

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE RESTRUCTURED GROUP**

The information set forth in this appendix does not form part of the accountants' report on the PRC Target from KPMG, the reporting accountants of the PRC Target, as set forth in Appendix III to this circular, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information of the PRC Target" in this circular and "Appendix III — Accountants' Report on the PRC Target" and "Appendix IV — Financial Information of the Group" to this circular.

Capitalised terms used in this appendix have the same meaning as defined in the section headed "Definitions" in this circular.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION

**INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE RESTRUCTURED GROUP**

The following is the unaudited pro forma financial information of the Restructured Group as if the Subscription, the Acquisition, the CN Subscription, the Divestment and the Transfer (collectively the "**Transactions**") had been completed on 30 September 2015 for the Restructured Group's unaudited pro forma consolidated statement of financial position and at the beginning of the year ended 31 March 2015 for the Restructured Group's unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement. The unaudited pro forma financial information of the Restructured Group is based upon the consolidated financial statements of the Company for the year ended 31 March 2015 as set out in the Company's 31 March 2015 annual report, the interim financial report of the Company for the six months ended 30 September 2015 as set out in the Company's 30 September 2015 interim report and adjusted to reflect the effect of the Transactions.

The unaudited pro forma financial information of the Restructured Group is based on a number of assumptions, estimates and uncertainties.

The unaudited pro forma financial information of the Restructured Group has been prepared by the Directors in accordance with Rules 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**"), for the purposes of illustrating the effect of the Transactions pursuant to the terms of relevant agreements and because of its hypothetical nature, it may not give a true picture of the financial position or results of the Restructured Group has the Transactions been completed as of the specified dates or any future date.

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Unaudited Pro Forma Consolidated Statement of Financial Position of the Restructured Group

	The Group as at 30 September 2015 HK\$'000	The PRC Target as at 31 December 2015 HK\$'000 (Note 1)	Pro forma adjustments HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 5)	Pro forma adjustments HK\$'000 (Note 7)	Pro forma adjustments HK\$'000 (Note 8)	Pro forma adjustments HK\$'000 (Note 9)	Pro forma adjustments HK\$'000 (Note 10)	Pro forma adjustments HK\$'000 (Note 11)	Pro forma Restructured Group as at 30 September 2015 HK\$'000
Non-current assets											
Property, plant and equipment	1	488,601	595,274	—	—	—	—	—	—	—	595,275
Construction in progress	—	108	132	—	—	—	—	—	—	—	132
Intangible assets	—	24,916	30,356	—	—	—	—	—	—	—	30,356
Lease prepayment	—	9,436	11,496	—	—	—	—	—	—	—	11,496
Other non-current assets	—	32,009	38,997	—	—	—	—	—	—	—	38,997
Deferred tax assets	—	599	730	—	—	—	—	—	—	—	730
	1	555,669	676,985	—	—	—	—	—	—	—	676,986
Current assets											
Inventories	—	6,456	7,865	—	—	—	—	—	—	—	7,865
Trade receivables	—	43,180	52,607	—	—	—	—	—	—	—	52,607
Prepayments, deposits and other receivables	605	39,963	48,688	—	—	1,944,194	—	—	—	—	1,993,487
Equity investment at fair value through profit or loss	6,065	—	—	—	(6,065)	—	—	—	—	—	—
Deposits placed with financial institutions	1,675	—	—	—	—	—	—	—	—	—	1,675
Bank balances and cash	1,196	12,498	15,227	—	6,065	995,806	—	(680,897)	—	(60,000)	279,050
	9,541	102,097	124,387	—	1,653	2,940,000	—	(680,897)	—	(60,000)	2,334,684
Assets classified as held for sale	429,888	—	—	(429,888)	—	—	—	—	—	—	—
	439,429	102,097	124,387	(429,888)	1,653	2,940,000	—	(680,897)	—	(60,000)	2,334,684

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	The Group as at 30 September 2015 HK\$'000	The PRC Target as at 31 December 2015 RMB'000	The PRC Target as at 31 December 2015 HK\$'000 (Note 1)	Pro forma adjustments HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 5)	Pro forma adjustments HK\$'000 (Note 7)	Pro forma adjustments HK\$'000 (Note 8)	Pro forma adjustments HK\$'000 (Note 9)	Pro forma adjustments HK\$'000 (Note 10)	Pro forma adjustments HK\$'000 (Note 11)	Pro forma Restructured Group as at 30 September 2015 HK\$'000
Current liabilities												
Trade payables	—	144,435	175,969	—	—	—	—	—	—	—	—	175,969
Other payables, accruals and deposits	8,290	120,410	146,699	—	—	—	—	—	—	—	—	154,989
Interest-bearing bank and other borrowings	—	90,000	109,649	—	—	—	—	—	—	—	—	109,649
	8,290	354,845	432,317	—	—	—	—	—	—	—	—	440,607
Liabilities classified as held for sale	438,103	—	—	(438,103)	—	—	—	—	—	—	—	—
	446,393	354,845	432,317	(438,103)	—	—	—	—	—	—	—	440,607
Net current (liabilities)/assets	(6,964)	(252,748)	(307,930)	8,215	1,653	2,940,000	(680,897)	(60,000)	1,894,077			
Total assets less current liabilities	(6,963)	302,921	369,055	8,215	1,653	2,940,000	(680,897)	(60,000)	2,571,063			

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The Group as at 30 September 2015 HK\$'000	The PRC Target as at 31 December 2015 RMB'000	Pro forma adjustments HK\$'000 (Note 1)	Pro forma adjustments HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 5)	Pro forma adjustments HK\$'000 (Note 7)	Pro forma adjustments HK\$'000 (Note 8)	Pro forma adjustments HK\$'000 (Note 9)	Pro forma adjustments HK\$'000 (Note 10)	Pro forma adjustments HK\$'000 (Note 11)	Pro forma Restructured Group as at 30 September 2015 HK\$'000
Non-current liabilities											
Convertible bond	107,394	—	—	—	—	214,575	435	—	—	—	322,404
Provisions	—	32,728	—	—	—	—	—	—	—	—	39,873
	<u>107,394</u>	<u>32,728</u>	<u>39,873</u>	<u>—</u>	<u>—</u>	<u>214,575</u>	<u>435</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>362,277</u>
Net (liabilities)/assets	<u>(114,357)</u>	<u>270,193</u>	<u>329,182</u>	<u>8,215</u>	<u>1,653</u>	<u>2,725,425</u>	<u>(435)</u>	<u>(680,897)</u>	<u>—</u>	<u>(60,000)</u>	<u>2,208,786</u>
Capital and reserves											
Share capital	3,473	434,920	529,873	—	—	40,173	—	—	(529,873)	—	43,646
Reserves	(124,798)	(164,727)	(200,691)	16,836	—	2,685,252	(435)	(680,897)	529,873	(60,000)	2,165,140
	<u>(121,325)</u>	<u>270,193</u>	<u>329,182</u>	<u>16,836</u>	<u>—</u>	<u>2,725,425</u>	<u>(435)</u>	<u>(680,897)</u>	<u>—</u>	<u>(60,000)</u>	<u>2,208,786</u>
Non-controlling interests	6,968	—	—	(6,968)	—	—	—	—	—	—	—
	<u>(114,357)</u>	<u>270,193</u>	<u>329,182</u>	<u>9,868</u>	<u>—</u>	<u>2,725,425</u>	<u>(435)</u>	<u>(680,897)</u>	<u>—</u>	<u>(60,000)</u>	<u>2,208,786</u>

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION
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Unaudited Pro Forma Consolidated Income Statement of the Restructured Group

	The Group for the year ended 31 March 2015 HK\$'000	The PRC Target for the year ended 31 December 2015		Pro forma adjustments HK\$'000 (Note 3)	Pro forma adjustments HK\$'000 (Note 3)	Pro forma adjustments HK\$'000 (Note 8)	Pro forma adjustments HK\$'000 (Note 11)	Pro forma Restructured Group for the year ended 31 March 2015 HK\$'000
		RMB'000	HK\$'000					
		(Note 1)						
Revenue	143,695	98,761	122,868	(143,695)	—	—	—	122,868
Costs of sales	(115,825)	(88,773)	(110,442)	115,825	—	—	—	(110,442)
Gross profit	27,870	9,988	12,426	(27,870)	—	—	—	12,426
Other income	2,570	88	109	(2,375)	—	—	—	304
Administrative expenses	(36,854)	(18,026)	(22,426)	34,378	—	—	—	(24,902)
Other operating expenses	(2,866)	(6,897)	(8,580)	2,866	—	—	—	(8,580)
Exploration expenses, including dry holes	—	(1,215)	(1,512)	—	—	—	—	(1,512)
Impairment loss recognised in respect of property, plant and equipment	(120,865)	—	—	120,865	—	—	—	—
Fair value loss on equity investment at fair value through profit or loss	(7,209)	—	—	—	—	—	—	(7,209)
Finance costs	(23,432)	(9,131)	(11,360)	19,244	—	—	—	(15,548)
Loss on modification of terms of convertible bond	(68,890)	—	—	—	—	—	—	(68,890)
Share of results of joint ventures	(5,258)	—	—	5,258	—	—	—	—
Loss on disposal of Divestment Group	—	—	—	—	(75,917)	—	—	(75,917)
Listing expense arising from the reverse acquisition	—	—	—	—	—	(278,281)	—	(278,281)
Transaction costs	—	—	—	—	—	—	(60,000)	(60,000)
Loss before tax	(234,934)	(25,193)	(31,343)	152,366	(75,917)	(278,281)	(60,000)	(528,109)
Income tax expense	—	599	745	—	—	—	—	745
Loss for the year	<u>(234,934)</u>	<u>(24,594)</u>	<u>(30,598)</u>	<u>152,366</u>	<u>(75,917)</u>	<u>(278,281)</u>	<u>(60,000)</u>	<u>(527,364)</u>
Loss for the year attributable to:								
Owners of the Company	(234,020)	(24,594)	(30,598)	151,452	(75,917)	(278,281)	(60,000)	(527,364)
Non-controlling interests	(914)	—	—	914	—	—	—	—

