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信永中和(香港)會計師事務所有限公司
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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

To the Directors of Betterlife Holding Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of BetterLife Holding Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) and Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* 北京極光星徽汽車銷售服務有限公司 (“**Jiguang Xinghui**”) and Beijing Jiguang Real Estate Development Co., Ltd.* 北京極光置業房地產開發有限公司 (“**Jiguang Real Estate**”) (collectively referred as the “**Target Companies**”) (the Group together with the Target Companies are collectively referred to as the “**Enlarged Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2024 and 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 in Appendix V to the circular dated 5 March 2025 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection with the proposed acquisition of the target business of Jiguang Xinghui Group, 100% equity interest of Jiguang Real Estate and properties (collectively referred as to the “**Target Assets**”) (the “**Acquisitions**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix V of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisitions on the Group’s financial position as at 30 June 2024 and the Group’s financial performance and cash flows for the year ended 31 December 2023 as if the Acquisitions had taken place at 30 June 2024 and 1 January 2023 respectively. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s condensed consolidated financial statements as included in the interim report for the six months ended 30 June 2024, on which a review report has been published and information about the Group’s financial performance and cash flows has been extracted by the Directors from the Group’s consolidated financial statements for

the year ended 31 December 2023, on which an independent auditor's report has been published. For the information about the Target Group's financial position, financial performance and cash flows has been extracted by the Directors from the Target Group's consolidated financial statements for each of the years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 on which accountants' reports have been published in Appendix II(A) and II(B) to the Circular.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement 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.

The firm applies Hong Kong Standard on Quality Management ("**HKSQM**") 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, 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 29(7) of Chapter 4 of the Listing 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 29 of Chapter 4 of the Listing Rules and with reference to AG7 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 the Acquisitions on unadjusted financial information of the Group as if the Acquisition had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisitions at 1 January 2023 and 30 June 2024 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 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' judgment, having regard to the reporting accountants' understanding of the nature of the Group, 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 on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.



SHINEWING (HK) CPA Limited

Certified Public Accountants

Kwan Chi Fung

Practising Certificate Number: P06614

Hong Kong

5 March 2025

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statements of cash flows (the “**Unaudited Pro Forma Financial Information**”) of BetterLife Holding Limited (the “**Company**”) and its subsidiaries (the “**Group**”) including the target business of Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* (北京極光星徽汽車銷售服務有限公司) (“**Jiguang Xinghui**”) and Beijing Jiguang Real Estate Development Co., Ltd.* (北京極光置業房地產開發有限公司) (“**Jiguang Real Estate**”) (collectively referred as the “**Target Companies**”) (the Group together with the Target Companies are collectively referred to as the “**Enlarged Group**”) upon the completion of the acquisition of the Target Companies and properties (the “**Acquisitions**”) as if the Acquisitions had been completed on (i) 30 June 2024 in respect of the unaudited pro forma consolidated statement of financial position of the Enlarged Group; and (ii) 1 January 2023 in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Enlarged Group. For the target business of Jiguang Xinghui, it is the 4S dealership business carried on by Jiguang Xinghui for the brand of Mercedes-Benz in Beijing, including passenger vehicles, accessories and other automobile-related products, inventories, customer lists and records, and other assets and liabilities of Jiguang Xinghui and/or its subsidiaries relating to its 4S dealership business.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the “**Directors**”) in accordance with Rule 4.29 of the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual financial position, financial results and cash flows of the Enlarged Group that would be attained had the Acquisitions been completed on the respective dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group’s future financial position, financial results and cash flows after the completion of the Acquisitions.

The Unaudited Pro Forma Financial Information is prepared based on (i) the condensed consolidated statement of financial position of the Group as at 30 June 2024 as extracted from the published interim report of the Group for the six months ended 30 June 2024 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2023 as extracted from the published annual report of the Group for the year ended 31 December 2023; (ii) the audited consolidated statement of financial position of the Target Group as at 30 September 2024, the audited consolidated statement of profit or loss and other comprehensive income and the statement of cash flows of the Target Group for the year ended 31 December 2023 as extracted from the Accountants’ Reports set out in Appendix II(A) and II(B) to this circular; and (iii) after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

A narrative description of the pro forma adjustments of the Acquisitions that are directly attributable to the transaction and factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in the published annual report of the Group for the year ended 31 December 2023 dated 22 March 2024 and published interim report of the Group for the six months ended 30 June 2024 dated 13 September 2024, and that of the Target Companies, as set out in Appendix II(A) and II(B) to this circular, and other financial information included elsewhere in this circular. The Unaudited Pro Forma Financial Information of the Enlarged Group does not take into account any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Enlarged Group.

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME OF THE ENLARGED GROUP**

	The Group for the year ended 31 December 2023 RMB'000 (Audited) Note 1	Jianguang Xinghui Group for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Jianguang Real Estate for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Pro forma adjustments RMB'000 (Unaudited) Note 6c	Pro forma adjustments RMB'000 (Unaudited) Note 7c	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 10	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 31 December 2023 RMB'000 (Unaudited)
Revenue	10,728,460	697,065	24,010	—	—	—	—	(24,010)	—	11,425,525
Cost of sales	(10,150,026)	(647,463)	—	—	—	—	—	—	—	(10,797,489)
Gross profit (loss)	578,434	49,602	24,010	—	—	—	—	(24,010)	—	628,036
Other income	410,736	17,280	1	—	—	5,834	—	24,010	(22,041)	435,820
Property expenses	—	—	(25,032)	—	—	—	—	25,032	—	—
Selling and distribution expenses	(565,162)	(63,027)	—	(2,215)	—	—	—	—	9,760	(620,644)
Administrative expenses	(243,108)	(26,533)	(49,833)	—	17,190	(1,686)	(4,218)	(25,032)	10,585	(322,635)
Operating profit (loss)	180,900	(22,678)	(50,854)	(2,215)	17,190	4,148	(4,218)	—	(1,696)	120,577
Finance costs	(47,515)	(5,523)	—	—	—	—	—	—	1,696	(51,342)
Profit (loss) before tax	133,385	(28,201)	(50,854)	(2,215)	17,190	4,148	(4,218)	—	—	69,235
Income tax	(49,002)	450	(1,228)	554	—	—	—	—	—	(49,226)
Profit (loss) for the year	84,383	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	20,009

	The Group for the year ended 31 December 2023 RMB'000 (Audited) Note 1	Jiguang Xinghui Group for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Jiguang Real Estate for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Pro forma adjustments RMB'000 (Unaudited) Note 6c	Pro forma adjustments RMB'000 (Unaudited) Note 7c	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 10	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 31 December 2023 RMB'000 (Unaudited)
Other comprehensive income (expense) for the year (after tax):										
Items that will not be reclassified to profit or loss:										
Exchange differences on translation of financial statements of the Company	9,437	—	—	—	—	—	—	—	—	9,437
Items that may be reclassified subsequently to profit or loss:										
Exchange differences on translation of financial statements of overseas subsidiaries	(21,932)	—	—	—	—	—	—	—	—	(21,932)
Other comprehensive expense for the year	(12,495)	—	—	—	—	—	—	—	—	(12,495)
Total comprehensive income (expense) for the year	71,888	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	7,514
Attributable to:										
Equity shareholders of the Company	44,318	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	(20,056)
Non-controlling interests	27,570	—	—	—	—	—	—	—	—	27,570
Total comprehensive income (expense) for the year	71,888	(27,751)	(52,082)	(1,661)	17,190	4,148	(4,218)	—	—	7,514

