

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set out herein to provide prospective investors with further financial information about how the proposed listing might have affected the net tangible assets of the Group after the completion of the Global Offering.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial position.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of the Group, which has been prepared for the purpose of illustrating the effect of the Global Offering as if it had taken place on December 31, 2009. It is based on the audited net tangible assets attributable to equity holders of the parent as at December 31, 2009 as shown in the accountants' report of the Group, the text of which is set out in Appendix I to this prospectus, and is adjusted as follows:

	Audited net tangible assets attributable to equity holders of the parent as at December 31, 2009	Estimated net proceeds receivable by the Company from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma adjusted net tangible assets per Share
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	(HK\$ equivalent) (Note 4)
Based on an Offer Price of HK\$2.85 per share	722,495	437,850	1,160,345	0.75	0.85
Based on an Offer Price of HK\$3.90 per share	722,495	617,480	1,339,975	0.86	0.99

Notes:

- (1) The net tangible assets attributable to equity holders of the parent as at December 31, 2009:

Audited net assets of the Group as set out in Appendix I	953,159
Less: Minority interests	—
Net assets attributable to equity holders of the parent	953,159
Less: Goodwill	230,664
Net tangible assets attributable to equity holders of the parent	<u>722,495</u>

- (2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price of HK\$2.85 or HK\$3.90 per Share, being the low or high end of the stated offer price range, after deduction of the underwriting fees and related expenses payable by the Company and takes no account of any share which may be purchased upon exercise of the Over-allotment Option or the exercise of options granted under the Pre-IPO Share Incentive Scheme. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK\$1 to RMB0.8773.
- (3) The unaudited pro forma adjusted net tangible assets per Share is calculated based on 1,550,296,334 Shares in issue immediately following the completion of the Share Offer without taking into account any Shares which may be purchased upon exercise of the Over-allotment Option or the exercise of options granted under the Pre-IPO Share Incentive Scheme.
- (4) The unaudited pro forma adjusted net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of RMB0.8773 to HK\$1.
- (5) The Group's property interests as of April 30, 2010 have been valued by Savills Valuation and Professional Services Limited, and the relevant property valuation report is set out in the property valuation report in Appendix IV to this prospectus. The above unaudited pro

forma adjusted net tangible assets do not take into account the surplus attributable to the Group arising from the revaluation of the Group's property interests amounting to RMB0.6 million. The revaluation surplus will not be incorporated in the Group's financial statements for the year ending December 31, 2010 because it is the Group's accounting policy to state the property interests, classified under the captions "Property, plant and equipment" in the Accountants' Report set out in Appendix I to this prospectus, at cost less accumulated depreciation and impairment rather than at revalued amounts. If the valuation surplus was recorded in the Group's financial statements for the year ending December 31, 2010, an additional depreciation of approximately RMB30,000 (equivalent to HK\$34,195.8 based on an exchange rate of HK\$1.00:RMB0.8773) per annum would have been incurred.

B. UNAUDITED PRO FORMA FULLY DILUTED FORECAST EARNINGS PER SHARE

The following unaudited pro forma fully diluted forecast earnings per Share for the six months ending June 30, 2010 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 January 1, 2010. This unaudited pro forma forecast fully diluted earnings per Share has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial results of the Group following the Global Offering.

Forecast consolidated profit attributable to equity holders of the Company	
—for the six months ending June 30, 2010 ⁽¹⁾	not less than RMB41.2 million (approximately HK\$47.0 million)
Unaudited pro forma forecast earnings per Share	
—fully diluted ^(2,3)	not less than RMB0.027 (approximately HK\$0.031)

Notes:

- (1) The forecasted consolidated profit attributable to equity holders of the Company for the six months ending June 30, 2010 is extracted from “Financial Information” under the section headed “Forecast for the Half Year Ending June 30, 2010”. The bases and assumptions on which the above Profit Forecast for the six months ending June 30, 2010 has been prepared are summarized in Appendix III.
- (2) The unaudited pro forma fully diluted forecast earnings per Share is converted into Hong Kong dollars at an exchange rate of RMB0.8773 to HK\$1.
- (3) The calculation of forecast diluted earnings per Share on a pro forma basis is based on forecast consolidated profit attributable to equity holders of the Company for the six months ending June 30, 2010, assuming that the Company had been listed since January 1, 2010 and a total of 1,550,296,334 shares had been in issue on January 1, 2010. This calculation assumes that the Over-allotment Option will not be exercised and that no Shares are issued pursuant to the exercise of any options granted under the Share Option Scheme.

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

The following is the text of a report, received from the Company's reporting accountants, Ernst & Young, in respect of the unaudited pro forma adjusted net tangible assets and the unaudited pro forma forecast earnings per share.



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

June 30, 2010

The Directors
China ITS (Holdings) Co., Ltd.
Merrill Lynch Far East Limited
CCB International Capital Limited
Macquarie Capital Securities Limited

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets and the unaudited pro forma forecast earnings per share (the "Unaudited Pro Forma Financial Information") of China ITS (Holdings) Co., Ltd. (the "Company") together with its subsidiaries (hereinafter collectively referred to as the "Group") set out in section A and B of Appendix II to the prospectus dated June 30, 2010 (the "Prospectus"), in connection with the placing and public offer of the Company's shares, which has been prepared by the directors of the Company (the "Directors") solely for illustrative purposes, to provide information about how such global offering of 236,840,000 shares of HK\$0.0002 each in the capital of the Company might have affected the financial information presented therein. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of Directors of the Company and 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 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 (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. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Assurance 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 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 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 has been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the Directors set out in section A of Appendix II to the Prospectus, 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 December 31, 2009 or any future dates; or
- the forecast earnings per share of the Group for the six months ending June 30, 2010 or any future periods.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors 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,
Ernst & Young
Certified Public Accountants
Hong Kong