

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative 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 forth in Appendix I to this Prospectus.

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

The following unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2007. This unaudited pro forma statement of adjusted 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 financial position of the Group had the Global Offering been completed as at 30 June 2007 or at any future date.

	Adjusted net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2007 <i>(Note 1)</i> HK\$'000	Interim dividend <i>(Note 2)</i> HK\$'000	Estimated net proceeds of the Global Offering to be received by the Group <i>(Note 3)</i> HK\$'000	Unaudited pro forma adjusted net tangible assets attributable to the equity shareholders of the Company HK\$'000	Unaudited pro forma adjusted net tangible assets value per Share <i>(Note 4)</i> HK\$
Based on an Offer Price of HK\$4.55 per share	3,687,282	(900,000)	776,300	3,563,582	1.98
Based on an Offer Price of HK\$5.88 per share	3,687,282	(900,000)	1,009,700	3,796,982	2.11

#### Notes

- (1) The adjusted net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2007 is based on the combined net assets of the Group attributable to the equity shareholders of the Company of HK\$3,900,535,000 as at 30 June 2007 extracted from the Accountants' Report set out in Appendix I to this Prospectus with an adjustment for the goodwill and intangible assets of HK\$170,092,000 and HK\$43,161,000 respectively as of 30 June 2007.
- (2) An interim dividend of approximately HK\$900 million was declared and paid before the Listing Date to its controlling shareholders. For illustrative purpose, the interim dividend was assumed to be declared and paid on 30 June 2007.
- (3) The estimated net proceeds from the Global Offering to be received by the Group are based on the respective Offer Prices of HK\$4.55 and HK\$5.88 after deduction of the underwriting fees and other related expenses payable by the Group. No account has been taken of the shares which may fall to be issued upon exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme.

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- (4) The unaudited pro forma adjusted net tangible assets value per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 1,800,000,000 Shares expected to be in issue following the Global Offering and Capitalisation Issue and the respective Offer Prices of HK\$4.55 and HK\$5.88, but takes no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme.
- (5) With reference to the valuation of property interests of the Group as set out in Appendix IV to this Prospectus, the aggregate revalued amount of the property interests of the Group as at 31 July 2007 was about HK\$1,327.6 million. The unaudited net book value of these property interests as at 31 July 2007 was about HK\$1,124.6 million. The revaluation surplus for land and buildings for own use, lease prepayments and a property rented by the Group and sub-leased to a third party is about HK\$203.0 million and has not been included in the above adjusted net tangible assets of the Group. Such revaluation surplus has not been recorded in the Financial Information as set out in Appendix I and will not be recorded in the financial statements of the Group for the year ending 31 December 2007 as the Group's property, plant and equipment and lease prepayments are stated at cost less accumulated depreciation or amortisation and impairment losses if any. If such revaluation surplus would be included to the financial statements of the Group for the year ending 31 December 2007, an additional depreciation of approximately HK\$6.4 million per annum would be incurred.
- (6) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2007.

**B.    UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE**

The following unaudited pro forma forecast earnings per share of the Group for the year ending 31 December 2007 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2007. This unaudited pro forma forecast earnings per share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the earnings per share of the Group for the year ending 31 December 2007 or for any future period.

**HK\$**  
(in million)

<b>Forecast combined profit attributable to equity shareholders of the Company <sup>(1)</sup></b>		not less than 415.6
Before:		
(i) Net valuation gains on investment properties (net of deferred taxation effect) <sup>(2)</sup>		(49.6)
(ii) Losses from discontinued operations <sup>(3)</sup>		18.3
(iii) Pre-IPO Share Option Scheme <sup>(4)</sup>		22.3
<b>Net forecast combined profit attributable to equity shareholders of the Company before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme</b>		not less than 406.6
	<b>After (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme</b>	<b>Before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme</b>
	<i>HK\$</i>	<i>HK\$</i>
Pro forma forecast earnings per share		
— Fully diluted <sup>(5)</sup>	0.229	0.224
— Weighted average <sup>(6)</sup>	0.231	0.226

*Notes*

- (1) The forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 is extracted from the section headed “Financial Information — Profit Forecast for the year ending 31 December 2007” in this Prospectus. The bases and assumptions on which the above profit forecast for the year ending 31 December 2007 has been prepared and summarised in Appendix III to this Prospectus. The Directors have prepared the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 based on the audited combined results of the Group for the six months ended 30 June 2007, the unaudited management accounts of the Group for the month ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in note 1 of Section C of the Accountants’ Report, the text of which is set out in Appendix I to this Prospectus.
- (2) Under HKFRSs, gains or losses arising from changes in fair values of investment properties are recognised in the income statement in the period in which they arise. Assumptions are set out in the sub-section headed “Assumptions with respect to valuation gains on investment properties” in Appendix III to this Prospectus.

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- (3) Under HKFRSs, gains or losses arising from the discontinued operations are included in the period in which they arise.
- (4) Under HKFRSs, the fair value of the share options granted under the Pre-IPO Share Option Scheme is recognised in the combined income statement with a corresponding increase in amount due to the ultimate controlling party as the expense will be settled in cash by the Group. The fair value is measured at the grant date using binomial model (an applicable option-pricing model) based on the Offer Price of HK\$5.22. Assumptions are set out in the sub-section headed “Assumptions with respect to Pre-IPO Share Option Scheme” in Appendix III to this Prospectus.
- (5) The calculation of the pro forma forecast earnings per share on a fully diluted basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007, assuming that the Company had been listed on the Stock Exchange since 1 January 2007 and that a total of 1,818,000,000 Shares had been issued during the entire year. The calculation of 1,818,000,000 Shares is based on the assumption of 1,800,000,000 Shares expected to be in issue following the Global Offering and 18,000,000 Shares expected to be exercised under the Pre-IPO Share Option Scheme.
- (6) The calculation of the pro forma forecast earnings per share on a weighted average basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 and a weighted average number of approximately 1,800,000,000 Shares assumed to be in issue during the year. This calculation also assumes no exercise of the options that may be granted under the Pre-IPO Share Option Scheme.

**(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

4 October 2007

The Directors  
Dah Chong Hong Holdings Limited  
BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs,

We report on the unaudited pro forma statement of adjusted net tangible assets and unaudited pro forma forecast earnings per share (the "Unaudited Pro Forma Financial Information") of Dah Chong Hong Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out in Parts A and B of Appendix II to the prospectus dated 4 October 2007 (the "Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the Global Offering might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Parts A and B of Appendix II to the Prospectus.

**RESPONSIBILITIES**

It is the responsibility solely of the directors of the Company to prepare 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" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 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.

**BASIS OF OPINION**

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (“HKSIR”) 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that 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.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 June 2007 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2007 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the Global Offering to be received by the Group, the application of those net proceeds, or whether such use will actually take place as described under “Use of Proceeds” in the section headed “Future Plans and Use of Proceeds” set out in the Prospectus.

**OPINION**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors 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,  
**KPMG**  
*Certified Public Accountants*  
Hong Kong