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

	The Group as at 30 June 2024 RMB'000 (Unaudited) Note 3	Jiguang Xinghui Group as at 30 September 2024 RMB'000 (Audited) Note 4	Jiguang Real Estate as at 30 September 2024 RMB'000 (Audited) Note 4	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 10	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 30 June 2024 RMB'000 (Unaudited)
Non-current assets										
Property, plant and equipment	463,087	17,946	178,053	—	(59,654)	—	—	79,090	—	678,522
Investment properties	56,708	—	355,810	(223)	(14,450)	55,645	—	(297,959)	—	155,531
Right-of-use assets	352,725	14,279	591,440	—	(206,984)	—	—	218,869	(14,279)	956,050
Intangible assets	857,366	8	—	66,446	—	—	—	—	—	923,820
Goodwill	378,625	—	—	1,744	—	—	—	—	—	380,369
Deferred tax assets	32,015	16,469	—	—	—	—	—	—	(1,775)	46,709
Amount due from a related party	—	2,500	—	—	—	—	—	—	(2,500)	—
Long-term prepayments	434	—	—	—	—	—	—	—	—	434
	<u>2,140,960</u>	<u>51,202</u>	<u>1,125,303</u>	<u>67,967</u>	<u>(281,088)</u>	<u>55,645</u>	<u>—</u>	<u>—</u>	<u>(18,554)</u>	<u>3,141,435</u>
Current assets										
Inventories	845,882	67,247	—	—	—	—	—	—	—	913,129
Trade receivables	46,393	20,250	—	—	—	—	—	—	—	66,643
Amounts due from related parties	18,581	—	14,554	—	—	—	—	—	(14,554)	18,581
Prepayments, other receivables and other assets	497,562	75,785	56,057	(9,750)	—	—	—	—	—	619,654
Pledged bank deposits	124,747	—	—	—	—	—	—	—	—	124,747
Cash in transit	13,417	101	—	—	—	—	—	—	—	13,518
Restricted cash	2,763	3	—	—	—	—	—	—	—	2,766
Cash and cash equivalents	<u>1,126,654</u>	<u>7,487</u>	<u>674</u>	<u>(63,168)</u>	<u>(496,177)</u>	<u>(55,645)</u>	<u>(4,218)</u>	<u>—</u>	<u>—</u>	<u>515,607</u>
	<u>2,675,999</u>	<u>170,873</u>	<u>71,285</u>	<u>(72,918)</u>	<u>(496,177)</u>	<u>(55,645)</u>	<u>(4,218)</u>	<u>—</u>	<u>(14,554)</u>	<u>2,274,645</u>

	The Group as at 30 June 2024 RMB'000 (Unaudited) Note 3	Jiguang Xinghui Group as at 30 September 2024 RMB'000 (Audited) Note 4	Jiguang Real Estate as at 30 September 2024 RMB'000 (Audited) Note 4	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 10	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 30 June 2024 RMB'000 (Unaudited)
Current liabilities										
Trade and bills payables	614,194	38,929	—	—	—	—	—	—	6,000	659,123
Amounts due to related parties	13,740	20,554	—	—	—	—	—	—	(20,554)	13,740
Amount due to shareholder	—	—	12,233	—	—	—	—	—	(12,233)	—
Other payables and accruals	103,106	53,631	52,867	(40,010)	—	—	—	—	12,233	181,827
Contract liabilities	137,380	53,740	—	—	—	—	—	—	—	191,120
Interest-bearing bank and other borrowings	373,928	66,249	—	(33,544)	350,000	—	—	—	—	756,633
Rent receipt in advance	—	—	488	—	—	—	—	—	—	488
Lease liabilities	31,170	11,255	—	—	—	—	—	—	(11,255)	31,170
Income tax payables	53,932	—	—	—	—	—	—	—	—	53,932
	<u>1,327,450</u>	<u>244,358</u>	<u>65,588</u>	<u>(73,554)</u>	<u>350,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(25,809)</u>	<u>1,888,033</u>
Net current assets (liabilities)	<u>1,348,549</u>	<u>(73,485)</u>	<u>5,697</u>	<u>636</u>	<u>(846,177)</u>	<u>(55,645)</u>	<u>(4,218)</u>	<u>—</u>	<u>11,255</u>	<u>386,612</u>
Total assets less current liabilities	<u>3,489,509</u>	<u>(22,283)</u>	<u>1,131,000</u>	<u>68,603</u>	<u>(1,127,265)</u>	<u>—</u>	<u>(4,218)</u>	<u>—</u>	<u>(7,299)</u>	<u>3,528,047</u>
Non-current liabilities										
Long-term rental deposit received	—	—	1,235	—	—	—	—	—	—	1,235
Amount due to a related party	—	—	2,500	—	—	—	—	—	(2,500)	—
Contract liabilities	152,626	19,640	—	—	—	—	—	—	—	172,266
Lease liabilities	233,155	10,124	—	—	—	—	—	—	(10,124)	233,155
Deferred tax liabilities	188,757	—	—	16,556	—	—	—	—	—	205,313
	<u>574,538</u>	<u>29,764</u>	<u>3,735</u>	<u>16,556</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(12,624)</u>	<u>611,969</u>
NET ASSETS (LIABILITIES)	<u>2,914,971</u>	<u>(52,047)</u>	<u>1,127,265</u>	<u>52,047</u>	<u>(1,127,265)</u>	<u>—</u>	<u>(4,218)</u>	<u>—</u>	<u>5,325</u>	<u>2,916,078</u>

