



CIPCS Group

Services and Introduction



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About Us



Our Services

Overview

CIPCS Group (“CIPCS”) is a leading professional valuation and corporate advisory firm. We are experienced in performing a full range of Valuation Advisory, Risk Management Advisory, Environmental, Social and Governance (ESG) Advisory, Corporate Advisory and Property Consultancy services for various purposes.

With a strong presence in the Asia-Pacific region, we have offices in Hong Kong, Shanghai, Beijing and Shenzhen. Through effective utilization of our local and international networks and the synergies among our service lines, we aim at providing high-quality services to clients and assisting clients in formulating strategies to maximize their

Our People

The CIPCS professional team comprises more than 100 professional consultants, each with different areas of expertise and detailed familiarity of financial reporting standards and regulatory standards. Our team of experienced professionals come from globally-renowned valuation firms, consulting firms and international accounting firms with global qualifications such as CFA, CPA, CPV, FRM, MRICS, FCCA, and so on.

Our Work

We have been engaged by 800+ listed companies and IPO applicants on Hong Kong and overseas stock exchanges, serving key industry players in various sectors, ranging from traditional sectors such as consumer, manufacturing and financial services to newly-fledged industries such as e-commerce, fintech and AI technology. We have extensive project experience in the Asia-Pacific Region and have handled outbound projects in 30 countries.

Business Valuation Advisory

CIPCS provides various types of professional valuation services to our clients, which suits different purposes of the companies, including M&A transactions, Financial Reporting, Stock Exchange Listing Rules Compliance, Tax

PURCHASE PRICE ALLOCATION (“PPA”) VALUATION

In every merger and acquisition (“M&A”) transaction, acquirers are often required to measure the fair values of the tangible and intangible assets as of the completion date of transaction in accordance with relevant accounting standards such as HKFRS/IFRS 3 (R) and US GAAP ASC 805. Commonly identifiable intangible assets include Trademark and Brand Name, Customer Relationship, Technology, In-progress R&D, Patent, Intellectual Property, Copyright, Franchise Agreement, Favorable Lease, Non-compete Agreement, etc. Our finance and accounting expertise, together with our extensive industry knowledge and practical valuation skills, is capable of performing such valuations for financial reporting or internal reference purposes.

SHARE-BASED PAYMENT

VALUATION

Companies may adopt various forms of share-based payments, such as Employee Stock Options, Restricted Stock Units, Stock Appreciation Rights, etc., as a form of incentives nowadays. CIPCS is capable to assist companies in meeting the requirements of relevant accounting standards such as HKFRS/IFRS 2 and US GAAP ASC 718 in relation to share-based payment transactions to ensure that the impact of these transactions is correctly reflected in financial statements. Even more, we can also perform scenario analysis to assist companies in assessing the impacts of these share-based payments on the financial statements in advance for determining the appropriate structures, terms and vesting conditions that meet your financial budget.

GOODWILL AND ASSETS

IMPAIRMENT ASSESSMENT

The value of a company's asset, both tangible and intangible, could be impacted by external economic conditions and volatile financial markets. As a result, companies are required to measure and report the corresponding losses arisen from impaired assets according to relevant accounting standard such as HKAS/IAS 36 and US GAAP ASC 350. CIPCS offers valuation and accounting expertise to conduct impairment testing on goodwill, tangible assets and definite/indefinite-lived intangible assets.

FINANCIAL INSTRUMENTS

VALUATION

For most of the transactions nowadays, cash is no longer the only item to be paid as consideration. It is becoming more popular to structure a transaction with the involvement of various types of financial instruments, such as Convertible Bonds and Notes, Preference Shares, Warrants, Forwards, etc. Hence, an independent valuation on such items may be required for financial reporting of both public and private companies, according to relevant accounting standards such as HKFRS/IFRS 2 and US GAAP ASC 718 and HKFRS/IFRS 9 and US GAAP ASC 326. The structures of financial instruments are getting more complex with the various clauses embedded in the terms and agreements. Based on our knowledge on different valuation methodologies, CIPCS can customize the most appropriate valuation model to capture the terms and clauses of the particular instruments precisely.

VENTURE CAPITAL & PRIVATE

EQUITY PORTFOLIO VALUATION

Venture capital and private equity managers are often required to measure the fair values of investments in the funds as part of the reporting process to investors. The International Private Equity and Venture Capital ("IPEV") Guidelines is a well-recognized valuation guideline that set out a globally-acceptable framework for fair value measurement that is in compliance with both IFRS and US GAAP. With our knowledge on IPEV Guidelines and professional finance and accounting expertise, we are capable to assist management in carrying out the valuations in accordance with the reporting standards and make better economic decisions.

VALUATION FOR CIRCULAR

DISCLOSURE

M&A is one of the common ways for companies to achieve additional growth. Whether the M&A adds value to the firm depends fundamentally on a proper evaluation of the transactions. Listed companies are required to disclose details of the transaction, in particular the basis upon which the consideration was determined, if it is classified as a share transaction, disclosable transaction, major transaction, very substantial disposal/acquisition or reverse takeover as soon as the transaction has been finalized under Chapter 14 of the Main Board Listing Rules of the Stock Exchange of Hong Kong ("HKEx") and Chapter 19 of the GEM Listing Rules of HKEx.

We have extensive experience in providing services for U.S. and H.K. listed companies, pre-IPO candidates and small and medium sized enterprises. Regardless of the complexity of the deal structure, our dedicated team will assist you in selecting the most appropriate business valuation techniques to smoothen the work progress.

EXPECTED CREDIT LOSSES ("ECL") ASSESSMENT

With HKFRS/IFRS 9 *Financial Instruments* being effective for annual periods beginning on or after 1 January 2018, companies are required to assess the ECL for their financial assets. HKFRS/IFRS 9 introduces the expected credit loss model, specifying the measurement of the ECL should reflect a probability-weighted outcome, account for the time value of money and incorporate forward-looking information. CIPCS is capable to assist management to better prepare and understand the impact of the new standard and reduce implementation costs and compliance risk.

BIOLOGICAL ASSET VALUATION

According to the requirements under HKAS/IAS 41 and US GAAP ASC 905 *Agriculture*, companies are required to assess the fair value less costs to sell of the biological assets and the agriculture produce. CIPCS has a dedicated team of professionals with the assistance of industry experts focusing on various types of biological assets, to provide valuation services in relation to the valuation of biological assets for financial reporting purpose.

Fixed Assets Valuation Advisory

VALUATION FOR PUBLIC DISCLOSURES – LISTING / CIRCULARS

According to the requirements under Chapter 5 of the Main Board and Chapter 8 of the GEM Board Listing Rules of the HKEx, the applicants or issuers are required to disclose valuations of and information on property interests on the listing document or circular under certain circumstances. Based on our extensive experience in providing property valuation services for the purposes of listing and circular, our qualified surveyors are capable to assist companies to conduct property valuation for the purpose of public disclosure.

PRE-DEAL VALUATION ADVISORY

Due to the heightening regulatory improvement and corporate governance, regulatory bodies require that all transactions must comply with the requirements under the listing rules, which may involve with the opinion of an independent qualified valuer for listed companies. CIPCS is capable to carry out professional, prescient and independent analysis and valuation services. Unbiased conclusion will be provided to assist the company in investment decision making and smoothen the work progress.

VALUATION FOR FINANCIAL REPORTING

According to the requirements under HKAS/IAS 16 and US GAAP ASC 360, HKAS/IAS 36 and US GAAP ASC 350, HKAS/IAS 40 and US GAAP ASC 973, and HKFRS/IFRS 3 (R) and US GAAP ASC 805, an independent valuation of property interests may be required for financial reporting of both public and private companies. CIPCS has a dedicated team of professionals including qualified surveyors, CPA and CFA to assist company to cater for the duties in financial reporting.

MORTGAGE VALUATION

CIPCS has introduced a self-developed user-friendly online platform "Mortgage Valuation Platform (MVP)". MVP is a dedicated 24/7 interactive online platform for mortgage financial institutions to process all mortgage-related documentation. It enhances the compliance level of our clients without any additional IT cost.

HOTEL / RESORT VALUATION

The hotel market has evolved unprecedentedly over time. CIPCS is capable to deliver a consolidated valuation on hotel assets to cater for the prevalence of newly-developed hotel categories such as onsen hotel (Hot spring hotel), resort and Bed & Breakfast (B&B).

Statutory Valuation Services

BUSINESS VALUATION

An enterprise is not a simple pile of assets, but rather an organic combination of various assets, human resources, technology, marketing, management and many other factors. Therefore, the value of an enterprise cannot be determined by simply summing up its individual assets. Independent and objective business valuation is necessary for various business activities such as joint ventures, mergers and acquisitions, equity transactions, financial reporting, due diligence, tax restructuring, ODI filling and listing of enterprises. CIPCS Appraisal has many years of experience in business valuation, utilizing extensive knowledge and experience to provide professional business valuation opinions that comply with both domestic and international valuation standards.

INTANGIBLE ASSETS VALUATION

According to the latest Company Law and accounting standards in China, the role of intangible asset valuation has become significantly important in major economic activities. However, due to the intangible nature of these assets, there are challenges in their technical and advanced identification, determination of legal ownership, estimation of expected returns and quantification of risks. CIPCS Appraisal, with a deep understanding of this field, has provided professional valuation opinions on trademarks, patents, franchising rights, licensing rights, software copyrights and other types of intangible assets based on our extensive experience. Our rich experience is the cornerstone of providing high-quality services to our clients.

SINGLE TANGIBLE ASSETS

VALUATION

When enterprises or individuals engage in investment, transaction, mortgage, auction, leasing, litigation settlement and other economic activities, it is often necessary to understand the value of relevant machinery and equipment, specialized production lines, buildings and real estate for decision-making. CIPCS Appraisal has an experienced team that carries out valuation of plant and equipment, specialized production lines, real estate and other tangible assets valuation for our clients with professionalism and reliability.

VENTURE CAPITAL AND PRIVATE EQUITY PORTFOLIO VALUATION

Venture capital and private equity managers often require measuring the fair values of investments in funds as part of the reporting process to investors. The International Private Equity and Venture Capital Valuation ("IPEV") Guidelines provide a globally acceptable framework for fair value measurement that aligns with both IFRS and US GAAP. The Private Equity Unlisted Equity Investment Valuation Guidelines are widely accepted and followed in mainland China for fund-related valuations. With our profound understanding of international and domestic valuation guidelines, coupled with our expertise in finance and accounting, we are capable of assisting fund managers in evaluating their investment portfolios for transaction reference or financial reporting purposes. We can also provide valuable insights and analysis that can help management make better decisions based on the results of our valuation assessments.



Risk Management Advisory

We provides various risk advisory services from internal control review, risk management, to corporate governance services to cater for our clients' needs in complying with the latest requirements under the revised Corporate Gov-

RISK CONSULTING FOR INITIAL PUBLIC OFFERING ("IPO")

Launching an IPO project is a complex, time-consuming and rigorous process. The better prepared the company is, the more efficient and less costly the process can be. Undertaking the responsibility to make declaration set out in the Rules Governing the Listing of Securities, the sponsor is required to carry out due diligence in respect of the listing applicant's accounting and management systems, including the assessment on the internal controls systems and procedures. CIPCS can provide a Pre-IPO Internal Control Review service for potential IPO candidates so as to assist our client and its sponsor to assess the sufficiency of the finance, system and internal controls procedures of the company. Our experienced professional team has handled numerous pre-IPO projects to provide professional advice on establishment and/or enhancement of internal control system suitable for listed company.

RISK MANAGEMENT AND INTERNAL CONTROL REVIEW

According to the Code, the board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the listed company's strategic objectives, and ensuring that the listed company establishes and maintains sound, appropriate and effective risk management and internal controls systems to safeguard shareholders' investment and the company's assets. The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the board on the effectiveness of these systems. CIPCS provides professional advice on the design, efficiency and effectiveness of the risk management and internal control system in order to help the company to establish and maintain a sound and effective risk management system. Our review is carried out in accordance with the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission.



DUE DILIGENCE

Depending on situations and jurisdictions, due diligence review could either be a legal standard of care or voluntary investigation. It is typically used in M&A. Either the buyers or sellers could initial due diligence reviews, since both parties have the obligation to assure the legitimacy of the transactions. CIPCS provides different types of due diligence services, ranging from operational due diligence, financial due diligence, environmental due diligence to compliance due diligence.

