

The following is the text of the independent reporting accountants' assurance report received from the reporting accountants of the Company, BDO Limited, in respect of the Remaining Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

INTRODUCTION

The following is a summary of the unaudited pro forma consolidated balance sheet as at 30 June 2023, and the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of 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**”) of the Group excluding the Target Group (as defined below) (the “**Remaining Group**”) in connection with the proposed disposal of the entire equity interests in R&F International Real Estate Investment Co. Limited (the “Target Company”) (the “**Disposal**”), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Disposal, as if the Disposal had been completed on 30 June 2023 or 1 January 2022, as appropriate.

The unaudited pro forma consolidated balance sheet of the Remaining Group is prepared based on the unaudited condensed consolidated balance sheet the Group as at 30 June 2023 as extracted from the Group's 2023 interim report after making pro forma adjustments relating to the Disposal as set out below. The Group's 2023 interim report includes the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

The unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as extracted from the Group's 2022 annual report after making pro forma adjustments relating to the Disposal as set out below.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 4.29 of Listing Rules and with reference to Accounting Guideline 7 “Presentation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 Remaining Group as at 30 June 2023 or at any future date had the Disposal been completed on 30 June 2023, or the result of and cash flows of the Remaining Group for the year ended 31 December 2022 or for any future period date had the Disposal been completed on 1 January 2022.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the 2022 annual report, 2023 interim report and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET OF THE REMAINING GROUP

	Unaudited condensed consolidated balance sheet of the Group as at 30 June 2023					Unaudited pro forma consolidated balance sheet of the Remaining Group as at 30 June 2023	
	RMB'000	RMB'000	Pro forma adjustments		RMB'000	RMB'000	
	Note 1	Note 2	Note 3	Note 4	Note 5		
NON-CURRENT ASSETS							
Property, plant and equipment	45,078,558	(210)	-	-	-	45,078,348	
Right-of-use assets	9,557,807	-	-	-	-	9,557,807	
Investment properties	33,762,740	-	-	-	-	33,762,740	
Intangible assets	1,036,558	-	-	-	-	1,036,558	
Interests in joint ventures	8,501,666	-	-	-	-	8,501,666	
Interests in associates	3,473,734	-	-	-	-	3,473,734	
Deferred income tax assets	12,998,612	-	-	-	-	12,998,612	
Financial assets at fair value through other comprehensive income	552,497	-	-	-	-	552,497	
Other financial assets	608,519	-	-	-	-	608,519	
	<u>115,570,691</u>	<u>(210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,570,481</u>	
CURRENT ASSETS							
Properties under development	150,052,399	(8,848,230)	-	-	-	141,204,169	
Completed properties held for sale	39,348,433	-	-	-	-	39,348,433	
Inventories	953,982	-	-	-	-	953,982	
Trade and other receivables and prepayments	39,919,262	(62,426)	(86,973)	188	-	39,770,051	
Contract assets	929,189	-	-	-	-	929,189	
Tax prepayments	4,872,136	-	-	-	-	4,872,136	
Derivative financial instruments	-	(86,973)	86,973	-	-	-	
Restricted cash	8,206,122	-	-	-	-	8,206,122	
Cash and cash equivalents	1,779,542	(146,458)	-	-	-	1,633,084	
	<u>246,061,065</u>	<u>(9,144,087)</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>236,917,166</u>	
Total assets	<u>361,631,756</u>	<u>(9,144,297)</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>352,487,647</u>	

	Unaudited condensed consolidated balance sheet of the Group as at 30 June 2023					Unaudited pro forma consolidated balance sheet of the Remaining Group as at 30 June 2023
	RMB'000	RMB'000	Pro forma adjustments		RMB'000	RMB'000
	Note 1	Note 2	Note 3	Note 4	Note 5	
EQUITY						
Equity attributable to owner of the Company						
Share capital	3,752,367	-	-	-	-	3,752,367
Other reserves	11,814,451	44,727	-	-	-	11,859,178
Retained earnings	33,343,720	(3,335,349)	-	-	5,732,398	35,740,769
	<u>48,910,538</u>	<u>(3,290,622)</u>	<u>-</u>	<u>-</u>	<u>5,732,398</u>	<u>51,352,314</u>
Non-controlling interests	12,642,823	-	-	-	-	12,642,823
Total equity	<u>61,553,361</u>	<u>(3,290,622)</u>	<u>-</u>	<u>-</u>	<u>5,732,398</u>	<u>63,995,137</u>
LIABILITIES						
Non-current liabilities						
Long-term borrowings	87,722,181	-	-	-	(5,732,398)	81,989,783
Lease liabilities	344,517	-	-	-	-	344,517
Deferred income tax liabilities	10,684,551	-	-	-	-	10,684,551
Other payables	1,730,743	-	-	-	-	1,730,743
Total non-current liabilities	<u>100,481,992</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,732,398)</u>	<u>94,749,594</u>

