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liability)
(Stock Code: 00386)

CONNECTED TRANSACTION

ASSET TRANSACTIONS WITH INEOS

The Board is pleased to announce that on 28 July 2022, the Group entered into transaction documents with certain of INEOS subsidiaries with respect to the cooperation on Shanghai SECCO and other projects.

Pursuant to the relevant transaction documents, the Group conditionally agreed to sell, and INEOS Shanghai conditionally agreed to purchase, 50% equity interest in Shanghai SECCO. Further, the Company agreed to purchase, and INEOS Styrolution APAC Pte Limited agreed to sell, 50% equity interest in Ningbo Styrolution and the Company agreed to provide (or procure its affiliates to provide) to Ningbo Styrolution. The Company and INEOS Tianjin also agreed to form the HDPE JV on a 50:50 basis, for the construction of a 500,000 tonnes/year High Density Polyethylene (HDPE) project in Tianjin.

Implications under the Listing Rules

Gaoqiao Petrochemical is a non-wholly owned subsidiary of the Company, held as to 55% by the Company and 45% by Sinopec Group Asset Management Co., Ltd. (). Sinopec Group Asset Management Co., Ltd. is a subsidiary of China Petrochemical Corporation, the controlling shareholder of the Company. Gaoqiao Petrochemical is therefore a connected subsidiary of the Company.

Since the highest applicable percentage ratio for the SECCO Transaction is more than 0.1% but lower than 5%, the SECCO Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are not subject to the circular and

Based on the calculations under Rule 14.07 of the Listing Rules, for the SECCO Transaction, all applicable percentage ratios are lower than 5%, and all applicable percentage ratios of the ABS Transaction and the HDPE Transaction are also lower than 5%.

As the counterparties of the Group in the SECCO Transaction, the ABS Transaction and the HDPE Transaction are all members of the INEOS group, the SECCO Transaction, the ABS Transaction and the HDPE Transaction shall be aggregated as a series of transactions pursuant to Rules 14.22 of the Listing Rules. The applicable percentage ratios of the SECCO Transaction, the ABS Transaction and the HDPE Transaction on an aggregated basis are lower than 5%. As such, the transaction does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Introduction

The Board is pleased to announce that on 28 July 2022, the Group entered into transaction documents with certain of INEOS subsidiaries with respect to the cooperation on Shanghai SECCO and other projects.

Pursuant to the relevant transaction documents, the Group conditionally agreed to sell, and INEOS Shanghai conditionally agreed to purchase, 50% equity interest in Shanghai % equity interest in Shanghai

sale and purchase of the said equity interest is by reference to the economic interest of Shanghai SECCO as at 31 August 2021, the valuation benchmark date.

Shanghai SECCO is a limited liability company established in the PRC on 29 October 2001 with a current registered capital of RMB500.00 million, and is principally engaged in the production and sale of ethylene, polyethylene (PE), styrene (SM), polystyrene (PS), propylene, acrylonitrile (AN), polypropylene (PP), butadiene, aromatics and by-products; the sale of self-purchased production material and the provision of after-sales service and relevant technical consultation; the application and development of polymers and the provision of auxiliary utilities service to suppliers and processors. Shanghai SECCO has large chemical units such as ethylene cracking unit with design capacity of 1,090,000 tonnes/year, styrene unit of 650,000 tonnes/year, aromatics extraction unit of 600,000 tonnes/year, acrylonitrile unit of 520,000 tonnes/year, butadiene extraction unit of 180,000 tonnes/year, polyethylene unit of 600,000 tonnes/year, polystyrene unit of 300,000 tonnes/year, polypropylene unit of 250,000 tonnes/year, etc.

According to the audited financial statements of Shanghai SECCO prepared in accordance with the PRC Accounting Standards for Business Enterprises, the profit before taxation of Shanghai SECCO for the years ended 31 December 2020 and 2021 was RMB3,208.22 million and RMB4,066.32 million respectively; and the profit after taxation was RMB2,412.80 million and RMB3,125.90 million respectively. As at 31 December 2021, the net asset value of Shanghai SECCO was RMB6,367.54 million.

Consideration

The base consideration of the SECCO Transaction is RMB10,521.90 million, of which RMB3,156.57 million corresponds to the 15% equity interest to be transferred by the Company and RMB7,365.33 million corresponds to the 35% equity interest to be transferred by Gaoqiao Petrochemical. Interest shall be payable by INEOS Shanghai for the total amount of the base consideration, at the rate 4.35% per annum and accruing from (and excluding) 31 March 2022 and up to (and including) the completion date (unless a higher statutory interest as stipulated under the Measures on Administration and Supervision of Transactions of State-owned Assets of Enterprises (No. 32 Decree of SASAC and the Ministry of Finance) applies).

The Company has engaged Shanghai Orient Appraisal Co., Ltd. as the valuer and the asset valuation process has been completed. As of 31 August 2021, being the valuation benchmark date, the appraised market value was RMB23,382.00 million. Subsequent to the said valuation benchmark date, Shanghai SECCO made distributions of profits for the period from 1 January 2021 to 31 August 2021 in the amount of RMB2,772.19 million, which was completed in May 2022.

The Group listed the 50% equity interest of Shanghai SECCO for sale by tender on the Shanghai United Assets and Equity Exchange by reference to the said appraised market value, and the tendering process has been completed. The base consideration is the final price of the tender, being RMB10,521.90 million.

The first instalment of the consideration is RMB3,156.57 million, which shall be fully paid by INEOS Shanghai into the Shanghai United Asset and Equity Exchange within 5 business days of the date of the SECCO Equity Transfer Agreement. After such payment has been made by INEOS Shanghai, 30% and 70% of the first instalment of the consideration shall be released and transferred by the Shanghai United Asset and Equity Exchange to the

designated bank accounts of the Company and Gaoqiao Petrochemical respectively. The remaining consideration and interest shall be settled in a lump sum in cash upon completion.

Completion

Completion shall take place on the last business day of the calendar month during which the last in time of the conditions precedent shall have been satisfied or waived in accordance with the SECCO Equity Transfer Agreement. If such satisfaction or waiver falls on a date that is less than 15 business days before the end of such calendar month, completion shall take place on the last business day of the following calendar month (or such other date as the parties may agree in writing). Completion shall take place no later than 15 business days before the date that is one year after the date of the SECCO Equity Transfer Agreement unless the parties agree in writing otherwise.

Conditions precedent to completion are:

- (1) Registration of INEOS Shanghai as a shareholder of Shanghai SECCO reflecting the equity transfer, director and supervisor changes, and article amendments arising from the SECCO Transaction with having been completed or, as the case may be, obtained and remaining in full force and effect at completion, the revised business licence of Shanghai SECCO having been issued by the SAMR, and relevant information report having been submitted through the Enterprise Registration System of the SAMR;
- (2) (if required by Article 21 of the Anti-Monopoly Law of the PRC or any other applicable laws) Evidence having been received in a form and substance reasonably satisfactory to the parties that a merger control notification has been submitted to, and accepted by, the SAMR under the AML and that the SECCO Transaction has been cleared or have been deemed to have been cleared by the SAMR without conditions or with conditions reasonably acceptable to INEOS Shanghai;
- (3) (if the SECCO Transaction either constitutes (or is deemed to constitute under Article 4(5)) a concentration falling within the scope of Council Regulation (EC) 139/2004 of the European Commission the European Commission as a result of a decision under Article 22(3) of the EC Regulation) Evidence having been received in a form and substance reasonably satisfactory to the parties that:
 - a. the European Commission taking a decision (or deemed to have taken a decision) under Article 6(1)(b) or 6(2) of the EC Regulation declaring the SECCO Transaction compatible with the internal market, without imposing any conditions or obligations that are not on terms reasonably acceptable to INEOS Shanghai; or
 - b. the European Commission taking a decision (or deemed to have taken a decision) to refer the whole or part of the SECCO Transaction to competent authorities of one or more member states under Articles 4(4) or 9(3) of the EC Regulation, and (i) each such authority taking a decision with equivalent effect to that as described in subparagraph a. above with respect to those parts of the SECCO Transaction referred to it, and (ii) the European Commission taking any of the decisions as described in subparagraph a. above with respect to any part of the SECCO Transaction retained by it;

