

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

The statement of unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2024 has been prepared by Directors of the Company (the "Directors") in accordance with Paragraph 29 of Chapter 4 of the Listing Rules to illustrate the effects of the Rights Issue on the consolidated net tangible liabilities of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 June 2024.

The statement of unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2024 is based on the unaudited consolidated net tangible liabilities of the Group as extracted from the published unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024, adjusted as described below:

								Prior to Completion of Rights Issue	After Completion of Rights Issues
	Unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2024	Net proceeds from the placing completed on 8 November 2024 (“Previous Placing”)	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company immediately after the completion of the Previous Placing and before the Rights Issue	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group immediately after the completion of the Previous Placing and before the Rights Issue	Unaudited pro forma adjusted consolidated net tangible liabilities of the Group immediately after the completion of the Previous Placing and before the Rights Issue	Unaudited pro forma consolidated net tangible liabilities of the Group after the completion of the Previous Placing and after the completion of Share Consolidation	Unaudited pro forma consolidated net tangible liabilities of the Group after the completion of the Previous Placing and after the completion of Share Consolidation	Unaudited pro forma consolidated net tangible liabilities of the Group after the completion of the Previous Placing and after the completion of Share Consolidation
	(Note 1)	(Note 2)		(Note 3)		(Note 4)	(Note 5)	(Note 6)	
	HK\$'000	HK\$'000	HK\$000	HK\$'000	HK\$'000	HK\$	HK\$	HK\$	
Rights Shares to be issued at Subscription price of HK\$0.17 per Rights Share	(211,741)	11,970	(199,771)	115,700	(84,071)	(0.17)	(0.85)	(0.09)	

Notes:

1. The amount of unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2024 is based on unaudited consolidated net assets of the Group attributed to the owners of the Company of HK\$329,246,000 as adjusted by exclusion of goodwill of HK\$101,939,000, other intangible assets of HK\$435,823,000 and deferred tax assets of HK\$3,225,000 as shown on the Group's unaudited condensed consolidated financial statements for the period ended 30 June 2024 that has been extracted from the published interim report of the Company for the period ended 30 June 2024 dated 29 August 2024.
2. On 8 November 2024, the Company completed the Previous Placing of shares in which 185,480,000 ordinary shares were issued at Previous Placing price of HK\$0.066 per placing shares. Net proceeds from the Previous Placing amounted to approximately HK\$11,970,000 (after deduction of commission and other relevant costs and expenses of the placing).
3. The estimated net proceeds from the Rights Issue of approximately HK\$115,700,000 are calculated based on the maximum number of 704,284,056 Rights Shares (in the proportion of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date which is 234,761,352 Shares) to be issued at the subscription price of HK\$0.17 per Rights Share assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders and the holder of convertible note will not exercise any conversion rights under the convertible note, after deduction of the estimated related expenses of approximately HK\$4,000,000.
4. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2024 per share immediately after the completion of the Previous Placing and before the Rights Issue is calculated based on the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2024 immediately after the completion of the Previous Placing and before the Rights Issue of approximately HK\$199,771,000 which is arrived at after aggregating the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company of approximately HK\$211,741,000 (note 1 above) and the estimated net proceeds of approximately HK\$11,970,000 from the Previous Placing (note 2 above) divided by 1,173,806,762 existing shares (being 971,136,762 shares in issue as at 30 June 2024, subsequent increased to 1,173,806,762 shares) held on the Record Date.
5. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2024 per share immediately after the completion of the Previous Placing and before the Rights Issue is calculated based on the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2024 immediately after the completion of the Previous Placing and before the Rights Issue of approximately HK\$199,771,000 which is arrived at after aggregating the unaudited consolidated net tangible liabilities of the Group attributable to owners of the Company of approximately HK\$211,741,000 (note 1 above) and the estimated net proceeds of approximately HK\$11,970,000 from the Previous Placing (note 2 above) divided by 234,761,352 shares (being 1,173,806,762 shares as set out in note 4 above, adjusted for the consolidation of 5 shares into 1 as if the consolidation of shares took place on 30 June 2024), as if the Share Consolidation has been completed on 30 June 2024.
6. The unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2024 per share immediately after the completion of the Previous Placing and Rights Issue (assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders) is arrived at based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to equity owners of the Company as at 30 June 2024 immediately after completion of the Previous Placing and Rights Issue of approximately HK\$84,071,000 divided by 939,045,408 pro forma Shares which comprise (i) 234,761,352 Consolidated Shares held on the Record Date, and (ii) 704,284,056 Rights Shares to be issued assuming that the Rights Issue has been completed on 30 June 2024 and holder of convertible note will not exercise any conversion rights under the convertible note.
7. Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2024.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants of the Company, AOGB CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Group as set out in Section A of Appendix II to this circular

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPLICATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION



To the Directors of Graphex Group Limited

Capitalised terms used in this report shall have the same meanings as defined in the circular dated 27 January 2025 (the "Circular") of Graphex Group Limited (the "Company") unless the context requires otherwise.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of the Company and its subsidiaries (collectively referred to as the "Group") by the Directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2024 as set out on pages II-1 to II-3 of the Circular. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-3 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the rights issue (the "Rights Issue") on the Group's consolidated net tangible liabilities attributable to owners of the Company as at 30 June 2024 as if the Rights Issue had taken place at 30 June 2024. As part of this process, information about the Group's consolidated net tangible liabilities has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024, on which no auditor's report or review report has been published.

Directors' Responsibilities 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" (the "AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "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 behavior.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or 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 accountants plan and perform 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 an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event or 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 event or transaction at 30 June 2024 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.



AOGB CPA Limited
Certified Public Accountants
Hong Kong
27 January 2025

Ho Chun Shing
Practicing certificate number P07257