

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

INTRODUCTION

The accompanying unaudited pro forma financial information has been prepared to illustrate the effect of “Proposed Restructuring” which comprises (i) the Proposed Capital Reorganisation, (ii) the Proposed [REDACTED], (iii) the Subscription and the Working Facility Capitalisation, (iv) the Creditors Schemes, (v) the Acquisition of the entire equity interest in China General (HK) Company Limited (the “Target Company”) and its subsidiaries (hereinafter collectively referred to as the “Target Group”) and (vi) the Disposal, which might have affected the financial information of First Mobile Group Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”). The Group immediately after the completion of the Proposed Restructuring is referred to as the “Enlarged Group”. In accordance with Hong Kong Financial Reporting Standard 3 “Business Combinations” (“HKFRS 3”), the Target Company is accounted for as the accounting acquirer and the Company as the accounting acquiree of the Acquisition. Details of the Proposed Restructuring are contained in the circular of the Company dated 29 February 2016 (the “Circular”).

The unaudited pro forma consolidated statement of financial position of the Enlarged Group and the unaudited pro forma consolidated net tangible assets attributable to the owners of the Company as at 30 June 2015 have been prepared based on (1) unaudited condensed consolidated statement of financial position of the Group as at 30 June 2015 as extracted from the interim report of the Company for the six months ended 30 June 2015 and (2) the audited consolidated statement of financial position of the Target Group as at 31 October 2015, which has been extracted from the accountants’ report of the Target Group as set out in Appendix I to the Circular, and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Proposed Restructuring had been completed on 30 June 2015.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Enlarged Group have been prepared based on (1) the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2014, which have been extracted from the published consolidated financial statements of the Company for the year ended 31 December 2014 and (2) the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Target Group for the year ended 31 December 2014, which have been extracted from the accountants’ report of the Target Group as set out in Appendix I to the Circular, and adjusted in accordance with the pro forma adjustments described in the notes thereto, as if the Proposed Restructuring had been completed on 1 January 2014.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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The unaudited pro forma financial information has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Enlarged Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Enlarged Group that would have been attained had the Proposed Restructuring actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group’s future financial position, results of operation or cash flows.

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 30 JUNE 2015

	The Group										The Retained Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1(a))	(Note 2(a))	(Note 3)	(Note 4)	(Note 5(a))	(Note 6(a))	(Note 7(a))	(Note 8(a))	(Note 8(b))	(Note 10)	
Non-current assets											
Property, plant and equipment	43										
Current assets											
Prepayments, deposits and other receivables	344										
Amounts due from Scheme Subsidiaries	—										
Cash and bank balances	79										
	423										
Current liabilities											
Trade and bills payables	419,765										
Accruals and other payables	1,024,388										
Bank borrowings	408,622										
Amounts due to Scheme Subsidiaries	—										
Current tax liabilities	1,377										
Financial guarantee liabilities	178,540										
Convertible loans	33,000										
	2,065,692										
Net current liabilities	(2,065,269)										
NET LIABILITIES	(2,065,226)										
Capital and reserves											
Issued shares	194,600										
Share premium	127,539										
Reserves	(2,385,833)										
Equity attributable to owners of the Company	(2,063,694)										
Non-controlling interests	(1,532)										
TOTAL EQUITY	(2,065,226)										

[REDACTED]

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP AS AT 30 JUNE 2015 (continue)

