

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “**Unaudited Pro Forma Financial Information**”) as at 31 December 2021 has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the proposed Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 31 December 2021.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, and because of its hypothetical nature, it may not reflect a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the consolidated statement of financial position of the Group as at 31 December 2021, as extracted from the published annual report of the Company for the year ended 31 December 2021, after incorporating the adjustments described in the accompanying notes.

		Unaudited pro forma adjusted		Unaudited pro forma adjusted	
	Consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2021 (Note 1) HK\$'000	Estimated net proceeds from Rights Issue (Note 2) HK\$'000	consolidated net tangible assets of the Group attributable to equity holders of the Company after the completion of the Rights Issue HK\$'000	Consolidated net tangible assets per Share attributable to equity holders of the Company as at 31 December 2021 (Note 3) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to equity holders of the Company after the completion of the Rights Issue (Note 4) HK\$'000
Rights Issue of 293,288,167 Rights Shares to be issued at the Subscription Price of HK\$0.1 per share	305,262	25,940	331,202	0.52	0.38

Notes:

- 1) The amount is determined based on the consolidated net tangible assets of approximately HK\$305,262,000 after deducting non-controlling interests of approximately HK\$5,328,000 as at 31 December 2021, which is extracted from the consolidated statement of financial position of the Group as at 31 December 2021 in the published annual report of the Company.
- 2) The estimated net proceeds from the Rights Issue are based on the number of 293,288,167 Rights Shares to be issued at the Subscription Price of HK\$0.1 per Rights Share, after deduction of the estimated related expenses, including among others, transaction fees, which are directly attributable to the Rights Issue, of approximately HK\$3,388,000.
- 3) The calculation of the consolidated net tangible assets per Share attributable to equity holders of the Company as at 31 December 2021 is determined based on the consolidated net tangible assets of the Group attributable to equity holders of the Company of approximately HK\$305,262,000 divided by the number of Shares of 586,576,334 as at 31 December 2021.
- 4) The unaudited pro forma adjusted consolidated net tangible assets of the Group after the completion of the Rights Issue per share is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2021 for the Rights Issue of approximately HK\$331,107,000 divided by 879,864,501 shares which comprise 586,576,334 shares in issue as at 31 December 2021 and 293,288,167 Rights Shares to be issued after the completion of the Rights Issue.
- 5) No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2021.

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To the Board of Directors of Palinda Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Palinda Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as 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 consolidated net tangible assets as at 31 December 2021, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II – 1 to II – 2 of the prospectus dated 13 June 2022 issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue of 293,288,167 rights shares at the subscription price of HK\$0.1 per rights share on the basis of one rights share for every two existing shares of the Company held on the record date (the “**Rights Issue**”) on the Group’s financial position as at 31 December 2021 as if the Rights Issue had taken place as at 31 December 2021. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s consolidated statement of financial position as at 31 December 2021, on which an annual report has been published.

Directors’ responsibility for the Unaudited Pro Forma Financial Information

The Directors 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 (the “**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 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 behavior.

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

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 the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue 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 Rights Issue would have been as 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 Rights Issue, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- 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 Rights Issue 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 Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Elite Partners CPA Limited

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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,



Elite Partners CPA Limited
Certified Public Accountants
Hong Kong

Chan Wai Nam, William
Practising Certificate Number: P05957

13 June 2022