

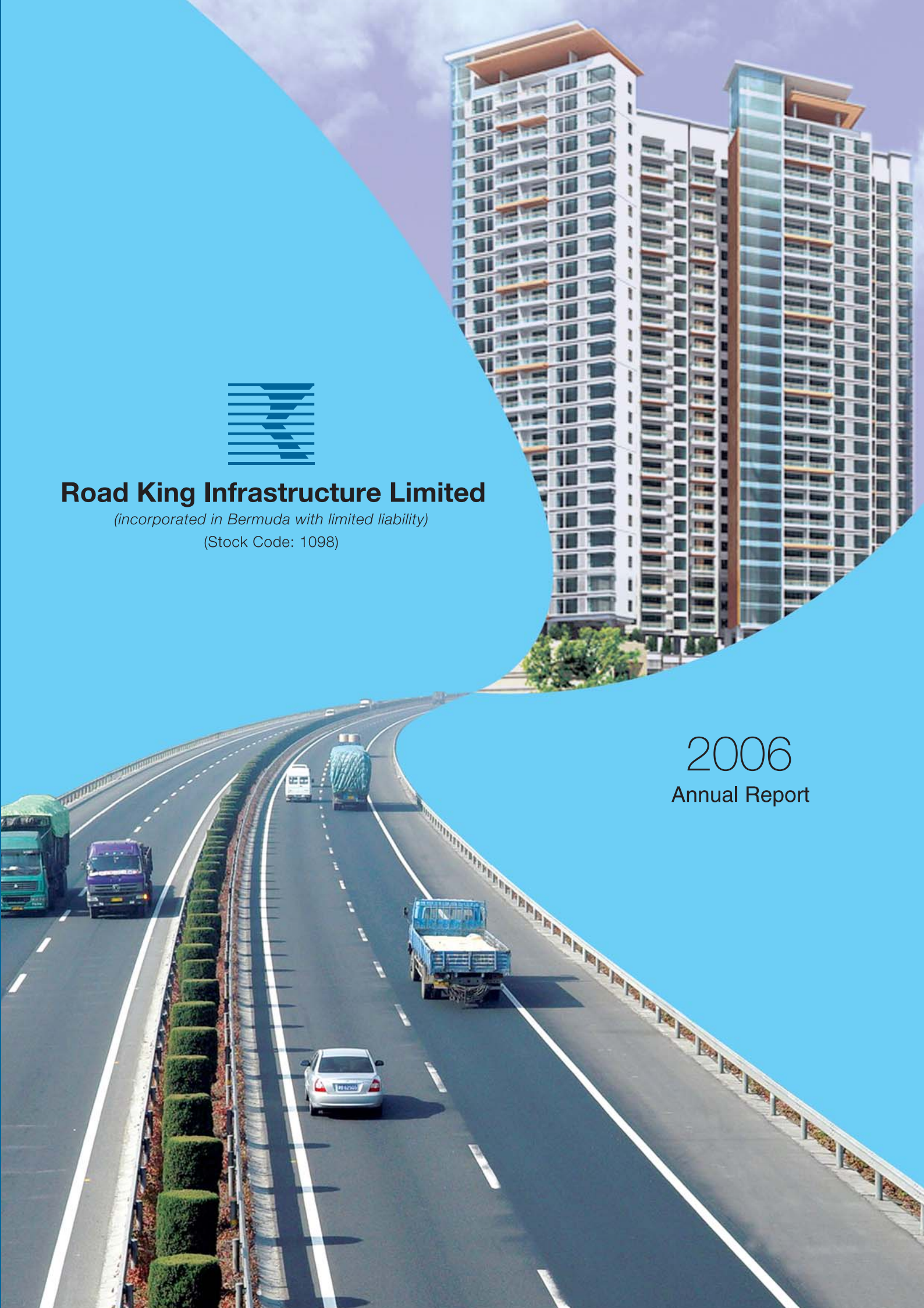


Road King Infrastructure Limited

(incorporated in Bermuda with limited liability)

(Stock Code: 1098)

2006
Annual Report





CORPORATE PROFILE

Road King Infrastructure Limited is a leading Hong Kong listed company with its core business in the investment, development, operation and management of toll roads and property projects in China. Road King has a toll road portfolio of HK\$6 billion, comprising 19 toll road and bridge projects spanning approximately 1,000 kilometers in 8 provinces of China. Road King has commenced the property development business in China since 2004. Projects are located in Guangdong Province and Jiangsu Province, with total developable gross floor area of approximately 2.9 million square metres.

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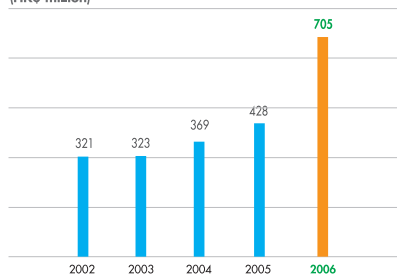
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FINANCIAL HIGHLIGHTS

(HK\$ million)	For the year ended of 31 December				
	2006	2005	2004	2003	2002
Financial Highlights					
Group's share of toll revenue	1,187	1,187	993	815	748
Cash received from toll roads	885	864	687	614	590
Revenue from property development	506	—	—	—	—
Revenue	552	78	48	119	163
Profit before tax	768	388	357	334	337
Profit for the year	702	416	365	327	332
Minority interest	3	12	4	(4)	(11)
Profit attributable to shareholders	705	428	369	323	321
Earnings per share					
– Basic	1.16	0.73	0.63	0.56	0.56
– Diluted	1.14	0.73	0.63	0.56	0.56
Dividend per share	0.48	0.43	0.34	0.25	0.24
Total assets	10,962	7,341	7,004	5,855	5,745
Total liabilities	4,184	2,074	1,990	1,081	1,211
Shareholders' funds	6,778	5,231	4,968	4,729	4,448
Net book value per share	9.82	8.85	8.48	8.10	8.63
Financial Ratios					
Gearing ratio	46%	37%	38%	21%	26%
Interest coverage	9.7x	7.1x	6.9x	8.6x	7.0x

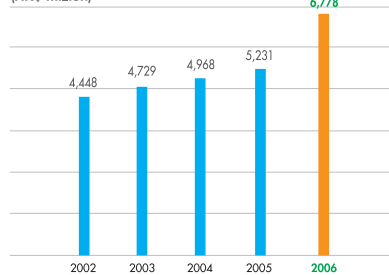
Profit Attributable to Shareholders

(HK\$ million)



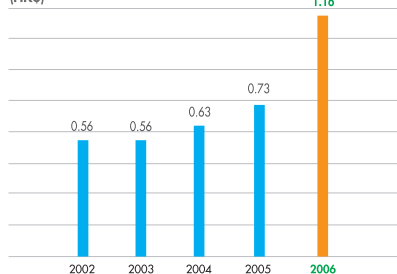
Shareholders' Funds

(HK\$ million)



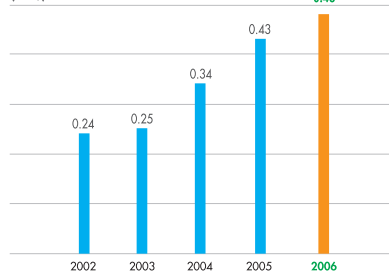
Earnings per share – Basic

(HK\$)

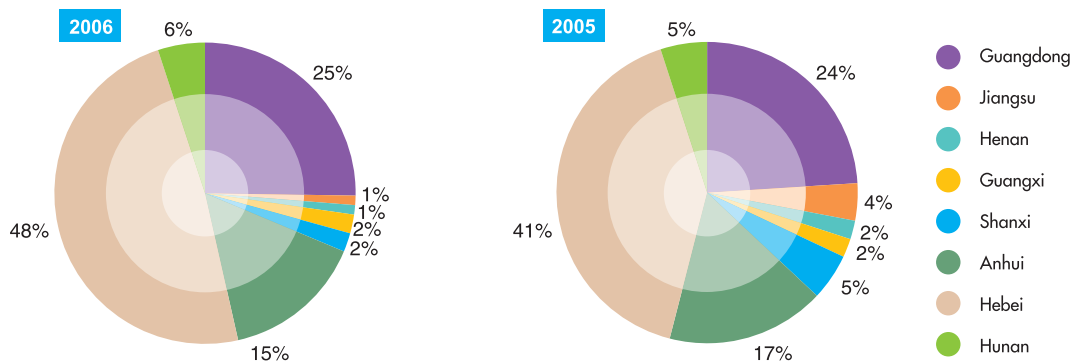


Dividend per share

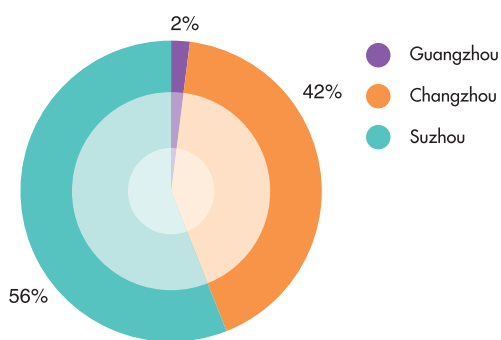
(HK\$)



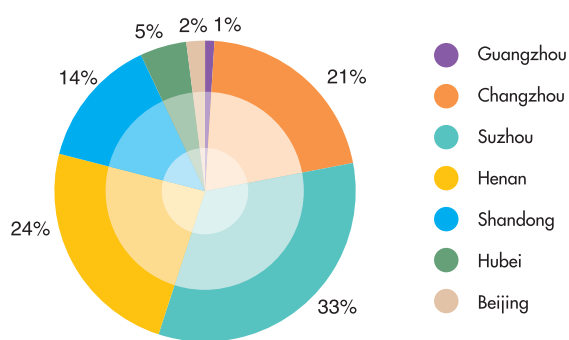
Profit contribution by toll road projects by location as at 31 December 2006



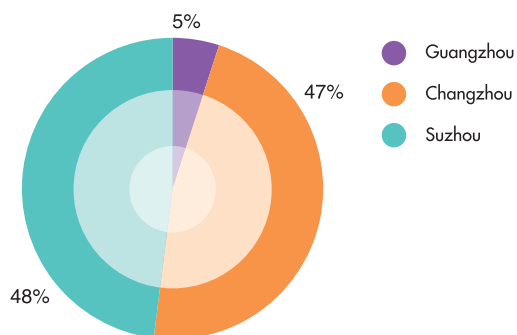
Site area by location as at 31 December 2006



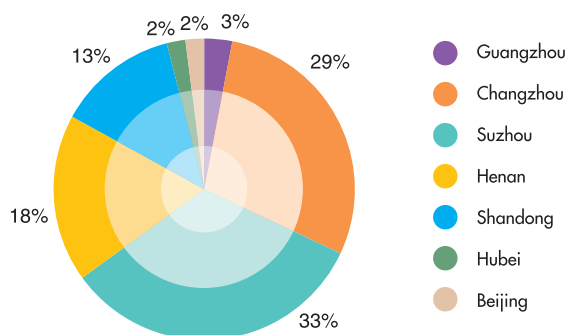
Site area by location after the completion of acquisition of Sunco A as at 11 January 2007



Unsold developable area (excluding carparks) by location as at 31 December 2006



Unsold developable area (excluding carparks) by location after the completion of acquisition of Sunco A as at 11 January 2007





ROAD KING INFRASTRUCTURE LIMITED

TOLL ROAD BUSINESS





**PROPERTY
DEVELOPMENT
BUSINESS**

The organizational chart shows the 'PROPERTY DEVELOPMENT BUSINESS' at the top, which branches into three regional divisions: 'GUANGZHOU', 'CHANGZHOU', and 'SUZHOU'. Each division lists its principal subsidiaries and the specific projects they are developing.

GUANGZHOU

Guangzhou Junyue Real Estate Limited

- Parkrise

Guangzhou Junya Real Estate Limited

- Parkvista Phase I

Guangzhou Junde Real Estate Limited

- Parkvista Phase II

CHANGZHOU

Changzhou Greatmind Properties Developments Ltd.

- Grand Metropolis

Changzhou Great Gallop Properties Developments Ltd.

- Royal City

Changzhou Great Superior Properties Developments Ltd.

- Vista Panorama

SUZHOU

Suzhou Sunco Properties Limited

- Phoenix City

Note: including principal business operating subsidiaries only




ZEN Wei Pao, William
Chairman

Dear Shareholders,

The Group performed well in 2006. Profit contributions from toll road business continued to grow, and the property development business was actively developed.

The Group's profit attributable to the shareholders in 2006 was HK\$705 million, representing an increase of 65% as compared with that of 2005. Earnings per share increased by 59% to HK\$1.16. The Board recommended a final dividend of HK\$0.26 per share. Together with the interim dividend of HK\$0.22 per share (excluding the special interim dividend), the total dividend for 2006 is HK\$0.48 per share.



2006 was an important year for the development of the Group. The toll road business continued to contribute stable cash flow and profit to the Group. To further enhance the performance and management of the toll road business, the Group proceeded with disposing projects which were less optimal for long-term development. In respect of the property development business, the development progress of the six property projects under RK Properties Holdings Limited was encouraging, with key projects started to contribute revenue and profit to the Group. In addition, the Group capitalized a rare market opportunity to acquire a significant interest in Sunco, making another major step in growing the Group's property portfolio.

Year 2007 will be a year of further development for Road King. In the toll road business, the Group will actively consolidate its existing portfolio, and explore and evaluate new investment opportunity. In the property development business, the Group will expedite to complete the acquisition of Sunco Group and consolidate its asset portfolio. The Group will also continue to seek premium land reserves in a prudent manner with the goal of being a major nationwide property developer in China.

I would like to extend my gratitude to our business partners and shareholders for their enduring support, and to thank all staff for their dedication and hard work.

Zen Wei Pao, William

Chairman

Hong Kong , 3 April 2007



KO Yuk Bing
*Managing Director and
Chief Executive Officer*

2006 Results

The Group's profit attributable to the shareholders in 2006 was HK\$705 million, representing an increase of 65% as compared with that of 2005. Earnings per share were HK\$1.16.

The increase in the Group's earnings revealed the profit contributed from property development business. Apart from the contribution from property sales, the surge was also due to the recognition of the discount on acquiring the property assets in Suzhou.

Business Review

Toll Road Business

In 2006, the total traffic volume and revenue of toll road projects were 134 million vehicles and RMB2.23 billion respectively; representing an increase of 2% and 4% compared to those in 2005 (excluding the results of the disposed project). During 2006, the cash generated from the Group's toll road business amounted to HK\$885 million, a growth of 3% over that of 2005.

The total traffic volume and the toll revenue of the Group's expressway projects continued to record strong growth of 8.6% and 7.0% respectively as compared to 2005. However, the performance of the Group's Class I/II highway projects decreased slightly due to the traffic diversion from nearby roads. The Group has taken measures to minimize such impact of diversion on the affected Class I/II highway projects and will consider disposing these projects when opportunity arises. In April 2006, the Group disposed its entire interest in Taiyuan Ximing-Gujiao Highway (Class II highway) in Shanxi Province with a total consideration of RMB125 million, recognising a slight profit.

The Group's direction for its toll road business remains to enhance and expand its portfolio of expressway projects. In 2006, the revenue of the expressway projects contributed 67% to the total revenue of the toll road business. The Group expects revenue and contribution of the expressway projects to grow continuously in the future.



Due to the technical difficulties associated with the regulatory approval procedures, during the past financial year, the Group did not commit to acquire any new projects in toll road business. Nevertheless, the Group will continue to closely monitor market development, maintain close relationship with relevant government authorities and follow up projects with high potential. As soon as the uncertainties are lifted, the Group will move in swiftly to expedite the development in the business.

Property Development Business

The Group has been dedicated to develop high quality projects since the commencement of its property development business in 2004. The property business started to contribute profit to the Group in 2006.

During the year of 2006, total sales and pre-sales of property developments reached approximately 100,000 square meters. The Group expects substantial growth in saleable area in 2007.

In September 2006, the Group announced the acquisition of the projects of Sunco Group in phases. The Sunco acquisition has allowed the Group to rapidly expand its property business and extend its geographical reach to various cities, including Beijing, Tianjin, Jinan, Qingdao, Zhengzhou, Luoyang, Suzhou and Wuhan within a short timespan.

As at 31 December 2006, the Group's unsold developable gross floor area was approximately 2.9 million square meters which would be increased to 6.3 million square meters upon completion of the Sunco acquisition.

Ginseng Business

In December 2006, the Group distributed its shares in the non-core ginseng business – Chai-Na-Ta Corp (“CNT”) to shareholders by way of distribution in specie. As a result, the Company no longer has shareholding interest in CNT.

Financial Review

Liquidity and Financial Resources

As at 31 December 2006, shareholders' funds increased to HK\$6.78 billion (31 December 2005: HK\$5.23 billion). The surge was mainly due to the share placements of 80 million ordinary shares undertaken in late 2006 and profit earned during the year. Net assets per share was HK\$9.82 (31 December 2005: HK\$8.85).

As at 31 December 2006, the Group's total assets were HK\$10.96 billion (31 December 2005: HK\$7.34 billion) and cash and bank balances were HK\$1.11 billion (31 December 2005: HK\$421.19 million).

Financing Activities

To meet the funding requirement for the property development, the Group arranged various short term loan facilities with an aggregate amount of HK\$780 million. The short term loan facilities are being replaced by long term facilities in the first half of 2007. In November and December 2006, the Group successfully raised an aggregate of HK\$850 million from placing of 80,000,000 new shares at the placing price of HK\$10.96 per share.

Debt and Gearing

The gearing ratio of the Group increased from 37% at the end of 2005 to 46% as at 31 December 2006. Interest coverage was 9.7 times (2005: 7.1 times).

As at 31 December 2006, the Group's total borrowings were HK\$3.14 billion (31 December 2005: HK\$1.92 billion). The maturity profile of the Group's total borrowings is set out as follows:

	31 December 2006 HK\$ million	31 December 2005 HK\$ million
Repayable:		
Within one year	1,582	362
After one year but within two years	—	2
After two years but within five years	1,559	1
After five years	—	1,559
Total borrowings	3,141	1,924

The Group's borrowings were primarily denominated in US dollar. Other than the US\$200 million fixed-rate US\$ denominated guaranteed notes, the Group's borrowings were on a floating rate basis.

Financing and Treasury Policies

The Group continued to adopt prudent financing and treasury policies. All the Group's financing and treasury activities are centrally managed and controlled. Implementations of the Group's related policies are made under collective but extensive consideration on refinancing risk, interest rate risk and exchange rate risk.

Charges in the Group's Assets

As at 31 December 2006, bank balances were pledged as security in favour of banks for mortgage facilities granted to the buyers of properties under the Group's Phoenix City project. The total of these charged deposits was RMB24 million. In addition to the charged deposits, properties which were valued at RMB70 million were pledged as security for certain loan facilities granted to this project. Apart from these, there was no other charge on the Group's assets.

Exposure on Foreign Exchange Fluctuations

The Group's borrowings are principally denominated in US dollar, but its cash flow is generated from projects denominated mainly in Renminbi, so the continuous appreciation of Renminbi in 2006 had a positive impact on the Group's financial position. Other than that, the Group has no significant exposure to foreign exchange fluctuation.

Material Future Capital Commitments

As at 31 December 2006, the Group's major capital commitments amounted to approximately HK\$36 million which would be settled after 2010.

Contingent Liabilities

As at 31 December 2006, the Group provided guarantees of approximately RMB406 million in favour of its customers for their purchases of the Group's properties. These guarantees provided by the Group will be released when the customers pledge their real estate certificates as securities to banks for the mortgage loans granted.

Employees

Excluding the staff of joint ventures, the total number of employees in the Group was 451 as of 31 December 2006. Expenditure on staff (excluding Directors' emoluments and amounts capitalised) amounted to HK\$72 million. Employees are remunerated according to their performance and contribution. Other employee benefits include but not limited to provident fund, insurance, medical cover and, training programs, as well as a share option scheme. In 2006, 19,340,000 share options were granted to Directors and employees under the Group's share option scheme.

Prospects

Toll road business is the Group's core business and the major source of income. The Group will make additional steps to fortify the toll road management and operation, and to enhance the portfolio of projects. In addition, the Group will also complete all the preliminary work for potential projects to facilitate the prompt capture of investment opportunities when arise, so as to the boarden the income source for the toll road business.

Based on the foundation built up in year 2006, the Group will accelerate the development of existing property projects in 2007 to realize and improve the income derived therefrom. The Group will also strive to complete the acquisition of Sunco and the restructuring of its operations, thereby providing a new stream of income source and a better development platform to help bolstering the Group's property business.

Acknowledgement

I would like to extend my gratitude to our business partners and shareholders for their enduring support, and to thank all staff for their dedication and hard work.

