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**GUANGDONG SYNTRUST GK TESTING AND CERTIFICATION  
TECH SERVICE CENTER CO., LTD.**

**廣東集信國控檢測認證技術服務中心股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 8629)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
PROPOSED CAPITAL INCREASE IN HYDRAULIC ENGINEERING  
T&I SERVICE PROVIDER**

**THE CAPITAL INCREASE AGREEMENT**

On 16 April 2025, the Company, Nanyue Hydraulic and the Target Company entered into the Capital Increase Agreement, pursuant to which the Company conditionally agreed to subscribe for 51% of the enlarged registered capital of the Target Company for a total consideration of RMB9,330,000.

Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) applicable to the Company in respect of the Proposed Capital Increase exceed 5% but all are less than 25%, the Proposed Capital Increase constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## THE CAPITAL INCREASE AGREEMENT

On 16 April 2025, the Company, Nanyue Hydraulic and the Target Company entered into the Capital Increase Agreement, pursuant to which the Company conditionally agreed to subscribe for 51% of the enlarged registered capital of the Target Company for a total consideration of RMB9,330,000.

The principal terms of the Capital Increase Agreement are as follows:

**Date:** 16 April 2025

**Parties:** (1) The Company;  
(2) Nanyue Hydraulic; and  
(3) The Target Company

To the best of the Directors' knowledge, information and belief, after making all reasonable enquiries, Nanyue Hydraulic and the Target Company and their ultimate beneficial owners are independent of the Company and its connected persons.

### Proposed Capital Increase

Pursuant to the Capital Increase Agreement, the Company conditionally agreed to subscribe for 51% of the enlarged registered capital of the Target Company for a total consideration of RMB9,330,000.

Upon Completion, the registered capital of the Target Company will be owned as to 51% by the Company and 49% by Nanyue Hydraulic, respectively. The Target Company will become a non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial statements of the Group.

### Investment Consideration and Payment Terms

The total consideration of RMB9,330,000 under the Capital Increase Agreement shall be payable by the Company by bank transfer to the designated bank account of the Target Company within seven business day after the Company has received the approval documents from the competent State-owned Assets Supervision and Administration Commission of the PRC and other relevant approval documents in respect of the Capital Increase Agreement.

The investment consideration of the Proposed Capital Increase will be financed by the internal resources of the Company.

### **Basis for Determination of Investment Consideration**

The investment consideration under the Capital Increase Agreement was determined by the Company, the Target Company and Nanyue Hydraulic after arm's length negotiation with reference to, among other things:

- (i) the valuation of the entire equity interest in the Target Company (the “**Valuation**”) as at 31 December 2024 (the “**Valuation Date**”) of RMB9,460,000 as stated in the valuation report (the “**Valuation Report**”) prepared by Guangdong Huayi Valuation Co. Limited\* (廣東華逸資產評估有限公司) (the “**Valuer**”), an independent professional valuer, adopting the market approach. For details of the Valuation, please refer to the paragraph headed “Valuation” in this announcement;
- (ii) the reasons for and benefits of entering into the Capital Increase Agreement as stated under the paragraph headed “Reasons for and Benefits of the Proposed Capital Increase”; and
- (iii) the financial performance of the Target Company. In particular, the increase in revenue of the Target Company by 167.6% to RMB8,773,000 for FY2024 from RMB3,279,000 for FY2023, and the increase in net profit after tax of the Target Company by 2,076.3% to RMB2,568,000 for FY2024 from RMB118,000 for FY2023.

### **Conditions Precedent**

The obligation of the Company to complete the Capital Increase Agreement is conditional upon the satisfaction or waiver of the following conditions:

- (a) the Company having completed the due diligence on, among other matters, the business, technology, financial and legal affairs of the Target Company;
- (b) the Company having completed all the evaluations and reviews of the Target Company and the Proposed Capital Increase, and obtained all internal and external approvals in accordance with laws, regulations or the Company's internal policies, including but not limited to the approvals required by the GEM Listing Rules or the Stock Exchange (including shareholders' approval, if required);
- (c) the Target Company and Nanyue Hydraulic having obtained all internal and external approvals required by law or its internal regulations related to the Proposed Capital Increase, including but not limited to approvals from competent state-owned asset management authorities of the PRC;

