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INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2023 and related notes as set out on page III-1 of Appendix III of the circular dated 23 July 2024 (the "Circular") in connection to the proposed acquisition of equity interest in Jade Bird Fire Co., Ltd. related to the supplemental agreement on 13 May 2024 in relation to the settlement of the balance of the consideration of RMB881,476,800 which remained outstanding as at the date of the supplement agreement of disposal of 7.96% equity interest in Target Company completed on 5 May 2023 (the "Proposed Acquisition"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on page III-1 of Appendix III of the Circular.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition on the Group's financial position as at 31 December 2023 and the Group's financial performance and cash flows for the year ended 31 December 2023 as if the Proposed Acquisition had taken place at 31 December 2023 and 1 January 2023, respectively. As part of this process, information about the Group's financial position, and financial performance and cash flows have been extracted by the directors of the Company from the Group's consolidated financial statements for the year ended 31 December 2023, on which an independent auditor's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").



Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition as at 31 December 2023 or 1 January 2023 would have been as presented.



Reporting Accountants' Responsibilities - Continued

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Company; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

A handwritten signature in black ink, appearing to read 'BDO' followed by a stylized name.

BDO Limited
Certified Public Accountants
Hong Kong
23 July 2024

**(1) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AFTER
COMPLETION OF THE SHARE TRANSFER****Introduction**

The unaudited pro forma financial information of the Group including the proposed acquisition of equity interests in the Target Company (the “**Acquisition**”) arising from entering into the Supplemental Agreement to amend the payment terms of the settlement of the Outstanding Consideration of RMB881,476,800 which remained outstanding as at the date of the Supplemental Agreement of disposal of then 7.96% equity interest in Target Company completed on 5 May 2023 (the “**Unaudited Pro Forma Financial Information**”). The Unaudited Pro Forma Financial Information presented below is prepared to illustrate (a) the financial position of the Group after the Acquisition as if the Acquisition had been completed on 31 December 2023, (b) the results and cash flows of the Group after the Acquisition for the year ended 31 December 2023 as if the Acquisition had been completed on 1 January 2023, assuming settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest, by the Target Shares only. The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, and because of its hypothetical nature, it may not purport to present the true picture of (i) the financial position of the Group after the Acquisition as at 31 December 2023 or at any future date had the Acquisition been completed on 31 December 2023; or (ii) the results and cash flows of the Group after the Acquisition for the year ended 31 December 2023 or for any future period had the Acquisition been completed on 1 January 2023.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated statement of financial position of the Group as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2023 as extracted from the consolidated financial statements of the Group as at 31 December 2023 as set out in the Company’s published annual report for the year ended 31 December 2023, after giving effect to the pro forma adjustments described in the notes to the Unaudited Pro Forma Financial Information and is prepared in accordance with Rule 7.31 of the GEM Listing Rules.

(A) *Unaudited Pro Forma Consolidated Statement of Financial Position of the Group After the Acquisition*

	Consolidated statement of financial position of the Group as at 31 December 2023 RMB'000 (Note 1)	Pro forma adjustments RMB'000 (Note 2)		RMB'000 (Note 3)	Unaudited pro forma consolidated statement of financial position of the Group after the Acquisition as at 31 December 2023 RMB'000
Non-current assets					
Property, plant and equipment	346,736				346,736
Investment properties	199,121				199,121
Goodwill	4,965				4,965
Other intangible assets	81,941				81,941
Investments in associates	2,613,581	925,961			3,539,542
Investments in joint ventures	101,073				101,073
Financial assets at FVTOCI	256,039				256,039
Financial assets at FVTPL	28,998				28,998
Deposits for purchase of property, plant and equipment	1,987				1,987
Deposits for potential investments	30,000				30,000
Deferred tax assets	24,179				24,179
	<u>3,688,620</u>				<u>4,614,581</u>
Current assets					
Inventories	15,938				15,938
Trade and other receivables	1,122,742	144,322			385,587
		(881,477)			
Pledged bank deposits	1,344				1,344
Cash and cash equivalents	156,494			(1,302)	155,192
	<u>1,296,518</u>				<u>558,061</u>
Total asset	<u>4,985,138</u>				<u>5,172,642</u>

