

**PRACTICE NOTE 19 TO THE LISTING RULES**

In compliance with Practice Note 19 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), the following information is disclosed:

1. Pursuant to part 3.3 of Practice Note 19:
  - (a) All the Group's investments in highway projects and other business in PRC take the form of Sino-foreign co-operative joint venture. Except for one joint venture, all the remaining 38 joint ventures are regarded as joint ventures irrespective of whether our interest exceed 50% or not. The investments are in the form of both registered capital and loan. 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 period, the Group has provided guarantee of HK\$168 million to banks in respect of bank facilities utilised by infrastructure joint ventures.
  - (c) The total amount of loans to the joint ventures is HK\$2,801,038,000 which exceeds 64% of the Group's net assets as at 30 June 2001. 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 were funded by equities raised at the listing of the Company or by borrowings or internal resources of the Group.

PRC Joint Ventures	% of interest held indirectly by the Company	Loan to joint venture HK\$'000	Outstanding loan to be injected HK\$'000
<b>Infrastructure Joint Ventures</b>			
Anhui Road Universe Hefei Highway Development Co., Ltd.	50%	12,838	–
Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited	60%	75,663	–
Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited	60%	67,252	–
Anhui Road Universe Liuan Highway Development Co., Ltd.	50%	–	–
Bengbu Road King Chaoyanglu Huaihe Highway Bridge Development Co., Ltd.	60%	22,686	11,282
Bengbu Road King Huaihe Bridge Highway Development Co., Ltd.	60%	78,083	–
Bengbu Road King Huai-Meng Highway Development Co., Ltd.	60%	57,200	–
Foshan Guangsan Special-Use Automobile Highway Co., Ltd.	35%	198,144	–

## PRACTICE NOTE 19 TO THE LISTING RULES (Continued)

## 1. Pursuant to part 3.3 of Practice Note 19: (Continued)

(d) (Continued)

PRC Joint Ventures	% of interest held indirectly by the Company	Loan to joint venture HK\$'000	Outstanding loan to be injected HK\$'000
<b>Infrastructure Joint Ventures</b>			
Guangxi Hengjing Highway Development Co., Ltd.	70%	61,513	18,384
Guangxi Lutong Highway Development Co., Ltd.	70%	81,800	15,793
Handan Rongguang Highway Development Co., Ltd.	70%	79,223	–
Handan Xinguang Highway Development Co., Ltd.	70%	80,474	–
Hunan Changyi (Baining) Expressway Co., Ltd.	43.17%	58,635	–
Hunan Changyi (Cangyi) Expressway Co., Ltd.	43.17%	59,832	–
Hunan Changyi (Changbai) Expressway Co., Ltd.	43.17%	59,567	–
Hunan Changyi (Hengcang) 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	–
Jieyang Hong Jia Highway Co., Ltd.	50%	73,332	–
Jieyang Hong Jing Highway Co., Ltd.	50%	74,020	–
Jieyang Hui Tong Highway Co., Ltd.	50%	95,439	–
Jieyang Jun Tong Highway Co., Ltd.	50%	65,341	–
Liuan Road Universe Liuye Highway Development Co., Ltd.	50%	10,869	–
Liuan Road Universe Pihe Bridge Development Co., Ltd.	50%	12,866	–
Luodingshi Luochong Highway Company Limited	61%	114,726	–
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	–

**PRACTICE NOTE 19 TO THE LISTING RULES** (Continued)

## 1. Pursuant to part 3.3 of Practice Note 19: (Continued)

(d) (Continued)

PRC Joint Ventures	% of interest held indirectly by the Company	Loan to joint venture HK\$'000	Outstanding loan to be injected HK\$'000
<b>Infrastructure Joint Ventures</b>			
Shanxi Lutong Dongguan Highway Co., Ltd.	65%	99,693	–
Shanxi Lutong Taigu Highway Co., Ltd.	60%	76,080	–
Shanxi Lutong Taiyu Highway Co., Ltd.	65%	75,938	–
Shanxi Lutong Xiaodian Fenhe Highway Bridge Co., Ltd.	25%	7,646	–
Shanxi Lutong Yuci Highway Co., Ltd.	65%	60,460	–
Shenzhen Airport-Heao Expressway (Eastern Section) Co., Ltd.	45%	406,342	–
Shijiazhuang Luhui Road & Bridge Development Co., Ltd.	60%	85,462	–
Shijiazhuang Luxin Road & Bridge Development Co., Ltd.	60%	48,443	–
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd.	50%	120,874	–
Wujin Road King Changcao Highway Development Co., Ltd.	60.24%	83,966	–
<b>Other</b>			
Beijing Mediking Pharmaceutical Technology Co., Ltd.	60%	933	663
Total		<u>2,801,038</u>	<u>46,122</u>

## 2. Pursuant to part 3.7.1 of Practice Note 19:

The Group has a syndicated bank loan facility of an outstanding amount of about US\$94 million which will mature on 22 January 2002. Throughout the continuance of the facility, Wai Kee Holdings Limited, the controlling shareholder of the Company, currently holding 49.998% of issued share capital of the Company, is required to maintain directly or indirectly not less than thirty-five per cent. (35%) of each class of the issued voting share capital of the Company.

**PRACTICE NOTE 19 TO THE LISTING RULES** (Continued)

## 3. Pursuant to part 3.10 of Practice Note 19:

The summary of aggregate financial information of the joint ventures, based on the adjusted financial statements prepared under the accounting principles generally accepted in Hong Kong for the period ended 30 June 2001, is as follows:

Balance sheet	Infrastructure Joint Ventures <i>HK\$'000</i>	Other <i>HK\$'000</i>	Total <i>HK\$'000</i>
Property, plant and equipment	8,549,111	1,071	8,550,182
Other assets	1,412	–	1,412
Current assets	384,399	4,293	388,692
Current liabilities	(318,224)	(971)	(319,195)
Net current assets	66,175	3,322	69,497
Due to joint venture partners	(3,944,938)	–	(3,944,938)
Net assets	<u>4,671,760</u>	<u>4,393</u>	<u>4,676,153</u>

## 4. Save as disclosed above, there is no other disclosure required to be made by the Company pursuant to Practice Note 19.

**AUDIT COMMITTEE**

The Audit Committee has reviewed with management and external auditors the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2001.

**CODE OF BEST PRACTICE**

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

**APPRECIATION**

The Board would like to thank all the staff for their loyalty and diligence.

By Order of the Board  
Ko Yuk Bing  
Managing Director

Hong Kong, 20 July 2001