

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Company and its subsidiaries (the “Group”) is prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and is set out below to illustrate the effect of the proposed listing by way of introduction of H shares of the Company (the “Introduction”) and privatisation of Yichang HEC ChangJiang Pharmaceutical Co., Ltd. (“HEC CJ Pharm”) (the “Privatisation”) on the consolidated net tangible liabilities attributable to equity shareholders of the Company as of 31 December 2024 as if the Introduction and the Privatisation had taken place at 31 December 2024.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Introduction and the Privatisation been completed as of 31 December 2024 or at any future date.

Consolidated net tangible liabilities attributable to equity shareholders of the Company as of 31 December 2024	Effect of the Introduction and the Privatisation	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company	Unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share	
RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 4)
<u>(464,765)</u>	<u>3,307,917</u>	<u>2,843,152</u>	<u>5.13</u>	<u>5.55</u>

Notes:

- (1) The consolidated net tangible liabilities attributable to equity shareholders of the Company as of 31 December 2024 is arrived at after (i) deducting intangible assets of RMB1,573,456,000; and (ii) adjusting the share of intangible assets attributable to non-controlling interests of RMB764,542,000 from the consolidated total equity attributable to equity shareholders of the Company of RMB344,149,000 as of 31 December 2024 which is extracted from the Accountants' Report set out in Appendix I to the listing document.

- (2) The adjustment represents the derecognition of the carrying amount of non-controlling interests in HEC CJ Pharm upon the completion of the Introduction and the Privatisation as at 31 December 2024, and the corresponding change in consolidated net tangible liabilities attributable to equity shareholders of the Company, after deduction of listing and privatisation expenses paid or payable by the Company of RMB61,672,000 (excluding the related expenses charged to profit or loss during the Track Record Period).
- (3) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 553,700,263 Shares were in issue (being the outstanding 463,943,215 domestic shares in issue immediately before the Introduction and the Privatisation and 112,712,832 H shares to be issued pursuant to the Introduction and the Privatisation, excluding the 22,955,784 shares under the 2023 Restricted Share Scheme) assuming that the Introduction and the Privatisation had been completed on 31 December 2024.
- (4) The unaudited pro forma adjusted consolidated net tangible assets attributable to equity shareholders of the Company per Share amount in Renminbi is converted into Hong Kong dollars with an exchange rate of HK\$1.00 to RMB0.9253. No representation is made that the Renminbi amount has been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate or at any other rates.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024, including but not limited to the Special Dividend to be declared by HEC CJ Pharm to the shareholders whose names appear on the register of members of HEC CJ Pharm on the Share Exchange Record Date (other than the Company or its subsidiaries, if any). The Directors of the Company preliminarily estimated that the Special Dividend would amount to approximately RMB593.4 million, based on the total number of 427,567,700 HEC CJ Pharm Shares held by the aforementioned shareholders as of 31 December 2024 and the proposed Special Dividend of HK\$1.50 per HEC CJ Pharm Shares. The Special Dividend payable is converted from Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.9253. No representation is made that the Hong Kong dollar amount has been, could have been or may be converted into Renminbi, or vice versa, at that rate or at any other rates. Had the Special Dividend been declared on 31 December 2024, the unaudited pro forma adjusted net tangible assets would have decreased by RMB593.4 million and the unaudited pro forma adjusted net tangible assets per Share would have decreased by RMB1.07 (equivalent to HK\$1.16).

**B. UNAUDITED PRO FORMA STATEMENT OF FINANCIAL POSITION,
UNAUDITED PRO FORMA STATEMENT OF PROFIT OR LOSS, AND
UNAUDITED PRO FORMA STATEMENT OF CASH FLOWS**

The following is the unaudited pro forma financial information of the Group in connection with the Introduction and the Privatisation. The unaudited pro forma financial information of the Group below is prepared to illustrate (i) the pro forma consolidated statement of financial position of the Group as at 31 December 2024 as if the Introduction and the Privatisation had taken place at 31 December 2024; (ii) the pro forma consolidated statement of profit or loss as if the Introduction and the Privatisation had taken place at 1 January 2024; and (iii) the pro forma consolidated statement of cash flows for the year ended 31 December 2024 as if the Introduction and the Privatisation had taken place at 1 January 2024.

The unaudited pro forma financial information has been prepared by the directors in accordance with Rule 4.29 of the Listing Rules, for the purposes of illustrating the effect of the Introduction and the Privatisation only and, because of its hypothetical nature, it may not give a true picture of the financial position, financial performance and cash flows of the Group Post-Merger had the Introduction and the Privatisation been completed as of the specified dates or any future date.