- (d) the Target Company having provided documents and information requested by the Company, including but not limited to: (i) shareholder and board resolutions approving the Proposed Capital Increase; (ii) amendments to the Target Company's articles of association in relation to the Proposed Capital Increase; and (iii) any other documents requested by the Company;
- (e) the Company having received all necessary consents from the State-owned Assets Supervision and Administration Commission of the PRC or other relevant authorities (if any) required for the Proposed Capital Increase;
- (f) Nanyue Hydraulic having agreed to waive its right to subscribe for the registered capital to be increased pursuant to the Capital Increase Agreement, and without the Company's consent, the Target Company shall not increase its registered capital, save for the Proposed Capital Increase;
- (g) the representations and warranties made by Nanyue Hydraulic and the Target Company having remained true, accurate, complete and not misleading as at the date of Capital Increase Agreement and up to the date of Completion, and any undertakings and warrants provided by Nanyue Hydraulic and the Target Company having been fulfilled prior to or on the date of Completion, and the Company having received certificates from the Nanyue Hydraulic and the Target Company in relation to the fulfillment of such undertakings and warranties; and
- (h) parties to the Capital Increase Agreement having executed all relevant transaction documents and the Company has received an original copy of each of the transaction documents.

The Company may waive all or part of the aforesaid conditions precedent. In the event that any of the said conditions precedent has not been fulfilled or waived by the Company within 60 Business Days of the date of the Capital Increase Agreement (or such other date as agreed by the Company), the Capital Increase Agreement will terminate, but without prejudice to rights and remedies accrued before termination. As at the date of this announcement, none of the conditions precedent has been fulfilled.

Upon termination of the Capital Increase Agreement, the Target Company and Nanyue Hydraulic shall repay all the investment consideration which the Target Company has received (together with interest accrued from the date of receipt of the investment consideration by the Target Company up to the date of return of the investment consideration at the applicable interest rate published by the People's Bank of China for the relevant period) to the Company.

## **Completion**

Completion shall take place on the seventh Business Day after satisfaction of the conditions precedent to completion of the Proposed Capital Increase under the Capital Increase Agreement.

## **VALUATION**

According to the Valuation Report, the appraised value of the entire equity interest of the Target Company as at 31 December 2024 was RMB9,460,000.

### **Valuation Methodology**

Pursuant to the Valuation Report, the Valuer has considered the application of three basic valuation approaches, namely market approach, income approach and asset-based approach. Market approach refers to the approach in which the valuation subject is compared with comparable listed companies or transactions to determine the value of the valuation subject with reference to the market value of the comparables. The method of listed-company comparison refers to a specific method of obtaining and analysing the operation and financial data of comparable listed companies, calculating the value ratio, and determining the value of the valuation subject on the basis of comparative analysis with the evaluated entity. The method of comparable transaction refers to the specific method of obtaining and analysing the data of the transaction, acquisition and merger cases of comparable enterprises, calculating the value ratio, and determining the value of the valuation subject on the basis of comparative analysis with the evaluated entity. Income approach refers to the approach in which the current value of the expected income of the valuation subject is appraised to determine the value of the valuation subject. Asset-based approach refers to the approach in which the value of assets and liabilities of the valuation subject as at a given valuation date is based and assessed to determine the value of the valuation subject.

The Valuer has adopted the market approach and transaction-case comparison method during the Valuation after considering the following factors: (i) given that the Target Company is at a developmental stage, future earnings of the Target Company have a high degree of uncertainty and income approach is not appropriate for the Valuation; (ii) as the Target Company has adopted an asset-light business model and has achieved sustainable profitable growth, the asset-based approach was not an appropriate approach to reflect the profitability of the Target Company; and (iii) the precondition of using the listed-company comparison method is that the comparable companies and the entity being evaluated are of similar business size. Given that the Target Company is a small-to-medium company, the listed-company comparison method is not suitable for the Valuation. Prior to the Valuation Date, the Valuer identified several sale transactions of companies within the same industry as the Target Company for comparison. Therefore, the market approach and comparable transaction method were adopted in the Valuation.

## **Key Assumptions**

The principal assumptions, upon which the Valuation is based on, are as follows:

- (i) the Target Company will continue to operate after the Valuation Date;
- (ii) there will be no major changes in the political, economic and social environment of the country and region at which the Target Company is located after the Valuation Date;
- (iii) there will be no major changes in macroeconomic policies, industrial policies and regional development policies in the country at which the Target Company is located after the Valuation Date;
- (iv) there will be no major changes to the valuation bases, such as interest rates, exchange rates, tax bases and rates, policy-related levies and other valuation bases related to the Target Company;
- (v) the operator of the Target Company is responsible and that its management is capable of performing its duties and responsibilities. It is also assumed that the existing management, business and technical teams will remain relatively stable, or that any change in the management and business will not have significant impact on the Target Company's operations and management;
- (vi) the Target Company fully complies with all relevant laws and regulations; and
- (vii) there will be no force majeure event causing significant adverse impact on the Target Company after the Valuation Date.

## **Selection Criteria of Comparable Sale Transactions**

The Valuer has identified three comparable transactions in the Valuation based on the following selection criteria:

- (i) the underlying companies are principally engaged in similar business;
- (ii) the underlying companies operate in China;
- (iii) the transactions took place within three years of the Valuation Date;
- (iv) the underlying companies are relatively mature, have certain amount of assets and business scale, and recorded a revenue of no less than RMB50,000,000 for 2023; and

(v) the transaction resulted in change in controlling interest of the underlying companies.

## Comparable Transactions

Details of the comparable transactions are set out in the table below:

Comparable transaction no.	Purchaser	Target of transaction	Date of announcement	Equity percentage of transaction	Total acquisition consideration (RMB'000)
1.	Shanghai Tonghao Engineering Management Co., Ltd.* (上海同灝工程管理有限公司)	Shanghai Tongji Testing Technology Co., Ltd.* (上海同濟檢測技術有限公司) ("Company A")	2 August 2024	55%	166,418
2.	Changzhou Architectural Science Research Institute Group Co., Ltd.* (常州市建築科學研究院集團股份有限公司)	Hangzhou Southwest Testing Technology Co., Ltd.* (杭州西南檢測技術股份有限公司) ("Company B")	8 August 2023	55%	80,900
3.	East China Construction Group Co., Ltd.* (華東建築集團股份有限公司)	Shanghai Housing Quality Inspection Station Co., Ltd.* (上海房屋質量檢測站有限公司) ("Company C")	28 August 2023	100%	108,000

## Key Inputs to the Valuation

The Valuer has identified three comparable transactions based on the selection criteria as detailed in the paragraph above. The acquisition considerations of the underlying companies were assessed and necessary adjustment (including scale difference correction coefficient of 4.01% and weights) was made in the Valuation.



### ***Scale Difference Correction Coefficient***

Given that the scales of the underlying companies as set out in the paragraph headed “Comparable Transactions” above are much larger than the Target Company, scale different correction coefficient was applied in the Valuation. In calculating the correction coefficient, the average revenue-generating capacity of T&I service providers were taken into account, details of which are set out in the table below:

	<b>Aggregate revenue generated by T&amp;I service providers in 2023 (A) (RMB'000)</b>	<b>Number of T&amp;I service providers considered (B)</b>	<b>Average revenue- generating capacity (A/B) (RMB'000)</b>
T&I service provider that generated revenue of RMB50,000,000 or more in 2023 (“ <b>Class I</b> ”)	375,122,000	7,558	49,630
T&I service provider that generated revenue of less than RMB50,000,000 in 2023 (“ <b>Class II</b> ”)	91,887,000	46,276	1,990

The scale difference correction coefficient of 4.01% equals to the average revenue-generating capacity of the Class I T&I service providers (RMB49,630,000) divided by that of the Class II T&I service providers (RMB1,990,000).

### ***Weights***

Weights were assigned to the adjusted acquisition consideration of different transaction cases based on the market size and volatility of the valuation of the underlying companies.

A weight of 0.6 was assigned to the adjusted acquisition consideration of Company A as it is a mid-sized company and the stability of its market position and transaction price are relatively high.



