

A. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL  
INFORMATION

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

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Fullsun International Holdings Group Co., Limited (the "Company") and its subsidiaries (collectively the "Group") excluding the Scheme Subsidiaries as defined in this circular by 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 31 December 2022, 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 2022, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages 1 to 19 in the circular issued by the Company dated 23 June 2023, in connection with the Very Substantial Disposal in Relation to Transfer of the Scheme Subsidiaries to the SchemeCo Pursuant to Creditors' Scheme (the "Group Reorganisation") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page 5.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Group Reorganisation on the Group's financial position as at 31 December 2022 and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Group Reorganisation had taken place at 31 December 2022 and 1 January 2022, respectively. As part of this process, information about the Group's financial position as at 31 December 2022, financial performance and cash flows for the year ended 31 December 2022 has been extracted by the Directors from the published annual report of the Company for the year ended 31 December 2022.



## **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 ("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 behaviour.

Our firm applies Hong Kong Standard on Quality Management ("HKSQM") 1 "Quality Management for Firms that Perform Audits and 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 Accountant's 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 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 accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled 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.



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 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 Group Reorganisation at 31 December 2022 or 1 January 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 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 accountant's judgement, having regard to the reporting accountant's 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 by the Directors 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.

**PKF Hong Kong Limited**



*Certified Public Accountants*

*Hong Kong*

23 June 2023



## B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RETAINED 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 statement of cash flows of Fullsun International Holdings Group Co., Limited (the “Company”) and its subsidiaries (collectively the “Group”) excluding the Scheme Subsidiaries, which comprised of the Unrestricted Scheme Subsidiaries and the Deconsolidated Subsidiaries as defined in Appendix II in this circular (collectively the “Retained Group”) (the “Unaudited Pro Forma Financial Information”), which have been prepared in accordance with paragraph 4.29 of the Listing Rules and on the basis of the notes set out below, in connection with the Very Substantial Disposal in Relation to Transfer of the Scheme Subsidiaries to the SchemeCo Pursuant to Creditors’ Scheme (the “Group Reorganisation”) as if the Group Reorganisation had taken place on 31 December 2022 for the unaudited pro forma consolidated statement of financial position, and 1 January 2022 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows, respectively.

The Unaudited Pro Forma Financial Information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2022 and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows for the year ended 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 and the Historical Financial Information of the Unrestricted Scheme Subsidiaries and the Deconsolidated Subsidiaries as set out in Appendix II in this circular, respectively. The Unaudited Pro Forma Financial Information of the Retained Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Group Reorganisation that are (i) directly attributable to the Group Reorganisation; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 4.29 of 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 financial position of the Retained Group as at 31 December 2022 or at any future date, or the financial performance and cash flows of the Retained Group for the year ended 31 December 2022 or for any future period.

The Unaudited Pro Forma Financial Information should be read in conjunction with the published annual report of the Company for the year ended 31 December 2022 and the Historical Financial Information of the Unrestricted Scheme Subsidiaries and the Deconsolidated Subsidiaries as set out in Appendix II in this circular and other financial information included elsewhere in this circular.

## UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

Retained group

	Consolidated statement of financial position of the Group as at 31 December 2022						Unaudited pro forma consolidated statement of financial position of the Retained Group as at 31 December 2022
	RMB'000 (Note 1)	Pro forma adjustments					RMB'000 (Note 2(e))
		RMB'000 (Note 2(a))	RMB'000 (Note 2(b))	RMB'000 (Note 2(c))	RMB'000 (Note 2(d))	RMB'000 (Note 2(e))	
<b>Non-Current Assets</b>							
Property, plant and equipment	21,481	(270)	-	-	-	-	21,211
Right-of-use assets	20,831	-	-	-	-	-	20,831
Investment properties	657,490	-	-	-	-	-	657,490
Equity instrument designated at fair value through other comprehensive income ("FVTOCI")	500	-	-	-	-	-	500
Deferred tax assets	131,844	-	-	-	-	-	131,844
<b>Total Non-Current Assets</b>	<b>832,146</b>						<b>831,876</b>
<b>Current Assets</b>							
Properties under development/properties for sale	5,901,290	(2,695,142)	-	-	-	-	3,206,148
Trade and other receivables and prepayments	1,036,054	(155,032)	(393,507)	-	-	3,392,209	3,879,724
Amounts due from non-controlling shareholders	284,362	-	-	-	-	-	284,362
Prepaid income tax	177,684	(54,087)	-	-	-	-	123,597
Restricted bank deposits	10,448	(1,664)	-	-	-	-	8,784
Bank balances and cash	183,449	(20,804)	-	-	-	(28,585)	134,060
	7,593,287						7,636,675
Interests in the Deconsolidated Subsidiaries	22,714	-	(22,714)	-	-	-	-
<b>Total Current Assets</b>	<b>7,616,001</b>						<b>7,636,675</b>

	Consolidated statement of financial position of the Group as at 31 December 2022						Unaudited pro forma consolidated statement of financial position of the Retained Group as at 31 December 2022
	RMB'000 (Note 1)	Pro forma adjustments					RMB'000 (Note 2(e))
		RMB'000 (Note 2(a))	RMB'000 (Note 2(b))	RMB'000 (Note 2(c))	RMB'000 (Note 2(d))	RMB'000 (Note 2(e))	
<b>LIABILITIES</b>							
<b>Current Liabilities</b>							
Trade and other payables and accruals	3,088,388	(837,425)	(559,396)	(7,068)	-	2,372,000	4,056,499
Contract liabilities	1,722,401	(1,337,123)	-	-	-	-	385,278
Income tax payable	410,563	(11,002)	-	-	-	-	399,561
Borrowings – due within one year	2,695,270	(1,011,917)	-	(8,889)	-	-	1,674,464
<b>Total Current Liabilities</b>	<b>7,916,622</b>						<b>6,515,802</b>
<b>Net Current (Liabilities)/Assets</b>	<b>(300,621)</b>						<b>1,120,873</b>
<b>Total Assets less Current Liabilities</b>	<b>531,525</b>						<b>1,952,749</b>
<b>Capital and Reserves</b>							
Share capital	96,031	-	-	-	-	-	96,031
Reserves	(769,276)	270,468	143,175	24,801	43,303	991,624	704,095
(Deficit)/equity attributable to owners of the Company	(673,245)						800,126
Non-controlling interests	900,579	-	-	-	(43,303)	-	857,276
<b>Total Equity</b>	<b>227,334</b>						<b>1,657,402</b>
<b>Non-Current Liabilities</b>							
Borrowings – due after one year	8,844	-	-	(8,844)	-	-	-
Deferred tax liabilities	295,347	-	-	-	-	-	295,347
<b>Total Non-Current Liabilities</b>	<b>304,191</b>						<b>295,347</b>
	<b>531,525</b>						<b>1,952,749</b>



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

For the year ended 31 December 2022

Retained Group

	Pro forma adjustments				Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Retained Group for the year ended 31 December 2022
	Consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022				
	RMB'000 (Note 1)	RMB'000 (Note 3(a))	RMB'000 (Note 3(b))	RMB'000 (Note 3(c))	
Revenue					
Contracts with customers	1,793,263	(11,356)	-	-	1,781,907
Leases	500	-	-	-	500
	<u>1,793,763</u>				<u>1,782,407</u>
Total revenue	1,793,763				1,782,407
Cost of sales	(2,093,759)	124,893	-	-	(1,968,866)
	<u>(299,996)</u>				<u>(186,459)</u>
Gross loss	(299,996)				(186,459)
Other income	10,462	(201)	-	-	10,261
Other gains and losses	(83,194)	100,682	-	-	17,488
Selling and distribution expenses	(42,822)	5,407	-	-	(37,415)
Administrative expenses	(55,610)	4,189	-	-	(51,421)
Change in fair value of investment properties	(36,881)	-	-	-	(36,881)
Change in fair value of interests in the Deconsolidated Subsidiaries	(13,397)	13,397			-
Impairment losses	(283,578)	-	-	-	(283,578)
Other expenses	(722)	200	-	-	(522)
Gain on deconsolidation of a subsidiary	263,251	-	-	(263,251)	-
Gain on the Group Reorganisation	-	-	-	1,084,499	1,084,499
Finance costs	(136,954)	79,498	-	-	(57,456)
	<u>(679,441)</u>				<u>458,516</u>
(Loss)/profit before taxation	(679,441)	-			458,516
Income tax expense	(53,397)	(239)	-	-	(53,636)

	Consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022				Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Retained Group for the year ended 31 December 2022
	RMB'000 (Note 1)	Pro forma adjustments			RMB'000
		RMB'000 (Note 3(a))	RMB'000 (Note 3(b))	RMB'000 (Note 3(c))	
(Loss)/profit for the year	(732,838)				404,880
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating foreign operations	3,716	-	-	-	3,716
Release of translation reserve upon disposal of a subsidiary	8,110	-	-	-	8,110
Other comprehensive income for the year	11,826				11,826
Total comprehensive (expense)/income for the year	(721,012)				416,706
(Loss)/profit for the year attributable to:					
Owners of the Retained Group	(663,554)	316,470	4,686	821,248	478,850
Non-controlling interests	(69,284)	-	(4,686)	-	(73,970)
	(732,838)				404,880
Total comprehensive (expense)/income attributable to:					
Owners of the Retained Group	(651,728)	316,470	4,686	821,248	490,676
Non-controlling interests	(69,284)	-	(4,686)	-	(73,970)
	(721,012)				416,706

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Retained Group

	Consolidated statement of cash flows of the Group for the year ended 31 December 2022			Unaudited pro forma consolidated statement of cash flows of the Retained Group for the year ended 31 December 2022
	RMB'000 (Note 1)	Pro forma adjustments		RMB'000
		RMB'000 (Note 3(a))	RMB'000 (Note 3(c))	
<b>OPERATING ACTIVITIES</b>				
(Loss)/profit before taxation	(679,441)	403,312	1,084,499	808,370
Adjustments for:				
Gain on deconsolidation of a subsidiary	(263,251)		263,251	-
Gain on the Group Reorganisation	-		1,084,499	1,084,499
Depreciation of property, plant and equipment	1,598	(122)		1,476
Depreciation of right-of-use assets	792			792
Loss on disposal and written off of property, plant and equipment	5			5
Gain on termination of lease	(10)			(10)
Finance costs	136,954	(79,498)		57,456
Interest income	(5,828)	167		(5,661)
Exchange loss	83,194			83,194
Change in fair value of investment properties	36,881			36,881
Change in fair value of the interests in the Deconsolidated Subsidiaries	13,397	(13,397)		-
Impairment loss on properties under development/properties for sales	184,957	(107,791)		77,166
Impairment losses on other receivables	21,428			21,428
Impairment losses on amounts due from non-controlling shareholders, net of reversal	(9,456)			(9,456)
Impairment losses on amounts due from the Deconsolidated Subsidiaries	271,606			271,606
Operating cash flows before movements in working capital	(207,174)			258,748
Decrease in properties under development/properties for sale	1,507,592	368,031		1,875,623
Increase in trade and other receivables, and prepayments	(747,644)	(169,885)		(917,529)
Increase in trade and other payables, and accruals	958,635	(57,225)		901,410
Decrease in contract liabilities	(1,691,683)	(115,260)		(1,806,943)



	Consolidated statement of cash flows of the Group for the year ended 31 December 2022			Unaudited pro forma consolidated statement of cash flows of the Retained Group for the year ended 31 December 2022
	RMB'000	Pro forma adjustments		RMB'000
	(Note 1)	(Note 3(a))	(Note 3(c))	
Cash (used in)/generated from operations	(180,274)			311,309
Income tax paid	(30,994)	(1,789)		(32,783)
<b>NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES</b>	<b>(211,268)</b>			<b>278,526</b>
<b>INVESTING ACTIVITIES</b>				
Withdrawal of restricted bank deposits	189,887			189,887
Interest received	5,828	(167)		5,661
Proceeds from disposal of property, plant and equipment	101			101
Net cash outflow from deconsolidation of a subsidiary	(892)	892		-
Additions of restricted bank deposits	(2,691)			(2,691)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>192,233</b>			<b>192,958</b>
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	(109,822)			(109,822)
Interest paid	(16,670)	1,143		(15,527)
Repayment of leases liabilities	(125)			(125)
Additions of borrowings	51,510	(620)		50,890
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(75,107)</b>			<b>(74,584)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(94,142)</b>			<b>396,900</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>277,348</b>	<b>(170,248)</b>		<b>107,100</b>
<b>EXCHANGE OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>243</b>	<b>9,148</b>		<b>9,391</b>
	<b>183,449</b>			<b>513,391</b>

## NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE RETAINED GROUP

1. The amounts are extracted from the consolidated statement of financial position of the Group as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows for the year ended 31 December 2022 as extracted from the published Annual Report of the Company for the year ended 31 December 2022.
2. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of financial position, assuming the Group Reorganisation had taken place on 31 December 2022:
  - (a) The adjustment represents the derecognition of assets and liabilities of the Unrestricted Scheme Subsidiaries (including principal and interest payable of the Profound Success Borrowing of RMB1,514,144,000), resulting in net amount of RMB270,468,000 recognised on the gain of the Group Reorganisation, assuming the Group Reorganisation had taken place on 31 December 2022. The assets and liabilities of the Unrestricted Scheme Subsidiaries are extracted from the unaudited combined statement of financial position of the Unrestricted Scheme Subsidiaries as at 31 December 2022 as set out in Appendix II-A in this circular and further adjusted to:
    - (i) reverse the 49% equity interest of 上海福晟置業有限公司 (“Shanghai Fusheng”) and its subsidiaries as at 31 December 2022 recognised as “interest in an associate” amounting to RMBnil since the Group’s interest in associate is insignificant in the unaudited combined statement of financial position of the Unrestricted Scheme Subsidiaries as at 31 December 2022 as set out in Appendix II-A in this circular;
    - (ii) consolidate the assets and liabilities of Shanghai Fusheng and its subsidiaries as at 31 December 2022 in the unaudited pro forma consolidated statement of financial position as subsidiaries of the Retained Group; and
    - (iii) exclude all intercompany balances between the Retained Group and the Unrestricted Scheme Subsidiaries as at 31 December 2022.
  - (b) The adjustment represents the derecognition of (i) interests in the Deconsolidated Subsidiaries of RMB22,714,000 and (ii) amounts due from and to the Deconsolidated Subsidiaries to the extent of RMB393,507,000 and RMB559,396,000, respectively as at 31 December 2022, which represents the derecognition of amounts due from and to the Deconsolidated Subsidiaries with the Unrestricted Scheme Subsidiaries only. Consequentially, amounts due from and to the Deconsolidated Subsidiaries, with the Retained Group will be retained on the pro forma statement of financial position of the Retained Group, resulting in gain on the Group Reorganisation since all



intercompany balances between the Retained Group and the Deconsolidated Subsidiaries will not be mutually released upon completion of the Group Reorganisation. The amounts are extracted from the consolidated statement of financial position as at 31 December 2022 as set out in the published Annual Report of the Company for the year ended 31 December 2022.

- (c) Upon completion of the Group Reorganisation, all claims owing by the Company or guaranteed by the Company and the Co-Obligors or secured by the assets of the Co-Obligors to the Creditors shall be discharged. All Scheme Creditors shall discharge and waive all its claims against the Company and the Co-Obligors.

The amounts totalling to RMB2,222,408,000 as at 31 December 2022 (of which (i) RMB229,535,000 has already been derecognised in the Company's 2022 Annual Report upon the deconsolidation of Vivalink Limited (Note 35(B) to the consolidated financial statements) on 1 January 2022, (ii) RMB1,514,144,000 has already been derecognised within Note 2(a) and (iii) RMB453,928,000 are intercompany balances which have been eliminated within the Group). The remaining amounts to be discharged of RMB24,801,000 represents the impact on gain on the Group Reorganisation is included in Note 2(e) assuming the Group Reorganisation had taken place on 31 December 2022 for the unaudited pro forma consolidated statement of financial position.

The amounts totalling to RMB1,922,847,000 as at 1 January 2022 (of which (i) RMB210,142,000 has already been derecognised upon the deconsolidation of Vivalink Limited on 1 January 2022, (ii) RMB1,399,951,000 has already been derecognised within Note 3(c)(ii) and (iii) RMB289,893,000 are intercompany balances which have been eliminated within the Group). The remaining amounts to be discharged of RMB22,861,000 represents the impact on gain on the Group Reorganisation is included in Note 3(c) assuming the Group Reorganisation had taken place on 1 January 2022 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows.

- (d) As mentioned in Note 2(a)(ii), upon completion of the Group Reorganisation, Shanghai Fusheng and its subsidiaries would retain in the Retained Group as indirectly non-wholly owned subsidiaries. The adjustment represents the recognition of the corresponding 49% non-controlling interests of Shanghai Fusheng of RMB43,303,000 as at 31 December 2022. The impact on gain of the Group Reorganisation is included in Note 2(e), assuming the Group Reorganisation had taken place on 31 December 2022.



- (e) The adjustment represents the estimated pro forma gain of RMB1,198,667,000 and estimated net cash outflow of RMBnil from the Group Reorganisation assuming the Group Reorganisation had taken place on 31 December 2022 and are calculated as follows:

		<i>RMB'000</i>
Consideration	<i>Note (i)</i>	–
Add: Net liabilities of the Unrestricted Scheme		
Subsidiaries as at 31 December 2022	<i>Note 2(a)</i>	270,468
Derecognition of interests in the Deconsolidated Subsidiaries and amounts due from and to the Deconsolidated Subsidiaries as at 31 December 2022	<i>Note 2(b)</i>	143,175
Discharge of claims owing by the Retained Group pursuant to the Group Reorganisation	<i>Note 2(c)</i>	24,801
Recognition of non-controlling interests of non-wholly owned subsidiaries	<i>Note 2(d)</i>	43,303
Recognition of amounts due from and to the Unrestricted Scheme Subsidiaries	<i>Note (ii)</i>	1,020,209
Less: Release of exchange reserve of the Scheme Subsidiaries	<i>Note (iii)</i>	(274,704)
Estimated transaction costs attributable to the Group Reorganisation	<i>Note (iv)</i>	<u>(28,585)</u>
Estimated net gain on the Group Reorganisation		<u>1,198,667</u>
Consideration received in cash	<i>Note (i)</i>	–
Estimated transaction costs attributable to the Group Reorganisation	<i>Note (iv)</i>	<u>–</u>
Estimated net cash outflow from the Group Reorganisation		<u>–</u>

*Notes:*

- (i) The Target Shares will be transferred to the SchemeCo pursuant to the Group Reorganisation at nil consideration, no proceeds will be derived by the Group from the Group Reorganisation.
  - (ii) The net amount of RMB1,020,209,000 represents the carrying amounts of amounts due from and to the Unrestricted Scheme Subsidiaries of RMB3,392,209,000 and RMB2,372,000,000 as at 31 December 2022 and the impact on gain on the Group Reorganisation, which are extracted from the unaudited combined statement of financial position of the Unrestricted Scheme Subsidiaries as at 31 December 2022 set out in the Appendix-IIA in this circular. All intercompany balances between the Retained Group and the Scheme Subsidiaries (except for amounts due to the Scheme Subsidiaries of RMB453,928,000) will not be mutually released upon the completion of the Group Reorganisation. Accordingly, any amounts due from and to the Unrestricted Scheme Subsidiaries shall be retained upon completion of the Group Reorganisation.
  - (iii) The amount of RMB274,704,000 represents the release of exchange reserve of the Scheme Subsidiaries as at 31 December 2022 to profit or loss as a result of the Group Reorganisation.
  - (iv) The estimated transaction costs attributable to the Group Reorganisation represent the costs and expenses directly incurred for the Group Reorganisation, which will be borne by the Group and are assumed to be settled in cash at an aggregate amount of approximately HK\$32,000,000 (equivalent to approximately RMB28,585,000).
- (f) Apart from notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2022 for the purpose of preparation of the unaudited pro forma consolidated statement of financial position of the Retained Group.



3. The following pro forma adjustments have been made to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows, assuming the Group Reorganisation had taken place on 1 January 2022:
- (a) The adjustment represents the exclusion of the financial performance and cash flows of the Unrestricted Scheme Subsidiaries for the year ended 31 December 2022, assuming the Group Reorganisation had taken place on 1 January 2022. The profit and loss and other comprehensive income and cash flows of the Unrestricted Scheme Subsidiaries are extracted from the unaudited combined statement of profit or loss and other comprehensive income and unaudited combined statement of cash flows of the Unrestricted Scheme Subsidiaries for the year ended 31 December 2022 as set out in Appendix II of this circular and further adjusted to:
- (i) reverse the share of results of Shanghai Fusheng and its subsidiaries for the year ended 31 December 2022 recognised as “share of result of an associate” which amounting RMBnil in the unaudited combined statement of profit or loss and other comprehensive income and unaudited combined statement of cash flows of the Unrestricted Scheme Subsidiaries as at 31 December 2022 as set out in Appendix II-A in this circular since the Group discontinues to recognise the share of loss of associate when the Group’s share of loss of associate exceeds its interest in an associate, which was RMBnil as at 1 January 2022; and
- (ii) recognise financial performance and cash flows of Shanghai Fusheng and its subsidiaries for the year ended 31 December 2022 in the unaudited pro forma consolidated profit or loss and other comprehensive income and the unaudited consolidated statement of cash flows assuming Shanghai Fusheng is a 51% owned subsidiaries of the Retained Group.
- (b) As mentioned in Note 3(a)(ii), upon completion of the Group Reorganisation, Shanghai Fusheng and its subsidiaries would retain in the Retained Group as indirectly non-wholly owned subsidiaries. The adjustment represents the recognition of the share of results by the corresponding non-controlling interests of RMB4,686,000 for the year ended 31 December 2022 and the impact on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group, assuming the Group Reorganisation had taken place on 1 January 2022.

- (c) The adjustment represents the estimated pro forma gain of RMB1,185,701,000 and estimated net cash outflow of RMBnil from the Group Reorganisation assuming the Group Reorganisation had taken place on 1 January 2022 and are calculated as follows:

		RMB'000
Consideration	<i>Note (i)</i>	–
Add: Discharge of claims owing by the Retained Group pursuant to the Group Reorganisation	<i>Note 2(c)</i>	22,861
Recognition of non-controlling interests of non-wholly owned subsidiaries	<i>Note 3(d)</i>	38,618
Net liabilities of the Unrestricted Scheme Subsidiaries as at 1 January 2022	<i>Note (ii)</i>	82,172
Gain on Deconsolidation of Vivalink	<i>Note (iv)</i>	472,819
Recognition of amounts due from and to the Unrestricted Scheme Subsidiaries	<i>Note (v)</i>	766,402
Less: Derecognition of interests in the Deconsolidated Subsidiaries (Gold Assets and Wise Think) as at 1 January 2022	<i>Note (iii)</i>	(36,111)
Release of exchange reserve of the Scheme Subsidiaries	<i>Note (vi)</i>	(236,092)
Estimated transaction costs attributable to the Group Reorganisation	<i>Note (vii)</i>	<u>(26,170)</u>
Estimated net gain on the Group Reorganisation		<u>1,084,499</u>
Consideration received in cash	<i>Note (i)</i>	–
Estimated transaction costs attributable to the Group Reorganisation	<i>Note (vii)</i>	<u>–</u>
Estimated net cash outflow from the Group Reorganisation		–



