



红日资本有限公司
RED SUN CAPITAL LIMITED

24 August 2023

The Board of Directors
Chong Kin Group Holdings Limited
Room 6807-8, 68th Floor
Central Plaza, 18 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

We refer to the offer document dated 24 August 2023 (the “Offer Document”) issued by Chong Kin Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”). Unless otherwise specified, capitalised terms used in this letter shall have the same meanings as defined in the Offer Document.

THE UPDATED ESTIMATED LOSS

We refer to the Updated Estimated Loss as disclosed in the Offer Document as extracted below:

“Assuming that the Buy-back Offer has been accepted in full and based on information available as at 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 (the “Updated Estimated Loss”)”

The Updated Estimated Loss is regarded as a profit forecast under the Takeovers Code and therefore, is required to be reported on pursuant to Rule 10 of the Takeovers Code.

As advised by the Board, the Updated Estimated Loss was prepared by the Directors based on the difference between (i) the market value of Kingdom of approximately HK\$199.67 million as at 30 June 2023 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 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.

PROFIT ESTIMATE FOR THE THREE MONTHS ENDED 30 JUNE 2023

We 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.”

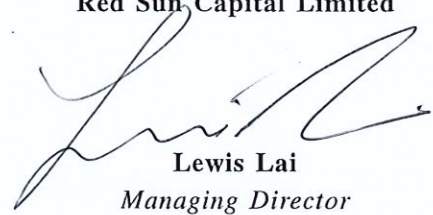
The Profit Estimated is regarded as a profit forecast under the Takeovers Code and therefore, is required to be reported on pursuant to Rule 10 of the Takeovers Code.

We have reviewed the Profit Estimate and its underlying documents, in particular the unaudited consolidated management accounts of the Group for the three months ended 30 June 2023, which were provided by the Company and for which the Directors are solely responsible. We also discussed the Profit Estimate with the Company and the senior management of the Company.

We have discussed with the Board the bases upon which the Updated Estimated Loss and the Profit Estimate were prepared. We have also considered the report dated 24 August 2023 issued by Zhonghui Anda CPA Limited, the reporting accountants of the Company (the “**Report from Zhonghui**”), to the Company, which stated in the paragraph headed “Opinion” that, 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 and assumptions 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.

Based on the above, we are satisfied that the Updated Estimated Loss and the Profit Estimate, for which the Directors are solely responsible, have been made with due care and consideration.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited



Lewis Lai
Managing Director