A weight of 0.3 was assigned to the adjusted acquisition consideration of Company B as it is a small-to-medium sized company and its transaction price is relatively stable but less stable when compared to Company A's.

A weight of 0.1 was assigned to the adjusted acquisition consideration of Company C as it is a small-sized company and its transaction price is least stable among the three underlying companies.

### **Appraised Value of the Target Company**

The value of the entire equity interest of the Target Company equals to the sum of the weighted and adjusted acquisition consideration of the underlying companies which can be calculated using the following formula:

$$\text{Weighted and Adjusted Acquisition Consideration} = \frac{(\text{Acquisition Consideration} \times 4.01\% \times \text{Weight})}{(\text{Equity Percentage of Transaction})}$$

*Note:* For value of the parameters in the above formula, please refer to the paragraphs headed “Comparable Transactions” and “Key Inputs to the Valuation” above.

Therefore, the appraised value of the entire equity interest of the Target Company as at 31 December 2024 was RMB9,460,000.

### **View of the Board on the Valuation**

The Board had reviewed and analyzed the assumptions and methodology of the Valuation, and enquired with the Valuer and the Company's management about the valuation and its assumptions and methodology, including but not limited to (i) basis for adoption of market approach and transaction-case comparison method; (ii) key assumptions; (iii) scale difference correction coefficient and weights applied in the Valuation; (iv) comparable transactions selected by the Valuer; and (v) the calculation of the Valuation. In view of the aforesaid, the Board considered that the assumptions and methodology of the Valuation to be fair and reasonable.

## REASONS FOR AND BENEFITS OF THE PROPOSED CAPITAL INCREASE

The Company is principally engaged in the provision of construction engineering T&I services and food and agricultural related testing services, currently mainly serving customers in Maoming City.

The Target Company has commenced to provide hydraulic engineering T&I services in Maoming City since January 2005. It is accredited to perform two categories of construction engineering T&I services, including but not limited to geological survey, highway and hydraulic engineering T&I services, encompassing a total of 265 parameters. As at the date of this announcement, the Target Company maintained a team of 24 employees, 12 of which are qualified to carry out hydraulic engineering T&I activities.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Proposed Capital Increase are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole, after having considered the reasons below:

- (a) the introduction of new administrative measures, including but not limited to the Administrative Measures for the Quality Inspection of Highway and Waterway Engineering (《公路水運工程質量檢測管理辦法》) (Jiao Tong Yun Shu Bu Ling [2023] No. 9) and Administrative Measures for Investment Projects within the Central Budget for Water Conservancy (《水利中央預算內投資專項管理辦法》) (Fa Gai Nong Jing Gui [2024] No. 1761), have created new growth opportunities for the hydraulic engineering T&I market. As such, the Directors believe that the Proposed Capital Increase represents a good opportunity for the Company to further broaden and strengthen its capability in the provision of T&I services, increase its service offerings and participate in relevant T&I projects;
- (b) the Target Company has shown promising growth potential. Based on the audited financial statements of the Target Company, the Target Company's revenue increased by 167.6% to RMB8,773,000 for FY2024 from RMB3,279,000 for FY2023. Further, the Target Company recorded net profit after tax for two consecutive years, with a 2,076.3% increase in net profit after tax from RMB118,000 for FY2023 to RMB2,568,000 for FY2024. In view of the growth potential of the Target Company, the Directors believe that the Proposed Capital Increase will enhance the profitability of the Company; and
- (c) the Proposed Capital Increase will allow the Company to further expand its business network and client base in Western Guangdong which aligns with the future plans of the Company.

In addition, instead of acquiring the equity interest in the Target Company from Nanyue Hydraulic, the Company decided to subscribe for new registered capital as the Target Company is in a developmental stage and the Proposed Capital Increase will provide new funds to the Target Company for business development.

## **INFORMATION OF THE CONTRACTING PARTIES**

### **The Company**

The Company is principally engaged in the provision of construction engineering T&I services and food and agricultural related testing services, currently mainly serving customers in Maoming City.

### **Nanyue Hydraulic**

Nanyue Hydraulic is a limited liability company established in the PRC which is principally engaged in the provision of hydraulic engineering planning, survey and design services in Maoming City.