- (4) No order, objection or judgment of any regulatory authority having been issued or made prior to completion, and no legal or regulatory requirements remaining to be satisfied (other than the obtaining of any non-mandatory or post-completion merger control consent) which has the effect of making unlawful or otherwise prohibiting the SECCO Transaction;

Information about the Valuation Report

Shanghai Orient Appraisal Co., Ltd. has been engaged by Shanghai SECCO to assess the market value of its

KPMG	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50)	28 July 2022
Shanghai Orient Appraisal Co., Ltd.	Qualified valuer of the PRC	17 March 2022

As at the latest practicable date (27 July 2022), to the best knowledge, information and belief of the Directors, each of the above experts is an independent third party from the Group and its

approximately US\$35 million, which precise amount is equal to 50% of the total outstanding principal amount of the shareholder loans provided by INEOS (or its affiliates) as at completion, and upon receipt of _____, Ningbo Styrolution shall repay 50% of the _____ INEOS (or its affiliates). The Company shall also provide ABS licence loans to Ningbo Styrolution, or other ABS joint ventures formed by the parties (if any), in the aggregate amount of not more than US\$64 million in three instalments to be settled by 31 December 2024, for the sole purpose of paying for the ABS licence fees to be paid to INEOS or its affiliates, where ABS licence loans of the same amount shall also be provided by INEOS or its affiliates that correspond to its 50% shareholding in Ningbo Styrolution. The Company shall make the above loans with internal resources. The loans shall be interest bearing at a rate of 4.2% per annum, with a maturity date of 6 December 2032.

Ningbo Styrolution is a limited liability company established in the PRC on 8 August 2019 with a current registered capital of US\$190 million which has been fully paid. It is principally engaged in the research, production (planning), development, design, wholesale, import and export, and after-sales service of ABS general materials and resins synthesized by special ABS materials or petroleum resins, and is currently developing and constructing a 600,000 tonnes/year ABS unit at Ningbo.

According to the audited financial statements of Ningbo Styrolution prepared in accordance with the PRC Accounting Standards for Business Enterprises, for the years ended 31 December 2020 and 2021, the profit before taxation of Ningbo Styrolution was RMB 5.25 million and RMB 5.48 million respectively; and the profit after taxation of Ningbo Styrolution was RMB 5.25 million and RMB 13.22 million respectively. As at 31 December 2021, the net asset value of Ningbo Styrolution was RMB969.28 million.

Further, according to the audited financial statements of Ningbo Styrolution for the year ended 31 December 2021 and the unaudited management accounts of Ningbo Styrolution for the six months ended 30 June 2022, both prepared in accordance with the PRC Accounting Standards for Business Enterprises, the operating income of Ningbo Styrolution for the year ended 31 December 2021 and for the six months ended 30 June 2022 was RMB0 and RMB0 respectively; and the net profit was RMB 13.22 million and RMB 31.97 million respectively. As at 31 December 2021 and 30 June 2022, the total asset value of Ningbo Styrolution was RMB2,438.52 million and RMB3,087.15 million respectively, total liabilities was RMB1,469.24 million and RMB2,052.35 million respectively, net asset value was RMB969.28 million and RMB1,034.80 million respectively, and gearing ratios was 60.25% and 66.48% respectively.

HDPE Transaction

On 28 July 2022, the Company and INEOS Tianjin entered into transaction documents on the establishment of HDPE JV, on a 50:50 basis, for the construction of a 500,000-tonne/year High Density Polyethylene (HDPE) project in Tianjin. The performance of INEOS Tianjin of its obligations under the transaction documents is guaranteed by INEOS Group Holdings S.A..

INEOS Tianjin shall procure licensing of the latest commercially-proven HDPE production technology and intellectual property owned by its affiliate INEOS UK, including the permission for the HDPE JV to produce high-end product models pursuant to the terms and conditions of

According to the terms set out in the transaction documents, the Company contribution to the registered capital of the HDPE JV shall be appropriately RMB622.76 million. The Company will settle such amounts by internal resources.

The parties also agreed to explore collaboration opportunities regarding HDPE businesses in China with the construction of at least two further 500,000-tonnes/year HDPE plant based on the technology and products specified in the transaction documents through the HDPE JV or other associated joint ventures.

Reasons and Benefits of the Transaction

Through this transaction, the Company introduces a strategic partner which facilitates the Company to expand and reinforce the value chain of its petrochemical business and to explore the market. This will enhance the comprehensive competitiveness of the Company in its relevant business areas and provide further support to high quality development.

Opinion of the Directors

As at the date of this announcement, Ma Yongsheng, Zhao Dong, Yu Baocai, Ling Yiqun, Li Yonglin and Liu Hongbin are connected Directors and therefore required to abstain from voting on the resolution approving the transaction at the Board meeting. The Board has considered and approved the resolution on the Transaction. All Directors (including all independent non-executive Directors) are of the opinion that the transaction is on normal commercial terms, the terms of the relevant agreements are fair and reasonable to the independent shareholders and comply with the requirements of relevant laws, regulations and normative documents. The Directors noted that the transaction is fair and reasonable to the independent shareholders and that no circumstances are detrimental to the interests of the Company and its independent shareholders. On the above basis, the Directors have approved the transaction.

Implications under the Listing Rules

Gaoqiao Petrochemical is a non-wholly owned subsidiary of the Company, held as to 55% by the Company and 45% by Sinopec Group Asset Management Co., Ltd. (

Sinopec Group Asset Management Co., Ltd. is a subsidiary of China Petrochemical Corporation, the controlling shareholder of the Company. Gaoqiao Petrochemical is therefore a connected subsidiary of the Company.

Since the highest applicable percentage ratio for the SECCO Transaction is more than 0.1% but lower than 5%, the SECCO Transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are not subject to the circular and s.

Based on the calculations under Rule 14.07 of the Listing Rules, for the SECCO Transaction, all applicable percentage ratios are lower than 5%, and all applicable percentage ratios of the ABS Transaction and the HDPE Transaction are also lower than 5%.

As the counterparties of the Group in the SECCO Transaction, the ABS Transaction and the HDPE Transaction are all members of the INEOS group, the SECCO Transaction, the ABS Transaction and the HDPE Transaction shall be aggregated as a series of transactions pursuant

to Rules 14.22 of the Listing Rules. The applicable percentage ratios of the SECCO Transaction, the ABS Transaction and the HDPE Transaction on an aggregated basis are lower than 5%. As such, the transaction does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Information on the Parties

The Company

The Company is one of the largest integrated energy and chemical companies in China and is mainly engaged in the exploration and production, pipeline transportation and sale of petroleum and natural gas; the production, sale, storage and transportation of refinery products, petrochemical products, coal chemical products, synthetic fibre and other chemical products; the import and export, including import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; and research, development and application of technologies and information.

Gaoqiao Petrochemical

Gaoqiao Petrochemical is a company with limited liability established in the PRC and is principally engaged in the processing of crude oil; the production and sale of refined oil, liquefied petroleum gas (LPG), naphtha, fuel oil, lubricant and other chemical products; the import and export of goods and technologies; the research and development of petrochemical technologies, information and alternative energy products; and technical development, technical services, industrial investment and investment management in relevant fields.

Gaoqiao Petrochemical is a connected subsidiary of the Company. Please refer to the paragraph

INEOS

INEOS Shanghai is a limited company incorporated in the PRC and is principally engaged in investment holding. INEOS Group Holdings S.A. is a limited company incorporated in Luxembourg and is principally engaged in investment holding. INEOS Styrolution APAC Pte Limited is a limited company incorporated in Singapore and it principally serves as the head office for the INEOS . INEOS Quattro Financing Limited is a limited company incorporated in England & Wales and is principally engaged in investment holding. INEOS Tianjin is a limited company incorporated in England & Wales and is principally engaged in investment holding. Each of the five companies above is a subsidiary of INEOS.