	The Group as at 30 June 2024 RMB'000 (Unaudited) Note 3	Jiguang Xinghui Group as at 30 September 2024 RMB'000 (Audited) Note 4	Jiguang Real Estate as at 30 September 2024 RMB'000 (Audited) Note 4	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 10	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 30 June 2024 RMB'000 (Unaudited)
CAPITAL AND RESERVES										
Share capital	5,180	50,000	13,050	(50,000)	(13,050)	—	—	—	—	5,180
Reserves	2,696,400	(102,047)	1,114,215	102,047	(1,114,215)	—	(4,218)	—	5,325	2,697,507
Total equity attributable to equity shareholders of the Company	2,701,580	(52,047)	1,127,265	52,047	(1,127,265)	—	(4,218)	—	5,325	2,702,687
Non-controlling interests	213,391	—	—	—	—	—	—	—	—	213,391
TOTAL (CAPITAL DEFICIENCY) EQUITY	2,914,971	(52,047)	1,127,265	52,047	(1,127,265)	—	(4,218)	—	5,325	2,916,078

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP

	The Group for the year ended 31 December 2023 RMB'000 (Audited) Note 1	Jiagang Ninghui Group for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Jiagang Real Estate for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Pro forma adjustments (Unaudited) RMB'000 Note 6	Pro forma adjustments (Unaudited) RMB'000 Note 7	Pro forma adjustments (Unaudited) RMB'000 Note 8	Pro forma adjustments (Unaudited) RMB'000 Note 9	Pro forma adjustments (Unaudited) RMB'000 Note 11	The Enlarged Group for the year ended 31 December 2023 RMB'000 (Unaudited)
Profit (loss) before taxation	133,385	(28,201)	(50,854)	(2,215)	17,190	4,148	(4,218)	—	69,235
Adjustments for:									
Depreciation	194,537	15,245	53,902	—	(17,190)	1,686	—	—	248,180
Amortisation of intangible assets	38,910	7	—	2,215	—	—	—	—	41,132
Finance costs	47,515	5,523	—	—	—	—	—	—	53,038
Interest income	(18,171)	(14)	(1)	—	—	—	—	—	(18,186)
Write-down of inventories to net realisable value	16,446	5,418	—	—	—	—	—	—	21,864
Gain on sale of property, plant and equipment	(5,884)	951	—	—	—	—	—	—	(4,933)
Equity settled share-based transactions	7,203	—	—	—	—	—	—	—	7,203
Changes in working capital:									
Decrease (increase) in inventories	36,040	17,795	—	—	—	—	—	—	53,835
Decrease (increase) in trade receivables	1,562	491	—	—	—	—	—	—	2,053
Decrease in cash in transit	3,916	1,952	—	—	—	—	—	—	5,868
Decrease (increase) in restricted cash	4,434	—	—	—	—	—	—	—	4,434
Increase in amounts due from related parties	(14,285)	2,765	(2,891)	—	—	—	—	(9,174)	(23,585)
Decrease (increase) in prepayments, other receivables and other assets	212,692	(4,691)	(546)	—	—	—	—	—	207,455
Increase in trade and bills payables	57,611	(4,340)	—	—	—	—	—	—	53,271
(Decrease)/increase in amounts due to related parties	(849)	1,891	(195)	—	—	—	—	—	847
Decrease in other payables and accruals	(41,275)	7,523	1,310	—	—	—	—	—	(32,442)
Decrease in receipts in advance	—	—	(562)	—	—	—	—	—	(562)
Decrease in contract liabilities	(4,691)	9,691	—	—	—	—	—	—	5,000
Cash generated from (used in) operations	669,096	32,006	163	—	—	5,834	(4,218)	(9,174)	693,707
Interest received	18,171	14	1	—	—	—	—	—	18,186
Income taxes paid	(44,417)	(2,405)	(1,013)	—	—	—	—	—	(47,835)
Net cash generated from (used in) operating activities	642,850	29,615	(849)	—	—	5,834	(4,218)	(9,174)	664,058