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Unaudited Pro Forma Consolidated Cash Flow Statement of the Restructured Group

	The Group for the year ended 31 March 2015 HK\$'000	The PRC Target for the year ended 31 December 2015 RMB'000 (Note 1)	Pro forma adjustments HK\$'000 (Note 3)	Pro forma adjustments HK\$'000 (Note 3)	Pro forma adjustments HK\$'000 (Note 4)	Pro forma adjustments HK\$'000 (Note 5)	Pro forma adjustments HK\$'000 (Note 7)	Pro forma adjustments HK\$'000 (Note 8)	Pro forma adjustments HK\$'000 (Note 9)	Pro forma adjustments HK\$'000 (Note 11)	Pro forma Restructured Group for the year ended 31 March 2015 HK\$'000
OPERATING ACTIVITIES											
Loss before tax	(234,934)	(25,193)	(31,343)	152,366	(75,917)	—	—	(278,281)	—	(60,000)	(528,109)
Adjustments for:											
Finance costs	23,432	8,923	11,101	(19,244)	—	—	—	—	—	—	15,289
Bank interest income	(71)	—	—	71	—	—	—	—	—	—	—
Share of results of joint ventures	5,258	—	—	(5,258)	—	—	—	—	—	—	—
Depreciation of property, plant and equipment	38,996	43,876	54,586	(38,992)	—	—	—	—	—	—	54,590
Amortisation of intangible assets and lease prepayment	—	2,848	3,543	—	—	—	—	—	—	—	3,543
Impairment loss recognised on other receivables	1,173	—	—	(1,173)	—	—	—	—	—	—	—
Impairment loss recognised on trade receivables	1,193	—	—	(1,193)	—	—	—	—	—	—	—
Impairment loss recognised on property, plant and equipment	120,865	—	—	(120,865)	—	—	—	—	—	—	—
Reversal of impairment loss recognised on trade receivables in prior years	(680)	—	—	680	75,917	—	—	—	—	—	75,917
Loss on disposal of Divestment Group	—	—	—	—	—	—	—	—	—	—	—
Listing expense arising from the reverse acquisition	—	—	—	—	—	—	—	278,281	—	60,000	278,281 60,000
Transaction costs	—	—	—	—	—	—	—	—	—	—	—
Loss on modification of terms of convertible bond	68,890	—	—	—	—	—	—	—	—	—	68,890
Loss on written off of property, plant and equipment	5	20	25	(5)	—	—	—	—	—	—	25
Fair value loss on equity investment at fair value through profit or loss	7,209	—	—	—	—	—	—	—	—	—	7,209
Dividend income from an equity investment at fair value through profit or loss	(195)	—	—	—	—	—	—	—	—	—	(195)
Operating cash flows before movements in working capital	31,141	30,474	37,912	(33,613)	—	—	—	—	—	—	35,440

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	The Group for the year ended 31 March 2015 HK\$'000	The PRC Target for the year ended 31 December 2015 RMB'000 (Note 1)	Pro forma adjustments HK\$'000 (Note 3)	Pro forma adjustments HK\$'000 (Note 4)	Pro forma adjustments HK\$'000 (Note 5)	Pro forma adjustments HK\$'000 (Note 7)	Pro forma adjustments HK\$'000 (Note 8)	Pro forma adjustments HK\$'000 (Note 9)	Pro forma adjustments HK\$'000 (Note 11)	Pro forma Restructured Group for the year ended 31 March 2015 HK\$'000
Increase in inventories	(176)	(2,154)	176	—	—	—	—	—	—	(2,680)
Increase in trade receivables	(604)	(8,180)	604	—	—	—	—	—	—	(10,177)
(Increase)/decrease in prepayments, deposits and other receivables	(11,734)	13,679	1,333	—	—	—	—	—	—	6,617
Increase/(decrease) in trade and other payables	58	(45,408)	12,805	—	—	—	—	—	—	(43,629)
Decrease in provision	(166,606)	—	166,606	—	—	—	—	—	—	—
Net cash used in operating activities	(147,921)	(11,589)	147,911	—	—	—	—	—	—	(14,429)
INVESTING ACTIVITIES										
Interest received	71	—	(71)	—	—	—	—	—	—	—
Purchase of property, plant and equipment	(4,843)	(37,360)	4,843	—	—	—	—	—	—	(46,478)
Net proceeds for the Divestment, net of the cash disposed of	—	—	—	(38,379)	—	—	—	—	—	(38,379)
Proceeds from disposal of Equity Investment in Soufun	—	—	—	—	6,065	—	—	—	—	6,065
Advance to the Divestment Group	—	—	(2,078)	—	—	—	—	—	—	(2,078)
Placement of deposits with financial institutions	(165)	—	—	—	—	—	—	—	—	(165)
Dividends received from an equity investment at fair value through profit or loss	195	—	—	—	—	—	—	—	—	195
Payment for acquisition of the PRC Target	—	—	—	—	—	—	—	(680,897)	—	(680,897)
Net cash (used in)/generated from investing activities	(4,742)	(37,360)	2,694	(38,379)	6,065	—	—	(680,897)	—	(761,737)

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FINANCING ACTIVITIES											
Advance from related companies	181,550	—	(181,550)	—	—	—	—	—	—	—	—
Proceeds from the issue of ordinary shares under the Subscription	—	—	—	—	—	—	850,000	—	—	—	850,000
Proceeds from the issue of preferred shares under Subscription	—	—	—	—	—	—	133,306	—	—	—	133,306
Proceeds from the CN subscription	—	—	—	—	—	—	12,500	—	—	—	12,500
Payment for the transaction costs	—	—	—	—	—	—	—	—	—	(60,000)	(60,000)
Interest paid	(16,856)	(2,083)	16,737	—	—	—	—	—	—	—	(2,710)
Repayment of bank and other borrowings	(77,767)	(110,990)	77,767	—	—	—	—	—	—	—	(138,082)
New bank and other borrowings raised	37,935	167,179	(37,935)	—	—	—	—	—	—	—	207,986
Net cash generated from/(used in) financing activities	<u>124,862</u>	<u>54,106</u>	<u>(124,981)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>995,806</u>	<u>—</u>	<u>—</u>	<u>(60,000)</u>	<u>1,003,000</u>
Net (decrease)/increase in cash and cash equivalents	<u>(27,801)</u>	<u>5,157</u>	<u>25,624</u>	<u>—</u>	<u>(38,379)</u>	<u>6,065</u>	<u>995,806</u>	<u>—</u>	<u>(680,897)</u>	<u>(60,000)</u>	<u>226,834</u>
Cash and cash equivalents at beginning of year	42,793	7,341	9,133	—	—	—	—	—	—	—	51,926
Effect of foreign exchange rate changes	196	—	(195)	—	—	—	—	—	—	—	1
Cash and cash equivalents at end of year	<u>15,188</u>	<u>12,498</u>	<u>15,549</u>	<u>25,429</u>	<u>(38,379)</u>	<u>6,065</u>	<u>995,806</u>	<u>—</u>	<u>(680,897)</u>	<u>(60,000)</u>	<u>278,761</u>

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Notes:

- 1 The amounts represent the unadjusted financial information of the PRC Target as at 31 December 2015 (for the purpose of unaudited pro forma consolidated statement of financial position) and for the year ended 31 December 2015 (for the purpose of unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement), which is extracted from the Accountants' Report on the PRC Target as set out in Appendix III to the Circular, and is translated to Hong Kong dollars at the exchange rate of RMB0.8208 to HK\$1 prevailing at 30 September 2015 in relation to the statement of financial position and RMB0.8038 to HK\$1 in relation to the income statement and cash flow statement.

