

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 out here to provide the investors with further information to assess the financial performance of our Group after taking into account (a) the earnings per Share of the Group for the year ended 31 December 2004 as if the listing of the Shares had taken place on 1 January 2004 and (b) the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the Reorganisation and the Share Offer.

Although reasonable care has been exercised in preparing the said 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 results and earnings per Share of our Group and financial position of our Group as at 31 December 2004 or at any future date.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in the prospectus and the accountants' report of our Group set out in appendix I to this prospectus.

A. UNAUDITED PRO FORMA EARNINGS PER SHARE

The unaudited pro forma earnings per share has been prepared, on the basis of the notes set out below, to illustrate how the Share Offer might have affected our Group's earnings per share for the year ended 31 December 2004 had it occurred immediately before the start of the period. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial results of our Group.

Audited profit after income tax and minority interests but before extraordinary items for the year ended 31 December 2004 (<i>Note 1</i>)	RMB42 million
Unaudited pro forma earnings per Share (<i>Notes 2 and 3</i>)	RMB0.14 (HK\$0.13)

Notes:

1. The audited combined profit after income tax and minority interests but before extraordinary items for the year ended 31 December 2004 is extracted from the accountant's report set out in appendix I to this prospectus.
2. Solely for your convenience, the amount of earnings per share has been converted into Hong Kong dollars at the People's Bank of China Rate of HK\$1 to RMB1.06 prevailing on 31 December 2004. You should not construe such conversion as a representation that the Renminbi amounts could actually be converted into Hong Kong dollar amounts at the rate indicated or at all.
3. The calculation of earnings per Share on a pro forma basis is based on the audited combined profit after income tax and minority interests before extraordinary items for the year ended 31 December 2004 assuming that we had been listed since 1 January 2004 and a total of 305,000,000 Shares were issued and outstanding during the entire year. This calculation assumes that the Shares issued pursuant to the Share Offer were issued on 1 January 2004.

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B. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative statement of unaudited pro forma adjusted net tangible assets of our Group, which is based on the audited net tangible assets of our Group as at 31 December 2004, as shown in the accountants' report set out in appendix I to this prospectus, and is adjusted as follows:

	Audited combined net tangible assets of our Group as at 31 December 2004 <i>RMB'000</i>	Estimated net proceeds from the Share Offer <i>RMB'000</i>	Unaudited pro forma adjusted net tangible assets <i>RMB'000</i>	Unaudited pro forma adjusted net tangible assets per Share <i>RMB</i>
Based on the Offer Price of HK\$1.18 per Share	<u>76,547</u>	<u>79,599</u>	<u>156,146</u>	<u>0.51</u>

Notes:

1. With reference to the valuation of our Group's property interests as set out in appendix III to this prospectus, the aggregate revalued amount of the property interests of our Group was RMB75 million. The unaudited net book value of these properties as at 30 April 2005 was about RMB34.5 million. Thus, the revaluation surplus is about RMB40.5 million, which has not been included in the above unaudited pro forma adjusted net tangible assets of our Group. Such a revaluation surplus will not be recorded in our Group's financial statements as our Group accounts for property interests at cost. If such revaluation surplus was included in our Group's financial statements for the year ending 31 December 2005, an additional depreciation charges of about RMB1.5 million per annum would be incurred.

2. The estimated net proceeds from the Share Offer are based on an Offer Price of HK\$1.18 per Share, after deduction of the underwriting fees and other related expenses payable by our Company.

3. The unaudited pro forma adjusted net tangible asset value per Share is arrived at after the adjustment referred to in Note 2 above and on the basis that 305,000,000 Shares are in issue.

C. COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION



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

28 June 2005

The Directors
Senyuan International Holdings Limited
Quam Capital Limited
Altus Capital Limited

Dear Sirs,

We report on the statements of unaudited pro forma earnings per Share and unaudited pro forma adjusted net tangible assets (the “Pro Forma Financial Information”) set out in sections (A) and (B) of Appendix II to the prospectus dated 28 June 2005 in connection with the placing and public offer of the Shares of Senyuan International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared, for illustrative purposes only, to provide information about how listing might have affected the relevant financial information presented.

RESPONSIBILITIES

It is the responsibility solely of the Directors of the Company to prepare the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”).

It is our responsibility to form an opinion, as required by the Listing Rules, on the 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 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 the Statement of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practice Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the

unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the pro forma financial information.

The Pro Forma Financial Information has been prepared on the bases set out in sections (A) and (B) of Appendix II to the Prospectus of the Company for illustrative purpose only and because of its nature, it may not be indicative of the results and earnings per Share of the Group and of financial position of the Group at 31 December 2004 or at any future date.

OPINION

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 29 of Chapter 4 of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong