
APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out below does not form part of the Accountants' Report received from the Company's reporting accountants, HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included in this prospectus for information purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") is for illustrative purposes only, and is set forth here to illustrate the effect of the proposed listing of the Company's shares on the Stock Exchange by way of share offer (the "**Share Offer**") on the consolidated net tangible assets of the Group attributable to the owner of the Company as at 30 April 2019 as if the Share Offer had taken place on 30 April 2019.

This unaudited pro forma statement of adjusted consolidated 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 consolidated net tangible assets of the Group as at 30 April 2019 or at any future dates following the Share Offer. It is prepared based on the consolidated net assets of the Group as at 30 April 2019 as set out in the Accountants' Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted consolidated net tangible assets does not form part of the Accountants' Report.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 April 2019 HK\$'000 (Note 1)	Add: Estimated net proceeds from the Share Offer HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 30 April 2019 HK\$'000 (Note 3)	Unaudited pro forma adjusted net tangible assets per Share HK cents (Note 4)
Based on the minimum Indicative Offer Price of HK\$0.20 per share	<u>40,037</u>	<u>42,538</u>	<u>82,575</u>	<u>6.88</u>
Based on the maximum Indicative Offer Price of HK\$0.24 per share	<u>40,037</u>	<u>54,117</u>	<u>94,154</u>	<u>7.85</u>

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Notes:

- (1) The audited consolidated net tangible assets attributable to the owners of the Company as at 30 April 2019 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 30 April 2019 of approximately HK\$40,037,000.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Offer Price of HK\$0.20 per share and HK\$0.24 per share after deduction of the underwriting fees and other related expenses in connection with the Share Offer.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after having made the adjustments referred to in the preceding paragraphs and on the basis that 1,200,000,000 shares in issue assuming the Share Offer has been completed on 30 April 2019 but without taking into account of any shares which may fall to be issued upon exercise of options granted under the Share Option Scheme or any Share which may be allotted and issued or repurchased by the Company pursuant to the General Mandate to Issue Shares or the General Mandate to Repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (4) No adjustment has been made to the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2019 to reflect any trading result or other transaction of the Group entered into subsequent to 30 April 2019.

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

The following is the text of a reporting received from HLB Hodgson Impey Cheng Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

13 September 2019

The Board of Directors
Ying Hai Group Holdings Company Limited

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma financial information of Ying Hai Group Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 April 2019, and related notes as set out in Section A of Appendix II to the prospectus issued by the Company dated 13 September 2019 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on Section A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed offer of shares of the Company on the Group’s consolidated net tangible assets as at 30 April 2019 as if the proposed offer of shares of the Company had taken place at 30 April 2019. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s financial information for the period ended 30 April 2019, on which an accountants’ report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM 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 (the “**HKICPA**”).

Our Independence and Quality Control

We have compiled with the independence and other ethical requirement 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, confidentially and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA 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 7.31(7) of the GEM Listing Rules, on the unaudited 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 unaudited 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 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 accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited 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 unaudited pro forma financial information.

The purpose of unaudited 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 the event or transaction at 30 April 2019 would have been presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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

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- The unaudited 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 unaudited 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.

In our opinion:

- (a) the unaudited 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 purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Shek Lui

Practising Certificate Number: P05895

Hong Kong, 13 September 2019