

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on (i) how the proposed listing might have affected the financial position of the Group after the completion of the Global Offering; (ii) how the proposed listing might have affected the unaudited pro forma forecast earnings per share for the year ending 31 December 2009.

The unaudited pro forma financial information is derived according to a number of adjustments. Although reasonable care has been exercised in preparing such information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the actual financial performance and condition of our Group during the Track Record Period or any further date.

The information set forth in this appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our 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 ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets prepared in accordance with paragraph 4.29 of the Listing Rules is for illustration purposes only, and is set forth here to illustrate the effect of the Global Offering on our combined net tangible assets as at 30 June 2009 as if it had taken place on 30 June 2009.

The unaudited pro forma adjusted combined net tangible assets have been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of our combined net tangible assets as at 30 June 2009 or any future date following the Global Offering. It is prepared based on our combined net assets as at 30 June 2009 as derived from our combined financial information set forth in the Accountants' Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets does not form part of the Accountants' Report as set forth in Appendix I to this prospectus.

	Combined net tangible assets attributable to equity holders of the Company as at 30 June 2009 RMB'000 ⁽¹⁾	Add: Estimated net proceeds from the Global Offering RMB'000 ⁽²⁾	Unaudited pro forma adjusted combined net tangible assets RMB'000	Unaudited pro forma adjusted combined net tangible assets per Share RMB ⁽³⁾ HK\$ ⁽⁴⁾	
Based on an Offer Price of HK\$2.10 per Share	162,597	680,232	842,829	0.52	0.59
Based on an Offer Price of HK\$3.10 per Share	162,597	1,008,816	1,171,413	0.73	0.83

- (1) The combined net tangible assets attributable to equity holders of the Company as at 30 June 2009 was determined as follows:

	RMB'000
Audited combined net assets as set out in Appendix I to this Prospectus	170,177
Less: Non-controlling interests	<u>(5,148)</u>
Combined net assets attributable to equity holders of the Company	165,029
Less: Patent	<u>(2,432)</u>
Combined net tangible assets attributable to equity holders of the Company	<u><u>162,597</u></u>

- (2) The estimated net proceeds from the Global Offering are based on indicative offer prices of HK\$2.10 and HK\$3.10 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by the Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been granted or may be granted under the Share Option Scheme.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,600,000,000 Shares are in issue immediately after the completion of the Global Offering but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which have been granted or may be granted under the Share Option Scheme.
- (4) The unaudited pro forma adjusted combined net tangible assets per Share is translated into HK\$ at exchange rate of RMB1 to HK\$1.137. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) As set out in Appendix IV to this Prospectus, the Group's property interests (including prepaid land lease payments, buildings and investment property) were valued at RMB99.0 million as at 31 August 2009, representing a valuation surplus of approximately RMB15.7 million. Had the valuation surplus been recorded in the Company's financial statements, the annual depreciation expense for the year ending 31 December 2009 would increase by approximately RMB0.5 million.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share for the year ending 31 December 2009 have 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 our Group following the Global Offering.

For the year ending 31 December 2009

Unaudited forecast combined profit attributable to
equity holders of the Company^{(1) (3)} not less than RMB279 million
(approximately HK\$317 million)

Unaudited pro forma forecast earnings per Share
on a fully diluted basis^{(2) (3)} not less than RMB0.17
(approximately HK\$0.20)

Notes:

- (1) The unaudited forecast combined 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” in this prospectus. The bases and assumptions on which the above profit forecast for the year ending 31 December 2009 has been prepared are set out in Appendix III to this prospectus.
- (2) The calculation of unaudited pro forma forecast earnings per Share on a fully diluted basis for the year ending 31 December 2009 is based on the above unaudited forecast combined profit attributable to equity holders of the Company for the year ending 31 December 2009 and assumes that a total of 1,600,000,000 Shares were in issue during the entire year, without taking into account any further Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of options which have been granted or may be granted under the Share Options Scheme.
- (3) The unaudited forecast combined profit attributable to equity holders of the Company and the unaudited pro forma forecast earnings per Share on a fully diluted basis are converted into Hong Kong dollars at an exchange rate of RMB1 to HK\$1.137. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

C. LETTER FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company prepared for the purpose of incorporation in this prospectus.



18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

30 September 2009

The Directors
Shenguan Holdings (Group) Limited

Macquarie Capital Securities Limited
China Merchants Securities (HK) Co., Limited

Dear Sirs,

We report on the unaudited pro forma adjusted combined net tangible assets and unaudited pro forma forecast earnings per share (the “Unaudited Pro Forma Financial Information”) of Shenguan Holdings (Group) Limited (the “Company”, and its subsidiaries hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company, (the “Directors”) for illustrative purposes only, to provide information about how the global offering of 400,000,000 shares of the Company might have affected the relevant financial information of the Group presented, for inclusion in Section A and B of Appendix II, respectively, to the prospectus of the Company dated 30 September 2009 (the “Prospectus”) issued by the Company. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and the Reporting Accountants

It is the responsibility solely of the Directors 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 (the “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 solely 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 engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 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. This engagement did not involve independent examination of any of the underlying 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 on the bases stated, that such bases are 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 the 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, and because of its hypothetical nature, 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 forecast earnings per share of the Group for the year ending 31 December 2009 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;
- (b) such bases are 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,
Ernst & Young
Certified Public Accountants
Hong Kong