

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with Rule 4.29 of the Listing Rules is set forth below to provide the investors with further information to access the Group's financial performance and to illustrate the financial condition after the completion of the Global Offering.

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 the Group during the Relevant Period or any further date.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company which has been prepared for the purpose of illustrating the effect of the Global Offering as if it had been taken place on 31 March 2007 and based on the audited combined net assets of the Group as at 31 March 2007 as shown in the accountants' report set forth in appendix I to this prospectus and is adjusted as follows:

	Audited combined net tangible assets attributable to the equity holders of the Company as at 31 March 2007	Estimated net proceeds from the Global Offering (excluding the International Placing in relation to the Sale Shares)	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share	
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 4)
Based on the Offer Price of HK\$5.40 per Share (being the lowest)	522,012	469,985	991,997	2.48	2.55
Based on the Offer Price of HK\$6.36 per Share (being the highest)	522,012	560,245	1,082,257	2.71	2.78

This statement is presented for illustrative purpose only and because of its nature, it may not give a true and fair picture of the financial position of the Group following the Global Offering.

Notes:

1. The audited combined net tangible assets attributable to the equity holders of the Company as at 31 March 2007 is based on the audited combined net assets attributable to equity holders of the Company of RMB543,971 thousand as at 31 March 2007 extracted from the Accountants' Report set out in Appendix I to this prospectus with an adjustment for the goodwill of RMB21,959 thousand as at 31 March 2007.
2. The estimated net proceeds from the Global Offering (excluding the International Placing in relation to the Sale Shares) are based on the Offer Price of HK\$5.40 per Share and HK\$6.36 per Share, after deduction of the underwriting fees and other related expenses payable by the Company and taking no account of any Shares which may be issued upon the 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 in the above paragraph and on the assumption that a total of

400,000,000 Shares are in issue as at 31 March 2007, but takes no account of any Shares which may be issued upon exercise of the Over-allotment Option, or which may be issued or repurchased by the Company pursuant to the mandates as set out in the paragraph headed "Resolutions in writing of shareholders of the Company passed on 7 July 2007" in Appendix VI to this prospectus.

4. The unaudited pro forma adjusted net tangible assets per Share as at 31 March 2007 are translated into HK\$ at the exchange rate of RMB0.9744 to HK\$1. 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. The Group's property interests as at 31 May 2007 have been valued by American Appraisal China Limited, an independent property valuer. The details of such valuation are set out in Appendix IV to this prospectus. The Group will not incorporate the revaluation surplus in its financial statements for the year ending 31 December 2007. It is the Group's accounting policy to state its lease prepayments for land at cost less accumulated amortisation and property, plant and equipment at cost less accumulated depreciation and any impairment loss in accordance with International Accounting Standard 17 and 16, respectively, rather than at revalued amounts. The impairment review performed by the Group as at 31 May 2007 did not indicate the need to recognise any impairment loss for its lease prepayments for land and properties. The unaudited net book value of the Group's lease prepayments for land and properties as at 31 May 2007 were approximately RMB66.0 million and RMB172.3 million, respectively. With reference to the valuation of the Group's property interests as set out in Appendix IV to this prospectus, there was a revaluation surplus of the Group's relevant assets of approximately RMB68.7 million, which has not been included in the above net tangible assets of the Group. If such revaluation surplus was incorporated in the Group's financial statements for the year ending 31 December 2007, an additional depreciation charge of approximately RMB2.9 million per annum would be incurred.

(B) UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per Share for the year ending 31 December 2007 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 2007. This unaudited pro forma forecast earnings per Share has been prepared for illustrative purpose 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 combined profit attributable to equity holders of the Company (*Notes 1 and 2*)

not less than RMB162.0 million
(approximately HK\$166.3 million)

Unaudited pro forma forecast earnings per Share (*Note 3*)

not less than RMB0.405
(approximately HK\$0.416)

Notes:

1. The forecast combined profit attributable to equity holders of the Company for the year ending 31 December 2007 is extracted from "Financial Information — Profit Forecast for the year ending 31 December 2007". The bases and assumptions on which the above profit forecast for the year ending 31 December 2007 have been prepared are summarised in Appendix III to this prospectus.

2. The forecast combined profit attributable to equity holders of the Company for the year ending 31 December 2007 prepared by the Directors is based on the audited combined results of the Group for the three months ended 31 March 2007, the Group's unaudited combined results for the two months ended 31 May 2007 and a forecast of the combined results of the Group for the seven months ending 31 December 2007 on the basis that the current Group structure had been in existence throughout the whole financial year ending 31 December 2007. The forecast has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by the Group as set out in Note 1 of section C of the Accountants' Report, contained in Appendix I to this prospectus.
3. The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast combined profit attributable to equity holders of the Company for the year ending 31 December 2007 and a total of 400,000,000 Shares in issue, assuming that the Global Offering has been completed on 1 January 2007 (without taking into account the Over-allotment Option).

(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 Group's unaudited pro forma financial information.



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

13 July 2007

The Directors

Tiangong International Company Limited
BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs

We report on the unaudited pro forma statement of adjusted net tangible assets and the unaudited pro forma forecast earnings per Share (the "Unaudited Pro Forma Financial Information") of Tiangong International Company Limited (the "Company") and its subsidiaries (the "Group") set out in parts A and B of Appendix II to the prospectus dated 13 July 2007 (the "Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the Global Offering 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 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. This 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.

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 31 March 2007 or any future date.

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 “Future Plans and Use of Proceeds” set out 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