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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Beijing Beida Jade Bird Universal Sci-Tech Company Limited (“**Company**”), you should at once hand this circular and the form of proxy for the special general meeting of the Company to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**北京北大青鳥環宇科技股份有限公司**

**BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED**

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

**(Stock Code: 08095)**

**(1) SUPPLEMENTAL AGREEMENT  
IN RELATION TO VERY SUBSTANTIAL TRANSACTIONS:  
DISPOSAL AND ACQUISITION OF EQUITY INTERESTS IN  
JADE BIRD FIRE CO., LTD.;  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening the special general meeting of the Company to be held at 10:30 a.m. on Thursday, 15 August 2024 at Conference Room A, Block B, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC are set out on pages SGM-1 to SGM-3 of this circular. The form of proxy for use at the special general meeting of the Company is also enclosed with this circular.

Whether or not you are able to attend the special general meeting of the Company, you are required to complete the enclosed form of proxy in accordance with the instructions printed thereon. For holders of H Shares, you are required to return the form(s) of proxy to the Company's H share registrar in Hong Kong, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong. For holders of non-listed Shares, you are required to return the form(s) of proxy to the principal place of business of the Company in Beijing at 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC. Whether you are holders of H Shares or non-listed Shares, you are required to return the form of proxy by 10:30 a.m. on Wednesday, 14 August 2024 or not less than 24 hours before the time appointed for holding any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

23 July 2024

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## CONTENT

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	<i>Page</i>
<b>Characteristics of GEM</b> .....	i
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	6
<b>Appendix I – Financial Information of the Group</b> .....	I-1
<b>Appendix II – Financial Information of the Target Company</b> .....	II-1
<b>Appendix III – Unaudited Pro Forma Financial Information of the Group</b> .....	III-1
<b>Appendix IV – General Information</b> .....	IV-1
<b>Notice of SGM</b> .....	SGM-1

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## CHARACTERISTICS OF GEM

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GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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## DEFINITIONS

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*Unless the context otherwise requires, capitalised terms used in this circular shall have the same meanings as those defined in the circular (“2023 Circular”) of the Company dated 10 March 2023 in relation to the Share Transfer Agreement, and the following expressions have the following meanings:*

“Accrued Liquidated Damages”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“Adjusted Financial Information of the Target Group”	has the same meaning ascribed to it in paragraph 3(a)(2) in Appendix II to this circular
“Extracted Financial information of the Target Group”	has the meaning ascribed to it in paragraph 3(b) in Appendix II to this circular
“Articles of Association”	the articles of association of the Company
“Balance Consideration”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“Balance Consideration Interest”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“BDO”	BDO Limited, the Company’s auditor
“Board”	the board of Directors
“Business Days”	any day excluding Saturday, Sunday and public holidays in the PRC
“CAD”	Canadian dollars, the lawful currency of Canada
“Capital Change Events”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“Chuanqi Tourism”	傳奇旅遊投資有限公司 (for identification purpose only, Chuanqi Tourism Investment Co., Ltd.), a limited liability company established in the PRC
“Company”	北京北大青鳥環宇科技股份有限公司 (Beijing Beida Jade Bird Universal Sci-Tech Company Limited), a joint stock limited company incorporated in the PRC with limited liability with its H Shares listed on GEM

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## DEFINITIONS

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“Completion”	completion of the Disposal
“Completion Date”	the date on which Completion took place (i.e. the Sale Shares were registered in the name of the Purchaser) (i.e. 5 May 2023)
“Consideration”	the total consideration of RMB1,101,846,000 (equivalent to approximately HK\$1,190,324,000) for the Disposal pursuant to the Share Transfer Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Company to the Purchaser pursuant to the Share Transfer Agreement
“Effective Date”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“Eta Shanghai”	鎵特半導體科技(上海)有限公司 (for identification purpose only, Eta Semiconductor Technology (Shanghai) Co., Ltd.), a limited liability company established in the PRC
“First Batch Payment Date”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“First Batch Shares”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“First Instalment”	the first instalment of the Consideration in the sum of RMB220,369,000 payable by the Purchaser to the Company
“First Settlement”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“First Settlement Consideration”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Guangdong Lumen”	廣東新銳流銘光電有限公司 (for identification purpose only, Guangdong Lumen Pioneer Opto Co., Ltd.), a limited liability company established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	overseas-listed foreign invested shares in the ordinary share capital of the Company, with a nominal value of RMB0.1 and subscribed for and traded in Hong Kong dollars
“Independent Third Party (ies)”	third party(ies) which is/are independent of the Company and its connected persons (which have the meaning ascribed to it under the GEM Listing Rules)
“Latest Practicable Date”	18 July 2024, being the latest practicable date prior to the bulk-printing of this circular for ascertaining certain information contained in this circular
“Non-listed Shares”	non-listed shares in the ordinary share capital of the Company, with a nominal value of RMB0.1, subscribed for or credited as fully paid up in RMB
“Outstanding Consideration”	the balance of the Consideration of RMB881,476,800 (equivalent to approximately HK\$952,259,000) which remained outstanding as at the date of the Supplemental Agreement
“Pledged Shares”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“PRC”	the People’s Republic of China which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Public Target Financial Statements”	has the meaning ascribed to it in the sub-paragraph headed “Waiver from strict compliance with Rule 19.67(6)(a)(i) of the GEM Listing Rules – Waiver sought” in the letter from the Board in this circular

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## DEFINITIONS

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“Published Financial Information of the Target Group”	has the meaning ascribed to it in paragraph 3(a)(2) in Appendix II to this circular
“Purchaser”	Cai Weimin, an individual and an Independent Third Party
“Reconciliation Information”	has the meaning ascribed to it under paragraph 3(a)(2) in Appendix II to this circular
“Relevant Shares”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“RMB”	renminbi, the lawful currency of the PRC
“Sale Shares”	44,900,000 shares of the Target Company, representing 7.96% of the total issued share capital in the Target Company as at the date of the Share Transfer Agreement and approximately 6.08% of the issued shares of the Target Company as at the date of the Supplemental Agreement, each a “Sale Share”
“Security Documents”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“SGM”	the special general meeting of the Company to be held at 10:30 a.m. on Thursday, 15 August 2024 at Conference Room A, Block B, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC for the Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder
“Share Transfer Agreement”	the share transfer agreement dated 21 November 2022 and entered into between the Company and the Purchaser in relation to the Disposal
“Shareholder(s)”	shareholder(s) of the Company
“Shanghai Shengjin”	上海盛今創業投資有限公司 (for identification purpose only, Shanghai Shengjin Venture Capital Co., Ltd.), a limited liability company established in the PRC
“Shanghai Xianyao”	上海顯耀顯示科技有限公司 (for identification purpose only, Shanghai Xianyao Display Technology Co., Ltd.), a limited liability company established in the PRC

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## DEFINITIONS

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“Share Transfer”	the transfer of the Target Shares to the Company by the Purchaser and the Transfer Party as settlement of the Outstanding Consideration, the Accrued Liquidated Damages and/or the Balance Consideration Interest pursuant to the Supplemental Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supplemental Agreement”	the supplemental agreement dated 13 May 2024 and entered into between the Company, the Purchaser and the Transfer Party to amend terms of the Share Transfer Agreement
“Target Company”	青鳥消防股份有限公司 (Jade Bird Fire Co., Ltd.), a limited liability company incorporated in the PRC and whose shares are listed on the Shenzhen Stock Exchange (stock code: 002960)
“Target Group”	the Target Company and its subsidiaries
“Target Shares”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“Transfer Party”	Mr. Tsang Desheng
“Transfer Price”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“Transfer Shares”	has the meaning as ascribed to it in the paragraph headed “The Supplemental Agreement” in the letter from the Board in this circular
“USD”	US dollars, the lawful currency of the United States of America
“%”	per cent

*For the purpose of illustration only, the amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB1: HK\$1.0803 in this circular. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.*

*References to time and dates in this circular are to Hong Kong time and dates.*



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## LETTER FROM THE BOARD

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北京北大青鳥環宇科技股份有限公司  
**BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED**  
*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 08095)**

*Executive Directors:*

Ms. Zheng Zhong (*Chairman*)  
Mr. Wang Xingye (*President*)  
Ms. Guan Xueming (*Vice President*)

*Non-executive Director:*

Mr. Liu Ziyi

*Independent non-executive Directors:*

Mr. Tang Xuan  
Mr. Shen Wei  
Ms. Liu Zhangchi

*Registered office:*

3rd Floor, Beida Jade Bird Building  
Yanyuan District Area 3  
No. 5 Haidian Road  
Haidian District  
Beijing 100080  
the PRC

*Principal place of business  
in the PRC:*

3rd Floor, Beida Jade Bird Building  
No. 207 Chengfu Road  
Haidian District  
Beijing 100871  
the PRC

*Principal place of business  
in Hong Kong:*

17th Floor  
V Heun Building  
138 Queen's Road Central  
Central, Hong Kong

23 July 2024

*To the Shareholders*

Dear Sir or Madam

**SUPPLEMENTAL AGREEMENT  
IN RELATION TO VERY SUBSTANTIAL TRANSACTIONS:  
DISPOSAL AND ACQUISITION OF EQUITY INTERESTS IN JADE BIRD FIRE CO., LTD.**

**INTRODUCTION**

Reference is made to (i) the announcement of the Company dated 21 November 2022 and the 2023 Circular in relation to the Share Transfer Agreement; and (ii) the announcement of the Company dated 13 May 2024 in relation to the Supplemental Agreement and the transactions contemplated thereunder, in which the Board announced that on 13 May 2024 (after trading hours), the Company, the Purchaser and the Transfer Party entered into the Supplemental Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) further information of the Supplemental Agreement and the transactions contemplated thereunder; (ii) other information as required to be disclosed under the GEM Listing Rules; and (iii) the notice of the SGM.

### BACKGROUND

Reference is made to the announcement of the Company dated 21 November 2022 (“**Announcement**”) and the 2023 Circular in relation to the Share Transfer Agreement entered into between the Company and the Purchaser on 21 November 2022. Pursuant to the Share Transfer Agreement, the Company conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Shares, at the Consideration of RMB1,101,846,000 (equivalent to approximately HK\$1,190,324,000), upon and subject to the terms and conditions of the Share Transfer Agreement.

Under the Share Transfer Agreement, the Consideration for the Sale Shares payable by the Purchaser is RMB1,101,846,000 (equivalent to approximately HK\$1,190,324,000), which shall be settled in the following manner:

- (a) within 7 working days after the Share Transfer Agreement becoming effective, the Purchaser shall pay to the Company 20% of the Consideration, RMB220,369,200 (equivalent to approximately HK\$238,065,000) (“**First Instalment**”);
- (b) within one month from the Completion Date, the Purchaser shall pay to the Company 30% of the Consideration, RMB330,553,800 (equivalent to approximately HK\$357,097,000);
- (c) within three months from the Completion Date, the Purchaser shall pay to the Company 20% of the Consideration, RMB220,369,200 (equivalent to approximately HK\$238,065,000); and
- (d) within six months from the Completion Date, the Purchaser shall pay to the Company 30% of the Consideration, RMB330,553,800 (equivalent to approximately HK\$357,097,000).

The transfer of the Sale Shares was completed on 5 May 2023. Since the signing of the Share Transfer Agreement, the Purchaser has been actively negotiating with securities firms and other institutions on the pledge financing as well as other financing for settling the balance of the Consideration. However, the Purchaser has not been able to obtain the funding for the balance of the Consideration (other than the First Instalment), in particular, due to the downward trend of the stock price of the Target Company since the first quarter of 2023 which adversely affected the availability of pledge financing and the then economic conditions which adversely affected the willingness of potential lenders; and accordingly was unable to pay the balance of the Consideration according to the agreed schedule set out in the Share Transfer Agreement. Immediately prior to the signing of the Supplemental Agreement, the Purchaser has only paid to the Company the First Instalment (i.e. RMB220,369,200 (equivalent to approximately HK\$238,065,000) of the Consideration of RMB1,101,846,000 (equivalent to approximately HK\$1,190,324,000)), with the balance of the Consideration of RMB881,476,800 (equivalent to approximately HK\$952,259,000) (“**Outstanding Consideration**”) remaining outstanding; and the outstanding amount due from the Purchaser amounted to approximately RMB905,222,000 (equivalent to approximately HK\$977,911,000), comprising the Outstanding Consideration of RMB881,476,800 (equivalent to approximately HK\$952,259,000) and the liquidated damages accrued thereon at the daily rate of 0.01% of approximately RMB23,745,000 (equivalent to approximately HK\$25,652,000).

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## LETTER FROM THE BOARD

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### THE SUPPLEMENTAL AGREEMENT

On 13 May 2024 (after trading hours), the Company, the Purchaser and the Transfer Party, an Independent Third Party, entered into the Supplemental Agreement to amend certain terms of the Share Transfer Agreement.

The principal terms of the Supplemental Agreement are set out below:

#### Number of Sale Shares

Pursuant to the Supplemental Agreement, the Sale Shares shall change from 44,900,000 shares of the Target Company (“**Target Shares**”) (representing approximately 7.96% of the equity interest in the Target Company as at the date of the Share Transfer Agreement) to 58,370,000 Target Shares (representing approximately 7.69% of the equity interest in the Target Company as at the date of the Supplemental Agreement), as a result of the bonus issue of Target Shares on the basis of three Target Shares for every ten Target Shares held undertaken by the Target Company in May 2023, under which bonus shares of the Target Company attributable to the Sale Shares were allotted and issued to the Purchaser, after Completion. It is also provided in the Supplemental Agreement that the number of the Sale Shares shall be adjusted if there is any change in the total share capital of the Target Company as a result of share bonus, transfer of undistributed profits to share capital, share split or merger, share reduction (collectively, “**Capital Change Events**”) after Completion up to the date of the termination of the Share Transfer Agreement or the Supplemental Agreement (if applicable).

As disclosed in page 7 of the 2023 Circular, it is provided in the Share Transfer Agreement that during the period from the date of the Share Transfer Agreement to the Completion Date, if there is any change in the total share capital of the Target Company as a result of the Capital Change Events, the number of the Sale Shares shall be adjusted accordingly, but the Consideration shall not be adjusted. Taking into account that after Completion, the Target Company undertook a bonus issue of shares pursuant to which bonus shares of the Target Company attributable to the Sale Shares were issued and allotted to the Purchaser, the Company and the Purchaser agreed that such bonus shares shall form part of the Sale Shares in line with the terms of the Share Transfer Agreement mentioned above and the number of the Sale Shares has therefore changed accordingly as provided in the Supplemental Agreement.

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## LETTER FROM THE BOARD

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### Payment of Consideration

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

- (i) on or before 30 September 2024 (“**First Batch Payment Date**”), the Purchaser and the Transfer Party shall settle (“**First Settlement**”) part of the Outstanding Consideration in the sum of RMB571,425,000 (equivalent to approximately HK\$617,310,000) (“**First Settlement Consideration**”) by way of transfer to the Company of 38,095,000 Target Shares (“**First Batch Shares**”), as to 32,795,000 Target Shares to be transferred by the Purchaser and 5,300,000 Target Shares to be transferred by the Transfer Party, at the transfer price (“**Transfer Price**”) which shall be the average closing price of the Target Shares for the five trading days immediately before the date of the Supplemental Agreement (i.e. RMB15.00 (equivalent to approximately HK\$16.20)). If during the date of the Supplemental Agreement and the First Batch Payment Date, there is any Capital Change Event, the number of the First Batch Shares required to be transferred to the Company by the Purchaser and the Transfer Party shall adjust accordingly. The Transfer Price shall then be adjusted by reference to the adjusted number of the First Batch Shares and the First Settlement Consideration (i.e. RMB571,425,000 (equivalent to approximately HK\$617,310,000)) in accordance with the following formula:

$$\text{The adjusted Transfer Price} = \frac{\text{the First Settlement Consideration (i.e. RMB571,425,000)}}{\text{adjusted number of the First Batch Shares}}$$

For the avoidance of doubt, if there is any Capital Change Event mentioned above, only the number of the First Batch Shares and the Transfer Price will be adjusted while the amount of the First Settlement Consideration will remain unchanged.

The Company is not required to pay any consideration to the Transfer Party and any debt arising from the transfer of any part of the First Batch Shares from the Transfer Party to the Company shall be settled between the Transfer Party and the Purchaser, and the Transfer Party shall not have any claim against the Company. The First Batch Payment Date is determined taking into account that the Purchaser, as a director of the Target Company, is currently subject to a non-disposal restriction imposed by the Shenzhen Stock Exchange which will expire in August 2024 and it will take time for the Purchaser to apply with the Shenzhen Stock Exchange for the approval of the transfer of the First Batch Shares to the Company; and

- (ii) within one year from the effective date of the Supplemental Agreement (“**Effective Date**”), the Purchaser shall settle the balance consideration (i.e. RMB310,051,800 (equivalent to approximately HK\$334,949,000), being the Outstanding Consideration less the First Settlement Consideration) (“**Balance Consideration**”), together with the related interests, by way of cash and/or Target Shares. If the settlement will be made by way of the transfer of the Target Shares, the transfer price of such shares shall be the closing price of the Target Shares on the date of settlement.

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## LETTER FROM THE BOARD

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Taking into account that the First Batch Shares, which is more than 5% of the total issued Target Shares, shall be transferred by way of written agreement (instead of by market order or block trade), at the transfer price which shall be fixed according to applicable PRC regulatory rules; and the Target Shares to be settled for the Balance Consideration (which may be settled by cash or the Target Shares), being less than 5% of the total issued Target Shares, shall be transferred by way of block trade whereas the transfer price shall be market price which cannot be fixed according to applicable PRC regulatory rules, the number of the First Batch Shares was therefore determined based on the average closing price of the Target Shares for the five trading days immediately before the date of the Supplemental Agreement while the transfer price of the Target Shares to be settled for the Balance Consideration will be based on the closing price of the Target Shares on the date of settlement.

If the Purchaser fails to perform the Supplemental Agreement for more than 30 days, the Company shall be entitled to terminate the Supplemental Agreement and require the Purchaser to (a) return to it all the Sale Shares (i.e. 58,370,000 Target Shares), the dividend income in the aggregate amount of RMB33,899,500 (equivalent to approximately HK\$36,622,000) attributable to the Sale Shares paid by the Target Company in May 2023 and April 2024; and all the bonus shares and dividend income attributable to the Sale Shares from 31 May 2023 to the date on which the Share Transfer Agreement or the Supplemental Agreement is terminated; (b) pay to it the compensation which is equal to 20% of the Consideration (which may be set off against the First Instalment paid by the Purchaser to the Company); and (c) be liable for its default through summary arbitration. If the Company elects to terminate the Share Transfer Agreement, it will be entitled to a compensation which is equal to 20% of the Consideration but will not be entitled to the liquidated damages at the daily rate of 0.01%, as the liquidated damages will accrue up to the date of final payment of the Consideration but there will not be any final payment of the Consideration in case of termination of the Share Transfer Agreement. This is not in line with the disclosure on page 12 of the 2023 Circular as there was misunderstanding of the Company on the interpretation of the relevant provisions of the Share Transfer Agreement at the time of the issue of the 2023 Circular that the Company would be entitled to a compensation which is equal to 20% of the Consideration in addition to the liquidated damages in case of termination of the Share Transfer Agreement.

The Transfer Party is one of the founding shareholders of the Target Company and was one of the management of the Target Company. The Transfer Party and the Purchaser have known each other for more than 20 years and the Transfer Party entered into the Supplemental Agreement together with the Purchaser at the request of the Purchaser, as (i) the Purchaser would not be able to transfer all the First Batch Shares himself on the First Batch Payment Date given that the Purchaser, being a director of the Target Company which is a company listed on the Shenzhen Stock Exchange, is only allowed to dispose of up to 25% of all the issued shares in the Target Company held by him each year under the applicable PRC regulatory rules; and (ii) the number of the Target Shares to be transferred by way of written agreement shall not be less than 5% of all the issued shares in the Target Company according to applicable PRC regulatory rules. The Transfer Party agreed to assist the Purchaser and entered into the Supplemental Agreement because the Purchaser has agreed to pay the same price as the Transfer Price for 5,300,000 First Batch Shares to be transferred by the Transfer Party, as advised by the Purchaser. The Board has reviewed the register of shareholders of the Target Company to ensure 5,300,000 First Batch Shares were held by the Transfer Party as at the date of the Supplemental Agreement. To ensure that the Transfer Party would transfer 5,300,000 First Batch Shares to the Company on the First Batch Payment

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## LETTER FROM THE BOARD

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Date, on the date of the Supplemental Agreement, the Transfer Party has already signed and delivered to the Company the securities non-trading transfer registration form which is the necessary transfer document required for non-market trading of securities in the PRC and shall be submitted to China Securities Depository and Clearing Co., Ltd. in order to effect the transfer of 5,300,000 First Batch Shares to the Company in accordance with the Supplemental Agreement. In view of such arrangement, the Board considers that the Transfer Party should have in substance executed the First Settlement on his part and there is sufficient protection to the Company to avoid non-performance of the Transfer Party's obligations on the First Settlement.

### **Liquidated Damages and Interest**

Pursuant to the Supplemental Agreement, (i) the liquidated damages of 0.01% per day on the Outstanding Consideration from the relevant date of default under the Share Transfer Agreement to the Effective Date ("**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. If the settlement will be made by way of the transfer of the Target Shares, the transfer price of such shares shall be the closing price of the Target Shares on the date of settlement; and (ii) with effect from the Effective Date, interest ("**Balance Consideration Interest**") at the rate of 3.6% per annum will be charged on the Balance Consideration (which is the Outstanding Consideration less the First Settlement 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. If the settlement will be made by way of the transfer of the Target Shares, the transfer price of such shares shall be the closing price of the Target Shares on the date of settlement. The above interest rate of 3.6% per annum was determined by reference to the liquidated damages of daily rate of 0.01% and 360 days per annum.

For avoidance of doubt, the Purchaser shall settle all or part of the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by way of cash so that the number of Target Shares to be transferred by the Purchaser and the Transfer Party to the Company shall in any event be not more than such number of Target Shares that will result in the Company holding more than 50% of the issued shares of the Target Company or being required to consolidate the financial results of the Target Company into those of the Company.

### **Purchaser's undertakings**

The Purchaser warrants and undertakes to the Company that (i) as at the date of the Supplemental Agreement, he beneficially owns 131,182,944 Target Shares, of which 38,779,940 Target Shares have been pledged to Independent Third Parties, with the remaining 92,403,004 Target Shares ("**Relevant Shares**") not being subject to any right of purchase, lien, charge and encumbrance on title (while there is no agreement or arrangement granting or allowing any such right); and (ii) he shall not sell, charge or otherwise deal in any way with the Relevant Shares (together with the Target Shares which may be acquired by the Purchaser via any other means in future) until he has paid the Balance Consideration and the interests and liquidated damages accrued thereon in accordance with the Supplemental Agreement, unless the Relevant Shares (together with the Target Shares which may be acquired by the Purchaser via any other means in future) are sold, charged or dealt with solely for the purpose of paying the Balance Consideration and the interests and liquidated damages accrued thereon. The Purchaser shall pledge



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## LETTER FROM THE BOARD

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26,100,000 Target Shares (“**Pledged Shares**”), which shall be able to cover the Balance Consideration, the Balance Consideration Interest and the Accrued Liquidated Damages based on the average closing price of the Target Shares for the five trading days immediately before the date of the Supplemental Agreement, i.e. RMB15.00 (equivalent to approximately HK\$16.20) (together with the corresponding asset benefit, undistributed profits, bonus shares etc.) in favour of the Company until the Purchaser has paid the Outstanding Consideration and the interests and liquidated damages accrued thereon in accordance with the Supplemental Agreement; and shall arrange for the registration of the pledge of the Pledged Shares within 15 working days after the Effective Date. In addition, on the date of the Supplemental Agreement, (a) the Purchaser and the Transfer Party shall sign and deliver to the Company the securities non-trading transfer registration form which is required for the transfer of the First Batch Shares to the Company under the First Settlement; and (b) the Purchaser shall sign and deliver to the Company the securities non-trading transfer registration form which is required for the transfer of the 58,370,000 Target Shares to the Company upon termination of the Share Transfer Agreement and/or the Supplemental Agreement (the documents referred to in (a) and (b) are referred to as the “**Security Documents**”). If there is any Capital Change Event taking place after the date of the Supplemental Agreement, the Purchaser and the Transfer Party shall sign and deliver to the Company new Security Documents within three working days after the Capital Change Event. The Securities Documents are the necessary transfer documents required for non-market trading of securities in the PRC, which shall be submitted to China Securities Depository and Clearing Co., Ltd. in order to effect the transfer of the Target Shares in accordance with the Supplemental Agreement.

### **Condition Precedent**

The Supplemental Agreement shall become effective upon the Supplemental Agreement having been approved at a special general meeting of the Company in accordance with the GEM Listing Rules.

If the above approval is not obtained on or before 30 August 2024, the Supplemental Agreement shall automatically terminate forthwith, while the Company and the Purchaser shall still perform their obligations under the Share Transfer Agreement in accordance therewith. Therefore, if the above approval is not granted by the Shareholders, the Company will terminate the Share Transfer Agreement and claim the Purchaser for compensation for his default. If the Company terminates the Share Transfer Agreement, the Company shall require the Purchaser to (a) return to the Company the Sale Shares (i.e. 58,370,000 Target Shares); (b) return to the Company the dividend income in the aggregate amount of RMB33,899,500 (equivalent to approximately HK\$36,622,000) attributable to the Sale Shares paid by the Target Company in May 2023 and April 2024; and (c) pay to the Company compensation in the sum equal to 20% of the Consideration, whereas the Company shall return to the Purchaser such part of the Consideration paid by the Purchaser without interest (i.e. RMB220,369,200 (equivalent to approximately HK\$238,065,000)).

Save as supplemented by the Supplemental Agreement, all other terms and conditions in the Share Transfer Agreement shall remain unchanged and shall continue to have full force and full legal effect. In case of any conflict or inconsistency between the terms of the Share Transfer Agreement and the Supplemental Agreement, the terms of the Supplemental Agreement shall prevail.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC and listed on the Shenzhen Stock Exchange (stock code: 002960). It is principally engaged in the research and development, production and sales of fire safety system products.

As at the date of the Supplemental Agreement, the total number of issued shares of the Target Company is 758,968,225 and the Company holds 175,474,469 of such issued shares, representing approximately 23.12% of the equity interest in the Target Company. The Sale Shares (i.e. 44,900,000 Target Shares) represented approximately 7.96% of the equity interest in the Target Company as at the date of the Share Transfer Agreement, and approximately 5.92% of the equity interest in the Target Company as at the date of the Supplemental Agreement. After Completion, the Target Company undertook a bonus issue of shares, under which bonus shares of the Target Company attributable to the Sale Shares were allotted and issued to the Purchaser, resulting in the Sale Shares amounting to 58,370,000 Target Shares and representing approximately 7.69% of the equity interest in the Target Company as at the date of the Supplemental Agreement. As at the date of the Supplemental Agreement, the Purchaser holds 131,182,944 Target Shares (including the Sale Shares) in aggregate, representing approximately 17.28% of the equity interest in the Target Company.

The audited net profit before taxation and the audited net profit after taxation of the Target Company for the financial year ended 31 December 2022, which were prepared in accordance with the applicable accounting standards in the PRC, were approximately RMB693,130,000 (equivalent to approximately HK\$748,788,000) and approximately RMB599,610,000 (equivalent to approximately HK\$647,759,000) respectively, while the audited net profit before taxation and the audited net profit after taxation of the Target Company for the financial year ended 31 December 2023, which were prepared in accordance with the applicable accounting standards in the PRC, were approximately RMB797,623,000 (equivalent to approximately HK\$861,672,000) and approximately RMB705,822,000 (equivalent to approximately HK\$762,500,000) respectively.

The audited net asset value of the Target Company as at 31 December 2023, which was prepared in accordance with the applicable accounting standards in the PRC, was approximately RMB6,476,309,000 (equivalent to approximately HK\$6,996,357,000).

### REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Company, through its subsidiaries, is principally engaged in the development of travel and leisure business, sales and production of LED devices, investment holding of diversified portfolios and other businesses including trading of metallic products and wine and other related products.

The Board has taken several factors into account before entering into the Supplemental Agreement, which included: (a) the current net worth of the Purchaser and the channels of financing available to the Purchaser which have been affected by the decrease in the share price of the Target Company since the date of the Share Transfer Agreement due to the continuing downturn in the A-Share market; and (b) the Purchaser's payment of RMB220,369,200 (equivalent to approximately HK\$238,065,000) of the Consideration (i.e. the First Instalment) and the ongoing proactive communications with the Company initiated by the Purchaser, indicating his sincerity and intention to fulfill his obligations under the Share Transfer Agreement and the Supplemental Agreement.