(A) *Unaudited Pro Forma Consolidated Statement of Financial Position of the Group After the Acquisition – Continued*

	Consolidated statement of financial position of the Group as at 31 December 2023 RMB'000 (Note 1)	Pro forma adjustments RMB'000 (Note 2)		RMB'000 (Note 3)	Unaudited pro forma consolidated statement of financial position of the Group after the Acquisition as at 31 December 2023 RMB'000
Current liabilities					
Trade and other payables	252,174				252,174
Bank and other loans	689,142				689,142
Lease liabilities	1,705				1,705
Current tax liabilities	19,200				19,200
	<u>962,221</u>				<u>962,221</u>
Net current assets/(liabilities)	<u>334,297</u>				<u>(404,160)</u>
Total assets less current liabilities	<u>4,022,917</u>				<u>4,210,421</u>
Non-current liabilities					
Bank and other loans	191,450				191,450
Lease liabilities	3,279				3,279
Deferred tax liabilities	52,219				52,219
	<u>246,948</u>				<u>246,948</u>
NET ASSETS	<u><u>3,775,969</u></u>				<u><u>3,963,473</u></u>

(A) *Unaudited Pro Forma Consolidated Statement of Financial Position of the Group After the Acquisition – Continued*

	Consolidated statement of financial position of the Group as at 31 December 2023 RMB'000 (Note 1)	Pro forma adjustments		Unaudited pro forma consolidated statement of financial position of the Group after the Acquisition as at 31 December 2023 RMB'000
		RMB'000 (Note 2)	RMB'000 (Note 3)	
EQUITY				
Share capital	151,446			151,446
Reserves	3,475,791	144,322	(1,302)	3,663,295
	<hr/>	44,484		<hr/>
Equity attributable to the owners of the Company	3,627,237			3,814,741
Non-controlling interests	148,732			148,732
	<hr/>			<hr/>
TOTAL EQUITY	<u>3,775,969</u>			<u>3,963,473</u>

(B) Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Group After the Acquisition

	Consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2023					Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group after the Acquisition for the year ended 31 December 2023
	RMB'000 (Note 1)	RMB'000 (Note 2)	Pro forma adjustments		RMB'000 (Note 5)	
			RMB'000 (Note 3)	RMB'000 (Note 4)		RMB'000
Revenue	566,375					566,375
Cost of sales and services	(441,995)					(441,995)
Gross profit	124,380					124,380
Other gains and income	13,838	44,484				58,322
Impairment loss on trade and other receivables, net	(210,678)	144,322				(66,356)
Distribution costs	(4,428)					(4,428)
Administration expenses	(84,935)		(1,302)			(86,237)
Other expenses	(45,978)					(45,978)
Loss on partial disposal of an associate	(23,268)					(23,268)
Loss on disposal of a subsidiary	(593)					(593)
Gain on partial disposal of an associate	365,535					365,535
Loss on disposal of associates	(29,495)					(29,495)
Loss from operations	104,378					291,882
Finance costs	(53,857)					(53,857)
Share of profit of associates	149,991			37,310	14,246	201,547
Share of loss of joint ventures	(3,877)					(3,877)
Profit before income tax	196,635					435,695
Income tax expense	(17,935)					(17,935)
Profit for the year	178,700					417,760