INEOS is a global chemical company, and a global manufacturer of petrochemicals, speciality chemicals and oil products. Comprising 36 businesses, INEOS operates 194 sites in 29 countries throughout the world. The controlling shareholder of INEOS is Sir James Ratcliffe.

edge, information and belief having made all reasonable enquiries, INEOS Shanghai, INEOS Group Holdings S.A., INEOS Styrolution APAC Pte Limited, INEOS Quattro Financing Limited, INEOS Tianjin and their ultimate beneficial owner are Independent Third Parties.

Definitions

Unless the context requires otherwise, the following expressions in this announcement have the meaning set out below:

acrylonitrile butadiene styrene

the transaction under which the Company acquires from INEOS Styrolution APAC Pte Limited 50% equity interest in Ningbo Styrolution

the Board of Directors of the Company

China Petroleum & Chemical Corporation

director(s) of the Company

Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd. (), a company incorporated and existing under the laws of the PRC

the Company and its subsidiaries

high density polyethylene

INEOS Sinopec HDPE (Tianjin) Limited () (tentative name), a company to be incorporated by the Company and INEOS Tianjin under the laws of the PRC

the transaction under which the Company and INEOS Tianjin jointly establish HDPE JV, on a 50:50 basis, for the construction of a 500,000-tonne/year High Density Polyethylene (HDPE) project in Tianjin

INEOS Limited, a company incorporated and existing under the laws of the Isle of Man

INEOS Investment (Shanghai) Company Limited (), a company incorporated and existing under the laws of the PRC

INEOS Tianjin Holdings Limited, a company incorporated and existing under the laws of England and Wales

INEOS Sales (UK) Limited, a company incorporated and existing under the laws of England and Wales

the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

INEOS Styrolution Advanced Materials (Ningbo) Pte Ltd (), a company incorporated and existing under the laws of the PRC

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Renminbi, the lawful currency of the PRC

Transfer the Equity Transfer Agreement dated 28 July 2022 among the Company, Gaoqiao Petrochemical, INEOS Shanghai and INEOS Group Holdings S.A. regarding the sale and purchase of 50% equity interest in Shanghai SECCO

the transaction on 50% equity interests in Shanghai SECCO pursuant to the SECCO Equity Transfer Agreement

Shanghai SECCO Petrochemical Co., Ltd. (), a company incorporated and existing under the laws of the PRC

The Stock Exchange of Hong Kong Limited

A US Dollars, the lawful currency of the United States of America

By Order of the Board
China Petroleum & Chemical Corporation
Huang Wensheng
Vice President and Secretary to the Board of Directors

Beijing, PRC

28 July 2022

As of the date of this announcement, directors of the Company are: Ma Yongsheng, Zhao Dong*, Yu Baocai#, Ling Yiqun#, Li Yonglin#, Liu Hongbin#, Cai Hongbin+, Ng, Kar Ling Johnny+, Shi Dan+ and Bi Mingjian+.*

Executive Director

** Non-executive Director*

+ Independent Non-executive Director

APPENDIX 1 PRINCIPAL ASSUMPTIONS UPON WHICH SHANGHAI ORIENT APPRAISAL CO., LTD. PREPARED ITS VALUATION REPORT

General assumptions

1. It is assumed that there will be no unforeseen significant adverse changes in the external economic environment, including the relevant laws, macroeconomic, financial and industrial policies prevailing in the country after the valuation benchmark date, and that there will be no significant impact caused by other human force majeure and unforeseen factors.
2. conclusion of any collateral or guarantee that the appraised entity and its assets may assume in the future, or any additional price that may be paid as a result of special transactions.
3. It is assumed that there will be no significant changes in the socio-economic environment in which the appraised entity is located or in the fiscal and taxation policies in place, such as taxes and tax rates, and that the credit policy, interest rate, exchange rate and other financial policies will be generally stable.
4. The current and future business operations of the appraised entity are and will be legal and in compliance with the relevant provisions of its business license and articles of association.