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## LETTER FROM THE BOARD

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The Directors consider that the entering into of the Supplemental Agreement is a better option for the Company and the Shareholders, compared with the termination of the Share Transfer Agreement for the following reasons:

- (i) if the Company elects to terminate the Share Transfer Agreement, the Company has to return to the Purchaser the 20% of the Consideration it has received (i.e. the First Instalment), while the Purchaser is required to (a) return to the Company the Sale Shares (i.e. 58,370,000 Target Shares); (b) return to the Company the dividend income in the aggregate amount of RMB33,899,500 (equivalent to approximately HK\$36,622,000) attributable to the Sale Shares paid by the Target Company in May 2023 and April 2024; (c) pay to the Company a compensation in the sum equal to 20% of the Consideration. Under this scenario, on the date of such termination, the Company will only receive a net cash inflow of RMB33,899,500 (equivalent to approximately HK\$36,622,000, which does not include the cash inflow of the First Instalment of RMB220,369,200 (equivalent to approximately HK\$238,065,000) that has already been received by the Company prior to the termination of the Share Transfer Agreement), and 58,370,000 Target Shares (which will be worth approximately RMB875,550,000 (equivalent to approximately HK\$945,857,000), based on the average closing price of the Target Shares for the five trading days immediately before the date of the Supplemental Agreement, i.e. RMB15.00 (equivalent to approximately HK\$16.20)). In addition, as the Purchaser is a director of the Target Company which is a company listed on the Shenzhen Stock Exchange, he is only allowed to dispose of up to 25% of all the issued shares in the Target Company held by him each year according to applicable PRC rules, and thus, the Purchaser will only be able to return to the Company 32,795,000 Target Shares by 30 September 2024, 24,596,986 Target Shares in January 2025 (the earliest time for him to transfer Target Shares to the Company in 2025) and 978,014 Target Shares in January 2026 (the earliest time for him to transfer Target Shares to the Company in 2026), if the Company elects to terminate the Share Transfer Agreement;
- (ii) if the Company elects to enter into the Supplemental Agreement, not only the Consideration of RMB1,101,846,000 will be fully settled (comprising cash and/or Target Shares), but the Company will also receive (a) the Accrued Liquidated Damages (for illustration purpose only, which will amount to approximately RMB33,353,000 (equivalent to approximately HK\$36,031,000) on the assumption that the Effective Date is 30 August 2024); and (b) the Balance Consideration Interest (for illustration purpose only, which will amount to approximately RMB11,131,000 (equivalent to approximately HK\$12,025,000) on the assumption that the Effective Date is 30 August 2024 and the Balance Consideration is fully settled on 29 August 2025);

For illustration purpose only and solely based on the information available as at the date of the Supplemental Agreement, set out below are the assets which the Company would be able to receive in case of termination of the Share Transfer Agreement and the entering into of the Supplemental Agreement, respectively:

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## LETTER FROM THE BOARD

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	<b>Termination of the Share Transfer Agreement (RMB'000)</b>	<b>Entering into of the Supplemental Agreement (assuming settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by the Target Shares only) (RMB'000)</b>	<b>Entering into of the Supplemental Agreement (assuming settlement of the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by cash only) (RMB'000)</b>
<b><i>Cash to be received:</i></b>			
Consideration			
– First Instalment ( <i>Note 1</i> )	220,369	220,369	220,369
– Balance Consideration	Not applicable	Not applicable	310,052
Less: Consideration to be returned to the Purchaser ( <i>Note 2</i> )	(220,369)	Not applicable	Not applicable
20% Compensation ( <i>Note 2</i> )	220,369	Not applicable	Not applicable
Aggregate dividend income attributable to the Sale Share paid by the Target Company in May 2023 and April 2024	33,900	Not applicable	Not applicable
Accrued Liquidated Damages (in cash) ( <i>Note 3</i> )	Not applicable	Not applicable	33,353
Balance Consideration Interest (in cash) ( <i>Note 4</i> )	Not applicable	Not applicable	11,131
<b>Total</b>	<b>254,269</b>	<b>220,369</b>	<b>574,905</b>
<b><i>Target Shares to be received:</i></b>			
Sale Shares to be returned to the Company ( <i>Note 5</i> )	58,370,000	Not applicable	Not applicable
First Settlement ( <i>Note 1</i> )	Not applicable	38,095,000	38,095,000
Balance Consideration ( <i>Note 6</i> )	Not applicable	20,670,120	Not applicable
Accrued Liquidated Damages (in Target Shares) ( <i>Note 7</i> )	Not applicable	2,223,526	Not applicable
Balance Consideration Interest (in Target Shares) ( <i>Note 8</i> )	Not applicable	742,086	Not applicable
<b>Total</b>	<b>58,370,000</b>	<b>61,730,732</b>	<b>38,095,000</b>
Monetary value of Target Shares (RMB'000)	875,550 ( <i>Note 9</i> )	925,961 ( <i>Note 10</i> )	571,425 ( <i>Note 11</i> )
<b>Total amount of cash and monetary value of Target Shares</b>	<b>1,129,819</b>	<b>1,146,330</b>	<b>1,146,330</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. The Consideration has been settled in cash as to RMB220,369,200 as at the date of the Supplemental Agreement by way of the First Instalment. Pursuant to the Supplemental Agreement, the First Settlement Consideration will be settled by 38,095,000 Target Shares (assuming that there are no Capital Change Events taking place during the date of the Supplemental Agreement and the First Batch Payment Date) while the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest will be settled by cash and/or the Target Shares.
2. If the Company terminates the Share Transfer Agreement, the Company will be entitled to a compensation in the sum equal to 20% of the Consideration and has to return to the Purchaser 20% of the Consideration paid by the Purchaser to it.
3. For illustration purpose only, the Accrued Liquidated Damages will amount to approximately RMB33,353,000 on the assumption that the Effective Date is 30 August 2024 and based on the following calculation:  
$$(RMB330,553,800 \times 0.01\% \times 451 \text{ days}) + (RMB220,369,200 \times 0.01\% \times 390 \text{ days}) + (RMB330,553,800 \times 0.01\% \times 298 \text{ days})$$
4. For illustration purpose only, the Balance Consideration Interest will amount to approximately RMB11,131,000 on the assumption that the Effective Date is 30 August 2024 and the Balance Consideration is fully settled on 29 August 2025 and based on the following calculation:  
$$RMB310,051,800 \times 3.6\% \times 364 \text{ days} \div 365 \text{ days}$$
5. If the Company terminates the Share Transfer Agreement, the Purchaser shall return to the Company the Sale Shares (i.e. 58,370,000 Target Shares, assuming that there is no further adjustment to the number of Sale Shares).
6. After deducting the First Settlement Consideration (i.e. RMB571,425,000), the balance of the Outstanding Consideration (i.e. the Balance Consideration) will amount to approximately RMB310,051,800. If the Purchaser settles such Balance Consideration by transfer of the Target Shares at the Transfer Price of RMB15.00, the Company will receive 20,670,120 Target Shares as determined by the following calculation:  
$$(RMB881,476,800 - RMB571,425,000) \div RMB15.00$$
7. For illustration purpose only, the Accrued Liquidated Damages will amount to approximately RMB33,353,000 on the assumption that the Effective Date is 30 August 2024. If the Purchaser settles such Accrued Liquidated Damages by transfer of the Target Shares at the Transfer Price of RMB15.00, the Company will receive 2,223,526 Target Shares as determined by the following calculation:  
$$((RMB330,553,800 \times 0.01\% \times 451 \text{ days})^1 + (RMB220,369,200 \times 0.01\% \times 390 \text{ days})^2 + (RMB330,553,800 \times 0.01\% \times 298 \text{ days})^3) \div RMB15.00$$
  1. 451 days represent the period from 6 June 2023 (i.e. one month after the Completion Date) to 30 August 2024
  2. 390 days represent the period from 6 August 2023 (i.e. three months after the Completion Date) to 30 August 2024
  3. 298 days represent the period from 6 November 2023 (i.e. six months after the Completion Date) to 30 August 2024
8. For illustration purpose only, the Balance Consideration Interest will amount to approximately RMB11,131,000 on the assumption that the Effective Date is 30 August 2024 and the Balance Consideration is fully settled on 29 August 2025. If the Purchaser settles such Balance Consideration Interest by transfer of the Target Shares at the Transfer Price of RMB15.00, the Company will receive 742,086 Target Shares as determined by the following calculation:  
$$(RMB310,051,800 \times 3.6\% \times 364 \text{ days} \div 365 \text{ days}) \div RMB15.00$$
9. In case of termination of the Share Transfer Agreement, as shown in the table above, the Company will receive 58,370,000 Target Shares; and the monetary value of such Target Shares will amount to approximately RMB875,550,000, if determined with reference to the Transfer Price (i.e. RMB15.00) as determined by the following calculation:  
$$58,370,000 \times RMB15.00$$

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## LETTER FROM THE BOARD

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10. In case of entering into of the Supplemental Agreement (assuming settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by the Target Shares only), as shown in the table above, the Company would receive an aggregate of 61,730,732 Target Shares (i.e. being the aggregate sum of 38,095,000, 20,670,120, 2,223,526 and 742,086), and the monetary value of such Target Shares will amount to approximately RMB925,961,000, if determined with reference to the Transfer Price (i.e. RMB15.00) as determined by the following calculation:

$$61,730,732 \times \text{RMB}15.00$$

11. In case of entering into of the Supplemental Agreement (assuming settlement of the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by cash only), as shown in the table above, the Company would receive an aggregate of 38,095,000 Target Shares, and the monetary value of such Target Shares will amount to approximately RMB571,425,000, if determined with reference to the Transfer Price (i.e. RMB15.00) as determined by the following calculation:

$$38,095,000 \times \text{RMB}15.00$$

As illustrated above, the Company would be able to receive assets in higher monetary value if it enters into the Supplemental Agreement, as compared with the case of termination of the Share Transfer Agreement; and

- (iii) before the full settlement of the Outstanding Consideration, the interest of the Company will be safeguarded by the security created on the Pledged Shares by the Purchaser in favour of the Company. If the Purchaser fails to perform the Supplemental Agreement, the Pledged Shares would then be applied for settling the Balance Consideration, the Balance Consideration Interest and the Accrued Liquidated Damages. The delivery of the Securities Documents by the Purchaser to the Company upon the signing of the Supplemental Agreement would also facilitate the smooth transfer of the First Batch Shares to the Company on the First Batch Payment Date.

As disclosed above, on the basis that the Supplemental Agreement having become effective and if (i) the Purchaser elects to settle the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by the Target Shares only, the Company has received part of the Consideration of RMB220,369,000 (equivalent to approximately HK\$238,065,000) in cash and accordingly net proceeds from the Disposal of approximately RMB196,614,000 (equivalent to approximately HK\$212,402,000); or (ii) the Purchaser elects to settle the Balance Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by cash only, the Company will receive part of the Consideration of approximately RMB574,905,000 (equivalent to approximately HK\$621,070,000) in cash and accordingly net proceeds from the Disposal of approximately RMB551,150,000 (equivalent to approximately HK\$595,407,000). It is currently proposed that the net proceeds from the Disposal would be used as to (i) 45% for future potential mergers and acquisitions and the development of the investment holding business of the Group by 31 December 2025; (ii) 46% for repayment of the bank and other borrowings of the Group by 31 December 2025; and (iii) 9% as general working capital of the Group by 31 December 2025 and will not be used for payment of the income tax of the Company as disclosed in the Announcement and the 2023 Circular, as the income tax of the Company for the year ended 31 December 2023 was not increased as a result of the utilisation of available tax losses of the Company. As at the Latest Practicable Date, none of the net proceeds from the Disposal has been utilised.

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## LETTER FROM THE BOARD

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Having considered the benefits of the Disposal as disclosed in the Announcement and the 2023 Circular and the factors above, the Directors are of the view that the terms of the Supplemental Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the transfer of the Target Shares from the Purchaser and the Transfer Party to the Company under the Supplemental Agreement are more than 100%, such transfer of the Target Shares to the Company constitutes a very substantial acquisition of the Company under the GEM Listing Rules and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

### WAIVER FROM STRICT COMPLIANCE WITH RULE 19.67(6)(a)(i) OF THE GEM LISTING RULES

Pursuant to Rule 19.67(6)(a)(i) of the GEM Listing Rules, for a circular issued in relation to a very substantial acquisition, it is required to include an accountants' report on the business, company or companies being acquired in accordance with Chapter 7 of the GEM Listing Rules provided that, where any company in question has not or will not become a subsidiary of the listed issuer, the Stock Exchange may be prepared to relax this requirement. The accounts on which the report is based must relate to a financial period ended 6 months or less before the circular is issued. The financial information on the business, company or companies being acquired as contained in the accountants' report must be prepared using accounting policies which should be materially consistent with those of the listed issuer ("**VSA Rules Requirements**").

### Background

The Target Company is a company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 002960). As at the Latest Practicable Date, the Target Company was owned as to approximately 23.57% by the Company. It is provided in the Supplemental Agreement that the transfer of the Target Shares to the Company pursuant to the Supplemental Agreement ("**Share Transfer**") shall not result in the Company holding more than 50% of the issued shares of the Target Company or being required to consolidate the financial results of the Target Company into those of the Company. As such, the Target Company would continue to be accounted for as an associate of the Company in the consolidated financial statements of the Company using the equity method and the financial results of the Target Company have not been and will not be consolidated into the financial statements of the Company as a result of the Share Transfer.

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## LETTER FROM THE BOARD

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As required by the rules and regulations of the Shenzhen Stock Exchange, the Target Company has published audited annual consolidated financial statements and unaudited quarterly consolidated financial information, which can be viewed on the website of the Shenzhen Stock Exchange. The consolidated financial statements of the Target Company for the years ended 31 December 2021, 2022 and 2023 have been prepared in accordance with the accounting principles generally accepted in the PRC (“**PRC GAAP**”) and audited by 中興華會計師事務所(特殊普通合夥) (Zhongxinghua Certified Public Accountants LLP) in accordance with PRC GAAP. The consolidated financial statements of the Target Company for the three months ended 31 March 2024 have also been prepared in accordance with the PRC GAAP. All of such financial information is accessible on the website of the Shenzhen Stock Exchange.

### **Waiver sought**

Accordingly, the Company has applied to the Stock Exchange for, and has been granted, a waiver from compliance with the VSA Rules Requirements on the following grounds:

- (a) given that the consolidated financial statements of the Company and the Target Company are prepared in accordance with the HKFRS and the PRC GAAP, respectively, complying with the VSA Rules Requirements in preparing the accountants’ report on the Target Company in accordance with the HKFRS for inclusion in this circular would be unduly burdensome and costly, as the Company would need to undertake a considerable amount of work and incur additional costs to prepare the accountants’ report on the Target Company in accordance with Chapter 7 of the GEM Listing Rules and HKFRS for the three financial years ended 31 December 2023 (“**Target Company HKFRS Financial Information**”). It was expected that it would take about three months and incur costs in the range of approximately HK\$4.0 million to HK\$4.5 million to prepare and issue accountants’ report on the Target Company in accordance with Chapter 7 of the GEM Listing Rules and HKFRS;
- (b) as the consolidated financial statements of the Target Company will not be consolidated with those of the Company, the benefits of the preparation and inclusion of the Target Company HKFRS Financial Information in the Circular may not justify the additional work and expenses involved;
- (c) the Target Company is a company whose shares are listed on the Shenzhen Stock Exchange, which has published its audited consolidated financial statements for the three years ended 31 December 2023 and unaudited consolidated financial statements for the three months ended 31 March 2024 that were prepared in accordance with the PRC GAAP and the rules and regulations of the Shenzhen Stock Exchange, while all such consolidated financial statements are accessible on the website of the Shenzhen Stock Exchange. The financial information of the Target Company has thus been already made publicly available for its shareholders and the public to review and assess its performance. The auditor of the Target Company has not issued modified opinion in respect of the audited financial statements of the Target Company for the three years ended 31 December 2023;

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## LETTER FROM THE BOARD

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- (d) to comply with the VSA Rules Requirement, the Company and its auditors would need to have full access to the Target Company's books and records which the Company and its auditors do not have. The Target Company does not consider that it is necessary to give the Company and its auditor the full access to the Target Company's books and records taking into account that:
- (i) Rule 19.67(6)(a)(i) of the GEM Listing Rules provides that where any company in question has not or will not become a subsidiary of the listed issuer, the Stock Exchange may be prepared to relax the VSA Rules Requirements; and
  - (ii) the Target Company is not a private company and it is not a subsidiary but only an associate of the Company, the Target Company considers that giving the Company and its reporting accountants full access to its books and records is not necessary;
- (e) the Company has included the following information in this circular (“**Alternative Disclosure**”) as alternative disclosure to the financial information of the Target Company required to be disclosed under the VSA Rules Requirements:
- (i) the audited consolidated statements of financial position of the Target Company as at 31 December 2023, 31 December 2022 and 31 December 2021; and the unaudited consolidated statement of financial position of the Target Company as at 31 March 2024;
  - (ii) the audited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Company for the three years ended 31 December 2023; and the unaudited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the three months ended 31 March 2024 (the documents referred to in sub-paragraphs (i) and (ii) are collectively referred to as “**Public Target Financial Statements**”);
  - (iii) a summary of the immaterial differences between the accounting policies adopted by the Target Company for the audited consolidated financial statements of the Target Company for the three years ended 31 December 2023 and unaudited consolidated financial statements of Target Company for the three months ended 31 March 2024 under PRC GAAP and the accounting policies adopted by the Company under the HKFRS, including a reported reconciliation of the financial information of the Target Company for the three years ended 31 December 2023 and the three months ended 31 March 2024, will be reported on by BDO, in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised); and
  - (iv) a confirmation from the Company that there are immaterial differences between the accounting policies adopted in the preparation of the Public Target Financial Statements and the accounting policies adopted by the Company which comply with the HKFRS.



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## LETTER FROM THE BOARD

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The Company believes that that the Alternative Disclosure will broadly commensurate in all material aspects to the disclosure that would otherwise have been provided if the financial information of the Target Company had to be prepared under HKFRS under Rule 19.67(6)(a)(i) of the GEM Listing Rules, the Alternative Disclosure are therefore sufficient for the Shareholders to assess the financial position of the Target Company and to make an informed decision of the Supplemental Agreement and the transactions contemplated thereunder. In addition, a waiver from strict compliance with the VSA Rules Requirements under Rule 19.67(6)(a)(i) of the GEM Listing Rules from the Stock Exchange would be in the interest and to the benefit of the Company and the Shareholders, and would not constitute omission of significant information which would be prejudicial to the interests of the Shareholders.

### THE SGM

The SGM is convened to be held at 10:30 a.m. on Thursday, 15 August 2024 at Conference Room A, Block B, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC, for the Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the transactions contemplated thereunder. The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Supplemental Agreement and the transactions contemplated thereunder and therefore, no Shareholder is required to abstain from voting on the ordinary resolution to be proposed at the SGM.

The form of proxy for use at the SGM is also enclosed with this circular. To be valid, the form of proxy must be completed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority at the Company's share registrar in Hong Kong (for holders of H Shares) or the principal place of business of the Company in Beijing (for holders of Non-listed Shares) by 10:30 a.m. on Wednesday, 14 August 2024 or not less than 24 hours before the time appointed for holding any adjournment of the SGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM or any of such adjourned meeting if you so wish.

### RECOMMENDATION

The Directors consider that the terms of the Supplemental Agreement and the transactions contemplated thereunder, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.



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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular. The Shareholders are advised to read the appendices before deciding as to how to vote on the resolution approving the Supplemental Agreement and the transactions contemplated thereunder.

On behalf of the Board  
**Beijing Beida Jade Bird Universal Sci-Tech Company Limited**  
**Zheng Zhong**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

The financial information of the Group for the three years ended 31 December 2023 including the notes thereto, are disclosed in the following documents which have been published on the website of the Company at [www.jbn.com.cn](http://www.jbn.com.cn) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk):

- (i) annual report of the Company for the year ended 31 December 2023 published on 18 April 2024 (pages 61 to 209);
- (ii) annual report of the Company for the year ended 31 December 2022 published on 31 March 2023 (pages 59 to 209); and
- (iii) annual report of the Company for the year ended 31 December 2021 published on 31 March 2022 (pages 58 to 201).

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following indebtedness:

**Secured bank loans**

As at 31 May 2024, the Group had outstanding guaranteed and secured bank loans of approximately RMB346.5 million, which were secured by (i) the pledge of the property, plant and equipment, investment properties and other intangible assets of the Group; and (ii) the corporate guarantee given by the Company and its subsidiary.

**Secured other loans**

As at 31 May 2024, the Group had outstanding unguaranteed and secured other loans of approximately RMB571.2 million, which were secured by the equity interest of an associate of the Company.

**Unsecured bank loans**

As at 31 May 2024, the Group had outstanding guaranteed and unsecured bank loans of approximately RMB6.0 million.

**Unsecured other loans**

As at 31 May 2024, the Group had outstanding unguaranteed and unsecured other loans of approximately RMB18.5 million.

**Lease liabilities**

As at 31 May 2024, the Group had lease liabilities of approximately RMB4.3 million.

**Amounts due to related parties**

As at 31 May 2024, the Group had amounts due to related parties with principal amount of approximately RMB6.3 million, which were neither secured nor guaranteed.

**Financial guarantee contracts**

As at 31 May 2024, the Group had made provision of approximately RMB100.0 million on the financial guarantee in respect of bank borrowings to an associate of the Group. The financial guarantee has not been recognised as a financial liability of the Company at the time the financial guarantee was issued as its fair value was considered as insignificant.

**Charge on assets**

As at 31 May 2024, the Group's certain fixed assets with carrying amount of approximately RMB278.7 million, investment properties with carrying amount of approximately RMB172.9 million and equity interest of an associate were pledged as securities for the Group's bank and other loans.

**Contingent liabilities**

The Group had contingent liabilities in the sum of approximately RMB100.0 million in respect of guarantee for banking facilities granted to an associate of the Company, which was same as disclosed in the section headed "Financial guarantee contracts" above, by taking into consideration of the maximum liability of the Group under the financial guarantee issued by the Company. Saved as disclosed above, the Group did not have any other significant contingent liabilities as at 31 May 2024.

**General**

Save as aforesaid or as otherwise disclosed in this circular, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings, lease obligations or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as at 31 May 2024.

**3. WORKING CAPITAL STATEMENT**

The Directors, after due and careful consideration and taking into account of the effect of the settlement of the Outstanding Consideration and the financial resources presently available to the Group, are of the opinion that the Group will have sufficient working capital for its requirements for at least twelve months from the date of this circular.

**4. MATERIAL ADVERSE CHANGE**

As the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up).

**5. FINANCIAL AND TRADING PROSPECTS**

Looking ahead, global growth is expected to continue its sluggish trend in 2024, and the overall prospects of the industry and the operating environment of the Group will be full of challenges in the coming year. The Group will continue to consolidate the development of its existing business through monitoring the risks and strengthening internal management, while exploring new business areas and seeking suitable investment opportunities in a prudent manner to create better returns for the Shareholders.

In January 2024, the Group made a successful bid for the 25% equity interest of Shanghai Shengjin in the public auction held through an online auction platform operated and managed by the Shanghai Equity Exchange at a consideration of RMB106,690,000, details of which are set out in the Company's announcement dated 9 January 2024. Upon the completion taken place in April 2024, the aggregate equity interest of Shanghai Shengjin held by the Group has increased from 45% to 70%, and Shanghai Shengjin has become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the results of the Group for the year ending 31 December 2024.

The Group recognised a gain on the Disposal of approximately RMB365.5 million for the year ended 31 December 2023, upon the completion of the Disposal in May 2023. The Group currently expects that no such gain will be recorded by the Group in 2024, which would have certain impact on the consolidated profit of the Group for the year ending 31 December 2024, as compared with that for the year ended 31 December 2023.

**6. FINANCIAL EFFECT OF THE SHARE TRANSFER**

As at the Latest Practicable Date, the Company held 175,474,469 Target Shares, which representing approximately 23.57% equity interests in the Target Company. Upon completion of the Share Transfer and on the assumption that 61,730,732 Target Shares would be transferred to the Company for settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest at the Transfer Price (i.e. RMB15.00) pursuant to the Supplemental Agreement, the Company will hold 237,205,201 Target Shares, representing approximately 31.87% equity interests in the Target Company.

The financial effects of the Share Transfer on the Group's net asset value and earnings are set out below.

**Assets and liabilities**

Based on the unaudited pro forma financial information of the Group for the year ended 31 December 2023, upon completion of the Share Transfer and on the assumption that 61,730,732 Target Shares would be transferred to the Company for settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest at the Transfer Price (i.e. RMB15.00) pursuant to the Supplemental Agreement, the unaudited consolidated total assets of the Group would increase by approximately RMB187.5 million and the unaudited consolidated total liabilities of the Group would remain unchanged as a result of the Share Transfer.

**Earnings**

Based on the unaudited pro forma financial information of the Group for the year ended 31 December 2023, upon completion of the Share Transfer and on the assumption that 61,730,732 Target Shares would be transferred to the Company for settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest at the Transfer Price (i.e. RMB15.00) pursuant to the Supplemental Agreement, the earnings of the Group would increase by approximately RMB239.1 million, which is calculated with reference to the difference between (i) the aggregate of (a) the Accrued Liquidated Damages, the Balance Consideration Interest and the reversal of impairment loss on the Outstanding Consideration receivable of approximately RMB144.3 million; (b) the increase in the Group's share of profits 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; and (c) the increase in 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 as at 1 January 2023; and (ii) the estimated expenses to be incurred in connection to the Share Transfer.

**7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP**

Set out below is the management discussion and analysis of the Group for the three years ended 31 December 2023 ("**Company Reporting Periods**"). The financial data in respect of the Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the Company Reporting Periods.

**(a) Business and financial review for the year ended 31 December 2023****BUSINESS REVIEW****Tourism development**

The Company, through its subsidiaries and associates, is engaged in provision of environmental shuttle bus service and property management services, and operation of tourist facilities, entertainment performance, tourist service center and tourist souvenir shops in the tourist area at Nanyue District, Hunan Province, the PRC; and also participated in several tourism development projects in Hunan Province, including the development of tourist sight project located at Tianzi Mountain. For the year under review, the Group renewed its transport operation license for operation of transport at the tourist area at Nanyue District for another 6 years from 2023 to 2029.

As a result of the relaxation of the policies and measures implemented by the government of the PRC to deter the novel coronavirus pneumonia epidemic (the “**Epidemic**”) in the PRC, the number of tourists and pilgrims visiting Hengshan Mountain scenic area was increased by about 90.4% year-on-year for the year ended 31 December 2023.

Reference is made to the announcements of the Company dated 15 May 2020, 26 June 2020 and 3 September 2021 and the circular of the Company dated 30 June 2020. On 15 May 2020, the Company entered into the sale and purchase agreement (the “**SP Agreement**”) with an independent third party (the “**Chuanqi Purchaser**”) and Chuanqi Tourism, a then non-wholly owned subsidiary of the Company, for the disposal of the 60% equity interest in Chuanqi Tourism (the “**Chuanqi Sale Interest**”) held by the Company at the consideration of RMB172,028,880 (the “**Chuanqi Disposal**”); and the guarantee fee arrangement in relation to the release of the guarantee agreement (the “**Guarantee Agreement**”) executed by the Company and the banks dated 31 January 2013 which secured the obligations of Changsha Songya Lake Construction Investment Co., Ltd. (“**Songya Lake Construction**”), under a facility agreement. The release of the Guarantee Agreement shall be arranged within 12 months from the equity transfer date through negotiation with the banks. The completion of the Chuanqi Disposal took place on 3 September 2020.

The Guarantee Agreement was released during the year under review, but as at 31 December 2023, the remaining balance of the consideration of approximately RMB142.0 million (the “**Consideration Balance**”) remained outstanding. The Chuanqi Purchaser recently proposed to the Company that it shall pay the Consideration Balance in the fourth quarter of 2024.

Taking into account that (i) the Chuanqi Purchaser has pledged the Chuanqi Sale Interest in favour of the Company and the Chuanqi Tourism has pledged all shares in Songya Lake Construction in favour of the Company; and (ii) the Chuanqi Purchaser has been paying the interest accrued on the Consideration Balance overdue in accordance with the SP Agreement, the Company currently has no intention to terminate the SP Agreement. However, the Company will closely monitor the status of payment of the Consideration Balance and will make further announcement(s) to update the Shareholders and the investors of the Company of any material development as and when appropriate.

**Investment holding**

As at 31 December 2023, the Group's investment holding business mainly included investments in a subsidiary, the associates and joint ventures which are private equity funds with equity investments in private enterprises in the PRC and are private enterprises principally engaged in semiconductor materials and display devices businesses, the investment in Jade Bird Fire, a A share listed company in the PRC and the investments in financial assets at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL") including listed companies in Hong Kong and private companies in the PRC and Hong Kong and a close-end segregated portfolio of an investment fund.