**(B) Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive
Income of the Group After the Acquisition – Continued**

	Consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2023	RMB'000 (Note 1)	RMB'000 (Note 2)	Pro forma adjustments		RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group after the Acquisition for the year ended 31 December 2023
									RMB'000
Other comprehensive income after tax:									
<i>Items that will not be reclassified to profit or loss:</i>									
Fair value changes of financial assets at FVTOCI	16,640								16,640
Share of other comprehensive income of associates	(29,034)					216			(28,818)
Share of other comprehensive income of joint ventures	2,771								2,771
	<u>(9,623)</u>								<u>(9,407)</u>
<i>Items that may be reclassified to profit or loss:</i>									
Exchange differences on translating foreign operations	(2,103)								(2,103)
	<u>(2,103)</u>								<u>(2,103)</u>
Other comprehensive income for the year, net of tax	<u>(11,726)</u>								<u>(11,510)</u>
Total comprehensive income for the year	<u><u>166,974</u></u>								<u><u>406,250</u></u>

**(B) Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive
Income of the Group After the Acquisition – Continued**

	Consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2023					Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group after the Acquisition for the year ended 31 December 2023
	RMB'000 (Note 1)	RMB'000 (Note 2)	Pro forma adjustments		RMB'000 (Note 5)	RMB'000
			RMB'000 (Note 3)	RMB'000 (Note 4)		
Profit for the year attributable to:						
Owners of the Company	195,207	144,322 44,484	(1,302)	37,310	14,246	434,267
Non-controlling interests	<u>(16,507)</u>					<u>(16,507)</u>
	<u>178,700</u>					<u>417,760</u>
Total comprehensive income for the year attributable to:						
Owners of the Company	188,152	144,322 44,484	(1,302)	37,526	14,246	427,428
Non-controlling interests	<u>(21,178)</u>					<u>(21,178)</u>
	<u>166,974</u>					<u>406,250</u>

(C) *Unaudited Pro Forma Consolidated Statement of Cash Flows of the Group After the Acquisition*

	Consolidated statement of cash flows of the Group for the year ended 31 December 2023		Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Group after the Acquisition for the year ended 31 December 2023
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax	196,635	144,322	(1,302)	37,310	14,246	435,695
		44,484				
Adjustments for:						
Impairment loss on trade and other receivables, net	210,678	(144,322)				66,356
Other income arising from Accrued Liquidated Damages and Balance Consideration interest	–	(44,484)				(44,484)
Write down of net realisable value of inventories	636					636
Impairment loss on goodwill	34,847					34,847
Depreciation and amortisation	39,235					39,235
Gain on disposal of property, plant and equipment	(7,679)					(7,679)
Loss on deemed partial disposal of an associate	23,268					23,268
Gain on partial disposal of an associate	(365,535)					(365,535)
Loss on disposal of associates	29,495					29,495
Loss on disposal of a subsidiary	593					593
Gain on lease termination	(7,191)					(7,191)
Interest expense	55,021					55,021
Interest income	(6,456)					(6,456)
Net foreign exchange gain	(1,164)					(1,164)
Share of profit of associates	(149,991)			(37,310)	(14,246)	(201,547)
Share of loss of joint ventures	3,877					3,877
Operating profit before working capital changes	56,269					54,967

(C) *Unaudited Pro Forma Consolidated Statement of Cash Flows of the Group After the Acquisition*
– *Continued*

	Consolidated statement of cash flows of the Group for the year ended 31 December 2023					Unaudited pro forma consolidated statement of cash flows of the Group after the Acquisition for the year ended 31 December 2023
	RMB'000 (Note 1)	RMB'000 (Note 2)	Pro forma adjustments		RMB'000 (Note 5)	RMB'000
			RMB'000 (Note 3)	RMB'000 (Note 4)		
Decrease in inventories	4,175					4,175
Increase in trade receivables	(57,608)					(57,608)
Increase in prepayments, deposits and other receivables	(96,600)					(96,600)
Decrease in trade and other payables	(31,422)					(31,422)
Decrease in contract liabilities	(363)					(363)
Cash used in operations	(125,549)					(126,851)
Income taxes paid	(8,883)					(8,883)
Net cash used in operating activities	(134,432)					(135,734)

(C) *Unaudited Pro Forma Consolidated Statement of Cash Flows of the Group After the Acquisition*
– *Continued*