Specific assumptions regarding the adoption of the income approach

1. The future income of the appraised entity can be reasonably estimated and measured in monetary terms; the risks associated with the expected income will be measurable; the duration of future income can be determined or reasonably estimated.
2. It is assumed that the current and future management of the appraised entity is complied with the laws and regulations, diligently performing its operation and management functions. After the implementation of such acquisition, there will be no serious impact on the development of the enterprise or damage to the interests of shareholders, and it will continue to maintain the existing operation management model and management level.
3. It is assumed that the core management and technical team of the appraised entity will remain stable in the future forecast period, and there will be no significant changes affecting the business development and profit realization of the enterprise.
4. It is assumed that the accounting policies adopted by the appraised entity after the valuation benchmark date is consistent with those adopted for the preparation of this valuation report in material aspects.
5. It is assumed that the cash inflow and cash outflow of the appraised entity will flow in and flow out evenly after the valuation benchmark date.
6. T
Rooms 3001-3012 and 3102-3107, Far East International Plaza, 319 Xianxia Road, Changning District, Shanghai expiring on 14 January 2022 will be renewed on similar terms, or leased properties with similar quality and size can be secured with market levels of rentals.

KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

**REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH
THE VALUATION OF SHAREHOLDER S TOTAL EQUITY INTEREST IN
SHANGHAI SECCO PETROCHEMICAL CO., LTD* (上海赛科石油化工有限公司)**

**TO THE BOARD OF DIRECTORS OF CHINA PETROLEUM & CHEMICAL
CORPORATION**

We refer to the discount □
March 2022 prepared by Shanghai Orient Appraisal Co., Ltd. in respect of the appraised market

□ □

on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61
of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

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for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

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Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance

and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted 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.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Shanghai SECCO or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences 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, arising out of or in connection with our work.

KPMG

Certified Public Accountants

Hong Kong

28 July 2022

** For identification purposes only*

As the relevant bases and assumptions are about future events which may or may not occur, the actual business and financial performance of the business of the Target Assets may or may not achieve as expected and the variation may be material. We express no opinion on whether the actual cash flows would eventually be achieved in correspondence with the Profit Forecast. For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to us and/or discussed with the Company. We have not assumed any responsibility for independently verifying the accuracy and completeness of such information or undertaken any independent evaluation or appraisal of any of the assets or liabilities of the Target Assets. Save as expressly stated in this letter, we take no responsibility for and express no views, whether expressly or implicitly, on the fair value or market value of the Target Assets as determined by the Valuer and set out in the Reports issued by the Valuer or otherwise.

On the basis of the foregoing and in the absence of unforeseeable circumstances, and without giving any opinion on the reasonableness of the valuation method and the bases and assumptions adopted by the Valuer on the Valuation, for which you as the Directors and the Valuer are solely responsible, we are of the opinion that the Profit Forecast upon which the Valuation has been made, for which you as the Directors are responsible, has been made after due and careful enquiry by you. The Directors are responsible for the Profit Forecast, including the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation Report. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation Report and applying an appropriate basis of preparation; and making estimates which are reasonable in the circumstances. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us in giving the above opinion has been undertaken for the sole purpose of compliance with Rule 14.62(3) of the Listing Rules and for no other purpose. We have not independently verified the assumptions or computations leading to the Valuation. We have had no role or involvement and have not provided and will not provide any assessment of the value on the Discounted Cash Flow Assets to the Company. We have assumed that all information, materials and representations provided to us by the Company and the Valuer, including all information, materials, and representations referred to or contained in the Announcement, were true, accurate, complete and not misleading at the time they were provided or made, and remained so up to the date of the Announcement and that no material fact or information has been omitted from the information and materials provided. No representation or warranty, whether express or implied, is made by us on the accuracy, truth or completeness of such information, materials or representations. Accordingly, we do not accept any responsibility, whether expressly or implicitly, to any person(s) in respect of, arising out of, or in connection with the Valuation.

Yours faithfully,

For and on behalf of

**China International Capital Corporation
Hong Kong Securities Limited**

Ben Leung
Vice President