During the second quarter of 2023, the Group disposed of its 40% equity interest in Beijing Jade Bird Hengsheng Investment Fund (Limited Partnership) ("HS Fund") to an independent third party at the consideration of RMB15,484,000 in cash, having considered the prospects of the investments held by HS Fund. HS Fund ceased to be an associate of the Group, and the Group recorded a loss on disposal of an associate of approximately RMB28.5 million for the year ended 31 December 2023.

Reference is made to the announcements of the Company dated 21 November 2022 and 29 March 2023 and the circular of the Company dated 10 March 2023. On 21 November 2022, the Company and the Purchaser, who is an independent third party of the Company, entered into the Share Transfer Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sales Shares at the Consideration. The partial disposal of the Company's equity interests in Jade Bird Fire constituted a very substantial disposal of the Company under the GEM Listing Rules. The approval of the Shareholders in respect of the share transfer agreement and the transaction contemplated thereunder was obtained at the special general meeting of the Company held on 29 March 2023. Upon the completion of the Disposal taken place on 5 May 2023, the Company recognized an gain of partial disposal of an associate of approximately RMB365.5 million for the year ended 31 December 2023 and held approximately 23.15% equity interest in Jade Bird Fire as at 31 December 2023. Jade Bird Fire continued to be accounted as an associate of the Company in the consolidated financial statements of the Company using the equity method.

As at 31 December 2023, the Purchaser has only settled 20% of the Consideration (i.e. RMB220,369,200) and RMB881,476,800 of the Consideration remained outstanding. The Group recorded an impairment loss on the receivable due from the Purchaser of approximately RMB144.3 million for the year ended 31 December 2023.

Reference is made to the announcement of the Company dated 28 December 2023, Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited (“**Beida Cayman Development**”), a wholly-owned subsidiary of the Company and Huarong International Special Investment Fund SPC (the “**Fund**”), a segregated portfolio company under the laws of the Cayman Islands entered into the subscription agreement, pursuant to which Beida Cayman Development agreed to subscribe for the participating shares in the capital of the Fund attributable to Fund V SP (the “**Segregated Portfolio**”), a closed-end segregated portfolio of the Fund at a total subscription amount of HK\$40 million. Taking into account (i) the investment focus of the Segregated Portfolio being on non-performing assets from the banks and financial institutions in Hong Kong; (ii) the Board’s confidence in the quality of the non-performing financial assets in the Hong Kong market; and (iii) the lack of such type of financial assets in the portfolios of the Group, the Board considered that the subscription provided the Group with an opportunity to balance and diversify its investment portfolios and capture potential capital appreciation in the future, which would strengthen the investment holding business of the Group.

Reference is made to the announcement of the Company dated 9 January 2024, the Company made a successful bid for the 25% equity interest of Shanghai Shengjin in the public auction at a consideration of RMB106,690,000. Shanghai Shengjin is principally engaged in investment holding, focusing on investment in innovative and high-growth enterprises in industries of new materials, energy conservation, environmental protection and high-end equipment manufacturing, and in provision of investment consultancy and enterprise management services. The Board considered that the acquisition represented a good investment opportunity and was in line with the Group’s vision to invest in target companies or businesses with promising outlook and prospects. Upon the completion to be taken place, the aggregate equity interest of Shanghai Shengjin held by the Group will increase from 45% to 70%. Shanghai Shengjin will become a non-wholly owned subsidiary of the Company and its financial results would be consolidated into the results of the Group.

### **Trading of metallic products**

During the year, the Group is engaged in sales and purchases of metallic products in the PRC. The Group continues to explore more opportunities to expand its source of income.

### **Sales and production of LED devices**

The Company, through its non-wholly owned subsidiary acquired in April 2022 namely Guangdong Lumen is principally engaged in the development, manufacture and sale of high-end ceramic high-power LED devices and modules, focusing on the research and development and manufacturing of special light sources such as automotive, stage, curing, flash and plant growth. The products manufactured include car lamp series, mobile lighting series, color light series, etc..

### **Other businesses**

The Group operated a winery, namely The Winery at la Grange, at the State of Virginia, the United States, which owned a vineyard and is principally engaged in the production and sales of wine and related products.



**FINANCIAL REVIEW****Tourism development**

During the year, fare revenue from tourists and pilgrims continued to be the main source of income of the Group's tourism development business. For the year ended 31 December 2023, the Group's tourism development business recorded revenue of approximately RMB187.4 million (2022: RMB86.6 million), representing an increase by 116.3% when compared with the corresponding period of 2022. Such increase was mainly attributable to the relaxation of the policies and measures implemented by the government of the PRC to deter the Epidemic in the PRC.

**Investment holding**

The segment total assts of the investment holding business of the Group increased by 0.3% to approximately RMB3,738.2 million as at 31 December 2023 (2022: RMB3,725.2 million).

**Sales and production of LED devices**

The financial results of Guangdong Lumen have been consolidated with the results of the Company since the completion of its acquisition in April 2022. During the year ended 31 December 2023, revenue generated from Guangdong Lumen amounted to approximately RMB49.6 million (2022: RMB32.7 million).

**Trading of metallic products**

For the year ended 31 December 2023, revenue generated from the Group's trading of metallic products business amounted to approximately RMB320.6 million (2022: RMB147.2 million), representing an increase by 117.8% year-on-year. The increase was mainly attributable to the increase in orders entered by the Group with the recovery of the economy and the market after the Epidemic. The gross margin was 2.2% (2022: 2.3%) during the year.

**Other businesses**

Revenue generated from the business of production and sales of wine and related products amounted to approximately RMB8.7 million (2022: RMB9.6 million), which was insignificant to the Group's total revenue.

**Revenue and gross profit**

The business and financial performance of the Group has been improved since the relaxation and removal of the Epidemic restrictions by the government of the PRC in December 2022. For the year ended 31 December 2023, as a result of the increase in fare revenue of the environmental shuttle bus service generated by the Group's tourism development business and the increase in volume of the Group's trading of metallic products business, total revenue recorded by the Group amounted to approximately RMB566.4 million (2022: RMB276.2 million), representing an increase of 105.1% compared with the corresponding period of 2022, and the gross profit was increased by 224.1% to approximately RMB124.4 million (2022: RMB38.4 million).

**Impairment loss on trade and other receivables**

It mainly comprised of: (i) the impairment loss on the receivable of approximately RMB144.3 million in relation to the partial disposal of Jade Bird Fire (2022: Nil); and (ii) the impairment loss on the receivable of approximately RMB28.7 million in relation to the disposal of Chuanqi Tourism (2022: RMB10.0 million).

Such impairment loss on other receivables were mainly assessed in accordance with the Hong Kong Financial Reporting Standards, in particular, HKFRS 9 Financial Instruments, using general approach. The amount of impairment loss on other receivables mentioned above were arrived at by multiplying the amount of the other receivables by the relevant credit loss rate, which were determined by reference to the probabilities of default and the loss given default, taking into account of the time value of money. There was no change in the method used in the impairment analysis, as compared with those used in the year ended 31 December 2022.

**Loss/gain on deemed partial disposal of an associate**

Loss on deemed partial disposal of an associate of approximately RMB23.3 million (2022: gain of approximately RMB220.2 million) was recognized by the Group for the year ended 31 December 2023 as a result of issue of new shares by Jade Bird Fire, the associate of the Group, under its share rewards and option schemes. In 2022, Jade Bird Fire issued new shares under its non-public share offering in addition to its share rewards and option schemes.

**Gain on partial disposal of an associate**

During the year ended 31 December 2023, the Group recognized a gain of approximately RMB365.5 million (2022: Nil) upon the completion of the partial disposal of Jade Bird Fire, an associate of the Group in May 2023.

**Loss on disposal of associates**

During the year ended 31 December 2023, the Group recognized loss on disposal of associates of approximately RMB29.5 million (2022: Nil) mainly as a result of the disposal of its 40% equity interest in HS Fund.

**Finance costs**

Finance costs were approximately RMB53.9 million (2022: RMB34.8 million), which mainly represented interest on bank and other loans raised by the Group, the interest on lease liabilities in relation to various offices and plant leased by the Group and net foreign exchange gain.

**Share of profit of associates**

For the year ended 31 December 2023, the Group's share of profits of associates amounted to approximately RMB150.0 million (2022: RMB178.4 million), representing a decrease of 15.9% years-on-year. Such decrease was mainly attributable to the decrease in the Group's proportional share of the results of Jade Bird Fire after the partial disposal of equity interests in Jade Bird Fire held by the Company.

**Share of loss/profit of joint ventures**

For the year ended 31 December 2023, the Group's share of loss of joint ventures amounted to approximately RMB3.9 million (2022: profit of approximately RMB18.8 million). The turnaround from profit to loss was mainly attributable to the unsatisfactory performance of the joint ventures of the Group during the year.

**Income tax expense/credit**

Income tax expense was approximately RMB17.9 million (2022: credit of approximately RMB2.0 million) during the year. It mainly represented the net provision of corporate income tax of approximately RMB23.3 million (2022: RMB2.7 million) and the deferred tax credit of approximately RMB5.4 million (2022: RMB4.7 million) recognized by the Group in the PRC.

**Profit attributable to owners of the Company**

The Group recorded the decrease in profit attributable to owners of the Company by 41.4% to approximately RMB195.2 million (2022: RMB333.4 million) for the year ended 31 December 2023, mainly because of the combined effects of the following: (i) the gain on partial disposal of an associate of approximately RMB365.5 million for the year ended 31 December 2023 (2022: Nil) as a result of the Group's partial disposal of Jade Bird Fire; (ii) the gain on deemed disposal of an associate of approximately RMB220.2 million recorded for the year 31 December 2022, which was absent in the year ended 31 December 2023; and (iii) the substantial increase in the impairment loss on trade and other receivables to approximately RMB210.7 million as compared with that for the year ended 31 December 2022 of approximately RMB35.9 million, mainly due to the impairment loss on the receivable of approximately RMB144.3 million in relation to the partial disposal of Jade Bird Fire.

**Financial position**

As at 31 December 2023, the Group's current ratio (being ratio of current assets and current liabilities) and the gearing ratio (being measured by total loans to equity attributable to owners of the Company), which are the key position and financial leverage, were 1.35 (2022: 0.60) and 23.3% (2022: 25.3%) respectively. Increase in the current ratio was mainly due to increase in the current assets as a result of the partial disposal of equity interest in Jade Bird Fire during the year. There was an improvement of the gearing ratio as a result of the stable level of total bank and other loans of the Group. The Group has been actively negotiating with banks and other borrowers for new loans and renewal of current existing loans in order to cope with the business operations and expansion.

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

Save as disclosed above, during the year ended 31 December 2023, the Group did not effect any material acquisitions and disposals which would be required to be disclosed under the GEM Listing Rules.

**LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year ended 31 December 2023, the Group's major operations were financed mainly by the internal financial resources and by corporate borrowings. As at 31 December 2023, the Group had cash and cash equivalents of approximately RMB156.5 million, which were denominated mainly in RMB, HK\$ and USD.

As at 31 December 2023, the Group had net assets of approximately RMB3,776.0 million (2022: RMB3,728.5 million). The Group had total outstanding borrowings of approximately RMB880.6 million (2022: RMB943.5 million) which consisted of secured bank and other loans of approximately RMB856.1 million (2022: RMB891.7 million) and unsecured bank and other loans of approximately RMB24.5 million (2022: RMB51.8 million); and of which approximately RMB689.1 million (2022: RMB763.6 million), RMB21.5 million (2022: RMB13.0 million), RMB114.5 million (2022: RMB74.4 million) and RMB55.5 million (2022: RMB92.5 million) were repayable within one year, from one to two years, from two to five years and more than five years respectively; and of which approximately RMB691.1 million (2022: RMB717.0 million) and RMB189.5 million (2022: RMB226.5 million) were arranged at fixed interest rates and at floating interest rates respectively. The bank and other loans were denominated in RMB and bore interest rates ranging from nil to 5.6% per annum.

As at 31 December 2023, the Company's outstanding number of issued non-listed shares and H shares of RMB0.10 each were 700,000,000 shares and 814,464,000 shares respectively.

The gearing ratio of the Group as at 31 December 2023, which is measured by total loans and lease liabilities to equity attributable to owners of the Company, was 23.3% (2022: 25.3%). There was an improvement in the gearing ratio as a result of the stable level of total bank and other loans of the Group.

**SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2023, the Group held financial assets at FVTOCI and FVTPL of totalling approximately RMB285.0 million, representing 5.7% of the total assets of the Group, which mainly comprised of:

- (i) 5.67% equity interest in Shanghai Xianyao with investment cost of RMB100.0 million at fair value of approximately RMB243.9 million, representing 4.9% of the total assets of the Group as at 31 December 2023. Shanghai Xianyao is principally engaged in the technical research and development of display devices, optical components and accessories and digital devices; and the wholesale distribution of digital components, optoelectronic products, display devices, project derives and lightening devices. There is an increase in fair value of approximately RMB40.8 million included in other comprehensive income for the year; and
- (ii) 3,200 Class SP5-A shares or 100% of Class SP5-A shares, which are participating, non-redeemable and non-voting shares, in the capital of Huarong International Special Investment Fund SPC attributable to Fund V SP, a closed-end segregated portfolio of the Fund with investment cost of approximately RMB29.0 million at fair value of approximately RMB29.0 million, representing 0.6% of the total assets of the Group as at 31 December 2023. The Fund is registered as a segregated portfolio company under the laws of the Cayman Islands and is permitted to create one or more segregated portfolios in order to segregate the assets and liabilities of the Fund held in respect of one segregated portfolio from the assets and liabilities of the Fund held in respect of any other segregated portfolio and/or the general assets and liabilities of the Fund. Fund V SP was established by the Fund and its investment objectives is to generate returns by acquiring any non-performing assets from any bank or financial institution in Hong Kong. There is no significant change of air value for the year.

Investment holding is one of the core businesses of the Group, and the Group strives to identify promising investment opportunities. The Group considered the optimistic future prospect of market of display devices and optoelectronic products, as well as the quality of the non-performance financial assets in Hong Kong and expected that the performance of the Group's investment holding business will be benefited. During the year under review, the fair value of the financial assets at FVTOCI continued to fluctuate as a result of uncertainty of pace of global economic recovery. The Group will carefully assess investment opportunities in the market to diversify investment business portfolio in view of expected higher volatility ahead.

**FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group did not have any significant investment plans as at 31 December 2023.

**CONTINGENT LIABILITIES**

The Group had contingent liabilities in the sum of approximately RMB100 million in respect of guarantee for banking facilities granted to an associate of the Company. Saved as disclosed above, the Group did not have any other significant contingent liabilities as at 31 December 2023.

**FOREIGN EXCHANGE EXPOSURE**

The Group was exposed to certain foreign currency risk as most of its business activities, assets and liabilities are denominated in USD, RMB, HK\$, Canadian dollars and Euro. The Group has not formulated a foreign currency hedging policy as turnover and most of the production costs are denominated in RMB and they are automatically matched, leaving limited currency risk. The Group continues to monitor its foreign exchange exposure and will take measures to lower the foreign currency risk when necessary.

**CHARGE ON ASSETS**

As at 31 December 2023, the Group's certain fixed assets with carrying amount of approximately RMB248.7 million (2022: RMB277.1 million), investment properties with carrying amount of approximately RMB199.1 million (2022: RMB195.6 million), bank deposit of approximately RMB1.3 million (2022: RMB1.2 million) and equity interest of an associate were pledged as securities for the Group's bank and other loans.

**EMPLOYEES AND REMUNERATION POLICY**

The Group considers people as the valuable assets. The Directors are of the view that the Group maintains good working relations with its employees. The Group had workforce of 638 people situated mainly in the PRC, Hong Kong and the United States at the end of reporting year, up 9.2% since the end of 2022. The Group strictly complied with applicable labour law and regulations. Competitive remuneration package with medical and travel insurance are offered to the staff. Adequate retirement funds and provident funds are contributed on a timely basis. The Group emphasizes on working safety and sets out proper safety guidelines and provides adequate training to workers. Staffs are free to set up trade union according to applicable laws while the supervisory committee of the Company (the “**Supervisory Committee**”) had representative from the workforce.

Director's emoluments consist of fees, salaries and allowances, and discretionary bonus determined according to the performance of individual Director. The remuneration of the Directors is determined having regard to each of their duties and responsibilities in the Company.

The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately RMB84.2 million for the year ended 31 December 2023 (2022: RMB62.7 million), which was in line with the increase in workforce of the Group.

**(b) Business and financial review for the year ended 31 December 2022****BUSINESS REVIEW****Tourism development**

The Company, through its subsidiaries and associates, is engaged in provision of environmental shuttle bus service and property management services, and operation of tourist facilities, entertainment performance, tourist service center and tourist souvenir shops in the tourist area at Nanyue District, Hunan Province, the PRC; and also participated in several tourism development projects in Hunan Province, including the development of tourist sight project located at Tianzi Mountain.

As a result of the Epidemic in the PRC, the number of tourists and pilgrims visiting Hengshan Mountain scenic area was decreased by about 28% for the year ended 31 December 2022. The service utilisation rate of the Group's environmental bus service remained stable at 90%.

**Investment holding**

As at 31 December 2022, the Group's investment holding business mainly included investments in a subsidiary, the associates and joint ventures which were private equity funds with equity investments in private enterprises and property projects in the PRC, the Target Company, and the investments in financial assets at FVTOCI, including listed companies in Hong Kong and private companies in the PRC and Hong Kong.

On 7 July 2022, the Company entered into a capital increase agreement with the existing shareholders of Eta Shanghai, pursuant to which the Company agreed to inject RMB100,000,000 into Eta Shanghai of which (i) RMB14,903,862.95 shall be contributed to the registered capital of Eta Shanghai; and (ii) the remaining balance shall be contributed to the capital reserve of Eta Shanghai. Eta Shanghai is principally engaged in the technical development, technical service, technical consultation and technical transfer of semiconductor and new material technology; and the sale of semiconductor materials and equipment.

The Directors considered that the investment in Eta Shanghai represented good investment opportunities and were in line with the Group's vision to invest in target companies or businesses having promising outlooks and prospects. The transaction would allow the Group to enlarge its investment in Eta Shanghai and its business activities. One of the existing shareholders, which owned 34.12% of Eta Shanghai before the capital injection by the Company, is wholly owned by the spouse of Mr. Liu Ziyi, the non-executive Director. As such, Eta Shanghai is an associate of Mr. Liu Ziyi and a connected person of the Company under the GEM Listing Rules. The transaction contemplated under the capital injection by the Company constituted a connected transaction for the Company. The approval of the independent Shareholders in respect of the capital injection agreement and the transactions contemplated thereunder was obtained at a special general meeting of the Company held on 9 September 2022. Upon the completion of capital injection by the Company, the Company held approximately 22.681% equity interest in Eta Shanghai, which was treated as interest in an associate in the Company's financial statements.



On 21 November 2022, the Company and the Purchaser entered into the Share Transfer Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares at the consideration of RMB1,101,846,000. Before completion, the Target Company was accounted as an associate of the Company in the consolidated financial statements of the Company using the equity method. After completion, the Target Company would continue to be accounted as an associate of the Company in the consolidated financial statements of the Company using the equity method.

The Directors considered that the partial disposal of the Company's equity interests in the Target Company would provide a valuable opportunity for the Group to realise the value of its investment in the Target Company with a substantial cash inflow to the Group. Further, the disposal would enable the Group to improve its working capital and strengthen its cash flow position so as to facilitate its future development should opportunities arise, thereby allowing the Group to expand and diversify its existing business. The Directors are of the view that the terms of the Share Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The disposal constituted a very substantial disposal of the Company under the GEM Listing Rules. The approval of the Shareholders in respect of the Share Transfer Agreement and the transaction contemplated thereunder was obtained at a special general meeting of the Company held on 29 March 2023.

#### **Sales and production of LED devices**

On 10 March 2022, the Company entered into (i) an equity transfer agreement with an independent third party and Guangdong Lumen for the acquisition of the 80% equity interest in Guangdong Lumen at the consideration of RMB84,486,160; and (ii) a repurchase agreement pursuant to which upon occurrence of certain repurchase events, Shanghai Shengjin may require the Company or Guangdong Lumen to repurchase the 20% equity interest in Guangdong Lumen owned by Shanghai Shengjin at the option price of RMB22 million plus interest of 10% per annum, if applicable. Upon the completion in April 2022, Guangdong Lumen became a direct non-wholly owned subsidiary of the Company.

Guangdong Lumen is principally engaged in the development, manufacture and sale of high-end ceramic high-power LED devices and modules, focusing on the research and development and manufacturing of special light sources such as automotive, stage, curing, flash and plant growth. The products manufactured include car lamp series, mobile lighting series, color light series, etc.. The Board considered that the acquisition represented a good opportunity to expand the Group's business into the development, manufacture and sale of high-end ceramic high-power LED devices and modules, in view of the promising future prospect of the market of the LED industries, which could further expand the source of the Group's operating income and profit and could bring returns to the Shareholders.

#### **Trading of metallic products**

During the year ended 31 December 2022, the Group was engaged in sales and purchases of metallic products in the PRC. The Group continued to explore more opportunities to expand the Group's source of income.



**Other businesses**

The Group operated the Winery and was principally engaged in the production and sales of wine and related products.

**FINANCIAL REVIEW****Tourism development**

During the year, fare revenue from tourists and pilgrims continued to be the main source of income of the Group's tourism development business. For the year ended 31 December 2022, the Group's tourism development business recorded revenue of approximately RMB86.6 million, representing a decrease by 21.8% when compared with the corresponding period of 2021. Such decrease was mainly due to the frequent outbreaks of the Epidemic and the policies and measures implemented by the government of the PRC to deter the Epidemic in the PRC during the year.

**Investment holding**

The segment total assets of investment holding business increased by 17.4% to approximately RMB3,725.2 million as at 31 December 2022. The increase was mainly attributable to the Group's additional capital injection into Eta Shanghai during the year and the increase in the Group's share of carrying amount of interests in associates.

**Sales and production of LED devices**

The financial results of Guangdong Lumen have been consolidated with the results of the Company since the completion of its acquisition in April 2022. Revenue generated from Guangdong Lumen after the completion of acquisition amounted to approximately RMB32.7 million.

**Trading of metallic products**

For the year ended 31 December 2022, revenue generated from the Group's trading of metallic products business amounted to approximately RMB147.2 million, representing a decrease by 46.2% year-on-year. The decrease was mainly attributable to the decrease in orders entered into by the Group after considering the price fluctuation of the metallic products. The gross margin was 2.3% during the year.

**Other businesses**

Revenue generated from the winery amounted to approximately RMB9.6 million (2021: RMB10.2 million), which remained stable.

**Overall performance**

For the year ended 31 December 2022, total revenue recorded by the Group amounted to approximately RMB276.2 million, representing a decrease of 30.0% compared with the corresponding period of 2021. The gross profit was decreased by 36.2% to approximately RMB38.4 million. During the year ended 31 December 2022, the Target Company issued new shares under its non-public share offering and share rewards and option schemes. The equity interests in the Target Company held by the Company were diluted from 36.85% as at 31 December 2021 to 31.88% as at 31 December 2022. The Company recorded a gain of approximately RMB220.2 million on deemed partial disposal of the Target Company. Despite of the decrease in total revenue and gross profit, the Group recorded the increase in the profit from operations to approximately RMB155.3 million and the increase in profit attributable to owners of the Company by 109.7% to approximately RMB333.4 million for the year ended 31 December 2022, mainly because of the gain on deemed partial disposal of an associate recorded by the Company during the reporting year.

**Financial position**

As at 31 December 2022, the Group's current ratio (being ratio of current assets and current liabilities) and the gearing ratio (being measured by total loans and lease liabilities to equity attributable to owners of the Company), which are the key position and financial leverage, were 0.60 and 28.7% respectively. Decrease in current ratio and increase in the gearing ratio were mainly due to the raise of additional bank and other loans for business operations during the year. The Group has been actively negotiating with banks and other borrowers for new loans and renewal of current existing loans in order to cope with the business operations and expansion.

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

Saved as the Disposal disclosed above, during the year ended 31 December 2022, the Group did not effect any material acquisitions and disposals of subsidiaries, associates and joint ventures which would be required to be disclosed under the GEM Listing Rules.

**LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year ended 31 December 2022, the Group's major operations were financed mainly by the internal financial resources, by corporate borrowings and by net proceeds from placing of new H shares of the Company in 2021. As at 31 December 2022, the Group had cash and cash equivalents of approximately RMB227.7 million, which were denominated mainly in RMB, HK\$ and USD.

As at 31 December 2022, the Group had net assets of approximately RMB3,728.5 million. The Group had total outstanding borrowings of approximately RMB943.5 million (2021: RMB701.9 million) which consisted of secured bank and other loans of approximately RMB891.7 million (2021: RMB643.3 million) and unsecured bank and other loans of RMB51.8 million (2021: RMB58.6 million); and of which approximately RMB763.6 million (2021: RMB608.9 million), nil (2021: RMB5.0 million), RMB13.0 million (2021: Nil), RMB74.4 million (2021: Nil) and RMB92.5 million (2021: RMB88.0 million) were repayable within one year, more than one year with repayment on demand clause, from one to two years, from two to five years and more than five years respectively; and of which approximately RMB717.0 million (2021: RMB500.1 million) and RMB226.5 million (2021: RMB201.8 million) were arranged at fixed interest rates and at floating interest rates respectively. The bank and other loans were denominated in RMB and USD and bore interest rates ranging from nil to 6.18% per annum.

As at 31 December 2022, the Company's outstanding number of issued non-listed shares and H shares of RMB0.10 each were 700,000,000 shares and 814,464,000 shares respectively.

The gearing ratio of the Group as at 31 December 2022, which is measured by total loans and lease liabilities to equity attributable to owners of the Company, was 28.7%. During the year, the total bank and other loans were increased for continuous business expansion and development.

#### **SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2022, the Group held financial assets at FVTOCI of approximately RMB239.2 million, representing 4.8% of the total assets of the Group.

Saved as herein this section, for the year ended 31 December 2022, the Group had no significant investment held.

#### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Saved as disclosed above, the Group did not have any significant investment plans as at 31 December 2022.

#### **CONTINGENT LIABILITIES**

The Group had contingent liabilities in the sum of approximately RMB300.0 million in respect of guarantee for banking facilities granted to associates and a former associate of the Company.

Saved as disclosed above, the Group did not have any other significant contingent liabilities as at 31 December 2022.

#### **FOREIGN EXCHANGE EXPOSURE**

The Group was exposed to certain foreign currency risk as most of its business activities, assets and liabilities are denominated in USD, Canadian dollars, RMB, Euro and HK\$. The Group has not formulated a foreign currency hedging policy as turnover and most of the production costs and operating expenses are denominated in RMB and they are automatically matched, leaving limited currency risk. The Group continues to monitor its foreign exchange exposure and will take measures to lower the foreign currency risk when necessary.

#### **CHARGE ON ASSETS**

As at 31 December 2022, the Group's certain fixed assets with carrying amount of approximately RMB277.1 million, investment properties with carrying amount of approximately RMB195.6 million, bank deposit of approximately RMB1.2 million and equity interest of an associate were pledged as securities for the Group's bank and other loans.

**EMPLOYEES AND REMUNERATION POLICY**

The Group had workforce of 584 people situated mainly in the PRC, Hong Kong and the United States at the end of reporting year, up 12.3% since the end of 2021. The Group strictly complied with applicable labour law and regulations. Competitive remuneration package with medical and travel insurance are offered to the staff. Adequate retirement funds and provident funds are contributed on a timely basis. The Group emphasizes on working safety and sets out proper safety guidelines and provides adequate training to workers. Staffs are free to set up trade union according to applicable laws while the Supervisory Committee had representative from the workforce. Director's emoluments consist of fees, salaries and allowances, and discretionary bonus determined according to the performance of individual Director. The remuneration of the Directors is determined having regard to each of their duties and responsibilities in the Company. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately RMB62.7 million for the year ended 31 December 2022. Increase was mainly attributable to the business expansion of the Group and acquisition of Guangdong Lumen which became a subsidiary of the Company during the year.

**(c) Business and financial review for the year ended 31 December 2021****BUSINESS REVIEW****Tourism development**

The Company, through its subsidiaries and associates, is engaged in provision of environmental shuttle bus service and property management services, and operation of tourist facilities, entertainment performance, tourist service center and tourist souvenir shops in the tourist area at Nanyue District, Hunan Province, the PRC; and also participated in several tourism development projects in Hunan Province, including the development of tourist sight project located at Tianzi Mountain.

The tourist area at Nanyue District, the place of operation of the Group's tourism development business, has been temporarily closed from 8 August 2021 to 23 August 2021, due to the policies and measures implemented by the government of the PRC to deter the Epidemic in the PRC. As a result of the overall stabilisation of the Epidemic in the PRC, the number of tourists and pilgrims visiting Hengshan Mountain scenic area increased by about 12% for the year ended 31 December 2021. The service utilisation rate of the Group's environmental bus service remained stable at 91%.

In June 2021, the Group acquired a 2% equity interest in Chuanqi (Hunan) Cultural Tourism Company Limited ("**Chuanqi Cultural Tourism**"), a then associate of the Group, at a consideration of RMB1 in cash together with capital contribution commitment of RMB1,400,000 from an independent third party of the Company. Immediately after the acquisition, the Group owned a total of 51% indirect interest in Chuanqi Cultural Tourism; and Chuanqi Cultural Tourism ceased to be an associate of the Company and became a subsidiary of the Company. Chuanqi Cultural Tourism participated in tourism development projects in Hunan Province.

**Investment holding**

As at 31 December 2021, the Group's investment holding business mainly included investments in a subsidiary, the associates and joint ventures which were private equity funds with equity investments in private enterprises and property projects in the PRC, the Target Company, and the investments in financial assets at FVTOCI, including listed companies in Hong Kong and private companies in the PRC and Hong Kong.

On 17 June 2021, the Company entered into a capital increase agreement with several investors and existing shareholders of Shanghai Xianyao, pursuant to which, among others, the Company, as investor, has agreed to inject RMB100 million into Shanghai Xianyao, of which (i) RMB2,947,183 shall be contributed to the registered capital of Shanghai Xianyao; and (ii) the remaining balance shall be contributed to the capital reserve of Shanghai Xianyao. Upon completion of the capital injection by all investors, the Company would hold approximately 6.80% equity interest in Shanghai Xianyao, which would become a financial asset at FVTOCI of the Company. Shanghai Xianyao is principally engaged in the technical research and development of display devices, optical components and accessories and digital devices; and the wholesale distribution of digital components, optoelectronic products, display devices, projecting devices and lightening devices.

On 3 September 2021, the Company entered into a capital increase agreement with the existing shareholders of Eta Shanghai, pursuant to which the Company agreed to inject RMB50,000,000 into Eta Shanghai of which (i) RMB8,939,189 shall be contributed to the registered capital of Eta Shanghai; and (ii) the remaining balance shall be contributed to the capital reserve of the Eta Shanghai. Upon the completion of capital injection by the Company, the Company would hold approximately 10.00% equity interest in Eta Shanghai, which would become a financial asset at FVTOCI of the Company.

The Board considered that the investments in Shanghai Xianyao and Eta Shanghai represented good investment opportunities and were in line with the Group's vision to invest in target companies or businesses having promising outlooks and prospects. The transactions represented an endeavour of the Group to tap into the market of business activities engaged by Shanghai Xianyao and Eta Shanghai.

**Trading of metallic products**

During the year ended 31 December 2021, the Group was engaged in sales and purchases of metallic products in the PRC. The Group continued to explore more opportunities to expand the Group's source of income.

**Other businesses**

The Group operated the Winery and was principally engaged in the production and sales of wine and related products.

Subsequent to the reporting year for year ended 31 December 2021, on 10 March 2022, the Company entered into (i) the equity transfer agreement with an independent third party and Guangdong Lumen for the acquisition of the 80% equity interest in Guangdong Lumen at the consideration of RMB84,486,160; and (ii) the repurchase agreement pursuant to which upon occurrence of certain repurchase events, Shanghai Shengjin may require the Company or Guangdong Lumen to repurchase the 20% equity interest in Guangdong Lumen owned by Shanghai Shengjin at the option price of RMB22 million plus interest of 10% per annum, if applicable. Upon completion, Guangdong Lumen became a directly non-wholly owned subsidiary of the Company and the financial results of Guangdong Lumen consolidated with the results of the Group.

## **FINANCIAL REVIEW**

### **Tourism development**

During the year ended 31 December 2021, fare revenue from tourists and pilgrims continued to be the main source of income of the Group's tourism development business. For the year ended 31 December 2021, the Group's tourism development business recorded revenue of approximately RMB110.8 million, representing an increase by 13.8% when compared with the corresponding period of 2020. Such increase was mainly due to the recovery of the tourism market from the Epidemic in the PRC though there was a short temporary closure of tourist area at Nanyue District during the third quarter of 2021.

### **Investment holding**

The segment total assets of investment holding business increased by 15.6% to approximately RMB3,172.9 million as at 31 December 2021. The increase was mainly attributable to the Group's new investments in Shanghai Xianyao and Eta Shanghai during the year and increase in the Group's share of carrying amount of interests in associates.

### **Trading of metallic products**

For the year ended 31 December 2021, revenue generated from the Group's trading of metallic products business amounted to approximately RMB273.6 million, representing a decrease by 22.5% year-on-year. The decrease was mainly attributable to the decrease in orders entered into by the Group after considering the price fluctuation of the metallic products. The gross margin was 2.2% (2020: 2.4%) during the year.

### **Overall performance**

For the year ended 31 December 2021, total revenue recorded by the Group amounted to approximately RMB394.6 million, representing a decrease of 15.8% compared with the corresponding year of 2020. Such decrease was mainly attributable to the decrease in revenue generated by trading of metallic products during the year. The Group maintained a steady gross profit margin of approximately 15%, which is a key performance indicator of the Group's overall efficiency and profitability.

The Group recorded an increase in profit attributable to owners of the Company by 147.8% to approximately RMB159.0 million for the year ended 31 December 2021. The increase was mainly attributable to the improvement in the businesses of the Group's associates, which have gradually rebounded from the impact of the Epidemic since the second half of 2020, and continued through the year of 2021.

### **Financial position**

As at 31 December 2021, the Group's current ratio (being ratio of current assets and current liabilities) and the gearing ratio (being measured by total loans and lease liabilities to total equity), which were the key position and financial leverage, were 0.64 and 22.9%, respectively. The decrease in the current ratio and the increase in the gearing ratio were mainly due to the raise of additional bank and other loans for business operations during the year. The Group has been actively negotiating with banks and other borrowers for new loans and renewal of current existing loans in order to cope with the business operations and expansion.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 31 December 2021, the Group did not effect any material acquisitions and disposals of subsidiaries, associates and joint ventures which would be required to be disclosed under the GEM Listing Rules.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year ended 31 December 2021, the Group's major operations were financed mainly by internal financial resources, corporate borrowings and net proceeds from placing of new H shares of the Company during the year. As at 31 December 2021, the Group had cash and cash equivalents of approximately RMB99.9 million, which were denominated mainly in RMB, HK\$ and USD.

As at 31 December 2021, the Group had net assets of approximately RMB3,348.5 million. The Group had total outstanding borrowings of approximately RMB701.9 million (2020: RMB413.7 million) which consisted of secured bank and other loans of approximately RMB643.3 million (2020: RMB355.6 million) and unsecured bank and other loans of RMB58.6 million (2020: RMB58.1 million); and of which approximately RMB608.9 million (2020: RMB117.5 million), RMB5.0 million (2020: RMB5.3 million), nil (2020: RMB200.9 million) and RMB88.0 million (2020: RMB90.0 million) were repayable within one year, more than one year with repayment on demand clause, from one to two years and more than five years respectively; and of which approximately RMB500.1 million (2020: RMB323.7 million) and RMB201.8 million (2020: RMB90.0 million) were arranged at fixed interest rates and at floating interest rates respectively. The bank and other loans were denominated in RMB and USD and bore interest rates ranging from nil to 12% per annum.

As at 31 December 2021, the Company's outstanding number of issued non-listed shares and H shares of RMB0.10 each were 700,000,000 shares and 814,464,000 shares respectively.

The gearing ratio of the Group as at 31 December 2021 was 22.9%. During the year, the total bank and other loans were increased for continuous business expansion and development.



The Board announced that on 20 January 2021, it has resolved to approve the proposed issue of not more than 400,000,000 new H shares pursuant to a specific mandate to be sought at a special general meeting and the class meetings of the Company. The purpose of the proposed new H shares issue was mainly to provide funding to a subsidiary of the Company for undertaking the business in import and export of integrated circuit related products and introduction of related technology. The Board considered that the new H shares issue was highly beneficial to the Company by enlarging the shareholder and capital bases of the Company and providing capital for the Group's development.

Moreover, equity financing did not incur any interest expense on the part of the Company and could restrain the build-up of the debt-ratio, which would improve the financing structure of the Company. The approval of the shareholders of the Company in respect of the grant of the specific mandate to issue the new H shares was obtained at the special general meeting and the class meetings of the Company on 2 March 2021. The validity period of the resolutions, which was 12 months from the date of passing the resolutions at the special general meeting and the class meetings of the Company, has expired and no new H shares pursuant to the specific mandate was issued by the Company.

### SIGNIFICANT INVESTMENTS HELD

As at 31 December 2021, the Group held financial assets at FVTOCI of approximately RMB300.7 million, representing 7.0% of the total assets of the Group, which mainly comprised of:

- (i) registered capital of RMB2,947,183 (representing 6.24% equity interest) in Shanghai Xianyao with investment cost of RMB100.0 million at fair value of approximately RMB149.8 million, representing 3.5% of the total assets of the Group as at 31 December 2021. Shanghai Xianyao is principally engaged in the technical research and development of display devices, optical components and accessories and digital devices; and the wholesale distribution of digital components, optoelectronic products, display devices, projecting devices and lightening devices. There was an increase in fair value of approximately RMB49.8 million included in other comprehensive income for the year;
- (ii) registered capital of RMB66,500,000 (representing 19% equity interest) in Beida Jade Bird Tongling Semiconductor Industry Investment Fund (Limited Partnership) ("**Tongling Investment Fund**") with investment cost of approximately RMB66.5 million at fair value of approximately RMB55.7 million, representing 1.3% of the total assets of the Group as at 31 December 2021. Tongling Investment Fund is a limited partnership investment fund established in the PRC with investment scope of semiconductor industry chain projects in the city of Tongling, Anhui province. There was an increase in fair value of approximately RMB4.4 million included in other comprehensive Income in for the year;
- (iii) registered capital of RMB8,939,189 (representing 10.0% equity interest) in Eta Shanghai with investment cost of RMB50.0 million at fair value of approximately RMB50.0 million, representing 1.2% of the total assets of the Group as at 31 December 2021. Eta Shanghai is principally engaged in the technical development, technical service, technical consultation and technical transfer of semiconductor and new material technology, and the sale of semiconductor materials and equipment. There was no material change in fair value included in other comprehensive income for the year; and



- (iv) 2,000,340 ordinary shares (0.03% equity interest) of SMIC with investment cost of approximately RMB14.6 million at fair value of approximately RMB30.5 million, representing 0.7% of the total assets of the Group as at 31 December 2021. SMIC is a Hong Kong listed company with stock code 00981 and is principally engaged in the manufacture and trading of semiconductor products. There was a decrease in fair value of approximately RMB5.6 million included in other comprehensive income for the year.

Investment holding was one of the core businesses of the Group, and the Group strived to identify promising investment opportunities. The Group considered the optimistic future prospect of market of display devices and optoelectronic products, as well as the semiconductor industries and expected that the Group's investments would be benefited in the long run. During the year ended 31 December 2021, the fair value of the financial assets at FVTOCI fluctuated as a result of uncertainty of global economic environment. The Group would carefully assess investment opportunities in the market to diversify investment business portfolio in view of expected higher volatility ahead.

#### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Saved as disclosed above, the Group did not have any significant investment plans as at 31 December 2021.

#### **CONTINGENT LIABILITIES**

The Group had contingent liabilities in the sum of approximately RMB300.0 million in respect of guarantee for banking facilities granted to associates and a former associate of the Company. Saved as disclosed above, the Group did not have any other significant contingent liabilities as at 31 December 2021.

#### **FOREIGN EXCHANGE EXPOSURE**

The Group was exposed to certain foreign currency risk as most of its business activities, assets and liabilities are denominated in USD, Canadian dollars, RMB, Euro and HK\$. The Group has not formulated a foreign currency hedging policy as turnover and most of the production costs and operating expenses are denominated in RMB and they are automatically matched, leaving limited currency risk. The Group continues to monitor its foreign exchange exposure and will take measures to lower the foreign currency risk when necessary.

#### **CHARGE ON ASSETS**

As at 31 December 2021, the Group's certain fixed assets with carrying amount of approximately RMB281.4 million, investment properties with carrying amount of approximately RMB199.1 million, bank deposit of approximately RMB1.0 million and equity interest of an associate were pledged as securities for the Group's bank and other loans.

**EMPLOYEES AND REMUNERATION POLICY**

The Group had workforce of 520 people situated mainly in the PRC, Hong Kong and the United States at the end of reporting year. The Group strictly complied with applicable labour law and regulations. Competitive remuneration package with medical and travel insurance are offered to the staff. Adequate retirement funds and provident funds were contributed on a timely basis. The Group emphasized on working safety and sets out proper safety guidelines and provides adequate training to workers. Staffs were free to set up trade union according to applicable laws while the Supervisory Committee had representative from the workforce. Director's emoluments consisted of fees, salaries and allowances, and discretionary bonus determined according to the performance of individual Director. The Group's staff costs, including directors' emoluments, employees' salaries and retirement benefits scheme contribution amounted to approximately RMB60.5 million for the year ended 31 December 2021. Increase was mainly attributable to the business expansion of the Group during the year.

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## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

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### 1. PUBLISHED FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are the published financial information (“**Financial Information**”) of the Target Company for the relevant periods pursuant to GEM Listing Rules 19.68(2)(a):

- (i) the audited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Target Company for the three years ended 31 December 2023;
- (ii) the audited consolidated statements of financial position of the Target Company as at 31 December 2021, 31 December 2022 and 31 December 2023;
- (iii) the unaudited consolidated statements of profit or loss and other comprehensive income and consolidated statements of cash flows of the Target Company for the three months ended 31 March 2024; and
- (iv) the unaudited consolidated statement of financial positions of the Target Company as at 31 March 2024.

The Financial Information set out in paragraphs (i) and (ii) above have been audited by the auditors of the Target Company, 中興華會計師事務所 (特殊普通合夥) (Zhongxinghua Certified Public Accountants LLP) in accordance with the PRC GAAP.

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*for the years ended 31 December 2021, 2022 and 2023*

	For the year ended 31 December		
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Total operating revenue	3,863,392,959.52	4,602,374,605.54	4,971,561,150.34
Operating costs	(2,428,415,635.02)	(2,893,272,137.78)	(3,067,870,633.87)
Taxes and surcharges	(21,118,350.50)	(30,469,225.24)	(32,031,276.67)
Selling expenses	(406,389,064.38)	(528,101,614.13)	(644,276,130.09)
Administrative expenses	(216,188,226.65)	(239,508,055.84)	(270,440,516.46)
Research and development expenses	(186,238,038.81)	(229,826,207.38)	(250,084,316.37)
Finance costs	(20,630,464.50)	(5,701,856.36)	40,515,308.63
Other gains	65,660,593.09	67,449,121.90	93,871,491.12
Investment income	(161,116.92)	3,172,920.22	10,912,363.02
Gains on changes in fair value	–	(1,530,044.54)	1,832,702.10
Expected credit losses	(19,350,567.09)	(57,200,107.55)	(48,071,343.75)
Assets impairment loss	(2,757,744.12)	(1,712,811.86)	(8,471,833.73)
Gains from assets disposal	16,314.53	345,943.65	565,620.09
	<u>627,820,659.15</u>	<u>686,020,530.63</u>	<u>798,012,584.36</u>
Operating profit			
Non-operating income	3,168,385.89	9,721,772.23	1,526,528.64
Non-operating expenses	(2,051,056.22)	(2,612,568.14)	(1,916,570.98)
	<u>628,937,988.82</u>	<u>693,129,734.72</u>	<u>797,622,542.02</u>
Total profit			
Income tax expenses	(74,517,517.97)	(93,519,674.64)	(91,800,299.39)
	<u>554,420,470.85</u>	<u>599,610,060.08</u>	<u>705,822,242.63</u>
Net profit			
Other comprehensive income after tax:			
<i>Other comprehensive income that shall not be reclassified to profit or loss</i>			
Changes in fair value of investments in other equity instruments	5,018,612.50	(5,018,612.50)	–
	<u>5,018,612.50</u>	<u>(5,018,612.50)</u>	<u>–</u>
<i>Other comprehensive income that will be reclassified to profit or loss</i>			
Other comprehensive income that will be reclassified to profit or loss under equity method	31,911.00	–	–
Exchange difference arising from foreign currency translation	(36,972,674.04)	18,165,852.35	16,426,506.08
	<u>(36,940,763.04)</u>	<u>18,165,852.35</u>	<u>16,426,506.08</u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

	For the year ended 31 December		
	2021 <i>RMB</i>	2022 <i>RMB</i>	2023 <i>RMB</i>
Other comprehensive income attributable to the owners of the Target Company, net	(31,922,150.54)	13,147,239.85	16,426,506.08
Other comprehensive income after tax attributable to minority shareholders	<u>(3,502,793.90)</u>	<u>2,403,071.55</u>	<u>4,610,204.46</u>
Other comprehensive income after tax, net	<u>(35,424,944.44)</u>	<u>15,550,311.40</u>	<u>21,036,710.54</u>
Total comprehensive income	<u><u>518,995,526.41</u></u>	<u><u>615,160,371.48</u></u>	<u><u>726,858,953.17</u></u>
Net profit attributable to the shareholders of the Target Company	529,824,909.40	569,631,092.48	658,902,409.75
Profit or loss of minority shareholders	<u>24,595,561.45</u>	<u>29,978,967.60</u>	<u>46,919,832.88</u>
	<u><u>554,420,470.85</u></u>	<u><u>599,610,060.08</u></u>	<u><u>705,822,242.63</u></u>
Total comprehensive income attributable to the owners of the Target Company	497,902,758.86	582,778,332.33	675,328,915.83
Total comprehensive income attributable to the minority shareholders	<u>21,092,767.55</u>	<u>32,382,039.15</u>	<u>51,530,037.34</u>
	<u><u>518,995,256.41</u></u>	<u><u>615,160,371.48</u></u>	<u><u>726,858,953.17</u></u>
Earnings per share:			
Basic earnings per share	<u><u>1.53</u></u>	<u><u>1.17</u></u>	<u><u>0.90</u></u>
Diluted earnings per share	<u><u>1.49</u></u>	<u><u>1.15</u></u>	<u><u>0.90</u></u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### AUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*as at 31 December 2021, 2022 and 2023*

	As at 31 December		
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Current assets:			
Cash and bank balances	1,483,828,405.22	2,974,605,326.59	2,950,390,043.91
Financial assets held for trading	–	434,270,740.46	114,828,890.89
Bills receivables	109,111,539.31	52,093,806.10	67,880,663.73
Accounts receivables	1,562,665,067.25	2,066,390,280.13	2,183,984,108.14
Receivables financing	386,375,935.69	322,916,364.59	375,438,574.25
Prepayments	99,895,933.40	71,209,399.54	40,419,249.25
Other receivables	44,565,639.06	69,859,679.05	87,730,664.09
Inventories	702,481,775.49	697,641,949.20	765,904,678.22
Contract assets	2,686,875.01	2,405,328.70	6,007,741.29
Other current assets	10,329,320.22	11,861,073.83	71,104,752.04
	<u>4,401,940,490.65</u>	<u>6,703,253,948.19</u>	<u>6,663,689,365.81</u>
Total current assets			
Non-current assets:			
Long-term equity investments	85,895,431.39	135,024,990.86	135,768,433.34
Investments in other equity instruments	47,904,250.00	9,000,000.00	23,000,000.00
Other non-current financial assets	–	–	59,539,982.56
Fixed assets	370,040,059.23	321,798,920.22	405,315,397.76
Construction in progress	39,861,805.87	106,581,609.16	331,080,237.65
Right-of-use assets	58,201,148.25	49,546,303.88	47,235,405.88
Intangible assets	196,624,741.66	192,785,655.17	213,455,034.66
Development expenses	3,049,186.22	27,387,976.84	68,333,392.95
Goodwill	415,966,112.21	418,976,618.85	421,218,347.32
Long-term deferred expenses	8,431,433.79	7,496,074.12	14,053,474.06
Deferred income tax assets	36,162,800.22	42,443,349.36	57,642,213.23
Other non-current assets	21,240,727.80	43,508,317.92	31,404,074.64
	<u>1,283,377,696.64</u>	<u>1,354,549,816.38</u>	<u>1,808,045,994.05</u>
Total non-current assets			
	<u>5,685,318,187.29</u>	<u>8,057,803,764.57</u>	<u>8,471,735,359.86</u>
Total assets			

**APPENDIX II****FINANCIAL INFORMATION OF THE TARGET COMPANY**

	As at 31 December		
	2021	2022	2023
	RMB	RMB	RMB
Current liabilities:			
Short-term borrowings	379,084,500.00	520,000,000.00	262,000,000.00
Bills payables	11,711,394.76	28,245,729.45	50,904,827.58
Accounts payables	688,422,363.82	763,986,976.82	698,789,419.72
Receipts in advance	99,069,727.36	94,884,954.30	137,781,656.99
Contract liabilities	56,488,950.61	55,211,603.56	65,542,661.30
Payroll payables	109,326,962.65	135,679,441.04	183,271,263.23
Tax payables	77,148,868.42	95,494,905.99	89,206,882.67
Other payables	315,639,091.42	126,828,376.56	265,197,241.03
Non-current liabilities due within one year	36,100,524.61	32,868,279.46	25,877,836.40
Other current liabilities	16,266,890.53	13,220,925.32	23,996,236.72
Total current liabilities	<u>1,789,259,274.18</u>	<u>1,866,421,192.50</u>	<u>1,802,568,025.64</u>
Non-current liabilities:			
Long-term borrowings	61,739,286.66	100,552,223.12	90,137,049.54
Bonds payables	–	–	3,136,787.48
Lease liabilities	43,782,262.14	35,047,906.26	30,731,321.50
Estimated liabilities	13,356,476.55	10,969,942.35	9,162,037.52
Deferred income	6,767,974.09	6,233,660.41	9,699,346.73
Deferred income tax liabilities	47,577,300.30	43,499,189.77	49,991,646.78
Total non-current liabilities	<u>173,223,299.74</u>	<u>196,302,921.91</u>	<u>192,858,189.55</u>
Total liabilities	<u>1,962,482,573.92</u>	<u>2,062,724,114.41</u>	<u>1,995,426,215.19</u>

**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

	As at 31 December		
	2021	2022	2023
	RMB	RMB	RMB
Owners' equity:			
Share capital	348,669,837.00	564,295,902.00	758,057,439.00
Capital reserve	873,749,470.39	2,451,916,195.61	2,296,449,173.69
Treasury shares	(81,095,830.39)	(52,844,681.66)	(161,630,437.49)
Other comprehensive income	(22,549,742.16)	(9,402,502.31)	7,024,079.10
Statutory reserve	168,512,477.24	218,165,890.81	265,899,027.11
Undistributed profit	2,255,994,620.88	2,629,260,418.84	3,070,813,100.25
	<hr/>	<hr/>	<hr/>
Total equity attributable to the owners of the Target Company	3,543,280,832.96	5,801,391,223.29	6,236,612,381.66
Minority shareholders' interests	179,554,780.41	193,688,426.87	239,696,763.01
	<hr/>	<hr/>	<hr/>
Total owners' equity	3,722,835,613.37	5,995,079,650.16	6,476,309,144.67
	<hr/>	<hr/>	<hr/>
Total liabilities and owners' equity	5,685,318,187.29	8,057,803,764.57	8,471,735,359.86
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## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the year ended 31 December 2021*

	Attributable to owners of the Target Company							Minority shareholders' Interests	Total owners' equity
	Share capital	Capital reserve	Treasury shares	Other comprehensive income	Statutory reserve	Undistributed profit	Subtotal		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>		
As at 1 January 2021	246,210,000.00	899,490,831.36	(83,045,184.89)	9,372,408.38	123,105,000.00	1,886,880,468.82	3,082,013,523.67	21,812,044.76	3,103,825,568.43
Total comprehensive income	-	-	-	(31,922,150.54)	-	529,824,909.40	497,902,758.86	21,092,767.55	518,995,526.41
Capital injection and reduction by owners	3,975,849.00	72,742,627.03	1,949,354.50	-	-	-	78,667,830.53	136,649,968.10	215,317,798.63
Profit distribution	-	-	-	-	45,407,477.24	(156,155,026.34)	(110,747,549.10)	-	(110,747,549.10)
Internal transfer of owner's equity	98,483,988.00	(98,483,988.00)	-	-	-	-	-	-	-
Others	-	-	-	-	-	(4,555,731.00)	(4,555,731.00)	-	(4,555,731.00)
Changes in equity for the year	<u>102,459,837.00</u>	<u>(25,741,360.97)</u>	<u>1,949,354.50</u>	<u>(31,922,150.54)</u>	<u>45,407,477.24</u>	<u>369,114,152.06</u>	<u>461,267,309.29</u>	<u>157,742,735.65</u>	<u>619,010,044.94</u>
As at 31 December 2021	<u><u>348,669,837.00</u></u>	<u><u>873,749,470.39</u></u>	<u><u>(81,095,830.39)</u></u>	<u><u>(22,549,742.16)</u></u>	<u><u>168,512,477.24</u></u>	<u><u>2,255,994,620.88</u></u>	<u><u>3,543,280,832.96</u></u>	<u><u>179,554,780.41</u></u>	<u><u>3,722,835,613.37</u></u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the year ended 31 December 2022*

	Attributable to owners of the Target Company							Minority shareholders' Interests	Total owners' equity
	Share capital	Capital reserve	Treasury shares	Other comprehensive income	Statutory reserve	Undistributed profit	Subtotal		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>		
As at 1 January 2022	348,669,837.00	873,749,470.39	(81,095,830.39)	(22,549,742.16)	168,512,477.24	2,255,994,620.88	3,543,280,832.96	179,554,780.41	3,722,835,613.37
Total comprehensive income	-	-	-	13,147,239.85	-	569,631,092.48	582,778,332.33	32,382,039.15	615,160,371.48
Capital injection and reduction by owners	76,002,211.00	1,717,790,579.22	28,251,148.73	-	-	-	1,822,043,938.95	(18,248,392.69)	1,803,795,546.26
Profit distribution	-	-	-	-	50,404,299.71	(189,607,319.30)	(139,203,019.59)	-	(139,203,019.59)
Internal transfer of owner's equity	139,623,854.00	(139,623,854.00)	-	-	(750,886.14)	(6,757,975.22)	(7,508,861.36)	-	(7,508,861.36)
Changes in equity for the year	215,626,065.00	1,578,166,725.22	28,251,148.73	13,147,239.85	49,653,413.57	373,265,797.96	2,258,110,390.33	14,133,646.46	2,272,244,036.79
As at 31 December 2022	564,295,902.00	2,451,916,195.61	(52,844,681.66)	(9,402,502.31)	218,165,890.81	2,629,260,418.84	5,801,391,223.29	193,688,426.87	5,995,079,650.16

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*for the year ended 31 December 2023*

	Attributable to owners of the Target Company							Minority shareholders' Interests	Total owners' equity
	Share capital	Capital reserve	Treasury shares	Other comprehensive income	Statutory reserve	Undistributed profit	Subtotal		
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>		
As at 1 January 2023	564,295,902.00	2,451,916,195.61	(52,844,681.66)	(9,402,426.98)	218,165,890.81	2,629,304,658.00	5,801,435,537.78	193,729,054.39	5,995,164,592.17
Total comprehensive income	-	-	-	16,426,506.08	-	658,902,409.75	675,328,915.83	51,530,037.34	726,858,953.17
Capital injection and reduction by owners	24,100,706.00	14,193,809.08	(108,785,755.83)	-	-	-	(70,491,240.75)	(5,562,328.72)	(76,053,569.47)
Profit distribution	-	-	-	-	47,733,136.30	(217,393,967.50)	(169,660,831.20)	-	(169,660,831.20)
Internal transfer of owner's equity	169,660,831.00	(169,660,831.00)	-	-	-	-	-	-	-
Changes in equity for the year	<u>193,761,537.00</u>	<u>(155,467,021.92)</u>	<u>(108,785,755.83)</u>	<u>16,426,506.08</u>	<u>47,733,136.30</u>	<u>441,508,442.25</u>	<u>435,176,843.88</u>	<u>45,967,708.62</u>	<u>481,144,552.50</u>
As at 31 December 2023	<u><u>758,057,439.00</u></u>	<u><u>2,296,449,173.69</u></u>	<u><u>(161,630,437.49)</u></u>	<u><u>7,024,079.10</u></u>	<u><u>265,899,027.11</u></u>	<u><u>3,070,813,100.25</u></u>	<u><u>6,236,612,381.66</u></u>	<u><u>239,696,763.01</u></u>	<u><u>6,476,309,144.67</u></u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

*for the years ended 31 December 2021, 2022 and 2023*

	For the year ended 31 December		
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Cash flows from operating activities:			
Cash received from sales of goods or rendering of services	3,554,642,826.45	4,155,073,460.47	4,875,726,126.91
Refund of taxes	55,458,008.26	67,140,263.75	88,608,959.71
Cash received from other operating activities	104,401,488.26	134,999,048.04	191,311,278.65
	<u>3,714,502,322.97</u>	<u>4,357,212,772.26</u>	<u>5,155,646,365.27</u>
Subtotal of cash inflows from operating activities			
Cash paid for goods and services	(2,365,159,126.34)	(2,342,136,777.71)	(2,805,603,236.17)
Cash paid to accrued staff costs	(595,855,231.71)	(773,254,457.27)	(856,702,197.37)
Taxes paid	(226,494,338.18)	(349,178,074.29)	(404,176,488.31)
Cash paid for other operating activities	(332,375,487.84)	(408,927,005.10)	(459,576,601.92)
	<u>(3,519,884,184.07)</u>	<u>(3,873,496,314.37)</u>	<u>(4,526,058,523.77)</u>
Subtotal of cash outflows from operating activities			
Net cash flows from operating activities	<u>194,618,138.90</u>	<u>483,716,457.89</u>	<u>629,587,841.50</u>
Cash flows from investing activities:			
Cash received from disposal of investment	–	–	86,258,345.70
Cash received from investment income	3,919,303.66	5,712,638.25	19,837,377.31
Cash paid for disposal of fixed assets, intangible assets and other long-term assets	58,617.32	14,204,322.56	4,362,309.95
Cash received from other investing activities	508,905,599.54	1,633,410,000.00	4,009,986,040.00
	<u>512,883,520.52</u>	<u>1,653,326,960.81</u>	<u>4,120,444,072.96</u>
Subtotal of cash inflows from investing activities			
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(54,900,994.27)	(145,645,298.49)	(414,680,880.06)
Cash paid for investments	(111,088,616.63)	(56,388,739.48)	(210,972,514.05)
Net cash paid to acquire subsidiaries and other operating entities	(51,527,180.10)	(131,961,647.66)	(16,361,766.51)
Cash paid relating to other investing activities	(500,000,000.00)	(2,045,412,156.95)	(4,200,036,679.39)
	<u>(717,516,791.00)</u>	<u>(2,379,407,842.58)</u>	<u>(4,842,051,840.01)</u>
Subtotal of cash outflows from investing activities			
Net cash flows from investing activities	<u>(204,633,270.48)</u>	<u>(726,080,881.77)</u>	<u>(721,607,767.05)</u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

	For the year ended 31 December		
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Cash flows from financing activities:			
Cash proceeds from investments	52,812,694.72	1,759,138,549.72	199,457,458.36
Cash proceeds from borrowings	410,611,213.09	662,930,700.00	267,000,000.00
Cash received from other financing activities	–	–	0.33
Subtotal of cash inflows from financing activities	<u>463,423,907.81</u>	<u>2,422,069,249.72</u>	<u>466,457,458.69</u>
Cash repayment of borrowings	(319,566,016.37)	(496,493,637.22)	(549,639,872.41)
Cash paid for dividends, profits or interests	(123,854,566.76)	(162,742,747.69)	(189,935,565.69)
Cash paid relating to other financing activities	(10,118,284.98)	(40,931,562.58)	(211,281,799.07)
Subtotal of cash outflows from financing activities	<u>(453,538,868.11)</u>	<u>(700,167,947.49)</u>	<u>(950,857,237.17)</u>
Net cash flows from financing activities	<u>9,885,039.70</u>	<u>1,721,901,302.23</u>	<u>(484,399,778.48)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(46,828,318.54)</u>	<u>25,758,805.34</u>	<u>14,740,374.43</u>
Net increase in cash and cash equivalents	(46,958,410.42)	1,505,295,683.69	(561,679,329.60)
Balance of cash and cash equivalents at the beginning of the period	<u>1,500,649,341.54</u>	<u>1,453,690,931.12</u>	<u>2,958,986,614.81</u>
Balance of cash and cash equivalents at the end of the period	<u><u>1,453,690,931.12</u></u>	<u><u>2,958,986,614.81</u></u>	<u><u>2,397,307,285.21</u></u>
Analysis of cash and bank balances and cash and cash equivalents at the end of the period:			
Cash and bank balances	1,483,828,405.22	2,974,605,326.59	2,950,390,043.91
Less: Pledged bank deposits	(30,137,474.10)	(7,768,257.73)	(21,582,188.37)
Time deposits	–	(7,850,454.05)	(531,500,570.33)
Cash and cash equivalents	<u><u>1,453,690,931.12</u></u>	<u><u>2,958,986,614.81</u></u>	<u><u>2,397,307,285.21</u></u>

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***for the three months ended 31 March 2024*

	<b>For the three months ended 31 March 2024 RMB</b>
Total operating revenue	916,533,569.39
Operating costs	(538,217,098.14)
Taxes and surcharges	(8,719,701.27)
Selling expenses	(141,656,799.90)
Administrative expenses	(83,532,867.20)
Research and development expenses	(57,904,566.79)
Finance costs	4,179,167.49
Other gains	27,986,900.04
Investment income	(2,737,507.65)
Gains on changes in fair value	594,183.31
Expected credit losses	(16,500,349.00)
Assets impairment loss	1,172,162.39
Gains from assets disposal	(92,313.21)
	<hr/>
Operating profit	101,104,779.46
Non-operating income	769,931.57
Non-operating expenses	(555,092.77)
	<hr/>
Total profit	101,319,618.26
Income tax expenses	(18,363,236.66)
	<hr/>
Net profit	82,956,381.60
	<hr/>
Other comprehensive income after tax:	
<i>Other comprehensive income that will be reclassified to profit or loss</i>	
Exchange difference arising from foreign currency translation	(14,654,873.08)
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	(14,654,873.08)
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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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	<b>For the three months ended 31 March 2024 RMB</b>
Other comprehensive income attributable to the owners of the Target Company, net	(14,654,873.08)
Other comprehensive income after tax attributable to minority shareholders	<u>(2,475,189.23)</u>
Other comprehensive income after tax, net	<u>(17,130,062.31)</u>
Total comprehensive income	<u><u>65,826,319.29</u></u>
Net profit attributable to the shareholders of the Target Company	78,680,724.00
Profit or loss of minority shareholders	<u>4,275,657.60</u>
	<u><u>82,956,381.60</u></u>
Total comprehensive income attributable to the owners of the Target Company	64,025,850.92
Total comprehensive income attributable to the minority shareholders	<u>1,800,468.37</u>
	<u><u>65,826,319.29</u></u>
Earnings per share:	
Basic earnings per share	<u><u>0.11</u></u>
Diluted earnings per share	<u><u>0.11</u></u>

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS***as at 31 March 2024***As at 31 March 2024***RMB*

Current assets:	
Cash and bank balances	2,512,635,769.17
Financial assets held for trading	14,252,502.00
Bills receivables	62,899,725.88
Accounts receivables	2,365,326,743.90
Receivables financing	238,431,961.80
Prepayments	51,407,395.94
Other receivables	81,337,506.50
Inventories	753,359,561.99
Contract assets	5,335,418.17
Other current assets	103,840,734.01
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Total current assets	6,188,827,319.36
	<hr/>
Non-current assets:	
Long-term equity investments	131,031,778.98
Investments in other equity instruments	23,000,000.00
Other non-current financial assets	60,781,739.66
Fixed assets	418,781,707.83
Construction in progress	342,845,996.82
Right-of-use assets	42,115,142.55
Intangible assets	207,532,039.63
Development expenses	88,804,915.19
Goodwill	421,218,347.32
Long-term deferred expenses	13,910,211.35
Deferred income tax assets	62,530,924.58
Other non-current assets	32,818,093.00
	<hr/>
Total non-current assets	1,845,370,896.91
	<hr/>
Total assets	8,034,198,216.27
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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**As at 31 March 2024***RMB*

Current liabilities:	
Short-term borrowings	265,000,000.00
Bills payables	57,882,417.27
Accounts payables	564,330,505.96
Receipts in advance	78,120,630.36
Contract liabilities	58,970,076.68
Payroll payables	89,410,326.95
Tax payables	69,197,491.40
Other payables	245,554,283.23
Non-current liabilities due within one year	21,898,250.15
Other current liabilities	23,599,846.20
	<hr/>
Total current liabilities	1,473,963,828.20
	<hr/>
Non-current liabilities:	
Long-term borrowings	89,917,928.80
Bonds payables	3,071,107.44
Lease liabilities	26,527,917.45
Estimated liabilities	8,953,522.48
Deferred income	11,565,768.31
Deferred income tax liabilities	49,418,163.77
	<hr/>
Total non-current liabilities	189,454,408.25
	<hr/>
Total liabilities	1,663,418,236.45
	<hr/>
Owner's equity:	
Share capital	758,550,630.00
Capital reserve	2,323,414,704.90
Treasury shares	(361,376,306.64)
Other comprehensive income	(7,630,793.98)
Statutory reserve	265,899,027.11
Undistributed profit	3,149,493,824.25
	<hr/>
Total equity attributable to the owners of the Target Company	6,128,351,085.64
Minority shareholders' interests	242,428,894.18
	<hr/>
Total owners' equity	6,370,779,979.82
	<hr/>
Total liabilities and owners' equity	8,034,198,216.27
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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS***for the three months ended 31 March 2024*

	<b>For the three months ended 31 March 2024 RMB</b>
Cash flows from operating activities:	
Cash received from sales of goods or rendering of services	762,754,913.89
Refund of taxes	30,515,665.30
Cash received from other operating activities	43,986,763.17
	<hr/>
Subtotal of cash inflows from operating activities	837,257,342.36
	<hr/>
Cash paid for goods and services	(506,356,583.01)
Cash paid to accrued staff costs	(306,992,223.55)
Tax paid	(103,217,536.83)
Cash paid for other operating activities	(151,812,559.26)
	<hr/>
Subtotal of cash outflows from operating activities	(1,068,378,902.65)
	<hr/>
Net cash flows from operating activities	(231,121,560.29)
	<hr/>
Cash flows from investing activities:	
Cash received from disposal of investment	83,857,475.75
Cash received from investment income	2,128,650.68
Cash paid for disposal of fixed assets, intangible assets and other long-term assets	260,000.00
Cash received from other investing activities	450,403,663.66
	<hr/>
Subtotal of cash inflows from investing activities	536,649,790.09
	<hr/>
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	(63,886,546.91)
Cash paid for investments	(113,046,940.04)
Cash paid relating to other investing activities	(316,061,550.00)
	<hr/>
Subtotal of cash outflows from investing activities	(492,995,036.95)
	<hr/>
Net cash flows from investing activities	43,654,753.14
	<hr/>

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**For the  
three months ended  
31 March 2024  
RMB**

Cash flows from financing activities:	
Cash proceeds from investments	2,819,246.54
Cash proceeds from borrowings	53,000,000.00
	<hr/>
Subtotal of cash inflows from financing activities	55,819,246.54
	<hr/>
Cash repayment of borrowings	(55,130,025.38)
Cash paid for dividends, profits or interests	(2,974,278.47)
Cash paid relating to other financing activities	(202,895,869.15)
	<hr/>
Subtotal of cash outflows from financing activities	(261,000,173.00)
	<hr/>
Net cash flows from financing activities	(205,180,926.46)
	<hr/>
Effect of foreign exchange rate changes on cash and cash equivalents	(12,123,147.18)
	<hr/>
Net increase in cash and cash equivalents	(404,770,880.79)
Balance of cash and cash equivalents at the beginning of the period	2,397,307,285.21
	<hr/>
Balance of cash and cash equivalents at the end of the period	1,992,536,404.42
	<hr/> <hr/>
Analysis of cash and bank balances and cash and cash equivalents at the end of the period:	
Cash and bank balances	2,512,635,769.17
Less: Pledged bank deposits	(26,042,220.99)
Time deposits	(494,057,143.76)
	<hr/>
Cash and cash equivalents	1,992,536,404.42
	<hr/> <hr/>

## **2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET GROUP**

Set out below is the management discussion and analysis of the Target Group for the three years ended 31 December 2023 and the three months ended 31 March 2024 (“**Reporting Periods**”). The financial data in respect of the Target Group, for the purpose of this circular, is derived from the consolidated financial statements of the Target Company for the Reporting Periods.

### **(a) Business and financial review for the three months ended 31 March 2024**

#### **BUSINESS REVIEW**

Since its establishment, the Target Group has always focused on the fields of fire safety and the Internet of Things (IoT), with a foundation in the research, development, production, and sales of comprehensive fire safety system products. Through continuous exploration and refinement of the market, products, and technology in recent years, the Target Group has established a comprehensive development plan for application in various sectors, including private, commercial, industrial, and overseas markets. Of particular importance, we have formed a unique and profound accumulation of independent innovations in the underlying core technologies such as chips, artificial intelligence (AI), sensors, and wireless.

The Target Group not only focuses on accumulating interdisciplinary technical and application experiences in areas such as electronics, communications, integrated circuits, IoT sensors, AI applications, big data, cloud computing, and machining, but also strives to achieve breadth and depth improvement in the technology and product domains. Additionally, the Target Group actively embraces future industry and advanced technology development trends, with a focus on introducing cutting-edge technology into the fire safety industry, starting from infrastructure and hardware construction and preparation, and more research on specific applications, aiming to continuously enhance the Target Group’s product performance, product category and applicability.

The Target Group has currently established and developed a basic market presence in the domestic traditional fire alarm and civil/commercial emergency evacuation businesses, which has driven the growth of five sub-systems (namely, electrical fire monitoring system, fire door monitoring system, fire equipment power monitoring system, residual pressure monitoring system, civil/commercial gas detection monitoring system), industrial fire protection products, and fire extinguishing services, a core area of new business growth, complementing by the household fire safety and smart fire protection businesses and technology reserve. The Target Group has been continuously expanding into overseas markets, IoT, core components, and integrated solutions for fire safety, aiming to achieve the global development goal of “fire safety + IoT”.

**FINANCIAL REVIEW**

In the first quarter of 2024, the economic situation and business environment in both domestic and international markets in China remained complex and volatile. The Target Group strengthened its target-oriented talent assessment system and made progress in talent team building, enhancing overall team cohesion. This led to increased business vitality and market share, effectively offsetting the overall market decline. In the first quarter of 2024, there were signs of the industry market bottoming out. The performance of the Target Group remained stable, albeit influenced by factors such as the combined impact of the Chinese New Year and gradually improved and rebounded in March 2024.

For the three months ended 31 March 2024, the Target Group recorded an operating income of approximately RMB917 million, representing an increase of 10.27% compared to the same period in 2023. Due to the implementation of the stock option and restricted stock incentive plans which led to an increase in share-based payment expenses subject to amortization, the net profit attributable to shareholders of the Target Company was approximately RMB78.6807 million, showing a year-on-year increase of 1.68%. Excluding non-recurring gains and losses which mainly comprised of government subsidies of approximately RMB10.0491 million, the net profit attributable to shareholders of the Target Company was approximately RMB66.799 million, representing an increase of 7.79% compared to the same period in 2023. Furthermore, excluding share-based payment expenses, the net profit attributable to the shareholders of the Target Company was approximately RMB97.9248 million, representing an increase of 20.74% compared to the same period in 2023.

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the three months ended 31 March 2024, the Target Group did not effect any material acquisitions and disposals of subsidiaries, associates and joint ventures.

**LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the three months ended 31 March 2024, the Target Group's major operations were financed mainly by the internal financial resources, by corporate borrowings and by net proceeds from its non-public share offering in 2022. As at 31 March 2024, the Target Group had cash and cash equivalents of approximately RMB1,992.5 million.

As at 31 March 2024, the Target Group had net assets of approximately RMB6,370.8 million; and the Target Group's total indebtedness comprised of bank and other borrowings of approximately RMB362.0 million, bonds payable of approximately RMB3.1 million and lease liabilities of approximately RMB41.3 million.

As at 31 March 2024, the Target Company's outstanding number of issued shares was 758,550,630.

The gearing ratio of the Target Group as at 31 March 2024, which is measured by total indebtedness to total equity was 6.0%.

**SIGNIFICANT INVESTMENTS HELD**

As at 31 March 2024, the Target Group had no significant investments held.

**FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 March 2024, the Target Group did not have any significant investment plans.

**CONTINGENT LIABILITIES**

As at 31 March 2024, the Target Group did not have any significant contingent liabilities.

**FOREIGN EXCHANGE EXPOSURE**

The Target Group is exposed to certain foreign currency risk as most of its business activities, assets and liabilities are mainly denominated in RMB, USD, Euro and CAD. The Target Group has not formulated a foreign currency hedging policy.

**CHARGE ON ASSETS**

As at 31 March 2024, the Target Group's certain fixed assets with carrying amount of approximately RMB190.1 million, intangible assets with carrying amount of approximately RMB19.0 million and bank deposits of approximately RMB26.0 million were pledged as securities for the Target Group's borrowings.

**EMPLOYEES AND REMUNERATION POLICY**

The Target Group aims at improving the remuneration system and incentive mechanism, taking into account the actual operating development situation. The Target Group implemented equity incentives for the its directors, senior management, core technical staffs, etc., in order to improve employee motivation and team performance. Competitive remuneration package is offered to ensure the market competitiveness of the income level of talents. The Target Group strictly implements national laws and regulations on labor employment and social security, and provides social insurance and housing provident funds for all employees. The Target Group attaches the importance to the development and training of talents and provides comprehensive new employee induction training, job skill improvement, intermediate and advanced training, etc..

As at 31 March 2024, the Target Group had 5,609 employees. The Target Group's staff costs amounted to approximately RMB166.8 million for the three months ended 31 March 2024.

**(b) Business and financial review for the year ended 31 December 2023****BUSINESS REVIEW**

Since its establishment, the Target Group has always focused on the fields of fire safety and the Internet of Things (IoT), with a foundation in the research, development, production, and sales of comprehensive fire safety system products. Through continuous exploration and refinement of the market, products, and technology in recent years, the Target Group has established a comprehensive development plan for application in various sectors, including private, commercial, industrial, and overseas markets. Of particular importance, we have formed a unique and profound accumulation of independent innovations in the underlying core technologies such as chips, artificial intelligence (AI), sensors, and wireless.

The Target Group not only focuses on accumulating interdisciplinary technical and application experiences in areas such as electronics, communications, integrated circuits, IoT sensors, AI applications, big data, cloud computing, and machining, but also strives to achieve breadth and depth improvement in the technology and product domains. Additionally, the Target Group actively embraces future industry and advanced technology development trends, with a focus on introducing cutting-edge technology into the fire safety industry, starting from infrastructure and hardware construction and preparation, and more research on specific applications, aiming to continuously enhance the Target Group's product performance, product category and applicability.

The Target Group has currently established and developed a basic market presence in the domestic traditional fire alarm and civil/commercial emergency evacuation businesses, which has driven the growth of five sub-systems (namely, electrical fire monitoring system, fire door monitoring system, fire equipment power monitoring system, residual pressure monitoring system, civil/commercial gas detection monitoring system), industrial fire protection products, and fire extinguishing services, a core area of new business growth, complementing by the household fire safety and smart fire protection businesses and technology reserve. The Target Group has been continuously expanding into overseas markets, IoT, core components, and integrated solutions for fire safety, aiming to achieve the global development goal of "fire safety + IoT".

**FINANCIAL REVIEW**

In 2023, the Chinese economy and overall industries exhibited a stable recovery and adjustment phase. The fire electronics industry entered a period of stable growth, with opportunities for structural development becoming more prominent. The Target Group faced a complex and ever-changing business environment. Leveraging its systematic and scalable capabilities and advantages, the Target Group implemented a business strategy that emphasized scale, structure, and quality, aiming to achieve steady growth in its performance.

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## **APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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In 2023, the Target Group recorded an operating income of approximately RMB4.972 billion, representing an increase of 8.02% compared to the same period in 2022. The net profit attributable to shareholders of the Target Company was approximately RMB659 million, representing an increase of 15.67% compared to the same period in 2022. Excluding non-recurring gains and losses, the net profit attributable to shareholders of the Target Company was approximately RMB621 million, representing an increase of 11.82% compared to the same period in 2022.

### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year ended 31 December 2023, the Target Group did not effect any material acquisitions and disposals of subsidiaries, associates and joint ventures.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year ended 31 December 2023, the Target Group's major operations were financed mainly by the internal financial resources, by corporate borrowings and by net proceeds from its non-public share offering in 2022. As at 31 December 2023, the Target Group had cash and cash equivalents of approximately RMB2,397.3 million (2022: RMB2,959.0 million).

As at 31 December 2023, the Target Group had net assets of approximately RMB6,476.3 million (2022: RMB5,995.2 million); and the Target Group's total indebtedness comprised of bank and other borrowings of approximately RMB362.4 million (2022: RMB635.9 million), bonds payable of approximately RMB3.1 million (2022: RMB2.9 million) and lease liabilities of approximately RMB46.3 million (2022: RMB49.6 million). The Target Group's bank and other borrowings of approximately RMB272.3 million (2022: RMB535.4 million), RMB20.0 million (2022: RMB14.4 million) and RMB70.1 million (2022: RMB86.1 million) were repayable within one year, from one to two years and from two to five years respectively. The Target Group's bank and other borrowings of approximately RMB362.3 million (2022: RMB635.8 million) and RMB0.1 million (2022: RMB0.1 million) were arranged at fixed interest rates and at floating interest rates respectively.

As at 31 December 2023, the Target Company's outstanding number of issued shares was 758,057,439.

The gearing ratio of the Target Group as at 31 December 2023, which is measured by total indebtedness to total equity was 6.4% (2022: 11.5%).

### **SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2023, the Target Group had no significant investments held.

### **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 December 2023, the Target Group did not have any significant investment plans.



**CONTINGENT LIABILITIES**

As at 31 December 2023, the Target Group did not have any significant contingent liabilities.

**FOREIGN EXCHANGE EXPOSURE**

The Target Group is exposed to certain foreign currency risk as most of its business activities, assets and liabilities are mainly denominated in RMB, USD, Euro and CAD. The Target Group has not formulated a foreign currency hedging policy.

**CHARGE ON ASSETS**

As at 31 December 2023, the Target Group's certain fixed assets with carrying amount of approximately RMB193.1 million (2022: RMB113.3 million), intangible assets with carrying amount of approximately RMB19.2 million (2022: RMB20.1 million) and bank deposits of approximately RMB21.5 million (2022: RMB15.6 million) were pledged as securities for the Target Group's borrowings. The Target Group's construction in progress with carrying amount of approximately RMB62.6 million and long-term equity investments of approximately RMB263.3 million were also pledged as securities for the Target Group's borrowings as at 31 December 2022.

**EMPLOYEES AND REMUNERATION POLICY**

The Target Group aims at improving the remuneration system and incentive mechanism, taking into account the actual operating development situation. The Target Group implemented equity incentives for the its directors, senior management, core technical staffs, etc., in order to improve employee motivation and team performance. Competitive remuneration package is offered to ensure the market competitiveness of the income level of talents. The Target Group strictly implements national laws and regulations on labor employment and social security, and provides social insurance and housing provident funds for all employees. The Target Group attaches the importance to the development and training of talents and provides comprehensive new employee induction training, job skill improvement, intermediate and advanced training, etc..

As at 31 December 2023, the Target Group had 5,661 employees (2022: 4,976). The Target Group's staff costs amounted to approximately RMB745.6 million (2022: RMB649.7 million) for the year ended 31 December 2023.

**(c) Business and financial review for the year ended 31 December 2022****BUSINESS REVIEW**

Since its establishment, the Target Group has always focused on the fields of fire safety and the Internet of Things (IoT), with a foundation in the research, development, production, and sales of comprehensive fire safety system products.

The company will continue to fully integrate various disciplines and interdisciplinary technologies and experiences, such as communication technology, IoT sensors, AI, optical technology, cloud computing, chip design, structural engineering, and mechanical processing, aiming to continuously improve product performance, product category and applicability. Building upon the established business framework, which includes general fire alarms, emergency lighting and smart evacuation, industrial fire protection, automatic gas fire suppression, gas detection monitoring, smart fire protection, and household fire safety, the company will further expand into related fields such as security, IoT, and semiconductors, ultimately achieving the global goal of “fire safety + IoT”.

**FINANCIAL REVIEW**

In 2022, the Chinese economic situation shown complex and ever-changing characteristics, and corresponding policy measures exerted varying degrees of pressure on the business development of the Target Group. Since the fourth quarter of 2022, policy adjustments had multidimensional impacts on personnel deployment, logistics, and project implementation, and the continuous expansion of the Target Group’s business were under further pressure. However, overall, despite the complicated and evolving external environment in 2022, the Target Group actively responded and leveraged its systematic capabilities and advantages. Through measures such as safety inventory management, coordinated production capacity, and regional collaboration, the Target Group promoted steady business development and achieved positive growth in its performance.

In 2022, the Target Group recorded an operating income of approximately RMB4.602 billion, representing an increase of 19.13% compared to the same period in 2021. The net profit attributable to shareholders of the Target Company was approximately RMB570 million, representing an increase of 7.51% compared to the same period in 2021. Excluding non-recurring gains and losses, the net profit attributable to shareholders of the Target Company was approximately RMB555 million, representing an increase of 8.23% compared to the same period in 2021.

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year ended 31 December 2022, the Target Group did not effect any material acquisitions and disposals of subsidiaries, associates and joint ventures.

**LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year ended 31 December 2022, the Target Group's major operations were financed mainly by the internal financial resources, by corporate borrowings and by net proceeds from its non-public share offering in 2022. As at 31 December 2022, the Target Group had cash and cash equivalents of approximately RMB2,959.0 million (2021: RMB1,453.7 million).

As at 31 December 2022, the target Group had net assets of approximately RMB5,995.2 million (2021: RMB3,772.8 million); and the Target Group's total indebtedness comprised of bank and other borrowings of approximately RMB635.9 million (2021: RMB462.6 million), bonds payable of approximately RMB2.9 million (2021: Nil) and lease liabilities of approximately RMB49.6 million (2021: RMB58.1 million). The Target Group's bank and other borrowings of approximately RMB535.4 million (2021: RMB400.8 million), RMB14.4 million (2021: RMB10.3 million) and RMB86.1 million (2021: RMB51.5 million) were repayable within one year, from one to two years and from two to five years respectively. The Target Group's bank and other borrowings of approximately RMB635.8 million (2021: RMB462.1 million) and RMB0.1 million (2021: RMB0.5 million) were arranged at fixed interest rates and at floating interest rates respectively.

As at 31 December 2022, the Target Company's outstanding number of issued shares was 564,295,902.

The gearing ratio of the Target Group as at 31 December 2022, which is measured by total indebtedness to total equity was 11.5% (2021: 14.0%).

**SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2022, the Target Group had no significant investments held.

**FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 December 2022, the Target Group did not have any significant investment plans.

**CONTINGENT LIABILITIES**

As at 31 December 2022, the Target Group did not have any significant contingent liabilities.

**FOREIGN EXCHANGE EXPOSURE**

The Target Group is exposed to certain foreign currency risk as most of its business activities, assets and liabilities are mainly denominated in RMB, USD, Euro and CAD. The Target Group has not formulated a foreign currency hedging policy.

**CHARGE ON ASSETS**

As at 31 December 2022, the Target Group's certain fixed assets with carrying amount of approximately RMB113.3 million (2021: RMB125.6 million), intangible assets with carrying amount of approximately RMB20.1 million (2021: RMB21.0 million), construction in progress with carrying amount of approximately RMB62.6 million (2021: Nil), bank deposits of approximately RMB15.6 million (2021: RMB30.1 million) and long-term equity investments of approximately RMB263.3 million (2021: RMB263.3 million) were pledged as securities for the Target Group's borrowings. The Target Group's inventories of approximately RMB60.2 million, accounts receivables of approximately RMB62.0 million and bills receivables of approximately RMB15.9 million were also pledged as securities for the Target Group's borrowings as at 31 December 2021.

**EMPLOYEES AND REMUNERATION POLICY**

The Target Group has established an adequate remuneration system and a sound incentive mechanism in order to improve employee motivation and team performance. The Target Group strictly implements national laws and regulations on labor employment and social security, and provides social insurance and housing provident funds for all employees. The Target Company's training focuses on comprehensive new employee induction training, job skill improvement, intermediate and advanced training, etc.

As at 31 December 2022, the Target Group had 4,976 employees (2021: 4,460). The Target Group's staff costs amounted to approximately RMB649.7 million (2021: RMB507.8 million) for the year ended 31 December 2022.

**(d) Business and financial review for the year ended 31 December 2021****BUSINESS REVIEW**

Since its establishment, the Target Company has always focused on the fields of fire safety and the Internet of Things (IoT), with a foundation in the research, development, production, and sales of comprehensive fire safety system products. The Target Group will continue to fully integrate various disciplines and interdisciplinary technologies and experiences, including communication technology, IoT sensors, AI, optical technology, cloud computing, chip design, structure, and mechanical processing, aiming to continuously enhance the performance, compatibility, intelligence, and applicability of fire electronic products. Building upon the business framework established in 2021 (including general fire alarms, emergency lighting and smart evacuation, industrial fire protection, automatic gas fire suppression and gas detection businesses, smart fire protection, and household fire safety), the Target Group will further expand into related fields such as security and IoT, ultimately achieving the global goal of "fire safety + IoT".

**FINANCIAL REVIEW**

In 2021, the Target Group achieved a favorable overall production and operational performance, with enhanced brand influence and core competitiveness, which laid a solid foundation to achieve its business scale objectives.

For the year ended 31 December 2021, the Target Group experienced significant year-on-year growth in key indicators such as product orders, shipments, and payment collection and recorded an operating income of approximately RMB3.863 billion, representing an increase of 53.03% compared to the same period in 2020. The net profit attributable to shareholders of the Target Company was approximately RMB530 million, representing an increase of 23.21% compared to the same period in 2020. Excluding non-recurring gains and losses, the net profit attributable to shareholders of the Target Company was approximately RMB513 million, representing an increase of 36.63% compared to the same period in 2020.

**MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the year ended 31 December 2021, the Target Group did not effect any material acquisitions and disposals of subsidiaries, associates and joint ventures.

**LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the year ended 31 December 2021, the Target Group's major operations were financed mainly by the internal financial resources, by corporate borrowings and by net proceeds from its initial public share offering in 2019. As at 31 December 2021, the Target Group had cash and cash equivalents of approximately RMB1,453.7 million (2020: RMB1,500.6 million).

As at 31 December 2021, the Target Group had net assets of approximately RMB3,722.8 million (2020: RMB3,103.8 million); and the Target Group's total indebtedness comprised of bank and other borrowings of approximately RMB462.6 million (2020: RMB300.0 million) and lease liabilities of approximately RMB58.1 million (2020: Nil). The Target Group's bank and other borrowings of approximately RMB400.8 million (2020: RMB300.0 million), RMB10.3 million (2020: Nil) and RMB51.5 million (2020: Nil) were repayable within one year, from one to two years and from two to five years respectively. The Target Group's bank and other borrowings of approximately RMB462.1 million (2020: RMB300.0 million) and RMB0.5 million (2020: Nil) were arranged at fixed interest rates and at floating interest rates respectively.

As at 31 December 2021, the Target Company's outstanding number of issued shares was 348,669,837.

The gearing ratio of the Target Group as at 31 December 2021, which is measured by total indebtedness to total equity was 14.0% (2020: 9.7%).

**SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2021, the Target Group had no significant investments held.

**FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 31 December 2021, the Target Group did not have any significant investment plans.

**CONTINGENT LIABILITIES**

As at 31 December 2021, the Target Group did not have any significant contingent liabilities.

**FOREIGN EXCHANGE EXPOSURE**

The Target Group is exposed to certain foreign currency risk as most of its business activities, assets and liabilities are mainly denominated in RMB, USD, Euro and CAD. The Target Group has not formulated a foreign currency hedging policy.

**CHARGE ON ASSETS**

As at 31 December 2021, the Target Group's certain fixed assets with carrying amount of approximately RMB125.6 million (2020: RMB123.6 million), intangible assets with carrying amount of approximately RMB21.0 million (2020: RMB10.8 million), bank deposits of approximately RMB30.1 million (2020: RMB1.4 million), inventories of approximately RMB60.2 million (2020: Nil), bills receivables of approximately RMB15.9 million (2020: RMB11.7 million), accounts receivables of approximately RMB62.0 million (2020: Nil) and long-term equity investments of approximately RMB263.3 million (2020: Nil) were pledged as securities for the Target Group's borrowings.

**EMPLOYEES AND REMUNERATION POLICY**

The Target Group has established an adequate remuneration system and a sound incentive mechanism in order to improve employee motivation and team performance. The Target Group strictly implements national laws and regulations on labor employment and social security, and provides social insurance and housing provident funds for all employees. The Target Company's training focuses on comprehensive new employee induction training, job skill improvement, intermediate and advanced training, etc.

As at 31 December 2021, the Target Group had 4,460 employees (2020: 2,918). The Target Group's staff costs amounted to approximately RMB507.8 million (2020: RMB300.7 million) for the year ended 31 December 2021.

**3. RECONCILIATION STATEMENTS****(a) Difference between the accounting policies adopted by the Company (HKFRS) and the Target Company (PRC GAAP)**

- (1) The Company confirms that there are immaterial differences between the accounting policies adopted in the preparation of the Public Target Financial Statements and the accounting policies adopted by the Company which comply with the HKFRS.
- (2) The following is a line-by-line reconciliation (the “**Reconciliation Information**”) of the consolidated statements of financial position of the Target Group as at 31 December 2021, 2022, 2023, and 31 March 2024 and consolidated statements of comprehensive income of the Target Group for the years ended 31 December 2021, 2022 and 2023, and the three months ended 31 March 2024 and the consolidated statements of changes in equity of the Target Group for the years ended 31 December 2021, 2022 and 2023 (together, the “**Published Financial Information of the Target Group**”) to address the differences, in all material respects, on the Target Group’s financial information had it been prepared in accordance with the Group’s accounting policies (the “**Adjusted Financial Information of the Target Group**”).
- (3) The process applied in the preparation of this Reconciliation Information is set out in the paragraphs headed “Basis of preparation” and “Reconciliation process” below.

**(b) Basis of preparation**

The consolidated financial statements of the Target Group for the years ended 31 December 2021, 2022 and 2023 have been prepared in accordance with the PRC GAAP and have also been audited by 中興華會計師事務所(特殊普通合伙)(Zhongxinghua Certified Public Accountants LLP) in accordance with the PRC GAAP. The unaudited consolidated financial statements of the Target Group for the three months ended 31 March 2024 have also been prepared in accordance with the PRC GAAP.

The Reconciliation Information below for the years ended 31 December 2021, 2022 and 2023 was extracted from the Target Group’s reports set out in Appendix II of this circular, as if it had been prepared in accordance with the accounting policies adopted by the Group which are set out in the published annual report of the Company for the years ended 31 December 2021, 2022 and 2023 respectively while the Reconciliation Information below for the three months ended 31 March 2024 was extracted from the Target Group’s report set out in Appendix II of this circular, as if it had been prepared in accordance with the accounting policies adopted by the Group for the three months ended 31 March 2024 (which includes the accounting policies adopted by the Group for the year ended 31 December 2023 and all the new and amendments to HKFRSs which are applicable for the Group’s annual period beginning on 1 January 2024) as set out in the published annual report of the Company for the year ended 31 December 2023.

BDO has been engaged to review the above reconciliation using the Hong Kong Standard on Assurance Engagements 3000 (Revised).



The work conducted by BDO consisted primarily of:

- (i) comparing the Published Financial Information of the Target Group with the audited consolidated financial statements of the Target Group under the PRC GAAP for the three years ended 31 December 2023, and the unaudited consolidated financial statements of the Target Group under the PRC GAAP for the three months ended 31 March 2024, as set out in paragraph 1 of this appendix (the “**Extracted Financial information of the Target Group**”);
- (ii) assessing the appropriateness of the adjustments made in arriving at the Adjusted Financial Information of the Target Group of the Reconciliation Information, which includes (a) evaluating the differences between the accounting policies adopted by the Target Group as set out in the published annual reports of the Target Group for the years ended 31 December 2021, 2022 and 2023 and the accounting policies adopted by the Group for the years ended 31 December 2021, 2022 and 2023 as set out in the published annual reports of the Company for the years ended 31 December 2021, 2022 and 2023 respectively; and (b) evaluating the differences between the accounting policies adopted by the Target Group as set out in the published first quarterly report of the Target Group for the three months ended 31 March 2024 and the accounting policies adopted by the Group for the three months ended 31 March 2024 (which includes the accounting policies adopted by the Group for the year ended 31 December 2023 and all the new and amendments to HKFRSs which are applicable for the Group’s annual period beginning on 1 January 2024) as set out in the published annual report of the Company for the year ended 31 December 2023, and obtaining evidence supporting the adjustments made in arriving at the Adjusted Financial Information of the Target Group of the Reconciliation Information; and
- (iii) checking the arithmetical accuracy of the computation of the Adjusted Financial Information of the Target Group of the Reconciliation Information.

The Reconciliation Information below has been prepared by the Directors by comparing (a) the differences between the accounting policies adopted by the Target Group for each of the year ended 31 December 2021, 2022 and 2023 and the accounting policies adopted by the Group which are set out in the published annual report of the Company for the year ended 31 December 2021, 2022 and 2023, as appropriate and (b) the differences between the accounting policies adopted by the Target Group for the three months ended 31 March 2024 and the accounting policies adopted by the Group for the three months ended 31 March 2024 (which includes the accounting policies adopted by the Group for the year ended 31 December 2023 and all the new and amendments to HKFRSs which are applicable for the Group’s annual period beginning on 1 January 2024) as set out in the published annual report of the Company for the year ended 31 December 2023, and quantifying the relevant material financial effects of such differences, if any.

Based on the work performed, BDO has concluded that:

- (i) the Published Financial Information of the Target Group of the Reconciliation Information is in agreement with the Extracted Financial information of the Target Group as set out in paragraph 1 of this appendix;



- (ii) in all material respects, the adjustments made in arriving at the “Adjusted Financial Information of the Target Group” of the Reconciliation Information reflect the differences between:
  - (a) the accounting policies adopted by the Target Group as set out in the published annual reports of the Target Group for the years ended 31 December 2021, 2022 and 2023 and the accounting policies adopted by the Group for the years ended 31 December 2021, 2022 and 2023 as set out in the published annual reports of the Company for the years ended 31 December 2021, 2022 and 2023 respectively;
  - (b) the accounting policies adopted by the Target Group as set out in the published first quarterly report of the Target Group for the three months ended 31 March 2024 and the accounting policies adopted by the Group for the three months ended 31 March 2024 (which includes the accounting policies adopted by the Group for the year ended 31 December 2023 and all the new and amendments to HKFRSs which are applicable for the Group’s annual period beginning on 1 January 2024) as set out in the published annual report of the Company for the year ended 31 December 2023; and
- (iii) the computation of the Adjusted Financial Information of the Target Group of the Reconciliation Information is arithmetically accurate.

**(c) Reconciliation process**

The Reconciliation Information below has been prepared by the Directors by comparing (a) the differences between the accounting policies adopted by the Target Group for each of the year ended 31 December 2021, 2022 and 2023 and the accounting policies adopted by the Group which are set out in the published annual report of the Company for the year ended 31 December 2021, 2022 and 2023 respectively; and (b) the differences between the accounting policies of the Target Group for the three months ended 31 March 2024 and the accounting policies adopted by the Group for the year ended 31 December 2023 and all the new and amendments to HKFRSs which are applicable for the Group’s annual period beginning on 1 January 2024 as set out in the published annual report of the Company for the year ended 31 December 2023, as appropriate, and quantifying the relevant material financial effects of such differences, if any.

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2021

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 1)</i>	Reconciliation Adjustments  <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Total operating revenue	3,863,392,959.52			3,863,392,959.52
Operating costs	(2,428,415,635.02)			(2,428,415,635.02)
Taxes and surcharges	(21,118,350.50)	6,595,850.12		(14,522,500.38)
Selling expenses	(406,389,064.38)			(406,389,064.38)
Administrative expenses	(216,188,226.65)	(6,595,850.12)	159,972.80 472,023.60	(222,152,080.37)
Research and development expenses	(186,238,038.81)			(186,238,038.81)
Finance costs	(20,630,464.50)			(20,630,464.50)
Other gains	65,660,593.09			65,660,593.09
Investment income	(161,116.92)			(161,116.92)
Expected credit losses	(19,350,567.09)			(19,350,567.09)
Assets impairment loss	(2,757,744.12)			(2,757,744.12)
Gains from assets disposal	16,314.53			16,314.53
Operating profit	627,820,659.15			628,452,655.55
Non-operating income	3,168,385.89			3,168,385.89
Non-operating expenses	(2,051,056.22)			(2,051,056.22)
Total profit	628,937,988.82			629,569,985.22
Income tax expenses	(74,517,517.97)			(74,517,517.97)
<b>Net profit</b>	<b>554,420,470.85</b>			<b>555,052,467.25</b>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2021 – Continued

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation Adjustments <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Other comprehensive income after tax: <i>Other comprehensive income that shall be reclassified to profit or loss</i>				
Changes in fair value of investments in other equity instruments	5,018,612.50			5,018,612.50
	5,018,612.50			5,018,612.50
<i>Other comprehensive income that will be reclassified to profit or loss</i>				
Other comprehensive income that may be reclassified to profit or loss under equity method	31,911.00			31,911.00
Exchange difference arising from foreign currency translation	(36,972,674.04)			(36,972,674.04)
	(36,940,763.04)			(36,940,763.04)
Other comprehensive income attributable to the owners of the Target Company, net	(31,922,150.54)			(31,922,150.54)
Other comprehensive income after tax attributable to minority shareholders	(3,502,793.90)			(3,502,793.90)
Other comprehensive income after tax, net	(35,424,944.44)			(35,424,944.44)
<b>Total comprehensive income</b>	<b>518,995,526.41</b>			<b>519,627,522.81</b>

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**APPENDIX II                      FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2021 – Continued**

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation Adjustments <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Net profit attributable to the shareholders of the Target Company	529,824,909.40			530,456,905.80
Profit or loss of minority shareholders	24,595,561.45			24,595,561.45
	<b>554,420,470.85</b>			<b>555,052,467.25</b>
Total comprehensive income attributable to the owners of the Target Company	497,902,758.86			498,534,755.26
Total comprehensive income attributable to the minority shareholders	21,092,767.55			21,092,767.55
	<b>518,995,526.41</b>			<b>519,627,522.81</b>
Earnings per share:				
Basic earnings per share	1.53			1.53
Diluted earnings per share	1.49			1.49

**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2021**

	Published Financial Information of the Target Group (Audited) RMB	Reconciliation adjustments RMB (Note 1)	Reconciliation adjustments RMB (Note 2)	Reconciliation adjustments RMB (Note 3)	Reconciliation adjustments RMB (Note 4)	Adjusted Financial Information of the Target Group (Unaudited) RMB
Current assets						
Cash and bank balances	1,483,828,405.22					1,483,828,405.22
Bills receivables	109,111,539.31					109,111,539.31
Accounts receivables	1,562,665,067.25					1,562,665,067.25
Receivables financing	386,375,935.69					386,375,935.69
Prepayments	99,895,933.40					99,895,933.40
Other receivables	44,565,639.06					44,565,639.06
Inventories	702,481,775.49					702,481,775.49
Contract assets	2,686,875.01					2,686,875.01
Other current assets	10,329,320.22					10,329,320.22
Total current assets	4,401,940,490.65					4,401,940,490.65
Non-current assets						
Long-term equity investments	85,895,431.39					85,895,431.39
Investments in other equity instruments	47,904,250.00					47,904,250.00
Fixed assets	370,040,059.23	21,461,808.16			(3,199,456.00) 2,639,551.39 159,972.80	391,101,935.58
Construction in progress	39,861,805.87					39,861,805.87
Right-of-use assets	58,201,148.25					58,201,148.25
Intangible assets	196,624,741.66	(21,461,808.16)		(9,440,472.00) 7,788,389.40 472,023.60		173,982,874.50
Development expenses	3,049,186.22					3,049,186.22
Goodwill	415,966,112.21				6,367,535.82	422,333,648.03
Long-term deferred expenses	8,431,433.79					8,431,433.79
Deferred income tax assets	36,162,800.22					36,162,800.22
Other non-current assets	21,240,727.80					21,240,727.80
Total non-current assets	1,283,377,696.64					1,288,165,241.65
Total assets	5,685,318,187.29					5,690,105,732.30

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2021 – Continued

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments  <i>RMB</i> (Note 1)	Reconciliation adjustments  <i>RMB</i> (Note 2)	Reconciliation adjustments  <i>RMB</i> (Note 3)	Reconciliation adjustments  <i>RMB</i> (Note 4)	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Current liabilities						
Short-term borrowings	379,084,500.00					379,084,500.00
Bills payables	11,711,394.76					11,711,394.76
Accounts payables	688,422,363.82					688,422,363.82
Receipts in advance	99,069,727.36					99,069,727.36
Contract liabilities	56,488,950.61					56,488,950.61
Payroll payables	109,326,962.65					109,326,962.65
Tax payables	77,148,868.42	(48,338,975.52)				28,809,892.90
Other payables	315,639,091.42	48,338,975.52				363,978,066.94
Non-current liabilities due within one year	36,100,524.61					36,100,524.61
Other current liabilities	16,266,890.53					16,266,890.53
<b>Total current liabilities</b>	<b>1,789,259,274.18</b>					<b>1,789,259,274.18</b>
Non-current liabilities						
Long-term borrowings	61,739,286.66					61,739,286.66
Lease liabilities	43,782,262.14					43,782,262.14
Estimated liabilities	13,356,476.55					13,356,476.55
Deferred income	6,767,974.09					6,767,974.09
Deferred income tax liabilities	47,577,300.30					47,577,300.30
<b>Total non-current liabilities</b>	<b>173,223,299.74</b>					<b>173,223,299.74</b>
<b>Total liabilities</b>	<b>1,962,482,573.92</b>					<b>1,962,482,573.92</b>
Owners' equity:						
Share capital	348,669,837.00					348,669,837.00
Capital reserve	873,749,470.39			(2,901,788.00)		858,207,754.39
				(3,199,456.00)		
				(9,440,472.00)		
Treasury shares	(81,095,830.39)					(81,095,830.39)
Other comprehensive income	(22,549,742.16)					(22,549,742.16)
Statutory reserve	168,512,477.24		11,423,578.72			179,936,055.96
Undistributed profit	2,255,994,620.88		(11,423,578.72)	2,901,788.00	6,367,535.82	2,264,900,303.17
				2,639,551.39		
				7,788,389.40		
				159,972.80		
				472,023.60		
<b>Total equity attributable to the owners of the Target Company</b>	<b>3,543,280,832.96</b>					<b>3,548,068,377.97</b>
Minority shareholders' interests	179,554,780.41					179,554,780.41
<b>Total owners' equity</b>	<b>3,722,835,613.37</b>					<b>3,727,623,158.38</b>
<b>Total liabilities and owners' equity</b>	<b>5,685,318,187.29</b>					<b>5,690,105,732.30</b>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the Target Company							Minority shareholders' Interests	Total owners' equity
	Share capital	Capital reserve	Treasury shares	Other comprehensive income	Statutory reserve	Undistributed profit	Subtotal		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
As at 1 January 2021 (Audited)	246,210,000.00	899,490,831.36	(83,045,184.89)	9,372,408.38	123,105,000.00	1,886,880,468.82	3,082,013,523.67	21,812,044.76	3,103,825,568.43
Reconciliation adjustments (Note 2)				11,423,578.72	(11,423,578.72)				
Reconciliation adjustments (Note 3)		(2,901,788.00)			2,901,788.00				
		(3,199,456.00)			2,639,551.39				
Reconciliation adjustments (Note 4)		(9,440,472.00)			7,788,389.40				
					6,367,535.82				
As at 1 January 2021 after reconciliation adjustments	246,210,000.00	883,949,115.36	(83,045,184.89)	9,372,408.38	134,528,578.72	1,895,154,154.71	3,086,169,072.28	21,812,044.76	3,107,981,117.04
Total comprehensive income	-	-	-	(31,922,150.54)	-	529,824,909.40	497,902,758.86	21,092,767.55	518,995,526.41
Reconciliation adjustments (Note 3)						159,972.80			
						472,023.60			
Total comprehensive income after reconciliation adjustments	-	-	-	(31,922,150.54)	-	530,456,905.80	498,534,755.26	21,092,767.55	519,627,522.81
Capital injection and reduction by owners	3,975,849.00	72,742,627.03	1,949,354.50	-	-	-	78,667,830.53	136,649,968.10	215,317,798.63
Profit distribution	-	-	-	-	45,407,477.24	(156,155,026.34)	(110,747,549.10)	-	(110,747,549.10)
Internal transfer of owner's equity	98,483,988.00	(98,483,988.00)	-	-	-	-	-	-	-
Others	-	-	-	-	-	(4,555,731.00)	(4,555,731.00)	-	(4,555,731.00)
Changes in equity for the year after reconciliation adjustments	102,459,837.00	(25,741,360.97)	1,949,354.50	(31,922,150.54)	45,407,477.24	369,746,148.46	461,899,305.69	157,742,735.65	619,642,041.34
As at 31 December 2021 after reconciliation adjustments (Unaudited)	348,699,837.00	858,207,754.39	(81,095,830.39)	(22,549,742.16)	179,936,055.96	2,264,900,303.17	3,548,068,377.97	179,554,780.41	3,727,623,158.38

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2022

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Total operating revenue	4,602,374,605.54			4,602,374,605.54
Operating costs	(2,893,272,137.78)			(2,893,272,137.78)
Taxes and surcharges	(30,469,225.24)	10,058,262.06		(20,410,963.18)
Selling expenses	(528,101,614.13)			(528,101,614.13)
Administrative expenses	(239,508,055.84)	(10,058,262.06)	159,972.80 472,023.60	(248,934,321.50)
Research and development expenses	(229,826,207.38)			(229,826,207.38)
Finance costs	(5,701,856.36)			(5,701,856.36)
Other gains	67,449,121.90			67,449,121.90
Investment income	3,172,920.22			3,172,920.22
Gain on changes in fair value	(1,530,044.54)			(1,530,044.54)
Expected credit losses	(57,200,107.55)			(57,200,107.55)
Assets impairment loss	(1,712,811.86)			(1,712,811.86)
Gains from assets disposal	345,943.65			345,943.65
Operating profit	686,020,530.63			686,652,527.03
Non-operating income	9,721,772.23			9,721,772.23
Non-operating expenses	(2,612,568.14)			(2,612,568.14)
Total profit	693,129,734.72			693,761,731.12
Income tax expenses	(93,519,674.64)			(93,519,674.64)
<b>Net profit</b>	<b>599,610,060.08</b>			<b>600,242,056.48</b>



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**APPENDIX II                      FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2022 – Continued**

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Other comprehensive income after tax: <i>Other comprehensive income that shall be reclassified to profit or loss</i>				
Change in fair value of investments in other equity instruments	(5,018,612.50)			(5,018,612.50)
	<u>(5,018,612.50)</u>			<u>(5,018,612.50)</u>
<i>Other comprehensive income that will be reclassified to profit or loss</i>				
Exchange difference arising from foreign currency translation	18,165,852.35			18,165,852.35
	<u>18,165,852.35</u>			<u>18,165,852.35</u>
Other comprehensive income attributable to the owners of the Target Company, net	13,147,239.85			13,147,239.85
Other comprehensive income after tax attributable to minority shareholders	2,403,071.55			2,403,071.55
Other comprehensive income after tax, net	<u>15,550,311.40</u>			<u>15,550,311.40</u>
<b>Total comprehensive income</b>	<b><u><u>615,160,371.48</u></u></b>			<b><u><u>615,792,367.88</u></u></b>

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**APPENDIX II                      FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2022 – Continued**

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Net profit attributable to the shareholders of the Target Company	569,631,092.48			570,263,088.88
Profit or loss of minority shareholders	29,978,967.60			29,978,967.60
	<b><u>599,610,060.08</u></b>			<b><u>600,242,056.48</u></b>
Total comprehensive income attributable to the owners of the Target Company	582,778,332.33			583,410,328.73
Total comprehensive income attributable to the minority shareholders	32,382,039.15			32,382,039.15
	<b><u>615,160,371.48</u></b>			<b><u>615,792,367.88</u></b>
Earnings per share:				
Basic earnings per share	1.17			1.17
	<b><u>1.17</u></b>			<b><u>1.17</u></b>
Diluted earnings per share	1.15			1.15
	<b><u>1.15</u></b>			<b><u>1.15</u></b>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2022

	Published Financial Information of the Target Group (Audited) RMB (Note 1)	Reconciliation adjustments RMB (Note 2)	Reconciliation adjustments RMB (Note 3)	Reconciliation adjustments RMB (Note 4)	Reconciliation adjustments RMB	Adjusted Financial Information of the Target Group (Unaudited) RMB
Current assets						
Cash and bank balances	2,974,605,326.59					2,974,605,326.59
Financial assets held for trading	434,270,740.46					434,270,740.46
Bills receivables	52,093,806.10					52,093,806.10
Accounts receivables	2,066,390,280.13					2,066,390,280.13
Receivables financing	322,916,364.59					322,916,364.59
Prepayments	71,209,399.54					71,209,399.54
Other receivables	69,859,679.05					69,859,679.05
Inventories	697,641,949.20					697,641,949.20
Contract assets	2,405,328.70					2,405,328.70
Other current assets	11,861,073.83					11,861,073.83
<b>Total current assets</b>	<b>6,703,253,948.19</b>					<b>6,703,253,948.19</b>
Non-current assets						
Long-term equity investments	135,024,990.86					135,024,990.86
Investments in other equity instruments	9,000,000.00					9,000,000.00
Fixed assets	321,798,920.22	21,603,854.28		(3,199,456.00) 2,799,524.19 159,972.80		343,162,815.49
Construction in progress	106,581,609.16					106,581,609.16
Right-of-use assets	49,546,303.88					49,546,303.88
Intangible assets	192,785,655.17	(21,603,854.28)		(9,440,472.00) 8,260,413.00 472,023.60		170,473,765.49
Development expenses	27,387,976.84					27,387,976.84
Goodwill	418,976,618.85				6,367,535.82	425,344,154.67
Long-term deferred expenses	7,496,074.12					7,496,074.12
Deferred income tax assets	42,443,349.36					42,443,349.36
Other non-current assets	43,508,317.92					43,508,317.92
<b>Total non-current assets</b>	<b>1,354,549,816.38</b>					<b>1,359,969,357.79</b>
<b>Total assets</b>	<b>8,057,803,764.57</b>					<b>8,063,223,305.98</b>

**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2022 – Continued**

	Published Financial Information of the Target Group (Audited) RMB (Note 1)	Reconciliation adjustments RMB (Note 2)	Reconciliation adjustments RMB (Note 3)	Reconciliation adjustments RMB (Note 4)	Reconciliation adjustments RMB	Adjusted Financial Information of the Target Group (Unaudited) RMB
Current liabilities						
Short-term borrowings	520,000,000.00					520,000,000.00
Trade and bills payable	28,245,729.45					28,245,729.45
Accounts payables	763,986,976.82					763,986,976.82
Receipts in advance	94,884,954.30					94,884,954.30
Contract liabilities	55,211,603.56					55,211,603.56
Payroll payables	135,679,441.04					135,679,441.04
Tax payables	95,494,905.99	(62,608,001.99)				32,886,904.00
Other payables	126,828,376.56	62,608,001.99				189,436,378.55
Non-current liabilities due within one year	32,868,279.46					32,868,279.46
Other current liabilities	13,220,925.32					13,220,925.32
Total current liabilities	<u>1,866,421,192.50</u>					<u>1,866,421,192.50</u>
Non-current liabilities						
Long-term borrowings	100,552,223.12					100,552,223.12
Lease liabilities	35,047,906.26					35,047,906.26
Estimated liabilities	10,969,942.35					10,969,942.35
Deferred income	6,233,660.41					6,233,660.41
Deferred income tax liabilities	43,499,189.77					43,499,189.77
Total non-current liabilities	<u>196,302,921.91</u>					<u>196,302,921.91</u>
Total liabilities	<u>2,062,724,114.41</u>					<u>2,062,724,114.41</u>
Owners' equity:						
Share capital	564,295,902.00					564,295,902.00
Capital reserve	2,451,916,195.61			(2,901,788.00) (3,199,456.00) (9,440,472.00)		2,436,374,479.61
Treasury shares	(52,844,681.66)					(52,844,681.66)
Other comprehensive income	(9,402,502.31)					(9,402,502.31)
Statutory reserve	218,165,890.81		11,423,578.72			229,589,469.53
Undistributed profit	2,629,260,418.84		(11,423,578.72)	2,901,788.00 2,799,524.19 8,260,413.00 159,972.80 472,023.60	6,367,535.82	2,638,798,097.53
Total equity attributable to the owners of the Target Company	<u>5,801,391,223.29</u>					<u>5,806,810,764.70</u>
Minority shareholders' interests	193,688,426.87					193,688,426.87
Total owners' equity	<u>5,995,079,650.16</u>					<u>6,000,499,191.57</u>
Total liabilities and owners' equity	<u>8,057,803,764.57</u>					<u>8,063,223,305.98</u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Target Company							Minority shareholders' interests	Total owners' equity
	Share capital	Capital reserve	Treasury shares	Other comprehensive income	Statutory reserve	Undistributed profit	Subtotal		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
As at 1 January 2022 (Audited)	348,669,837.00	873,749,470.39	(81,095,830.39)	(22,549,742.16)	168,512,477.24	2,255,994,620.88	3,543,280,832.96	179,554,780.41	3,722,835,613.37
Reconciliation adjustments (Note 2)					11,423,578.72	(11,423,578.72)			
Reconciliation adjustments (Note 3)		(2,901,788.00)				2,901,788.00			
		(3,199,456.00)				2,799,524.19			
		(9,440,472.00)				8,260,413.00			
Reconciliation adjustments (Note 4)						6,367,535.82			
As at 1 January 2022 after reconciliation adjustments	348,669,837.00	858,207,754.39	(81,095,830.39)	(22,549,742.16)	179,936,055.96	2,264,900,303.17	3,548,068,377.97	179,554,780.41	3,727,623,158.38
Total comprehensive income	-	-	-	13,147,239.85	-	569,631,092.48	582,778,332.33	32,382,039.15	615,160,371.48
Reconciliation adjustments (Note 3)						159,972.80			
						472,023.60			
Total comprehensive income after reconciliation adjustments	-	-	-	13,147,239.85	-	570,263,088.88	583,410,328.73	32,382,039.15	615,792,367.88
Capital injection and reduction by owners	76,002,211.00	1,717,790,579.22	28,251,148.73	-	-	-	1,822,043,938.95	(18,248,392.69)	1,803,795,546.26
Profit distribution	-	-	-	-	50,404,299.71	(189,607,319.30)	(139,203,019.59)	-	(139,203,019.59)
Internal transfer of owner's equity	139,623,854.00	(139,623,854.00)	-	-	(750,886.14)	(6,757,975.22)	(7,508,861.36)	-	(7,508,861.36)
Others	-	-	-	-	-	-	-	-	-
Changes in equity for the year after reconciliation adjustments	215,626,065.00	1,578,166,725.22	28,251,148.73	13,147,239.85	49,653,413.57	373,897,794.36	2,258,742,386.73	14,133,646.46	2,272,876,033.19
As at 31 December 2022 after reconciliation adjustments (Unaudited)	564,295,902.00	2,436,374,479.61	(52,844,681.66)	(9,402,502.31)	229,589,469.53	2,638,798,097.53	5,806,810,764.70	193,688,426.87	6,000,499,191.57

