

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 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 estimated earnings per share for the year ended December 31, 2007.

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.

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 the 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 FULLY DILUTED ESTIMATE EARNINGS PER SHARE

The following unaudited pro forma fully diluted estimate earnings per share for the year ended December 31, 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 January 1, 2007. This unaudited pro forma fully diluted estimate 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 the Group following the Global Offering.

Estimate combined net profit attributable to shareholders of the Company for the year ended December 31, 2007 (Note 2)	Not less than RMB538.3 million (approximately HK\$579.0 million)
Pro-forma estimate earnings per share—fully diluted (Note 3)	Not less than RMB0.16 (approximately HK\$0.17)

Notes:

- (1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.
- (2) The unaudited estimated combined net profit attributable to shareholders of the Company for the year ended December 31, 2007 is extracted from the section headed "Financial Information—Profit Estimate for the Year Ended December 31, 2007." The bases and assumptions on which the profit estimate has been prepared are set out in Appendix III to this Prospectus.
- (3) The calculation of the unaudited estimate earnings per share on a pro forma fully diluted basis is based on the estimate combined profit attributable to our shareholders for the year ended December 31, 2007 assuming that we had been listed since January 1, 2007 and a total of 3,333,360,000 shares were issued and outstanding during the entire year. This calculation assumes that the 833,360,000 shares to be issued pursuant to the Global Offering had been issued on January 1, 2007 (assuming the over-allotment option is not exercised, no options that may be granted under the Share Option Scheme will be exercised and no Shares will be allotted and issued or repurchased by our Company pursuant to mandate set out in the paragraph headed "Resolutions in writing, passed by all the Shareholders of the Company on January 21, 2008" in Appendix VII to this Prospectus). The estimate combined net profit attributable to shareholders of the Company for the year ended December 31, 2007 is based on the combined results of the Group based on the audited financial results for the eight months ended August 31, 2007, unaudited management accounts of the Group for the four months ended December 31, 2007.

(B) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is based on the audited combined net assets of the Group as at August 31, 2007, as shown in the accountants' report, the text of which is set out in Appendix I to this Prospectus and adjusted as follows:

	Combined net tangible assets of the Group as at August 31, 2007	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share	Unaudited pro forma net tangible assets per Share
	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note 1)</i>	<i>RMB'000</i>	<i>RMB</i> <i>(Note 2)</i>	<i>(Equivalent to HK\$)</i>
Based on the Offer Price of HK\$3.16 per Share	582,450	2,264,885	2,847,435	0.85	0.92
Based on the Offer Price of HK\$4.50 per Share	582,450	3,259,358	3,841,808	1.15	1.24

Notes:

- (1) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$3.16 and HK\$4.50 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. No account has been taken of the Shares which may be allotted and issued upon exercise of the Over-allotment Option.
- (2) The unaudited pro forma adjusted net tangible asset value per Share is arrived at after the adjustments referred to in the preceding paragraph and on the assumption of a total of 3,333,360,000 Shares being the number of shares in issue as at August 31, 2007, which takes no account any Shares which may be allotted and issued upon exercise of the Over-allotment Option, or which may be allotted and issued upon exercise of options that may be granted under the Share Option Scheme, or which may be allotted and issued or repurchased by the Company pursuant to the mandates as set out in the paragraph headed "Resolutions in writing, passed by all the Shareholders of the Company on January 21, 2008" in Appendix VII to this Prospectus.
- (3) With reference to the valuation of the property interests of the Group as set out in Appendix IV to this Prospectus. There was a revaluation surplus of the Group's properties approximately RMB48,588,000 and has not been included in the above adjusted net tangible assets of the Group. Such revaluation surplus has not been recorded in the Financial Information as set out in Appendix I and will not be recorded in the financial statements of the Group for the year ended December 31, 2007 as the Group's property interests are carried at cost model. If such revaluation surplus would be included to the financial statements of the Group for the year ended December 31, 2007, an additional depreciation of approximately RMB1,416,000 per annum would be incurred.

(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE ADJUSTED COMBINED NET TANGIBLE ASSETS AND FULLY DILUTED ESTIMATE EARNINGS PER SHARE

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 additional unaudited pro forma financial information of the Group.



8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong
February 25, 2008

The Directors
Honghua Group Limited
Credit Suisse (Hong Kong) Limited
Morgan Stanley Asia Limited

Dear Sirs,

We report on the unaudited pro forma statement of adjusted net tangible assets and unaudited pro forma fully diluted estimate earnings per share ("the Unaudited Pro Forma Financial Information") of Honghua Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out in parts (A) and (B) of Appendix II to the Prospectus dated February 25, 2008 (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 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. The 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 Additional 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 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 August 31, 2007 or any future date; or
- the earnings per share of the Group for the year ended December 31, 2007 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" in the section headed "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 of the Listing Rules.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong