
APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 illustrate the effect of the Share Offer on the financial position of the Group after the completion of the Share Offer.

The unaudited pro forma financial information has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position 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 our 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 STATEMENT OF ADJUSTED NET TANGIBLE LIABILITIES

The following is an illustrative statement of unaudited pro forma net tangible liabilities of the Group is based on the audited combined net assets of our Group as at June 30, 2009, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and adjusted as described below:

	Combined net tangible liabilities attributable to the equity shareholders of the Company as at June 30, 2009 <i>(Note 1)</i> <i>HK\$'000</i>	Add: <u>Estimated</u> net proceeds from the Share Offer <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted net tangible liabilities <i>(Note 3)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted net tangible liabilities per Share <i>(Note 3)</i> <i>HK\$'000</i>
Based on the Offer Price of 1.23 per Share (being the lowest)	(231,959)	103,255	(128,704)	HK\$(0.32)
Based on the Offer Price of 1.35 per Share (being the highest)	(231,959)	114,955	(117,004)	HK\$(0.29)

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) Calculation of the combined net tangible liabilities attributable to the equity shareholders of our Company as at June 30, 2009:

	<i>HK\$'000</i>
Audited combined net assets set out in Appendix I	16,409
Less: Minority interests	(22,145)
Net liabilities attributable to the equity shareholders	<u>(5,736)</u>
Less: Intangible assets – service concession arrangement	(226,223)
Combined net tangible liabilities attributable to the equity shareholders	<u><u>(231,959)</u></u>

The combined net tangible liabilities attributable to the equity shareholders of our Company as at June 30, 2009 are based on our audited combined net assets as at June 30, 2009 extracted from the Accountants' Report set out in Appendix I to this prospectus.

- (2) The estimated net proceeds from the Share Offer are based on the Offer Price of 1.23 and 1.35 per Share, after deduction of the underwriting fees and other related expenses payable by the Company. The calculation of the net proceeds from the Share Offer does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option or options that may be granted under the Share Option Scheme.
- (3) The unaudited pro forma net tangible liabilities per Share is arrived at after the adjustment for the estimated net proceeds from the Share Offer as described in Note 2 described above, and on the basis of 400,000,000 Shares in issue (including Shares in issue as at the date of this prospectus and those Shares to be issued pursuant to the Share Offer).
- (4) Details of valuation of our Group's properties interest as at September 30, 2009 are set out in Appendix V to this prospectus. It is the accounting policy of our Group to state its interests in leasehold land held for own use under operating leases and property, plant and equipment at cost less accumulated depreciation/amortisation and any impairment loss in accordance with the relevant HKASs, rather than at revalued amounts. The impairment reviews performed by the Company as at June 30, 2009 did not indicate the need to recognise any impairment loss for its interests in leasehold land held for own use under operating leases and property, plant and equipment.
- (5) The ultimate controlling shareholder of the Company injected cash of HK\$211 million and HK\$5 million to Top Talent and Good Sign respectively. The cash injection of HK\$216 million in aggregate was completed on December 7, 2009.

On the same day, the ultimate controlling shareholder of the Company, Top Talent, Good Sign and Bright Regent entered into a deed of assignment with the Company, pursuant to which the ultimate controlling shareholder assigned the balances due from each of Top Talent, Good Sign and Bright Regent in the amounts of HK\$452,460,907, HK\$60,002,849 and HK\$924,237 respectively to the Company.

However, the unaudited pro forma net tangible liabilities per Share has not taken into account the above-mentioned cash injection and the assignment of the balances due from the ultimate controlling shareholder.

(B) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong in respect of the unaudited pro forma financial information for the purpose of incorporation in this prospectus:



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

11 December 2009

The Directors
Huayu Expressway Group Limited

Dear Sirs

Huayu Expressway Group Limited (“the Company”)

We report on the unaudited pro forma financial information (“the unaudited Pro Forma Financial Information”) of the Company and its subsidiaries (“the Group”) set out in Part A of Appendix II of the prospectus dated 11 December 2009 (“the Prospectus”), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the share offer might have affected the financial information presented. The basis of preparation of the unaudited Pro Forma Financial Information is set out in Part A of Appendix II 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 (“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 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.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 30 June 2009 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 in the section headed "Future Plans and Use of Proceeds" 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