

**B. REPORT ON REVIEW OF HISTORICAL FINANCIAL INFORMATION OF THE DECONSOLIDATED SUBSIDIARIES**

To the Directors of Fullsun International Holdings Group Co., Limited

**Introduction**

We were engaged to review the historical financial information set out on pages 1 to 12, which comprises the unaudited condensed combined statements of financial position of Gold Asset Investment Limited (“**Gold Asset**”), Wise Think Global Limited (“**Wise Think**”) and Vivalink Limited (“**Vivalink**”) (collectively the “**Deconsolidated Subsidiaries**”) as at 31 December 2020, 2021 and 2022, and the unaudited condensed combined statements of profit or loss and other comprehensive income, unaudited condensed combined statements of changes in equity and unaudited condensed combined statements of cash flows for the years ended 31 December 2020, 2021 and 2022 (the “**Relevant Periods**”) and explanatory notes (collectively the “**Historical Financial Information of the Deconsolidated Subsidiaries**”) which have been prepared on the basis set out in Note 2 to the Historical Financial Information of the Deconsolidated Subsidiaries and paragraph 14.68(2)(a)(i)(A) of the Listing Rules. Unless the context otherwise requires, capitalised terms used in this report shall have the same meanings as defined in this circular.

The Directors are responsible for the presentation and preparation of the Historical Financial Information of the Deconsolidated Subsidiaries in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information of the Deconsolidated Subsidiaries and paragraph 14.68(2)(a)(i)(A) of the Listing Rule. The Directors are also responsible for such internal control as management determines is necessary to enable the preparation of Historical Financial Information of the Deconsolidated Subsidiaries that is free from material misstatement, whether due to fraud or error. The Historical Financial Information of the Deconsolidated Subsidiaries does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard (“**HKAS**”) 1 “Presentation of Financial Statements” or an interim financial report as defined in HKAS 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Our responsibility is to express a conclusion on this Historical Financial Information of the Deconsolidated Subsidiaries based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

We planned to conduct our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA and with reference to Practice Note 750, “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the HKICPA. A review of the Historical Financial Information of the Deconsolidated Subsidiaries consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

However, because of the matters described in the “Basis for Disclaimer of Conclusion” section of our report, we were not able to carry out sufficient review procedures to provide a basis for a conclusion on the Historical Financial Information of the Deconsolidated Subsidiaries.

### **Basis for Disclaimer of Conclusion**

#### *Limited assess to books of account and records of the Deconsolidated Subsidiaries*

Gold Asset and Wise Think were deconsolidated 30 November 2021 as a consequence of the default of a borrowing of Vivalink (“**Sure Valued Borrowing**”), details of which are set out in Note 2 of the consolidated financial statement of the Company’s annual report for the year ended 31 December 2021. During the year ended 31 December 2022, the management of the Company, having considered actions taken by Receivers on Vivalink, including appointment of director and assets realisation of Gold Asset and Wise Think, deemed the Group no longer control Vivalink and accordingly, deconsolidation Vivalink, effective from 1 January 2022. Subsequent to the deconsolidation of the Deconsolidated Subsidiaries on 30 November 2021 and 1 January 2022, respectively, the Directors believes that due to limited assess to books of account and records available to the Company, it is almost impossible and nor practicable to ascertain the transactions and balances of Gold Asset and Wise Think in respect of the year ended 31 December 2021 and 2022 as well as the transactions and



balances of Vivalink in respect of the year ended 31 December 2022 included in this Historical Financial Information of the Deconsolidated Subsidiaries. In this connection, no representation is made by the Directors as to the completeness, existence and accuracy of the transactions and balances, and whether the Historical Financial Information of the Deconsolidated Subsidiaries has been prepared in accordance with HKAS 34 and in compliance with the paragraph 14.68(2)(a)(i)(A) of the Listing Rule.

### **Material Uncertainties Related to Going Concern**

The Directors expects that equity interests and assets of each of the Deconsolidated Subsidiaries, which subject to enforcement actions with Receivers appointed, will be realised and apply to settle the Sure Valued Borrowing in priority. Any residual value in the Deconsolidated Subsidiaries that may be returned from the Receivers after the conclusion of the enforcement actions by the Receivers will be transferred to a holding company deployed by the Scheme Administrators (the "SchemeCo") which is conditionally to the consent from the Receivers.

As disclosed in Note 2 to the Historical Financial Information of the Deconsolidated Subsidiaries which indicates that the Deconsolidated Subsidiaries had net current liabilities of RMB379,951,000 and net liabilities of RMB371,102,000 as of 31 December 2022. The Historical Financial Information of the Deconsolidated Subsidiaries has been prepared by the Directors on a going concern basis, the validity of which depends upon on multiple factors, including: 1. the successful completion of the Group Reorganisation and approval of the Creditors' Scheme; 2. the Receivers, lenders or assignee of the Sure Valued Borrowing and the Harbor Sure Borrowing will not demand repayments from the Deconsolidated Subsidiaries of the Sure Valued Borrowing and the Harbor Sure Borrowing as at 31 December 2022 and as at the date of the completion of the Group Reorganisation unless the Deconsolidated Subsidiaries are in a financial position to pay; and 3. the continuing financial support from the Receivers or the SchemeCo for the next twelve months from 31 December 2022 within which the equity interests and assets realisation progress of the Deconsolidated Subsidiaries will not be completed. In the absence of written confirmations provided by the Receivers, lenders and assignee of the Sure Valued Borrowing and the Harbor Sure Borrowing, these conditions, along with other matters as set forth in Note 2 to the Historical Financial Information of the Deconsolidated Subsidiaries, indicate the existence of material uncertainties which may cast significant doubt on the Deconsolidated Subsidiaries' ability to continue as a going concern.

### Disclaimer of Conclusion

Because of the significance of the matters described in the “Basis for Disclaimer of Conclusion” section of our report, we were unable to carry out sufficient review procedures to provide a basis for a conclusion on the Historical Financial Information of the Deconsolidated Subsidiaries. Accordingly, we do not express a conclusion on the Historical Financial Information of the Deconsolidated Subsidiaries.

**PKF Hong Kong Limited**



*Certified Public Accountants*

Hong Kong

23 June 2023

**Unaudited condensed combined statements of profit or loss and other comprehensive income of the Deconsolidated Subsidiaries**

For the years ended 31 December 2020, 2021 and 2022

	For the year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)
Revenue	139,113	182,964	180,421
Cost of sales	<u>(245,559)</u>	<u>(243,472)</u>	<u>(250,275)</u>
Gross loss	(106,446)	(60,508)	(69,854)
Other gains and losses	5,733	3,462	(15,132)
Selling and distribution expenses	(17,253)	(16,779)	(14,884)
Administrative expenses	(2,474)	(8,133)	(583)
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")	-	194	208
Other expenses	(36)	-	-
Loss on disposal of a subsidiary	-	(52,537)	-
Finance costs	<u>(82,308)</u>	<u>(61,356)</u>	<u>(33,448)</u>
Loss before taxation	(202,784)	(195,657)	(133,693)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>
<b>Loss for the year</b>	<b><u>(202,784)</u></b>	<b><u>(195,657)</u></b>	<b><u>(133,693)</u></b>
<b>Other comprehensive (expense)/income</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign options	<u>(4,399)</u>	<u>(1,069)</u>	<u>1,539</u>
<b>Total comprehensive expense for the year</b>	<b><u>(207,183)</u></b>	<b><u>(196,726)</u></b>	<b><u>(132,154)</u></b>



**Unaudited condensed combined statements of financial position of the  
Deconsolidated Subsidiaries**

**As at 31 December 2020, 2021 and 2022**

	<b>As at 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
<b>Non-currents Asset</b>			
Financial assets at FVTPL	<u>-</u>	<u>7,987</u>	<u>8,849</u>
<b>Current Assets</b>			
Properties under development/properties for sale	606,590	353,410	124,886
Trade and other receivables and prepayments	18,256	62,154	2,294
Amounts due from the Retained Group	225,695	-	-
Amounts due from the Unrestricted Scheme Subsidiaries	584,912	478,349	559,396
Bank balances and cash	<u>154</u>	<u>895</u>	<u>64</u>
	<u>1,435,607</u>	<u>894,808</u>	<u>686,640</u>
<b>Current Liabilities</b>			
Trade and other payables and accruals	27,085	41,532	32,871
Contract liabilities	3,547	914	-
Tax payables	-	310	-
Amounts due to the Retained Group	89,900	228,086	246,434
Amounts due to the Unrestricted Scheme Subsidiaries	565,179	540,416	584,569
Borrowings – due within one year	<u>792,118</u>	<u>330,485</u>	<u>202,717</u>
	<u>1,477,829</u>	<u>1,141,743</u>	<u>1,066,591</u>
<b>Net Current Liabilities</b>	<u>(42,222)</u>	<u>(246,935)</u>	<u>(379,951)</u>
<b>Total Assets less Current Liabilities</b>	<u>(42,222)</u>	<u>(238,948)</u>	<u>(371,102)</u>
<b>Capital and Reserves</b>			
Share capital	305	305	305
Reserves	<u>(42,527)</u>	<u>(239,253)</u>	<u>(371,407)</u>
<b>Total deficit</b>	<u>(42,222)</u>	<u>(238,948)</u>	<u>(371,102)</u>