	Unaudited condensed consolidated balance sheet of the Group as at 30 June 2023					Unaudited pro forma consolidated balance sheet of the Remaining Group as at 30 June 2023	
	<i>RMB'000</i>	<i>RMB'000</i>	Pro forma adjustments		<i>RMB'000</i>	<i>RMB'000</i>	
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>		
CURRENT LIABILITIES							
Accruals and other payables	96,003,120	(61,248)	-	188	-	95,942,060	
Contract liabilities	41,131,184	-	-	-	-	41,131,184	
Current income tax liabilities	21,678,597	-	-	-	-	21,678,597	
Short-term borrowings	5,708,764	-	-	-	-	5,708,764	
Current portion of long-term borrowings	34,629,468	(5,792,427)	-	-	-	28,837,041	
Lease liabilities	61,289	-	-	-	-	61,289	
Dividend payable	369,981	-	-	-	-	369,981	
Derivative financial instruments	14,000	-	-	-	-	14,000	
Total current liabilities	<u>199,596,403</u>	<u>(5,853,675)</u>	<u>-</u>	<u>188</u>	<u>-</u>	<u>193,742,916</u>	
Total liabilities	<u>300,078,395</u>	<u>(5,853,675)</u>	<u>-</u>	<u>188</u>	<u>(5,732,398)</u>	<u>288,492,510</u>	
Total equity and liabilities	<u><u>361,631,756</u></u>	<u><u>(9,144,297)</u></u>	<u><u>-</u></u>	<u><u>188</u></u>	<u><u>-</u></u>	<u><u>352,487,647</u></u>	

UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE REMAINING GROUP

	Audited consolidated income statement of the Group for the year ended 31 December 2022	Pro forma adjustments			Unaudited pro forma consolidated income statement of the Remaining Group for the year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 6</i>	<i>Note 7</i>	<i>Note 4</i>	<i>Note 8</i>	
REVENUE	35,192,599	–	–	–	35,192,599
Cost of sales	<u>(31,365,663)</u>	<u>1,640,600</u>	<u>(508,119)</u>	<u>–</u>	<u>(30,233,182)</u>
Gross profit	3,826,936	1,640,600	(508,119)	–	4,959,417
Other income	371,854	(26)	508,119	–	879,947
Other losses – net	(3,439,395)	374,754	–	(1,109,585)	(4,174,226)
Selling and marketing costs	(1,366,829)	–	–	–	(1,366,829)
Administrative expenses	(4,364,864)	36,562	–	–	(4,328,302)
Net impairment losses on financial and contract assets	(54,644)	–	–	–	(54,644)
Gains on bargain purchase	<u>760</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>760</u>
Operating loss	(5,026,182)	2,051,890	–	(1,109,585)	(4,083,877)
Finance costs – net	(9,727,154)	2,111	–	–	(9,725,043)
Share of results of joint ventures	481,633	–	–	–	481,633
Share of results of associates	<u>136,874</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>136,874</u>
Loss before income tax	(14,134,829)	2,054,001	–	(1,109,585)	(13,190,413)
Income tax expenses	<u>(1,644,444)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,644,444)</u>
LOSS FOR THE YEAR	(15,779,273)	2,054,001	–	(1,109,585)	(14,834,857)
Attributable to:					
Owners of the Company	(15,736,650)	2,054,001	–	(1,109,585)	(14,792,234)
Non-controlling interests	<u>(42,623)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(42,623)</u>
	<u>(15,779,273)</u>	<u>2,054,001</u>	<u>–</u>	<u>(1,109,585)</u>	<u>(14,834,857)</u>

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME OF THE REMAINING GROUP**

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2022 RMB'000 Note 6	Pro forma adjustments			Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2022 RMB'000
		RMB'000 Note 7	RMB'000 Note 4	RMB'000 Note 8	
Loss for the year	<u>(15,779,273)</u>	<u>2,054,001</u>	<u>-</u>	<u>(1,109,585)</u>	<u>(14,834,857)</u>
OTHER COMPREHENSIVE INCOME					
<i>Items that will not be reclassified to profit or loss</i>					
- Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	(64,442)	-	-	-	(64,442)
<i>Items that may be reclassified to profit or loss</i>					
- Share of other comprehensive income released upon disposal of a joint venture and an associate	53,755	-	-	-	53,755
- Share of other comprehensive income of joint ventures and associates accounted for using the equity method	(65,389)	-	-	-	(65,389)
- Currency translation differences	76,550	(42,229)	-	-	34,321
- Reclassification of currency translation difference on disposal of foreign operations	-	-	-	(28,141)	(28,141)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>474</u>	<u>(42,229)</u>	<u>-</u>	<u>(28,141)</u>	<u>(69,896)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(15,778,799)</u>	<u>2,011,772</u>	<u>-</u>	<u>(1,137,726)</u>	<u>(14,904,753)</u>

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2022	Pro forma adjustments			Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 December 2022
	<i>RMB'000</i> <i>Note 6</i>	<i>RMB'000</i> <i>Note 7</i>	<i>RMB'000</i> <i>Note 4</i>	<i>RMB'000</i> <i>Note 8</i>	<i>RMB'000</i>
Total comprehensive income attributable to:					
Owners of the Company	(15,736,176)	2,011,772	-	(1,137,726)	(14,862,130)
Non-controlling interests	(42,623)	-	-	-	(42,623)
	<u>(15,778,799)</u>	<u>2,011,772</u>	<u>-</u>	<u>(1,137,726)</u>	<u>(14,904,753)</u>

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2022		Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 6</i>	<i>Note 7</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 8</i>	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash generated from operations	5,559,889	1,295,887	49,001	-	-	6,904,777
Interest paid	(5,976,293)	-	-	-	-	(5,976,293)
Enterprise income tax and land appreciation tax paid	(840,031)	-	-	-	-	(840,031)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,256,435)	1,295,887	49,001	-	-	88,453
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment	(900,983)	29	-	-	-	(900,954)
Purchases of intangible assets	(5,398)	-	-	-	-	(5,398)
Additions of right-of-use assets	(609)	-	-	-	-	(609)
Additions of investment properties	(1,524)	-	-	-	-	(1,524)
Proceeds from disposals of investment properties	28,082	-	-	-	-	28,082
Proceeds from disposals of property, plant and equipment	62,801	-	-	-	-	62,801
Proceeds from disposals of joint ventures	1,000	-	-	-	-	1,000
Investments in joint ventures	(200)	-	-	-	-	(200)
Acquisitions of subsidiaries, net of cash acquired	(44,354)	-	-	-	-	(44,354)
Disposals of subsidiaries, net of cash	1,204,187	-	-	-	-	1,204,187
Cash receipts from the repayment of advances to related parties	214,418	-	-	-	-	214,418
Cash advances to related parties	(68,126)	-	-	-	-	(68,126)

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2022		Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 6	Note 7	Note 3	Note 4	Note 8	
CASH FLOWS FROM						
INVESTING ACTIVITIES						
Dividends and interest received on financial assets at fair value through other comprehensive income and other financial assets	5,751	-	-	-	-	5,751
Interest received	134,214	-	-	-	-	134,214
Cash advances to the Target Group	-	-	-	(137,216)	-	(137,216)
Transaction costs paid for disposal of the Target Group	-	-	-	-	-	-
NET CASH FLOWS GENERATED FROM INVESTING ACTIVITIES	<u>629,259</u>	<u>29</u>	<u>-</u>	<u>(137,216)</u>	<u>-</u>	<u>492,072</u>

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2022		Pro forma adjustments			Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 6	Note 7	Note 3	Note 4	Note 8	
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings, net of transaction costs	6,514,965	(1,268,496)	-	-	-	5,246,469
Repayment of borrowings	(11,646,232)	-	-	-	-	(11,646,232)
Repayment to a shareholder of a joint venture	(137,858)	-	-	-	-	(137,858)
Repayments of principal of lease liabilities	(88,627)	-	-	-	-	(88,627)
Decrease in guarantee deposits for borrowings	324,386	-	-	-	-	324,386
Cash advances from related parties	2,276,308	-	-	-	-	2,276,308
Purchase of derivative financial assets	-	49,001	(49,001)	-	-	-
Advance from immediate holding company of Target Company	-	(137,216)	-	137,216	-	-
Repayments to related parties	(757,019)	-	-	-	-	(757,019)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(3,514,077)	(1,356,711)	(49,001)	137,216	-	(4,782,573)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,141,253)	(60,795)	-	-	-	(4,202,048)
Exchange gains	59,680	(507)	-	-	-	59,173
Cash and cash equivalents at beginning of year	6,258,593	(5,844)	-	-	-	6,252,749
CASH AND CASH EQUIVALENTS AT END OF YEAR	2,177,020	(67,146)	-	-	-	2,109,874

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

- For the preparation of the unaudited pro forma consolidated balance sheet, the amounts are extracted from the unaudited condensed consolidated balance sheet of the Group as at 30 June 2023 as set out in the published interim report of the Company for the six months ended 30 June 2023.
- The adjustment represents derecognition of assets and liabilities of the Target Group as if the Disposal had taken place on 30 June 2023. The assets and liabilities of the Target Group are extracted from the unaudited consolidated balance sheet of the Target Group as at 30 September 2023 as set out in Appendix II to this circular, after excluding the loan from an immediate holding company of Target Group which will be assigned to the Purchaser at completion of the Disposal.
- The adjustment represents reclassification of derivative financial instruments. The Group has classified derivative financial instruments as “Trade and other receivables and prepayments” in the audited consolidated balance sheet of the Group as at 31 December 2022 and unaudited condensed consolidated balance sheet of the Group as at 30 June 2023.
- The adjustment represents the related party transactions and balances between the Remaining Group and the Target Group. Related party transactions and balances have been eliminated in the Group’s consolidated income statement for the year ended 31 December 2022 and the Group’s consolidated balance sheet as at 1 January 2022, 31 December 2022 and 30 June 2023. The adjustment are restated to reflect the effects upon the deconsolidation of the Target Group for the purpose of preparation of the Unaudited Pro Forma Financial Information of the Remaining Group.
- The adjustment represents the pro forma gain on the Disposal as if the Disposal had taken place on 30 June 2023 and is calculated as follows:

	<i>Notes</i>	<i>RMB'000</i>
Total consideration	<i>(i)</i>	5,732,398
Less: Net assets of the Target Group	<i>(ii)</i>	(3,290,622)
Less: Release of accumulated translation reserve	<i>(iii)</i>	<u>(44,727)</u>
Pro forma gain on the Disposal		<u><u>2,397,049</u></u>

- The amount represents the total consideration of US\$800 million (equivalent to approximately RMB5,732.4 million) for the Disposal. Pursuant to the Definitive Agreement, the Purchaser will conditionally agree to acquire the shares of the Target Company (the “Sale Shares”) and take the assignment of the entire loan owing by the Target Company to the Seller (the “Sale Loan”). The consideration for the Sale Shares is HK\$1.00 to be settled in cash, and the consideration for the Sale Loan is the senior notes to be received by the Purchaser and the minimum principal amount of all such Existing Notes shall be US\$800 million (equivalent to approximately RMB5,732.4 million). For the purpose of unaudited pro forma financial information of the Remaining Group, the amounts in Hong Kong dollar are converted into RMB at the rate of RMB0.91763 to HK\$1, which was the exchange rate prevailing with reference to the rate published by the People’s Bank of China dated 28 September 2023.
- The amount of net assets is extracted from the unaudited consolidated balance sheet of the Target Group as at 30 September 2023 after excluding the loan from an immediate holding company of the Target Group which will be assigned to the Purchaser at completion of the Disposal.
- The amount represents the estimated transaction costs payable by the Group in relation to the Disposal.
- The amount represents the accumulated translation reserve of the Target Group attributable to the Group as at 30 September 2023, which is extracted from the Appendix II to this circular.

The pro forma gain on the Disposal above is subject to change. The actual carrying amounts of the assets and liabilities of the Target Group and the gain on the Disposal at the date of Completion will likely be different from those stated in the Unaudited Pro Forma Financial Information.

6. The amounts are extracted from the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2022 as set out in the published annual report of the Company for the year ended 31 December 2022.
7. The adjustments represent deconsolidation of profit or loss and other comprehensive income and deconsolidation of cash flow of the Target Group for the year ended 31 December 2022, which are extracted from the unaudited consolidated income statement, the unaudited consolidated statement of comprehensive income and the unaudited consolidated statement of cash flows of the Target Group for year ended 31 December 2022 as set out in Appendix II to this circular, assuming the Disposal had taken place on 1 January 2022.
8. The adjustment represents the pro forma loss on the Disposal as if the Disposal had taken place on 1 January 2022 and is calculated as follows:

	<i>Notes</i>	<i>RMB'000</i>
Total consideration	<i>(i)</i>	5,107,514
Less: Net assets of the Target Group	<i>(ii)</i>	(6,245,240)
Add: Release of accumulated translation reserve	<i>(iii)</i>	<u>28,141</u>
Pro forma loss on the Disposal		<u><u>(1,109,585)</u></u>
	<i>Notes</i>	<i>RMB'000</i>
Total consideration	<i>(i)</i>	5,107,514
Add: Amount offset with Sale Loan	<i>(i)</i>	<u>(5,107,514)</u>
Net cash flow on the Disposal		<u><u>–</u></u>

- (i) The amount represents the total consideration of US\$800 million (equivalent to approximately RMB5,107.5 million) for the Disposal. Pursuant to the Definitive Agreement, the Purchaser will conditionally agree to acquire the shares of the Target Company (the “Sale Shares”) and take the assignment of the entire loan owing by the Target Company to the Seller (the “Sale Loan”). The consideration for the Sale Shares is HK\$1.00 to be settled in cash, and the consideration for the Sale Loan is the senior notes to be received by the Purchaser and the minimum principal amount of all such Existing Notes shall be US\$800 million (equivalent to approximately RMB5,107.5 million). For the purpose of unaudited pro forma financial information of the Remaining Group, the amounts in Hong Kong dollar are converted into RMB at the rate of RMB0.8176 to HK\$1, which was the exchange rate with reference to the rate published by the People’s Bank of China dated 31 December 2021.
 - (ii) The amount of net assets is extracted from the unaudited consolidated balance sheet of the Target Group as at 1 January 2022, after excluding the loan from an immediate holding company of the Target Group which will be assigned to the Purchaser at completion of the Disposal.
 - (iii) The amount represents the accumulated translation reserve of the Target Group attributable to the Group as at 1 January 2022, which is extracted from the Appendix II to this circular.
9. The adjustments in respect of the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows above are not expected to have a continuing effect on the Remaining Group.
10. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 1 January 2022 for the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income, and the unaudited pro forma consolidated statement of cash flows and those enter into subsequent to 30 June 2023 for the unaudited pro forma consolidated balance sheet.

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

To the directors of Guangzhou R&F Properties Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Guangzhou R&F Properties Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") prepared by the directors of the Company (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 30 June 2023 and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2022, and related notes as set out in Appendix III of the circular dated 27 February 2024 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed disposal of the entire equity interest in R&F International Real Estate Investment Co. Limited (the "**Target Company**") and its subsidiaries (the "**Target Group**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed disposal of the Group's entire equity interest in the Target Group (the "**Disposal**") on the Group's financial position as at 30 June 2023 as if the Disposal had taken place at 30 June 2023, and the Group's financial performance and cash flows for the year ended 31 December 2022 as if the Disposal had taken place at 1 January 2022. As part of this process, information about the Group's financial position has been extracted by the Directors of the Company from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023, on which no audit or review report has been published, and financial performance and cashflows have been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2022, on which an auditor's report with qualified opinion has been published.

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**").

* *The English names are for identification purpose only and the official names of the entities are in Chinese.*



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 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 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 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 comply with ethical requirements and 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 the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal 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 Disposal 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 Disposal, 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 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 purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO 

BDO Limited
Certified Public Accountants
Hong Kong, 27 February 2024