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

To the Directors of Coastal Greenland Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Coastal Greenland Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) prepared by the directors of the Company (the “**Director**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2023, 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 March 2023 and related notes as set out on pages 5 to 12 of Appendix VI of the circular dated 29 September 2023 (the “**Circular**”) issued by the Company (the “**Unaudited Pro Forma Financial Information**”) in connection to the disposal of the 66.67% equity interest in Zhuhai Coastal Greenland Real Estate Company Limited (“**Zhuhai Coastal**”) and assignment of the shareholder’s loan pursuant to the terms and conditions of the Supplemental Agreement as defined on page VI-9 (the “**Disposal**”) and the acquisition of the entire equity interests in Shanghai Coastal Commercial Investment Management Company Limited (“**Shanghai Coastal**”) and Shenyang Zhongguang North Film and Television City Company Limited (“**Shenyang Zhongguang**”) (the “**Acquisition**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 8 to 12 of Appendix VI of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal and the Acquisition on the Group’s financial position as at 31 March 2023 and the Group’s financial performance and cash flows for the year ended 31 March 2023 as if the Disposal and the Acquisition had taken place at 31 March 2023 and 1 April 2022, respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 March 2023, on which an auditor’s report 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 (the "**HKICPA**").

Professional Ethics and Quality Management

We have complied with the independence and other ethical requirement 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 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 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 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 the Circular is solely to illustrate the impact of the Disposal and the Acquisition on unadjusted financial information of the Group as if the Disposal and the Acquisition had occurred or 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 and the Acquisition as at 31 March 2023 or 1 April 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 Disposal and the Acquisition, 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 entity, 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.

BDO Limited
Certified Public Accountants

Hong Kong, 29 September 2023



Introduction

The Group upon the completion of the Disposal and the Acquisition is referred to as the “**Remaining Group**”.

The Unaudited Pro Forma Financial Information presented below is to illustrate (a) the unaudited pro forma consolidated statement of financial position of the Remaining Group as if the Disposal and the Acquisition had been completed on 31 March 2023; and (b) the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group as if the Disposal and the Acquisition had been completed on 1 April 2022. This Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 of 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, the financial performance and cash flows of the Remaining Group had the Disposal and the Acquisition been completed as at 31 March 2023 or 1 April 2022, where applicable, or any future dates.

The 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 the Remaining Group are prepared for purpose of incorporation in the Circular based on the audited consolidated statement of financial position of the Group as at 31 March 2023, audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 March 2023, which have been extracted from the published annual report of the Company for the year ended 31 March 2023, after making certain pro forma adjustments that are directly attributable to the Disposal and the Acquisition and factually supportable, as set out below.

The Unaudited Pro Forma Financial Information should be read in conjunction with the published annual report of the Group for the year ended 31 March 2023, the financial information of Zhuhai Coastal as set out in Appendix II to this circular, the financial information of Shanghai Coastal as set out in Appendix III to this circular, the financial information of Beijing Tianlun Huanyu Investment Management Company Limited (“**Beijing Tianlun**”) as set out in Appendix IV to this circular, the financial information of Shenyang Zhongguang as set out in Appendix V to this circular and other financial information included elsewhere in the Circular. The Unaudited Pro Forma Financial Information does not take into account the financial effect arising from any trading or other transactions subsequent to the dates of the respective financial statements of the companies comprising the Remaining Group.



UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	Pro forma adjustments									The Remaining Group HK\$'000	
	The Group HK\$'000 (Note 1)	HK\$'000 (Note 2(a))	HK\$'000 (Note 3)	HK\$'000 (Note 4(i))	HK\$'000 (Note 4(ii))	HK\$'000 (Note 4(iii))	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)		HK\$'000 (Note 8)
Non-current assets											
Property, plant and equipment	193,071	(3,320)								189,751	
Investment properties	72,989									72,989	
Right-of-use assets	10,970									10,970	
Investments in subsidiaries	-		1,297,344	7,425			(7,425)	(1,297,344)		-	
Interest in a joint venture	139,929									139,929	
Amounts due from associates and a joint venture	331,353									331,353	
Financial assets at fair value through other comprehensive income	63,613									63,613	
Deferred tax assets	51,034									51,034	
Total non-current assets	862,959									859,639	
Current assets											
Properties under development	196,479					340,897		342,211		879,587	
Completed properties for sale	268,489									268,489	
Prepayments, deposits and other receivables	5,284,847	(3,702,711)	137,079	260,813		53			(760,241)	1,159,840	
Amount due from a subsidiary	-			800			(800)			-	
Amount due from ultimate holding company	-		(665,428)			665,428				-	
Financial assets at fair value through profit or loss	207									207	
Pledged bank deposits	904									904	
Cash and bank balances	156,669	(133,822)	57,116	10	8	262				80,243	
Total current assets	5,907,595									2,389,270	
Total assets	6,770,554									3,248,909	
Current liabilities											
Trade payables	85,566									85,566	
Contract liabilities	2,303									2,303	
Other payables and accruals	2,136,430	(1,381,539)			24	1,079		58,457		614,400	
Amount due to a substantial shareholder of the Company	169,428									169,428	
Amount due to ultimate holding company	-		(251,235)	251,212	23					-	
Amount due to related parties/group companies	-				800		(800)			-	
Tax payable	154,933	(5,555)	5,712							155,090	
Interest-bearing bank and other borrowings	282,498									282,498	
Total current liabilities	2,831,158									1,309,345	
Net current assets	3,076,437									1,079,925	
Total assets less current liabilities	3,939,396									1,939,564	
Non-current liabilities											
Interest-bearing bank and other borrowings	1,113,718	(1,113,718)								-	
Deferred tax liabilities	22,972									22,972	
Total non-current liabilities	1,136,690									22,972	
Total liabilities	3,967,848									1,332,317	
Net assets	2,802,706									1,916,592	
Capital and reserves											
Share capital	414,602			11,163	11,163	1,107,504	(11,163)	(1,118,667)		414,602	
Reserves	2,441,463		(72,920)	(53,327)	(12,002)	(101,943)	4,032	163,534	(58,457)	(760,241)	1,550,139
Equity attributable to owners of the Company	2,856,065									1,964,741	
Non-controlling interests	(83,259)		5,504				(294)			(88,149)	
Total equity	2,802,706									1,916,592	



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

For the year ended 31 March 2023

	The Group	Pro forma adjustments						The Remaining Group	
	HKS'000 (Note 1)	HKS'000 (Note 2(b))	HKS'000 (Note 3)	HKS'000 (Note 4(i))	HKS'000 (Note 4(ii))	HKS'000 (Note 4(iii))	HKS'000 (Note 7)	HKS'000 (Note 8)	HKS'000
Revenue	211,406								211,406
Cost of sales	(261,403)								(261,403)
Gross loss	(49,997)								(49,997)
Other income and gains	17,297	(309)							16,988
Marketing and selling expenses	(3,589)								(3,589)
Administrative expenses	(76,318)	737		(186)	(2)	(3,311)	(58,457)		(137,537)
Loss on disposal of a subsidiary	-		(72,920)	(49,697)					(122,617)
Impairment loss recognised on other receivables, net	(319,856)	18,686					(760,241)		(1,061,411)
Impairment loss recognised on properties under development	(11,451)								(11,451)
Other expenses	(12,572)	148							(12,424)
Finance costs	(22,741)	10							(22,731)
Loss before taxation	(479,227)								(1,404,769)
Taxation	60,281								60,281
Loss for the year	(418,946)								(1,344,488)
Other comprehensive income									
<i>Items that will not be reclassified to profit or loss:</i>									
Exchange differences arising on translation to presentation currency	(299,614)	8,087		433	73	(32,700)			(323,721)
Deficit on revaluation of buildings	(6,700)								(6,700)
Deferred tax credit arising on revaluation of buildings	1,675								1,675
Other comprehensive income for the year	(304,639)								(328,746)
Total comprehensive income for the year	(723,585)								(1,673,234)
Loss for the year attributable to:									
Owners of the Company	(426,485)	12,849	(72,920)	(49,883)	(1)	(3,311)	(58,457)	(760,241)	(1,358,149)
Non-controlling interests	7,539	6,423			(1)				13,961
	(418,946)								(1,344,488)
Total comprehensive income for the year attributable to:									
Owners of the Company	(732,884)	18,241	(72,920)	(49,450)	46	(36,011)	(58,457)	(760,241)	(1,691,676)
Non-controlling interests	9,299	9,118			25				18,442
	(723,585)								(1,673,234)



UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	The Group								The Remaining Group	
	HK\$ '000 (Note 1)	HK\$ '000 (Note 2(b))	HK\$ '000 (Note 3)	HK\$ '000 (Note 4(i))	HK\$ '000 (Note 4(ii))	HK\$ '000 (Note 4(iii))	HK\$ '000 (Note 5)	HK\$ '000 (Note 7)		HK\$ '000 (Note 8)
Cash flows from operating activities										
Loss before taxation	(479,227)	19,272	(72,920)	(49,883)	(2)	(3,311)		(58,457)	(760,241)	(1,404,769)
Adjustments for:										
Finance costs	22,741									22,741
Bank interest income	(2,216)	309								(1,907)
Other interest income	(229)									(229)
Depreciation of property, plant and equipment	789	(110)								679
Depreciation of right-of-use assets	1,188									1,188
Impairment loss recognised on completed properties for sale	8,532									8,532
Impairment loss recognised on properties under development	11,451									11,451
Impairment loss recognised on other receivables, net	319,856	(18,686)							760,241	1,061,411
Loss on disposal of a subsidiary	-		72,920	49,497						122,617
Loss on disposal of property, plant and equipment	322	(56)								266
Loss on termination of a lease	46									46
Loss on write-off of assets and liabilities upon deregistration of subsidiaries	3,643									3,643
Write-back of other payables	(14,317)	11								(14,306)
Operating cash flows before working capital changes	(127,621)									(188,837)
Decrease in completed properties for sale	261,308									261,308
(Increase) decrease in prepayments, deposits and other receivables	(82,718)	150,030				(16)	4,484			71,780
Decrease in restricted bank balances	3,006									3,006
Decrease in trade payables	(2,552)									(2,552)
Decrease in contract liabilities	(174,499)									(174,499)
Increase in other payables and accruals	156,699	(35,797)				(1,137)				139,765
Cash generated from operations	33,623									109,971
PRC Enterprise Income Tax, PRC withholding tax and PRC Land Appreciation Tax paid	(1)									(1)
Net cash generated from operating activities	33,622									109,970
Cash flows from investing activities										
Repayments from associates and a joint venture	4,569									4,569
Purchases of property, plant and equipment	(345)	203								(142)
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed	-		(88,150)							(88,150)
Withdrawal of pledged bank deposits	98,713									98,713
Proceeds from disposal of property, plant and equipment	1,283									1,283
Repayment from ultimate holding company	-					4,484	(4,484)			-
Cash and cash equivalents acquired upon acquisition of subsidiaries	-			12	4	1				17
Interest received	2,445	(309)								2,136
Net cash generated from investing activities	106,665									18,426
Cash flows from financing activities										
New bank and other borrowings raised	79,963									79,963
Repayment of bank and other borrowings	(207,503)									(207,503)
Interest paid	(90,890)									(90,890)
Advance from a substantial shareholder of the Company	1,856									1,856
Repayment of principal amount of the lease liabilities	(458)									(458)
Repayment of interest amount of the lease liabilities	(10)									(10)
Repayment to ultimate holding company	-	(134,108)		184	24					(133,900)
Net cash used in financing activities	(217,042)									(350,942)
Net decrease in cash and cash equivalents	(6,755)	759	(88,150)	10	26	21		(58,457)		(222,546)
Cash and cash equivalents at beginning of year	247,452	(145,266)	145,266							247,452
Effect of foreign exchange rate changes	(14,028)	10,685			(1)	(1)				(3,343)
Cash and cash equivalents at end of year	156,669									21,561



Notes to the Unaudited Pro Forma Financial Information

- 1) The amounts are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2023, audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 March 2023 as set out in the published annual report of the Group for the year ended 31 March 2023.
- 2) (a) The adjustment represents the exclusion of the assets and liabilities of Zhuhai Coastal as at 31 March 2023, assuming the Disposal had taken place on 31 March 2023. The assets and liabilities of Zhuhai Coastal are extracted from Appendix II to the Circular except for the amounts due to the related parties which will be waived after the Disposal.

(b) The adjustment represents the exclusion of the financial performance and cash flow of Zhuhai Coastal for the year ended 31 March 2023, assuming the Disposal had taken place on 1 April 2022 which are extracted from Appendix II to the Circular.
- 3) The adjustment represents the pro forma loss on disposal of Zhuhai Coastal as if the Disposal and the Acquisition had been completed on 31 March 2023, which is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Cash consideration	<i>(a)</i>	194,195
Consideration in terms of the fair value of the Acquired Companies	<i>6</i>	1,297,344
Less: Share of net assets of Zhuhai Coastal as at 31 March 2023	<i>(b)</i>	(82,574)
Less: Waiver of the Shareholder's Loan as at 31 March 2023	<i>(c)</i>	(1,056,476)
Less: Waiver of amount due from ultimate holding company, net as at 31 March 2023	<i>(c)</i>	(414,193)
Less: Carrying amount of non-controlling interest of Zhuhai Coastal as at 31 March 2023	<i>(d)</i>	(5,504)
Less: Tax imposed on the Disposal	<i>(e)</i>	<u>(5,712)</u>
Estimated loss on the Disposal		<u><u>(72,920)</u></u>



- (a) In accordance with the supplemental agreement dated 2 December 2022 entered into among the Company, Affluent Ocean International Limited (“**Affluent Ocean**”) and Zhuhai Coastal (the “**Supplemental Agreement**”), the Group agreed to dispose of its 66.67% equity interest in Zhuhai Coastal to Affluent Ocean, which is an independent third party and an indirect wholly owned subsidiary of Yuzhou Group Holdings Company Limited.

According to the Supplemental Agreement, the aggregate consideration amounts to RMB880,000,000 for the Disposal was settled by the consideration of acquisition of Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang, out of which RMB350,000,000 is attributable to the sale and purchase of the entire equity interest in Shanghai Coastal and Beijing Tianlun, RMB360,000,000 is attributable to the sale and purchase of the entire equity interest in Shenyang Zhongguang and RMB170,000,000 shall be settled by Affluent Ocean to the Company by cash. The cash consideration of RMB170,000,000 (equivalent to approximately HK\$194,195,000) payable by Affluent Ocean to the Company shall be satisfied by Affluent Ocean in the following manner: (i) as to RMB50,000,000 (equivalent to approximately HK\$57,116,000) in cash to be released by the bank to the Company upon the change of the legal representative of Zhuhai Coastal to a person designated by Affluent Ocean; and (ii) as to the remaining RMB120,000,000 (equivalent to approximately HK\$137,079,000) by 12 post-dated cheques drawn by Affluent Ocean in favour of the Company in the amount of RMB10,000,000 each per month starting from 15 January 2023.

- (b) This amount represents the net assets of Zhuhai Coastal as at 31 March 2023 as extracted from the unaudited statement of financial position of Zhuhai Coastal as at 31 March 2023 set out in Appendix II to the Circular.
- (c) Waiver of shareholder’s loan represents the money owed by Zhuhai Coastal to the Company (the “**Shareholder’s Loan**”) recognised in Zhuhai Coastal as at 31 March 2023 as extracted from the unaudited statement of financial position of Zhuhai Coastal as at 31 March 2023 set out in Appendix II to the Circular.

The assignment of the Shareholder’s Loan at a consideration of HK\$868,165,000 (RMB760,000,000) was set after negotiation between the Group and Affluent Ocean. The difference was dealt with in the settlement of the Disposal.

Waiver of amount due from ultimate holding company, net represents money owed by Yuzhou Group Holdings Company Limited to Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang (the “**Acquired Companies**”) recognised in the Acquired Companies as at 31 March 2023 as extracted from the unaudited statement of financial position of the Acquired Companies as at 31 March 2023 set out in Appendix III, IV and V to the Circular. According to the Supplemental Agreement, the amount shall be waived upon completion.



- (d) This amount represents the 33.33% non-controlling interest of Zhuhai Coastal as at 31 March 2023.
 - (e) The statutory tax rate applied is 25% in accordance with the law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and implementation regulations of the EIT Law.
- 4) (i) The audited statement of financial position of Shanghai Coastal as at 31 March 2023 and the audited statement of profit or loss and other comprehensive income and statement of cash flow of Shanghai Coastal for the year ended 31 December 2022 are extracted from the audited financial information of Shanghai Coastal set out in Appendix III to the Circular.
- (ii) The audited statement of financial position of Beijing Tianlun as at 31 March 2023 and the audited statement of profit or loss and other comprehensive income and statement of cash flow of Beijing Tianlun for the year ended 31 December 2022 are extracted from the audited financial information of Beijing Tianlun set out in Appendix IV to the Circular.
- (iii) The audited statement of financial position of Shenyang Zhongguang as at 31 March 2023 and the audited statement of profit or loss and other comprehensive income and statement of cash flow of Shenyang Zhongguang for the year ended 31 December 2022 are extracted from the audited financial information of Shenyang Zhongguang set out in Appendix V to the Circular.

The above adjustments represent the inclusion of the assets and liabilities of the acquired companies as at 31 March 2023 and their financial performance and cash flows for the year ended 31 December 2022.

- 5) The adjustment represents elimination of capital, investment cost and balances between Shanghai Coastal and Beijing Tianlun.
- 6) Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang do not carry out active business operations. Under Hong Kong Financial Reporting Standard 3 (revised) "Business Combinations" ("HKFRS 3") issued by the HKICPA, the acquisition method does not apply a situation where the acquisition of an assets or a group of assets does not constitute a business. Accordingly, the acquisition of Shanghai Coastal, Beijing Tianlun and Shenyang Zhongguang is not considered as a business combination. In accordance with HKFRS 3, the consideration shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the completion of the Acquisition and such a transaction does not give rise to goodwill.



The fair value of the Acquired Companies as if the Acquisition had been completed on 31 March 2023, which is calculated as follows:

	<i>Notes</i>	<i>HK\$'000</i>
Carrying value of identifiable assets and liabilities of the Acquired Companies as at 31 March 2023	<i>(a)</i>	955,133
Fair value adjustment to identifiable assets and liabilities of the Acquired Companies	<i>(b)</i>	<u>342,211</u>
Total fair value of the Acquired Companies		<u><u>1,297,344</u></u>

- (a) For the purpose of the Unaudited Pro Forma Financial Information, it is assumed that the fair value of the identifiable assets and liabilities of the Acquired Companies (excluding the properties under development) approximated their carrying values as at 31 March 2023. The fair value of the identifiable assets and liabilities of the Acquired Companies (including the properties under development) is subject to changes upon completion of the Acquisition because the fair value shall be assessed at the date of the actual completion of the Acquisition.

Carrying value of the Acquired Companies (including the properties under development) as at 31 March 2023 is determined as follows:

	<i>HK\$'000</i>
Shanghai Coastal	(42,164)
Beijing Tianlun	(839)
Shenyang Zhongguang	1,005,561
Elimination between Shanghai Coastal and Beijing Tianlun (<i>note 5</i>)	<u>(7,425)</u>
	<u><u>955,133</u></u>

- (b) For the purpose of the Unaudited Pro Forma Financial Information, the Directors have estimated the fair values of the properties under development owned by Shenyang Zhongguang with reference to the valuation report dated 31 August 2023 prepared by Cushman & Wakefield, an independent valuer.

Nature	Independent valuer	Site Area sq.m.	Unit rate per valuation report RMB	Fair value RMB'000	Fair value HK\$'000	Carrying value HK\$'000	Pro forma fair value adjustment HK\$'000
Properties under development owned by Shenyang Zhongguang	Cushman & Wakefield	1,272.050	470	598,000	683,108	(340,897)	342,211



- 7) The adjustment represents the estimated transaction costs of approximately HK\$58,457,000, including the accountancy, legal, valuation and other professional services related to the Disposal and the Acquisition as if the Disposal and the Acquisition had completed on both 31 March 2023 and 1 April 2022. The expenses are charged to profit or loss directly. The adjustment has no continuing effect on the financial statements of the Remaining Group in subsequent years.

- 8) The Company and Affluent Ocean entered into the sale and purchase agreement on 13 January 2018 (the “**Sale and Purchase Agreement**”) in relation to the disposal of the entire equity interest in Century East Group Limited at a consideration of approximately RMB3,800,000,000. As at the date of the Circular, Affluent Ocean has paid RMB2,891,920,000 to the Company. By entering into the Supplemental Agreement, Affluent Ocean and the Company sought to resolve all the outstanding obligations of the parties under the Sale and Purchase Agreement. Upon completion, Affluent Ocean and the Company shall have completed all their obligations under the Sale and Purchase Agreement and the Supplemental Agreement and the outstanding balance of the consideration under the Sale and Purchase Agreement payable by Affluent Ocean in the sum of HK\$760,241,000, net of expected credit loss of HK\$277,078,000 will be waived by the Company.