Ko Yuk Bing

Managing Director & CEO

Hong Kong, 3 April 2007

MANAGEMENT

DISCUSSION & ANALYSIS



Toll Road Projects



Property Development Projects as at 31 December 2006



Property Development Projects held by Sunco A as at 11 January 2007

CHINA





Toll Road Business

Hebei Province

Projects		Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth
1	Baojin Expressway	Baoding - Tianjing	<ul style="list-style-type: none"> ■ Expressway ■ 4-lane 	105	17,303	+16.4%	277.38	-9.6%
2	Tangjin Expressway	Tangshan - Tianjin	<ul style="list-style-type: none"> ■ Expressway ■ 4/6-lane 	58	22,355	+6.8%	408.05	+30.2%
3	Shijin Highway	Shijiazhuang - Jinzhou	<ul style="list-style-type: none"> ■ National Highway 307 ■ Class I/II Highway ■ 2/4-lane 	40	12,344	-0.6%	47.47	-0.1%
4	Hanguan Highway	Handan - Guantao	<ul style="list-style-type: none"> ■ National Highway 309 ■ Class I Highway ■ 4-lane 	79	13,389	+3.3%	98.66	+5.8%

Anhui Province

Projects	Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth	
5	Bengbu Huaimeng Highway	Bengbu Huaiyuan - Mengcheng	<ul style="list-style-type: none"> ■ Provincial Highway 307 ■ Super Class II Highway ■ 4-lane 	59	6,797	+5.6%	14.17	+7.3%
6	Hehuai Highway	Hefei - Huainan	<ul style="list-style-type: none"> ■ National Highway 206 ■ Super Class II Highway ■ 2-lane 	90	17,049	+2.9%	61.71	-0.4%
7	Heye Highway	Hefei - Yeji	<ul style="list-style-type: none"> ■ National Highway 312 ■ Class I Highway ■ 4/6-lane 	130	35,021	+7.9%	187.76	+13.0%
8	Bengbu Huaihe Bridge Highway	Bengbu Huaihe	<ul style="list-style-type: none"> ■ Provincial Highway 307 ■ Super Class II Highway and cable-stayed bridge ■ 4-lane 	21	10,245	-0.7%	27.08	-16.0%
9	Chaoyanglu Huaihe Bridge	Bengbu Huaihe	<ul style="list-style-type: none"> ■ National Highway 206 ■ Continuous rigid frame structure ■ 4-lane 	2	6,658	+10.6%	14.17	-0.8%

Guangdong Province

Projects		Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth
10	Jihe Expressway, East Section	Shenzhen Airport - Heao	<ul style="list-style-type: none"> ■ Expressway ■ 6-lane 	23	59,419	+15.7%	330.14	+15.0%
11	Guangsan Expressway*	Foshan - Sanshui	<ul style="list-style-type: none"> ■ Expressway ■ 4-lane 	52	44,877	—	231.26	—
12	Luochong Highway	Luoding - Chonghua	<ul style="list-style-type: none"> ■ National Highway 324 ■ Class I Highway ■ 4/6-lane 	35	17,462	+3.2%	57.80	+6.4%

* As the income distribution period to the Group ended in September 2006, there were only 9 months income contribution to the Group for the year.

Hunan Province

Project		Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth
13	Changyi Expressway	Changsha - Yiyang	<ul style="list-style-type: none"> ■ Expressway ■ 4-lane 	76	35,860	-1.9%	243.34	+17.5%
Including	Expressway				17,987	+20.0%	220.88	+22.5%
	Changyi Old Road				17,873	-17.1%	22.46	-16.1%

Shanxi Province

Projects	Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth	
14	Taiyu Highway	Taiyuan - Yuci	<ul style="list-style-type: none"> ■ Super Class I Highway ■ 4/6-lane 	17	19,905	-14.4%	40.05	-27.1%
15	Yuci City Bypass	Yuci	<ul style="list-style-type: none"> ■ National Highway 108 ■ Class I Highway ■ 4-lane 	17	8,175	+52.6%	24.47	+7.5%
16	Dongguan Highway	Yuci Dongchangshou - Qixian Dongguan	<ul style="list-style-type: none"> ■ National Highway 108 ■ Class I Highway ■ 4-lane 	38	8,858	+31.9%	34.78	+59.9%

Jiangsu Province

Project	Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth	
17	Airport Highway	Suzhou - Shanghai Hongqiao Airport	<ul style="list-style-type: none"> ■ Provincial Highway 343 ■ Super Class II Highway ■ 4-lane 	53	7,664	-57.7%	42.31	-64.3%

Guangxi Zhuang Autonomous Region

Projects	Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth
18	Yulin City Ring Road	Yulin	27	14,127	-10.8%	37.53	+5.9%
19	Yugong Highway	Yulin - Gongguan	39				

Henan Province

Project	Route	Project Characteristics	Length (km)	2006 AADT	% Growth	2006 Annual Toll Revenue (RMB 'M)	% Growth
20	Xunan Highway	Xuchang - Nanyang	80	10,012	-24.4%	55.35	-39.5%

Hebei Province

Hebei Province plays a key role in supporting the economic development of Beijing, Tianjin and even the whole Bohai Sea area. As the 2008 Beijing Olympics is approaching, together with the status as a key developing city accorded by the central government to Tianjin, the economy of Hebei Province is expected to keep on growing. In 2006 the GDP and the aggregate amount of imports and exports trades were RMB1,161.37 billion and US\$18.53 billion respectively, representing increases of 13.2% and 15.3% respectively compared with the previous year. The total investment of expressway in Hebei amounted to RMB16.6 billion, with a total of 2,853 km of expressway completed during 2006. Demand for transportation is expected to grow with the rapid economic growth of Hebei Province.



Tangjin Expressway started its contribution to toll revenue of the Group since February 2005. As Tianjin has recently been accorded the status of key city for development by the central government, the performance of Tangjin Expressway in 2006 was remarkable. Annual toll revenue exceeded RMB 400 million. Prospects for this project are bright against a background of rapid economic development of the Beijing, Tianjin and Hebei region.

The traffic of Baojin Expressway in 2006 was affected by the repair and maintenance works on Beijing-Shijiazhuang Expressway and diversion of Beijing Sixth Ring Road and Shihuang Expressway. With the completion of repair and maintenance works on Beijing-Shijiazhuang Expressway, traffic and toll revenue of Baojin Expressway is expected to recover gradually in 2007.

Despite increased competition from the completion of other road networks in the vicinity of Shijin Highway, toll revenue generated by the project in 2006 was still maintained at similar level of 2005 due to the completion of upgrading work raised the volume of traffic. The Group expects steady growth in revenue from this project in 2007.

Hanguan Highway is a major eastbound coal transport route in Hebei. It achieved steady growth both in terms of toll revenue and traffic in 2006. In view of the expected completion of Qinghong Expressway which will run in parallel with the project in the second half of 2007, toll revenue from Hanguan Highway will be affected. However, this effect has been taken into account by the Group.

Anhui Province

Anhui Province enjoyed rapid economic growth in 2006, with GDP amounting to RMB614.19 billion, an increase of 12.9% over the previous year. Year 2006 was also the third consecutive year in which double digit growth was recorded. As for foreign trade, the annual amount of imports and exports trades increased 34.3% to US\$12.25 billion, with exports trade of US\$6.84 billion and imports trade of US\$5.41 billion respectively, representing yearly increases of 31.7% and 37.7%. These provided impetus to increased demand of highway transportation.



The transportation within the province developed steadily. Turnover of passenger transport by highway increased by 10.4% to 53.13 billion passenger-km, while turnover of freight transport by highway increased 9.8% to 46.42 billion ton-km. During the year 2006, Anhui continued to develop its highway network satisfactorily. The total mileage of expressway in use reached 1,747 km, with additional 600 km to be completed in 2007.



In year 2006, traffic which previously used the Anhui Bengbu Huaihe Bridge Highway, Chaoyanglu Huaihe Bridge and the Bengbu Huaimeng Highway were diverted to the newly opening of Bengbu-Nanjing Expressway. Projects in Bengbu recorded slightly drop in traffic and toll revenue. Measures will be taken in year 2007 to mitigate the situations.

Benefiting from the implementation of toll collection based on measured weight of trucks and the levy of penalties on overloaded trucks, Hehuai Highway recorded similar toll revenue and traffic as Year 2006. Revenue from Hehuai Highway is expected to slightly increase in 2007.

Heye Highway, being an important section of a national highway connecting Shanghai, Nanjing, Hefei and Xian, generated a satisfactory level of toll revenue in 2006, which was mainly attributable to its superb location and the government's implementation of toll collection based on the measured weights of trucks. Toll Revenue growth is expected to continue in 2007.

Hunan Province

Economic performance of the Hunan province was satisfactory in 2006, with GDP of RMB749.32 billion, representing an increase of 12.1% over the previous year, while provincial government income reached RMB89.12 billion. In addition, performance of the transportation industry was also satisfactory. Steady increased turnover in passenger transport and freight transport by highway stimulated market demand for the transportation infrastructures and their usage. Turnover in freight transport increased 7.5% to 177.61 billion ton-km; freight transportation by highway increased 7.8% to 722.96 million tons; turnover in passenger transport increased 7.2% to 107.42 billion passenger-km; passenger transport by highway increased 3.1% to 1.12 billion passenger.

At the end of 2006, the total length of expressway in Hunan Province was 1,403 km, with 1,257 km of expressway under construction.

Changyi Expressway of Hunan Province is comprised of two sections, Changsha-Yiyang Expressway and National Highway 319 Changsha-Yiyang section, of which toll revenue from the expressway accounted for 91% of the total toll revenue generated by the project. For the year 2006, toll revenue from Changyi Expressway registered a growth of 18%, which was attributable to the positive impact from the opening of Changde-Zhangjiajie Expressway and the economic development of Hunan Province. The toll revenue of Expressway increased 22% compared to previous year but the toll revenue from National Highway 319 recorded a decline of 16% due to diversion of vehicles to Changyi Expressway. The project is expected to maintain steady growth in 2007.



Shanxi Province

In 2006 Shanxi Province recorded GDP and provincial government income of RMB474.65 billion and RMB104.8 billion respectively, which represented increases of 11.8% and 38.2% compared to Year 2005.

The economy of the province posted substantial gains as a result of tremendous efforts in attracting foreign investment by the provincial government. In 2006 foreign direct investment in Shanxi Province was US\$1.34 billion, while investment in fixed assets grew 24.9% to RMB232.15 billion. Growth in the provincial economy boosted the rapid development of local transportation network to meet the increasing needs of the economy and society.

In addition, Shanxi is the major coal mining province in northern China, while approximately a quarter of the coal mined were transported by highway. Year 2006 production of coal increased 7.1% to 580 million tons, which in turn increased highway usage rates.

Traffic and toll revenue from Taiyu Highway decreased in 2006 as a result of traffic diversion upon the opening of expressways nearby. The Group has strengthened the control of privileged vehicles and local vehicles as improving measures.

Yuci City Bypass has benefited from the bumper coal market which increased the traffic of large and medium size vehicles.

In 2006 Dongguan Highway recorded spectacular growth in toll revenue of 60% because of the closure of diversion roads. The repair and maintenance work on the bridge of competitive road led the traffic onto Dongguan Highway. Toll Revenue is expected to return to normal level when the competitive road is going to be re-opened in 2007.

Jiangsu Province

During 2006 Jiangsu Province has made strong progress in economic development, with a 14.9% increase in annual GDP which amounted to RMB2,154.84 billion. In the mean time, strong gain was posted in foreign trade, with an increase of 24.6% in annual imports and exports which amounted to US\$284 billion, of which exports accounted for US\$160.42 billion, representing an increase of 30.5%. The transportation by highway industry also developed rapidly, with an addition of newly constructed highways of 469 km. In 2006, expressways in use reached 3,355 km. Increases in passenger and freight transport by highway were strong. Turnover in passenger transport by highway reached 106.26 billion passenger-km, an increase of 12.1% over the previous year. Turnover in freight transport by highway increased 18.1% to 54.21 billion ton-km. Private vehicle owners increased 25.3% to 2.408 million vehicles. Usage of the highway is forecast to increase in the future.

During the year 2006, traffic and toll revenue of Airport Highway returned to normal level after the completion of expansion of the Jiangsu Nanjing-Shanghai Expressway and National Highway 312 at the end of 2005.



Guangdong Province

The economy of Guangdong Province continued to develop rapidly in 2006, with GDP of RMB2,596.86 billion representing annual increase of 14.1% in GDP over the previous year, and average GDP per capita of RMB28,077. During 2006, the aggregated annual import and export value broke the record level of US\$500 billion, an increase of 23.2% over the previous year, to US\$527.22 billion. Of this, exports increased 26.8% to US\$301.95 billion while imports increased 18.7% to US\$225.27 billion. Trade surplus for the year 2006 reached US\$76.68 billion, an increase of US\$28.34 billion over the previous year.

The Guangdong Provincial Government accelerated the investment in highway and marine transportation infrastructure facilities to meet for economical growth of the province. During 2006, RMB46.2 billion was invested, representing a yearly increase of 14%. There was newly constructed expressway of 200 km, which raised the total mileage of expressway of the province to 3,340 km. Road density of 64.83 km per 100 km² ranked at the top national level.

The new completed Yan Pai Expressway in Shenzhen and other expressways formed a completed network, which increased the traffic between the airport, ports, logistics center in Shenzhen and Hong Kong. Also new operational strategy was implemented, which resulted in remarkable increase in traffic and toll revenue of Jihe Expressway. Increasing growth in Jihe Expressway is expected in 2007, in line with the prosperous Shenzhen economy.

Toll revenue from Luochong Highway increased in 2006. Toll revenue in 2007 is expected to be slightly affected by diversion road, National Highway 321, upon its completion of repair works.

With the strong economic growth in the region, traffic volume and toll revenue of Guangsan Expressway achieved satisfactory return. Based on the letter of commitment signed with the PRC joint venture partner in 2004, the Group had received the pre-agreed cumulative cash distribution in September 2006 and thereafter disposed of its interest at zero cost to the PRC joint venture partner.

Guangxi Zhuang Autonomous Region

Guangxi Zhuang Autonomous Region connects the southwest, southern and central southern China and the ASEAN. It is a centre in southwestern China which provides convenient marine transportation. The economy of Guangxi Zhuang Autonomous Region continued its rapid growth in 2006, with an annual increase of 13.5% in GDP over the previous year, which amounted to RMB480.2 billion, while average GDP per capita reached RMB10,240. Governmental income of the Guangxi reached RMB 56.81 billion, representing yearly increase of 19.5%. Fiscal conditions further strengthened during the year 2006 and there was also significant growth in foreign trade, with both imports and exports breaking the records. During the year the foreign imports and exports trade amounted to US\$6.67 billion, an increase of 28.8% over 2005. The rapid growth in the regional economy and increased commercial transactions with other provinces, and all these contributed to steady growth of the Group's highway business.



During 2006, the Chinese government tightened the control on the registration of under-classification trucks and strengthened the regulatory control of transportation industry. These controls benefited the Yulin Highway project to post a 6% gain in toll revenue compared with 2005. Toll revenue is expected to become stable in 2007.

Henan Province

The GDP of Henan Province increased 14.1% to RMB1,246.41 billion. It was benefited from a series of efforts by the provincial government to facilitate foreign investment, and events to promote foreign investment. These underpinned the growth of foreign investment in the province. The annual foreign exports amounted to US\$6.7 billion, while the amount of foreign direct investment reached US\$1.85 billion. The foreign capital usage broke the record and amounted to RMB 90 billion. The Henan provincial government plans to regulate and consolidate key and high growth enterprises in the coming year. Together with numerous major industrial construction projects in the pipeline, the provincial economy is expected to keep on the growth track.



As for the development of highway, the total investment in highway and transportation in Henan Province reached a record high of RMB52.67 billion, representing 9.1% of the total investment in fixed assets by the province in the year 2006. That made Henan becoming the highest investment in highway as compared with other provinces. As at the end of 2006, the mileage of road, highway and expressway of Henan Province were 235,000 km, 27,000 km and 3,439 km respectively, which surpassed other provinces in the country. A comprehensive framework of a hub of transportation in central China was then formed.

The annual traffic and toll revenue generated by Xunan Highway were affected during 2006, by the opening of Xu Ping Nan Expressway and the Luo Ping Luo Expressway. These effects were within expectation and 2007 performance of Xunan Highway is expected to maintain similar level as previous year.



Property Development Business

As at 31 December 2006

Guangzhou City, Guangdong Province

1. Parkrise



City	Guangzhou City, Guangdong Province
Detailed Location	No. 157 Tian Fu Road, Tianhe District
Type of Development	Residential and Retail
Group's Interests as at end of 2006	100%
Site Area	16,000 m ²
Unsold Developable Area	19,000 m ²
Development Status as at end of 2006	Completed

2. Parkvista (Phase I)



City	Guangzhou City, Guangdong Province
Detailed Location	Lot No. G4-1, Zhujiang New City, Tianhe District
Type of Development	Residential and Retail
Group's Interests as at end of 2006	100%
Site Area	7,000 m ²
Unsold Developable Area	61,000 m ²
Development Status as at end of 2006	Under Development

3. Parkvista (Phase II)



City	Guangzhou City, Guangdong Province
Detailed Location	Lot No. G4-2, Zhujiang New City, Tianhe District
Type of Development	Residential and Retail
Group's Interests as at end of 2006	100%
Site Area	7,000 m ²
Unsold Developable Area	58,000 m ²
Development Status as at end of 2006	Under Planning

Changzhou City, Jiangsu Province

4. Royal City



City	Changzhou City, Jiangsu Province
Detailed Location	No. 88 Yan Zheng Dong Road, Wujin District
Type of Development	Residential
Group's Interests as at end of 2006	100%
Site Area	487,000 m ²
Unsold Developable Area	815,000 m ²
Development Status as at end of 2006	Under Development

5. Vista Panorama



City	Changzhou City, Jiangsu Province
Detailed Location	Lot No. 2005035, Southeast Corner of Nantian Park, Hutang Town, Wujin District
Type of Development	Residential and Retail
Group's Interests as at end of 2006	100%
Site Area	127,000 m ²
Unsold Developable Area	408,000 m ²
Development Status as at end of 2006	Under Planning

6. Grand Metropolis



City	Changzhou City, Jiangsu Province
Detailed Location	No. 33, Hua Yuan Street, Wujin District
Type of Development	Retail
Group's Interests as at end of 2006	100%
Site Area	67,000 m ²
Unsold Developable Area	121,000 m ²
Development Status as at end of 2006	Under Planning

Suzhou City, Jiangsu Province

7. Phoenix City



City	Suzhou City, Jiangsu Province
Detailed Location	Junction of Susheng Road and Xinghua Road, Suzhou Industrial Park
Type of Development	Residential and Retail
Group's Interests as at end of 2006	100%
Site Area	898,000 m ²
Unsold Developable Area	1,400,000 m ²
Development Status as at end of 2006	Under Development

Guangzhou City, Guangdong Province

The Guangzhou City is the capital of Guangdong Province with the fastest economic growth in the country, representing one eighth of the total output value of the whole country. In 2006, the GDP of Guangzhou City was RMB606.8 billion, ranking the third in the country (following Beijing and Shanghai) with an annual growth of 14.7%. The disposable income per capital was RMB19,851, ranking the fifth in the country. The area of commodity housing for sale was 11,580,000 square metres, up 2.1% from the previous year. The area of commodity housing permitted for sale was 9,170,000 square metres, down 2.4% from the previous year. The sales price of commodity housing was RMB6,545 per square metre on average, up 22% from the previous year. The area assigned in Guangzhou City for the whole year was 2,230,000 square metres.

Currently, Guangzhou City is at the stage of fast-growing overall economy and rapid development of the property sector. The overall economy is growing fast and steadily. The impact of the macroeconomic measures implemented by the state on the property sector in Guangzhou has been insignificant. Sales prices of property have kept rising amidst increasingly excess demand over supply in the property market.

Parkrise

The Guangzhou "Parkrise" project has been well-received by the market with sales and occupation completed during the year. Other than the retail area, 90% of the residential units have been sold. The average sales price was RMB7,620 per square metre and pursued a sustained upward trend. The sale was accounted for in 2006 and became the first property project of the Group recording revenue and profit contribution.

Parkvista

The planning and design of two adjacent land parcel projects in Zhujiang New City, Guangzhou, officially named as "Parkvista", were completed. During the year, "Parkvista" Phase I commenced construction and is expected to be launched in the market in mid-2007 whilst "Parkvista" Phase II is expected to commence construction in the second half of 2007.

Changzhou City, Jiangsu Province

Changzhou City is located in the centre of Yangtze River Delta which is the most prosperous and the most dynamic region in China. It is in the southern part of Jiangsu Province and is 180 km away from the international metropolis, Shanghai. In 2006, the GDP of Changzhou City was RMB156 billion with an annual growth of 15.2%. The GDP per capita was US\$5,587. The disposable income per capita was RMB16,649, representing a year-on-year growth of 14.1%. In terms of the rate of growth, it ranked No.4 among the 16 cities in the Yangtze River Delta. The sales area of commodity housing was 4,794,000 square metres, up 13.5% from the previous year. The area of vacant commodity housing at the end of the year was 513,000 square metres, down 7.4% from the previous year. The sales price of commodity housing was RMB3,992 per square metre on average, up 8.4% from the previous year. The area of land assigned in Changzhou City throughout the year was approximately 300 hectares. The transaction price was RMB4.49 billion.

Currently, Changzhou City is at the stage of fast-growing overall economy and rapid development of the property sector. The city is growing at a steady pace. The impact of the macroeconomic measures implemented by the state on the property sector in Changzhou City has been insignificant.

Royal City

The “Royal City” project in Changzhou commenced construction during the year. Phase One was launched for sale in the second half of 2006 with overwhelming market response. More than 200 units were sold immediately following the launch.

Vista Panorama

The design and planning of “Vista Panorama” project was completed during the year. Construction and sale is expected to commence in 2007.

Grand Metropolis

RT-MART Section in Phase One of the “Grand Metropolis” shopping arcade project commenced construction during the year and is expected to be inaugurated in early 2008. During the year under review, the Group was in active discussion with various retail operators and succeeded in entering into a long-term rental contract with the well-known supermarket operator, RT-MART.

Suzhou City, Jiangsu Province

The Group's Suzhou City property project is located in the Suzhou Industrial Park. Located at the bank of Jinji Lake to the east of Suzhou, Suzhou Industrial Park is an important joint project between the two governments of China and Singapore which is intended to be constructed into a hi-tech industrial park with international competitiveness and a modern and international new urban district featuring landscape garden.

A total of 34 parcels of land in the park were launched for sale in 2006, representing a total site area of 3,640,000 square metres and a total gross floor area of 5,680,000 square metres. Among them, 23 parcels are residential space (inclusive of service apartment parcels), representing a total site area of 3,080,000 square metres and a total gross floor area of 4,600,000 square metres. 10 parcels are commercial space, representing a total site area of 557,000 square metres and a total gross floor area of 1,080,000 square metres. 32 transactions on the sale of land parcels in the park were closed in 2006, representing a total site area of 3,350,000 square metres.

Commodity housing with a total area of 1,760,671.36 square metres in the park was sold in 2006, representing 26.03% of the city's overall sales. Residential housing with an area of 1,569,291.96 square metres were sold, representing 27.10% of the city's overall sales. A total of 13,614 commodity housing units in the park were sold, representing 22.67% of the city's overall sales. 12,341 residential units were sold, representing 26.15% of the city's overall sales.

Following the introduction of the macroeconomic measures, prices of properties in the park have remained unchanged. Rather, average prices of new housing pursued an upward curve trend in 2006.

Phoenix City

Affected by the delay in occupation due to project development at the end of 2005, the Phoenix City project failed to reflect its market position in its marketing during 2006. After the project was acquired by the Group, various improvement measures were taken, and the project has seen remarkable improvement in its sales and marketing.

Property Development Projects held by Sunco A as at 11 January 2007

Beijing City

8. Blues International Apartments



City	Beijing City
Detailed Location	No. 117 Caihuying West Street, Fengtai District
Type of Development	Residential and Retail
Site Area	80,000 m ²
Unsold Developable Area	75,000 m ²
Development Status	Under Development
	as at end of 2006

Suzhou City, Jiangsu Province

9. The Heaven by Lakeside



City	Suzhou City, Jiangsu Province
Detailed Location	South of Zhongyuan Road, Suzhou Industrial Park
Type of Development	Residential and Retail
Site Area	164,000 m ²
Unsold Developable Area	146,000 m ²
Development Status	Under Development
	as at end of 2006

Jinan City, Shandong Province

10. Shuncheng

City	Jinan City, Shandong Province
Detailed Location	Weishier Road, Huaiyin District
Type of Development	Residential and Retail
Site Area	192,000 m ²
Unsold Developable Area	349,000 m ²
Development Status	Under Planning
	as at end of 2006

Wuhan City, Hubei Province

11. Palen Villas



City	Wuhan City, Hubei Province
Detailed Location	Northeast of Jinyin Lake Ecological Tourist Area and West of Huanhu Road, Dongxihu District
Type of Development	Residential and Retail
Site Area	172,000 m ²
Unsold Developable Area	100,000 m ²
Development Status	Under Development
	as at end of 2006

Zhengzhou City, Henan Province

12. Central Special Zone



City	Zhengzhou City, Henan Province
Detailed Location	Junction of Zhongyang Da Road and Taihang Road, Zhengdong New District
Type of Development	Residential and Retail
Site Area	219,000 m ²
Unsold Developable Area	384,000 m ²
Development Status	Under Development
	as at end of 2006

13. 1st Street



City	Zhengzhou City, Henan Province
Detailed Location	North of Nongye East Road, Zhengdong New District
Type of Development	Residential and Retail
Site Area	236,000 m ²
Unsold Developable Area	4,000 m ²
Development Status	Under Development
	as at end of 2006

14. International No. 1



City	Zhengzhou City, Henan Province
Detailed Location	Junction of Wai Huan Road and the Third City Center Axis, Zhengdong New District
Type of Development	Office and Retail
Site Area	4,000 m ²
Unsold Developable Area	39,000 m ²
Development Status	Under Development
	as at end of 2006

Luoyang City, Henan Province

15. Sunco Town



City	Luoyang City, Henan Province
Detailed Location	East of Nanchang Road, Jianxi District
Type of Development	Residential and Retail
Site Area	111,000 m ²
Unsold Developable Area	251,000 m ²
Development Status	Under Development
	as at end of 2006

16. The Mansion



City	Luoyang City, Henan Province
Detailed Location	Junction of Tiyu Da Road and Wenhua East Road, Luoyang New District
Type of Development	Residential and Retail
Site Area	76,000 m ²
Unsold Developable Area	144,000 m ²
Development Status	Under Development
	as at end of 2006

17. 1st Street



City	Luoyang City, Henan Province
Detailed Location	Junction of Tiyu Da Road and Gucheng South Road, Luoyang New District
Type of Development	Residential and Retail
Site Area	130,000 m ²
Unsold Developable Area	34,000 m ²
Development Status	Under Development
	as at end of 2006

Qingdao City, Shandong Province

18. Unusal Landscape



City	Qingdao City, Shandong Province
Detailed Location	South of Shengfu Village, Yinghai Town, Jiaozhou
Type of Development	Residential and Retail
Site Area	249,000 m ²
Unsold Developable Area	253,000 m ²
Development Status	Under Development
	as at end of 2006

Executive Directors

Mr. Zen Wei Pao, William

(aged 59, Chairman)

Mr. Zen has been the Chairman of the Company since its establishment. He is also the Chairman of Wai Kee Holdings Limited ("Wai Kee"), the largest shareholder of the Company. Mr. Zen holds a Bachelor of Science degree and a Master of Business Administration degree. He is a member of both The Hong Kong Institution of Engineers and The Institute of Quarrying, UK. He is also an individual founder member and a fellow member of Hong Kong Institution of Highways and Transportation. He has extensive experience in civil engineering, construction material and infrastructure development in Hong Kong, Taiwan and the PRC. He is the brother of Mr. Zen Wei Peu, Derek.

Mr. Ko Yuk Bing

(aged 51, Managing Director and Chief Executive Officer)

Mr. Ko joined the Company in early 1995. Mr. Ko holds a Master of Science degree in Engineering. He is a Chartered Engineer, and is a fellow member of The Institution of Civil Engineers, UK, The Institution of Structural Engineers, UK and The Hong Kong Institution of Engineers. He has extensive experience in infrastructure development in Hong Kong and the PRC, and has over 17 years of experience in business development and operation in the PRC.

Mr. Chan Kam Hung

(aged 48, Chief Operating Officer)

Mr. Chan has been appointed as an Executive Director of the Company since July 2002. He holds a Bachelor of Economics degree from the University of Sydney. He is a Chartered Accountant of Australia and a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 25 years of auditing, accounting and corporate management experience. Prior to joining the Company, he held senior corporate management positions in multi-national companies and listed companies in Hong Kong.

Mr. Fong Shiu Leung, Keter

(aged 44, Finance Director)

Mr. Fong has been appointed as an Executive Director of the Company since July 2000. He holds a Bachelor of Arts degree in Accountancy. He is a Certified Practising Accountant in Australia and a fellow member of The Hong Kong Institute of Certified Public Accountants. He has over 20 years of experience in auditing, accounting and business advisory profession. Prior to joining the Company, he was an audit principal of an international accounting firm.

Mr. Zen Wei Peu, Derek

(aged 54)

Mr. Zen has been a Director of the Company since its establishment. He is also the Vice Chairman of Wai Kee and the Chairman of Build King Holdings Limited. He holds a Bachelor of Science degree in Engineering and a Master of Business Administration degree. He is a Chartered Engineer and is a member of The Institution of Civil Engineers, UK and a fellow member of The Institute of Quarrying, UK. Mr. Zen has over 30 years of experience in civil engineering industry. He is the brother of Mr. Zen Wei Pao, William.

Non-executive Directors

Mr. Hu Aimin

(aged 58)

Mr. Hu has been appointed as a Non-executive Director of the Company since February 2004. He is the Chairman of Shum Yip Holdings Company Limited ("Shum Yip Holdings") and Shenzhen Investment Limited ("Shenzhen Investment"). He is also a Non-executive Director of Ping An Insurance (Group) Company of China Limited and Coastal Greenland Limited, listed companies in Hong Kong. He graduated from the Hunan University, the PRC and holds a Master degree in Management Studies. He was the Chief Secretary of the Shenzhen Municipal Government and the Director of the Shenzhen Government Office, the Vice Chief Secretary of the Shenzhen Government Council, the Shenzhen Futian District Standing Committee member and Head of its Staff Department, the Director of the Hubei Province leadership science and talents research office and the Managing Vice Chief Editor of the Magazine "Leadership Works Research". He has over 30 years of experience in administration and management.

Mr. Zhang Yijun

(aged 52)

Mr. Zhang has been appointed as a Non-executive Director of the Company since December 2004. He is an Executive Director and President of Shenzhen Investment Limited. He is also a Non-executive Director of Coastal Greenland Limited, Listed Company in Hong Kong. He graduated from South China Normal University in the PRC in 1983. He holds a Bachelor's degree from the South China Normal University and an EMBA degree from Shanghai Jiao Tong University, and is currently a senior economist. He was engaged in research studies of assets and corporate management in Japan. Mr. Zhang was Chairman and Chief Executive of Shenzhen Construction and Investment Corp. He has over 10 years of property development experience. Mr. Zhang held senior government positions in Shenzhen.

Independent Non-executive Directors

Mr. Chan Hing Chiu, Vincent

(aged 71)

Mr. Chan joined the Company as an Independent Non-executive Director in 1996. He was the Chairman of Scott Wilson Kirkpatrick (Hong Kong) Limited ("SWK") and is currently retired. He had been a Partner and a Director of SWK since 1981. Mr. Chan holds a Bachelor of Science degree in Engineering and a Master of Science degree. He is a member of The Institution of Civil Engineers, UK and a fellow member of The Hong Kong Institution of Engineers.

Mr. Chow Shiu Kee, Stephen

(aged 58)

Mr. Chow joined the Company as an Independent Non-executive Director in 1996. He holds a Bachelor of Arts degree and a Master of Law degree. He is a solicitor admitted to practice in Hong Kong, England and Wales, and Singapore, and is a partner of the solicitors firm of Messrs. Wong Poon Chan Law & Co. He is a Notary Public and a China Appointed Attesting Officer. Mr. Chow is a member of Solicitors Disciplinary Tribunal Panel, and a member of the Law Society Free Legal Advice Scheme.

Mr. Lau Sai Yung

(aged 59)

Mr. Lau joined the Company as an Independent Non-executive Director in August 2004. He is the sole proprietor of Lau SY & Co., Certified Public Accountants, the Executive Chairman of Union Alpha CPA Limited, a council member and an Honorary Fellow of the Chinese University of Hong Kong and also holds honorary positions in various schools, charitable and non-profit-making organizations. He holds a Bachelor degree in Business Administration from The Chinese University of Hong Kong. Mr. Lau is a Certified Public Accountant (Practising) and has over 30 years of experience in the profession of accounting. He is also a fellow member of The Association of Chartered Certified Accountants of

the United Kingdom and the Hong Kong Institute of Certified Public Accountants, an associate member of The Institute of Chartered Accountants in England and Wales, The Taxation Institute of Hong Kong, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators of the United Kingdom, and a member of The Society of Chinese Accountants and Auditors, Hong Kong.

Senior Management

Ms. Chuk Wing Suet

(aged 35)

Ms. Chuk is the Deputy Chief Operating Officer of the Company. She holds a Master of Business Administration degree and a Bachelor of Social Science degree. Ms. Chuk has over 13 years of experience in business investment, operation, development and promotion in Hong Kong and the PRC.

Ms. Wong Shuk King

(aged 35)

Ms. Wong is the Financial Controller. She holds a Master of Science in Finance degree and a Bachelor in Business Administration in Finance degree. She is a member of both The Association of Chartered Certified Accountants and The Hong Kong Institute of Certified Public Accountants. Ms. Wong has over 14 years of experience in the profession of finance and accounting.

Mr. Yu Kam Fat, James

(aged 51)

Mr. Yu is the Director of Value Ahead Limited, a member of the Group. He is also a General Manager of the Toll Road Division. He holds a Master of Science degree in Engineering. He is a Chartered Engineer and is a member of The Association of Professional Engineers of Ontario, Canada; The Institution of Civil Engineers, UK; The Institution of Structural Engineers, UK and The Institution of Highway and Transportation, UK and is a fellow of The Hong Kong Institution of Engineers. He is also a Registered Structural Engineers, HK and a Registered Professional Engineer, HK. He has over 27 years of experience in civil engineering and project management.

Mr. Leung Chin Wan

(aged 52)

Mr. Leung is the Director of RK Properties Holdings Limited, a member of the Group, and is responsible for the Engineering Department of the Property Division. He holds a Master of Science degree in Engineering. He is a Chartered Engineer and is a member of both The Institution of Civil Engineers, UK and The Hong Kong Institution of Engineers. He has over 28 years of experience in civil engineering with more than 18 years of experience in the PRC project management.

Mr. Chan Wah Shing, Dickson

(aged 50)

Mr. Chan is a General Manager of the Toll Road Division. He holds a Master of Science degree in Total Quality Management and an engineering degree. He is a member of The Chartered Quality Institute, UK. He has over 25 years of experience in civil engineering and project management.

Mr. Chan Sai Kuen, Daniel

(aged 49)

Mr. Chan is a General Manager of the Toll Road Division. He holds a Bachelor of Business Administration degree in Accounting. He has over 25 years of experience in accounting and project management.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng Min, Benjamin

(aged 43)

Mr. Ng is the Deputy General Manager of RK Properties Holdings Limited station in Guangzhou. He holds a Master of Business Administration, Master of Architecture and Bachelor of Technology degrees. He is a member of the Hong Kong Institute of Architects and a Registered Architect. Mr. Ng has over 18 years of experience in construction, design, project management in both Hong Kong and the PRC. He has rich experience working in listed property companies.

Mr. Lai Siu Keung

(aged 43)

Mr. Lai is a Deputy General Manager of the Toll Road Division. He holds a Bachelor of Engineering (Hons) degree in Civil Engineering. He has over 23 years of experience in civil engineering and project management.

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group, including the infrastructure joint ventures, are the investment in, development, operation and management of toll roads and expressways and property development projects in the People's Republic of China ("PRC"), the details of which are set out in note 18 and 41 to the consolidated financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

In view of the nature of the toll road business, there are no major customers and suppliers. For the property business, the major customers are households and aggregate sales attributable to the Group's five largest customers were less than 30% of total sales. The five largest suppliers and the largest supplier accounted for approximately 38% and 34% of the Group's purchases in this business respectively.

None of the Directors, their associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had an interest in the major suppliers mentioned above.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2006 are set out in the consolidated income statement on page 60.

An interim dividend of HK\$0.22 per share amounting to HK\$132,614,000 was paid to the shareholders on 11 August 2006.

The Directors recommend the payment of a final dividend of HK\$0.26 per share to the shareholders on the register of members on 14 May 2007 amounting to HK\$191 million.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements during the year in the share capital and share options of the Company are set out in notes 27 and 28 to the consolidated financial statements respectively.

RESERVES

Movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 63.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2006 were as follows:

	2006 HK\$'000	2005 HK\$'000
Contributed surplus	1,348,042	1,348,042
Retained profits	383,560	577,902
	1,731,602	1,925,944

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

PROPERTIES UNDER DEVELOPMENT FOR SALE AND ADVANCES FOR LAND LEASES

Particulars of these properties of the Group are shown under the section of Management Discussion and Analysis – Project Review.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group are set out in note 29 to the consolidated financial statements.

RETIREMENT BENEFIT PLANS

Particulars of these retirement benefit plans of the Group are set out in note 35 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 117 to 118 of the annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors:

Zen Wei Pao, William (*Chairman*)
Ko Yuk Bing (*Managing Director and Chief Executive Officer*)
Chan Kam Hung (*Chief Operating Officer*)
Fong Shiu Leung, Keter (*Finance Director*)
Zen Wei Peu, Derek

Non-executive Directors:

Hu Aimin
Zhang Yijun

Independent Non-executive Directors:

Chan Hing Chiu, Vincent
Chow Shiu Kee, Stephen
Lau Sai Yung

In accordance with Bye-laws 86 and 87 of the Company's Bye-laws, Messrs. Hu Aimin, Chan Hing Chiu, Vincent, Chow Shiu Kee, Stephen and Lau Sai Yung shall retire by rotation and, being eligible, offer themselves for re-election. All other remaining directors continue in office.

The term of office for each non-executive Director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DISCLOSURE OF INTERESTS

Directors' Interests and Short Positions

As at 31 December 2006, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

(I) The Company

(a) Interests in shares

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)
		Long position	Short position	
Zen Wei Pao, William	Personal	1,000,000 (note 1)	—	0.14
		8,000,000 (note 2)	—	1.16
Ko Yuk Bing	Personal	70,000 (note 1)	—	0.01
		5,300,000 (note 2)	—	0.77
Chan Kam Hung	Personal	450,000 (note 1)	—	0.07
		4,900,000 (note 2)	—	0.71
Fong Shiu Leung, Keter	Personal	527,000 (note 1)	—	0.08
		3,400,000 (note 2)	—	0.49
Zen Wei Peu, Derek	Personal	5,286,000 (note 1)	—	0.77
		1,300,000 (note 2)	—	0.19
Hu Aimin	Personal	250,000 (note 2)	—	0.04
Zhang Yijun	Personal	250,000 (note 2)	—	0.04
Chan Hing Chiu, Vincent	Personal	750,000 (note 2)	—	0.11
Chow Shiu Kee, Stephen	Personal	160,000 (note 1)	—	0.02
		1,000,000 (note 2)	—	0.14
Lau Sai Yung	Personal	500,000 (note 2)	—	0.07

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of the Company pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to Directors are included in this category, the particulars of which are set out in (II) below.

DISCLOSURE OF INTERESTS (Continued)

Directors' Interests and Short Positions (Continued)

(II) Details of share options

The share option scheme was adopted by the Company on 12 May 2003. Particulars of the share option scheme are set out in note 28 to the consolidated financial statements.

A summary of movement during the year under the share option scheme is as follows:

Name	Issue	Number of share options					Weighted average closing price (note 5)
		Balance at 1.1.2006	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2006	
Directors							
Zen Wei Pao, William	Note 1	2,500,000	—	2,000,000	—	500,000	11.58
	Note 2	2,500,000	—	—	—	2,500,000	—
	Note 3	2,500,000	—	—	—	2,500,000	—
	Note 4	—	2,500,000	—	—	2,500,000	—
Ko Yuk Bing	Note 1	1,100,000	—	1,100,000	—	—	8.00
	Note 2	2,300,000	—	1,600,000	—	700,000	8.11
	Note 3	2,300,000	—	—	—	2,300,000	—
	Note 4	—	2,300,000	—	—	2,300,000	—
Chan Kam Hung	Note 1	1,200,000	—	1,200,000	—	—	10.69
	Note 2	1,800,000	—	500,000	—	1,300,000	9.30
	Note 3	1,800,000	—	—	—	1,800,000	—
	Note 4	—	1,800,000	—	—	1,800,000	—
Fong Shiu Leung, Keter	Note 1	1,000,000	—	1,000,000	—	—	10.01
	Note 2	1,000,000	—	400,000	—	600,000	11.64
	Note 3	1,400,000	—	—	—	1,400,000	—
	Note 4	—	1,400,000	—	—	1,400,000	—
Zen Wei Peu, Derek	Note 2	1,000,000	—	1,000,000	—	—	8.93
	Note 3	1,300,000	—	1,300,000	—	—	9.90
	Note 4	—	1,300,000	—	—	1,300,000	—
Hu Aimin	Note 2	250,000	—	250,000	—	—	11.00
	Note 3	250,000	—	250,000	—	—	11.00
	Note 4	—	250,000	—	—	250,000	—
Zhang Yijun	Note 3	250,000	—	250,000	—	—	11.00
	Note 4	—	250,000	—	—	250,000	—

DISCLOSURE OF INTERESTS (Continued)

Directors' Interests and Short Positions (Continued)

(II) Details of share options (Continued)

Name	Issue	Number of share options					Weighted average closing price (note 5)
		Balance at 1.1.2006	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2006	
Chan Hing Chiu, Vincent	Note 1	250,000	—	250,000	—	—	9.90
	Note 2	250,000	—	—	—	250,000	—
	Note 3	250,000	—	—	—	250,000	—
	Note 4	—	250,000	—	—	250,000	—
Chow Shiu Kee, Stephen	Note 1	250,000	—	—	—	250,000	—
	Note 2	250,000	—	—	—	250,000	—
	Note 3	250,000	—	—	—	250,000	—
	Note 4	—	250,000	—	—	250,000	—
Lau Sai Yung	Note 3	250,000	—	—	—	250,000	—
	Note 4	—	250,000	—	—	250,000	—
		<u>26,200,000</u>	<u>10,550,000</u>	<u>11,100,000</u>	<u>—</u>	<u>25,650,000</u>	
Others							
Employees	Note 1	2,010,000	—	1,550,000	—	460,000	7.86
	Note 2	3,600,000	—	3,110,000	—	490,000	8.65
	Note 3	4,910,000	—	3,420,000	20,000	1,470,000	9.70
	Note 4	—	8,790,000	—	—	8,790,000	—
		<u>10,520,000</u>	<u>8,790,000</u>	<u>8,080,000</u>	<u>20,000</u>	<u>11,210,000</u>	
		<u>36,720,000</u>	<u>19,340,000</u>	<u>19,180,000</u>	<u>20,000</u>	<u>36,860,000</u>	

Notes:

- The share options under this issue were granted on 17 October 2003 with an exercisable period from 17 October 2003 to 16 October 2008 and an exercise price of HK\$5.15.
- The share options under this issue were granted on 26 August 2004 with an exercisable period from 26 August 2004 to 25 August 2009 and an exercise price of HK\$5.70.
- The share options under this issue were granted on 14 December 2005 with an exercisable period from 14 December 2005 to 13 December 2010 and an exercise price of HK\$5.80.
- The share options under this issue were granted on 20 December 2006 with an exercisable period from 20 December 2006 to 19 December 2011 and an exercise price of HK\$11.66.
- This represents the weighted average closing price of the Company's shares immediately before the date on which the share options were exercised.