The Transactions are considered to be linked and shall be executed as a single package. Accordingly, the Directors determine to apply the principles of reverse acquisition in HKFRS 3 by analogy to the unaudited pro forma financial information. The consolidated financial statements prepared following a reverse acquisition represent a continuation of the financial statements of the legal subsidiary (accounting acquirer — the PRC Target), the assets and liabilities of which are recognised and measured at their pre-combination carrying amounts. Therefore, there is no adjustment in connection with the fair value of identifiable assets and liabilities of the PRC Target included in the unaudited pro forma financial information.

- 2 In respect of the Restructured Group's unaudited pro forma consolidated statement of financial position, the adjustments represent the receipt of cash consideration, which amounts to HK\$1,653,000 (subject to adjustment of the Adjustment Amount) pursuant to the Divestment Agreement, and the disposal of the assets and liabilities of the Divestment Group as if the Divestment had been completed on 30 September 2015. The carrying amounts of the assets and liabilities of the Divestment Group as at 30 September 2015 are derived from the financial information of the Divestment Group as set out in Appendix V to the Circular.

	<i>HK\$'000</i>
Initial consideration for the Divestment*	1,653
Add: net liabilities of the Divestment Group attributable to owners of the Company as at 30 September 2015	271,938
exchange fluctuation reserve relating to the Divestment Group transferred to profit or loss	25,357
Less: the net amounts due from the Divestment Group to the Company	<u>(256,755)</u>
Impact on profit or loss	42,193
Less: amount transferred from exchange fluctuation reserve relating to the Divestment Group	<u>(25,357)</u>
Impact on equity attributable to owners of the Company	<u><u>16,836</u></u>

* The consideration for the Divestment is subject to adjustment of the Adjustment Amount.

If the aggregate amount of the initial consideration and the Adjustment Amount is less than HK\$1, the adjusted consideration for the Divestment shall be deemed to be HK\$1.

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- 3 In respect of the Restructured Group's unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement, the adjustment represents the impact of the disposal of the Divestment Group on the results and cash flows, as if the Divestment had been completed on 1 April 2014. The results and cash flows of the Divestment Group for the year ended 31 March 2015 are extracted from the financial information of the Divestment Group as set out in Appendix V to the Circular. The adjustment will not have continuing effect on the consolidated income statement and consolidated cash flow statement of the Restructured Group.

	<i>HK\$'000</i>
Initial consideration for the Divestment (<i>note 2</i>)	1,653
Add: net liabilities of the Divestment Group attributable to owners of the Company as at 1 April 2014	157,416
Less: the net amounts due from the Divestment Group to the Company	<u>(257,513)</u>
	(98,444)
Exchange fluctuation reserve relating to the Divestment Group transferred to profit or loss	<u>22,527</u>
Impact on profit or loss	<u><u>(75,917)</u></u>

- 4 The adjustment reflects the impact on cash flow as if the Divestment had completed on 1 April 2014.

	<i>HK\$'000</i>
Initial consideration for the Divestment (<i>note 2</i>)	1,653
Less: Cash and cash equivalents held by the Divestment Group as at 1 April 2014	<u>(40,032)</u>
Net proceeds for the Divestment, net of the cash disposed of	<u><u>(38,379)</u></u>

- 5 This adjustment represents the disposal of equity investment in the securities of Soufun Holding Limited (NYSE: SFUN) ("**Equity Investment in Soufun**") held by the Company, which is carried at fair value in the Company's financial statements. Pursuant to the Divestment Agreement, all the shares of Soufun held by the Company shall be transferred from the Company to Aykens Holdings Limited at market price at the time of transfer. The market price of the Equity Investment in Soufun at 30 September 2015 of HK\$6,065,000 is used for illustrating the effect of disposal of such equity investment in the Restructured Group's unaudited pro forma consolidated statement of financial position and the unaudited pro forma consolidated cash flow statement. There is no gain or loss on disposal of the Equity Investment in Soufun.

- 6 The income tax impact on the Divestment has not been made to the unaudited pro forma financial information, as the Directors determine that such impact is insignificant.

The adjustments in notes (2), (3), (4) and (5) will not have continuing effect on the consolidated income statement and consolidated cash flow statement of the Restructured Group.

The estimated gain/loss on disposal of the Divestment Group and net proceeds for the Divestment as illustrated in notes (2), (3), (4) and (5) are subject to change on the date of completion of the Divestment. The actual net liabilities of the Divestment Group, cash and cash equivalents held by the Divestment Group and the Adjustment Amount and thus the gain/loss on disposal and net proceeds for the Divestment and the actual market price of Equity Investment in Soufun at the date of completion will likely be different from those stated in the unaudited pro forma financial information.

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7 The adjustment is related to the Subscription which represents:

- Issue of 1,269,414,575 Ordinary Subscription Shares at HK\$0.6696 per share with proceeds of approximately HK\$850,000,000, which are payable by the subscribers upon completion of the Subscription.
- Issue of 1,373,954,600 Tranche 1 Preferred Shares and 1,373,954,599 Tranche 2 Preferred Shares at HK\$0.6696 per share with proceeds of approximately HK\$1,840,000,000, among which HK\$133,306,000, HK\$853,347,000 and HK\$853,347,000 shall be payable by the subscribers upon completion, within 180 days after completion and within 1 year after completion, respectively.

The Company shall issue to the subscribers the Preferred Shares in accordance with the terms of the Subscription Agreement. It is assumed that the Preferred Share is a non-derivative for which the Company is not obligated to deliver the variable number of the Company's own equity instruments.

- Issue of Convertible Note with a principal amount of HK\$250,000,000, among which HK\$12,500,000 and HK\$237,500,000 shall be payable by the subscribers upon completion and within 120 days after completion, respectively. No interest shall be payable on the entire principal amount. The principal amount of HK\$250,000,000 and a redemption premium of HK\$125,000,000 shall be payable upon redemption of the Convertible Note.

The Company shall issue to the subscriber a Convertible Note in accordance with the terms of the CN Subscription Agreement. The conversion price is HK\$0.6696 per share, subject to adjustment shall there be any stock split, stock combination, stock bonus dividends or similar events affecting the share capital of the Company after the issuance date of the Convertible Note. It is assumed that the Convertible Note will meet the fixed-for-fixed requirements, i.e. to be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's ordinary shares, subject to the adjustment of the conversion ratio to compensate holder for changes in the number of ordinary shares outstanding that relate to share issuances or redemption not at fair value.

The liability and derivative component (redemption option) of the Convertible Note are measured at fair value as at 30 September 2015. The fair value of the liability component is determined by discounting the nominal amount of HK\$250,000,000 at the discount rate of 5.45% as determined by the Directors with reference to valuation carried out by LCH (Asia-Pacific) Surveyors Limited, an independent valuer. The discount rate is based on the credit rating of the Company and comparable corporate bond spreads with similar credit rating. The fair value of the derivative component (redemption option) is determined using binomial model. The total fair value of the liability and derivative component of the Convertible Note as at 30 September 2015 is HK\$214,575,000. The excess of proceeds of HK\$250,000,000 over the liability component and the derivative component totalling HK\$35,425,000 is recognised as the equity component.

8 The adjustment is related to the Acquisition.

As described in note 1, the Directors have applied the principles of reverse acquisition in HKFRS 3 by analogy to the unaudited pro forma financial information. Accordingly, the Acquisition would be accounted for in the Restructured Group's financial statements as a continuation of the financial statements of the PRC Target, together with a deemed issue of equity, and a re-capitalisation of the equity of the PRC Target.

The acquisition-date fair value of the consideration transferred by the accounting acquirer for its interest in the accounting acquiree is based on the number of equity interests the legal subsidiary would have had to issue to give the owners of the legal parent the same percentage equity interest in the combined entity that results from the reverse acquisition.

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The PRC Target is deemed to issue shares to give the Company's existing shareholders the same percentage of ownership in the Restructured Group (without considering the impact of the Transfer, the Subscription, the CN Subscription), which is calculated to be equivalent to 25.46% interest in the PRC Target. Consequently, the fair value of the shares deemed to have been issued is measured to be RMB558,880,000 (equivalent to HK\$680,897,000 translated to Hong Kong dollars at the exchange rate of RMB0.8208 to HK\$1 prevailing at 30 September 2015, representing purchase consideration for the entire interest in the PRC Target pursuant to the Acquisition Agreement) multiplied by the percentage of ownership of the PRC Target (i.e. 25.46%) associated with the deemed issue of equity.

The Acquisition and the Divestment will be completed simultaneously and the Company is only a non-operating public shell corporation at the date of completion of the Acquisition. Because the Company is not a business under HKFRS 3, at the date of completion of the Acquisition and Divestment, the fair value of the shares deemed to have been issued by the accounting acquirer (the PRC Target) and the fair value of the accounting acquiree's (the Company's) identifiable net assets received should be treated in its entirety as a payment for a stock exchange listing and expensed as it is incurred.

