (prepared in accordance with the PRC GAAP) for the two years ended 31 December 2021 and 2022 and the six months ended 30 June 2023 are set out below:

	<b>For the year ended</b>		<b>For the six months ended</b>
	<b>2021</b>	<b>2022</b>	<b>30 June 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net profit/(loss) before tax	54,061	(97,357)	103,117
Net profit/(loss) after tax	39,775	(64,938)	86,833

The unaudited net asset value of the Target Group (prepared in accordance with the PRC GAAP) as at 31 August 2023 was approximately RMB170,111,485.

## **FINANCIAL EFFECT OF THE DISPOSAL AND THE PROPOSED USED OF PROCEEDS**

Immediately after Completion, the Target Company will cease to be a subsidiary of the Company and the financial results, assets and liabilities of the Target Company will no longer be consolidated into the Group's financial statements.

The Board intends to use the net proceeds of the Disposal primarily for the repayment of borrowings and other indebtedness (other than the intra-group loan/indebtedness) and as general working capital of the Group.

Based on the Consideration, the unaudited financial results of the Target Group for the financial years ended 31 December 2021 and 2022 and the six months ended 30 June 2023, subject to further audit procedures to be performed by the auditors of the Company, the Group is expected to record an unaudited gain on the Disposal of approximately RMB1,066,348,740 with reference to (i) the unaudited total net asset value of the Target Group as at 31 August 2023 of approximately RMB170,111,485; (ii) non-controlling interest of the Target Group as at 31 August 2023 of approximately RMB30,216,834; (iii) the Shareholder's Loan in the amount of RMB856,362,899.15; (iv) the Consideration in the amount of RMB1,367,037,100.85 assuming no further payment of RMB100,000,000 by the Purchaser is required; and (v) all relevant expenses in the amount of approximately RMB160,793,710.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The value of the Target Group demonstrates the market's recognition of the Company's assets incubated and developed over a period of time, and the Disposal, if materialised, will be considered as reasonable investment return in line with the Company's long-term investment and development strategy. The Disposal is beneficial to the Group in realizing the value of prior investment to allow it to optimise the ongoing redeployment of financial resources, in particular, increasing its capital reserve and reducing its gearing ratio. Collectively, such approach is conducive to the Group's ability to reduce risks and achieve long-term stable and healthy development. With available cash resources from the Disposal, the Group will consider various options available to improve the Group's overall liquidity including but not limited to loan repayment, open market purchases of existing notes, or early repayment of other debt. There is no certainty that any or all of such use of proceeds can be consummated as these would depend on various circumstances in the market that may not be in the Group's control.

In view of the above, the Board (including the independent non-executive Directors) considers that the Disposal Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal as contemplated under the Disposal Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the transactions contemplated under the Disposal Agreement and none of them is required to abstain, or has abstained, from voting on the relevant board resolutions approving the transactions contemplated under the Disposal Agreement.

**Shareholders and potential investors of the Company should be aware that Completion of the Disposal Agreement is subject to fulfillment of the conditions precedent of the Disposal Agreement, and consequently the Disposal may or may not proceed. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Company”	Seazen Group Limited (新城發展控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Disposal Agreement
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the entire equity interest in the Target Company, details of which are disclosed in the section headed “Disposal Agreement – Consideration” in this announcement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the entire equity interest in the Target Company by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	a disposal agreement dated 26 September 2023 entered into among the Vendor, the Purchaser, the Target Company and Shanghai Xingyi in relation to, among other things, the Disposal and repayment of the Shareholder's Loan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 December 2023
“Mr. Wang”	Mr. Wang Zhenhua, a controlling Shareholder of the Company as at the date of this announcement

“PRC”	the People’s Republic of China
“PRC GAAP”	Generally Accepted Accounting Principles adopted in the PRC
“Prism”	Prism Hong Kong and Shanghai Limited
“Purchaser”	PAGAC IV Holding II (HK) Limited, a company incorporated in Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SAMR”	the State Administration for Market Regulation of the PRC or its local counterparts
“Shanghai Muwei”	Shanghai Muwei Investment Partnership (Limited Partnership)* (上海幕維投資合夥企業(有限合夥)), a limited liability partnership established in the PRC
“Shanghai Xingyi”	Shanghai Xingyi Cinema Management Co., Ltd.* (上海星軼影院管理有限公司), a company established in the PRC and a direct wholly-owned subsidiary of the Target Company
“Shanghai Xuyue”	Shanghai Xuyue Enterprise Management Consulting Center (Limited Partnership)* (上海序悅企業管理諮詢中心(有限合夥))
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.001 each
“Shareholder(s)”	the holder(s) of the shares of the Company
“Shareholder’s Loan”	all sum of money advanced by way of loan by Wealthzone Development to the Target Company which are due and outstanding as at the Completion Date (inclusive of interest accrued on the outstanding principal amount of such loan up to and including the date of this announcement)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Changzhou Hengxuan Consulting Management Co., Ltd.* (常州恒軒諮詢管理有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Group as at the date of this announcement
“Target Group”	The Target Company and Shanghai Xingyi

“Transaction Documents”	(i) the Disposal Agreement; (ii) the loan agreement entered into between the Target Company and Wealthzone Development in respect to the Shareholder’s Loan on 1 January 2023 and any supplemental agreement thereto; (iii) the letter of guarantee issued by the Company to the Purchaser on 26 September 2023 (details of which are disclosed in the section headed “The Letter of Guarantee” in this announcement); (iv) the equity commitment letter issued by the Purchaser’s affiliate to the Purchaser and the Vendor regarding its commitment to provide funding to the Purchaser in connection with the Disposal Agreement on 26 September 2023; and (v) any other documents in relation to the Disposal
“Valuation Date”	30 June 2023
“Valuation Report”	the valuation report dated 22 September 2023 prepared and issued by the Valuer in relation to the value of the Target Company as at 30 June 2023, being the reference date adopted by the Valuer on which the valuation of the Target Company is made
“Valuer”	Cushman & Wakefield Limited, an independent professional valuer
“Vendor”	Hong Kong Hengyi Development Limited (香港恒逸發展有限公司), a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Wealthzone Development”	Changzhou Wealthzone Development Co., Ltd.* (富域發展集團有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

For and on behalf of the Board  
**Seazen Group Limited**  
**Wang Xiaosong**  
*Chairman*

PRC, 26 September 2023

*As at the date of this announcement, the Directors are Mr. Lv Xiaoping and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong and Mr. Zhang Shengman as non-executive Directors and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.*

\* *For identification purpose only*

## APPENDIX I – LETTER FROM THE BOARD

26 September 2023

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

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION – DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

We refer to the announcement of Seazen Group Limited (the “**Company**”) dated 26 September 2023 (the “**Announcement**”) in connection with the captioned transaction. Unless otherwise specified, terms used herein shall have the same meanings as those defined in the Announcement.

We refer to the Valuation Report dated 22 September 2023 prepared by Cushman & Wakefield Limited, the Valuer, in relation to the valuation of the entire equity interest in Changzhou Hengxuan Consulting Management Co., Ltd.\* (常州恒軒諮詢管理有限公司). Such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Board has reviewed the valuation basis and assumptions set out in the Valuation Report, for which the Valuer is responsible. The Board has also considered the letter issued by Prism Hong Kong and Shanghai Limited dated 26 September 2023 regarding whether the profit forecasts, so far as the calculations are concerned, have been properly complied with the bases and assumptions set out in the Valuation Report.

On the basis of the foregoing, pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board confirms that the valuation prepared by the Valuer has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of the Board  
**Seazen Group Limited**  
**Wang Xiaosong**  
*Chairman*

\* *For identification purpose only*

## **APPENDIX II – LETTER FROM PRISM HONG KONG AND SHANGHAI LIMITED**

*The following is the full text of the Report from Prism Hong Kong and Shanghai Limited (Certified Public Accountants in Hong Kong) for inclusion in this announcement.*

### **REPORT FROM ACCOUNTANT ON THE DISCOUNTED CASH FLOW FORECASTS IN CONNECTION WITH THE VALUATION OF ENTIRE EQUITY INTEREST IN CHANGZHOU HENGXUAN CONSULTING MANAGEMENT CO., LTD.**

To the Directors of Seazen Group Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecasts (the “**Underlying Forecast**”) to the business valuation dated 22 September 2023 prepared by Cushman & Wakefield Limited (the “**Valuer**”) in respect of the valuation on Changzhou Hengxuan Consulting Management Co., Ltd.\* (常州恒軒諮詢管理有限公司) (the “**Target Company**”) in connection with the proposed disposal of 100% equity interest in the Target Company by Hong Kong Hengyi Development Limited (香港恒逸發展有限公司), a wholly-owned subsidiary of Seazen Group Limited (the “**Company**”) as of 30 June 2023 as disclosed in the announcement of the Company dated 26 September 2023.

#### **Directors’ Responsibilities**

The directors of the Company and the Target Company (the “**Directors**”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Company based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

#### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirement 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.

The 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 Accountant’s Responsibilities**

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Underlying Forecast does not involve adoption of accounting policies.

We conducted our engagement 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. We examined the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, so far as the calculations are concerned, the Underlying Forecast has been properly compiled, in all material aspects, in accordance with the Assumptions adopted by the Directors.

Yours faithfully,

**Prism Hong Kong and Shanghai Limited**

*Certified Public Accountants*

**Lee Kwok Lun**

Practising Certificate Number: P06294

Hong Kong

26 September 2023

\* *For identification purpose only*