	The Retained Group HK\$'000	The Target Group RMB'000 (Note 11)	The Target Group HK\$'000 (Note 11)	Sub-total HK\$'000	HK\$'000 (Note 12(a))	Pro forma adjustments HK\$'000 (Note 12(b))	HK\$'000 (Note 13(a))	HK\$'000 (Note 15)	The Enlarged Group HK\$'000
Non-current assets									
Property, plant and equipment	38	745	909	947					
Investment properties	—	119,100	145,370	145,370					
Deferred tax assets	—	6,663	8,133	8,133					
	<u>38</u>	<u>126,508</u>	<u>154,412</u>	<u>154,450</u>					
Current assets									
Inventories	—	732,576	894,160	894,160					
Trade and other receivables	—	31,502	38,450	38,450					
Prepayments, deposits and other receivables	—	—	—	—					
Prepaid land appreciation tax	—	3,409	4,161	4,161					
Restricted and pledged bank deposits	—	31,470	38,411	38,411					
Time deposits, bank balances and cash	—	110,782	135,217	135,217					
	<u>—</u>	<u>909,739</u>	<u>1,110,399</u>	<u>1,110,399</u>					
Current liabilities									
Trade payables and bills payables	8,997	5,484	6,694	15,691					
Accruals and other payables	42,295	113,013	137,940	180,235					
Pre-sales proceeds received on sales of properties	—	135,817	165,774	165,774					
Amounts due to related parties	—	55,626	67,895	67,895					
Amounts due to Scheme Subsidiaries	65,484	—	—	65,484					
Secured bank borrowings	—	10,000	12,206	12,206					
Income tax payable	1,377	13,004	15,872	17,249					
	<u>118,153</u>	<u>332,944</u>	<u>406,381</u>	<u>524,534</u>					
Net current (liabilities)/assets	<u>(118,153)</u>	<u>576,795</u>	<u>704,018</u>	<u>585,865</u>					
Total assets less current liabilities	<u>(118,115)</u>	<u>703,303</u>	<u>858,430</u>	<u>740,315</u>					
Non-current liabilities									
Secured bank borrowings	—	165,000	201,394	201,394					
Deferred tax liabilities	—	16,418	20,039	20,039					
	<u>—</u>	<u>181,418</u>	<u>221,433</u>	<u>221,433</u>					
NET (LIABILITIES)/ASSETS	<u>(118,115)</u>	<u>521,885</u>	<u>636,997</u>	<u>518,882</u>					
Capital and reserves									
Share capital/paid-up capital	8,758	389,190	475,033	483,791					
Share premium	226,398	—	—	226,398					
Special reserves	—	—	—	—					
Reserves	(351,739)	123,548	150,799	(200,940)					
	<u>(116,583)</u>	<u>512,738</u>	<u>625,832</u>	<u>509,249</u>					
Equity attributable owners of the Company	(116,583)	512,738	625,832	509,249					
Non-controlling interests	(1,532)	9,147	11,165	9,633					
TOTAL EQUITY	<u>(118,115)</u>	<u>521,885</u>	<u>636,997</u>	<u>518,882</u>					

[REDACTED]

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

B. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group	The Target Group	The Target Group	Sub-total									The Enlarged Group
	HK\$'000	RMB'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1(b))	(Note 11)	(Note 11)		(Note 2(b))	(Note 7(b))	(Note 9(a))	(Note 10)	(Note 12(a))	(Note 13(b))	(Note 14)		
Revenue	—	256,532	322,900	322,900									
Cost of sales	—	(186,705)	(235,008)	(235,008)									
Gross profit	—	69,827	87,892	87,892									
Other income	24	1,404	1,767	1,791									
Other gains or losses	—	(428)	(539)	(539)									
Fair value change of investment properties	—	4,400	5,538	5,538									
Selling expenses	(1)	(9,252)	(11,646)	(11,647)									
General and administrative expenses	(20,455)	(10,313)	(12,981)	(33,436)									
Other operating expenses	(159)	—	—	(159)									
Provision for financial guarantee liabilities	(172,398)	—	—	(172,398)									
Gain on deconsolidation of a liquidated subsidiary	227,198	—	—	227,198									
Profit from operations	34,209	55,638	70,031	104,240									
Gain on debt restructuring of the Group	—	—	—	—									
Gain on disposal of Disposed Group	—	—	—	—									
Deemed [REDACTED] expenses	—	—	—	—									
Finance costs	(151,686)	(1,977)	(2,488)	(154,174)									
(Loss)/profit before tax	(117,477)	53,661	67,543	(49,934)									
Income tax expense	—	(17,848)	(22,465)	(22,465)								[REDACTED]	
(Loss)/profit for the year	(117,477)	35,813	45,078	(72,399)									
Other comprehensive income after tax:													
<i>Items that may be reclassified to profit or loss</i>													
Exchange differences reclassified to profit or loss upon deconsolidative of a liquidated subsidiary	8,859	—	—	8,859									
Exchange differences on a translation of foreign operations	14,850	—	—	14,850									
(Loss)/profit and total comprehensive income/(loss) for the year	<u>(93,768)</u>	<u>35,813</u>	<u>45,078</u>	<u>(48,690)</u>									
(Loss)/profit and total comprehensive income/(loss) for the year attributable to:													
Owners of the Company	(93,768)	35,094	44,173	(49,595)									
Non-controlling interests	—	719	905	905									
	<u>(93,768)</u>	<u>35,813</u>	<u>45,078</u>	<u>(48,690)</u>									