As at the date of this announcement, Nanyue Hydraulic is wholly-owned by Maoming City SASAC.

Maoming City SASAC was authorized by the People's Government of Maoming City to perform its duty as a capital contributor according to the laws and regulations of the PRC, such as the Companies Law of the PRC (中華人民共和國公司法) and the Enterprise State-owned Assets Law of the PRC (中華人民共和國企業國有資產法), as well as the relevant requirements of the People's Government of Maoming City. The People's Government of Maomign City is a PRC local government immediately under the PRC provincial-level governments (i.e. the Guangdong provincial government). Furthermore, the Maoming City SASAC does not engage in any commercial business or operate any commercial entity. As such, Maoming City SASAC constitutes a "PRC Governmental Body" under the GEM Listing Rules, and therefore not a connected person of the Company by virtue of Rule 20.09 of the GEM Listing Rules.

### **The Target Company**

The Target Company is a limited liability company established in the PRC which is principally engaged in the provision of hydraulic engineering T&I services in Maoming City.

As at the date of this announcement, the Target Company is wholly-owned by Nanyue Hydraulic.

The table below sets out the audited financial information of the Target Company for the two financial years ended 31 December 2023 and 2024 prepared in accordance with generally accepted accounting principles in the PRC:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Revenue	<b>8,773</b>	3,279
Profit before tax	<b>2,702</b>	119
Profit after tax	<b>2,568</b>	118

The net asset value of the Target Company as at 31 December 2024 was approximately RMB4,658,000.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As one or more of the percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) applicable to the Company in respect of the Proposed Capital Increase exceed 5% but all are less than 25%, the Proposed Capital Increase constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors;
“Business Day”	a day other than Saturdays, Sundays and public holidays in the PRC;
“Capital Increase Agreement”	the capital increase agreement dated 16 April 2025 entered into among the Company, Nanyue Hydraulic and the Target Company in relation to the proposed subscription of 51% of the enlarged registered capital of the Target Company by the Company;
“China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan;

“Company”	Guangdong Syntrust GK Testing and Certification Tech Service Center Co., Ltd. (廣東集信國控檢測認證技術服務中心股份有限公司), a joint stock company with limited liability, whose H Shares are listed on GEM;
“Completion”	the completion of the Proposed Capital Increase;
“Director(s)”	the director(s) of the Company;
“FY2023”	the year ended 31 December 2023;
“FY2024”	the year ended 31 December 2024;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“Group”	the Company and its subsidiary (after Completion);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong;
“H Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00, which are traded in HK dollars and listed on the Stock Exchange;
“Maoming City”	Maoming City, Guangdong Province of China;
“Maoming City SASAC”	the State-owned Assets Supervision and Administration Commission of the Maoming City People’s Government;
“Nanyue Hydraulic”	Nanyue Hydraulic and Hydropower Planning, Survey and Design Co., Ltd.* (茂名市南粵水利水電規劃勘測設計有限公司), a company established in the PRC with limited liability, and the sole shareholder of the Target Company as at the date of this announcement;
“Proposed Capital Increase”	the proposed subscription for 51% of the enlarged registered capital of the Target Company by the Company for a total consideration of RMB9,330,000;

“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Maoming Yueshui Engineering Testing and Inspection Co., Ltd.* (茂名市粵水工程檢測有限公司), a company established in the PRC with limited liability; and
“T&I”	testing and inspection.

By order of the Board  
**Guangdong Syntrust GK Testing and Certification  
Tech Service Center Co., Ltd.**  
廣東集信國控檢測認證技術服務中心股份有限公司  
**Mr. Lai Feng**  
*Chairman and executive Director*

Hong Kong, 16 April 2025

*As at the date of this announcement, the Board comprises of four executive Directors, namely Mr. Lai Feng, Mr. Huang Fei, Ms. Mai Jiayu and Mr. Zhang Xihua, two non-executive Directors, namely Ms. Zou Chan and Mr. Chen Guangfu and three independent non-executive Directors, namely Ms. Liu Hongge, Ms. Deng Dian and Mr. Luo Qiling.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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\* For identification purpose only