DISCLOSURE OF INTERESTS (Continued)

Directors' Interests and Short Positions (Continued)

(II) Details of share options (Continued)

Save as disclosed above, none of the Directors or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

Save as disclosed herein, none of the Directors nor their spouse or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme as mentioned earlier, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2006, so far as is known to any Director of the Company, the following persons (other than Directors of the Company), had interests or short positions in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%) (note 10)
		Long position (note 1)	Short position	
Wai Kee Holdings Limited (note 2)	Corporate	278,934,428	—	40.42
Wai Kee (Zens) Holding Limited (note 3)	Corporate	278,934,428	—	40.42
Groove Trading Limited (note 4)	Personal/Beneficiary	66,000,000	—	9.56
Wai Kee China Investments (BVI) Company Limited (note 4)	Corporate	209,317,428	—	30.33
Wai Kee China Investments Company Limited (note 5)	Corporate	209,317,428	—	30.33
ZWP Investments Limited (note 6)	Personal/Beneficiary	209,317,428	—	30.33
Shenzhen Investment Limited (note 7)	Corporate	166,069,142	—	24.07
Hover Limited (note 8)	Personal/Beneficiary	166,069,142	—	24.07
Cheah Cheng Hye (note 9)	Corporate	73,023,852	—	10.58
Value Partners Limited	Investment Manager	73,023,852	—	10.58

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Wai Kee Holdings Limited is deemed to be interested in the shares through its interests in (i) its wholly owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited respectively; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Absolute Achieve Holdings Limited and Smart Start Investments Limited, which beneficially held 3,617,000 shares, respectively.
3. Wai Kee (Zens) Holding Limited is a direct wholly owned subsidiary of Wai Kee Holdings Limited.
4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly owned subsidiaries of Wai Kee (Zens) Holding Limited.

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

5. Wai Kee China Investments Company Limited is a direct wholly owned subsidiary of Wai Kee China Investments (BVI) Company Limited.
6. ZWP Investments Limited is a direct wholly owned subsidiary of Wai Kee China Investments Company Limited.
7. Shenzhen Investment Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Hover Limited.
8. Hover Limited is a direct wholly owned subsidiary of Shenzhen Investment Limited.
9. Cheah Cheng Hye is deemed to be interested in the shares through his 35.65% interest in Value Partners Limited.
10. The percentage was calculated based on 690,076,566 ordinary shares in issue as at 31 December 2006.

Save as disclosed above, no other person (other than a Director of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company with the exception of the Chairman of the Board are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme is set out in note 28 to the consolidated financial statements.

CONNECTED TRANSACTIONS

The Group had the following connected transactions entered into during the year ended 31 December 2006:

Construction agreement:

On 14 June 2006, Changzhou Great Gallop Properties Development Limited (the "Developer"), an indirect wholly-owned subsidiary of the Company, and 常州利駿建築工程有限公司 (the "Contractor"), a wholly-owned subsidiary of Value Ahead Limited, a company indirectly owned as to 60% by the Company and as to 40% by Build King Holdings Limited ("Build King") entered into the conditional construction agreement ("Construction Agreement"), pursuant to which the Developer appointed the Contractor for the construction and decoration works of Phases 1A and 1B of the Royal City residential development project for a total contract sum of approximately RMB251,000,000. As Wai Kee Holdings Limited is the controlling shareholder of each of the Company and Build King, the transaction contemplated under the Construction Agreement constituted a connected transaction for the Company and was subject to the reporting, announcement and independent shareholders' approval requirements of Rule 14A.17 of the Listing Rules. The Construction Agreement was approved by the then independent shareholders of the Company on 21 July 2006.

For the year ended 31 December, 2006, a total amount of HK\$33,339,130 was incurred by the Group for the construction work undertaken by the Contractor.

Subscription agreement:

On 9 November 2006, the Company and Shenzhen Investment Limited ("SIL") entered into the subscription agreement (the "SIL Subscription Agreement"), pursuant to which SIL would conditionally subscribe for 20,000,000 ordinary shares of the Company at the price of HK\$10.96 per share. As SIL is a substantial shareholder of the Company and thus is a connected person of the Company for the purposes of the Listing Rules and the subscription contemplated under the SIL Subscription Agreement constituted a connected transaction for the Company and was subject to the independent shareholders' approval under the Listing Rules. The SIL Subscription Agreement was approved by the then independent shareholders of the Company on 22 December 2006.

CONTINUING DISCLOSURE OF THE LISTING RULES

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

1. Pursuant to rules 13.13 and 13.16 of the Listing Rules:

- (a) All the Group's investments in highway projects are structured in the form of Sino-foreign co-operative joint ventures. The 43 joint ventures are regarded as infrastructure joint ventures irrespective of whether the Group's interests exceed 50% or not. The investments are in the form of both registered capital and loans. The size of loans made by the Group and by the other joint venture partner(s) to each joint venture is in proportion to the respective interests in each joint venture.
- (b) During the year, the Group has not provided guarantees in respect of bank facilities utilised by the joint ventures.
- (c) The total amount of loans to the joint ventures is HK\$3.45 billion which in aggregate exceeds 8% of the Group's adjusted total assets of HK\$10.80 billion (being the Group's total assets as at 31 December 2006 adjusted for the dividend proposed for the year ended 31 December 2006 by the Company) as at 31 December 2006 and exceeds 8% of the Company's market capitalization of HK\$7.94 billion as at 31 December 2006. The loans are actually part of the investments and are unsecured, interest free and have no definite repayment terms.
- (d) The loans to the joint ventures are reflected in the accounts as part of the cost of investment and were funded by equities raised at the listing of the Company or by borrowings or internal resources of the Group.
- (e) Details of the joint ventures are as follows:

	% of interest held indirectly by the Company	Loan to joint venture HK\$'000	Outstanding loan to be injected HK\$'000
PRC Infrastructure Joint Ventures			
Anhui Road Universe Hefei Highway Development Co., Ltd.	50%	124,677	—
Anhui Road Universe Hehuai Highway Dayang Section Development Co., Ltd.	60%	75,663	—
Anhui Road Universe Hehuai Highway Yangjin Section Development Co., Ltd.	60%	67,252	—
Anhui Road Universe Liuan Highway Development Co., Ltd.	50%	64,705	—
Bengbu Road King Chaoyanglu Huaihe Highway Bridge Development Co., Ltd.	60%	65,277	—
Bengbu Road King Huaihe Bridge Highway Development Co., Ltd.	60%	78,083	—
Bengbu Road King Huaimeng Highway Development Co., Ltd.	60%	57,201	—
Guangxi Hengjing Highway Development Co., Ltd.	70%	61,513	19,494
Guangxi Lutong Highway Development Co., Ltd.	70%	81,800	16,747
Handan Rongguang Highway Development Co., Ltd.	70%	79,223	—
Handan Xinguang Highway Development Co., Ltd.	70%	80,474	—
Hebei Baofa Expressway Co., Ltd.	40%	54,064	—
Hebei Baofeng Expressway Co., Ltd.	40%	54,111	—

CONTINUING DISCLOSURE OF THE LISTING RULES (Continued)

1. Pursuant to rules 13.13 and 13.16 of the Listing Rules: (Continued)

(f) Details of the joint ventures are as follows: (Continued)

	% of interest held indirectly by the Company	Loan to joint venture HK\$'000	Outstanding loan to be injected HK\$'000
Hebei Baohui Expressway Co., Ltd.	40%	53,907	—
Hebei Baojie Expressway Co., Ltd.	40%	54,994	—
Hebei Baojin Expressway Co., Ltd.	40%	54,377	—
Hebei Baoli Expressway Co., Ltd.	40%	55,049	—
Hebei Baoming Expressway Co., Ltd.	40%	50,550	—
Hebei Baosheng Expressway Co., Ltd.	40%	54,187	—
Hebei Baoyi Expressway Co., Ltd.	40%	54,445	—
Hebei Baoyu Expressway Co., Ltd.	40%	54,703	—
Hebei Tanghui Expressway Co., Ltd.	45%	182,778	—
Hebei Tangjin Expressway Co., Ltd.	45%	159,225	—
Hebei Tangrun Expressway Co., Ltd.	45%	109,749	—
Hunan Changyi (Baining) Expressway Co., Ltd.	43.17%	58,635	—
Hunan Changyi (Cangyi) Expressway Co., Ltd.	43.17%	59,832	—
Hunan Changyi Expressway Co., Ltd.	43.17%	59,567	—
Hunan Changyi (Hengchang) Expressway Co., Ltd.	43.17%	61,465	—
Hunan Changyi (Ningheng) Expressway Co., Ltd.	43.17%	59,510	—
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd.	43.17%	47,346	—
Liu'an Road Universe Liuye Highway Development Co., Ltd.	50%	68,487	—
Liu'an Road Universe Pihe Bridge Development Co., Ltd.	50%	63,286	—
Luodingshi Luochong Highway Company Limited	61%	114,725	—
Pingdingshan Road King Xuchang-Nanyang Highway (Xiangcheng Section) Development Co., Ltd.	50%	68,352	—
Pingdingshan Road King Xuchang-Nanyang Highway (Yexian Section) Development Co., Ltd.	50%	59,025	—
Shanxi Lutong Dongguan Highway Co., Ltd.	65%	99,693	—
Shanxi Lutong Taiyu Highway Co., Ltd.	65%	75,938	—
Shanxi Lutong Yuci Highway Co., Ltd.	65%	60,460	—
Shenzhen Airport-Heao Expressway (Eastern Section) Co., Ltd.	45%	377,028	—
Shijiazhuang Luhui Road & Bridge Development Co., Ltd.	60%	96,657	—
Shijiazhuang Luxin Road & Bridge Development Co., Ltd.	60%	54,040	—
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd.	50%	120,874	—
Property Construction Joint Venture			
常州利駿建築工程有限公司 (「利駿」)	60%	14,136*	—
		<u>3,447,063</u>	<u>36,241</u>

* The loan was advanced to the immediate holding company of 利駿, Value Ahead Limited, which then on-lent it to 利駿.

CONTINUING DISCLOSURE OF THE LISTING RULES (Continued)

2. Pursuant to rule 13.22 of the Listing Rules:

The combined balance sheet of the infrastructure joint ventures, based on the adjusted financial statements prepared under accounting principles generally accepted in Hong Kong for the year ended 31 December 2006, is as follows:

Balance sheet	2006 HK\$'000
Property, plant and equipment	<u>9,975,597</u>
Current assets	<u>663,586</u>
Current liabilities	<u>(294,212)</u>
Net current assets	<u>369,374</u>
Amounts due to joint venture partners	<u>(2,040,151)</u>
Net assets	<u><u>8,304,820</u></u>

Details of the Group's attributable interests in the infrastructure joint ventures are set out in note 18 to the financial statements.

3. Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board
Zen Wei Pao, William
Chairman

Hong Kong, 3 April 2007

Corporate Governance Practices

The Company is dedicated to maintaining the highest standard of corporate governance as it believes that corporate governance practices are fundamental to the smooth and effective operation of a company and can enhance shareholders' value and safeguard shareholders' interests.

Throughout the year, the Company has complied with all mandatory code provisions in the Code on Corporate Governance Practices ("Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") except for the deviation from Code Provision A.4.1 which is explained below.

Board of Directors


The primary responsibility of the Board are to set the long-term objectives and plans, formulate corporate strategies, oversee management, evaluate the performance and is directly accountable to the shareholders and responsible for preparing the financial statements.

As at 31 December, 2006, the Board comprised ten Directors including five Executive Directors, two Non-executive Directors and three Independent Non-executive Directors whose biographical details are set out in the "Directors and Senior Management" section of this Annual Report.

During the year, the full Board met regularly. In addition to this, special Board meetings were held whenever major issues were encountered and Board resolutions were required. The attendance of individual Directors at the Board meetings and two other Board Committees (the Audit and the Remuneration Committees) is set out below:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting
Executive Directors			
Zen Wei Pao, William	7/7	—	3/3
Ko Yuk Bing	7/7	—	—
Chan Kam Hung	7/7	—	—
Fong Shiu Fong, Keter	7/7	—	—
Zen Wei Peu, Derek	6/7	—	—
Non-executive Directors			
Hu Aimin	3/7	—	—
Zhang Yijun	7/7	—	—
Independent Non-executive Directors			
Chan Hing Chiu, Vincent	7/7	3/3	3/3
Chow Shiu Kee, Stephen	7/7	3/3	3/3
Lau Sai Yung	7/7	3/3	3/3

At least 14 days of notice of full Board meetings was given to all Directors, and all Directors were given the opportunity to include matters for discussion in the agenda. An agenda and meeting materials were sent in full to all Directors at least 3 days before every full Board meeting to ensure that they can give sufficient time and attention to the affairs of the Company.



All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking the minutes of Board meetings and Board committee meetings. Such minutes are open for inspection by Directors.

Code Provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. None of the Non-executive Directors and Independent Non-executive Directors of the Company is appointed by a specific term. However, in accordance with the Bye-law 87 of the Company's Bye-laws, at each annual general meeting, one-third of the Directors shall retire from office by rotation. The Company considers that this corporate governance practice is no less exacting than those provided in the Code.

Pursuant to the requirement in the Listing Rules, the Company has received written confirmation from all Independent Non-executive Director of their independence. The Company considers them to be independent.

Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are separately held by Mr. Zen Wei Pao, William and Mr. Ko Yuk Bing respectively. The separate roles ensure their independent responsibility and accountability. The Chairman is responsible for overseeing the functioning of the Board and ensuring the establishment of strategic direction of the Group while the CEO is responsible for implementing the Board's approved strategies and policies and the day-to-day operations.

Board Committees

The Board has delegated responsibility to the executive management of the Company including implementation of the decisions of the Board, organisation of the day-to-day operation and management, monitoring operating budget, supervision of capital and human resources. In addition, The Board has appointed the following two Board Committees to oversee particular aspects of the Company's affairs:

Remuneration Committee

The Remuneration Committee was formed in 2005. During the year ended 31st Decemember, 2006, the members were Messrs. Chan Hing Chiu, Vincent (Chairman of the Remuneration Committee), Zen Wei Pao, William, Chow Shiu Kee, Stephen and Lau Sai Yung.

The main responsibilities of the Remuneration Committee are to support and advise the Board regarding the Company's remuneration policy, and the formulation and review of the specific remuneration packages of Executive Directors (excluding the Chairman of the Board) and senior management staff and the determination of their remuneration packages.

The Remuneration Committee held three meetings during the year. The attendance rate was 100%.

In 2006, the Remuneration Committee approved the remuneration packages and bonuses of Executive Directors and senior management and the granting of share options to them. They also reviewed the level of pay-rise and discretionary bonus for the general staff.

Audit Committee

The Audit Committee was formed in 1998. During the year ended 31st December, 2006, the members were Messrs. Lau Sai Yung (Chairman of the Audit Committee), Chan Hing Chiu, Vincent and Chow Shiu Kee, Stephen, all of whom were Independent Non-executive Directors.

The main responsibilities of the Audit Committee are to review the financial statements and the auditor's reports and monitor the integrity of the financial statements. It also assists the Board to oversee internal control structure, risk management system and internal and external audit functions.

The Audit Committee held three meetings during the year. The attendance rate was 100%.

In 2006, the Audit Committee reviewed the published financial statements, determined the remuneration of external auditors, and with the assistance of professionals, assessed the internal control and risk management systems of the Company.

During the year, the Audit Committee met with the external auditors twice without the presence of any Executive Directors.

Internal Control

The Board has responsibility to maintain sound and effective internal control system to safeguard the Company's assets and shareholders' interest.

The internal control system comprises a defined organizational structure and comprehensive policies and standard. Responsibilities of each business and operational unit are defined to ensure effective check and balance.

During 2006, the Audit Committee discussed with the Group's internal and external auditors regarding their audit work and the results thereof. The Committee also reviewed the internal auditors' reports on the effectiveness of the internal controls in the business operations. Based on these evaluations, the Audit Committee was satisfied that nothing has come to its attention to cause the Audit Committee to believe that the system of internal control is inadequate, and that there is an ongoing process to identify, evaluate and manage significant risks faced by the Group.

The Audit Committee took the discussions and reviews into consideration in making recommendation to the Board for approval of the consolidated financial statements.

Directors' Responsibility for the Financial Statements

The Directors acknowledge their responsibility for preparing the accounts of the Group and ensuring that the preparation of the accounts of the Group are in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis.

Auditors' Remuneration

During 2006, the Company engaged Deloitte Touche Tohmatsu to perform audit and tax and consultancy services. They incurred HK\$2,505,000 as audit services fee and approximately HK\$5,500,000 as tax and consultancy services fee.

Directors' Securities Transaction

The Board of Directors of the Company has adopted the Model Code for Securities Transactions by Directors ("Model Code") set out in Appendix 10 of the Listing Rules as its own code. All Directors have confirmed following specific enquiry that they have complied with the Model Code throughout the year ended 31 December, 2006.

Communication with shareholders

The Board endeavours to communicate with shareholders through annual and other general meetings directly.

The Board is committed to providing clear and full information of the Group to shareholders through the publication of announcements, circulars, interim and annual reports. Updated information of the Group is also available to shareholders through the Company's website.

Shareholders are encouraged to attend general meeting of the Company at which the Chairman and Directors are available to answer shareholders' questions.

Investors relations

The Company emphasizes the relations with investors. It maintains an open dialogue with institutional shareholders, fund managers, analysts and the media through regular and timely public disclosures on the Company's latest developments. During the year, in addition to the press release and announcements, the Company held various non-deal road shows in Hong Kong, Singapore and United Kingdom to meet with analysts and fund managers. It helped enhance the transparency of the Company to existing and potential investors.

Deloitte.

德勤

TO THE SHAREHOLDERS OF ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Road King Infrastructure Limited and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 116, which comprise the consolidated balance sheet as at 31 December 2006, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2006 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 3 April 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	NOTES	Continuing operations		Discontinued operation		Total	
		2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Revenue	6	514,072	40,964	38,167	37,286	552,239	78,250
Sales of completed properties held for sale		505,501	—	—	—	505,501	—
Sales of ginseng		—	—	38,167	37,286	38,167	37,286
Cost of sales		505,501 (354,649)	—	38,167 (39,395)	37,286 (79,583)	543,668 (394,044)	37,286 (79,583)
Gross profit (loss)		150,852	—	(1,228)	(42,297)	149,624	(42,297)
Minimum income undertakings		8,571	40,964	—	—	8,571	40,964
Impairment loss on goodwill		—	(1,343)	—	—	—	(1,343)
Discount on acquisition of subsidiary/deemed acquisition of additional interest in subsidiary	15	163,410	—	10,606	—	174,016	—
Interest income		38,234	8,240	8	8	38,242	8,248
Other income (expenses)		101,935	32,565	472	(2,505)	102,407	30,060
Change in fair value of inventories at the point of harvest	23	—	—	—	(20,480)	—	(20,480)
Selling expenses		(21,003)	(2,798)	—	—	(21,003)	(2,798)
Operating expenses		(142,464)	(96,704)	(4,483)	(10,681)	(146,947)	(107,385)
Share of results of joint ventures	8	586,844	596,428	—	—	586,844	596,428
Finance costs	9	(121,927)	(110,736)	(2,045)	(2,209)	(123,972)	(112,945)
Profit (loss) before taxation	10	764,452	466,616	3,330	(78,164)	767,782	388,452
Income tax (expense) credit	12	(57,464)	—	(8,595)	27,649	(66,059)	27,649
Profit (loss) for the year		706,988	466,616	(5,265)	(50,515)	701,723	416,101
Attributable to:							
Shareholders of the Company		706,988	466,616	(1,912)	(38,316)	705,076	428,300
Minority interests		—	—	(3,353)	(12,199)	(3,353)	(12,199)
		706,988	466,616	(5,265)	(50,515)	701,723	416,101
Dividends paid	13	288,964	206,193	81,072	—	370,036	206,193
Earnings per share	14						
From continuing and discontinued operations							
— Basic						HK\$1.16	HK\$0.73
— Diluted						HK\$1.14	HK\$0.73
From continuing operations							
— Basic						HK\$1.16	HK\$0.79
— Diluted						HK\$1.14	HK\$0.79

CONSOLIDATED BALANCE SHEET

At 31 December 2006

	NOTES	2006 HK\$'000	2005 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	9,724	49,964
Interests in joint ventures	18	5,073,408	5,209,485
Loan to a joint venture	18	13,408	13,706
Loans to related companies	19	54,700	—
Deferred tax assets	30	9,576	12,243
Deferred consideration - due after one year	34	31,484	—
		5,192,300	5,285,398
Current assets			
Properties under development for sale	21	2,444,729	429,494
Completed properties held for sale		452,230	—
Advances for land leases	22	458,758	849,329
Inventories and ginseng crops	23	—	173,554
Debtors, deposits and prepayments	24	1,276,419	166,735
Derivative financial instruments	25	—	4,836
Pledged deposits	26	24,018	—
Bank balances and cash	26	1,113,374	421,192
		5,769,528	2,045,140
Non-current assets held for sale	17	—	10,236
		5,769,528	2,055,376
Total assets		10,961,828	7,340,774

CONSOLIDATED BALANCE SHEET

At 31 December 2006

	NOTES	2006 HK\$'000	2005 HK\$'000
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	27	69,008	59,090
Reserves		6,708,560	5,172,188
		6,777,568	5,231,278
Minority interests		—	35,215
Total equity		6,777,568	5,266,493
Non-current liabilities			
Bank and other borrowings - due after one year	29	1,559,029	1,561,916
Deferred tax liabilities	30	5,885	—
		1,564,914	1,561,916
Current liabilities			
Creditors and accrued charges	31	615,823	81,597
Deposits from pre-sale of properties		383,494	66,196
Income tax payable		37,874	2,184
Bank and other borrowings - due within one year	29	1,582,155	362,388
		2,619,346	512,365
Total equity and liabilities		10,961,828	7,340,774

The financial statements on pages 60 to 116 were approved and authorised for issue by the Board of Directors on 3 April 2007 and are signed on its behalf by:

Zen Wei Pao, William
DIRECTOR

Ko Yuk Bing
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2006

	Attributable to shareholders of the Company								
	Share capital	Share premium	Translation reserve	Special reserve	Share option reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2005	58,612	1,542,547	40,178	1,260,000	—	2,074,269	4,975,606	45,778	5,021,384
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	5,076	—	—	—	5,076	1,636	6,712
Profit for the year	—	—	—	—	—	428,300	428,300	(12,199)	416,101
Total recognised income and expense for the year	—	—	5,076	—	—	428,300	433,376	(10,563)	422,813
Recognition of equity-settled share based payments	—	—	—	—	3,611	—	3,611	—	3,611
Issue of ordinary shares	478	24,400	—	—	—	—	24,878	—	24,878
Dividends	—	—	—	—	—	(206,193)	(206,193)	—	(206,193)
Balance at 31 December 2005	59,090	1,566,947	45,254	1,260,000	3,611	2,296,376	5,231,278	35,215	5,266,493
Exchange differences arising on translation of foreign operations recognised directly in equity	—	—	253,353	—	—	—	253,353	1,713	255,066
Profit for the year	—	—	—	—	—	705,076	705,076	(3,353)	701,723
Total recognised income and expense for the year	—	—	253,353	—	—	705,076	958,429	(1,640)	956,789
Recognition of equity - settled share based payments	—	—	—	—	34,408	—	34,408	—	34,408
Exercise of preference shares of a subsidiary	—	—	—	—	—	—	—	(10,606)	(10,606)
Placement of new shares	8,000	868,800	—	—	—	—	876,800	—	876,800
Expense incurred in relation to the placement of new shares	—	(18,369)	—	—	—	—	(18,369)	—	(18,369)
Issue of ordinary shares upon exercise of share options	1,918	104,025	—	—	—	—	105,943	—	105,943
Transfer upon exercise of share options	—	1,224	—	—	(1,224)	—	—	—	—
Dividends	—	—	—	—	—	(288,964)	(288,964)	—	(288,964)
Distribution in specie	—	—	(40,885)	—	—	(81,072)	(121,957)	(22,969)	(144,926)
Balance at 31 December 2006	69,008	2,522,627	257,722	1,260,000	36,795	2,631,416	6,777,568	—	6,777,568

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 December 2006

	NOTES	2006 HK\$'000	2005 HK\$'000
Operating activities			
Profit before taxation		767,782	388,452
Adjustments for:			
Depreciation of property, plant and equipment		1,652	2,389
Write-down of inventories		1,599	26,021
Write-down of ginseng crops		—	17,363
Interest income		(38,242)	(8,248)
Finance costs		123,972	112,945
Share-based payments		34,408	3,611
Exchange gain		(53,194)	—
Impairment loss on goodwill		—	1,343
Discount on acquisition of subsidiary/deemed acquisition of additional interest in subsidiary		(174,016)	—
Gain on disposal of interest in an infrastructure joint venture	34	(5,140)	(252)
Impairment loss on non-current assets held for sale		—	1,578
Change in fair value of inventories at the point of harvest		—	20,480
Change in fair value of derivative financial instruments		14	(7,800)
Realised gain on disposal of listed equity securities		(1,464)	—
Realised gain on derivative financial instruments		(672)	(2,655)
Share of results of joint ventures		(586,844)	(596,428)
Gain on disposal of property, plant and equipment		(29)	(63)
Operating cash flows before movements in working capital		69,826	(41,264)
Decrease (increase) in inventories and ginseng crops		3,493	(21,015)
(Increase) decrease in debtors, deposits and prepayments		(8,535)	7,699
Increase in properties under development for sale		(323,852)	(172,930)
Decrease in completed properties held for sale		336,578	—
Deposits from presale of properties		49,670	—
(Decrease) increase in creditors and accrued charges		(744,273)	83,398
Cash generated from operations		(617,093)	(144,112)
Income tax paid		(15,889)	—
Net cash used in operating activities		(632,982)	(144,112)

	NOTES	2006 HK\$'000	2005 HK\$'000
Investing activities			
Interest received		32,696	10,180
Dividends received from infrastructure joint ventures		222,131	230,596
Proceeds on sales of listed securities		31,434	—
Proceeds on redemption of available-for-sale investments		—	7,800
Proceeds on disposal of derivative financial instruments		34,822	61,630
Proceeds on disposal of property, plant and equipment		156	178
Proceeds on disposal of non-current assets held for sale		10,236	—
Proceeds on disposal of interest in an infrastructure joint venture	34	52,381	74,490
Loans to potential acquirees		(802,153)	—
Acquisition of a subsidiary	32	(326,499)	—
Disposal of subsidiaries	33	(1,885)	—
Purchases of property, plant and equipment		(4,778)	(5,309)
Increase in advances for land leases		(277,746)	(825,811)
Purchases of derivative financial instruments		(59,298)	(59,442)
Loans to related company		(7,422)	—
Additional investments in joint ventures		—	(755,675)
Reduction of cost of investments in infrastructure joint ventures		622,796	542,767
(Increase) decrease in pledged deposits		(851)	44,223
Net cash used in investing activities		(473,980)	(674,373)
Financing activities			
New borrowings raised		1,496,515	449,665
Repayment of borrowings		(248,523)	(438,906)
Issue of ordinary shares		982,743	24,878
Expenses incurred in connection with the issue of ordinary shares		(18,369)	—
Interest paid		(137,534)	(114,676)
Dividends paid		(288,964)	(206,193)
Net cash from (used in) financing activities		1,785,868	(285,232)
Net increase (decrease) in cash and cash equivalents		678,906	(1,103,717)
Cash and cash equivalents at beginning of the year		421,192	1,524,891
Effect of foreign exchange rate changes		13,276	18
Cash and cash equivalents at end of the year		1,113,374	421,192
Represented by:			
Bank balances and cash		1,113,374	421,192

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

1. GENERAL

The Company is an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, Church Street, Hamilton HM11, Bermuda and principal place of business of the Company is Suite 501, 5/F, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of the subsidiaries, and joint ventures are investment holding and the investment in, development, operation and management of toll roads and expressways and operating property development business in the People's Republic of China (the "PRC").

During the year, the Group discontinued its operation of farming and trading of North American ginseng products.

The functional currency of the Company and the Group's jointly controlled entities and its major subsidiaries is Renminbi ("RMB"). However, the financial statements of the Group are presented in Hong Kong dollars as the Directors consider this presentation is more useful for its current and potential investors.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of these new HKFRSs has had no material effect on how the results and financial position for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company is still not yet in the position to reasonably estimate the impact that may arise on the Group's results and financial position from the application of these standards, amendment or interpretations.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ⁷
HK(IFRIC) - INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ²
HK(IFRIC) - INT 8	Scope of HKFRS 2 ³
HK(IFRIC) - INT 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) - INT 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) - INT 11	HKFRS 2 - Group and Treasury Share Transactions ⁶
HK(IFRIC) - INT 12	Service Concession Arrangements ⁸

1 Effective for annual periods beginning on or after 1 January 2007.

2 Effective for annual periods beginning on or after 1 March 2006.

3 Effective for annual periods beginning on or after 1 May 2006.

4 Effective for annual periods beginning on or after 1 June 2006.

5 Effective for annual periods beginning on or after 1 November 2006.

6 Effective for annual periods beginning on or after 1 March 2007.

7 Effective for annual periods beginning on or after 1 January 2009.

8 Effective for annual periods beginning on or after 1 January 2008.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Net assets and goodwill of subsidiaries transferred to shareholders by way of dividend in kind (“dividend in species”) are recorded at carrying amount in the consolidated financial statements.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group’s equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority interests in the subsidiary’s equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date.

Acquisition of additional interests in subsidiaries is recorded at the book value of the net assets attributable to the interests. The excess of the carrying amounts of net assets attributable to the interests over the cost of acquisition is recognised as discount on acquisition.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Sales of properties

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Payments received from purchasers prior to this stage are recorded as "Deposits from pre-sale of properties" under current liabilities.

Others

Minimum income undertakings from jointly controlled entities, represented the shortfall between the Group's share of the result of the jointly controlled entities and the guaranteed income compensated by the joint venture partners, are recognised when receivable in accordance with the joint venture agreements.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Toll highway operation rights

Depreciation of toll highway operation rights of the Group's infrastructure joint ventures is provided to write off their cost on a units-of-usage basis whereby depreciation is provided based on the ratio of traffic volume for a particular year over the projected total traffic volume throughout the operating years of the respective toll roads. If it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustments will be made should there be a material change.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year in which the item is derecognised.

Joint venture

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities. In particular, joint venture arrangements which involve the establishment of a separate entity in which the Group and other ventures have joint control over the investment in and development, operation and management of toll roads and expressways and in which each ventures has an interest are referred to as infrastructure joint ventures.

The Group's infrastructure joint ventures are Sino-foreign co-operative joint ventures registered in the PRC in respect of which the partners' cash/profit sharing ratios and the share of net assets upon the expiration of the joint venture periods are predetermined in accordance with the joint venture agreements and may not be in proportion to their capital contribution ratios.

Where the Group's interest in the joint venture is such that it establishes joint control over the economic activity of the joint venture with other ventures, the Group's interest in the joint ventures are accounted for under equity method of accounting and are carried at cost plus its share of post-acquisition changes in the Group's share of the profit or loss and of change in equity of the jointly controlled entities, in accordance with the defined cash/profit sharing ratios less any identified impairment loss and borrowing costs capitalised in accordance with the Group's accounting policy. Borrowing costs capitalised will be amortised from the date of the opening of the relevant highways and expressways over the remaining terms of the relevant joint ventures or where shorter, the useful lives of relevant highways and expressways.

When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint venture (Continued)

Goodwill arising on acquisitions on or after 1 January 2005

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' (disposal groups') previous carrying amount and fair value less costs to sell.

Impairment of tangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Properties under development for sale

Properties under development for sale are included in current assets at the lower of cost and net realisable value. Cost of property in the course of development comprises land costs, construction expenditures, borrowing costs directly attributable to construction of such properties and other direct costs. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Completed properties held for sale

Completed properties held for sale are included in current assets at the lower of cost and net realisable value. Cost of property comprises land costs, construction expenditure, borrowing cost directly attributable to construction of such properties and other direct costs. Net realisable value is based on the estimated selling price in the ordinary course of business as determined by the management with reference to the prevailing market conditions, less the estimated costs necessary to make the sale.

Inventories and ginseng crops

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Given the uncertainty in the process of producing ginseng crops and the lack of a market for immature ginseng, the ginseng crops are stated at cost less impairment until the time of harvest. The Company uses the full absorption costing method to value its ginseng crops. Included in crop costs are seeds, labour, applicable overheads and supplies. Costs are allocated each year based on the total number of acres under cultivation during the year.

At the point of harvest, ginseng crops are stated at their fair value less estimated point-of-sale costs. The gain or loss arising from a change in fair value less estimated point-of-sale costs at the point of harvest is included in the profit or loss for the year in which it arises.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All the other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Retirement benefit costs

Payments to defined contribution retirement benefit plans and the Mandatory Provident Fund Scheme are charged to the income statement as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified as loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including loan to a joint venture and related companies, debtors, deposits, pledged deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual agreements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

The Group's financial liabilities are generally classified into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities (including creditors, accrued charges and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designed as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's consolidated balance sheet when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration received or receivable is recognised in profit or loss.

Share-based payment transactions

For share options granted to directors and employee of the Company, the fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. FINANCIAL INSTRUMENTS

4a. Financial risk management objectives and policies

The Group's major financial instruments include debtors, deposits, pledged bank deposits and bank balances, creditors and bank and other borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's credit risk is primarily attributable to the minimum income undertakings due from several PRC joint venture partners, loan to a joint venture, loans to related companies, deferred consideration and the receivable on the sales of properties. Management has closely monitored the overdue debts. In addition, the Group reviews the recoverable amount of the minimum income undertakings at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

Market risk

Fair value interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate guaranteed notes. Details of the Group's interest rate exposure are disclosed in note 29.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates to bank deposits and bank loans with floating interest rate. Management closely monitors cash flow interest rate risk and will consider hedging significant interest rate exposure should the need arise.

Currency risk

Several subsidiaries of the Company have foreign currency borrowings, which expose the Group to foreign currency risk. Details of the Group's currency risk are disclosed in note 29.

4b. Fair value

The fair value of financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experience, expectations of the future and other information. The key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Depreciation of toll highway operation rights

Depreciation of toll highway operation rights of the Group's infrastructure joint venture is provided to write off their cost on a units-of-usage basis whereby depreciation is provided based on the share of traffic volume for a particular year over projected total traffic volume throughout the operating years of the respective toll road. If it is considered appropriate, independent professional traffic studies will be obtained. These projections require the use of judgments and estimates.

Land appreciation tax ("LAT")

Under the Provisional Regulations on LAT implemented upon the issuance of the Provisional Regulations of the PRC on 27 January 1995, all gains arising from transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and all property development expenditures.

The provision of LAT is estimated and made according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects.

6. REVENUE

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	2006 HK\$'000	2005 HK\$'000
Continuing operations		
Minimum income undertakings	8,571	40,964
Sales of completed properties held for sale	505,501	—
	<u>514,072</u>	<u>40,964</u>
Discontinued operation		
Farming and trading of ginseng goods	38,167	37,286
Total revenue of the Group	<u>552,239</u>	<u>78,250</u>
Share of toll revenue of infrastructure joint ventures	<u>1,186,650</u>	<u>1,186,528</u>
Revenue of the Group and share of revenue of infrastructure joint ventures	<u>1,738,889</u>	<u>1,264,778</u>

7. SEGMENTAL INFORMATION

The Group's revenue and profit for the year ended 31 December 2006 by business activities and geographical markets are as follows:

By business segments:

	Continuing operations			Total HK\$'000	Discontinued operation	Consolidated HK\$'000
	Toll road HK\$'000	Property development HK\$'000	Unallocated HK\$'000		Ginseng HK\$'000	
2006						
Revenue	8,571	505,501	—	514,072	38,167	552,239
Segment result	(7,598)	114,605	—	107,007	(5,239)	101,768
Discount on acquisition of subsidiary/deemed acquisition of additional interest in subsidiary	—	163,410	—	163,410	10,606	174,016
Interest income	—	—	38,242	38,242	—	38,242
Corporate income	—	—	88,061	88,061	—	88,061
Corporate expenses	—	—	(97,177)	(97,177)	—	(97,177)
Share of results of joint ventures	587,142	(298)	—	586,844	—	586,844
Finance costs	—	—	(123,972)	(123,972)	—	(123,972)
Profit before taxation	579,544	277,717	(94,846)	762,415	5,367	767,782
Income tax expense	—	—	(66,059)	(66,059)	—	(66,059)
Profit for the year	579,544	277,717	(160,905)	696,356	5,367	701,723
Consolidated Balance Sheet						
Assets						
Segment assets	184,889	4,470,188	—	4,655,077	—	4,655,077
Interests in joint ventures	5,073,408	—	—	5,073,408	—	5,073,408
Loan to a joint venture	—	13,408	—	13,408	—	13,408
Unallocated corporate assets	—	—	1,219,935	1,219,935	—	1,219,935
Total assets	5,258,297	4,483,596	1,219,935	10,961,828	—	10,961,828
Liabilities						
Segment liabilities	11,534	949,544	—	961,078	—	961,078
Unallocated corporate liabilities	—	—	3,223,182	3,223,182	—	3,223,182
Total liabilities	11,534	949,544	3,223,182	4,184,260	—	4,184,260
Other information						
Capital additions	134	2,852	355	3,341	1,437	4,778
Depreciation and amortisation	346	152	1,061	1,559	93	1,652
Other non-cash expenses	6,854	—	3,361	10,215	1,599	11,814

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

7. SEGMENTAL INFORMATION (Continued)

By business segments: (Continued)

	Continuing operations			Discontinued operation		Consolidated HK\$'000
	Property			Total HK\$'000	Ginseng HK\$'000	
	Toll road HK\$'000	development HK\$'000	Unallocated HK\$'000			
2005						
Revenue	40,964	—	—	40,964	37,286	78,250
Segment result	30,435	(10,608)	—	19,827	(75,963)	(56,136)
Impairment loss on goodwill	(1,343)	—	—	(1,343)	—	(1,343)
Interest income	—	—	8,248	8,248	—	8,248
Corporate income	—	—	11,842	11,842	—	11,842
Corporate expenses	—	—	(57,642)	(57,642)	—	(57,642)
Share of results of joint ventures	596,859	(431)	—	596,428	—	596,428
Finance costs	—	—	(112,945)	(112,945)	—	(112,945)
Profit before taxation	625,951	(11,039)	(150,497)	464,415	(75,963)	388,452
Income tax credit	—	—	27,649	27,649	—	27,649
Profit for the year	625,951	(11,039)	(122,848)	492,064	(75,963)	416,101
Consolidated Balance Sheet						
Assets						
Segment assets	138,805	1,294,677	—	1,433,482	228,376	1,661,858
Interests in joint ventures	5,209,485	—	—	5,209,485	—	5,209,485
Loan to a joint venture	—	13,706	—	13,706	—	13,706
Unallocated corporate assets	—	—	455,725	455,725	—	455,725
Total assets	5,348,290	1,308,383	455,725	7,112,398	228,376	7,340,774
Liabilities						
Segment liabilities	5,814	78,505	—	84,319	62,773	147,092
Unallocated corporate liabilities	—	—	1,927,189	1,927,189	—	1,927,189
Total liabilities	5,814	78,505	1,927,189	2,011,508	62,773	2,074,281
Other information						
Capital additions	206	1,975	666	2,847	2,462	5,309
Depreciation and amortisation	425	174	1,487	2,086	303	2,389
Impairment loss on goodwill	1,343	—	—	1,343	—	1,343
Other non-cash expenses	9,369	—	3,262	12,631	43,384	56,015

7. SEGMENTAL INFORMATION (Continued)

By geographical segments:

	Continuing operations			Discontinued operation			Consolidated HK\$'000
	Hong Kong HK\$'000	PRC HK\$'000	Total HK\$'000	Hong Kong HK\$'000	Overseas* HK\$'000	Total HK\$'000	
2006							
Revenue	—	514,072	514,072	31,469	6,698	38,167	552,239
Segment result	—	107,007	107,007	(230)	(5,009)	(5,239)	101,768
Carrying amount of segment assets							
Segment assets	443,185	5,422,251	5,865,436	—	—	—	5,865,436
Interests in joint ventures	—	5,073,408	5,073,408	—	—	—	5,073,408
Loan to a joint venture	—	13,408	13,408	—	—	—	13,408
Total segment assets	443,185	10,509,067	10,952,252	—	—	—	10,952,252
Other information							
Capital additions	355	2,986	3,341	—	1,437	1,437	4,778
2005							
Revenue	—	40,964	40,964	29,569	7,717	37,286	78,250
Segment result	—	19,827	19,827	(944)	(75,019)	(75,963)	(56,136)
Carrying amount of segment assets							
Segment assets	162,164	1,714,485	1,876,649	462	228,229	228,691	2,105,340
Interests in joint ventures	—	5,209,485	5,209,485	—	—	—	5,209,485
Loan to a joint venture	—	13,706	13,706	—	—	—	13,706
Total segment assets	162,164	6,937,676	7,099,840	462	228,229	228,691	7,328,531
Other information							
Capital additions	721	2,126	2,847	2	2,460	2,462	5,309

* Overseas segments mainly include Canada.

