

*The information set forth in this appendix does not form part of the accountant's 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 accountant's report set forth in Appendix I to this prospectus.*

### **(A) UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE**

The following unaudited pro forma forecast earnings per share for the year ending 31 December 2009, 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 2009. This unaudited pro forma forecast earnings per share has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Forecast consolidated net profit attributable to equity holders of the Company for the year ending 31 December 2009 (Note 2) .....	Not less than RMB508 million (approximately HK\$577 million)
Unaudited pro-forma forecast earnings per share — fully diluted (Note 3) .....	Not less than RMB0.17 (approximately HK\$0.19)

*Notes:*

- (1) All statistics in this table are based on the assumption that the over-allotment option is not exercised.
- (2) The unaudited forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 is extracted from the section headed "Financial Information — Profit Forecast for the Year Ending 31 December 2009". The bases and assumptions on which the profit forecast has been prepared are set out in Appendix III to this prospectus.
- (3) The calculation of the unaudited forecast earnings per share on a pro forma basis is based on the forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 assuming that we had been listed since 1 January 2009 and a total of 3,000,000,000 shares were issued and outstanding during the entire year. This calculation assumes that the 2,964,434,783 shares to be issued pursuant to the Global Offering and the Capitalisation Issue had been issued on 1 January 2009 (assuming the over-allotment option is not exercised, no options that may be granted under the Share Option Scheme will be exercised and no Shares will be allotted and issued or repurchased by our Company pursuant to the mandate set out in the paragraph headed "Written Resolutions of our Shareholders" in Appendix VII to this prospectus). The forecast consolidated profit attributable to equity holders of the Company for the year ending 31 December 2009 is based on the audited consolidated results of the Group for the six months ended 30 June 2009, unaudited consolidated results of the Group for the two months ended 31 August 2009 and a forecast of the consolidated results of the Group for the remaining four months ending 31 December 2009.

**(B) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

The following statement of unaudited pro forma adjusted net tangible assets of the Group is based on the audited consolidated net assets of the Group as at 30 June 2009, as shown in the accountant's report, the text of which is set out in Appendix I to this prospectus and adjusted as follows:

	Audited consolidated net tangible assets of the Group as at 30 June 2009	Estimated net proceeds from the Global Offering <sup>(1)</sup>	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share <sup>(2)</sup>	
	RMB in millions	RMB in millions	RMB in millions	RMB	HK\$
Based on the Offer					
Price of HK\$1.60 per Share . . . . .	8,146	966	9,112	3.04	3.45
Based on the Offer					
Price of HK\$2.10 per Share . . . . .	8,146	1,286	9,432	3.14	3.57

*Notes:*

- (1) The estimated net proceeds from the Global Offering are based on the respective Offer Price of HK\$1.60 and HK\$2.10 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares which may be allotted and issued upon exercise of the Over-allotment Option.
- (2) The unaudited pro forma adjusted net tangible asset value per Share is arrived at after the adjustments referred to in the preceding paragraph and on the assumption of a total of 3,000,000,000 Shares, being the number of shares in issue immediately after completion of the Capitalisation Issue and the Global Offering, which takes no account any Shares which may be allotted and issued upon exercise of the Over-allotment Option, or which may be allotted and issued upon exercise of options that may be granted under the Share Option Scheme, or which may be allotted and issued or repurchased by the Company pursuant to the mandates as set out in the paragraph headed "Written Resolutions of our Shareholders" in Appendix VII to this prospectus.
- (3) With reference to the valuation of the 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 30 September 2009, was about RMB860,340,000. The unaudited net book value of these property interests as at 30 September 2009 was about RMB220,034,925. The revaluation surplus is about RMB640,305,075 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 2009 as the Group's property interests are carried at cost model. If such revaluation surplus would be included to the financial statements of the Group for the year ending 31 December 2009, an additional depreciation of approximately RMB22,461,035 per annum would be incurred.

**(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE AUDITED CONSOLIDATED NET TANGIBLE ASSETS AND FORECAST EARNINGS PER SHARE**

*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 additional unaudited pro forma financial information of the Group.*



8<sup>th</sup> Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong

19 November 2009

The Board of Directors  
China Forestry Holdings Co., Ltd. ("the Company")

Dear Sirs,

We report on the unaudited pro forma statement of adjusted net tangible assets and unaudited pro forma forecast earnings per share, ("the Pro Forma Financial Information") of the Company and its subsidiaries ("the Group") set out on pages I-1 and I-2 in Appendix II of the prospectus ("the Prospectus") dated 19 November 2009, which have been prepared by the directors of the Company solely for illustrative purposes to provide information about how the global offering of the Company's shares might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Part A and Part 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(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.

**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 procedures on the unaudited Pro Forma Financial Information have not been carried out in accordance with attestation 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 2009 or any future date; or
- the earnings per share of the Group for the year ending 31 December 2009 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, 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" 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