	Consolidated statement of cash flows of the Group for the year ended 31 December 2023					Unaudited pro forma consolidated statement of cash flows of the Group after the Acquisition for the year ended 31 December 2023
	RMB'000 (Note 1)	RMB'000 (Note 2)	Pro forma adjustments		RMB'000 (Note 5)	RMB'000
			RMB'000 (Note 3)	RMB'000 (Note 4)		
CASH FLOWS FROM INVESTING ACTIVITIES						
Cash outflows of acquisition of non-controlling interest of a subsidiary	(18,000)					(18,000)
Deposits for potential investments	(30,000)					(30,000)
Increase in pledged bank deposits	(100)					(100)
Decrease in balances with associates	23,717					23,717
Increase in balances with a joint venture	(625)					(625)
Purchases of property, plant and equipment	(29,623)					(29,623)
Additions of investment properties	(8,238)					(8,238)
Purchases of intangible assets	(29,574)					(29,574)
Proceeds from disposal of property, plant and equipment	9,016					9,016
Purchase consideration of financial assets of FVTOCI	(4,780)					(4,780)
Purchase consideration of financial assets of FVTPL	(28,998)					(28,998)
Proceeds from disposal of financial assets at FVTOCI	29,900					29,900
Proceeds from partial disposal of an associate	220,369					220,369
Proceeds from disposal of investment in associates	15,784					15,784
Dividend received from an associate	40,494				14,246	54,740
Dividend received from a joint venture	54,029					54,029
Proceed received from capital reduction of a joint venture	23,030					23,030
Interest received	6,456					6,456
Net cash generated from investing activities	272,857					287,103

(C) *Unaudited Pro Forma Consolidated Statement of Cash Flows of the Group After the Acquisition
– Continued*

	Consolidated statement of cash flows of the Group for the year ended 31 December 2023 RMB'000 (Note 1)					Pro forma adjustments RMB'000 (Note 2)		RMB'000 (Note 3)		RMB'000 (Note 4)		RMB'000 (Note 5)		Unaudited pro forma consolidated statement of cash flows of the Group after the Acquisition for the year ended 31 December 2023 RMB'000
CASH FLOWS FROM FINANCIAL ACTIVITIES														
Bank and other loans raised	869,946													869,946
Repayments of bank and other loans	(927,565)													(927,565)
Advance to shareholders	(25)													(25)
Decrease in amounts due to related parties	(9,500)													(9,500)
Interest paid	(56,978)													(56,978)
Interim dividend paid	(70,520)													(70,520)
Repayments of lease liabilities	(16,338)													(16,338)
Net cash used in financing activities	(210,980)													(210,980)
NET DECREASE IN CASH AND CASH EQUIVALENTS														
	(72,555)													(59,611)
Effect of foreign exchange rate changes, net	1,359													1,359
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	227,690													227,690
CASH AND CASH EQUIVALENTS AT END OF YEAR	156,494													169,438

(D) Notes to the Unaudited Pro Forma Financial Information of the Group after the Acquisition

- 1) The consolidated statement of financial position of the Group as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2023 are extracted without adjustment from the annual report of the Company for the year ended 31 December 2023 respectively.
- 2) The amounts represent the pro forma adjustments as if the settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by the Target Shares had been completed on 31 December 2023 for the purpose of preparing the unaudited proforma consolidated statement of financial position of the Group after the Acquisition and 1 January 2023 for the purpose of preparing the unaudited proforma consolidated statement of profit or loss and other comprehensive income and unaudited proforma consolidated statement of cash flows of the Group after the Acquisition as below:

	<i>Notes</i>	<i>RMB'000</i>	Settlement by number of Target Shares for proforma purpose
Outstanding Consideration receivable as at 31 December 2023 (<i>Audited</i>)		881,477	
Impairment loss on Outstanding Consideration receivable as at 31 December 2023 (<i>Audited</i>)		<u>(144,322)</u>	
Outstanding Consideration receivable, net of impairment as at 31 December 2023 (<i>Audited</i>)		737,155	
Reversal of impairment loss on the Outstanding Consideration receivable due to the Acquisition	(a)	<u>144,322</u>	
Outstanding Consideration receivable as at the date of the Supplemental Agreement		<u>881,477</u>	
First Settlement of the Outstanding Consideration	(b), (f)	571,425	38,095,000
Balance Consideration of the Outstanding Consideration	(c), (f)	<u>310,052</u>	<u>20,670,120</u>
Settlement of the Outstanding Consideration by the Target Shares	(f)	<u>881,477</u>	<u>58,765,120</u>
Accrued Liquidated Damages	(d), (g)	33,353	2,223,526
Balance Consideration Interest	(e), (g)	<u>11,131</u>	<u>742,086</u>
Settlement of the Accrued Liquidated Damages and the Balance Consideration Interest by the Target Shares	(g)	<u>44,484</u>	<u>2,965,612</u>
Settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by the Target Shares		<u>925,961</u>	<u>61,730,732</u>

(D) *Notes to the Unaudited Pro Forma Financial Information of the Group after the Acquisition – continued*

2) – *continued*

In accordance with the Supplemental Agreement, both the Company and the Purchaser have agreed to amend the payment terms of the Outstanding Consideration so that the Outstanding Consideration shall be settled as follows:

- (a) As the amounts of the Target Shares (as illustrated in (b) and (c) below) is not less than carrying amount of Outstanding Consideration receivable, net of impairment, this pro forma adjustment represents the reversal of impairment loss recognised by the Company in relation to the settlement of the Outstanding Consideration as if the Acquisition had been completed on 31 December 2023 and 1 January 2023.
- (b) According to the Supplemental Agreement, on or before 30 September 2024 (“**First Batch Payment Date**”), the Purchaser and the Transfer Party shall settle the First Settlement Consideration by way of transfer to the Company of 38,095,000 Target Shares, at the Transfer Price of RMB15.00.

For the purpose of preparing the Unaudited Pro Form Financial Information, the settlement of the First Settlement Consideration will be made by way of the 38,095,000 Target Shares computed by using the Transfer Price as if the settlement had been completed on 31 December 2023 and 1 January 2023.

- (c) According to the Supplemental Agreement, within one year from the Effective Date of the Supplemental Agreement, the Purchaser shall settle the Balance Consideration of RMB310,051,800 being the Outstanding Consideration of RMB881,477,000 less First Settlement Consideration by way of cash and/or the Target Shares.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the settlement of the Balance Consideration will be made by way of the 20,670,000 Target Shares computed by using the Transfer Price as if the settlement had been completed on 31 December 2023 and 1 January 2023.

(D) *Notes to the Unaudited Pro Forma Financial Information of the Group after the Acquisition – continued*

2) – *continued*

- (d) According to the Supplemental Agreement, the Accrued Liquidated Damages shall be paid by the Purchaser to the Company on or before the First Batch Payment Date, by way of cash or the Target Shares.

For the purpose of preparing the Unaudited Pro Forma Financial Information, it is assumed that the Accrued Liquidated Damages is RMB33,353,000 and the settlement will be made by way of the transfer of the 2,223,526 Target Shares computed by using the Transfer Price as if the settlement had been completed on 31 December 2023 and 1 January 2023.

- (e) According to the Supplemental Agreement, with effect from the Effective Date, the Balance Consideration Interest at the rate of 3.6% per annum will be charged on the Balance Consideration until the date on which the Balance Consideration is fully settled, and shall be settled by way of cash and/or the Target Shares.

For the purpose of preparing the Unaudited Pro Forma Financial Information, it is assumed that the Balance Consideration Interest is RMB11,131,000 and the settlement will be assumed to be made by way of the transfer of the 742,086 Target Shares computed by using the Transfer Price as if the settlement had been completed on 31 December 2023 and 1 January 2023.

- (f) Upon the settlement of the Outstanding Consideration, the Outstanding Consideration is derecognised. As the Target Company is still considered to be an associate of the Company, settlement by way of 58,765,120 Target Shares is considered as an increase in equity interests in the associate in the Target Company.

According to the Supplemental Agreement, the Balance Consideration can also be settled by way of cash. If the Balance Consideration is settled by way of cash, there will be an increase in cash and cash equivalents and decrease in trade and other receivables of RMB310,051,800 in the unaudited pro forma consolidated statement of financial position of the Group after the Acquisition respectively as if the settlement had been completed on 31 December 2023. There will be increase of proceeds from the settlement of the Balance Consideration of RMB310,051,800 generated from investing activities in the unaudited pro forma consolidated statement of cash flows of the Group after the Acquisition as if the settlement in cash had been completed on 1 January 2023.

(D) *Notes to the Unaudited Pro Forma Financial Information of the Group after the Acquisition – continued*

2) – *continued*

- (g) Upon the settlement of the Accrued Liquidated Damages and the Balance Consideration Interest, the Target Company is still considered to be the associate of the Company and the related amounts of the 2,965,612 Target Shares is considered as an increase in equity interests in the Target Company.

According to the Supplemental Agreement, the Accrued Liquidated Damages and the Balance Consideration Interest can also be settled by way of cash. If the Accrued Liquidation Damages and the Balance Consideration Interest are settled by way of cash, there will be an increase in cash and cash equivalents and other gains and income of RMB44,484,000 in the unaudited pro forma consolidated statement of financial position of the Group after the Acquisition as if the settlement in cash had been completed on 31 December 2023 and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group after the Acquisition as if the settlement in cash had been completed on 1 January 2023 respectively.

- 3) The amount represents estimated transaction fees directly attributable to the Acquisition, such as fee incurred for legal and professional service and assurance service fee, amounting to approximately RMB1,302,000 and assumed to be fully settled by cash on 31 December 2023 and 1 January 2023.
- 4) The adjustment reflects the inclusion of share of profits and other comprehensive income resulting from the transfer of the Target Shares in relation to the settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest as at 1 January 2023 as if the Acquisition had been completed on 1 January 2023. After the completion of the Acquisition, the Target Company is still an associate of the Group.

According to the Supplemental Agreement, the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest can also be settled by way of cash. If the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest are settled by way of cash, there will be an increase in share of profit of associates and decrease in share of other comprehensive income of associates of RMB16,795,000 and RMB295,000 in the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group after the Acquisition as if the settlement in cash had been completed on 1 January 2023 respectively. There will also be an increase in for share of profit of associates of RMB16,310,000 in operating profit before working capital changes in the unaudited pro forma consolidated statement of cash flows of the Group after the Acquisition as if the settlement in cash had been completed on 1 January 2023.

(D) *Notes to the Unaudited Pro Forma Financial Information of the Group after the Acquisition – continued*

4) – *continued*

No such adjustment is required in the unaudited pro forma consolidated statement of financial position of the Group after the Acquisition, which is prepared as if the Acquisition had been completed on 31 December 2023.

- 5) The adjustment is to include the proportion of the dividend received resulting from the transfer of the Target Shares in relation to the settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest incorporated in the share of profit of the Target Company in the consolidated statement of profit or loss and other comprehensive income and in the consolidated statement of cash flows of the Group for the year ended 31 December 2023 as if the Acquisition had been completed on 1 January 2023.

According to the Supplemental Agreement, the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest can also be settled by way of cash. If the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest are settled by way of cash, there will be an increase in share of profit of associates of RMB8,791,000 in the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group after the Acquisition as if the settlement in cash had been completed on 1 January 2023. There will be an increase in for share of profit of associates in operating profit before working capital changes and dividend received from an associate generated from investing activities in the unaudited pro forma consolidated statement of cash flows of the Group after the Acquisition as if the settlement in cash had been completed on 1 January 2023 respectively.

No such adjustment is required in the unaudited pro forma consolidated statement of financial position of the Group after the Acquisition, which is prepared as if the Acquisition had been completed on 31 December 2023.