CORPORATE GOVERNANCE REVIEW

The Code set out the principles of good governance, and two levels of recommendations: (a) code provisions; and (b) recommended best practices. The listed companies must meet certain requirements to comply with the Code or disclose considered reasons for its deviation. To assist companies to maintain sound corporate governance, in order to sustain and enhance their competitiveness and corporate image over the market, CIPCS could provide CG Code Compliance Review and CG Report Disclosure Review.

CRISIS MANAGEMENT

Crisis management is the process by which an organization manages and deals with a disruptive and unexpected event that threatens to harm the organization or its stakeholders. CIPCS aims to prepare companies for unanticipated crisis, develop re-engineering plan for enhanced operational efficiency in addition to the basis of internal control review and risk assessment with continued evaluation. To allow corporates to navigate through unexpected crisis, CIPCS helps develop a comprehensive crisis management plan enabling them to Prepare for, Respond to, Recover from, and be Resilient to crisis.

CORPORATE TRANSACTION ADVISORY

Throughout the M&A process, CIPCS professional team can identify significant issues and provide clients with customized, practical and effective advice on management strategies by performing due diligence on a different aspect of the target company. Subsequently, we could assist the company to formulate an effective solution to facilitate the integration and interoperability between the acquired business and the group to maintain the consistency of operations and leadership.

Environment, Social and Governance (ESG) Advisory

Starting from 2016, Hong Kong listed companies are required to disclose ESG information on an annual basis in compliance with the ESG Reporting Guide set out in Appendix 27 to the Main Board Listing Rules or Appendix 20 of GEM Listing Rules. We assist listed companies to sort out the difficulties in meeting the disclosure requirements, including technical issues derived from huge and complicated organizational structures.

ESG GOVERNANCE ADVISORY

Sustainability governance helps a company implement sustainability strategy across the business, manage goal-setting and reporting processes, strengthen relationships with external stakeholders, and ensure overall accountability. How and where sustainability fits into the overall corporate structure can be very revealing of a company's direction and priorities. As there is no cookie-cutter structure that can be applied, CIPCS assists your company to tailor its approach for what makes the most sense given its business model, structure, resources, and level of sustainability integration into the business. We could also assist company in forming formal ESG Board Committee, cross-functional executive Sustainability Committee, sustainability teams and sustainability supporting structures, as well as preparing any necessary documents.

SUSTAINABILITY STRATEGY DEVELOPMENT

Understanding how sustainability impacts company's business model, value chain, and products and services become a must to prosper in a competitive and dynamic business landscape. CIPCS assists company to establish a sustainability plan based on company's goals, risks and opportunities, external and internal pressures, and resources. This roadmap provides company with clear priorities and directions. CIPCS focuses on how sustainability can bring company a competitive advantage beyond basic compliance and regulatory issues. We look at the entire spectrum of sustainability issues that are important in the industry the company belongs to and important in company's business model.

ESG REPORTING

ESG Report is a very important transparency and communication tool that captures and discloses the organization's entire sustainability strategy, from development and implementation to integration and assessment. CIPCS has extensive experience in developing sustainability reporting in a wide range of sectors with a proven track record. We plan, develop and compile a complete report including providing custom-designed data templates, statistical analysis and preparation of charts and tables. We also offer a special reporting package for newly listed companies to help them start their reporting journey in a simple and easy manner.

ESG DATA MANAGEMENT

ESG data is a comprehensive set of data points that covers a variety of environmental, social and governance issues. CIPCS self-developed cloud-based platform-CIPCS iESGweb helps companies efficiently manage sustainability performance data across companies and supply chains. It enables company to collect, monitor and report on ESG data in a transparent, consistent and comparative manner.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Materiality is the driver through which companies can select issues to be included in ESG reports favouring the expectations of stakeholders. The statistical analysis highlights the importance of industry, HKEx ESG Reporting Guide application and stakeholder engagement in the reporting process, in particular in the materiality analysis, to achieve a high level of materiality application and good report quality. CIPCS is capable to help company clearly present the materiality disclosures in the ESG report. We also help company ensure disclosures that are related to materiality are clearly labelled and referenced.



Corporate Advisory

CIPCS supports clients in the midst of changes, whether they are regulatory updates or further business development. We are committed to helping our clients shape their business strategies and implement their

STRATEGIC VALUE ANALYSIS

Strategic value analysis is a useful tool for identifying and evaluating the relationship between business strategy, value drivers and competitive advantages of your company. CIPCS dedicated professionals have in-depth industry expertise that could assist you in formulating strategic bases and key assumptions, which can assist you in turning your strategic plan into a concrete forecast in financial terms; identifying possible acquisitions that suit your strategic value; and guiding decision on business improvement and operational efficiency by visualizing and quantifying the potential financial impacts.

FORMULATION OF BUSINESS PLAN

Knowing the market, making correct decision and taking the right reaction are fundamentals of running a successful business. Given the more challenging business environment nowadays, it requires ever higher standard of corporate management to surpass your competitors in the

Property Consultancy

CIPCS aims to provide our clients with a collective but comprehensive idea to assist them to make the right deci-

DUE DILIGENCE IN REAL ESTATE TRANSACTION

During an acquisition or sales process, due diligence provides insights into the risks involved in property acquisition. CIPCS is capable to assist the company to identify the property title, land tenure and property market research.

FEASIBILITY STUDY

CIPCS professional research team provides an objective, comprehensive and prescient feasibility study to assist management to make the best investment and future development decision. Through a wide range of scope of analysis, such as

market. CIPCS dedicated professionals have in-depth and yet innovative expertise to assist the management in addressing their challenges from the industry. Our works include performing market analysis, analyzing business performance, visualizing business strategies, formulating financial projection and preparing pitch decks to potential investors.

FINANCIAL MODELLING

CIPCS devises and implements customized solutions for our clients' most challenging and critical issues. Our team has extensive experience in developing financial model to assist the management for better in-house budgeting and financial management. Our services include assisting companies in developing or reviewing their financial models; conducting scenario analysis on the financial impacts with various Key Performance Indicators ("KPIs") or under various situations to streamline the business objectives; performing assessment on the value or synergy created from the potential acquisitions for decision making; developing a financial roadmap to guide and monitor the achievement of your short-and long-term financial objectives.

cost-benefit analysis, budgeting analysis and scenario analysis, we can derive suggestions and guidance on potential property development.

PROJECT MANAGEMENT

Combining the advantages of CIPCS multidisciplinary teams, we are capable to provide one-stop comprehensive real estate project management services for achieving an effective and efficient use of capital. This edge also allows us to represent our clients to take part in the negotiation with other stakeholders, especially during acquisition transaction in redevelopment projects and urban renewal, in order to maximize the returns of properties.



Our Credential

List of Selected Clients

Alibaba Group Holding Ltd. (BABA.US) for valuation services on a number of acquisitions in information technology industry and valuation services for financial reporting purpose.

Industrial and Commercial Bank of China Ltd. (1398.HK, 601398.SH) on providing valuation services relating to business enterprise value for the purpose of internal reference.

China Evergrande Group (3333.HK) on providing property valuation services for a number of major acquisitions.

Sunac China Holdings Ltd. (1918.HK) on providing valuation services for financial reporting purpose.

Huaneng Power Int'l Inc. (902.HK) on providing valuation services on the acquisition of power stations from parent company.

Li Ning Co., Ltd. (2331.HK) on a number of financial reporting valuations including financial instruments.

A-Living Services Co., Ltd. (3319.HK) on providing valuation services for financial reporting purpose.

Shanghai Pharmaceutical Holdings Co., Ltd. (2607.HK) for valuation service on a series of acquisitions among the medical and pharmaceutical industries.

Tencent Holding Ltd. (700.HK) for valuation services on a number of acquisitions in the information technology industry.

Meituan Dianping (3690.HK) on its initial public offering and listing on the Main Board of Hong Kong Stock Exchange and providing a number of financial assets valuations.

Hong Kong and China Gas Co., Ltd. (03.HK) on a number of financial reporting valuations, including financial instruments and investment fair value.

Ctrip Travel Network technology (Shanghai) Co., Ltd. (CTRP.US) on a number of financial reporting valuations including a number of financial instruments.

