

Our Ref: 5C215/WHKM/TCLJ/HHCI

30 April 2024

**PRIVATE & CONFIDENTIAL**

The Directors,  
Walnut Capital Limited  
Unit 3108, 31/F.  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

**TO THE DIRECTORS OF WALNUT CAPITAL LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information (“**Unaudited Pro Forma Financial Information**”) of Walnut Capital Limited (the “**Company**”) and its subsidiaries (collectively the “**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 statement of adjusted consolidated net tangible assets of the Group as at 31 December 2023 and related notes as set out in Appendix II to the prospectus issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of two rights shares for every one share (the “**Rights Issue**”) held on the record date on the Group’s financial position as at 31 December 2023 as if the Rights Issue had taken place as at 31 December 2023. As part of this process, information about the Group’s financial position as at 31 December 2023 has been extracted by the Directors from the audited consolidated financial statements of the Group for the year ended 31 December 2023.

### *Directors' Responsibilities for the Unaudited Pro Forma Financial Information*

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Rule 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").

### *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.

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* 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 Rule 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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 the Prospectus is solely to illustrate the impact of a significant event or transaction on the 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 the events or transactions as at 31 December 2023 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' 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 Rule 4.29(1) of the Listing Rules.

Yours faithfully,



**Elite Partners CPA Limited**  
*Certified Public Accountants*

Hong Kong, 30 April 2024

## UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 December 2023.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net assets of the Group attributable to owners of the Company derived from the audited consolidated statement of financial position of the Group as at 31 December 2023 as extracted from the published annual report of the Company for the year ended 31 December 2023, after incorporating the adjustments described in the accompanying notes.

Audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2023	Less: intangible assets	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 before completion of Rights Issue (Note 1)	Add: Estimated net proceed from the Rights Issue (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of and Rights Issue	
HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	
Based on 350,166,962 rights shares at subscription price of HK\$0.162 per rights share to be issued	71,883	(7,135)	64,748	54,727	119,475

Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share upon completion of Rights Issue based on 350,166,962 rights shares (Note 3)

HK\$0.11 per share

*Notes*

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 was approximately HK\$64,748,000, which is deducted intangible assets of approximately HK\$7,135,000, as extracted by the Directors from the published annual report of the Company for the year ended 31 December 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$54,727,000 are based on 350,166,962 rights shares to be issued at HK\$0.162 per rights share and after deduction of estimated related expenses of approximately HK\$2,000,000.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share upon completion of the Rights Issue and is calculated based on 1,050,500,887 shares, comprising 700,333,925 shares as at 31 December 2023 and 350,166,962 rights shares expected to be issued on the completion of the Rights Issue as at 31 December 2023.
4. On 16 April 2023, the Company entered into extension agreement with bond holder to further extend one year of the maturity date to 16 April 2025 of non-convertible bond. Except for the maturity date, other terms and conditions remain unchanged. This subsequent event has not reflected in the Unaudited Pro Forma Financial Information.
5. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2023.