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE ENLARGED GROUP FOR THE YEAR ENDED 31 DECEMBER 2014

	The Group	The Target Group	The Target Group	Sub-total				Pro forma adjustments						The Enlarged Group
	HK\$'000	RMB'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(Note 1(b))	(Note 11)	(Note 11)		(Note 2(b))	(Note 5(b))	(Note 6(b))	(Note 7b)	(Note 9(b))	(Note 10)	(Note 12(a))	(Note 13(b))	(Note 14)	
CASH FLOWS FROM OPERATING ACTIVITIES														
(Loss)/profit before tax	(117,477)	53,661	67,543	(49,934)										
Adjustments for:														
Bank interest income	—	(1,151)	(1,449)	(1,449)										
Finance costs	151,686	1,977	2,488	154,174										
Depreciation and amortisation	179	1,042	1,312	1,491										
Impairment loss/(reversal of impairment loss) on trade and other receivable	125	(68)	(86)	39										
Impairment on inventories	17	—	—	17										
Write-off of plant and equipment	—	283	356	356										
Gain on deconsolidation of a liquidated subsidiary	(227,198)	—	—	(227,198)										
Provision for financial guarantee liabilities	172,398	—	—	172,398										
Fair value changes on investment properties	—	(4,400)	(5,538)	(5,538)										
Fair value changes on structured deposits designated as at fair value through profit or loss	—	(30)	(38)	(38)										
Net foreign exchange losses	—	243	306	306										
Deemed [REDACTED] expenses	—	—	—	—										
Gain on disposal of Disposed Group	—	—	—	—										
Gain on debt restructuring of the Group	—	—	—	—										
													[REDACTED]	
Operating cash flows before working capital changes	(20,270)	51,557	64,894	44,624										
Changes in inventories	—	82,882	104,325	104,325										
Changes in trade receivables and other receivables	—	14,078	17,718	17,718										
Changes in prepayments, deposits and other receivables	(239)	—	—	(239)										
Changes in trade and bills payables	1,200	(45,125)	(56,799)	(55,599)										
Changes in pre-sales proceeds received on sales of properties	—	(138,296)	(174,075)	(174,075)										
Changes in accruals and other payables	10,016	(14,903)	(18,759)	(8,743)										
Cash used in operations	(9,293)	(49,807)	(62,696)	(71,989)										
Interest paid	(257)	—	—	(257)										
PRC income tax and land appreciation tax paid	—	(8,194)	(10,314)	(10,314)										
Overseas tax paid	(14)	—	—	(14)										
Net cash used in operating activities	(9,564)	(58,001)	(73,010)	(82,574)										

