

## 1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

### Introduction

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants is for illustration only, and is set out in this appendix to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as at 30 June 2021 attributable to the owners of the Company as if the Rights Issue had taken place on such date.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 or at any future date.

The Unaudited Pro Forma Financial Information of the Group as at 30 June 2021 is prepared by the Directors based on the audited consolidated statement of financial position of the Group as at 30 June 2021, extracted from the published results announcement of the Group for the year ended 30 June 2021, with adjustments described below.

	<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021</b>	<b>Unaudited estimated net proceeds from the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at 30 June 2021 immediately after the completion of the Rights Issue</b>	<b>Audited consolidated net tangible assets attributable to owners of the Company per Share as at 30 June 2021 immediately before the completion of the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 30 June 2021 immediately after the completion of the Rights Issue</b>
	<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i>	<i>HK\$</i> <i>(Note 3)</i>	<i>HK\$</i> <i>(Note 4)</i>
Based on					
886,853,659					
Rights Shares to be issued at Subscription Price of HK\$0.12 per Rights Share	29,564	101,130	130,694	0.017	0.049

Notes:

1. The consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 of approximately HK\$29,564,000 is extracted from the audited consolidated statement of financial position of the Group as at 30 June 2021, which has been extracted from the published annual results announcement of the Group for the year ended 30 June 2021.
2. The estimated net proceeds of approximately HK\$101,130,000 from the Rights Issue are based on 886,853,659 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and pursuant to the conversion of the Convertible Bonds and no other change in the share capital of the Company on or before the Record Date) at the Subscription Price of HK\$0.12 per Rights Share, after deduction of estimate related expenses (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) payable by the Company.
3. The calculation of audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 per Share immediately before completion of the Rights Issue is based on the audited consolidated net tangible assets of the Group as at 30 June 2021 of approximately HK\$29,564,000, divided by 1,773,707,319 Shares in issue as at 30 June 2021.
4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2021 per Share immediately after the completion of the Rights Issue is based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 immediately after the completion of the Rights Issue of approximately HK\$130,694,000, being the aggregate of audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2021 of approximately HK\$29,564,000 and the estimated net proceeds from the Rights Issue of approximately HK\$101,130,000 divided by 2,660,560,978 Shares which represents the sum of 1,773,707,319 Shares in issue and 886,853,659 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and pursuant to the conversion of the Convertible Bonds and no other change in the share capital of the Company on or before the Record Date) were issued immediately after the completion of the Rights Issue, as if the Rights Issue had been completed on 30 June 2021.
5. Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2021.

## 2. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of a report received from McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountant of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.*



**McMillanWoods**  
Professionalism at the forefront

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Wan Chai  
Hong Kong

15 December 2021

The Board of Directors of  
Xinyang Maojian Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Xinyang Maojian Group Limited (the “**Company**”) and its subsidiaries (hereinafter 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 as at 30 June 2021 and related notes as set out on pages 46 to 47 of the prospectus issued by the Company dated 15 December 2021 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of one rights share for every two existing shares at the subscription price of HK\$0.12 per rights share (the “**Rights Issue**”) on the Group's consolidated financial position as at 30 June 2021 as if the Rights Issue had taken place on 30 June 2021. As part of this process, information about the Group's net tangible assets as at 30 June 2021 has been extracted by the directors from the Group's audited consolidated statement of financial position as at 30 June 2021, which were published in the results announcement of the Group for the year ended 30 June 2021.

### **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 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**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 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, 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” 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 4.29(7) of the 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 4.29 of the 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 a prospectus 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 Rights Issue at 30 June 2021 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited 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 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 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.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the director of the Company 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 unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,



**McMillan Woods (Hong Kong) CPA Limited**  
*Certified Public Accountants*  
Hong Kong