**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2023**

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> ( <i>Note 1</i> )	Reconciliation adjustments <i>RMB</i> ( <i>Note 3</i> )	Reconciliation Adjustments <i>RMB</i> ( <i>Note 5</i> )	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Total operating revenue	4,971,561,150.34				4,971,561,150.34
Operating costs	(3,067,870,633.87)				(3,067,870,633.87)
Taxes and surcharges	(32,031,276.67)	9,280,357.67			(22,750,919.00)
Selling expenses	(644,276,130.09)				(644,276,130.09)
Administrative expenses	(270,440,516.46)	(9,280,357.67)	159,972.80		(279,088,877.73)
			472,023.60		
Research and development expenses	(250,084,316.37)				(250,084,316.37)
Finance costs	40,515,308.63				40,515,308.63
Other gains	93,871,491.12				93,871,491.12
Investment income	10,912,363.02				10,912,363.02
Gain on changes in fair value	1,832,702.10				1,832,702.10
Expected credit losses	(48,071,343.75)				(48,071,343.75)
Assets impairment loss	(8,471,833.73)				(8,471,833.73)
Gains from assets disposal	565,620.09				565,620.09
Operating profit	798,012,584.36				798,644,580.76
Non-operating income	1,526,528.64				1,526,528.64
Non-operating expenses	(1,916,570.98)				(1,916,570.98)
Total profit	797,622,542.02				798,254,538.42
Income tax expenses	(91,800,299.39)			84,942.01	(91,715,357.38)
<b>Net profit</b>	<b>705,822,242.63</b>				<b>706,539,181.04</b>

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**APPENDIX II                      FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2023 – Continued**

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 3)</i>	Reconciliation Adjustments <i>RMB</i> <i>(Note 5)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Other comprehensive income after tax: <i>Other comprehensive income that will be reclassified to profit or loss</i>					
Exchange difference arising from foreign currency translation	16,426,506.08				16,426,581.41
	<u>16,426,506.08</u>				<u>16,426,581.41</u>
Other comprehensive income attributable to the owners of the Target Company, net	16,426,506.08				16,426,581.41
Other comprehensive income after tax attributable to minority shareholders	4,610,204.46				4,610,129.13
Other comprehensive income after tax, net	<u>21,036,710.54</u>				<u>21,036,710.54</u>
Total comprehensive income	<u><b>726,858,953.17</b></u>				<u><b>727,575,891.58</b></u>

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2023 – Continued

	Published Financial Information of the Target Group (Audited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 3)</i>	Reconciliation Adjustments <i>RMB</i> <i>(Note 5)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Net profit attributable to the shareholders of the Target Company	658,902,409.75				659,578,645.31
Profit or loss of minority shareholders	46,919,832.88				46,960,535.73
	<b>705,822,242.63</b>				<b>706,539,181.04</b>
Total comprehensive income attributable to the owners of the Target Company	675,328,915.83				676,005,226.72
Total comprehensive income attributable to the minority shareholders	51,530,037.34				51,570,664.86
	<b>726,858,953.17</b>				<b>727,575,891.58</b>
Earnings per share:					
Basic earnings per share	0.90				0.90
Diluted earnings per share	0.90				0.90



**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2023**

	Published	Reconciliation					Adjusted
	Financial	Reconciliation	Reconciliation	Reconciliation	Reconciliation	Reconciliation	Financial
	Information of the Target Group (Audited)	adjustments	adjustments	adjustments	adjustments	adjustments	Information of the Target Group (Unaudited)
RMB	RMB	RMB	RMB	RMB	RMB	RMB	
		(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
Current assets							
Cash and bank balances	2,950,390,043.91						2,950,390,043.91
Financial assets held for trading	114,828,890.89						114,828,890.89
Bills receivables	67,880,663.73						67,880,663.73
Accounts receivables	2,183,984,108.14						2,183,984,108.14
Receivables financing	375,438,574.25						375,438,574.25
Prepayments	40,419,249.25						40,419,249.25
Other receivables	87,730,664.09						87,730,664.09
Inventories	765,904,678.22						765,904,678.22
Contract assets	6,007,741.29						6,007,741.29
Other current assets	71,104,752.04						71,104,752.04
Total current assets	<u>6,663,689,365.81</u>						<u>6,663,689,365.81</u>
Non-current assets							
Long-term equity investments	135,768,433.34						135,768,433.34
Investments in other equity instruments	23,000,000.00						23,000,000.00
Other non-current financing assets	59,539,982.56						59,539,982.56
Fixed assets	405,315,397.76	21,992,640.40		(3,199,456.00)			427,228,051.95
				2,959,496.99			
				159,972.80			
Construction in progress	331,080,237.65						331,080,237.65
Right-of-use assets	47,235,405.88						47,235,405.88
Intangible assets	213,455,034.66	(21,992,640.40)		(9,440,472.00)			191,226,382.46
				8,732,436.60			
				472,023.60			
Development expenses	68,333,392.95						68,333,392.95
Goodwill	421,218,347.32				6,367,535.82		427,585,883.14
Long-term deferred expenses	14,053,474.06						14,053,474.06
Deferred income tax assets	57,642,213.23						57,642,213.23
Other non-current assets	31,404,074.64						31,404,074.64
Total non-current assets	<u>1,808,045,994.05</u>						<u>1,814,097,531.86</u>
Total assets	<u>8,471,735,359.86</u>						<u>8,477,786,897.67</u>

**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2023 – Continued**

	Published Financial Information of the Target Group (Audited) RMB	Reconciliation adjustments RMB (Note 1)	Reconciliation adjustments RMB (Note 2)	Reconciliation adjustments RMB (Note 3)	Reconciliation adjustments RMB (Note 4)	Reconciliation adjustments RMB (Note 5)	Adjusted Financial Information of the Target Group (Unaudited) RMB
Current liabilities							
Short-term borrowings	262,000,000.00						262,000,000.00
Bills payables	50,904,827.58						50,904,827.58
Accounts payables	698,789,419.72						698,789,419.72
Receipts in advance	137,781,656.99						137,781,656.99
Contract liabilities	65,542,661.30						65,542,661.30
Payroll payables	183,271,263.23						183,271,263.23
Tax payables	89,206,882.67	(56,592,137.76)					32,614,744.91
Other payables	265,197,241.03	56,592,137.76					321,789,378.79
Non-current liabilities due within one year	25,877,836.40						25,877,836.40
Other current liabilities	23,996,236.72						23,996,236.72
Total current liabilities	<u>1,802,568,025.64</u>						<u>1,802,568,025.64</u>
Non-current liabilities							
Long-term borrowings	90,137,049.54						90,137,049.54
Bonds payables	3,136,787.48						3,136,787.48
Lease liabilities	30,731,321.50						30,731,321.50
Estimated liabilities	9,162,037.52						9,162,037.52
Deferred income	9,699,346.73						9,699,346.73
Deferred income tax liabilities	49,991,646.78						49,991,646.78
Total non-current liabilities	<u>192,858,189.55</u>						<u>192,858,189.55</u>
Total liabilities	<u>1,995,426,215.19</u>						<u>1,995,426,215.19</u>

**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2023 – Continued**

	Published Financial Information of the Target Group (Audited) RMB	Reconciliation adjustments RMB (Note 1)	Reconciliation adjustments RMB (Note 2)	Reconciliation adjustments RMB (Note 3)	Reconciliation adjustments RMB (Note 4)	Reconciliation adjustments RMB (Note 5)	Adjusted Financial Information of the Target Group (Unaudited) RMB
Owners' equity:							
Share capital	758,057,439.00						758,057,439.00
Capital reserve	2,296,449,173.69			(2,901,788.00)	(3,199,456.00)		2,280,907,457.69
				(9,440,472.00)			
Treasury shares	(161,630,437.49)						(161,630,437.49)
Other comprehensive income	7,024,079.10					(75.33)	7,024,079.10
						75.33	
Statutory reserve	265,899,027.11		11,423,578.72				277,322,605.83
Undistributed profit	3,070,813,100.25		(11,423,578.72)	2,901,788.00	6,367,535.82	(44,239.16)	3,080,982,775.34
				2,959,496.99		44,239.16	
				8,732,436.60			
				159,972.80			
				472,023.60			
Total equity attributable to the owners of the Target Company	6,236,612,381.66						6,242,663,919.47
Minority shareholders' interests	239,696,763.01					(40,627.52)	239,696,763.01
						40,627.52	
Total owners' equity	6,476,309,144.67						6,482,360,682.48
Total liabilities and owners' equity	8,471,735,359.86						8,477,786,897.67

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Target Company						Subtotal RMB	Minority shareholders' interests RMB	Total owners' equity RMB
	Share capital RMB	Capital reserve RMB	Treasury shares RMB	Other comprehensive income RMB	Statutory reserve RMB	Undistributed profit RMB			
As at 1 January 2023 (Audited)	564,295,902.00	2,451,916,195.61	(52,844,681.66)	(9,402,426.98)	218,165,890.81	2,629,304,658.00	5,801,435,537.78	193,729,054.39	5,995,164,592.17
Reconciliation adjustments (Note 2)					11,423,578.72	(11,423,578.72)			
Reconciliation adjustments (Note 3)		(2,901,788.00)				2,901,788.00			
		(3,199,456.00)				2,959,496.99			
		(9,440,472.00)				8,732,436.60			
Reconciliation adjustments (Note 4)						6,367,535.82			
Reconciliation adjustment (Note 5)				(75.33)		(44,239.16)		(40,627.52)	
As at 1 January 2023 after reconciliation adjustments	564,295,902.00	2,436,374,479.61	(52,844,681.66)	(9,402,502.31)	229,589,469.53	2,638,798,097.53	5,806,810,764.70	193,688,426.87	6,000,499,191.57
Total comprehensive income	-	-	-	16,426,506.08	-	658,902,409.75	675,328,915.83	51,530,037.34	726,858,953.17
Reconciliation adjustments (Note 3)						159,972.80			
						472,023.60			
Reconciliation adjustment (Note 5)				75.33		44,239.16		40,627.52	
Total comprehensive income after reconciliation adjustments	-	-	-	16,426,581.41	-	659,578,645.31	676,005,226.72	51,570,664.86	727,575,891.58
Capital injection and reduction by owners	24,100,706.00	14,193,809.08	(108,785,755.83)	-	-	-	(70,491,240.75)	(5,562,328.72)	(76,053,569.47)
Profit distribution	-	-	-	-	47,733,136.30	(217,393,967.50)	(169,660,831.20)	-	(169,660,831.20)
Internal transfer of owner's equity	169,660,831.00	(169,660,831.00)	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Changes in equity for the year after reconciliation adjustments	193,761,537.00	(155,467,021.92)	(108,785,755.83)	16,426,581.41	47,733,136.30	442,184,677.81	435,853,154.77	46,008,336.14	481,861,490.91
As at 31 December 2023 after reconciliation adjustments (Unaudited)	758,057,439.00	2,280,907,457.69	(161,630,437.49)	7,024,079.10	277,322,605.83	3,080,982,775.34	6,242,663,919.47	239,696,763.01	6,482,360,682.48

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**APPENDIX II                      FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE PERIOD ENDED 31 MARCH 2024**

	Published Financial Information of the Target Group (Unaudited) <i>RMB</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Total operating revenue	916,533,569.39			916,533,569.39
Operating costs	(538,217,098.14)			(538,217,098.14)
Taxes and surcharges	(8,719,701.27)	4,594,923.86		(4,124,777.41)
Selling expenses	(141,656,799.90)			(141,656,799.90)
Administrative expenses	(83,532,867.20)	(4,594,923.86)	39,993.20 118,005.90	(87,969,791.96)
Research and development expenses	(57,904,566.79)			(57,904,566.79)
Finance costs	4,179,167.49			4,179,167.49
Other gains	27,986,900.04			27,986,900.04
Investment income	(2,737,507.65)			(2,737,507.65)
Gain on changes in fair value	594,183.31			594,183.31
Expected credit losses	(16,500,349.00)			(16,500,349.00)
Assets impairment gain or loss	1,172,162.39			1,172,162.39
Gains from assets disposal	(92,313.21)			(92,313.21)
Operating profit	101,104,779.46			101,262,778.56
Non-operating income	769,931.57			769,931.57
Non-operating expenses	(555,092.77)			(555,092.77)
Total profit	101,319,618.26			101,477,617.36
Income tax expenses	(18,363,236.66)			(18,363,236.66)
<b>Net profit</b>	<b>82,956,381.60</b>			<b>83,114,380.70</b>

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**APPENDIX II                      FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE PERIOD ENDED 31 MARCH 2024 – Continued**

	Published Financial Information of the Target Group (Unaudited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Other comprehensive income after tax: <i>Other comprehensive income that will be reclassified to profit or loss</i>				
Exchange difference arising from foreign currency translation	(14,654,873.08)			(14,654,873.08)
	<u>(14,654,873.08)</u>			<u>(14,654,873.08)</u>
Other comprehensive income after tax attributable to the owners of the Target Company, net	(14,654,873.08)			(14,654,873.08)
Other comprehensive income after tax attributable to minority shareholders	(2,475,189.23)			(2,475,189.23)
Other comprehensive income after tax, net	<u>(17,130,062.31)</u>			<u>(17,130,062.31)</u>
<b>Total other comprehensive income</b>	<b><u>65,826,319.29</u></b>			<b><u>65,984,318.39</u></b>

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**

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**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE PERIOD ENDED 31 MARCH 2024 – Continued**

	Published Financial Information of the Target Group (Unaudited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments <i>RMB</i> <i>(Note 3)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Net profit attributable to the owners of the Target Company	78,680,724.00			78,838,723.10
Profit or loss of minority shareholders	4,275,657.60			4,275,657.60
	<b><u>82,956,381.60</u></b>			<b><u>83,114,380.70</u></b>
Total comprehensive income attributable to the owners of the Target Company	64,025,850.92			64,183,850.02
Total comprehensive income attributable to the minority shareholders	1,800,468.37			1,800,468.37
	<b><u>65,826,319.29</u></b>			<b><u>65,984,318.39</u></b>
Earnings per share:				
Basic earnings per share	0.11			0.11
Diluted earnings per share	0.11			0.11

**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE PERIOD ENDED 31 MARCH 2024**

	Published Financial Information of the Target Group (Unaudited) RMB	Reconciliation adjustments RMB (Note 1)	Reconciliation adjustments RMB (Note 2)	Reconciliation adjustments RMB (Note 3)	Reconciliation adjustments RMB (Note 4)	Adjusted Financial Information of the Target Group (Unaudited) RMB
Current assets						
Cash and bank balances	2,512,635,769.17					2,512,635,769.17
Financial assets held for trading	14,252,502.00					14,252,502.00
Bills receivables	62,899,725.88					62,899,725.88
Accounts receivables	2,365,326,743.90					2,365,326,743.90
Receivables financing	238,431,961.80					238,431,961.80
Prepayments	51,407,395.94					51,407,395.94
Other receivables	81,337,506.50					81,337,506.50
Inventories	753,359,561.99					753,359,561.99
Contract assets	5,335,418.17					5,335,418.17
Other current assets	103,840,734.01					103,840,734.01
Total current assets	<u>6,188,827,319.36</u>					<u>6,188,827,319.36</u>
Non-current assets						
Long-term equity investments	131,031,778.98					131,031,778.98
Investments in other equity instruments	23,000,000.00					23,000,000.00
Other non-current financing assets	60,781,739.66					60,781,739.66
Fixed assets	418,781,707.83	21,698,016.93		(3,199,456.00)		440,439,731.75
				3,119,469.79		
				39,993.20		
Construction in progress	342,845,996.82					342,845,996.82
Right-of-use assets	42,115,142.55					42,115,142.55
Intangible assets	207,532,039.63	(21,698,016.93)		(9,440,472.00)		185,716,016.80
				9,204,460.20		
				118,005.90		
Development expenses	88,804,915.19					88,804,915.19
Goodwill	421,218,347.32				6,367,535.82	427,585,883.14
Long-term deferred expenses	13,910,211.35					13,910,211.35
Deferred income tax assets	62,530,924.58					62,530,924.58
Other non-current assets	32,818,093.00					32,818,093.00
Total non-current assets	<u>1,845,370,896.91</u>					<u>1,851,580,433.82</u>
Total assets	<u>8,034,198,216.27</u>					<u>8,040,407,753.18</u>



## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED UNDER THE PRC GAAP TO HKFRSs FOR THE PERIOD ENDED 31 MARCH 2024 – Continued

	Published Financial Information of the Target Group (Unaudited) <i>RMB</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 1)</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 2)</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 3)</i>	Reconciliation adjustments  <i>RMB</i> <i>(Note 4)</i>	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Current liabilities						
Short-term borrowings	265,000,000.00					265,000,000.00
Bills payables	57,882,417.27					57,882,417.27
Accounts payables	564,330,505.96					564,330,505.96
Receipts in advance	78,120,630.36					78,120,630.36
Contract liabilities	58,970,076.68					58,970,076.68
Payroll payables	89,410,326.95					89,410,326.95
Tax payables	69,197,491.40	(42,163,823.40)				27,033,668.00
Other payables	245,554,283.23	42,163,823.40				287,718,106.63
Non-current liabilities due within one year	21,898,250.15					21,898,250.15
Other current liabilities	23,599,846.20					23,599,846.20
<b>Total current liabilities</b>	<b>1,473,963,828.20</b>					<b>1,473,963,828.20</b>
Non-current liabilities						
Long-term borrowings	89,917,928.80					89,917,928.80
Bonds payables	3,071,107.44					3,071,107.44
Lease liabilities	26,527,917.45					26,527,917.45
Estimated liabilities	8,953,522.48					8,953,522.48
Deferred income	11,565,768.31					11,565,768.31
Deferred income tax liabilities	49,418,163.77					49,418,163.77
<b>Total non-current liabilities</b>	<b>189,454,408.25</b>					<b>189,454,408.25</b>
<b>Total liabilities</b>	<b>1,663,418,236.45</b>					<b>1,663,418,236.45</b>

**RECONCILIATION OF FINANCIAL INFORMATION OF THE TARGET GROUP PREPARED  
UNDER THE PRC GAAP TO HKFRSs FOR THE PERIOD ENDED 31 MARCH 2024 – Continued**

	Published Financial Information of the Target Group (Unaudited) <i>RMB</i>	Reconciliation adjustments <i>RMB</i> ( <i>Note 1</i> )	Reconciliation adjustments <i>RMB</i> ( <i>Note 2</i> )	Reconciliation adjustments <i>RMB</i> ( <i>Note 3</i> )	Reconciliation adjustments <i>RMB</i> ( <i>Note 4</i> )	Adjusted Financial Information of the Target Group (Unaudited) <i>RMB</i>
Owners' equity:						
Share capital	758,550,630.00					758,550,630.00
Capital reserve	2,323,414,704.90			(2,901,788.00)		2,307,872,988.90
				(3,199,456.00)		
				(9,440,472.00)		
Treasury shares	(361,376,306.64)					(361,376,306.64)
Other comprehensive income	(7,630,793.98)					(7,630,793.98)
Statutory reserve	265,899,027.11		11,423,578.72			277,322,605.83
Undistributed profit	3,149,493,824.25		(11,423,578.72)	2,901,788.00	6,367,535.82	3,159,821,498.44
				3,119,469.79		
				9,204,460.20		
				39,993.20		
				118,005.90		
Total equity attributable to the owners of the Target Company	6,128,351,085.64					6,134,560,622.55
Minority shareholders' interests	242,428,894.18					242,428,894.18
Total owners' equity	6,370,779,979.82					6,376,989,516.73
Total liabilities and owners' equity	8,034,198,216.27					8,040,407,753.18

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

The consolidated statements of cash flows are not presented as there are no significant differences except for presentation differences.

### Note 1: Reclassifications of accounting items

Certain Target Group's figures in the consolidated statements of financial position, consolidated statements of comprehensive income and consolidated statements of changes in equity have been reclassified to conform to the Group's presentation and classification and the details are illustrated as below:

- (i) "Administrative expenses" reclassified from "Taxes and surcharges"

	<b>Three months ended 31 March</b>	<b>Year ended 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Increase in administrative expenses	(4,594,923.86)	(9,280,357.67)	(10,058,262.06)	(6,595,850.12)
Decrease in taxes and surcharges	4,594,923.86	9,280,357.67	10,058,262.06	6,595,850.12

- (ii) Land use rights under "Intangible assets" reclassified to "Fixed assets"

	<b>As at 31 March</b>	<b>As at 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Decrease in intangible assets	(21,698,016.93)	(21,992,640.40)	(21,603,854.28)	(21,461,808.16)
Increase in fixed assets	21,698,016.93	21,992,640.40	21,603,854.28	21,461,808.16

- (iii) Value-added tax payables under "Tax payables" reclassified to "Other payables"

	<b>As at 31 March</b>	<b>As at 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Decrease in tax payables	(42,163,823.40)	(56,592,137.76)	(62,608,001.99)	(48,338,975.52)
Increase in other payables	42,163,823.40	56,592,137.76	62,608,001.99	48,338,975.52

### Note 2: Statutory reserves

The Target Group's accounting policy is to recognise statutory reserves from undistributed profit of each financial period of the Target Company. In comparison, the Company's accounting policy is to recognise statutory reserves from undistributed profit of each financial period of the Target Company and its subsidiaries.

	<b>As at 31 March</b>	<b>As at 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Decrease in undistributed profit	(11,423,578.72)	(11,423,578.72)	(11,423,578.72)	(11,423,578.72)
Increase in statutory reserves	11,423,578.72	11,423,578.72	11,423,578.72	11,423,578.72

## APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY

### Note 3: Government grants

- (i) “Capital reserve” to “Undistributed profit”

This opening adjustment is to reconcile the monetary government grant under the Company’s accounting policy.

In previous years, the government assumed certain bank borrowings of the Target Group in exchange of the land and building and fixed assets occupied by the Target Group. The difference between the carrying amounts of bank borrowings and building and fixed assets were considered as the monetary government grant and were accounted for as capital reserve under the Target Group’s accounting policies.

In accordance with the Company’s accounting policy, this difference would have been accounted for as undistributed profit of the Target Group.

Accordingly, this adjustment is to reclassify this difference from “Capital reserve” to “Undistributed profit”.

	As at 31 March	As at 31 December		
	2024 <i>RMB</i>	2023 <i>RMB</i>	2022 <i>RMB</i>	2021 <i>RMB</i>
Decrease in capital reserve	(2,901,788.00)	(2,901,788.00)	(2,901,788.00)	(2,901,788.00)
Increase in undistributed profit	2,901,788.00	2,901,788.00	2,901,788.00	2,901,788.00

- (ii) Depreciation and amortisation of Fixed assets and Intangible assets

This adjustment is to reconcile the non-monetary government grants under the Company’s accounting policy.

In previous years, non-monetary government grants received by the Target Group were credited to the capital reserve at fair value under the Target Group’s accounting policy. The corresponding entry was to debit fixed assets and intangible assets.

In accordance with the Company’s accounting policy, non-monetary government grant is to recognise fixed assets and intangible assets at nominal value.

Accordingly, non-monetary government grant initially recognised under “Capital reserve”, “Fixed assets” and “Intangible assets” as at 31 December 2021, 2022 and 2023, and 31 March 2024 and the amortisation and depreciation expenses for each of the years ended 31 December 2021, 2022 and 2023, and the three months ended 31 March 2024 were reversed and the related impact to the expenses for each of the years ended 31 December 2021, 2022 and 2023, and the three months ended 31 March 2024 and related impact to the carrying amount of assets, liabilities and equity as at 31 December 2021, 2022 and 2023, and 31 March 2024 are set out as below:

	Three months ended 31 March	Year ended 31 December		
	2024 <i>RMB</i>	2023 <i>RMB</i>	2022 <i>RMB</i>	2021 <i>RMB</i>
Decrease in depreciation expense	39,993.20	159,972.80	159,972.80	159,972.80
Decrease in amortisation expense	118,005.90	472,023.60	472,023.60	472,023.60

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**APPENDIX II FINANCIAL INFORMATION OF THE TARGET COMPANY**


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	As at 31 March	As at 31 December		
	2024 <i>RMB</i>	2023 <i>RMB</i>	2022 <i>RMB</i>	2021 <i>RMB</i>
Decrease in cost of fixed assets	(3,199,456.00)	(3,199,456.00)	(3,199,456.00)	(3,199,456.00)
Decrease in accumulated depreciation of fixed assets as at beginning of the period/year	3,119,469.79	2,959,496.99	2,799,524.19	2,639,551.39
Decrease in depreciation of fixed assets for the period/year	39,993.20	159,972.80	159,972.80	159,972.80
Decrease in cost of intangible assets	(9,440,472.00)	(9,440,472.00)	(9,440,472.00)	(9,440,472.00)
Decrease in accumulated amortisation of intangible assets as at beginning of the period/year	9,204,460.20	8,732,436.60	8,260,413.00	7,788,389.40
Decrease in amortisation of intangible assets for the period/year	118,005.90	472,023.60	472,023.60	472,023.60
Increase in undistributed profit as at beginning of the period/year	3,119,469.79	2,959,496.99	2,799,524.19	2,639,551.39
Increase in undistributed profit as at beginning of the period/year	9,204,460.20	8,732,436.60	8,260,413.00	7,788,389.40
Increase in undistributed profit as at the end of the period/year	39,993.20	159,972.80	159,972.80	159,972.80
Increase in undistributed profit as at the end of the period/year	118,005.90	472,023.60	472,023.60	472,023.60
Decrease in capital reserve relating to cost of fixed assets as at beginning of the period/year	(3,199,456.00)	(3,199,456.00)	(3,199,456.00)	(3,199,456.00)
Decrease in capital reserve relating to cost of intangible assets as at beginning of the period/year	(9,440,472.00)	(9,440,472.00)	(9,440,472.00)	(9,440,472.00)

**Note 4: Goodwill**

This opening adjustment is to reconcile the difference of the goodwill at carrying amount of the Target Group and the carrying amount of the goodwill under the Company's accounting policy.

Under the Target Group's accounting policy, certain goodwill of the Target Group was amortised using useful lives of 10 years after initial recognition until the end of reporting period of 2006 and goodwill was measured at cost less accumulated impairment losses, if any, from the beginning of the accounting period of 2007. In comparison, under the Company's accounting policy, goodwill of the Target Group was amortised using estimated useful lives after initial recognition until the end of reporting period of 2004 and with effect of the changes in measurement of goodwill under HKFRSs in 2005, the goodwill was measured at cost less accumulated impairment losses, if any, from the beginning of the accounting period of 2005.

The impact to the adjustments on profit or loss for each of the years ended 31 December 2021, 2022 and 2023, and the three months ended 31 March 2024 on the carrying amount of assets, liabilities and equity as at 31 December 2021, 2022 and 2023, and 31 March 2024 would have been as follows:

	As at 31 March	As at 31 December		
	2024 RMB	2023 RMB	2022 RMB	2021 RMB
Increase in goodwill	6,367,535.82	6,367,535.82	6,367,535.82	6,367,535.82
Increase in undistributed profit as at beginning of the period/year	6,367,535.82	6,367,535.82	6,367,535.82	6,367,535.82

**Note 5: Changes in accounting policies concerning amendments to HKAS 12 Income taxes: Deferred tax related to assets and liabilities arising from a single transaction**

HKICPA issued the amendments to HKAS 12 *Income Taxes – Deferred Tax related To Assets and Liabilities arising from a Single Transaction* which are effective for annual reporting periods beginning on or after 1 January 2023 ("Amendments to HKAS12").