The revenue and segment result are classified according to the location of market, and the assets are classified according to the location of assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

8. SHARE OF RESULTS OF JOINT VENTURES

	2006 HK\$'000	2005 HK\$'000
Continuing operations		
Share of post-acquisition profits of infrastructure joint ventures before depreciation and taxation	894,988	884,732
Less: depreciation of toll highway operation rights	(250,618)	(237,460)
Less: current tax	(49,728)	(42,734)
Less: deferred taxation	(7,500)	(7,679)
	587,142	596,859
Share of post-acquisition loss of a property construction joint venture	(298)	(431)
	586,844	596,428

The current tax amount represents the share of PRC income tax attributable to the PRC infrastructure joint ventures.

Deferred tax has been provided for temporary differences between the carrying amount of toll highway operation rights and the corresponding tax base used in the computation of taxable profits for the PRC infrastructure joint ventures.

9. FINANCE COSTS

	2006 HK\$'000	2005 HK\$'000
Continuing operations		
Interest on:		
Borrowings wholly repayable within five years	136,610	7,685
Borrowings not wholly repayable within five years	—	97,378
	<hr/>	<hr/>
Total borrowing costs	136,610	105,063
Amortisation of capitalised borrowing costs on financing the construction of the joint ventures' toll highways and expressways (note 20)	6,854	6,593
Other finance costs	4,790	8,138
	<hr/>	<hr/>
	148,254	119,794
Less: amount capitalised in properties under development for sale	(26,327)	(9,058)
	<hr/>	<hr/>
	121,927	110,736
	<hr/>	<hr/>
Discontinued operation		
Interest on:		
Borrowings wholly repayable within five years	2,110	2,251
Less: amount capitalised	(65)	(42)
	<hr/>	<hr/>
	2,045	2,209
	<hr/>	<hr/>
	123,972	112,945
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

10. PROFIT (LOSS) BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Profit (loss) before taxation has been arrived at after charging:						
Depreciation of property, plant and equipment	2,332	2,383	5,094	7,296	7,426	9,679
Less: capitalised in inventories and ginseng crops	—	—	(5,001)	(6,993)	(5,001)	(6,993)
Less: capitalised in properties under development for sale	(773)	(297)	—	—	(773)	(297)
	1,559	2,086	93	303	1,652	2,389
Operating lease rentals in respect of leasehold land, premises and equipment	3,853	3,594	4,889	6,559	8,742	10,153
Less: capitalised in inventories and ginseng crops	—	—	(4,715)	(6,333)	(4,715)	(6,333)
Less: capitalised in properties under development for sale	(673)	(617)	—	—	(673)	(617)
	3,180	2,977	174	226	3,354	3,203
Auditors' remuneration	2,505	1,845	—	—	2,505	1,845
Cost of inventories recognised as an expense	336,578	—	37,796	36,199	374,374	36,199
Impairment loss on non-current assets held for sale	—	—	—	1,578	—	1,578
Share-based payments	34,408	3,611	—	—	34,408	3,611
Write-down of inventories	—	—	1,599	26,021	1,599	26,021
Write-down of ginseng crops	—	—	—	17,363	—	17,363

10. PROFIT (LOSS) BEFORE TAXATION (Continued)

	Continuing operations		Discontinued operation		Consolidated	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Staff costs (excluding directors' emoluments)	77,370	51,583	16,028	30,685	93,398	82,268
Provident fund scheme contributions, net of forfeited contributions of HK\$86,000 (2005: HK\$169,000) (excluding directors' contribution)	1,989	1,624	14	17	2,003	1,641
Less: capitalised in inventories and ginseng crops	—	—	(12,791)	(25,798)	(12,791)	(25,798)
Less: capitalised in properties under development for sale	(10,383)	(4,922)	—	—	(10,383)	(4,922)
Total staff costs (excluding directors emoluments)	68,976	48,285	3,251	4,904	72,227	53,189
and after crediting:						
Gain on disposal of interest in an infrastructure joint venture (note 34)	5,140	252	—	—	5,140	252
(Loss) gain on disposal of property, plant and equipment	(17)	19	46	44	29	63
Realised gain on disposal of listed equity securities	1,464	—	—	—	1,464	—
Change in fair value on derivative financial instruments	—	7,800	—	—	—	7,800
Realised gain on derivative financial instruments	672	2,655	—	—	672	2,655
Net exchange gain (loss)	85,745	16,448	381	(2,559)	86,126	13,889

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' Emoluments

	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Bonus HK\$'000	Retirement scheme contributions HK\$'000	Other benefits HK\$'000 (Note)	2006 Total HK\$'000
Executive Directors						
Zen Wei Pao, William	20	3,256	—	12	4,448	7,736
Ko Yuk Bing	—	3,456	7,050	346	4,092	14,944
Chan Kam Hung	—	2,149	2,468	178	3,202	7,997
Fong Shiu Leung, Keter	—	1,707	1,410	171	2,491	5,779
Zen Wei Peu, Derek	—	956	—	12	2,313	3,281
Non-executive Directors						
Hu Aimin	165	—	—	—	445	610
Zhang Yijun	165	—	—	—	445	610
Independent Non-executive Directors						
Chan Hing Chiu, Vincent	265	—	—	—	445	710
Chow Shiu Kee, Stephen	265	—	—	—	445	710
Lau Sai Yung	265	—	—	—	445	710
	<u>1,145</u>	<u>11,524</u>	<u>10,928</u>	<u>719</u>	<u>18,771</u>	<u>43,087</u>
2005						
	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Bonus HK\$'000	Retirement scheme contributions HK\$'000	Other benefits HK\$'000	2005 Total HK\$'000
Executive Directors						
Zen Wei Pao, William	20	3,053	—	12	584	3,669
Ko Yuk Bing	—	3,344	4,116	334	537	8,331
Chan Kam Hung	—	1,920	1,408	130	420	3,878
Fong Shiu Leung, Keter	—	1,167	376	101	327	1,971
Zen Wei Peu, Derek	—	907	—	12	304	1,223
Non-executive Directors						
Hu Aimin	165	—	—	—	58	223
Zhang Yijun	165	—	—	—	58	223
Independent Non-executive Directors						
Chan Hing Chiu, Vincent	265	—	—	—	58	323
Chow Shiu Kee, Stephen	265	—	—	—	58	323
Lau Sai Yung	265	—	—	—	58	323
	<u>1,145</u>	<u>10,391</u>	<u>5,900</u>	<u>589</u>	<u>2,462</u>	<u>20,487</u>

Note: Other benefits mainly include share-based payments.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Employees' Emoluments

During the year, the five highest paid individuals included five (2005: three) directors, details of whose emoluments were set out above. The emoluments of the remaining two highest paid individuals in 2005 were as follows:

	2006 HK\$'000	2005 HK\$'000
Salaries and allowances	—	2,906
Bonus	—	359
Retirement scheme contributions	—	213
Contractual severance payment	—	4,230
Other benefits (Note)	—	41
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	—	7,749
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The emoluments were paid to the employees within the following bands:

	2006 Number of employees	2005 Number of employees
HK\$1,500,001 to HK\$2,000,000	—	1
HK\$5,500,001 to HK\$6,000,000	—	1
	<hr/>	<hr/>
	—	2
	<hr/> <hr/>	<hr/> <hr/>

Note: Other benefits represent share-based payments recognised in consolidated income statement during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

12. INCOME TAX EXPENSE (CREDIT)

	2006 HK\$'000	2005 HK\$'000
Continuing operations		
Income tax in the PRC	51,579	—
Deferred taxation	5,885	—
	<u>57,464</u>	<u>—</u>
Discontinued operation		
Deferred taxation	8,595	(27,649)
	<u>66,059</u>	<u>(27,649)</u>

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from Hong Kong.

Deferred tax has been provided for temporary differences arising from subsidiaries mainly in respect of its accelerated tax depreciation, tax losses and ginseng crops.

The PRC income tax of subsidiaries is calculated at 33% statutory tax rate.

The income tax for the year can be reconciled to profit before taxation in the consolidated income statement as follows:

	2006 HK\$'000	2005 HK\$'000
Profit before taxation	<u>767,782</u>	<u>388,452</u>
Tax at the PRC income tax rate of 33% (2005: 15%) (Note)	253,368	58,268
Tax effect of expenses not deductible for tax purpose	97,998	31,656
Tax effect of income not taxable for tax purpose	(91,435)	(12,465)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(214)	(15,644)
Tax effect of share of results of joint ventures	<u>(193,658)</u>	<u>(89,464)</u>
Income tax for the year	<u>66,059</u>	<u>(27,649)</u>
Effective tax rate for the year	<u>8.6%</u>	<u>(7.1%)</u>

Note: It represents the tax rate of major subsidiaries and joint ventures in the PRC. The Group commenced recognising of sales of completed properties held for sale during the year and the profit from such sale of properties is subject to 33% statutory tax rate. In 2005, the Group's toll road operation is subject to applicable tax rate of 15%.

13. DIVIDENDS PAID

	2006 HK\$'000	2005 HK\$'000
2005 final dividend paid of HK\$0.26 (2004: HK\$0.18) per share	156,350	105,813
2006 interim dividend paid HK\$0.22 (2005: HK\$0.17) per share	132,614	100,380
2006 special interim dividend	81,072	—
	370,036	206,193

During the year, the Company has distributed its entire interest in CNT by way of a special interim dividend and the details have been disclosed in note 33.

A final dividend in respect of 2006 of HK\$0.26 per share amounting to a total of HK\$191,488,000 is proposed by the Board. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The amount will be accounted for as an appropriation of reserves in the year ending 31 December 2007.

The amount of the final dividend proposed has been calculated on the basis of 736,492,566 shares in issue as at 3 April 2007.

14. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the shareholders of the Company is based on the following data:

	2006 HK\$'000	2005 HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to the shareholders of the Company	705,076	428,300
	2006 Number of shares	2005 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	608,390,000	588,674,000
Effect of dilutive potential ordinary shares: Share options	8,349,000	1,138,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	616,739,000	589,812,000

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14. EARNINGS PER SHARE (Continued)

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the shareholders is based on the following data:

	2006	2005
	HK\$'000	HK\$'000
Earnings for the year attributable to the shareholders of the Company	705,076	428,300
Add: Loss for the year from discontinued operation	1,912	38,316
Earnings for the purposes of basic and diluted earnings per share from continuing operations attributable to the shareholders of the Company	706,988	466,616

The denominators used are the same as those detailed above for basic and diluted earnings per share.

From discontinued operation

Basic loss per share for discontinued operation attributable to the shareholders of the Company is insignificant (2005: basic loss per share of HK\$0.06) and is based on the loss for the year from discontinued operation attributable to the shareholders of the Company of HK\$1,912,000 (2005: loss of HK\$38,316,000).

15. DISCOUNT ON ACQUISITION OF SUBSIDIARY/DEEMED ACQUISITION OF ADDITIONAL INTEREST IN SUBSIDIARY

During the year, discount on acquisition of HK\$163,410,000 arose on the Group's acquisition of Suzhou Sunco Property Limited ("Suzhou Sunco"), details of the transactions were disclosed in note 32. The amount was recognised in profit and loss.

During the year, the Company converted 10,399,149 convertible preference shares of Chai-Na-Ta Corp. ("CNT"), a former subsidiary, into ordinary shares of CNT, resulting in the increase of Group's shareholding in CNT from 77.5% to 84.2%, the discount on acquisition of additional interest in CNT was recognised in profit or loss.

16. DISCONTINUED OPERATION

Details of the discontinued operation are set out in notes 7 and 33.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost							
At 1 January 2005	11,414	17,180	3,254	8,788	147,779	8,874	197,289
Additions	—	75	522	1,405	2,337	970	5,309
Disposals	—	—	—	(63)	(76)	(1,396)	(1,535)
Reclassified as held for sale	(6,690)	(4,687)	—	(173)	(913)	—	(12,463)
Exchange adjustments	357	506	5	110	4,618	140	5,736
At 31 December 2005	5,081	13,074	3,781	10,067	153,745	8,588	194,336
Additions	—	137	—	1,571	1,151	1,919	4,778
Disposals	—	—	—	(256)	(265)	—	(521)
Disposal of subsidiaries	(5,312)	(12,776)	(502)	(3,349)	(161,619)	(3,579)	(187,137)
Acquisition of subsidiaries	—	—	—	949	—	1,223	2,172
Exchange adjustments	231	550	9	204	6,988	223	8,205
At 31 December 2006	—	985	3,288	9,186	—	8,374	21,833
Depreciation							
At 1 January 2005	—	1,973	2,518	6,500	117,717	3,892	132,600
Charge for the year	—	828	784	823	5,987	1,257	9,679
Eliminated on disposals	—	—	—	(62)	(44)	(1,314)	(1,420)
Reclassified as held for sale	—	(425)	—	(23)	(152)	—	(600)
Exchange adjustments	—	77	5	86	3,866	79	4,113
At 31 December 2005	—	2,453	3,307	7,324	127,374	3,914	144,372
Charge for the year	—	528	192	1,049	4,267	1,390	7,426
Eliminated on disposals	—	—	—	(147)	(247)	—	(394)
Disposal of subsidiaries	—	(2,749)	(499)	(3,021)	(137,244)	(2,000)	(145,513)
Exchange adjustments	—	105	4	146	5,850	113	6,218
At 31 December 2006	—	337	3,004	5,351	—	3,417	12,109
Carrying values							
At 31 December 2006	—	648	284	3,835	—	4,957	9,724
At 31 December 2005	5,081	10,621	474	2,743	26,371	4,674	49,964

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17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Items of property, plant and equipment are depreciated on a straight - line basis at the following rates per annum:

Freehold land	Nil
Land and buildings	Over the term of the lease from 20 to 25 years
Leasehold improvements	Over the term of the lease or 3 years, whichever is shorter
Furniture, fixtures and equipment	10% - 25%
Plant and machinery	5% - 10%
Motor vehicles	12.5% - 25%

	2006 HK\$'000	2005 HK\$'000
The Group's land and buildings represent:		
– overseas freehold land	—	5,081
– overseas land and building held under medium term leases	—	9,935
– buildings in the PRC held under medium term leases	648	686
	648	15,702

The allocation of land and buildings elements cannot be made reliably, and the leasehold interests in land continue to be accounted for as property, plant and equipment.

At 31 December 2005, the Group has pledged land and buildings situated overseas with a carrying amount of HK\$15,016,000 to secure the Group's banking facilities.

In November 2005, the Group entered into a sale and purchase agreement to dispose of certain non-current assets in Canada which included freehold land, land and buildings, furniture, fixtures and equipment and plant and machinery. Accordingly, these assets with a total carrying value of HK\$11,863,000 had been classified as non-current assets held for sale. The net proceeds of disposal were expected to be less than the carrying amount and an impairment loss of HK\$1,578,000 had been recognised in consolidated income statement. The details can be summarised as follows:

Non-current assets held for sale

	HK\$'000
Reclassified from property, plant and equipment	11,863
Impairment loss	(1,578)
Exchange adjustments	(49)
Carrying amount at 31 December 2005	10,236

18. INTERESTS IN JOINT VENTURES

	2006 HK\$'000	2005 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	5,547,716	6,028,301
Share of post-acquisition undistributed profits and reserves	2,570,265	2,158,482
Reduction of cost of investments	(3,132,909)	(3,078,170)
Net borrowing cost capitalised on financing the construction of infrastructure joint ventures' toll highways and the expressways (note 20)	88,336	100,872
	5,073,408	5,209,485
Interest in a property construction joint venture		
Cost of investment	1	1
Share of post-acquisition loss	(1)	(1)
	—	—
	5,073,408	5,209,485
Loan to a joint venture	14,136	14,136
Less: loss allocated in excess of cost of investment	(728)	(430)
	13,408	13,706

All infrastructure joint ventures are co-operative joint ventures established and operate in the PRC, details of which at 31 December 2006 are as follows:

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Anhui Road Universe Hefei Highway Development Co. Ltd. 安徽省路宇合肥公路開發有限公司	RMB133,530,000	50% #	Construction and management of Hefei-Liuan Highway, Hefei Section, PRC
Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited 安徽省路宇合淮公路大楊段開發有限公司	RMB90,000,000	60% * #	Investment in and development, operation and management of National Highway 206 Hefei - Huainan Highway Dayang Section in Anhui, PRC
Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited 安徽省路宇合淮公路楊金段開發有限公司	RMB80,000,000	60% * #	Investment in and development, operation and management of National Highway 206 Hefei - Huainan Highway Yangjin Section in Anhui, PRC

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For the year ended 31 December 2006

18. INTERESTS IN JOINT VENTURES (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Anhui Road Universe Liuan Highway Development Co. Ltd. 安徽路宇六安公路開發有限公司	RMB92,400,000	50% #	Construction and management of Hefei - Liuan Highway, Liuan Section, PRC
Bengbu Road King Huaihe Bridge Highway Development Co., Ltd. 蚌埠路勁淮河公路橋開發有限公司	RMB92,880,000	60% * #	Investment in and development, operation and management of Provincial Highway 307 Bengbu Huaihe Bridge in Anhui, PRC
Bengbu Road King Huai - Meng Highway Development Co., Ltd. 蚌埠路勁懷蒙公路開發有限公司	RMB68,040,000	60% * #	Investment in and development, operation and management of Provincial Highway 307 Bengbu Huaiyuan - Mengcheng Highway in Anhui, PRC
Bengbu Road King Chaoyanglu Huaihe Highway Bridge Development Co., Ltd. 蚌埠路勁朝陽路淮河公路橋開發有限公司	RMB73,592,000	60% * #	Investment in and construction, operation and management of Bengbu Chaoyanglu Huaihe Highway Bridge in Anhui, PRC
Guangxi Hengjing Highway Development Co., Ltd. 廣西恆勁公路開發有限公司	RMB81,520,000	70% * #	Investment in and development, operation and management of Yulin - Gongguan Highway, Yulin Section, in Guangxi Zhuang Autonomous Region, PRC
Guangxi Lutong Highway Development Co., Ltd. 廣西路通公路開發有限公司	RMB99,562,000	70% * #	Investment in and development, operation and management of Yulin City Ring Roads, in Guangxi Zhuang Autonomous Region, PRC
Handan Rongguang Highway Development Co., Ltd. 邯鄲榮光公路開發有限公司	RMB78,200,000	70% * #	Construction and management of National Highway 309, Handan - Feixiang Highway (Hanfei Section) in Hebei, PRC
Handan Xinguang Highway Development Co., Ltd. 邯鄲新光公路開發有限公司	RMB81,800,000	70% * #	Construction and management of National Highway 309, Feixiang - Guantao Highway (Feiguan Section) in Hebei, PRC
Hebei Baofa Expressway Co., Ltd 河北保發高速公路有限公司	RMB38,515,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Dong) in Hebei, PRC

18. INTERESTS IN JOINT VENTURES (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hebei Baofeng Expressway Co., Ltd 河北保豐高速公路有限公司	RMB38,280,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Rong Cheng - Xiong Xian) in Hebei, PRC
Hebei Baohui Expressway Co., Ltd 河北保惠高速公路有限公司	RMB38,403,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Zhong) in Hebei, PRC
Hebei Baojie Expressway Co., Ltd 河北保捷高速公路有限公司	RMB38,905,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian - Bazhou) in Hebei, PRC
Hebei Baojin Expressway Co., Ltd 河北保津高速公路有限公司	RMB38,737,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xushui - Rongcheng) in Hebei, PRC
Hebei Baoli Expressway Co., Ltd 河北保利高速公路有限公司	RMB38,944,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian Dong) in Hebei, PRC
Hebei Baoming Expressway Co., Ltd 河北保明高速公路有限公司	RMB36,012,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhou - Tianjinjie) in Hebei, PRC
Hebei Baosheng Expressway Co., Ltd 河北保昇高速公路有限公司	RMB38,603,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian Xi) in Hebei, PRC
Hebei Baoyi Expressway Co., Ltd 河北保怡高速公路有限公司	RMB38,630,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Rong Cheng) in Hebei, PRC
Hebei Baoyu Expressway Co., Ltd 河北保裕高速公路有限公司	RMB38,971,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhouxi) in Hebei, PRC
Hebei Tanghui Expressway Co., Ltd 河北唐惠高速公路有限公司	RMB129,296,000	45% #	Investment in and operation and management of Hebei Tangjin Expressway (Chenzhuang - Fengnan) in Hebei, PRC

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18. INTERESTS IN JOINT VENTURES (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hebei Tangjin Expressway Co., Ltd 河北唐津高速公路有限公司	RMB112,635,000	45% #	Investment in and operation and management of Hebei Tangjin Expressway (Fengnan - Jijinjie) in Hebei, PRC
Hebei Tangrun Expressway Co., Ltd 河北唐潤高速公路有限公司	RMB77,636,000	45% #	Investment in and operation and management of Hebei Tangjin Expressway (Shuangmiao - Chenzhuang) in Hebei, PRC
Hunan Changyi (Baining) Expressway Co., Ltd. 湖南長益(白寧)高速公路有限公司	RMB97,012,000	43.17% #	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Baining Section) in Hunan, PRC
Hunan Changyi (Cangyi) Expressway Co., Ltd. 湖南長益(滄益)高速公路有限公司	RMB98,985,000	43.17% #	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Cangyi Section) in Hunan, PRC
Hunan Changyi Expressway Co., Ltd. 湖南長益高速公路有限公司	RMB98,554,000	43.17% #	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Changbai Section) in Hunan, PRC
Hunan Changyi (Hengchang) Expressway Co., Ltd. 湖南長益(衡滄)高速公路有限公司	RMB101,695,000	43.17%#	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Hengchang Section) in Hunan, PRC
Hunan Changyi (Ningheng) Expressway Co., Ltd. 湖南長益(寧衡)高速公路有限公司	RMB98,458,000	43.17% #	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Ningheng Section) in Hunan, PRC
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd. 湖南長益(資江二橋)高速公路有限公司	RMB78,328,000	43.17% #	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Zijiang No. 2 Bridge) in Hunan, PRC