The conversion price of the Company's convertible bond has been set at HK\$0.3695 per share. The liability and equity components of the convertible bond have been measured at the fair value as at 30 September 2015. The fair value of the liability component is determined by discounting the nominal amount of HK\$120,000,000 at the discount rate of 5.32% as determined by the Directors with reference to valuation carried out by LCH (Asia-Pacific) Surveyors Limited, an independent valuer. The fair value of the equity component is determined using binomial model. The discount rate is based on the credit rating of the Company and comparable corporate bond spreads with similar credit rating. The fair value of the liability component of the convertible bond as at 30 September 2015 is HK\$107,829,000. As a result, the fair value adjustment on the liability component of the convertible bond is approximately HK\$435,000 which is charged to the listing expenses.

	<i>HK\$'000</i>
Fair value of deemed issued equity	173,357
Net liabilities of the Group (upon completion of the Divestment and without considering the impact of the Subscription and the CN Subscription) attributable to owners of the Company as at 30 September 2015	104,489
Fair value adjustment on the liability component of convertible bond	<u>435</u>
Estimated listing expenses charged to profit or loss	<u>(278,281)</u>

This adjustment in respect of the unaudited pro forma consolidated income statement above is not expected to have a continued effect on the Restructured Group.

- 9 The adjustment represents the payment of consideration for the Acquisition, which amounts to RMB558,880,000 (equivalent to HK\$680,897,000 translated to Hong Kong dollars at the exchange rate of RMB0.8208 to HK\$1 prevailing at 30 September 2015) to be satisfied in cash, pursuant to the sale and purchase agreement.

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- 10 The adjustment is related to the presentation of issued capital of the Restructured Group upon the completion of the Transactions.

The share capital is adjusted to reflect the capital of the legal parent (the accounting acquiree — the Company). It is represented by the movements in the share capital of the Company as follows:

	Number of Ordinary Shares HK\$0.01 each	Number of Preferred Shares HK\$0.01 each	Par or nominal value HK\$'000
Authorised:			
At 30 September 2015	<u>8,000,000,000</u>	<u>—</u>	<u>80,000</u>
Immediately after the changes to the authorised share capital of the Company	<u>7,252,090,801</u>	<u>2,747,909,199</u>	<u>100,000</u>
Issued and fully paid:			
At 30 September 2015	347,326,000	—	3,473
Shares to be issued upon completion of the Subscription	<u>1,269,414,575</u>	<u>2,747,909,199</u>	<u>40,173</u>
	<u>1,616,740,575</u>	<u>2,747,909,199</u>	<u>43,646</u>

- 11 This adjustment represents the estimated transaction-related costs, mainly comprise professional fees, of approximately HK\$60,000,000, payable by the Company to the sponsors, legal advisors, financial advisor, reporting accountants, valuer and printer in connection with the Transactions.

This adjustment in respect of the unaudited pro forma consolidated income statement and unaudited pro forma cash flow statement above is not expected to have a continued effect on the Restructured Group.

- 12 Unaudited pro forma statement of adjusted net tangible (liabilities)/assets of the Restructured Group:

	Net tangible liabilities of the Group as at 30 September 2015 HK\$'000 Note a	Net tangible liabilities of the Group per share as at 30 September 2015 HK\$ Note b	Unaudited pro forma adjusted net tangible assets of the Restructured Group as at 30 September 2015 HK\$'000 Note c	Unaudited pro forma adjusted net tangible assets of the Restructured Group per share as at 30 September 2015 HK\$ Note d
Net tangible (liabilities)/assets attributable to the owners of the Company	<u>(121,325)</u>	<u>(0.35)</u>	<u>2,500,834</u>	<u>0.38</u>

Notes:

- a. The net tangible liabilities of the Group as at 30 September 2015 is based on the consolidated net liabilities attributable to the owners of the Company of HK\$121,325,000 as at 30 September 2015.

