

24 August 2023

The Board of Directors (the “**Board**”)  
**Chong Kin Group Holdings Limited** (the “**Company**”)  
Room 6807–8, 68th Floor  
Central Plaza, 18 Harbour Road  
Wanchai, Hong Kong

Dear Sirs,

#### **THE UPDATED ESTIMATED LOSS AND THE PROFIT ESTIMATE**

We refer to the offer document (“**Offer Document**”) issued by Chong Kin Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 24 August 2023 in respect of the possible financial effects of the Buy-back Offer, which contains an updated estimated loss to the Group (the “**Updated Estimated Loss**”) in respect of the buy-back offer (the “**Buy-back Offer**”), as extracted below:

*“Assuming that the Buy-back Offer has been accepted in full and based on information available as at the Latest Practicable Date, in particular the appraised value of Kingdom Group and the appraised value of 120,000,000 Shares, which are subject to the Buy-back Offer, the Board estimated that the Group will recognise a loss of approximately HK\$151.08 million as a result of the Buy-back Offer.”*

We also refer to the Profit Estimate as disclosed in the Offer Document as extracted below:

*“based on the unaudited consolidated management accounts of the Group for the three months ended 30 June 2023 prepared by the management of the Company, the gross profit and the net profit from continuing operations of the Group for the three months ended 30 June 2023 substantially decreased as compared to the gross profit and the net profit from continuing operations of the Group for the three months ended 30 June 2022.”*

The Updated Estimated Loss and the Profit Estimate is prepared by the directors of the Company and constitutes a profit forecast under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

## **DIRECTORS' RESPONSIBILITIES**

The Updated Estimated Loss and the Profit Estimate has been prepared by the directors of the Company based on the difference between (i) the market value of Kingdom Group of approximately HK\$199.67 million as at 30 June 2023 based on the valuation of 100% equity interest as at 30 June 2023 as appraised by the Independent Valuer as set out in Appendix VII to this Offer Document, which was based on asset-based approach; (ii) the market value of 120,000,000 Shares to be repurchased by the Company under the Buy-back Offer in the amount of approximately HK\$51.92 million based on the valuation of 100% equity interest of the Company as at 30 June 2023 as appraised by the Independent Valuer as set out in Appendix IV to this Offer Document, which was based on a combination of market approach and asset-based approach; and (iii) the relevant expenses, including professional fees.

The Updated Estimated Loss and the Profit Estimate had been prepared based on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 March 2023.

The Company's directors are solely responsible for the Updated Estimated Loss and the Profit Estimate.

## **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 Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits 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 on the accounting policies and calculations of the Updated Estimated Loss and the Profit Estimate 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 Updated Estimated Loss and the Profit Estimate in accordance with the bases and assumptions adopted by the directors and as to whether the Updated Estimated Loss and the Profit Estimate are 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.

#### **OPINION**

In our opinion, so far as the accounting policies and calculations are concerned, the Updated Estimated Loss and the Profit Estimate have been properly compiled in accordance with the bases adopted by the directors as set out in the Letter from the Board of the Offer Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited consolidated financial statements of the Group for the year ended 31 March 2023.

Yours faithfully,



**ZHONGHUI ANDA CPA Limited**  
*Certified Public Accountants*  
Hong Kong