

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report prepared by Mazars CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to equity owners of the Company at 30 September 2022 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to equity owners of the Company at 30 September 2022 or at any future dates following the Global Offering. It is prepared based on the audited combined net tangible assets of the Group attributable to equity owners of the Company at 30 September 2022 as set out in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this prospectus.

| | Audited combined net tangible assets attributable to owners of the Company at 30 September 2022 | | Estimated net proceeds from the Global Offering | | Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company | | Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share | |
|---|---|-----------------------------|---|-----------------------------|---|----------|---|-------------------------|
| | <i>(Note 1)</i> RMB'000 | <i>(Note 5)</i> HK\$'000 | <i>(Note 5)</i> RMB'000 | <i>(Note 2)</i> HK\$'000 | RMB'000 | HK\$'000 | <i>(Note 5)</i> RMB | <i>(Note 3)</i> HK\$ |
| Based on the Offer Price of HK\$0.945 per Offer Share, after a Downward Offer Price Adjustment of 10% | 184,316 | 203,664 | 138,955 | 153,541 | 323,271 | 357,205 | 0.32 | 0.36 |
| Based on the Offer Price of HK\$1.05 per Offer Share . . | 184,316 | 203,664 | 155,926 | 172,294 | 340,242 | 375,958 | 0.34 | 0.38 |
| Based on the Offer Price of HK\$1.35 per Offer Share . . | 184,316 | 203,664 | 204,416 | 225,874 | 388,732 | 429,538 | 0.39 | 0.43 |

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

1. The audited combined net tangible assets of the Group attributable to owners of the Company at 30 September 2022 is based on the audited combined net assets attributable to owners of the Company at 30 September 2022 of approximately RMB184,409,000 with an adjustment for the intangible assets of approximately RMB93,000 at 30 September 2022, extracted from the Group's combined financial information included in the Accountants' Report as set out in Appendix I to this prospectus.
2. The estimated net proceeds from the Global Offering are based on 190,000,000 new Shares and the indicative Offer Price of HK\$1.05 and HK\$1.35 per Offer Share, respectively, and also based on the Offer Price of HK\$0.945 per Offer Share, after a Downward Offer Price Adjustment of 10%, after deduction of relevant estimated underwriting commissions and fees and other related expenses payable by the Company excluding approximately RMB16,366,000 (equivalent to approximately HK\$18,084,000) listing-related expenses which has been accounted for prior to 30 September 2022. The estimated net proceeds have not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
3. The calculation of the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is based on 1,000,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Global Offering. It has not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.
4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 September 2022.
5. These amounts are converted from Renminbi to Hong Kong dollars or Hong Kong dollars to Renminbi at an exchange rate of RMB0.905 to HK\$1.000. No representation is made that Renminbi/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Renminbi at that rate or at all.

The following is the text of a report received from the independent reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

**B. ASSURANCE REPORT FROM THE INDEPENDENT REPORTING ACCOUNTANTS
ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET
TANGIBLE ASSETS OF THE GROUP**



21 March 2023

The Board of Directors
China Treasures New Materials Group Ltd.
Soochow Securities International Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Treasures New Materials Group Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) prepared by the directors of the Company (the “**Directors**”). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to the equity owners of the Company at 30 September 2022 and related notes as set out on pages II-1 and II-2 of Appendix II to the prospectus issued in connection with the initial listing of the Company’s shares in the Main Board of The Stock Exchange of Hong Kong Limited dated 21 March 2023 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group’s combined financial position at 30 September 2022 as if the Global Offering had taken place on 30 September 2022. As part of this process, information about the Group’s financial position at 30 September 2022 has been extracted by the Directors from the Group’s combined historical financial information included in the Accountants’ Report as set out in Appendix I to the Prospectus.

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 4.29 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” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting accountants' 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 behaviour.

We apply Hong Kong Standard on Quality Control 1 “Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintain 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 4.29 (7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did 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 date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 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 have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

For purpose 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 Group 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 events or transactions at 30 September 2022 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 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 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 4.29(1) of the Listing Rules.

Yours faithfully,

Mazars CPA Limited

Certified Public Accountants

Hong Kong