18. INTERESTS IN JOINT VENTURES (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Liuan Road Universe Liuye Highway Development Co., Ltd. 六安路宇六葉公路開發有限公司	RMB97,800,000	50% #	Construction and management of Liuan-Yeji Highway (Western Section) in Anhui, PRC
Liuan Road Universe Pihe Bridge Development Co., Ltd. 六安路宇淝河大橋開發有限公司	RMB90,364,000	50% #	Construction and management of Pihe Bridge in Anhui, PRC
Luodingshi Luochong Highway Company Limited 羅定市羅沖一級公路有限公司	RMB96,800,000	61% * #	Construction and management of National Highway 324 Luoding - Chonghua Highway in Luoding, PRC
Pingdingshan Road King Xuchang - Nanyang Highway (Xiangcheng Section) Development Co., Ltd 平頂山路勁許南公路(襄城段)開發有限公司	RMB73,400,000	50% #	Investment in and development, operation and management of National Highway 311 & Provincial Highway 103 Xuchang - Nanyang Highway, Xiangcheng section in Henan, PRC
Pingdingshan Road King Xuchang - Nanyang Highway (Yexian Section) Development Co., Ltd. 平頂山路勁許南公路(葉縣段)開發有限公司	RMB63,400,000	50% #	Investment in and development, operation and management of Provincial Highway 01 Xuchang - Nanyang Highway, Yexian Section in Henan, PRC
Shanxi Lutong Dongguan Highway Co., Ltd. 山西路通東觀公路有限公司	RMB82,340,000	65% * #	Investment in and development, operation and management of National Highway 108 Yuci Dongchangshou - Qixian Dongguan Highway in Shanxi, PRC
Shanxi Lutong Taiyu Highway Co., Ltd. 山西路通太榆公路有限公司	RMB83,414,000	65% * #	Construction and management of National Highway 108 Taiyuan - Yuci Highway in Shanxi, PRC
Shanxi Lutong Yuci Highway Co., Ltd. 山西路通榆次公路有限公司	RMB66,412,000	65% * #	Construction and management of National Highway 108 Yuci City Bypass in Shanxi, PRC
Shenzhen Airport - Heao Expressway (Eastern Section) Co., Ltd. 深圳機荷高速公路東段有限公司	RMB440,000,000	45%	Construction and management of Shenzhen Airport-Heao Expressway Eastern Section in Shenzhen, PRC

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18. INTERESTS IN JOINT VENTURES (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Shijiazhuang Luhui Road & Bridge Development Co., Ltd. 石家莊路輝道橋開發有限公司	RMB88,000,000	60% * #	Construction and management of National Highway 307, Shijiazhuang-Gaocheng Highway in Hebei, PRC
Shijiazhuang Luxin Road & Bridge Development Co., Ltd. 石家莊路信道橋開發有限公司	RMB44,000,000	60% * #	Construction and management of National Highway 307, Gaocheng-Jinzhou Highway in Hebei, PRC
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd. 蘇州路勁蘇滬機場路發展有限公司	RMB130,000,000	50%	Construction and management of Suzhou-Shanghai Airport Highway in Jiangsu, PRC

* The Group exercises joint control over the financial and operating policies of these companies with other PRC joint venture partners in accordance with joint venture agreements, and accordingly, these companies have not been accounted for as subsidiaries.

The profit/cash sharing ratios in these infrastructure joint ventures differ from the proportion of the registered capital held by the Group over the duration of the joint ventures. During the early stage of the joint ventures, the Group is usually entitled to higher profit/cash sharing ratios than the proportion of registered capital held by the Group as contained in the relevant joint venture agreements. Until such time as specified in the joint venture agreements, the other venturers of the joint ventures may be entitled to profit/cash sharing ratios higher than their respective proportion of registered capital held by them over a specific year of time under the joint venture agreements. Thereafter, the profit sharing ratios of the Group may be the same as the proportion of the registered capital held by the Group or in accordance with a predetermined ratio stipulated in the joint venture agreements.

During 2005, the Group had entered into an agreement with a subsidiary of Build King Holdings Limited, a listed company in Hong Kong in which certain Directors of the Company have significant interests, to establish a joint venture engaging in the business of property construction in the PRC, details of which at 31 December 2006 are as follows:

Name of property construction jointly controlled entity	From of business structure	Place of incorporation	Principal place of operation	Attributable interest to the Group	Principal activity
常州利駿建築工程有限公司	Incorporated	PRC	PRC	60%	Building construction in the PRC

18. INTERESTS IN JOINT VENTURES (Continued)

The summary of aggregate financial information of the infrastructure joint ventures which is accounted for using equity method, based on the adjusted financial statements prepared under HKFRSs is as follows:

	2006 HK\$'000	2005 HK\$'000
Income	1,186,650	1,186,528
Expenses	(599,806)	(590,100)
Assets	5,289,614	5,985,131
Liabilities	(304,542)	(876,518)

19. LOANS TO RELATED COMPANIES

The loans to related companies of HK\$54,700,000 represented cash advance to subsidiaries of CNT in which one of its shareholders being Wai Kee Holdings Limited, which has significant beneficial interest in the Company. The loans are unsecured, interest bearing at LIBOR/HIBOR plus 1.7% and wholly repayable in 2010.

20. NET BORROWING COSTS CAPITALISED ON FINANCING THE CONSTRUCTION OF THE INFRASTRUCTURE JOINT VENTURES' TOLL HIGHWAYS AND EXPRESSWAYS

	2006 HK\$'000	2005 HK\$'000
Gross amount		
At 1 January	153,175	154,729
Released on disposal of infrastructure joint ventures	(8,810)	(1,554)
Released upon expiry of an infrastructure joint venture	(7,294)	—
As 31 December	137,071	153,175
Amortisation		
At 1 January	52,303	46,344
Charge for the year	6,854	6,593
Released on disposal of infrastructure joint ventures	(3,128)	(634)
Released upon expiry of an infrastructure joint venture	(7,294)	—
At 31 December	48,735	52,303
Carrying amount		
At 31 December	88,336	100,872

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21. PROPERTIES UNDER DEVELOPMENT FOR SALE

	2006 HK\$'000	2005 HK\$'000
At cost	2,444,729	429,494
Cost consisted of:		
Advances for land leases	1,714,322	276,153
Construction expenditure	685,545	143,188
Borrowing costs capitalised	44,862	10,153
	2,444,729	429,494

As disclosed in note 32, pursuant to the sale and purchase agreement dated 6 January 2004 in respect of a piece of land held by Suzhou Sunco a newly acquired subsidiary, included in the cost of properties under development for sale disclosed above.

At 31 December 2006, the Group's commitment for outstanding land premium is HK\$1,487,762,000 and the payment schedule is as follows:

	HK\$'000
Within one year	826,535
More than one year but not exceeding two years	661,227
	<u>1,487,762</u>

21. PROPERTIES UNDER DEVELOPMENT FOR SALE (Continued)

As at 31 December 2006, properties under development for sale are situated at:

Guangzhou

- Lot No. G4-1, Zhujiang New City, Tianhe District, Guangzhou, Guangdong, the PRC.
- Lot No. G4-2, Zhujiang New City, Tianhe District, Guangzhou, Guangdong, the PRC.

Changzhou

- No. 33 Hua Yuan Street, Wujin District, Changzhou, Jiangsu, the PRC.
- No. 88 Yan Zheng Dong Road, Wujin District, Changzhou, Jiangsu, the PRC.
- Lot No. 2005035, Southeast Corner of Nantian Park, Hutang Town, Wujin District, Changzhou, Jiangsu, the PRC.

Suzhou

- Junction of Susheng Road and Xinghua Road, Suzhou Industrial Park, Suzhou, Jiangsu, the PRC.

22. ADVANCES FOR LAND LEASES

As at 31 December 2006, a total advance of HK\$458,758,000 (2005: HK\$849,329,000) was made for the acquisition of several pieces of land. Upon completion of the acquisition and delivery of relevant land title documents to the Group, the amount will be transferred to the account of "Properties under development for sale".

23. INVENTORIES AND GINSENG CROPS

	2006 HK\$'000	2005 HK\$'000
Inventories at fair value (note (i))	—	47,514
Ginseng crops, at cost (note (ii))	—	126,040
	—	173,554

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23. INVENTORIES AND GINSENG CROPS (Continued)

Notes:

- (i) Reconciliation of carrying amount of inventories:

	2006 HK\$'000	2005 HK\$'000
Carrying amount at 1 January	47,514	74,148
Carrying amount transfer from ginseng crops upon harvest	—	56,402
Increases due to purchases	363	3,669
Change in fair value of inventories at the point of harvest	—	(20,480)
Decrease due to sales	(37,796)	(39,370)
Write-down of inventories	(1,599)	(26,021)
Disposal of subsidiaries	(9,622)	—
Exchange adjustment	1,140	(834)
	<hr/>	<hr/>
Carrying amount at 31 December	—	47,514
	<hr/> <hr/>	<hr/> <hr/>

Ginseng plants mature and can be harvested at the end of their third year of growth. However, the Group may extend the harvest time to allow for higher yields and additional seed harvests.

- (ii) Due to the uncertainty in the process of producing ginseng crops and the lack of a market for immature ginseng, the ginseng crops were stated at cost less accumulated impairment until the time of harvest.

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2006 HK\$'000	2005 HK\$'000
Aged analysis of debtors:		
Within 60 days	6,579	9,442
60 to 90 days	—	1,074
More than 90 days	51,213	66,591
	<hr/>	<hr/>
	57,792	77,107
Deferred consideration due within one year on disposal of an infrastructure joint venture (note 34)	35,183	31,429
Interest receivable	5,710	164
Other receivables	960,932	—
Prepayments on business tax and other taxes	138,980	6,017
Deposits and prepayments	77,822	52,018
	<hr/>	<hr/>
	1,276,419	166,735
	<hr/> <hr/>	<hr/> <hr/>

Included in debtors of the Group is an amount of HK\$51,213,000 (2005: HK\$74,049,000) representing minimum income undertakings due from the PRC joint venture partners. Minimum income undertakings have been recognised in accordance with the terms set out in the relevant joint venture agreements and are settled according to the schedules agreed with the relevant PRC joint venture partners.

24. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

During the year, the Group has made cash advance of HK\$960,932,000 to the potential acquirees, and is repayable upon the completion of the acquisition transaction as disclosed in note 40(b). Of which, HK\$802,153,000 were carried interest at 12% per annum.

At 31 December 2006, Suzhou Sunco has prepaid deed tax amounted to HK\$108,396,000 to 蘇州市國土房產局 (“國土局”) in respect of the land certificates obtained from 國土局. The PRC lawyer has advised that according to the confirmation received from 國土局 dated 10 October 2006, Suzhou Sunco has the right to request 國土局 to repay the deed tax to Suzhou Sunco and then to discharge its tax liability by making payment to the relevant government authority. Accordingly, the prepaid deed tax has been included in prepayments on business tax and other taxes.

25. DERIVATIVE FINANCIAL INSTRUMENTS

In 2005, the Group entered into foreign currency interest rates swap contracts to swap the periodic fixed rate US\$ interest payments to the fixed rate HK\$ interest payments. The Group was required to exchange the US\$ notional amounts into equivalent HK\$ at a fixed exchange rate of US\$1.00 to HK\$7.80 at maturity date. The terms of the foreign currency interest rates swaps were as follows:

Notional amount	Maturity	Swaps	Fair value gain at 31 December 2005 HK\$'000
USD50,000,000	13 January 2006	Received US\$ interest at 6.25% Paid HK\$ interest at 4.98%	4,836

The above derivative was measured at fair value as provided by banks at 31 December 2005. The swap did not qualify for hedge accounting and the realised loss upon maturity of HK\$14,000 was charged to the consolidated income statement in 2005.

26. PLEDGED DEPOSITS/BANK BALANCES AND CASH

The pledged deposits were bank balances pledged as security in favour of banks for mortgage facilities granted to the buyers of Suzhou Sunco's properties.

Bank balances carry interest at market rates ranging from 0.72% to 3.25% per annum (2005: 0.72% to 2.75% per annum). The average effective interest rate of pledged deposits was 0.72%.

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27. SHARE CAPITAL

	2006 Number of shares	2005 Number of shares	2006 HK\$'000	2005 HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	20,000,000,000	20,000,000,000	2,000,000	2,000,000
7.5% convertible preference shares ("CP shares") of HK\$0.1 each	518,380	518,380	52	52
Issued and fully paid:				
Ordinary shares				
At 1 January	590,896,566	586,122,566	59,090	58,612
Ordinary shares issued	19,180,000	4,774,000	1,918	478
Placement of new shares	80,000,000	—	8,000	—
At 31 December	690,076,566	590,896,566	69,008	59,090

As a result of the exercise of the Company's share options during the year, 19,180,000 (2005: 4,774,000) ordinary shares were issued by the Company as detailed in note 28. All the new shares issued rank pari passu in all respects with the existing shares.

In November and December 2006, 80,000,000 ordinary shares of in the Company were placed in the market at a price of HK\$10.96 per share. All the new shares issued rank pari passu in all respects with the existing shares.

28. SHARE OPTION SCHEME

The share option scheme was adopted by the Company in 2003. The purpose of the share option scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage those participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The participants include any full-time employees, executives or officers and Directors (executive and non-executive Directors) of the Company or any of its subsidiaries.

The total number of shares which may be issued under the share option scheme and any other schemes of the Company must not in aggregate exceed 10% (the "10% Limit") of the shares in issue as at the date of adoption of the share option scheme less the aggregate of exercised, cancelled and outstanding options. On 12 May 2004, renewal of the 10% share option scheme mandate limit was approved by the shareholders. Since then, a number of options were granted to eligible participants and the total number of shares available for issue under the share option scheme is 9,577,256 representing approximately 1.3% of the Company's issued share capital as at the date of this report. The 10% Limit may be refreshed with the approval of shareholders of the Company. The maximum number of shares that may be issued upon exercise of all outstanding options granted and are yet to be exercised under the share option scheme and any other schemes must not exceed 30% of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by the shareholders.

28. SHARE OPTION SCHEME (Continued)

The option exercisable period commences on the commencement date (the date upon which the options are granted and accepted) of such options and ends on the fifth anniversary of the commencement date. Each participant must pay HK\$1 as consideration for the grant of options within 28 days from the date of offer.

The exercise price shall be determined by the Board, being not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer; (b) the average of the official closing prices of the shares stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of offer; and (c) the nominal value of the shares.

The share option scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 12 May 2003.

During the year, 19,340,000 (2005: 15,460,000) share options were granted under the share option scheme to Directors and employees for an aggregate consideration of HK\$104 (2005: HK\$83). The estimated fair value of the options granted during the year was HK\$34,408,000 (2005: HK\$3,611,000). The fair value was calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	2006	2005
Weight average share price	HK\$11.61	HK\$5.78
Exercise price	HK\$11.66	HK\$5.80
Expected volatility	25.74%	11.25%
Expected life	2.5 years	5 years
Risk-free rate	3.61%	4.23%
Expected dividend yield	4.03%	6.02%

The expected volatility was determined by using the historical volatility of the Company's share price over the previous year.

The Group recognised the fair value as an expense for the year ended 31 December 2006 and 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

28. SHARE OPTION SCHEME (Continued)

The following tables disclose details of the Company's share options held by directors and employees and movements in such holdings during the year. The share options were fully vested at the date of grant.

2006

Date of grant	Exercisable period	Exercise price HK\$	Balance at 1.1.2006	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2006
Directors							
17 October 2003	17 October 2003 to 16 October 2008	5.15	6,300,000	—	(5,550,000)	—	750,000
26 August 2004	26 August 2004 to 25 August 2009	5.70	9,350,000	—	(3,750,000)	—	5,600,000
14 December 2005	14 December 2005 to 13 December 2010	5.80	10,550,000	—	(1,800,000)	—	8,750,000
20 December 2006	20 December 2006 to 19 December 2011	11.66	—	10,550,000	—	—	10,550,000
			<u>26,200,000</u>	<u>10,550,000</u>	<u>(11,100,000)</u>	<u>—</u>	<u>25,650,000</u>
Employees							
17 October 2003	17 October 2003 to 16 October 2008	5.15	2,010,000	—	(1,550,000)	—	460,000
26 August 2004	26 August 2004 to 25 August 2009	5.70	3,600,000	—	(3,110,000)	—	490,000
14 December 2005	14 December 2005 to 13 December 2010	5.80	4,910,000	—	(3,420,000)	(20,000)	1,470,000
20 December 2006	20 December 2006 to 19 December 2011	11.66	—	8,790,000	—	—	8,790,000
			<u>10,520,000</u>	<u>8,790,000</u>	<u>(8,080,000)</u>	<u>(20,000)</u>	<u>11,210,000</u>
			<u>36,720,000</u>	<u>19,340,000</u>	<u>(19,180,000)</u>	<u>(20,000)</u>	<u>36,860,000</u>

28. SHARE OPTION SCHEME (Continued)

2005

Date of grant	Exercisable period	Exercise price HK\$	Balance at 1.1.2005	Granted during the year	Exercised during the year	Cancelled during the year	Balance at 31.12.2005
Directors							
17 October 2003	17 October 2003 to 16 October 2008	5.15	8,500,000	—	(2,200,000)	—	6,300,000
26 August 2004	26 August 2004 to 25 August 2009	5.70	10,150,000	—	(300,000)	(500,000)	9,350,000
14 December 2005	14 December 2005 to 13 December 2010	5.80	—	10,550,000	—	—	10,550,000
			<u>18,650,000</u>	<u>10,550,000</u>	<u>(2,500,000)</u>	<u>(500,000)</u>	<u>26,200,000</u>
Employees							
17 October 2003	17 October 2003 to 16 October 2008	5.15	4,054,000	—	(2,044,000)	—	2,010,000
26 August 2004	26 August 2004 to 25 August 2009	5.70	3,940,000	—	(230,000)	(110,000)	3,600,000
14 December 2005	14 December 2005 to 13 December 2010	5.80	—	4,910,000	—	—	4,910,000
			<u>7,994,000</u>	<u>4,910,000</u>	<u>(2,274,000)</u>	<u>(110,000)</u>	<u>10,520,000</u>
			<u>26,644,000</u>	<u>15,460,000</u>	<u>(4,774,000)</u>	<u>(610,000)</u>	<u>36,720,000</u>

The weighted average closing price of the Company's shares immediately before the date on which share options were exercised during the year was HK\$9.49 (2005: HK\$5.86).

29. BANK AND OTHER BORROWINGS

	2006 HK\$'000	2005 HK\$'000
Guaranteed notes (note (i))	1,559,029	1,558,847
Bank loans (note (ii))	1,582,155	362,234
Other loans	—	3,223
	<u>3,141,184</u>	<u>1,924,304</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

29. BANK AND OTHER BORROWINGS (Continued)

The maturity of the above loans is as follows:

	2006 HK\$'000	2005 HK\$'000
Unsecured borrowings repayable:		
Within one year	1,582,155	312,000
More than two years but not exceeding five years	1,559,029	—
More than five years	—	1,558,847
	<u>3,141,184</u>	<u>1,870,847</u>
Secured borrowings repayable:		
Within one year	—	50,388
More than one year but not exceeding two years	—	2,355
More than two years but not exceeding five years	—	714
	<u>—</u>	<u>53,457</u>
Total borrowings	<u>3,141,184</u>	1,924,304
Less: Amount due within one year shown under current liabilities	<u>(1,582,155)</u>	(362,388)
Amount due over one year shown under non-current liabilities	<u>1,559,029</u>	<u>1,561,916</u>

At 31 December 2005, some of the bank loans were secured by plant and machinery.

Notes:

- (i) The guaranteed notes bear interest at a fixed rate of 6.25% per annum and will mature in July 2011. The fair value of the guaranteed notes based on the quoted market price at 31 December 2006 was HK\$1,489,082,000 (2005: HK\$1,555,013,000).
- (ii) The interest rates on the bank loans, which also equal to the effective interest rate, range from LIBOR plus 0.75% per annum to LIBOR plus 0.875% per annum.

The Group's borrowings that are denominated in US dollar other than the functional currencies of the relevant group entities are set out below:

	HK\$'000
As at 31 December 2006	2,993,640
As at 31 December 2005	<u>1,872,000</u>

30. DEFERRED TAXATION

The following are the major deferred taxation liabilities (assets) recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation	Fair value adjustment on Tax property under losses	Fair value adjustment on development	Inventories and ginseng crops	Other	Total
	HK\$'000	HK\$'000	HK\$'000	HKD\$000	HK\$'000	HK\$'000
At 1 January 2005	(1,511)	(2,509)	—	19,797	—	15,777
Charge (credit) for the year	173	(448)	—	(27,374)	—	(27,649)
Exchange adjustments	(42)	(92)	—	(237)	—	(371)
At 31 December 2005	(1,380)	(3,049)	—	(7,814)	—	(12,243)
(Credit) charge for the year	(333)	877	—	8,051	5,885	14,480
Acquisition of a subsidiary	—	(65,347)	55,771	—	—	(9,576)
Disposal of subsidiaries	1,780	2,298	—	—	—	4,078
Exchange adjustments	(67)	(126)	—	(237)	—	(430)
At 31 December 2006	—	(65,347)	55,771	—	5,885	(3,691)

At 31 December 2006, the Group has unused tax losses of HK\$198,021,000 (2005: HK\$16,427,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK\$198,021,000 (2005: HK\$15,096,000) of such losses.

Pursuant to the relevant laws and regulations in the PRC, the unused tax losses at 31 December 2006 will expire in 2011.

31. CREDITORS AND ACCRUED CHARGES

	2006 HK\$'000	2005 HK\$'000
Aged analysis of creditors:		
Within 60 days	1,744	4,162
60 to 90 days	235	2,393
More than 90 days	18,839	—
	20,818	6,555
Interest payable	58,124	45,712
Accrued construction costs	342,619	253
Accrued taxes	133,703	1,855
Other accrued charges	60,559	27,222
	615,823	81,597

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32. ACQUISITION OF A SUBSIDIARY

Pursuant to an acquisition agreement dated 1 November 2006, the Group acquired the entire registered capital of Suzhou Sunco and shareholder loan, for an aggregate consideration of RMB370,000,000 (equivalent to HK\$366,337,000) and undertook the obligation for the continuing development of Phoenix City project. The transaction was completed on 28 December 2006. Details of the transaction were set out in the circular dated 5 December 2006.

A discount on acquisition arising as a result of the acquisition has been identified. The Directors have reassessed measurement of Suzhou Sunco's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the acquisition. After the reassessment, the Directors identified that the fair value increase is mainly due to the prepaid lease element being included in the properties under development for sale in respect of properties other than low-rise buildings. As the fair value of the prepaid lease at the date of acquisition exceeds the book value of the prepaid lease, a discount on acquisition of HK\$163,410,000 has been recognised in the profit or loss. The amount of discount on acquisition was significant because Suzhou Sunco was in financial difficulty at the time of negotiation of the acquisition transaction.

As stated in note 21 above, pursuant to the memorandum dated 22 August 2006, 蘇州工業園區國土局 (“國土局”) the grantor of the land may impose penalty charge at 0.3% per day on the outstanding land premium for the land to be acquired by Suzhou Sunco. As the payment of this outstanding land premium has been overdue for six months, the grantor of the land, may terminate the sale and purchase agreement and repossess the land owned by Suzhou Sunco. Based on the memorandum dated 22 August 2006, the grantor has agreed to waive the interest and penalty charge to the extent of RMB2.8 billion on the condition that Suzhou Sunco has fulfilled the requirements as set out in the memorandum in respect of i) the timetable for the property development plan; ii) the payment schedules of the outstanding land premium; and iii) the completion of the acquisition of Suzhou Sunco by the Group.

Suzhou Sunco's PRC counsel has confirmed that the memorandum for the waiver of the RMB2.8 billion penalty charges.

The Directors considered the conditions precedent to the waiver of the penalty can be fulfilled, the likelihood of the imposition of the interest and penalty charges is remote and, therefore, no accrual has been made accordingly.

32. ACQUISITION OF A SUBSIDIARY (Continued)

The net assets acquired in the transaction, and the discount on acquisition arising, are as follows:

	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
	HK\$'000	HK\$'000	HK\$'000
Net assets acquired:			
Property, plant and equipment	2,172	—	2,172
Properties under development for sale (note 1)	1,155,790	137,033	1,292,823
Completed properties held for sale (note 1)	281,974	—	281,974
Debtors, deposits and prepayments	256,932	—	256,932
Advances for land leases	165,307	—	165,307
Deferred taxation (note 2)	65,347	(55,771)	9,576
Pledged deposits	23,167	—	23,167
Bank balances and cash	39,838	—	39,838
Creditors and accrued charges	(1,274,414)	—	(1,274,414)
Deposits from pre-sale of properties	(267,628)	—	(267,628)
			529,747
Discount on acquisition			(163,410)
Total consideration satisfied by cash			366,337
Net cash outflow arising on acquisition:			
Cash consideration paid			(366,337)
Bank balances and cash acquired			39,838
			(326,499)

Note 1: Included in properties under development for sale and completed properties held for sale are properties pre-sold but not yet delivered to customers, which are stated at net realisable value of approximately HK\$134 million and HK\$107 million respectively. The Directors considered that there is no net realisable value problem on the remaining portion of completed properties held for sale.

Note 2: Analysis of the net deferred tax assets are as follows:

	HK\$'000
Deferred tax assets in respect of tax losses recognised	65,347
Deferred tax liabilities in respect of the temporary differences arising on fair value adjustment on properties under development	(55,771)
	9,576

The profit contribution of Suzhou Sunco to the Group for the period between the date of acquisition and the balance sheet date was insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

33. DISPOSAL OF SUBSIDIARIES / DISCONTINUED OPERATION

In September 2006, the Company distributed its entire interest in CNT by way of a special interim dividend. At the date of disposal, the Company held 84.2% of the issued share capital of CNT, which was engaged in farming and trading of North American ginseng products. Such operation was discontinued upon the disposal of CNT. The carrying amounts of net assets of CNT at the date of disposal were as follows:

	HK\$'000
Net assets disposed of	
Property, plant and equipment	41,624
Deferred tax assets	4,078
Inventories and ginseng crops	181,503
Debtors, deposits and prepayments	450
Bank balances and cash	1,885
Bank borrowings	(33,720)
Amounts due to related companies	(47,278)
Creditors and accrued charges	(3,616)
	<hr/>
	144,926
Minority interests	(22,969)
Exchange gain realised	(40,885)
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Set-off against the retained profits of the Company	81,072
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Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(1,885)
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During the year, the disposed subsidiaries contributed to the Group's operating cash inflow of HK\$16,646,000, investing cash inflow of HK\$7,078,000 and financing cash outflow of HK\$24,025,000.

34. DISPOSAL OF INTERESTS IN AN INFRASTRUCTURE JOINT VENTURE

On 7 April 2006, Road Well Investment Ltd (“Road Well”), a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with the PRC joint venture partner to dispose of 35% interest in an infrastructure joint venture to the PRC joint venture partner at a consideration of HK\$69,445,000. Accordingly, the Group’s interest in an infrastructure joint venture was reduced from 60% to 25%. On 12 April 2006, the Group entered into a sale and purchase agreement with an independent third party to dispose of its remaining 25% interest in Road Well at a consideration of HK\$49,603,000. The gain on disposal of the infrastructure joint venture was recognised in profit and loss.

The Group’s disposal of its interest in an infrastructure joint venture during the year had the following effects:

	HK\$'000
Cost of investment	126,780
Share of post-acquisition undistributed profits	54,197
Reduction of cost of investment	(77,917)
Net borrowing cost capitalised	5,682
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Net assets disposed of	108,742
Expenses in connection with the disposal	5,166
Gain on disposal	5,140
	<hr/>
Total consideration	119,048
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Satisfied by:	
Cash consideration	52,381
Deferred consideration due within one year	35,183
Deferred consideration due after one year	31,484
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	119,048
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Cash inflow arising on disposal:	
Cash consideration	52,381
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During the year, the disposed infrastructure joint venture did not have significant contributions to the Group’s revenue, profit before taxation and operating, investing and financing cash flows.

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For the year ended 31 December 2006

34. DISPOSAL OF INTERESTS IN AN INFRASTRUCTURE JOINT VENTURE (Continued)

The Group's disposal of its interest in an infrastructure joint venture during the prior year had the following effects:

	2005 HK\$'000
Interests in an infrastructure joint venture:	
Cost of investment	139,930
Share of post-acquisition undistributed profits	8,957
Reduction of cost of investment	(47,140)
Net borrowing cost capitalised	920
	<hr/>
Net assets disposed of	102,667
Gain on disposal	252
	<hr/>
Total consideration	102,919
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Satisfied by:	
Cash	74,490
Consideration receivable	31,429
Accrued expenses incurred in respect of the disposal	(3,000)
	<hr/>
Net proceeds on disposal of interest in an infrastructure joint venture	102,919
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In 2005, the disposed infrastructure joint venture contributed investing cash flow of HK\$74,490,000 to the Group. The disposed infrastructure joint venture did not make any contribution to the Group's net operating and financing cash flow, turnover and profit attributable to shareholders during 2005.

35. RETIREMENT BENEFIT PLANS

For the operations in Hong Kong, the Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees including Directors in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of the independent trustee. Both the Group and the employees contribute a fixed percentage to the Scheme based on their monthly salary in accordance with government regulations. The scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the Scheme. Where there are employees who leave the Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group. There were no forfeited contributions available to reduce future contributions at the balance sheet date.

For the operations in the PRC, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligations of the Group with respect to the retirement scheme is to make the specified contributions.

36. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2006 HK\$'000	2005 HK\$'000
Within one year	4,484	9,038
In the second to fifth year inclusive	1,900	11,822
	6,384	20,860

The commitments represent rentals payable by the Group for its office premises and agricultural land use rights with the lease periods ranging from two to five years.

37. CAPITAL COMMITMENTS

At the balance sheet date, the Group had material capital commitments in respect of investment costs to be injected into infrastructure joint ventures after the fifth year amounted to HK\$36,241,000 (2005: HK\$34,860,000).

38. CONTINGENT LIABILITIES

At 31 December 2006, the Group provided guarantees of HK\$401,500,000 (2005: HK\$7,029,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loan granted. The Directors considered that the fair value of such guarantee on initial recognition was insignificant.

39. RELATED PARTY TRANSACTIONS

During the year, the Group had significant transactions with the following related parties, details of which are as follows:

Related parties	Nature	2006 HK\$'000	2005 HK\$'000
Infrastructure joint ventures	Dividend received	222,131	230,596
Infrastructure joint ventures	Other income	161	3,586
Property construction joint venture	Construction cost paid	33,339	—
PRC joint venture partners	Minimum income undertakings received and receivable	8,571	40,964
Related companies	Interest income	900	—

The related companies are subsidiaries of Wai Kee Holdings Limited which has significant beneficial interest in the Company.

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39. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2006 HK\$'000	2005 HK\$'000
Short-term employee benefits	33,730	28,946
Post-employment benefits	1,503	1,322
Termination benefits	—	4,230
Share-based payments	22,328	2,841
	<u>57,561</u>	<u>37,339</u>

The remuneration of Directors and key executives is determined by the performance of individuals and market trends.

40. POST BALANCE SHEET EVENTS

- (a) In February 2007, the Company has entered into a placing agreement and agreed to place 45,000,000 new shares to not less than six independent investors at a price of HK\$12.20 per share.
- (b) In January 2007, the Company completed the subscription of 49% of the enlarged issued share capital of Sunco A. In the meantime, the Company entered into several agreements with Sunco China, Sunco Management and Mr. Sun to have further option to subscribe and purchase the share capital of Sunco A. The agreements were subject to the Company's due diligence and shareholders' approval. The details of the transaction were set out in the announcement dated 25 January 2007. The Directors consider that it is impractical to disclose the fair values of the net assets acquired and the goodwill at the date of completion of the transaction in view of the short period of time since the date of completion of the transaction.

41. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2006 are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued ordinary shares held by the Company		Principal activities
				Directly	Indirectly	
				%	%	
Changzhou Great Gallop Properties Development Limited*	PRC	PRC	US\$30,145,300	—	100	Development and sale of properties
Guangzhou Junyue Real Estate Limited*	PRC	PRC	HK\$48,009,000	—	100	Development and sale of properties
Pida Investments Limited	British Virgin Islands	#	US\$1	—	100	Investment holding
Road King (China) Infrastructure Limited	British Virgin Islands	PRC	HK\$1,300,000,000	100	—	Investment holding
Road King Infrastructure Finance Limited	British Virgin Islands	#	US\$1	100	—	Provision of financial services to group companies
Road King Infrastructure Finance (2004) Limited	British Virgin Islands	#	US\$1	100	—	Provision of financial services to group companies
Road King Infrastructure Management Limited	Hong Kong	Hong Kong	HK\$2	—	100	Provision of management services to group companies
Suzhou Sunco Property Limited*	PRC	PRC	RMB680,000,000	—	100	Development and sale of properties

The subsidiaries of the Company are either investment or provision of financial services companies only and do not have any other operations.

* The subsidiary is a wholly foreign owned enterprise.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affect the results of the year or constituted a substantial portion of the net asset of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

42. TOTAL ASSETS LESS CURRENT LIABILITIES / NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2006 amounted to approximately HK\$8,342,482,000 (2005: HK\$6,828,409,000). The Group's net current assets at 31 December 2006 amounted to approximately HK\$3,150,182,000 (2005: HK\$1,543,011,000).

43. SUMMARISED BALANCE SHEET OF THE COMPANY

	2006 HK\$'000	2005 HK\$'000
Investments in subsidiaries	1,388,042	1,388,042
Amounts due from subsidiaries	2,845,453	2,018,548
Other current assets	372,425	151,469
Other current liabilities	(245,887)	(4,735)
	4,360,033	3,553,324
Share capital	69,008	59,090
Reserves	4,291,025	3,494,234
	4,360,033	3,553,324

RESULTS

	For the Year Ended 31 December				
	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
Revenue	552,239	78,250	48,299	119,344	163,740
Sales of completed properties held for sale	505,501	—	—	—	—
Sales of ginseng	38,167	37,286	44,550	104,656	119,088
	543,668	37,286	44,550	104,656	119,088
Cost of sales	(394,044)	(79,583)	(46,754)	(96,511)	(75,935)
Gross profit (loss)	149,624	(42,297)	(2,204)	8,145	43,153
Minimum income undertakings	8,571	40,964	3,749	14,688	44,652
Impairment loss on goodwill	—	(1,343)	—	—	—
Net income recognised in respect of goodwill and discount on acquisition	174,016	—	12,023	6,823	20,768
Interest and other income	140,649	38,308	26,764	19,080	20,198
Allowance for doubtful receivables	—	—	—	—	(25,000)
Change in fair value of inventories	—	(20,480)	(9,980)	37,948	23,722
Selling expenses	(21,003)	(2,798)	—	—	—
Operating expenses	(146,947)	(107,385)	(80,285)	(82,967)	(95,382)
Share of results of joint ventures	586,844	596,428	509,819	396,376	385,521
Finance costs	(123,972)	(112,945)	(102,604)	(65,933)	(80,615)
Profit before taxation	767,782	388,452	357,282	334,160	337,017
Taxation	(66,059)	27,649	8,117	(7,389)	(5,182)
Profit for the year	701,723	416,101	365,399	326,771	331,835
Attributable to:					
Shareholders of the Company	705,076	428,300	368,803	322,665	320,686
Minority interests	(3,353)	(12,199)	(3,404)	4,106	11,149
	701,723	416,101	365,399	326,771	331,835

FINANCIAL SUMMARY

ASSETS AND LIABILITIES

	2006 HK\$'000	As at 31 December			
		2005 HK\$'000	2004 HK\$'000	2003 HK\$'000	2002 HK\$'000
Total assets	10,961,828	7,340,774	7,004,215	5,855,166	5,745,280
Total liabilities	(4,184,260)	(2,074,281)	(1,990,324)	(1,080,879)	(1,210,633)
	6,777,568	5,266,493	5,013,891	4,774,287	4,534,647
Attributable to:					
Equity holders of the Company	6,777,568	5,231,278	4,968,113	4,729,000	4,447,842
Minority interests	—	35,215	45,778	45,287	86,805
	6,777,568	5,266,493	5,013,891	4,774,287	4,534,647

General Terms

“AADT”	Annual average daily traffic
“CAD”	Canadian dollar
“CBD”	Central business district
“Company” or “Road King”	Road King Infrastructure Limited, an exempted company incorporated with limited liability in Bermuda
“GDP”	Gross domestic product of a country, province or region
“GFA”	Gross Floor Area
“Group”	The Company and its subsidiaries
“Infrastructure Joint Ventures”	The Sino-foreign co-operative joint ventures registered in PRC which develop or construct or operate and manage the road projects in which the Group has an interest
“Listing Rules”	Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited
“m ² ”	Square metre
“Mr. Sun”	Mr. Sun Hongbin, an independent third party
“PRC”	The People’s Republic of China
“SFO”	Securities and Futures Ordinance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	A company in which the Company directly or indirectly controls more than 50% of the voting rights or issued share capital or otherwise controls the composition of a majority of the board of directors or, in the case of a co-operative joint venture, such joint venture as to which the Company can control the composition of the board of directors
“Sunco A”	Sunco Property Holdings Company Limited (formerly known as Sunco Binhai Land Limited), a company incorporated in the British Virgin Islands with limited liability
“Sunco A Group”	Sunco A and its subsidiaries
“Sunco China”	Sunco China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and indirectly wholly-owned by Mr. Sun

“Sunco Management”	Sunco Management Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sun
“Suzhou Sunco”	蘇州雋御地產有限公司 (formerly known as 蘇州順馳地產有限公司), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of Road King

Financial Terms

“Earnings Per Share (EPS)”	$\frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares in issue during the year}}$
“EBITDA”	Earnings before interest, tax, depreciation and amortisation
“Gearing Ratio”	$\frac{\text{Total borrowings}}{\text{Shareholders' funds}}$
“Interest Coverage”	$\frac{\text{EBITDA}}{\text{The aggregate of interest and financing costs}}$
“Total Borrowings”	The aggregate of long-term and short-term portion of total borrowings

Project Names

Anhui Province

“Bengbu Huaihe Bridge Highway”	Provincial Highway 307 Bengbu Huaihe Bridge Highway
“Bengbu Huaimeng Highway”	Provincial Highway 307 Bengbu Huaiyuan-Mengcheng Highway
“Chaoyanglu Huaihe Bridge”	Bengbu Chaoyanglu Huaihe Highway Bridge
“Hehuai Highway”	National Highway 206 Hefei-Huainan Highway
“Heye Highway”	Hefei-Yeji Highway

Guangdong Province

“Guangsan Expressway”	Foshan Guangzhou-Sanshui Expressway
“Jihe Expressway”	Shenzhen Airport-Heao Expressway, Eastern Section
“Luochong Highway”	National Highway 324 Luoding-Chonghua Highway

Guangxi Zhuang Autonomous Region

“Yugong Highway”	Yulin-Gongguan Highway, Yulin Section
“Yulin City Ring Roads”	Yulin City Ring Roads

Hebei Province

“Baojin Expressway”
“Hanguan Highway”
“Shijin Highway”
“Tangjin Expressway”

Baoding-Tianjin Expressway
National Highway 309 Handan-Guantao Highway
National Highway 307 Shijiazhuang-Jinzhou Highway
Tangshan-Tianjin Expressway

Henan Province

“Xunan Highway”

National Highway 311 and Provincial Highway 103 Xuchang-Nanyang Highway

Hunan Province

“Changyi Expressway”

Changsha-Yiyang Expressway

Jiangsu Province

“Airport Highway”

Provincial Highway 343 Suzhou-Shanghai Airport Highway

Shanxi Province

“Dongguan Highway”
“Taigu Highway”
“Taiyu Highway”
“Yuci City Bypass”

National Highway 108 Yuci Dongchangshou-Qixian Dongguan Highway
Provincial Highway 104 Taiyuan Ximing-Gujiao Highway
Taiyuan-Yuci Highway
National Highway 108 Yuci City Bypass



Executive Directors

Zen Wei Pao, William (Chairman)
Ko Yuk Bing (Managing Director & CEO)
Chan Kam Hung (Chief Operating Officer)
Fong Shiu Leung, Keter (Finance Director)
Zen Wei Peu, Derek

Non-executive Directors

Hu Aimin
Zhang Yijun

Independent Non-executive Directors

Chan Hing Chiu, Vincent
Chow Shiu Kee, Stephen
Lau Sai Yung

Audit Committee

Lau Sai Yung (Chairman)
Chan Hing Chiu, Vincent
Chow Shiu Kee, Stephen

Remuneration Committee

Chan Hing Chiu, Vincent (Chairman)
Zen Wei Pao, William
Chow Shiu Kee, Stephen
Lau Sai Yung

Auditor

Deloitte Touche Tohmatsu

Solicitors

Richards Butler
Sidley Austin Brown & Wood
Conyers, Dill & Pearman

Principal Bankers

Bank of China (Hong Kong) Limited
CITIC Ka Wah Bank Limited
Calyon Corporate and Investment Bank
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
KBC Bank N.V.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

Qualified Accountant

Fong Shiu Leung, Keter

Company Secretary

Fong Shiu Leung, Keter

Principal Share Registrar and Transfer Office

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08, Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Secretaries Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

Registered Office

Clarendon House
Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

Suite 501, 5th Floor
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9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Internet Address

<http://www.roadking.com.hk>

Share Listing

The Company's shares are listed on
The Stock Exchange of Hong Kong Limited

The stock codes are:
The Stock Exchange of Hong Kong Limited – 1098
Reuters – 1098.HK
Bloomberg – 1098 HK

Investor Relations

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