

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 our Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

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

For illustrative purpose only, the unaudited pro forma statement of adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the prospective investors with further information on how the proposed listing might have affected the financial position of our Group by the completion of the Global Offering as if the Global Offering had been completed on December 31, 2010.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purpose only and because of its nature, it may not give a true picture of our Group's financial condition following the completion of the Global Offering.

The following unaudited pro forma statement of adjusted net tangible assets of our Group is based on the consolidated net assets of our Group as of December 31, 2010, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and adjusted as set forth below.

	Consolidated net tangible assets of our Group as of December 31, 2010 <sup>(1)</sup>	Estimated net proceeds from the Global Offering <sup>(2)</sup>	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share <sup>(3)</sup>	Unaudited pro forma adjusted net tangible assets per Share <sup>(3)</sup>
	RMB'000	RMB'000	RMB'000	RMB	(Equivalent to HK\$)
Based on the offer price of HK\$2.95 per Share . . . . .	1,341,645	858,704	2,200,349	1.47	1.73
Based on the offer price of HK\$4.20 per Share . . . . .	1,341,645	1,240,907	2,582,552	1.73	2.03

Notes:

- (1) The consolidated net tangible assets of our Group as of December 31, 2010 is compiled based on the consolidated financial information included in the Accountants' Report as set out in Appendix I to this prospectus, which is based on the consolidated net assets of RMB1,342.2 million less intangible assets of RMB0.6 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$2.95 or HK\$4.20, being the low or high end of the stated offer price range, per Offer Share after deduction of the underwriting fees and other related expenses payable by our Group, assuming no exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to above and on the basis that 1,493,339,990 Shares are in issue following the Global Offering (including the effect of the conversion of the Preferred Shares) but takes no account of any Shares which may be issued upon the exercise of the options under the Pre-IPO Share Option Scheme. The unaudited pro forma adjusted net tangible assets per Share is converted to Hong Kong dollars at an exchange rate of RMB0.8509 to HK\$1.00, the prevailing rate quoted by PBOC on December 31, 2010. You should not construe such conversion as a representation that the RMB amounts could actually be converted into HK dollar amounts as the rate indicated, or at all.

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

*The following unaudited pro forma forecast earnings per Share for the six months ending June 30, 2011 has been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on January 1, 2011. The 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 financial results of our Group following the Global Offering.*

	<b>Forecast for the Six Months Ending June 30, 2011</b>
Forecast consolidated profit attributable to equity shareholders of the Company <sup>(1)</sup> .....	Not less than RMB81 million
Unaudited pro forma forecast earnings per Share <sup>(2)(3)</sup> .....	Not less than RMB0.05 (approximately HK\$0.06)

*Notes:*

- (1) The forecast consolidated profit of our Group for the six months ending June 30, 2011 is extracted from the profit forecast as set out in "Financial Information — Profit Forecast for Six Months Ending June 30, 2011" in this prospectus. The bases and assumptions on which the above profit forecast for the six months ending June 30, 2011 has been prepared are summarized in "Profit Forecast" in Appendix III to this prospectus.*
- (2) The calculation of the unaudited pro forma forecast earnings per Share is based on the forecast consolidated profit attributable to equity shareholders of the Company for the six months ending June 30, 2011 and assuming that a total number of 1,493,339,990 Shares were in issue during the six months ending June 30, 2011.*
- (3) The unaudited pro forma forecast earnings per Share is converted to Hong Kong dollars at an exchange rate of RMB0.8509 to HK\$1.00, the prevailing rate quoted by PBOC on December 31, 2010. You should not construe such conversion as a representation that the RMB amounts could actually be converted into HK dollar amounts as the rate indicated, or at all.*

*The following is the text of a report, prepared for the purpose of incorporating in this prospectus, received from KPMG, Certified Public Accountants, Hong Kong.*

### C. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION



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

The Directors  
China Flooring Holding Company Limited

May 16, 2011

Dear Sirs,

China Flooring Holding Company Limited (“the Company”)

We report on the unaudited pro forma financial information (“the Pro Forma Financial Information”) of the Company and its subsidiaries (“the Group”) set out in Parts (A) and (B) of Appendix II of the prospectus dated May 16, 2011 (“the Prospectus”), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the proposed initial public offering of shares to be listed on the Main Board of The Stock Exchange of Hong Kong Limited 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) on page II-1 to II-2 of 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 (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 work 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 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 performed 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 they had been carried out in accordance with those standards and practices.

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 December 31, 2010 or any future date; or
- the earnings per share of the Company for the year ended December 31, 2010 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" set out in the section "Future Plans and Use of Proceeds" of 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