**Unaudited condensed combined statements of changes in equity of the  
Deconsolidated Subsidiaries**

**For the years ended 31 December 2020, 2021 and 2022**

	Share capital	Capital reserve	Other reserve	Capital contribution	Translation reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At 1 January 2020	305	(518,960)	61,295	46,652	(3,354)	579,023	164,961
Loss for the year	-	-	-	-	-	(202,784)	(202,784)
Other comprehensive expense for the year	-	-	-	-	(4,399)	-	(4,399)
At 31 December 2020 and 1 January 2021	305	(518,960)	61,295	46,652	(7,753)	376,239	(42,222)
Loss for the year	-	-	-	-	-	(195,657)	(195,657)
Other comprehensive expense for the year	-	-	-	-	(1,069)	-	(1,069)
At 31 December 2021 and 1 January 2022	305	(518,960)	61,295	46,652	(8,822)	180,582	(238,948)
Loss for the year	-	-	-	-	-	(133,693)	(133,693)
Other comprehensive income for the year	-	-	-	-	1,539	-	1,539
At 31 December 2022	<u>305</u>	<u>(518,960)</u>	<u>61,295</u>	<u>46,652</u>	<u>(7,283)</u>	<u>46,889</u>	<u>(371,102)</u>

**Unaudited condensed combined statements of cash flows of the Deconsolidated Subsidiaries**

For the years ended 31 December 2020, 2021 and 2022

	For the year ended 31 December		
	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
<b>Cash flows from operating activities</b>			
Loss for before taxation	(202,784)	(195,657)	(133,693)
Adjustments:			
Change in fair value of financial assets at FVTPL	–	(194)	(208)
Finance costs	82,308	48,802	33,448
Impairment loss on properties under development/properties for sales	80,008	61,356	–
Operating cash flows before movements in working capital	(40,468)	(85,693)	(100,453)
Decrease in properties under development/properties for sales	193,702	204,378	228,524
(Increase)/decrease in trade and other receivables and prepayments	(16,568)	(43,898)	59,860
(Decrease)/increase in trade and other payables and accruals	(3,054)	15,240	(8,971)
Increase/(decrease) in contract liabilities	3,547	(2,633)	(914)
Changes in amounts due from/to the Retained Group and the Unrestricted Scheme Subsidiaries	125,523	436,819	(17,007)
<b>Net cash from operating activities</b>	<b>262,682</b>	<b>524,213</b>	<b>161,039</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings	(180,380)	(461,633)	(127,768)
Interest paid	(82,308)	(61,356)	(33,448)
<b>Net cash used in financing activities</b>	<b>(262,688)</b>	<b>(522,989)</b>	<b>(161,216)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6)</b>	<b>1,224</b>	<b>(177)</b>
Cash and cash equivalents at the beginning of the year	160	154	895
Effect of foreign exchange rate changes	–	(483)	(654)
<b>Cash and cash equivalents at the end of the year</b>	<b>154</b>	<b>895</b>	<b>64</b>



## Notes to the Historical Financial Information of the Deconsolidated Subsidiaries

For the years ended 31 December 2020, 2021 and 2022

### 1. General Information

Fullsun International Holdings Group Co., Limited (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) is incorporated in Bermuda as a limited liability company and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is Room 1811, 18/F, V Heun Building, 138 Queen’s Road Central, Central, Hong Kong. The principal activity of the Company is investment holding.

On 11 July 2022, the Company and the Subscriber entered into the conditional Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 1,307,019,402 Subscription Shares at the consideration of HK\$168,000,000. The Subscription is subject to various conditions, which includes but not limited to the completion of the Group Reorganisation. Upon completion of the Group Reorganisation, equity interests and assets of each of the Deconsolidated Subsidiaries, which subject to enforcement actions with Receivers appointed, will be realised and apply to settle the Sure Valued Borrowing in priority. Any residual value in the Deconsolidated Subsidiaries which may be returned from the Receivers after the conclusion of the enforcement actions by the Receivers will be transferred the SchemeCo. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as defined in this circular.

Upon completion of the Group Reorganisation, any residual interests in the Deconsolidated Subsidiaries will be derecognised.

The unaudited financial information has been prepared to present the combined financial information of the Deconsolidated Subsidiaries (the “**Historical Financial Information of the Deconsolidated Subsidiaries**”) solely for the purpose of inclusion in this circular in connection with the Very Substantial Disposal in Relation to the Group Reorganisation by the Company.

Items included in the Historical Financial Information of the Deconsolidated Subsidiaries are measured using the currency of the primary economic environment in which the entities operate (the “functional currency”), which is Renminbi. The Historical Financial Information of the Deconsolidated Subsidiaries is presented in Renminbi (“RMB”), which is consistent with the Group’s presentation currency and all values are rounded to the nearest thousands (RMB’000) except when otherwise indicated. The Historical Financial Information of the Deconsolidated Subsidiaries is unaudited, unless otherwise stated.

**2. Basis of Preparation and Presentation of the Historical Financial Information of the Deconsolidated Subsidiaries**

The Historical Financial Information includes the unaudited financial information of the Deconsolidated Subsidiaries on a combined basis.

The Historical Financial Information of the Deconsolidated Subsidiaries has been prepared under the historical cost convention except for certain financial asset which is measured at fair value at the end of each Relevant Periods. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Directors noted that the financial information in respect of the Deconsolidated Subsidiaries that is available to them may not be complete and sufficient to establish an accurate and reliable view of the transactions and balances of Gold Asset and Wise Think in respect of the years ended 31 December 2021 and 2022 as well as the transactions and balances of Vivalink in respect of the year ended 31 December 2022 and may contain significant errors when preparing the condensed combined statements of financial position, condensed combined statements of profit or loss and other comprehensive income, condensed combined statements of changes in equity and condensed combined statements of cash flows of the Deconsolidated Subsidiaries. Given the circumstance of limited access to books of account and records of the Deconsolidated Subsidiaries available to the Company, the Directors believe that it is almost impossible, and not practicable, to verify the financial information as reported in the unaudited Historical Financial Information of the Deconsolidated Subsidiaries. In this connection, no representation is made by the Directors as to the completeness, existence and accuracy of the transactions and balances, and whether the Historical Financial Information of the Deconsolidated Subsidiaries has been prepared in accordance with HKAS 34 and in compliance with the paragraph 14.68(2)(a)(i)(A) of the Listing Rule.



Upon completion of the Group Reorganisation, equity interests and assets of each of the Deconsolidated Subsidiaries, which subject to enforcement actions with Receivers appointed, will be realised and apply to settle the Sure Valued Borrowing in priority. Any residual value in the Deconsolidated Subsidiaries that may be returned from the Receivers after the conclusion of the enforcement actions by the Receivers will be transferred the SchemeCo which is conditionally to the consent from the Receivers.

The Historical Financial Information of the Deconsolidated Subsidiaries has been prepared by the Directors on a going concern basis, after given careful consideration to the future liquidity of the Deconsolidated Subsidiaries, in light of the fact that the Deconsolidated Subsidiaries had net current liabilities of RMB379,951,000 and net liabilities of RMB371,102,000 as of 31 December 2022, as the Directors believe: 1. the successful completion of the Group Reorganisation and approval of the Creditors' Scheme; 2. the Receivers, lenders or assignee of the Sure Valued Borrowing and the Harbor Sure Borrowing will not demand repayments from the Deconsolidated Subsidiaries of the Sure Valued Borrowing and the Harbor Sure Borrowing as at 31 December 2022 and the amounts as at the date of the completion of the Group Reorganisation unless the Deconsolidated Subsidiaries are in a financial position to pay; and 3. the continuing financial support from the Receivers or the SchemeCo for the next twelve months from 31 December 2022 within which the equity interests and assets realisation progress of the Deconsolidated Subsidiaries will not be completed. Consequently, the Historical Financial Information of the Deconsolidated Subsidiaries for the Relevant Periods have been prepared on a going concern basis.

Should the Deconsolidated Subsidiaries be unable to continue its business as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amounts, to reclassify non-current asset as current asset and to provide for any further liabilities which might arise.

For the purpose of preparing and presenting the financial information for the Relevant Periods, the Deconsolidated Subsidiaries have consistently adopted the same accounting policies as set out in the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022 .



The Historical Financial Information of the Deconsolidated Subsidiaries has been prepared solely for the purpose of inclusion in this circular in connection with the Group Reorganisation. It does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 "Presentation of Financial Statements" or an interim financial report as defined in HKAS 34 "Interim Financial Reporting" issued by the HKICPA. It should be read in connection with the annual report of the Company for the years ended 31 December 2020, 2021 and 2022.