*Notes:*

- (i) The Target Shares will be transferred to the SchemeCo pursuant to the Group Reorganisation at nil consideration, no proceeds will be derived by the Group from the Group Reorganisation.
- (ii) The amount of RMB82,172,000 represents the carrying amount of net liabilities of the Unrestricted Scheme Subsidiaries as at 1 January 2022 and the impact on gain on the Group Reorganisation, which is extracted from the unaudited combined statement of financial position of the Unrestricted Scheme Subsidiaries as at 31 December 2021 as set out in Appendix II in this circular, after excluding all intercompany balances with the Retained Group and the Deconsolidated Subsidiaries and adjusted for the effect of transactions mentioned in Notes 3(a)(i) and (ii).
- (iii) The adjustment represents the derecognition of interests in the Deconsolidated Subsidiaries of Gold Assets and Wise Think for the amount of RMB36,111,000 as at 1 January 2022, resulting in gain on the Group Reorganisation in Note 3(c). The amounts are extracted from the consolidated statement of financial position as at 31 December 2021 as set out in the published Annual Report of the Company for the year ended 31 December 2021.
- (iv) Vivalink was deconsolidated on 1 January 2022 and gain on deconsolidation of Vivalink was RMB263,251,000 according to Note 35(b) of the consolidated financial statements of the published Annual Report of the Company for the year ended 31 December 2022. Furthermore, pursuant to breakdown of net liabilities of Vivalink as disclosed in Note 35(b), amounts due from the Scheme Subsidiaries of RMB478,349,000 and amounts due to the Deconsolidated Subsidiaries (Gold Assets and Wise Think) totalling RMB268,781,000, respectively shall be excluded for the purpose of pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows because intercompany balances between Scheme Subsidiaries are irrelevant for the calculation of the gain on the Group Reorganisation so far as the Retained Group is concerned. Accordingly, additional gain of RMB209,568,000 shall be recognised from the Deconsolidation of Vivalink.

In addition, gain on deconsolidation of Vivalink of RMB263,251,000 recognised in the consolidated financial statements of the 2022 published Annual Report of the Company shall be reclassified as "Gain on the Group Reorganisation".

Accordingly, total gain on deconsolidation of Vivalink shall be RMB472,819,000 for the purpose of pro forma consolidated statement of profit or loss and other comprehensive income and pro forma consolidated statement of cash flows.

- (v) The net amount of RMB766,402,000 represents the carrying amounts of amounts due from and to the Unrestricted Scheme Subsidiaries of RMB3,315,976,000 and RMB2,549,574,000 respectively as at 1 January 2022 and the impact on gain on the Group Reorganisation, which are extracted from the unaudited combined statements of financial position of the Unrestricted Scheme Subsidiaries as at 31 December 2021 set out in this circular. All inter company balances between the Retained Group and the Unrestricted Scheme Subsidiaries (except for amounts due to the Scheme Subsidiaries of RMB289,893,000) will not be released upon completion of the Group Reorganisation. Accordingly, any amounts due from and to the Unrestricted Scheme Subsidiaries shall be retained upon completion of the Group Reorganisation.



- (vi) The amount of RMB236,092,000 represents the release of exchange reserve of the Scheme Subsidiaries as at 1 January 2022 to profit or loss as a result of the Group Reorganisation.
  - (vii) The estimated transaction costs attributable to the Group Reorganisation represent the costs and expenses directly incurred for the Group Reorganisation, which will be borne by the Group and are assumed to be settled in cash at an aggregate amount of approximately HK\$32,000,000 (equivalent to RMB26,170,000).
- (d) The adjustment represents the recognition of the corresponding 49% non-controlling interests of Shanghai Fusheng of RMB38,618,000 as at 1 January 2022 and the impact on gain of the Group Reorganisation in Note 3(c), assuming the Group Reorganisation had taken place on 1 January 2022.
- (e) Apart from notes above, no other adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2022 for the purpose of preparation of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Retained Group.
- (f) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flow of the Retained Group.
- (g) For the purpose of preparation of the Unaudited Pro Forma Financial Information, the exchange rates adopted are as follows:

As at 31 December 2022	HK\$1 = RMB0.8933
As at 1 January 2022	HK\$1 = RMB0.8178
Average rate for the year ended 31 December 2022	HK\$1 = RMB0.8554