

NOTES TO THE PROFORMA UNAUDITED COMBINED INCOME STATEMENT

For the year ended 31 December 2002

1. BASIS OF PRESENTATION OF THE PROFORMA UNAUDITED COMBINED INCOME STATEMENT

The proforma unaudited combined income statement includes the results of the Company and its subsidiaries and infrastructure joint ventures as if the current group structure had been in existence throughout the two years ended 31 December 2002. Details of the subsidiaries and infrastructure joint ventures of the Company at 31 December 2002 are set out in notes 13 and 14 to the audited financial statements respectively. The proforma combined income statement of the Group for the year ended 31 December 2001 have been extracted from the Accountants' Report included in the Prospectus dated 18 July 2002 and translated into Hong Kong dollars at the average exchange rate for the year.

2. GROSS INCOME FROM TOLL ROAD OPERATION

The Group engages solely in management and operation of a toll road in the People's Republic of China (the "PRC"). The gross income from toll road operations represents the amounts of toll receipts generated from the toll road during the year.

3. INCOME TAX EXPENSES

Income tax expenses represent the PRC income tax paid or payable during the year. Income tax in the PRC has been provided at the prevailing rate of 15% on the estimated assessable profit applicable to the Company's subsidiary established in the PRC.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

No provision for deferred taxation has been made in the financial statements as the amount involved is insignificant.

4. EARNINGS PER SHARE

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

	2002 HK\$'000	2001 HK\$'000
Earnings for the purpose of basic earnings per share (<i>Note</i>)	5,394	7,765
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	360	360
Earnings for the purpose of diluted earnings per share	<u>5,754</u>	<u>8,125</u>
	Number of shares	
	2002	2001
	'000	'000
Number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	474,838	474,838
Effect of dilutive potential ordinary shares:		
Shares expected to be issued on the conversion of convertible notes	180,000	180,000
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>654,838</u>	<u>654,838</u>

Note: The calculation of the basic earnings per share for the year is based on the profit attributable to shareholders for the year and on 474,838,000 shares in issue during the year on the assumption that the restructuring scheme as mentioned in note 1 to the financial statements had been completed on 1 January 2001.