	The Group for the year ended 31 December 2023 RMB'000 (Audited) Note 1	Jiagang Ninghui Group for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Jiguang Real Estate for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 31 December 2023 RMB'000 (Unaudited)
Investing activities									
Proceeds from disposal of property, plant and equipment	114,496	6,551	—	—	—	—	—	—	121,047
Acquisition of items of property, plant and equipment	(184,467)	(13,182)	—	—	(197,489)	—	—	—	(395,138)
Acquisition of items of investment property	—	—	—	—	(43,401)	(55,645)	—	—	(99,046)
Acquisition of items of right-of-use assets	—	—	—	—	(603,325)	—	—	—	(603,325)
Acquisition of net assets from Jiguang Real Estate (other than property, plant and equipment, investment properties and right-of-use assets)	—	—	—	—	(1,962)	—	—	—	(1,962)
Payment for acquisition of subsidiaries, net of cash acquired	(83,575)	—	—	(63,168)	—	—	—	—	(146,743)
Acquisition of items of intangible assets	(18,543)	—	—	—	—	—	—	—	(18,543)
Net cash used in investment activities	(172,089)	(6,631)	—	(63,168)	(846,177)	(55,645)	—	—	(1,143,710)

	The Group for the year ended 31 December 2023 RMB'000 (Audited) Note 1	Jigang Ninghui Group for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Jigang Real Estate for the year ended 31 December 2023 RMB'000 (Audited) Note 2	Pro forma adjustments RMB'000 (Unaudited) Note 6	Pro forma adjustments RMB'000 (Unaudited) Note 5 and 7	Pro forma adjustments RMB'000 (Unaudited) Note 8	Pro forma adjustments RMB'000 (Unaudited) Note 9	Pro forma adjustments RMB'000 (Unaudited) Note 11	The Enlarged Group for the year ended 31 December 2023 RMB'000 (Unaudited)
Financing activities									
Proceeds from bank and other borrowings	2,587,297	262,575	—	—	350,000	—	—	—	3,199,872
Repayment of bank and other borrowings	(2,718,069)	(264,346)	—	—	—	—	—	—	(2,982,415)
Increase in pledged bank deposits	(72,190)	—	—	—	—	—	—	—	(72,190)
Interest paid	(27,936)	(3,391)	—	—	—	—	—	—	(31,327)
Dividends paid to equity shareholders of the Company	(18,675)	—	—	—	—	—	—	—	(18,675)
Proceeds from sale and lease-back transactions	26,174	3,313	—	—	—	—	—	—	29,487
Payment of sale and lease-back transactions	(24,372)	(3,689)	—	—	—	—	—	—	(28,061)
Capital element of lease rentals paid	(48,038)	(7,477)	—	—	—	—	—	7,477	(48,038)
Interest element of lease rentals paid	(18,650)	(1,697)	—	—	—	—	—	1,697	(18,650)
Net cash (used in)/generated from financing activities	(314,459)	(14,712)	—	—	350,000	—	—	9,174	30,003
Net increase (decrease) in cash and cash equivalents	156,302	8,272	(849)	(63,168)	(496,177)	(49,811)	(4,218)	—	(449,649)
Cash and cash equivalents at 1 January 2023	701,887	6,085	1,459	—	—	—	—	—	709,431
Effect of foreign exchange rate changes	282	—	—	—	—	—	—	—	282
Cash and cash equivalents at 31 December 2023	858,471	14,357	610	(63,168)	(496,177)	(49,811)	(4,218)	—	260,064

Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group:

1. The audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cashflows of the Group for the year ended 31 December 2023 are extracted from the annual report of the Group for the year ended 31 December 2023 dated 22 March 2024.
2. The audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cashflows of the Target Companies for the year ended 31 December 2023 are extracted from the Accountants' reports in Appendix II(A) and II(B) to this circular.
3. The unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024 are extracted from the interim report of the Group for the six months ended 30 June 2024.
4. The audited consolidated statement of financial position of the Target Companies as at 30 September 2024 are extracted from the Accountants' reports in Appendix II(A) and II(B) to this circular.
5. Pursuant to the creditor's rights transfer agreement dated 7 November 2024 (the "**Transfer Agreement**") entered by a subsidiary of the Group, Beijing BetterLife Automobile Import and Export Group Co., Ltd.* (北京百得利汽車進出口集團有限公司) ("**Beijing BetterLife Group**") and Mengshang Bank Co., Ltd. (蒙商銀行股份有限公司) ("**Mengshang Bank**"), a principal creditor's rights amounting to approximately RMB4,689.2 million (the "**Creditor's Rights**") would be transferred from Mengshang Bank to Beijing BetterLife Group for a cash consideration of RMB964,990,037.65 (the "**Consideration**"). The Consideration will be funded by bank loan amounting to approximately RMB350 million and the Group's internal resources. On the same date, a debt settlement agreement (the "**Debt Settlement Agreement**") was entered into by Beijing BetterLife Group, as creditor, and the debtors within the Transfer Agreement (the "**Debtors**") and Ms. Yu Yao. Pursuant to the Debt Settlement Agreement, the Debtors agreed to transfer the assets including (i) 100% equity interest of Beijing Jiguang Real Estate Development Co., Ltd.* (北京極光置業房地產開發有限公司) ("**Jiguang Real Estate**"); (ii) the business of Beijing Jiguang Xinghui Automobile Sales and Service Co., Ltd.* (北京極光星徽汽車銷售服務有限公司) ("**Jiguang Xinghui**") and its subsidiaries (collectively referred as to "**Jiguang Xinghui Group**") and (iii) two properties located in Beijing, the PRC (referred as to "**Shunfeng Properties**" and "**Yunzhong Properties**") (collectively referred to as the "**Target Assets**") (the "**Acquisitions**"). As such, the Directors allocated the Consideration based on the market value of each Target Assets at 30 September 2024 (the

* For identification purpose only

“Allocation”) with reference to the valuations as at 30 September 2024 conducted by an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“JLL”). The Allocation is shown as follows:

Target Assets	Market values stated in valuation report RMB'000	Value used to allocate consideration RMB'000	Allocated consideration RMB'000
100% equity interest of Jiguang Real Estate	1,127,262	1,125,300	846,177
Business of Jiguang Xinghui Group	62,218	84,005	63,168
Shunfeng Properties and Yunzhong Properties	74,000	74,000	<u>55,645</u>
			<u>964,990</u>

Note:

The difference between the market value stated in valuation report and the value used to allocate consideration mainly represented the intra-group balances that will be eliminated in consolidation in the Enlarged Group and the allocation is prepared solely for illustrative purpose only.

6. Jiguang Xinghui Group has operation before the completion of the Acquisitions. Therefore, the identifiable assets and liabilities of Jiguang Xinghui Group will be accounted for in the consolidated statement assets and liabilities of the Enlarged Group at their fair value under the acquisition method in accordance with the International Financial Reporting Standard 3 “Business Combination” (“IFRS 3”) issued by the International Accounting Standards Board on the Unaudited Pro Forma Financial Information of the Enlarged Group.

The amounts of fair values of the identified assets and liabilities of Jiguang Xinghui Group are subject to the change on the date of completion of the Acquisitions. In this context, the fair value of identified assets and liabilities and goodwill could differ from those estimated amounts used in the preparation of the Unaudited Pro Forma Financial Information.

The adjustment of the acquisition of Jiguang Xinghui Group is calculated as follows:

	<i>Notes</i>	<i>RMB'000</i>
Consideration	a	63,168
Net liabilities of Jiguang Xinghui Group as at 30 September 2024	b	(18,503)
Add: Items that would not be taken up by the Group in the Acquisitions:	c	
— Other receivables		(9,750)
— Other payables		40,010
Add: Fair value adjustments	d	
— Property, plant and equipment		(223)
— Intangible assets identified through the Acquisitions	e	66,446
— Deferred tax liabilities	f	<u>(16,556)</u>
Fair value of identifiable assets acquired and liabilities assumed		<u>61,424</u>
Goodwill arising from the acquisition of Jiguang Xinghui Group	g	<u><u>1,744</u></u>

Notes:

- a) The purchase consideration of Jiguang Xinghui Group represented the cash consideration of RMB63,168,000 paid as mentioned the Allocation stated in note 5 of this Unaudited Pro Forma Financial Information.
- b) The amount represented the net liabilities of Jiguang Xinghui Group as at 30 September 2024 which are extracted from the Accountants' reports of the Circular deducted by the bank borrowings of RMB33,544,000 (note 22 of Appendix II(B)) as part of the Creditor's Rights acquired by Beijing BetterLife Group in this transaction.
- c) In the acquisition of the target business of Jiguang Xinghui, certain receivables and payables are not expected to be taken up by the Group. Adjustments have been made to reflect those assets and liabilities that are not included in the Acquisitions.
- d) The Directors have determined the fair value of the identifiable assets and liabilities of Jiguang Xinghui Group as at 30 September 2024 with reference to valuations conducted by JLL. The Unaudited Pro Forma Financial Information of the Enlarged Group is prepared solely for illustrative purposes.

- e) The unaudited pro forma fair value adjustments on intangible assets are related to car dealership of Jiguang Xinghui Group, the fair value of which is estimated based on the independent valuation report prepared by an independent professional valuer, JLL as at 30 September 2024. The unaudited pro forma fair value of intangible assets is estimated at approximately RMB66,446,000 as at 30 September 2024 based on multi period excess earnings method. The dealership classified as intangible assets in the consolidated financial statements will be amortised with a useful life of 30 years. As such, an annual amortisation expense of approximately RMB2,215,000 is recognised in the selling and distribution expenses and respective deferred tax of approximately RMB554,000 is credited to the line of income tax expense in the pro forma consolidated statements of profit or loss.
- f) Deferred tax liabilities relating to the pro forma fair value adjustments of property, plant and equipment and the intangible assets acquired in the Acquisitions are calculated at the applicable PRC Enterprise income tax rate of 25%.
- g) According to the Group's accounting policy, after initial recognition, goodwill will be measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill is, from the acquisition date, allocated to one of the Enlarged Group's cash generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Enlarged Group are assigned to those units or groups of units.

Furthermore according to the Group's accounting policy, impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for the goodwill will not be reversed in a subsequent period. In the preparation of this Unaudited Pro Forma Financial Information of the Company, the Directors had performed an impairment assessment of the goodwill in accordance with IAS 36 Impairment of Assets and the Group's accounting policy. Based on the impairment assessment, the recoverable amount of the cash-generating unit in which Jiguang Xinghui Group was assigned exceeds its carrying amount. Accordingly, no pro forma adjustment in respect of goodwill impairment is made by the Directors in the Unaudited Pro Forma Financial Information for the Enlarged Group. Based on the assessment results, the Directors concluded that there is no impairment in goodwill if the Acquisitions had been completed on 30 September 2024. The goodwill impairment assessment will be conducted upon actual completion of the Acquisitions.

7. Furthermore as described in note 5, 100% equity interest in Jiguang Real Estate would be acquired. The purpose of acquiring Jiguang Real Estate is to acquire properties, investment properties and right-of-use assets owned by Jiguang Real Estate. Under the IFRS 3, it meets the concentration test as substantially all of the fair value of the gross assets of Jiguang Real Estate is concentrated in a group of similar identifiable assets, which are the land and buildings attached located in the same location (the "**Jiguang Properties**"). Therefore, the Acquisition is accounted for as an asset acquisition.

The carrying amount of the Jiguang Properties to be recorded by the Group upon the completion of the Acquisitions is analysed as follows:

	<i>Notes</i>	<i>RMB'000</i>
Consideration	a	846,177
Less: Net assets (other than properties, investment properties and right-of-use assets) of Jiguang Real Estate as at 30 September 2024	b	<u>1,962</u>
Consideration for acquiring the properties, investment properties and right-of-use assets	c	<u><u>844,215</u></u>

Notes:

- a) The purchase consideration of Jiguang Real Estate represented the cash consideration of RMB846,177,000 paid as mentioned the allocation in note 5 of this Unaudited Pro Forma Financial Information. The adjustment reflected the consideration will be funded by a bank loan amounting to RMB350 million and the Group's internal resources.
 - b) Apart from properties, investment properties and right-of-use assets, the remaining assets and liabilities acquired from Jiguang Real Estate.
 - c) After acquiring the equity interest in Jiguang Real Estate which is accounted as an asset acquisition, adjustments represent the differences between the carrying amounts of properties of approximately RMB59,654,000, investment properties of approximately RMB14,450,000 and right-of-use assets of approximately RMB206,984,000 in Jiguang Real Estate and the considerations of acquiring those assets using asset acquisition are provided. In addition, adjustment of annual depreciation charges of RMB17,190,000 in respect of these properties is recognised in the line of administrative expenses in the pro forma consolidated statements of profit or loss.
8. The adjustment represents the two properties have been acquired at an allocated cash consideration of approximately RMB55,645,000 in the Acquisitions and classified as investment properties ("**Shunfeng Properties**" and "**Yunzhong Properties**"). Shunfeng Properties and Yunzhong Properties are leased to third parties, generating total rental income of approximately RMB5,834,000 (net of tax of approximately RMB537,000), respectively. The rental income would be recognised in the line of other income in the pro forma consolidated profit or loss and other comprehensive income. Furthermore, annual depreciation charges of investment properties of approximately RMB1,686,000 is recognised in the line of administrative expenses in the pro forma consolidated statements of profit or loss.
 9. The adjustment represents the estimated acquisition-related transaction costs of approximately RMB4,218,000, including but not limited to legal and professional fees, directly attributable to the Acquisitions.

10. The adjustment represents the reclassification of investment properties to property, plant and equipment and right-of-use assets, in respect of the properties owned by Jiguang Real Estate which is leased to an independent third party and Jiguang Xinghui Group as part of the Enlarged Group's operation, and the reclassification of revenue to other income and property expenses to administration costs according to the Group's reclassification.
11. The adjustment also represents the elimination of transactions and balances between the Target Companies and the reclassification of balances as if the Acquisitions had taken place on 1 January 2023 or 30 September 2024.

In respect of the leasing arrangement between Jiguang Real Estate and Jiguang Xinghui, the respective rental and property management income of approximately RMB22,041,000 earned by Jiguang Real Estate and the respective selling and distribution expenses of amortisation charge of right-of-use assets used as exhibition hall of approximately RMB9,760,000, administrative expenses of amortisation charge of right-of-use assets and property management costs of approximately RMB10,585,000 and finance costs of approximately RMB1,696,000 incurred by Jiguang Xinghui are eliminated in consolidation. Meanwhile, the respective right-of-use assets of approximately RMB14,279,000, lease liabilities of approximately RMB21,379,000, amounts due from related parties of approximately RMB17,054,000 between Jiguang Real Estate and Jiguang Xinghui and deferred taxation are also eliminated in consolidation.

Further, after the Acquisitions, balances with the related parties of approximately RMB6,000,000 and RMB12,233,000 have been reclassified to balances with independent third parties i.e. in the line of trade payables and other payables in the pro forma consolidated statement of financial position.

Apart from the amortisation of intangible assets and related tax arising from the acquisition of Jiguang Xinghui Group; and the rental income and depreciation of the Shunfeng Properties and Yunzhong Properties, no other adjustment would have continuing effect.

12. Apart from the above, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group and the Target Companies subsequent to 30 September 2024 as if the Acquisitions had taken place on 30 June 2024 and 1 January 2023.