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南京三寶科技股份有限公司
NANJING SAMPLE TECHNOLOGY CO.,LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1708)

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF A SUBSIDIARY

THE DISPOSAL

The Board announces that after trading hours on 16 February 2017, the Company and Sample Group entered into the Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to dispose of and Sample Group has conditionally agreed to acquire 82.61% equity interest in Jiangsu Cross-border, a non-wholly owned subsidiary of the Company as at the date of this announcement. The total Consideration for the Disposal pursuant to the Equity Transfer Agreement is RMB59,000,000 (equivalent to approximately HK\$65,555,555.56).

LISTING RULES IMPLICATION

Jiangsu Cross-border is owned as to 82.61% and 17.39% by the Company and Jiangsu Zhimao Internet Technology Co., Ltd.* (江蘇知貿網絡科技有限公司) respectively as at the date of this announcement. Sample Group holds, directly or indirectly, 158,443,400 Domestic Shares of the Company, representing approximately 50.01% of the issued share capital of the Company, and is therefore a controlling shareholder and connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is/are more than 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened to consider and, if thought fit, to approve the resolution(s) relating to the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, amongst other things, further particulars of: (i) the Equity Transfer Agreement; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) such other information as required under the Listing Rules; and (v) the notice of the EGM for the Independent Shareholders to consider and, if thought fit, to approve the resolution(s) relating to the Transactions, will be despatched to the Shareholders on or before 17 March 2017, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

WARNING: As completion of the Disposal is subject to the satisfaction of certain conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Disposal will be completed. Therefore, the Shareholders and investors should exercise caution when dealing in the shares of the Company.

DISPOSAL

On 16 February 2017, the Company (as vendor) entered into the Equity Transfer Agreement with Sample Group (as purchaser), pursuant to which the Company conditionally agreed to sell to Sample Group 82.61% equity interest in Jiangsu Cross-border, a non-wholly owned subsidiary of the Company as at the date of this announcement. Principal terms of the Equity Transfer Agreement are set out as follows:

EQUITY TRANSFER AGREEMENT

Date: 16 February 2017

Parties:

Vendor: The Company
Purchaser: Sample Group

Subject Matter:

Pursuant to the Equity Transfer Agreement, the Company has conditionally agreed to dispose of and Sample Group has conditionally agreed to acquire 82.61% equity interest in Jiangsu Cross-border, a non-wholly owned subsidiary of the Company as at the date of this announcement. The remaining 17.39% equity interest in Jiangsu Cross-border is held by Jiangsu Zhimao Internet Technology Co., Ltd.* (江蘇知貿網絡科技有限公司), an Independent Third Party.

Conditions precedent:

The Equity Transfer Agreement shall become effective upon fulfillment of the following conditions:–

- (i) the Company having obtained all necessary or appropriate approval, authorisation or consent as required under the Equity Transfer Agreement including the passing of resolution(s) for approving the Transactions by the Independent Shareholders at the Company's general meeting;
- (ii) approvals of the Equity Transfer Agreement and the transactions contemplated thereunder having been obtained from the relevant PRC government authorities; and
- (iii) written approval having been obtained from Jiangsu Zhimao Internet Technology Co., Ltd.* (江蘇知貿網絡科技有限公司) foregoing its pre-emptive right to acquire 82.61% equity interest in Jiangsu Cross-border and the approval by the shareholders of Jiangsu Cross-border of the Equity Transfer Agreement and the transactions contemplated thereunder.

If any of the conditions precedent set out above is not satisfied on or before 31 March 2017 (or such later date as the Company and Sample Group may otherwise agree in writing), the Equity Transfer Agreement will lapse and of no further effect and the parties thereto will be released from all obligations under the Equity Transfer Agreement except for any antecedent breach of the Equity Transfer Agreement.

After receiving the Consideration from Sample Group by the Company, the Company will use its best commercial endeavours to assist Sample Group and Jiangsu Cross-border to register with the industry and commerce administration authority in the PRC with respect to the transfer of 82.61% shareholding in Jiangsu Cross-border to Sample Group as soon as practicable thereafter.

Consideration

The total Consideration for the Disposal pursuant to the Equity Transfer Agreement is RMB59,000,000 (equivalent to approximately HK\$65,555,555.56), which will be payable by Sample Group to the Company within 30 working days after the Equity Transfer Agreement becoming effective by bank transfer to the designated bank account of the Company. The Consideration was arrived at arm's length negotiation between the parties to the Equity Transfer Agreement after taking into account the market value of 82.61% equity interest in Jiangsu Cross-border as at 31 October 2016 as set out in the valuation report prepared by an independent valuer. The market value of 82.61% equity interest in Jiangsu Cross-border as at 31 October 2016 amounted to approximately RMB58,611,629.78 (equivalent to approximately HK\$65,124,033.09).

Effect of the Disposal:

As at the date of this announcement, Jiangsu Cross-border is owned as to 82.61% by the Company and is a non-wholly owned subsidiary of the Company. Upon completion of the Disposal, the Company will cease to have any interest in Jiangsu Cross-border.

APPRAISAL VALUE OF JIANGSU CROSS-BORDER

According to the valuation report prepared by Jiangsu Hua Xin Asset Valuation Firm (the “**Independent Valuer**” or “**Jiangsu Hua Xin**”) dated 20 December 2016, an independent professional asset valuer appointed by the Group for the Disposal, the total value of the shareholders’ equity interests in Jiangsu Cross-border as at 31 October 2016 was approximately RMB70,949,800 (equivalent to approximately HK\$78,833,111.11).

Given the aforesaid appraisal value, the corresponding appraisal value of the 82.61% equity interest in Jiangsu Cross-border to be sold shall be RMB58,611,629.78 (equivalent to approximately HK\$65,124,033.09).

As the valuation of the Jiangsu Cross-border (the “**Jiangsu Cross-border Valuation**”) involves the use of the discounted cash flow methodology, the Jiangsu Cross-border Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the “**Profit Forecast**”), and as such, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable.

Set out below are the details of the valuation assumptions upon which the Jiangsu Cross-border Valuation were based:–

Assumptions of valuation

1. There will be no material changes in the relevant laws, regulations and government policies and macroeconomic situation and industry policies in the PRC; nor there will be any material changes in the political and taxation system (especially policies on export tariff rebate) or any other material adverse effects as a result of any unpredictable factors or force majeure;
2. On-going basis assumption

It is assumed that Jiangsu Cross-border will continue to operate in accordance with applicable industry and environmental policies and will not cease to operate in the foreseeable future.

3. Open market assumption

It is assumed that all investors investing in Jiangsu Cross-border shall rank pari passu and each investor has the opportunities and time to obtain sufficient market information and enterprise information of Jiangsu Cross-border to make informed decisions in respect of the act, market position, room for development and investment return of Jiangsu Cross-border; and each investor acts in a wise and prudent way free from oppression.

4. Reasonable operation assumption

It is assumed that there will be no material change in operational model, sales policies and cost control system arising from change in shareholding structure and management of Jiangsu Cross-border; that all permits necessary for the operation of Jiangsu Cross-border shall remain valid and effective for operational needs; and that the loans of Jiangsu Cross-border can be repaid on time and the operation of Jiangsu Cross-border will not be affected by the security created on the account receivables of Jiangsu Cross-border.

5. Policy consistency assumption

It is assumed that Jiangsu Cross-border will adopt accounting policies in the future that are substantially consistent with those adopted in the preparation of the valuation report.

6. Assumption of truthfulness, accuracy and completeness of information

The Independent Valuer and the valuation personnel cannot guarantee the truthfulness, accuracy and completeness (for the needs of valuation) of the information provided by the Group and Jiangsu Cross-border. As such, the valuation work is based on the assumption of the truthfulness, accuracy and completeness of the information provided by the Group and Jiangsu Cross-border.

7. Renewal of existing lease agreement at market price

It is assumed that Jiangsu Cross-border can renew the existing lease agreement(s) at the then market price upon the termination of the existing lease agreement(s).

8. No import and export restraint assumption

It is assumed that Jiangsu Cross-border's channels of import and export will continue to exist, and no circumstance will lead to restraint or prohibition being imposed on Jiangsu Cross-border's channels of import and export for any reason.

The Board has discussed with the Independent Valuer about different aspects including the bases and assumptions upon which the Jiangsu Cross-border Valuation had been prepared, and reviewed the Jiangsu Cross-border Valuation for which the Independent Valuer is responsible. The Board has also considered the letter dated 16 February 2017 addressed to the Company from BDO China Shu Lun Pan Certified Public Accountants (LLP) ("**BDO China**") regarding the arithmetical accuracy of the Jiangsu Cross-border Valuation. The Board is of the opinion that the Jiangsu Cross-border Valuation and the bases and assumptions of the Jiangsu Cross-border Valuation, for which the Independent Valuer and the Directors are solely responsible, have been made after due and careful enquiry.

BDO China, the reporting accountants of the Company, has also examined the calculations of the discounted future estimated cash flows which the Jiangsu Cross-border Valuation involved. A letter in relation to report on Profit Forecast from the Board and a comfort letter from BDO China are included in the appendices of this announcement for the purpose of Rules 14.60A and 14.62 of the Listing Rules.

EXPERTS AND CONSENTS

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

Name	Qualification
Jiangsu Hua Xin Asset Valuation Firm	an independent professional asset valuer appointed by the Company for the Disposal. It is a firm established upon approval of the Ministry of Finance of the PRC to provide asset valuation services in the PRC
BDO China Shu Lun Pan Certified Public Accountants (LLP)	Certified Public Accountants

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Jiangsu Hua Xin and BDO China is a third party independent of the Group and its connected persons.

As at the date of this announcement, none of Jiangsu Hua Xin and BDO China has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of Jiangsu Hua Xin and BDO China has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its opinion and advice and all references to its name in the form and context in which they are included.

INFORMATION ON JIANGSU CROSS-BORDER

Jiangsu Cross-border is a company established in the PRC and is principally engaged in the operation of an integrated service platform for cross-border trading and e-commerce. The integrated service platform offers mainly provides to small and medium foreign trade and cross-border e-commerce enterprises comprehensive services including logistics, customs clearance, foreign exchange settlement, tax refund, etc. with the aim to promote efficiency in import and export activities for cross-border trading.

A summary of the audited net profits of Jiangsu Cross-border for each of the two years ended 31 December 2014 and 31 December 2015 prepared in accordance with the China Accounting Standards for Business Enterprises is set out below:

	For the financial year ended:	
	31 December 2014	31 December 2015
	<i>(RMB million)</i>	<i>(RMB million)</i>
Net profit before taxation	-1.77	0.16
Net profit after taxation	-1.77	0.13

As at 31 October 2016, Jiangsu Cross-border has an unaudited net asset value of approximately RMB50,200,600 (equivalent to approximately HK\$55,778,444.44).

INFORMATION ON THE GROUP

The Company is a company established in the PRC, whose H Shares are listed on the Stock Exchange. The Group is a major developer and provider of video security system solutions in the PRC targeting on government authorities. Its products and system solutions are currently designated for use in (i) urban traffic monitoring and control sector; (ii) customs logistics monitoring sector; and (iii) expressway monitoring sector in the PRC.

INFORMATION ON SAMPLE GROUP

Sample Group is a limited company established in Nanjing, the PRC with registered capital of RMB333.00 million, and is an investment holding company. As at the date of this announcement, Sample Group holds 158,443,400 Domestic Shares of the Company, representing approximately 50.01% of the issued share capital of the Company.

REASONS FOR AND BENEFITS FOR THE DISPOSAL

The Group would like to focus on optimizing the operational efficiency in its principal business activities, namely, monitoring and control sector for urban traffic, customs logistics and expressway. Since the commencement of operation of Jiangsu Cross-border, the profit derived from the operation of the integrated service platform is not significant and the profit margin is relatively low. Therefore, the Directors consider that the Disposal would improve the operational efficiency of the principal business of the Group by relocating more resources to the principal businesses of the Group. Also, the Group would enjoy a premium based on the Consideration to be received by the Company from the Disposal.

LISTING RULES IMPLICATIONS

Jiangsu Cross-border, as at the date of this announcement, is owned as to 82.61% by the Company and 17.39% by Jiangsu Zhimao Internet Technology Co., Ltd.* (江蘇知貿網絡科技有限公司), a limited company established in the PRC and is an indirect wholly-owned subsidiary of the Nanjing Customs. Sample Group currently holds, directly or indirectly, 158,443,400 Domestic Shares of the Company, representing approximately 50.01% of the issued share capital of the Company and therefore is a controlling shareholder and connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Rule 14A.27(2) of the Listing Rules. The Disposal is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is more than 5% but all of the applicable percentage ratios are less than 25%, the Disposal also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Mr. Sha and Mr. Chang are respectively interested in 60.40 % and 38.96% of equity interest in Jiangsu Sample Holding Limited* (江蘇三寶控股有限公司) which in turn owns the entire equity interest in Sample Group, a controlling shareholder of the Company. Each of Mr. Sha and Mr. Chang is considered to have a material interest in the Disposal, they had abstained from voting on the relevant Board resolutions approving the Transactions at the meeting of the Board held on 16 February 2017. Save for Mr. Sha and Mr. Chang, no Director is required to abstain from voting on the Board resolutions approving the Transactions.

BOARD OPINION

The Directors have appointed the Independent Board Committee, comprising 3 independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Transactions. The Company has also appointed Ever-Long Securities Company Limited as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Transactions.

The Board (excluding the members of the Independent Board Committee, the opinion of which, after taking into account of the advice from the Independent Financial Adviser, will be included in the circular to be despatched to the Shareholders) is of the view that the Disposal is on normal commercial terms or better, the terms of the Equity Transfer Agreement have been determined through arm's length negotiations between the parties thereto, and that the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE EGM

The EGM will be convened to consider and, if thought fit, to approve the resolution(s) relating to the Equity Transfer Agreement and the transactions contemplated thereunder.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Disposal is required to abstain from voting on the relevant resolution(s) at the EGM. Accordingly, Sample Group and its associates will be required to abstain from voting on the resolution(s) approving the Transactions.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquires, no Shareholder apart from Sample Group and its associates will be required to abstain from voting on the resolution(s) approving the Transactions.

A circular containing, amongst other things, details of (i) the Equity Transfer Agreement; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) such other information as required under the Listing Rules; and (v) the notice of the EGM for the Independent Shareholders to consider and, if thought fit, to approve the resolution(s) relating to the Transactions will be despatched to the Shareholders on or before 17 March 2017, which is more than 15 business days after the publication of this announcement, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

WARNING: As completion of the Disposal is subject to the satisfaction of certain conditions precedent, the issue of this announcement should not be regarded in any way as implying that the Disposal will be completed. Therefore, the Shareholders and investors should exercise caution when dealing in the Shares 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”	Nanjing Sample Technology Co., Ltd.* (南京三寶科技股份有限公司), a joint stock limited company incorporated in the PRC, whose H Shares are listed on the Stock Exchange (Stock Code: 1708)
“Consideration”	the consideration payable by Sample Group to the Company for the Disposal
“Director(s)”	the director(s) of the Company

“Disposal”	the proposed disposal of 82.61% equity interest in Jiangsu Cross-border by the Company to Sample Group pursuant to the Equity Transfer Agreement
“Domestic Share(s)”	the ordinary domestic share(s) of nominal value of RMB1.00 each in the share capital of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Transactions
“Equity Transfer Agreement”	the equity transfer agreement dated 16 February 2017 entered into between the Company (as vendor) and Sample Group (as purchaser) relating to the conditional transfer of 82.61% equity interest in Jiangsu Cross-border
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign invested shares of nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange and subscribed for in Hong Kong dollars
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee, comprising all the independent non-executive Directors, to be formed to advise the Independent Shareholders in respect of the Transactions
“Independent Financial Adviser”	Ever-Long Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the Transactions
“Independent Shareholders”	Shareholders other than Sample Group and its associates
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company or any of its connected persons (as defined under the Listing Rules)
“Jiangsu Cross-border”	Jiangsu Cross-border e-Commerce Services Co., Ltd.* (江蘇跨境電子商務服務有限公司), a non-wholly owned subsidiary of the Company as at the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Sha”	Mr. Sha Min (沙敏先生), the chairman of the Board, an executive Director and a controlling Shareholder of the Company
“Mr. Chang”	Mr. Chang Yong (常勇先生), the vice chairman of the Board and an executive Director
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sample Group”	Nanjing Sample Technology Group Company Limited* (南京三寶科技集團有限公司), a company established in the PRC and a controlling shareholder of the Company holding, directly or indirectly, 158,443,400 Domestic Shares of the Company, representing 50.01% of the issued share capital of the Company as at the date of this announcement
“Share(s)”	share(s) of RMB 1.00 each of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Disposal, the Equity Transfer Agreement and the transactions contemplated thereunder
“%”	per cent

In this announcement, the terms “associate”, “controlling shareholder” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By Order of the Board
Nanjing Sample Technology Co., Ltd.*
Sha Min
Chairman

Nanjing, the PRC, 16 February 2017

As at the date of this announcement, the executive directors are Mr. Sha Min (Chairman), Mr. Chang Yong, Mr. Zhu Xiang, the non-executive director is Mr. Ma Jun; and the independent non-executive directors are Mr. Hu Hanhui, Mr. Geng Nai Fan and Mr. Shum Shing Kei.

* for identification purpose only

Appendix 1 – Letter from the Board

16 February 2017

The Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

Discloseable and Connected Transaction – Disposal of 82.61% Equity Interest in Jiangsu Cross-border

We refer to the valuation report dated 20 December 2016 prepared by Jiangsu Hua Xin Asset Valuation Firm (江蘇華信資產評估有限公司) (the “Independent Valuer”) in relation to the valuation of the market value of 82.61% equity interest in Jiangsu Cross-border as at 31 October 2016 (the “Valuation”). As the discounted cash flow method was adopted in the Valuation, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, Rules 14.60A and 14.62 of the Listing Rules are applicable.

We have discussed with the Independent Valuer about different aspects including the bases and assumptions upon which the Valuation has been prepared, and reviewed the Valuation for which the Independent Valuer is responsible. We have also considered the report from our reporting accountant, BDO China, regarding whether the Valuation was compiled properly so far as the calculations are concerned.

Pursuant to the requirements of Rule 14.62(3) of the Listing Rules, we are of the opinion that the Valuation prepared by the Independent Valuer has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of the board of directors of
Nanjing Sample Technology Co., Ltd.
Zhu Xiang
Executive Director

Appendix 2 – Letter from BDO China

The Board of Directors
Nanjing Sample Technology Co., Ltd. (the “Company”)
3112A, 31/F,
Shun Tak Centre
168-200 Connaught Road Central
Central, Hong Kong

16 February 2017

Dear Sirs,

Re: The discloseable and connected transaction regarding disposal of 82.61% equity interest in Jiangsu Cross-border e-Commerce Services Co., Ltd. (“Jiangsu Cross-border”) by Nanjing Sample Technology Co., Ltd. (the “Disposal”)

We report on the calculations of the discounted future estimated cash flows of the Jiangsu Cross-border (“Discounted Future Cash Flows”) in the valuation report dated 20 December 2016 (the “Valuation”) prepared by Jiangsu Hua Xin Asset Valuation Firm (江蘇華信資產評估有限公司) (the “Independent Valuer”), in respect of the market value of 82.61% entire equity interest in Jiangsu Cross-border as at 31 October 2016 in connection with the Disposal.

Respective responsibilities of the directors of the Company and the reporting accountants

The directors of the Company are solely responsible for the preparation of the Discounted Future Cash Flows in the Valuation. And, the directors have adopted the Valuation prepared by the Independent Valuer with those bases and assumptions stated in the Valuation with input from the Company and the Independent Valuer. Therefore, such Discounted Future Cash Flows are regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

It is our responsibility to report, as required by Rule 14.62 of the Listing Rules, on the accounting policies and calculations of the Discounted Future Cash Flows which the Valuation involved. However, we note that the Discounted Future Cash Flows in the Valuation do not involve the adoption of any accounting policies. Therefore, we have not given any opinion on any accounting policies in respect of the Valuation.

The Discounted Future Cash Flows depend on future events and on a number of bases and 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. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the Discounted Future Cash Flows, and thus the Valuation, are based.

Basis of opinion

We conducted our work in accordance with “Standards on Other Assurance Engagements of PRC Certified Public Accountants No. 3101 – Assurance Engagements other than Audit or Review of Historical Financial Information” and with reference to the procedures under “Standards on Other Assurance Engagements of PRC Certified Public Accountants No. 3111 – Auditing of Prospective Financial Information”. We examined the arithmetical accuracy of the Discounted Future Cash Flows in the Valuation. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the Discounted Future Cash Flows, so far as the calculations are concerned, have been properly compiled and for no other purpose. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of Jiangsu Cross-border.

Opinion

Based on the foregoing, in our opinion, the Discounted Future Cash Flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions as cited in the Valuation and adopted by the directors of the Company.

Yours faithfully,

BDO China

Certified Public Accountant

Feng Jianli

Practising Certificate No.: 320200280071

Shanghai, China