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**APPENDIX IIB    UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE ENLARGED GROUP**

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*The following information sets out in this appendix does not form part of the Accountants’ Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company’s reporting accountants, as set out in Appendix IA to this [REDACTED], and is included for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed “Financial Information” in this [REDACTED] and the Accountants’ Report set out in Appendix IA and Appendix IB to this [REDACTED].*

**(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

In November 2020, the Company entered into definitive agreements with JOYY Inc. (“JOYY”), subsequently amended in February 2021, to acquire JOYY’s domestic video-based entertainment live streaming business in China (“YY Live”), which were wholly-owned by JOYY, for total cash consideration of US\$3,300 million (equivalent to approximately RMB21,532 million as at December 31, 2020), subject to certain adjustments, as well as contingent cash consideration of up to US\$300 million (equivalent to approximately RMB1,958 million as at December 31, 2020) subject to certain conditions. The acquisition of YY Live (the “Transaction”) has been substantially completed, with certain customary matters remaining to be completed in the near future. The Transaction will be accounted for as a business combination.

The following is a summary of an illustrative and unaudited pro forma consolidated balance sheet of Baidu, Inc., and its subsidiaries (collectively the “Company”) and YY Live (the “Enlarged Group”) (the “Unaudited Pro Forma Financial Information of the Enlarged Group”), which have been prepared on the basis of the notes set out below for the purpose of illustrating the impact of the Transaction on the Company’s consolidated balance sheet as at December 31, 2020 as if the Transaction had been completed as at December 31, 2020.

This Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors of the Company in accordance with paragraph 4.29 of the Listing Rules and Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at December 31, 2020 or at any future date following the completion of the Transaction.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on the audited consolidated balance sheet of the Company as at December 31, 2020 as set out in the accountants’ report of the Company included in Appendix IA to the [REDACTED], the audited combined balance sheet of YY Live as at December 31, 2020 as set out in the accountant’s report of YY Live included in Appendix IB to the [REDACTED], after giving effect to the pro forma adjustments relating to the Transaction as described in the accompanying notes. Narrative description of the pro forma adjustments that are [(i) directly attributable to the transactions and not relating to future events or decisions]; and (ii) factually supported, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group is based on a number of assumptions, estimates, and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Transaction been completed as at December 31, 2020. The Unaudited Pro Forma Financial Information of the Enlarged Group does not purport to predict future financial positions or results of the Enlarged Group.

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**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP**

(Amounts in millions of Renminbi (“RMB”))

	<u>The Company</u> <i>(Note 1)</i>	<u>YY Live</u> <i>(Note 2)</i>	<u>Acquisition of YY Live</u> <i>(Note 3)</i>	<u>Pro forma Enlarged Group</u>
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	35,782	206	(22,076)	13,912
Restricted cash	758	—	9,918	10,676
Short-term investments	126,402	—	—	126,402
Accounts receivable, net	8,668	207	—	8,875
Amounts due from related parties	726	—	—	726
Other assets, current	11,006	45	—	11,051
<b>Total current assets</b>	<b>183,342</b>	<b>458</b>		<b>171,642</b>
<b>Non-current assets:</b>				
Fixed assets, net	17,508	60	—	17,568
Licensed copyrights, net	6,435	—	—	6,435
Produced content, net	6,556	—	—	6,556
Intangible assets, net	2,022	48	6,741	8,811
Goodwill	22,248	—	16,329	38,577
Long-term investments, net	76,233	—	—	76,233
Amounts due from related parties	3,438	—	—	3,438
Deferred tax assets, net	1,674	8	—	1,682
Operating lease right-of-use assets	9,804	—	—	9,804
Other assets, non-current	3,448	24	—	3,472
<b>Total non-current assets</b>	<b>149,366</b>	<b>140</b>		<b>172,576</b>
<b>Total assets</b>	<b>332,708</b>	<b>598</b>		<b>344,218</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Short-term loans	3,016	—	—	3,016
Accounts payable and accrued liabilities	36,716	929	8,467	46,112
Customer deposits and deferred revenue	12,626	407	—	13,033
Deferred income	158	—	—	158
Long-term loans, current portion	7,427	—	—	7,427
Convertible notes payable	4,752	—	—	4,752
Amounts due to related parties	1,324	—	—	1,324
Operating lease liabilities	2,366	—	—	2,366
<b>Total current liabilities</b>	<b>68,385</b>	<b>1,336</b>		<b>78,188</b>
<b>Non-current liabilities:</b>				
Deferred income	97	—	—	97
Deferred revenue	686	29	—	715
Amounts due to related parties	3,543	—	—	3,543
Notes payable	48,408	—	—	48,408
Convertible senior notes	11,927	—	—	11,927
Deferred tax liabilities	3,067	—	1,011	4,078
Operating lease liabilities	4,693	—	—	4,693
Other non-current liabilities	59	—	667	726
<b>Total non-current liabilities</b>	<b>72,480</b>	<b>29</b>		<b>74,187</b>
<b>Total liabilities</b>	<b>140,865</b>	<b>1,365</b>		<b>152,375</b>
<b>Redeemable noncontrolling interests</b>	<b>3,102</b>	<b>—</b>		<b>3,102</b>
<b>Equity</b>				
<b>Total shareholders' equity/(parent company deficit)</b>	<b>182,696</b>	<b>(767)</b>	767	<b>182,696</b>
<b>Noncontrolling interests</b>	<b>6,045</b>	<b>—</b>	—	<b>6,045</b>
<b>Total equity</b>	<b>188,741</b>	<b>(767)</b>		<b>188,741</b>
<b>Total liabilities, redeemable noncontrolling interests and equity</b>	<b>332,708</b>	<b>598</b>		<b>344,218</b>

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*Notes:*

1. The amounts are extracted from the audited consolidated balance sheet of the Company as at December 31, 2020 as set out in the accountants’ report of the Company included in Appendix IA to the [REDACTED].
2. The amounts are extracted from the audited combined balance sheet of YY Live as at December 31, 2020 as set out in the accountant’s report of YY Live included in Appendix IB to the [REDACTED].
3. These adjustments represent:
  - (i) the estimated fair value of the purchase consideration payable by the Company of US\$3,263 million (equivalent to approximately RMB21,292 million as at December 31, 2020) in relation to the Transaction; and

Pursuant to the Share Purchase Agreement, the total consideration is US\$3,600 million (equivalent to approximately RMB23,490 million as at December 31, 2020) in cash, subject to certain adjustments. Approximately US\$2,000 million of the purchase price would be payable to JOYY at the closing of the acquisition. After the closing, subject to certain conditions and adjustments, approximately US\$1,000 million would be deposited in an escrow account and should be paid no later than the later of the closing of the acquisition and April 30, 2021, approximately US\$300 million would be deposited in an escrow account and should be paid no later than the later of the closing of the acquisition and June 30, 2021, and contingent consideration with a maximum amount of US\$300 million would be deposited in an escrow account and be payable subject to the achievement of certain conditions. The Transaction has been substantially completed, with certain customary matters remaining to be completed in the near future.

The estimated fair value of the purchase consideration is US\$3,263 million (equivalent to approximately RMB21,292 million as at December 31, 2020), including: 1) US\$1,783 million (equivalent to approximately RMB11,636 million as at December 31, 2020) and US\$80 million (equivalent to approximately RMB522 million as at December 31, 2020) paid by cash and restricted cash, respectively; 2) US\$1,298 million (equivalent to approximately RMB8,467 million as at December 31, 2020) payable by cash before June 30, 2021; and 3) the fair value of the contingent consideration with a maximum amount of US\$300 million subject to the achievement of certain conditions. The directors of the Company have estimated fair value of the contingent consideration is [US\$102 million (equivalent to approximately RMB667 million as at December 31, 2020)] based on a [draft] valuation report prepared by an independent valuer. The Company is still in the process of completing the detailed projections and valuations, and the final fair value of contingent consideration could differ from the estimation.

- (ii) the provisional goodwill arising from the Transaction as if the Transaction had taken place as at December 31, 2020.

The acquisition will be accounted for as a business combination using the purchase method of accounting in accordance with *ASC Topic 805, Business Combinations*. The purchase method of accounting requires that the consideration transferred to be allocated to the assets, including separately identifiable assets and liabilities acquired, based on their estimated fair values. In applying purchase method of accounting, the identifiable assets and liabilities of YY Live acquired would be recorded on the pro forma consolidated balance sheet of the Enlarged Group at their fair values as at the date of completion of the Transaction. Any goodwill arising from the transaction represents the excess of the consideration over the fair values of the total identifiable net assets at the date of completion of the Transaction.

The directors of the Company have estimated the fair values of the identifiable assets and liabilities of YY Live as of December 31, 2020, based on a [draft] valuation report prepared by an independent valuer. For the purpose of the pro forma consolidated balance sheet of the Enlarged Group, the provisional purchase price allocation arising from the Transaction is calculated as follows:

	<b>Notes</b>	<b>RMB</b>
[		
Total identifiable net liabilities of YY Live at book value .....	a	(767)
Fair value adjustments .....	b	6,741
Deferred income tax liabilities arising from fair value adjustments .....	b	<u>(1,011)</u>
Total identifiable net assets of YY Live at fair value .....	b	4,963
Provisional goodwill on acquisition .....	b	<u>16,329</u>
		21,292
Satisfied by: .....		
Cash and restricted cash .....	3(i)	12,158
Cash consideration payables .....	3(i)	8,467
Contingent consideration .....	3(i)	<u>667</u>
		<u>21,292</u>
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*Notes:*

- a. The amounts are extracted from the audited combined balance sheet of YY Live as at December 31, 2020 as set out in the accountant’s report of YY Live included in Appendix IB to the [REDACTED].
- b. Fair value adjustments related to intangible assets. Deferred income tax liabilities have been recognised for the temporary differences arising from the fair value adjustments. The directors of the Company have estimated the fair values of the

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identifiable assets and liabilities of YY Live as of December 31, 2020, based on a [draft] valuation report prepared by an independent valuer, and have applied it as the fair value of the identifiable assets and liabilities of YY Live in preparing the Unaudited Pro Forma Financial Information of the Enlarged Group. Since the fair value of identifiable net assets of YY Live at the completion date of the Transaction may substantially be different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group, the final amounts of the identified net assets of YY Live and goodwill to be recognised in connection with the Transaction may be different from the amounts presented above.

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