(a) Unaudited pro forma consolidated statement of financial position as at 31 December 2024

	The Group	Pro forma adjustments	The Group Post-Merger
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>
Non-current assets			
Fixed assets			
– Property, plant and equipment	3,896,563		3,896,563
– Right-of-use assets			
– Ownership interests in leasehold land			
held for own use	342,526		342,526
– Other properties leased for own use	151,901		151,901
	<u>4,390,990</u>		<u>4,390,990</u>
Intangible assets	1,573,456		1,573,456
Financial assets measured at fair value			
through profit or loss (“FVPL”).....	17,066		17,066
Deferred tax assets	283,490		283,490
Interests in an associate.....	25,464		25,464
Prepayments	662,288		662,288
	<u>6,952,754</u>		<u>6,952,754</u>
Current assets			
Inventories	737,821		737,821
Prepayments	426,380	(28,881)	397,499
Trade and other receivables.....	1,894,293		1,894,293
Financial assets measured at FVPL	3,839		3,839
Restricted cash	435,617		435,617
Cash and cash equivalents.....	1,480,810	(46,405)	1,434,405
	<u>4,978,760</u>		<u>4,903,474</u>
Current liabilities			
Contract liabilities	155,019		155,019
Trade and other payables.....	2,421,629	(13,614)	2,408,015
Bank loans and other borrowings.....	2,196,225		2,196,225
Lease liabilities	41,147		41,147
Current taxation.....	231		231
	<u>4,814,251</u>		<u>4,800,637</u>
Net current assets	<u>164,509</u>		<u>102,837</u>
Total assets less current liabilities	<u>7,117,263</u>		<u>7,055,591</u>

	The Group	Pro forma adjustments	The Group Post-Merger
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 2)</i>	<i>RMB'000</i>
Non-current liabilities			
Bank loans and other borrowings.....	2,287,068		2,287,068
Deferred income	262,954		262,954
Lease liabilities	99,741		99,741
	<u>2,649,763</u>		<u>2,649,763</u>
Net assets	<u>4,467,500</u>		<u>4,405,828</u>
Capital and reserves			
Share capital	463,943	112,713	576,656
Reserves	<u>(119,794)</u>	<u>3,959,746</u>	<u>3,839,952</u>
Total equity attributable to equity shareholders of the Company	344,149		4,416,608
Non-controlling interests	<u>4,123,351</u>	(4,134,131)	<u>(10,780)</u>
Total equity	<u>4,467,500</u>		<u>4,405,828</u>

(b) Unaudited pro forma consolidated statement of profit or loss for the year ended
31 December 2024

	The Group	Pro forma adjustments		The Group Post-Merger
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 3(a))</i>	<i>RMB'000</i> <i>(Note 3(b))</i>	<i>RMB'000</i>
Revenue	4,018,905			4,018,905
Cost of sales	(960,274)			(960,274)
Gross profit	3,058,631			3,058,631
Other income.....	89,743			89,743
Distribution costs	(1,197,046)			(1,197,046)
Administrative expenses	(557,116)		(18,000)	(575,116)
Research and development costs ..	(887,653)			(887,653)
Recognition of impairment loss on trade and other receivables....	(126,011)			(126,011)
Profit from operations	380,548			362,548
Finance costs.....	(239,787)			(239,787)
Share of profit of an associate....	293			293
Profit before taxation	141,054			123,054
Income tax	(116,251)			(116,251)
Profit for the year	<u>24,803</u>			<u>6,803</u>
Profit/(loss) for the year attributable to:				
Equity shareholders of the				
Company	(207,434)	234,549	(18,000)	9,115
Non-controlling interests	<u>232,237</u>	<u>(234,549)</u>		<u>(2,312)</u>
Profit for the year	<u>24,803</u>			<u>6,803</u>
(Loss)/earnings per share				
Basic and diluted (in RMB)				
<i>(Note 4)</i>	(0.47)			0.02

(c) **Unaudited pro forma consolidated statement of cash flows for the year ended
31 December 2024**

	The Group	Pro forma adjustments	The Group Post-Merger
	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i> <i>(Note 5)</i>	<i>RMB'000</i>
Operating activities			
Cash generated from operations	748,173	(21,746)	726,427
Corporate Income Tax ("CIT") paid	(247,641)		(247,641)
Net cash generated from operating activities .	500,532		478,786
Investing activities			
Interest received	72,792		72,792
Payments for purchase of property, plant and equipment	(1,061,906)		(1,061,906)
Payments for development costs	(163,299)		(163,299)
Decrease in restricted cash	1,131,683		1,131,683
Payments for investments in financial assets measured at FVPL	(2,761,573)		(2,761,573)
Proceeds from disposal of financial assets measured at FVPL	2,763,105		2,763,105
Payment for investment in an associate	(12,600)		(12,600)
Dividends received from listed equity securities.	309		309
Proceeds received from disposal of property, plant and equipment	61,283		61,283
Net cash generated from investing activities ..	29,794		29,794
Financing activities			
Proceeds from bank loans	3,100,917		3,100,917
Proceeds from borrowings under sale and leaseback transactions	379,556		379,556
Repayments of bank loans	(3,792,158)		(3,792,158)
Payments for capital element of obligations arising from sale and leaseback transactions ..	(478,177)		(478,177)
Interest paid	(105,172)		(105,172)
Other borrowing costs paid	(13,907)		(13,907)
Deposits paid for sale and leaseback transactions	(375)		(375)
Capital element of lease rentals paid	(35,829)		(35,829)
Interest element of lease rentals paid	(6,508)		(6,508)
Listing expenses paid	(19,013)	(24,659)	(43,672)
Net cash used in financing activities	(970,666)		(995,325)
Net decrease in cash and cash equivalents ...	(440,340)		(486,745)
Cash and cash equivalents at 1 January 2024.	1,920,158		1,920,158
Effect of foreign exchange rate changes	992		992
Cash and cash equivalents at 31 December 2024	1,480,810		1,434,405

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- (1) The amounts represent historical financial information of the Group as at 31 December 2024 and for the year ended 31 December 2024, as extracted from the Accountants' Report set out in Appendix I to the listing document.
- (2) The adjustments represent the issuance of 112,712,832 H shares with the par value of RMB1 each by the Company, derecognition of the carrying amount of non-controlling interests in HEC CJ Pharm upon the completion of the Introduction and the Privatisation of RMB4,134,131,000 as at 31 December 2024, and recognition of the listing and privatisation expenses paid or payable by the Company of RMB61,672,000 (excluding the related expenses paid or payable on or before 31 December 2024).
- (3) The adjustments represent:
- (a) The reclassification of profit attributable to non-controlling interests in HEC CJ Pharm for the year ended 31 December 2024. The reclassification adjustment is expected to have a continuing effect on the consolidated statement of profit or loss of the Group Post-Merger.
- (b) Listing and privatisation expenses to be incurred by the Company of RMB18,000,000 (excluding the related expenses charged to profit or loss on or before 31 December 2024), which is charged to profit or loss upon the completion of the Introduction and the Privatisation. The adjustment is not expected to have a continuing effect on the consolidated statement of profit or loss of the Group Post-Merger.

- (4) The unaudited pro forma basic and diluted earnings per share attributable to equity shareholders of the Group Post-Merger are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 553,700,263 Shares are expected to be in issue immediately following the completion of the Introduction and the Privatisation (being the outstanding 463,943,215 domestic shares in issue immediately before the Introduction and the Privatisation and 112,712,832 H shares to be issued pursuant to the Introduction and the Privatisation, excluding the 22,955,784 shares under the 2023 Restricted Share Scheme).
- (5) The adjustments represent the payment of listing and privatisation expenses to be charged to profit or loss under operating activities and those to be deducted from equity upon the completion of the Introduction and the Privatisation under financing activities (excluding the payment made on or before 31 December 2024). The adjustment is not expected to have a continuing effect on the consolidated statement of cash flows of the Group Post-Merger.
- (6) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024, including but not limited to the Special Dividend to be declared by HEC CJ Pharm to the shareholders whose names appear on the register of members of HEC CJ Pharm on the Share Exchange Record Date (other than the Company or its subsidiaries, if any). The Directors of the Company preliminarily estimated that the Special Dividend would amount to approximately RMB593.4 million, based on the total number of 427,567,700 HEC CJ Pharm Shares held by the aforementioned shareholders as of 31 December 2024 and the proposed Special Dividend of HK\$1.50 per HEC CJ Pharm Share. The Special Dividend payable is converted from Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.9253. No representation is made that the Hong Kong dollar amount has been, could have been or may be converted into Renminbi, or vice versa, at that rate or at any other rates. Had the Special Dividend be declared on 31 December 2024, the Group's other payables would have increased by RMB593.4 million and the total equity attributable to equity shareholders of the Company would have decreased by RMB593.4 million.



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

TO THE DIRECTORS OF SUNSHINE LAKE PHARMA CO., LTD.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sunshine Lake Pharma Co., Ltd. (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 statement of adjusted net tangible assets and the unaudited pro forma consolidated statement of financial position of the Group as at 31 December 2024, the unaudited pro forma consolidated statement of profit or loss, and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2024 and related notes as set out in Part A and Part B of Appendix II to the listing document dated 30 June 2025 (the "Listing Document") 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 and Part B of Appendix II to the Listing Document.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed listing by way of introduction of H shares of the Company (the "Introduction") and privatisation of Yichang HEC ChangJiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司) (the "Privatisation") on the Group's financial position as at 31 December 2024 and the Group's financial performance and cash flows for the year ended 31 December 2024 as if the Introduction and the Privatisation had taken place at 31 December 2024 and 1 January 2024, respectively. As part of this process, information about the Group's financial position as at 31 December 2024 and the Group's financial performance and cash flows for the year ended 31 December 2024 has been extracted by the Directors from the Group's historical financial information included in the Accountants' Report as set out in Appendix I to the Listing Document.

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 Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 “*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*”, 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 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.

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 as at 31 December 2024 or 1 January 2024 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.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

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.



Certified Public Accountants

Hong Kong

30 June 2025