

*The following is the text of a report, set out on pages IIB-1 to IIB-44, received from the Company's independent reporting accountants, McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*



24/F., Siu On Centre  
188 Lockhart Road  
Wan Chai, Hong Kong

28 February 2025

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF  
JIANGSU YONGMAI RECYCLING TECHNOLOGY CO., LIMITED TO THE DIRECTORS  
OF K. H. GROUP HOLDINGS LIMITED**

**INTRODUCTION**

We report on the historical financial information of Jiangsu Yongmai Recycling Technology Co., Limited ("**Jiangsu Yongmai**") set out on pages IIB-5 to IIB-44, which comprises the statements of financial position of Jiangsu Yongmai as at 31 December 2021, 2022 and 2023 and 30 September 2024 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of years ended 31 December 2021, 2022 and 2023 and the nine months ended 30 September 2024 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages IIB-5 to IIB-44 forms an integral part of this report, which has been prepared for inclusion in the circular of K. H. Group Holdings Limited (the "**Company**") dated 28 February 2025 (the "**Circular**") in connection with the proposed acquisition of the entire equity interest of Jiangsu Yongmai by the Company.

**DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION**

The directors of Jiangsu Yongmai are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of Jiangsu Yongmai determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of Jiangsu Yongmai, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial positions of Jiangsu Yongmai as at 31 December 2021, 2022 and 2023 and 30 September 2024 and of Jiangsu Yongmai's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

## **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 2 to the Historical Financial Information which indicates that Jiangsu Yongmai had net current liabilities of approximately RMB46,554,000 as at 30 September 2024 and Jiangsu Yongmai had incurred a loss of approximately RMB12,390,000 for the nine months ended 30 September 2024. These conditions indicate the existence of a material uncertainty which may cast significant doubt about Jiangsu Yongmai's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the unaudited stub period comparative financial information of Jiangsu Yongmai comprising the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the nine months ended 30 September 2023 and other explanatory information (the “**Stub Period Comparative Financial Information**”). The directors of Jiangsu Yongmai are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

## REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

### ADJUSTMENTS


In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IIB-4 have been made.

### DIVIDENDS

We refer to note 12 to the Historical Financial Information which states that no dividend has been paid by Jiangsu Yongmai in respect of the Track Record Period.

## NO STATUTORY FINANCIAL STATEMENTS FOR JIANGSU YONGMAI

No statutory financial statements have been prepared for Jiangsu Yongmai since its date of establishment.



McMillan Woods (Hong Kong) CPA Limited  
Certified Public Accountants  
Hong Kong, 28 February 2025

Lo Ka Ki  
Practising Certificate Number – P06633