The accounting policy of the Target Group and the Company is to restate opening balances of "Other comprehensive income", "Undistributed profit", "Minority shareholders' interests", "Deferred income tax assets" and "Deferred income tax liabilities" retrospectively from the beginning of the accounting period of 2022 upon the adoption of Amendments to HKAS 12. The amounts of the adjustment under the adoption of Amendments to HKAS 12 did not carry out a material financial effect in the accounting period of 2022. Due to the insignificant magnitude, the Company did not restate the opening balances of "Other comprehensive income", "Undistributed profit", "Minority shareholders' interests", "Deferred income tax assets" and "Deferred income tax liabilities" retrospectively from the beginning of the accounting period of 2022 but recognised the accumulated effects in "Income tax expenses" during the year ended 31 December 2023.

	Year ended 31 December 2023 RMB
Decrease in Income tax expenses	84,942.01
Decrease in other comprehensive income as at beginning of the year	75.33
Increase in other comprehensive income for the year	(75.33)
Decrease in undistributed profit as at beginning of the year	44,239.16
Increase in undistributed profit for the year	(44,239.16)
Decrease in Minority shareholders' interests as at beginning of the year	40,627.52
Increase in Minority shareholders' interests for the year	(40,627.52)

**(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
<b>Non-current assets</b>					
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
	3,688,620				4,614,581
<b>Current assets</b>					
Inventories	15,938				15,938
Trade and other receivables	1,122,742	144,322 (881,477)			385,587
Pledged bank deposits	1,344				1,344
Cash and cash equivalents	156,494			(1,302)	155,192
	1,296,518				558,061
<b>Total asset</b>	4,985,138				5,172,642



(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
<b>Current liabilities</b>					
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>
<b>Net current assets/(liabilities)</b>	<u>334,297</u>				<u>(404,160)</u>
<b>Total assets less current liabilities</b>	<u>4,022,917</u>				<u>4,210,421</u>
<b>Non-current liabilities</b>					
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>
<b>NET ASSETS</b>	<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 <i>RMB'000</i> <i>(Note 1)</i>	Pro forma adjustments <i>RMB'000</i> <i>(Note 2)</i>		<i>RMB'000</i> <i>(Note 3)</i>	Unaudited pro forma consolidated statement of financial position of the Group after the Acquisition as at 31 December 2023 <i>RMB'000</i>
<b>EQUITY</b>					
Share capital	151,446				151,446
Reserves	3,475,791	144,322	(1,302)	44,484	3,663,295
	<hr/>				<hr/>
Equity attributable to the owners of the Company	3,627,237				3,814,741
Non-controlling interests	148,732				148,732
	<hr/>				<hr/>
<b>TOTAL EQUITY</b>	<b>3,775,969</b>				<b>3,963,473</b>
	<hr/> <hr/>				<hr/> <hr/>

**(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
<b>Revenue</b>	566,375					566,375
Cost of sales and services	(441,995)					(441,995)
<b>Gross profit</b>	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)
<b>Loss from operations</b>	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)
<b>Profit before income tax</b>	196,635					435,695
Income tax expense	(17,935)					(17,935)
<b>Profit for the year</b>	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					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
<b>Other comprehensive income after tax:</b>						
<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>
<b>Other comprehensive income for the year, net of tax</b>	<u>(11,726)</u>					<u>(11,510)</u>
<b>Total comprehensive income for the year</b>	<u>166,974</u>					<u>406,250</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 (Note 3)	RMB'000 (Note 4)		RMB'000
<b>Profit for the year attributable to:</b>						
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>
<b>Total comprehensive income for the year attributable to:</b>						
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					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)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before tax	196,635	144,322 44,484	(1,302)	37,310	14,246	435,695
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
<b>Operating profit before working capital changes</b>	<b>56,269</b>					<b>54,967</b>

(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)
<b>Cash used in operations</b>	(125,549)					(126,851)
Income taxes paid	(8,883)					(8,883)
<b>Net cash used in operating activities</b>	(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)		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
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
<b>Net cash generated from investing activities</b>	<b>272,857</b>					<b>287,103</b>



(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)		
<b>CASH FLOWS FROM FINANCIAL ACTIVITIES</b>						
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)
<b>Net cash used in financing activities</b>	<b>(210,980)</b>					<b>(210,980)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>						
	(72,555)					(59,611)
Effect of foreign exchange rate changes, net	1,359					1,359
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>227,690</b>					<b>227,690</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>156,494</b>					<b>169,438</b>

**(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>	<b>Settlement by number of Target Shares for proforma purpose</b>
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><u>881,477</u></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><u>44,484</u></u>	<u><u>2,965,612</u></u>
Settlement of the Outstanding Consideration, the Accrued Liquidated Damages and the Balance Consideration Interest by the Target Shares		<u><u>925,961</u></u>	<u><u>61,730,732</u></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.

## (2) ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from BDO Limited, Certified Public Accountants, for the purpose of incorporation in this circular.*



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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 supplemental 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.



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.

### **BDO Limited**

*Certified Public Accountants*

Hong Kong

23 July 2024

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors', Supervisors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of Directors, Supervisors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long positions in the Shares and underlying Shares

Name	Capacity	Interest in Non-listed Shares	Interest in H Shares	Approximate percentage of total number of issued Non-listed Shares (Note 2)	Approximate percentage of total number of issued H Shares (Note 3)	Approximate percentage of the Company's total issued shares (Note 4)
<b>Supervisor</b>						
Ms. Zhou Min	Beneficiary of trust	205,414,000 (Note 1)	-	29.34%	-	13.56%
<b>Non-executive Director</b>						
Mr. Liu Ziyi	Beneficial owner	-	2,311,000	-	0.28%	0.15%

*Notes:*

1. The above Supervisor is taken to be interested in the issued share capital of the Company through her interest as beneficiary, among other beneficiaries, of Heng Huat trust (“**Heng Huat Trust**”). By a declaration of Heng Huat Trust made as a deed on 19 July 2000, the shares of Heng Huat Investments Limited (“**Heng Huat**”) were held as trustees for the benefits of over 300 employees of Beijing Beida Jade Bird Software System Co., Ltd., Beijing Beida Jade Bird Limited and Beijing Beida Yu Huan Microelectronics System Engineering Co., Ltd. and their respective subsidiaries and associated companies and the Company. Heng Huat is beneficially interested in the entire issued share capital of Dynamic Win Assets Limited (“**Dynamic Win**”), and is taken to be interested in 205,414,000 Shares which Dynamic Win is interested.
2. The approximate percentage is calculated based on the total number of issued non-listed Shares as at the Latest Practicable Date, that is, 700,000,000 shares.
3. The approximate percentage is calculated based on the total number of issued H Shares as at the Latest Practicable Date, that is, 814,464,000 shares.
4. The approximate percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date, that is, 1,514,464,000 shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had, or was deemed to have, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which they were taken or deemed to have under such provisions of the SFO, (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) were required, pursuant to rules 5.46 to 5.47 of the GEM Listing Rules relating to the securities transactions by Directors to be notified to the Company and the Stock Exchange.

**(b) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders**

As at the Latest Practicable Date, so far as it was known to the Directors or the chief executive of the Company, the following persons (other than a Director, Supervisor or the chief executive of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

**(i) Long positions in the Shares and underlying Shares**

Name of Shareholder	Capacity	Interest in Non-listed Shares	Interest in H Shares	Approximate percentage of total number of issued Non-listed Shares (Note 6)	Approximate percentage of total number of issued H Shares (Note 7)	Approximate percentage of the Company's total issued shares (Note 8)
<b>Substantial shareholders</b>						
Heng Huat Investments Limited (Note 1)	Interest of controlled corporation	205,414,000	–	29.34%	–	13.56%
Dynamic Win Assets Limited (Note 1)	Beneficial owner	205,414,000	–	29.34%	–	13.56%
<b>Other persons</b>						
Peking University (Note 2)	Interest of controlled corporation	85,000,000	–	12.14%	–	5.61%
Beida Asset Management Co., Ltd. (Note 2)	Interest of controlled corporation	85,000,000	–	12.14%	–	5.61%
Beijing Beida Jade Bird Software System Co., Ltd. (Note 2)	Interest of controlled corporation	85,000,000	–	12.14%	–	5.61%
Beida Microelectronics Investment Limited (Note 2)	Interest of controlled corporation	85,000,000	–	12.14%	–	5.61%
Gifted Pillar Limited (Note 2)	Interest of controlled corporation	85,000,000	–	12.14%	–	5.61%
Rainbow Mountain Holdings Limited (Note 2)	Interest of controlled corporation	85,000,000	–	12.14%	–	5.61%
Beijing Rainbow Mountain Sci-Tech Development Co, Ltd. (Note 2)	Beneficial owner	85,000,000	–	12.14%	–	5.61%
Cai Yiwen (Note 3)	Interest of controlled corporation	115,000,000	–	16.43%	–	7.59%

Name of Shareholder	Capacity	Interest in Non-listed Shares	Interest in H Shares	Approximate percentage of total number of issued Non-listed Shares (Note 6)	Approximate percentage of total number of issued H Shares (Note 7)	Approximate percentage of the Company's total issued shares (Note 8)
Cancun Holdings Limited (Note 3)	Interest of controlled corporation	115,000,000	–	16.43%	–	7.59%
Rainbow Wave Investment Limited (Note 3)	Interest of controlled corporation	115,000,000	–	16.43%	–	7.59%
Nanhai Huancheng Technology Co., Ltd. (Note 3)	Interest of controlled corporation	115,000,000	–	16.43%	–	7.59%
Shenzhen Yingtai Industrial Investment Co., Ltd. (Note 3)	Beneficial owner	115,000,000	–	16.43%	–	7.59%
Grand East (H.K.) Limited	Beneficial owner	110,000,000	–	15.71%	–	7.26%
Mongolia Energy Corporation Limited (Note 4)	Interest of controlled corporation	84,586,000	–	12.08%	–	5.58%
New View Venture Limited (Note 4)	Beneficial owner	84,586,000	–	12.08%	–	5.58%
Asian Technology Investment Company Limited	Beneficial owner	50,000,000	–	7.14%	–	3.30%
Huang Taomei (Note 5)	Interest of controlled corporation	–	126,214,000	–	15.5%	8.33%
Merida Group Limited (Note 5)	Interest of controlled corporation	–	126,214,000	–	15.5%	8.33%
Nippon Incubation Co. Ltd. (Note 5)	Interest of controlled corporation	–	126,214,000	–	15.5%	8.33%
Brilliant Simile Limited (Note 5)	Interest of controlled corporation	–	126,214,000	–	15.5%	8.33%
Asia Development Capital (HK) Limited (Note 5)	Beneficial owner	–	126,214,000	–	15.5%	8.33%

## Notes:

- The non-listed Shares are held by Dynamic Win, which is beneficially wholly-owned by Heng Huat. Please refer to the note to the paragraph headed “Directors, Supervisors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations” above for further details of Heng Huat.

2. Peking University is taken to be interested in 5.61% of the total issued share capital of the Company through 85 million non-listed Shares (representing approximately 5.61% of the Company's total issued share capital) in which Beijing Rainbow Mountain Sci-Tech Development Co., Ltd. is interested. Peking University owns 100% equity interest in Beida Asset Management Co., Ltd. which in turn owns 48% equity interest in Beijing Beida Jade Bird Software System Co., Ltd. which in turn owns 100% equity interest in Beida Microelectronics Investment Limited which in turn owns 46% equity interest in Gifted Pillar Limited which in turn owns 100% equity interest in Rainbow Mountain Holdings Limited which in turn owns 100% equity interest in Beijing Rainbow Mountain Sci-Tech Development Co., Ltd..
3. These non-listed Shares are held by Shenzhen Yingtai Industrial Investment Co., Ltd., which is in turn wholly owned by Nanhai Huancheng Technology Co., Ltd., which is in turn wholly owned by Rainbow Wave Investment Limited, which is in turn wholly owned by Cancun Holdings Limited, which is in turn wholly owned by Cai Yiwen.
4. The non-listed Shares are held by New View Venture Limited, which is wholly-owned by Mongolia Energy Corporation Limited.
5. These H Shares are held by Asia Development Capital (HK) Limited, which is wholly owned by Brilliant Smile Limited which is in turn wholly owned by Nippon Incubation Co., Ltd, which is in turn wholly owned by Merida Group Limited, which is in turn wholly owned by Huang Taomei.
6. The approximate percentage is calculated based on the total number of issued non-listed Shares as at the Latest Practicable Date, that is, 700,000,000 shares.
7. The approximate percentage is calculated based on the total number of issued H Shares as at the Latest Practicable Date, that is, 814,464,000 shares.
8. The approximate percentage is calculated based on the total number of issued Shares as at the Latest Practicable Date, that is, 1,514,464,000 shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than a Director, Supervisor or chief executive of the Company) who had, or was deemed or taken to have, an interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept pursuant to section 336 of the SFO.

As at the Latest Practicable Date, no director or proposed director is a director or employee of the Company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, each of the Directors and Supervisors has entered into a service contract or letter of appointment with the Company as follows:

- (a) the Company has entered into a service contract with Ms. Zheng Zhong, an executive Director, for a term of three years commencing on 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Ms. Zheng Zhong will receive an annual fee of RMB220,000 and annual salaries and allowances of RMB280,000 and HK\$756,000 respectively;

- (b) the Company has entered into a service contract with Mr. Wang Xingye, an executive Director, for a term of three years commencing on 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027. Pursuant to which Mr. Wang Xingye will receive an annual fee of RMB220,000 and annual salaries and allowances of RMB580,000;
- (c) the Company has entered into a service contract with Ms. Guan Xueming, an executive Director, for a term of three years commencing on 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Ms. Guan Xueming will receive an annual fee of RMB220,000 and annual salaries and allowances of RMB530,000;
- (d) the Company has entered into a letter of appointment with Mr. Liu Ziyi, a non-executive Director, for a term of three years commencing on 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Mr. Liu Ziyi will receive an annual fee of RMB80,000;
- (e) the Company has entered into a letter of appointment with Mr. Tang Xuan, an independent non-executive Director, for a term of three years commencing on 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Mr. Tang Xuan will receive an annual fee of RMB80,000;
- (f) the Company has entered into a letter of appointment with Mr. Shen Wei, an independent non-executive Director, for a term of three years commencing on 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Mr. Shen Wei will receive an annual fee of RMB80,000;
- (g) the Company has entered into a letter of appointment with Ms. Liu Zhangchi, an independent non-executive Director, for a term of three years commencing on 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Ms. Liu Zhangchi, will receive an annual fee of RMB80,000;
- (h) the Company has entered into a service contract with Mr. Pan Yudong, an external Supervisor, for a term of three years commencing from 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Mr. Pan Yudong will receive an annual fee of RMB50,000;
- (i) the Company has entered into a service contract with Ms. Yang Xiaoqing, an external Supervisor, for a term of three years commencing from 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Ms. Yang Xiaoqing will receive an annual fee of RMB50,000;
- (j) the Company has entered into a service contract with Mr. Zhu Bingze, an external Supervisor, for a term of three years commencing from 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Mr. Zhu Bingze will receive an annual fee of RMB50,000;

- (k) the Company has entered into a service contract with Ms. Zhou Min, an employee representative Supervisor, for a term of three years commencing from 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Ms. Zhou Min will receive an annual fee of RMB50,000; and
- (l) the Company has entered into a service contract with Ms. Cao Zhenzhen, an employee representative Supervisor, for a term of three years commencing from 31 May 2024 until the conclusion of the 2026 annual general meeting to be held by the Company in 2027, pursuant to which Ms. Cao Zhenzhen will receive an annual fee of RMB50,000.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

#### **5. COMPETING INTERESTS**

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors, Supervisors, controlling shareholder of the Company nor their respective close associates had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group or any other conflict of interest which any such person has or may have with the Group which would be required to be disclosed under rule 11.04 of the GEM Listing Rules.

#### **6. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group. As at the Latest Practicable Date, none of the Directors or Supervisors had, or has had, any direct or indirect interests in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023, the date of which the latest published audited consolidated financial statements of the Group were made up.

#### **7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.



## 8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (i) the Share Transfer Agreement;
- (ii) the guarantee contract dated 17 April 2023 entered into between the Company and Bank of Communications Co., Ltd. Zhangjiakou Branch (“**BOC**”), pursuant to which the Company agreed to guarantee the repayment obligations of the Target Company under the loan agreement dated 17 April 2023, further details of which are set out in the announcement dated 17 April 2023;
- (iii) the guarantee contract dated 15 May 2023 entered into between the Company and BOC, pursuant to which the Company agreed to guarantee the repayment obligations of the Target Company under the loan agreement dated 15 May 2023, further details of which are set out in the announcement dated 15 May 2023;
- (iv) the subscription agreement dated 28 December 2023 entered into between 華融國際特殊投資基金SPC (Huarong International Special Investment Fund SPC) (“**Fund**”) and Beida Jade Bird Universal Sci-Tech (Cayman) Development Company Limited (“**Subscriber**”), a wholly-owned subsidiary of the Company, pursuant to which the Subscriber agreed to subscribe for participating, non-redeemable, non-voting shares of par value US\$0.001 in the capital of the Fund attributable to Fund V SP, a closed-end segregated portfolio of the Fund, at a total subscription amount of HK\$40 million, further details of which are set out in the announcement dated 28 December 2023;
- (v) the equity transfer agreement dated 16 January 2024 entered into between 上海創業投資有限公司 (for identification purpose only, Shanghai Venture Capital Co., Ltd.) (“**Shanghai Venture Capital**”) and the Company in relation to the acquisition of 25% of registered capital of Shanghai Shengjin from Shanghai Venture Capital by the Company at the consideration of RMB106,690,000, further details of which are set out in the announcement dated 9 January 2024;
- (vi) the guarantee contract dated 24 April 2024 entered into between the Company and BOC, pursuant to which the Company agreed to guarantee the repayment obligations of the Target Company under the loan agreement dated 24 April 2024, further details of which are set out in the announcement dated 25 April 2024;
- (vii) the Supplemental Agreement;
- (viii) the guarantee contract dated 16 May 2024 entered into between the Company and BOC, pursuant to which the Company agreed to guarantee the repayment obligations of the Target Company under the loan agreement dated 16 May 2024, further details of which are set out in the announcement dated 16 May 2024; and
- (ix) the equity transfer agreement dated 25 June 2024 entered into between the Company, Beijing Beida Jade Bird Education Co., Ltd., Beijing Mo Li Enterprise Management Consulting Partnership (Limited Partnership) and Beijing Jade Bird Vocational Education Technology Development Co., Ltd., in relation to the acquisition of 70% of registered capital of Beijing Jade Bird Vocational Education Technology Development Co., Ltd. from Beijing Beida Jade Bird Education Co., Ltd. by the Company at the consideration of RMB13,054,150, further details of which are set out in the announcement dated 25 June 2024.

## 9. EXPERT AND CONSENT

The following sets out the qualification of the expert who has given an opinion or advice which is included in this circular:

<b>Name</b>	<b>Qualification</b>
BDO Limited	Certified Public Accountants

As at the Latest Practicable Date, the expert named above:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its advice, letter, report and/or summary of its opinions and references to its name and logo in the form and context in which they are included;
- (b) was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 10. GENERAL

- (a) The registered office of the Company is at 3rd Floor, Beida Jade Bird Building Yanyuan District Area 3, No. 5 Haidian Road, Haidian District, Beijing 100080, the PRC.
- (b) The principal place of business of the Company in Hong Kong is at 17th Floor, V Heun Building, 138 Queen's Road Central, Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Chan Chi Hung, who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (e) The Company has established the audit committee of the Company (“**Audit Committee**”) with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The Audit Committee is accountable to the Board. Its primary duties include monitoring the financial reporting system and risk management and internal control systems of the Group, reviewing financial information, and advising the Board on engagement and independence of independent auditors.

The Audit Committee comprises three independent non-executive Directors, namely Mr. Tang Xuan (chairman of the Audit Committee), Mr. Shen Wei and Ms. Liu Zhangchi. Their background are as follows:

**Mr. Tang Xuan (“Mr. Tang”)**

Mr. Tang Xuan, aged 52, was appointed as an independent non-executive Director on 15 May 2020. Mr. Tang graduated from Chongqing University with a Bachelor’s degree in engineering, and is a certified accountant in the PRC and a member of the Institute of Public Accountants in Australia. He worked in Zhongxin Coopers Certified Public Accountants in the PRC and is currently an audit partner of ShineWing Certified Public Accountants in the PRC, and has 28 years of professional experience in investment, finance and auditing. He has been responsible for the audit assurance, special services, corporate asset reorganization, restructuring and listing of some large enterprise groups. He was an external independent director of Zhongji Investment Co., Ltd. and an external expert committee member of the loan review department of China Development Bank. He is currently an independent director of Lizhong Sitong Light Alloy Group Co., Ltd. (an A share company listed on the Shenzhen Stock Exchange (stock code: 300428)) and an independent director of Malo Medical Management Co., Ltd..

**Mr. Shen Wei (“Mr. Shen”)**

Mr. Shen Wei, aged 61, was appointed as an independent non-executive Director on 31 May 2018. Mr. Shen graduated from the department of precision instruments of the Tsinghua University with a Bachelor’s degree in engineering in 1985. Mr. Shen co-founded “CIWEEK” and served as the first chief editor in 1998, who has made contribution to the enlightenment and development of internet in the PRC. He then co-founded the website, namely “eNet” and Yinhe Liandong Information Technology Company, and has extensive experience in internet strategy, products and operations. Mr. Shen has dozens of patented inventions in the field of two-dimensional code technology. In 2015, Mr. Shen established Beijing Dama Technology Co., Ltd. to focus on the application of innovative QR code technology, especially the basic technology and application in the field of secure QR code and multi-screen interaction. Mr. Shen has worked for Beijing Institute of Optoelectronics Technology, Beijing office of East Asiatic Company, Beijing Changwei Technology Development Co., Ltd., CIWEEKLY, Yinhe Liandong Information Technology Company, Beijing Huayu Xinma Technology Co., Ltd., etc.. He is currently the founder and chief executive officer of Beijing Dama Technology Co., Ltd..

**Ms. Liu Zhangchi (“Ms. Liu”)**

Ms. Liu Zhangchi, aged 29, was appointed as an independent non-executive Director on 31 May 2024. Ms. Liu graduated from the Boston College in 2016 with a double bachelor’s degree in history and economics. Ms. Liu was a co-founder of Beijing Jieke Technology Co., Ltd. and the chief executive officer of a self-established baking brand in Beijing. Ms. Liu was the acting chief executive officer of Christine International Holdings Limited, where she was responsible for its asset and business restructuring and corporate transformation planning. She was the strategic advisor of Shenzhen Heiluo Technology Co., Ltd.. She is currently the strategic advisor of Changsha Heiluo Technology Co., Ltd., and she has participated in its business planning, financing, and team building and management.

**11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be on display on the website of the Stock Exchange at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company at ([www.jbu.com.cn](http://www.jbu.com.cn)) for 14 days after the date of this circular:

- (a) the Supplemental Agreement and the Share Transfer Agreement;
- (b) the annual report of the Company for the year ended 31 December 2023;
- (c) the annual report of the Company for the year ended 31 December 2022;
- (d) the annual report of the Company for the year ended 31 December 2021;
- (e) the audited consolidated financial statements of the Target Company for the three years ended 31 December 2023 and the unaudited consolidated financial statements of the Target Company for the three months ended 31 March 2024, as set out in Appendix II to this circular;
- (f) the report by BDO on the Reconciliation Information as set out in Appendix II to this circular;
- (g) the report by BDO on the unaudited pro forma financial information of the Group as set out in Appendix III to this circular; and
- (h) the written consent referred in the section headed “9. Expert and Consent” in this Appendix.

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## NOTICE OF SGM

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*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.*



北京北大青鳥環宇科技股份有限公司  
**BEIJING BEIDA JADE BIRD UNIVERSAL SCI-TECH COMPANY LIMITED**  
*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 08095)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (“**SGM**”) of Beijing Beida Jade Bird Universal Sci-Tech Company Limited (“**Company**”) will be held at 10:30 a.m. on Thursday, 15 August 2024 at Conference Room A, Block B, 3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC, for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the supplemental agreement dated 13 May 2024 (“**Supplemental Agreement**”) (a copy of the Supplemental Agreement has been produced to this meeting marked “A” and initialed by the chairman of this meeting for the for the purpose of identification) and entered into between the Company, Cai Weimin and Tsang Desheng, in relation to the Disposal (as defined in the circular of the Company dated 23 July 2024 (“**Circular**”), a copy of which has been produced to this meeting marked “B” and initialed by the chairman of this meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

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## NOTICE OF SGM

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- (b) any one of the directors of the Company (“**Director**”) or a duly authorised committee of the board of Directors (“**Board**”) be and are/is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she may consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Supplemental Agreement and the transactions contemplated thereunder and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally and materially different from those as provided for in the Supplemental Agreement) as are, in the opinion of the Directors or such duly authorised committee, in the interest of the Company and its shareholders as a whole.”

On behalf of the Board

**Beijing Beida Jade Bird Universal Sci-Tech Company Limited**

**Zheng Zhong**

*Chairman*

Beijing, the PRC

23 July 2024

*Notes:*

- (A) The registers of shareholders of the Company (“**Shareholders**”) will be closed from Monday, 12 August 2024 to Thursday, 15 August 2024 (both days inclusive) during which period no transfer of shares of the Company (“**Shares**”) will be registered. In order to qualify for the entitlement to attend and vote at the SGM, all transfer of H Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Hong Kong Registrars Limited, by 4:30 p.m. on Friday, 9 August 2024.

The address of Hong Kong Registrars Limited is as follows:

17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong

(Fax no: 852–2865–0990)

- (B) Each holder of H Shares entitled to attend and vote at the SGM shall have the right to appoint one or several persons who may not be Shareholders to act as his/her proxy to attend and vote at the SGM on his/her behalf.
- (C) The instrument appointing a proxy must be in writing under the hand of the principal or his/her attorney duly authorised in writing; for a legal person, the form of proxy must be affixed with the common seal or signed by its director or attorney duly authorized in writing. If that instrument is signed by a person authorized by the principal, the power of attorney or other authorization documents authorized to be signed shall be notarized.
- (D) The instrument of proxy, and if the instrument of proxy is signed by a person authorized by the principal, a notarized copy of that power of attorney or other authorization documents, must be deposited at the Company’s H share registrar in Hong Kong, Hong Kong Registrars Limited, by 10:30 a.m. on Wednesday, 14 August 2024 or not less than 24 hours before the time for holding any adjournment of the SGM in order for such documents to be valid.

The address of Hong Kong Registrars Limited is as follows:

17M Floor, 17/F, Hopewell Centre, 183 Queen’s Road East, Hong Kong

(Fax no: 852–2865–0990)

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## NOTICE OF SGM

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- (E) Each holder of non-listed Shares entitled to attend and vote at the SGM shall have the right to appoint in writing one or several persons (who may not be Shareholders) to act as his/her proxy to attend and vote at the SGM on his/her behalf. Notes (C) and (D) above also apply to holders of non-listed Shares, except that the instrument of proxy or other documents of authority must be deposited at the principal place of business of the Company in Beijing, by 10:30 a.m. on Wednesday, 14 August 2024 or not less than 24 hours before the time for holding any adjournment of the SGM in order for such documents to be valid.

The principal place of business of the Company in Beijing is as follows:

3rd Floor, Beida Jade Bird Building, No. 207 Chengfu Road, Haidian District, Beijing 100871, the PRC

(Fax no: 86-10-6275-8434)

- (F) If a Shareholder appoints others to attend the SGM, the proxy shall produce his/her own identification document and the instrument of proxy signed by the proxy or his/her legal representative, and specifying the date of its issuance. If a legal person Shareholder appoints a proxy to attend the SGM, such proxy should produce his/her identification documents and a notarized copy of the resolution of the board of directors of the legal person appointing such proxy.
- (G) The SGM is expected to last for 30 minutes. Shareholders attending the SGM are responsible for their own transportation and accommodation expenses.
- (H) The resolutions at the SGM will be taken by poll pursuant to the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the GEM Listing Rules.

*As at the date of this notice, Ms. Zheng Zhong, Mr. Wang Xingye and Ms. Guan Xueming are executive Directors, Mr. Liu Ziyi is a non-executive Director, and Mr. Tang Xuan, Mr. Shen Wei and Ms. Liu Zhangchi are independent non-executive Directors.*

*This notice, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 notice 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 notice misleading.*

*This notice will remain on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at “[www.jbu.com.cn](http://www.jbu.com.cn)”.*