APPENDIX IV UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group HK\$'000 (Note 1(b))	The Target Group RMB'000 (Note 11)	The Target Group HK\$'000 (Note 11)	Sub-total HK\$'000	HK\$'000 (Note 2(b))	HK\$'000 (Note 5(b))	HK\$'000 (Note 6(b))	Pro forma adjustments					HK\$'000 (Note 14)	The Enlarged Group HK\$'000
								HK\$'000 (Note 7b)	HK\$'000 (Note 9(b))	HK\$'000 (Note 10)	HK\$'000 (Note 12(a))	HK\$'000 (Note 13(b))		
CASH FLOWS FROM INVESTING ACTIVITIES														
Increase in restricted deposits	—	(10,109)	(12,724)	(12,724)										
Net cash inflows in deconsolidation of scheme subsidiaries	—	—	—	—										
Net cash inflows on deconsolidation of a liquidated subsidiary	56,183	—	—	56,183										
Advance to a related party	—	(16,419)	(20,667)	(20,667)										
Repayment from a related party	—	39,720	49,996	49,996										
Purchase of plant and equipment	—	(512)	(644)	(644)										
Withdrawal of pledged bank deposits	—	15,000	18,881	18,881										
Redemption of structured deposits	—	25,030	31,506	31,506										
Interest received from bank deposits	—	1,151	1,449	1,449										
Net cash generated from investing activities	56,183	53,861	67,797	123,980										
CASH FLOWS FROM FINANCING ACTIVITIES														
Advance from directors	—	11,954	15,047	15,047										
Repayment to a related party	—	(2,750)	(3,461)	(3,461)										
Repayment of bank borrowings	—	(21,855)	(27,509)	(27,509)										
Interest expense and bills discounting charges paid	—	(16,254)	(20,459)	(20,459)										
New bank borrowings raised	—	139,130	175,125	175,125										
Deemed distribution to Controlling Equity Holders	—	(10,000)	(12,587)	(12,587)										
Net cash generated from financing activities	—	100,225	126,156	126,156										
NET INCREASE IN CASH AND CASH EQUIVALENTS	46,619	96,085	120,943	167,562										
Effect of changes in foreign exchange rates	5,509	—	—	5,509										
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(60,494)	29,522	37,160	(23,334)										
CASH AND CASH EQUIVALENTS AT END OF YEAR	(8,366)	125,607	158,103	149,737										
ANALYSIS OF CASH AND CASH EQUIVALENTS														
Bank and cash balances	82	125,607	158,103	158,185										
Bank overdrafts, secured	(8,448)	—	—	(8,448)										
	(8,366)	125,607	158,103	149,737										

[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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**D. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE ENLARGED GROUP**

- (1) (a) For the preparation of unaudited pro forma consolidated statement of financial position, the amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group for the six months ended 30 June 2015, which are set out in Appendix II to the Circular.
- (b) For the preparation of unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows, the amounts are extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2014, which are set out in Appendix II to the Circular.

[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

[REDACTED]

- (16) Apart from the above, no adjustments have been made to 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 to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2015 where applicable.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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E. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE ENLARGED GROUP AS AT 30 JUNE 2015

	Unaudited consolidated net tangible assets of the Group HK\$'000 Note 1	Unaudited consolidated net tangible assets of the Group per share HK\$ Note 2	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group HK\$'000 Note 3	Unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per share HK\$ Note 4
Consolidated net tangible assets attributable to owners of the Company	<u>(2,063,694)</u>	<u>(1.06)</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

Notes:

- (1) The unaudited consolidated net tangible assets of the Group as at 30 June 2015 is based on the amount of unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2015, which is extracted from the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2015.
- (2) The number of shares used for the calculation of the unaudited consolidated net tangible assets of the Group per share is [REDACTED], being the number of shares in issue as at 30 June 2015.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group as at 30 June 2015 is based on the amount of the unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 30 June 2015, which is extracted from the unaudited pro forma consolidated statement of financial position of the Enlarged Group of approximately [REDACTED].
- (4) The number of shares used for the calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Enlarged Group per share is [REDACTED] after completion of the Proposed Restructuring as at 30 June 2015 as described in the note 12(b).
- (5) Apart from the above, no adjustments have been made to the unaudited pro forma statement of adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Enlarged Group entered into subsequent to 30 June 2015 where applicable.

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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**ACCOUNTANTS’ REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

The following is the text of a report, prepared for the sole purpose of inclusion in the Circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.

[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
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[REDACTED]

APPENDIX IV	UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP
--------------------	--

[REDACTED]