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HUAYU EXPRESSWAY GROUP LIMITED
華昱高速集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1823)

PRICE SENSITIVE INFORMATION
LEASING OF THE YUEYANG SERVICE AREA OF THE SUI-YUE
EXPRESSWAY (HUNAN SECTION) TO SINOPEC HUNAN

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Lease Agreement

The Board announces that on 24 December 2010, Daoyue, a 90% indirect non-wholly owned subsidiary of the Company, entered into the Lease Agreement with Sinopec Hunan pursuant to which, and on conditions contained therein, Daoyue shall lease the Property to Sinopec Hunan for a term of 5 years commencing from 24 December 2010 and expiring on 23 December 2015 in return for an aggregate rental payment of RMB140,000,000 to carry out the businesses of petroleum service station and such other incidental businesses as more particularly described in the Lease Agreement.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

THE LEASE AGREEMENT

Date: 24 December 2010

Parties: (1) Daoyue, as the lessor
(2) Sinopec Hunan, as the lessee

Subject:

Pursuant to the Lease Agreement and on conditions contained therein, Daoyue shall lease the Property to Sinopec Hunan for a term of 5 years commencing from 24 December 2010 and expiring on 23 December 2015 for an aggregate rental payment of RMB140,000,000 to carry out the businesses of petroleum service station and other related and incidental businesses including parking, car cleaning, catering, accommodation, shopping and entertainment as more particularly described in the Lease Agreement.

Payment of rental:

Pursuant to the Lease Agreement and on conditions contained therein, rental payment shall be made by Sinopec Hunan to Daoyue as follows:

- (a) a deposit of RMB5,000,000 shall be paid within 5 Business Days after the date of the Lease Agreement (and upon payment of (b) below, such deposit shall be treated as part of rental payment made to Daoyue);
- (b) RMB20,000,000 shall be paid by 15 January 2011;
- (c) RMB50,000,000 shall be paid by 31 March 2011;
- (d) RMB30,000,000 shall be paid by 30 June 2012;
- (e) RMB20,000,000 shall be paid by 30 June 2013;
- (f) RMB7,000,000 shall be paid by 31 December 2014; and
- (g) RMB8,000,000 shall be paid by 20 December 2015.

Other material terms:

- (1) Hand over of the Property by Daoyue:

The Property including all facilities thereon shall be handed over to Sinopec Hunan by no later than 31 December 2011, the exact date of which shall be determined by reference to the approval of the commencement of operation of the Sui-yue Expressway (Hunan Section) by the People's Government of Hunan Province.

- (2) Reimbursement of facilities and equipment:

Moveable facilities and equipment used in the Property shall be acquired 2 months prior to the commencement of business on the Property by Sinopec Hunan, which will be reimbursed by Daoyue but capped at RMB1,500,000.

- (3) Treatment of properties located on the Property upon expiry of the Lease Agreement:

- (a) Sinopec Hunan shall transfer all immovable properties to Daoyue for nil consideration;
- (b) in respect of all movable properties, ownership for those contributed by Daoyue shall belong to Daoyue, and ownership for those contributed by Sinopec Hunan shall be passed to Sinopec Hunan or acquired by Daoyue at a mutually agreed price; and

- (4) Priority of renewal:

On the basis that Sinopec Hunan intends to continue the operation of the Property, provided the commercial terms are identical, Sinopec Hunan shall have priority to renew the Lease Agreement or enter into such other agreement with Daoyue in respect of the Property upon expiry of the Lease Agreement.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

The Board considers that, Sinopec Hunan, a subsidiary of China Petroleum & Chemical Corporation, which is one of the largest petroleum companies in PRC, is a desirable strategic business partner for the Group in respect of the Sui-Yue Expressway (Hunan Section) project, and the establishment of petroleum service station on the Property under the Lease Agreement is integral to the project and is consistent with the Group's business strategies.

In addition, the Lease Agreement will provide significant income to the Group through rental payments from Sinopec Hunan which can be used to finance the Group's capital expenditures in respect of its infrastructure project. The aggregate rental of RMB140,000,000 receivable from Sinopec Hunan also represents a reasonable return for the leasing of the Property.

In view of the above, the Directors, including the independent non-executive Directors, consider that the Lease Agreement has been entered into on normal commercial terms and the terms of the Lease Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON DAOYUE

Daoyue is a 90% indirect non-wholly owned subsidiary of the Company and the remaining 10% interest is held by Shenzhen Huayu Investment & Development (Group) Co. Ltd.

Daoyue is a Sino-foreign equity joint venture in the form of a private company with limited liability established in the PRC and is the project company for the Sui-Yue Expressway (Hunan Section), which is currently developing the Sui-Yue Expressway (Hunan Section) project and will, once the Sui-Yue Expressway (Hunan Section) is completed and open to traffic, operate the Sui-Yue Expressway (Hunan Section).

INFORMATION ON THE COMPANY

The Company is principally engaged in the business of investment, building, operating and management of infrastructure projects in PRC. As at the date of this announcement, the Company's only project is the Sui-Yue Expressway (Hunan Section) which is currently under construction and is planned to be completed by the end of 2011.

INFORMATION ON SINOPEC HUNAN

Sinopec Hunan is a subsidiary of China Petroleum & Chemical Corporation. Its principal business is the sale and distribution of petroleum products and operation of petroleum stations in Hunan province. China Petroleum & Chemical Corporation is a company listed on the Stock Exchange.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Sinopec Hunan and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of directors of the Company
“Business Day”	a working day, excluding public holiday, in PRC
“Company”	Huayu Expressway Group Limited (華昱高速集團有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Daoyue”	湖南道岳高速公路實業有限公司 (Hunan Daoyue Expressway Industry Co. Ltd*), a 90% indirect non-wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	Lease Agreement entered into between Daoyue and Sinopec Hunan dated 24 December 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“mu”	畝, a unit for measurement of area
“PRC”	the People’s Republic of China
“Property”	the Yueyang Service Area of the Sui-yue Expressway (Hunan Section) a piece of land (and such buildings and structures built thereon) with an aggregate area of 128 mu along the Sui-yue Expressway (Hunan Section) located in Yueyang, Hunan province
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Sinopec Hunan”	中國石油化工股份有限公司湖南石油分公司 (China Petrochemical Group Hunan Branch*)

“Sui-Yue Expressway
(Hunan Section)”

隨州至岳陽高速公路(湖南段), a 24.08 km section of the 隨州至岳陽高速公路 (Suizhou-Yueyang Expressway*) that lies in Hunan Province, which is currently under construction and development

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

** denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.*

By Order of the Board
Huayu Expressway Group Limited
Chan Yeung Nam
Chairman

Hong Kong, 24 December 2010

As at the date of this announcement, the executive directors of the Company are Mr. Chan Yeung Nam, Mr. Mai Qing Quan, Mr. Chen Kai Shu, Mr. Fu Jie Pin, Mr. Chen Min Yong, Mr. Zhang Bo Qing, Mr. Yue Feng and Ms. Mao Hui and the independent non-executive directors are Mr. Sun Xiao Nian, Mr. Chu Kin Wang, Peleus and Mr. Hu Lie Ge.