

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the accountants' report prepared by BDO Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "FINANCIAL INFORMATION OF OUR GROUP" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma financial information prepared in accordance with paragraph 7.31 of the GEM Listing Rules and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA is for illustrative purpose only, and is set out herein to provide the prospective investors with further illustrative financial information about the effect of the Share Offer on the consolidated net tangible assets of the Group as at 31 December 2019 as if the Share Offer had taken place on 31 December 2019. Because of its hypothetical nature, the unaudited pro forma financial information may not give a true picture of the financial position of our Group had the Share Offer been completed on 31 December 2019 or at any future dates.

	Consolidated net tangible assets attributable to the owners of the Company as at 31 December 2019	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company	Unaudited pro forma adjusted consolidated net tangible assets per Share	Unaudited pro forma adjusted consolidated net tangible assets per Share
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>HK\$</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>
Based on the Offer Price of HK\$0.40 per Share	<u>111,645</u>	<u>49,291</u>	<u>160,936</u>	<u>0.20</u>	<u>0.23</u>
Based on the Offer Price of HK\$0.25 per Share	<u>111,645</u>	<u>25,531</u>	<u>137,176</u>	<u>0.17</u>	<u>0.19</u>

Notes:

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019 is extracted from the consolidated net assets of approximately RMB111,757,000 adjusted by excluding the intangible assets of approximately RMB112,000 as at 31 December 2019, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

- (2) The estimated net proceeds from the issue of new Shares pursuant to the Share Offer are based on 200,000,000 Offer Shares to be issued at the Offer Price of HK\$0.25 and HK\$0.40 per Share, being the lower end to higher end of the stated Offer Price range, respectively, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme and the Shares which may be issued upon the exercise of Offer Size Adjustment Option. The estimated net proceeds from the Share Offer are converted from Hong Kong dollars to RMB at an exchange rate of RMB1 to HK\$1.14.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 800,000,000 Shares in issue immediately following the completion of the Share Offer as set out in the “Share Capital” section to this prospectus, but takes no account of any Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme and the Shares which may be issued upon the exercise of Offer Size Adjustment Option or any Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted to Hong Kong dollars at an exchange rate of RMB1 to HK\$1.14. No presentation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that date.
- (5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group enter into subsequent to 31 December 2019.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong.



Tel : +852 2218 8288
Fax : +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話 : +852 2218 8288
傳真 : +852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**To the directors of China Saftower International Holding Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Saftower International Holding Group Limited (the “Company”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of consolidated net tangible assets of the Company as at 31 December 2019 and related notes as set out on pages II-1 to II-2 of Appendix II of the Company’s prospectus dated 24 June 2020 (the “Prospectus”) in connection with the proposed initial public offering of the shares of the Company (the “Share Offer”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Share Offer on the Company’s consolidated financial position as at 31 December 2019 as if the Share Offer had taken place at 31 December 2019. As part of this process, information about the Company’s consolidated financial position has been extracted by the directors of the Company from the Company’s financial information for the year ended 31 December 2019, on which an accountants’ report set out in Appendix I of the Prospectus 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 Listing 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 (the “HKICPA”).

Our Independence and Quality Control

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 Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and 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 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 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 Listing Rules and with reference to AG 7 issued by 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 a prospectus 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 Share Offer at 31 December 2019 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' judgement, having regard to the reporting accountants' understanding of the nature of the entity, 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 Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

24 June 2020