

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 (i) how the proposed listing might have affected the consolidated net tangible assets of the Group after the completion of the Global Offering had the Global Offering occurred on June 30, 2010; and (ii) how the proposed listing might have affected the unaudited pro forma forecast earnings per share for the year ending December 31, 2010 had the Global Offering taken place on June 30, 2010.

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 or results of operations.

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

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted consolidated 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 June 30, 2010 and the Reorganization had been completed on June 30, 2010. It is based on the audited consolidated net tangible assets attributable to owners of the parent as at June 30, 2010 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 consolidated net tangible assets attributable to owners of the parent as at June 30, 2010	Estimated net proceeds receivable by the Company from the Global Offering	Guangxi Dameng's non-controlling interest upon the Reorganization as at June 30, 2010	Unaudited pro forma adjusted consolidated net tangible assets upon the completion of the Reorganization	Unaudited pro forma adjusted consolidated net tangible assets per Share
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000	HK\$ (Note 4)
Based on an Offer					
Price of HK\$2.10 per Share	<u>337,304</u>	<u>1,425,957</u>	<u>372,195</u>	<u>2,135,456</u>	<u>0.71</u>
Based on an Offer					
Price of HK\$2.75 per Share	<u>337,304</u>	<u>1,896,395</u>	<u>372,195</u>	<u>2,605,894</u>	<u>0.87</u>

Notes:

- (1) The consolidated net tangible assets attributable to owners of the parent as at June 30, 2010 are extracted from the accountants' report set out in Appendix I to this prospectus and set forth below:

Consolidated net assets attributable to owners of the parent	634,384
Less: Intangible assets	297,080
Consolidated net tangible assets attributable to owners of the parent	<u>337,304</u>

- (2) The estimated net proceeds from the Global Offering is based on the Offer Shares and the Offer Price of HK\$2.10 or HK\$2.75 per Share, being the low or high end of the stated offer price range, after the deduction of an estimated aggregate amount of the underwriting commissions and certain other expected Company expenses to incur in connection with the Global Offering, without taking into account of any Shares which may be issued upon exercise of the Over-allotment Option.
- (3) Guangxi Dameng's non-controlling interest represents the net assets attributable to Guangxi Dameng assuming that the Reorganization was completed on June 30, 2010. Upon the completion of the Reorganization, interests of Guangxi Dameng will become part of the equity attributable to owners of the parent.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 3,000,000,000 Shares in issue immediately following the completion of the Capitalization Issue and the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option.
- (5) The Group's property interests as at August 31, 2010 have been valued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix IV to this Prospectus. The above unaudited pro forma adjusted consolidated 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 HK\$167,716,000. 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" and "Prepaid land lease payments" in the accountants' report set out in Appendix I to this Prospectus, at cost less accumulated depreciation/amortization and impairment rather than at revalued amounts. If the revaluation surplus was recorded in the Group's financial statements for the year ending December 31, 2010, an additional depreciation/amortization of approximately HK\$6 million per annum would have been incurred.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share of the Group for the year ending December 31, 2010 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering. It has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true and fair picture of the financial results of the Group following the Global Offering.

	<u>For the year ending December 31, 2010</u>
Forecast consolidated profit attributable to owners of the parent for the year ending December 31, 2010 (Note 1)	not less than HK\$200.0 million
Unaudited pro forma forecast earnings per Share (Note 2)	not less than HK\$0.11

Notes:

- (1) The forecast consolidated profit attributable to owners of the parent for the year ending December 31, 2010 is extracted from the profit forecast as set out in the subsection headed "Profit Forecast For the Year Ending December 31, 2010" under the section headed "Financial Information" in this prospectus. The bases on which the above profit forecast for the year ending December 31, 2010 has been prepared are summarized in Appendix III to the Prospectus.
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to owners of the parent for the year ending December 31, 2010 and the weighted average number of 1,757,763,699 Shares in issue during the year, as if (i) the Capitalization Issue for the Company's shares owned by Apexhill and Highkeen had been completed on January 1, 2010; (ii) the additional Shares of the Company issued to Guangxi Dameng BVI to acquire 34.5% equity interest in CITIC Dameng Mining had been taken place on September 30, 2010, taking into account of the effect of the Capitalization Issue; and (iii) the Global Offering is completed on November 18, 2010, without taking into account any Shares which may be issued upon exercise of the Over-allotment Option.

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 financial information and for the purpose of incorporation in this prospectus.



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

8 November 2010

The Board of Directors
CITIC Dameng Holdings Limited
Merrill Lynch Far East Limited
UBS AG, Hong Kong Branch

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets and unaudited pro forma forecast earnings per share (the “Unaudited Pro Forma Financial Information”) of CITIC Dameng Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which have been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the global offering of 750,000,000 shares of HK\$0.10 each in the capital of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 8 November 2010 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in sections A and B of Appendix II to the Prospectus.

Respective Responsibilities of the Directors 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 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 the 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 Review Engagements or 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 had 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, 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 2010 or any future dates; or
- the forecast earnings per share of the Group for the year ending 31 December 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