



RSM Hong Kong

29th Floor, Lee Garden Two, 28 Yun Ping Road,
Causeway Bay, Hong Kong

T +852 2598 5123

F +852 2598 7230

www.rsmhk.com

羅申美會計師事務所

香港銅鑼灣恩平道二十八號
利園二期二十九字樓

電話 +852 2598 5123

傳真 +852 2598 7230

www.rsmhk.com

Our Ref. : YKK:LFS:T0479:23:068

23 March 2023

The Board of Directors
State Innovation Holdings Limited
Room 1204, 12/F, Block 2
Golden Industrial Building
16–26 Kwai Tak Street
Kwai Chung, New Territories
Hong Kong

Dear Sirs,

**Re: State Innovation Holdings Limited (the “Company”) and its subsidiaries
(hereinafter collectively referred to as the “Group”)**

We hereby consent and confirm that we have not withdrawn our consent to the issue of the circular of the Company dated 23 March 2023 (the “Circular”) in connection with the proposed share consolidation and proposed rights issue of 240,002,067 rights shares at a price of HK\$0.147 per rights share on the basis of three rights shares for every two shares held on the record date with the inclusion of our accountants’ report dated 23 March 2023 on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2022 in Appendix II of the Circular, and the references to our name in the form and context in which they are included.

We attached a copy of the document initialed by ourselves for the purpose of identification.

We further consent to make available our accountants’ report dated 23 March 2023 on the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2022 and this letter dated 23 March 2023 for public inspection in the manner, location and timeframe described in Appendix III to the Circular.

Yours faithfully,

Certified Public Accountants
23 March 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 31 of Chapter 7 of the GEM Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 September 2022.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2022, adjusted as described below:

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2022 <i>(Note 1)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 September 2022 <i>HK\$'000</i>
66,710	33,480	100,190

Unaudited pro forma adjusted
consolidated net tangible assets per
Share immediately after completion
of the Rights Issue *(Note 3)*

HK\$0.25

FOR IDENTIFICATION PURPOSES ONLY RSM HONG KONG CERTIFIED PUBLIC ACCOUNTANTS
--

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2022 are based on the consolidated net assets in the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2022 included in the Group's published interim report for the six months ended 30 September 2022.
2. The estimated net proceeds from the Rights Issue are based on 240,002,067 Rights Shares at the Subscription Price of HK\$0.147 per Rights Share, after deduction of the underwriting fees and other share issue related expenses payable by the Company of approximately HK\$1,800,000.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 30 September 2022 immediately after the completion of the Rights Issue as if the Rights Issue of 240,002,067 had been completed on 30 September 2022, but does not take into account any shares which have been or may be issued upon the exercise of options granted under the share option scheme subsequent to 30 September 2022.
4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2022.

**FOR IDENTIFICATION
PURPOSES ONLY
RSM HONG KONG
CERTIFIED PUBLIC ACCOUNTANTS**

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong.



RSM Hong Kong

29th Floor, Lee Garden Two, 28 Yun Ping Road
Causeway Bay, Hong Kong

T +852 2598 5123

F +852 2598 7230

www.rsmhk.com

羅申美會計師事務所

香港銅鑼灣恩平道二十八號
利園二期二十九字樓

電話 +852 2598 5123

傳真 +852 2598 7230

www.rsmhk.com

*The Board of Directors
State Innovation Holdings Limited*

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of State Innovation 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 pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 September 2022 as set out on pages II-1 to II-2 of the Circular issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Section A of Appendix II to this Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s net tangible assets as at 30 September 2022 as if the transaction had been taken place at 30 September 2022. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements as included in the interim report for the six months ended 30 September 2022, on which an interim report has been published.

FOR IDENTIFICATION
PURPOSES ONLY
RSM HONG KONG
CERTIFIED PUBLIC ACCOUNTANTS

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the 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.

The firm applies Hong Kong Standard on Quality Control 1 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 Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM 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 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 plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 31 of Chapter 7 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 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.

FOR IDENTIFICATION
PURPOSES ONLY
ISM HONG KONG
CERTIFIED PUBLIC ACCOUNTANTS

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 the event or transaction at 30 September 2022 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 accountant's judgment, having regard to the reporting accountant's 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.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for the Rights Issue and the use of proceeds" set out on page 21 of the Circular.

**FOR IDENTIFICATION
PURPOSES ONLY
RSM HONG KONG
CERTIFIED PUBLIC ACCOUNTANTS**

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 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants
Hong Kong

FOR IDENTIFICATION
PURPOSES ONLY
RSM HONG KONG
CERTIFIED PUBLIC ACCOUNTANTS