Sinopharm Holdings Co., Ltd. (1099.HK) for valuation service on a series of acquisitions among the medical and pharmaceutical industries.

YY Inc. (YY.US) on a number of financial reporting valuations, including financial instruments and employee share options.

ESR Cayman Ltd. (1821.HK) on its initial public offering and listing on the Main Board of Hong Kong Stock Exchange.

COSCO Shipping Holdings Co., Ltd. (1919.HK) on providing PPA valuation services for its acquisition of OOIL (316.HK) financial reporting purpose.



Our Credential (cont.)



Our Management

List of Selected Clients

Greentown Service Group Co., Ltd. (2869.HK) on a number of financial reporting valuations, including financial instruments and financial assets (IFRS 9).

Peijia Medical Ltd. (9996.HK) on its initial public offering and listing on the Main Board of Hong Kong Stock Exchange.

China Logistics Property Holdings Co., Ltd. (1589.HK) on providing valuation services and assisting in preparing ESG report for financial reporting purpose.

Luk Fook Holdings (Int'l) Ltd. (590.HK) on assisting in preparing ESG report for financial reporting purpose.

Meitu, Inc. (1357.HK) on a number of financial reporting valuations including financial instruments and PPA valuation as well as ESG reporting service.

Kintor Pharmaceutical Ltd. (9939.HK) on its initial public offering and listing on the Main Board of Hong Kong Stock Exchange.

Symphony Holdings Ltd. (1223.HK) on a number of risk management advisory services including annual internal control review, consulting services as well as ESG reporting.

Beijing Enterprises Medical and Health Industry Group Ltd. (2389.HK) on providing annual risk management and internal control review and assisting in preparing ESG report for financial reporting purpose.

Bosideng Int'l Holdings Ltd. (3998.HK) on a number of financial reporting valuations including a number of financial instruments.

Yinxin Group Ltd. (2858.HK) on a number of financial reporting valuations including a number of financial instruments.

Sichuan Languang Justbon Services Group Co., Ltd. (2606.HK) on its initial public offering and listing on the Main Board of Hong Kong Stock Exchange.

Bitauto Holdings Ltd. (BITA.US) on providing a series of financial advisory service.

China Resources Medical Holdings Company Ltd. (1515.HK) on assisting in preparing ESG report for financial reporting purpose.

Yunji Inc. (YJ.US) on its initial public offering and listing on NASDAQ.

Fullshare Holdings Ltd. (607.HK) on assisting in preparing ESG report for financial reporting purpose.

Feiyang Int'l Holdings Group Ltd. (1901.HK) on its initial public offering and listing on the Main Board of Hong Kong Stock Exchange.

China Water Industry Group Ltd. (1129.HK) on assisting in preparing ESG report for financial reporting purpose.



ARTHUR ZHĀNG

Managing Partner

CFA, FCPA(HK), FCPA Australia, MRICS, RICS Registered Valuer

Arthur is the Founder and Managing Director of CIPCS Group, who leads the firm's valuation, risk management, and ESG advisory services in Hong Kong and the PRC.

Arthur has over 20 years' experiences in financial valuation, M&A advisory, business consulting and corporate investment, advising clients in a range of industries, including TMT, financial services, pharmaceutical and energy etc. Hence, He has been leading the firm to make breakthroughs in these areas.

Before founding CIPCS, Arthur served as an Associate Director of PricewaterhouseCoopers and was in charge of the valuation division in Beijing. He has advised numerous large M&A deals in both China and overseas for multinational corporations and Chinese state-owned enterprises. He also has extensive experiences in providing valuation services for US and HK IPO listing.



ANDERSON CHÉN

Partner

ACA, CFA, FCPA, LL.M., MRICS, RICS Registered Valuer

Anderson is mainly responsible for business valuation, intangible asset valuation and financial instruments valuation for financial reporting purpose and consulting & advisory purpose.

Anderson has over 10 years' experience in valuation sector. Prior to joining CIPCS, Anderson has worked with KPMG in Risk Advisory Service and Assurance Departments. Anderson has led several local and overseas valuation and advisory projects across different industries for transaction, IPO and financial reporting purposes.