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- b. The number of shares used for the calculation of the net tangible liabilities of the Group per share is 347,326,000, being the number of shares in issue as at 30 September 2015.
 - c. The unaudited pro forma adjusted net tangible assets of the Restructured Group are arrived at after the adjustments referred to in the preceding paragraphs and calculated on the amount of the unaudited pro forma adjusted net (liabilities)/assets attributable to the owners of the Company as at 30 September 2015, which is extracted from the unaudited pro forma consolidated statement of financial position of the Restructured Group, after excluding intangible assets of approximately HK\$30,356,000 and liabilities of the Convertible Bonds and Convertible Note of approximately HK\$322,404,000 assuming the Convertible Bonds and Convertible Note are fully converted.
 - d. The number of shares used for the calculation of the unaudited pro forma adjusted net tangible assets of the Restructured Group per share is 6,523,721,287, comprising (i) 347,326,000 Ordinary Shares in issue as at 30 September 2015; (ii) 1,785,714,285 CB Conversion Shares assumed to be converted from the Convertible Bonds as at 30 September 2015; (iii) 1,269,414,575 Ordinary Subscription Shares to be issued and 2,747,909,199 New Conversion Shares assumed to be converted from the Preferred Shares to be issued upon the Subscription Completion; (iv) 373,357,228 CN Conversion Shares assumed to be converted from the Convertible Note to be issued upon the CN Subscription Completion. The above assumes that each of the Subscription and the CN Subscription becomes unconditional and all the Convertible Bonds, Preferred Shares and Convertible Note have been fully converted into Ordinary Shares.
- 13 No adjustment has been made to the unaudited pro forma financial information to reflect any trading results or other transactions of the Restructured Group entered into subsequent to 30 September 2015 in respect of the unaudited pro forma consolidated statement of financial position or 31 March 2015 in respect of the unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement.

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**B. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO
FORMA FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

29 June 2016

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

TO THE DIRECTORS OF SHUN CHEONG HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shun Cheong Holdings 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 consolidated statement of financial position as at 30 September 2015, the unaudited pro forma consolidated income statement and unaudited pro forma consolidated cash flow statement for the year ended 31 March 2015 and related notes as set out in Part A of Appendix VI to the circular dated 29 June 2016 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix VI to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the completion of the Subscription, the Acquisition, the CN Subscription, the Divestment and the Transfer (as defined in the section headed "Definitions" of the Circular, collectively the "**Transactions**") on the Group's financial position as at 30 September 2015 and the Group's financial performance and cash flows for the year ended 31 March 2015 as if the Transactions had taken place at 30 September 2015 and 1 April 2014, respectively. As part of this process, information about the Group's financial position as at 30 September 2015 has been extracted by the Directors from the interim financial report of the Company for the six months ended 30 September 2015, on which no review report has been published. The information about the Group's financial performance and cash flows for the year ended 31 March 2015 has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 March 2015, on which an audit report has been published.

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The audit report for the consolidated financial statements of the Company for the year ended 31 March 2015 contain a disclaimer of opinion on the Group's ability to continue as a going concern, as more fully described in the annual report of the Company for the year ended 31 March 2015 published on 20 July 2015. These facts and circumstances indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the 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 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 Control 1 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 paragraph 4.29(7) of the Listing Rules, on the 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 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 ("**HKSAE**") 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 pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION
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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 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 pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on 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 events or transactions at 30 September 2015 or 1 April 2014 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 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 pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong

**APPENDIX VI UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE RESTRUCTURED GROUP**

**C. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO
FORMA ADJUSTMENT ON FINANCIAL INFORMATION**

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the pro forma adjustment on financial information of the Group in this circular.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

29 June 2016

The Directors
Shun Cheong Holdings Limited

Dear Sirs,

Shun Cheong Holdings Limited (the "Company") and its subsidiaries (collectively the "Group")

The unaudited pro forma adjustment on financial information of the Group

We refer to the unaudited pro forma adjustment in connection with the impact on profit or loss as a result of the disposal of the Divestment Group (as defined in the circular of the Company dated 29 June 2016 (the "**Circular**")) on financial information of the Group, set forth in Part A, note 2 of Appendix VI to the Circular (the "**Pro Forma Adjustment**").

The Pro Forma Adjustment is regarded as a profit estimate under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission (the "**Takeovers Code**").

Directors' Responsibilities

The basis of preparation of the Pro Forma Adjustment is set out under the section headed "Introduction to the Unaudited Pro Forma Financial Information of the Restructured Group" and note 2 in Part A of Appendix VI to the Circular.

The Company's directors are solely responsible for the Pro Forma Adjustment.

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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 Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 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 report, as required by Rule 10.3(b) of the Takeovers Code, on the accounting policies and calculations of the Pro Forma Adjustment based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Pro Forma Adjustment on the basis of preparation as described under the section headed “Introduction to the Unaudited Pro Forma Financial Information of the Restructured Group” and note 2 in Part A of Appendix VI to the Circular and as to whether the Pro Forma Adjustment is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

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Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Pro Forma Adjustment has been properly compiled in accordance with the basis of preparation as described under the section headed "Introduction to the Unaudited Pro Forma Financial Information of the Restructured Group" and note 2 in Part A of Appendix VI to the Circular and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group in preparing the consolidated financial statements of the Company as at and for the year ended 31 March 2015.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong