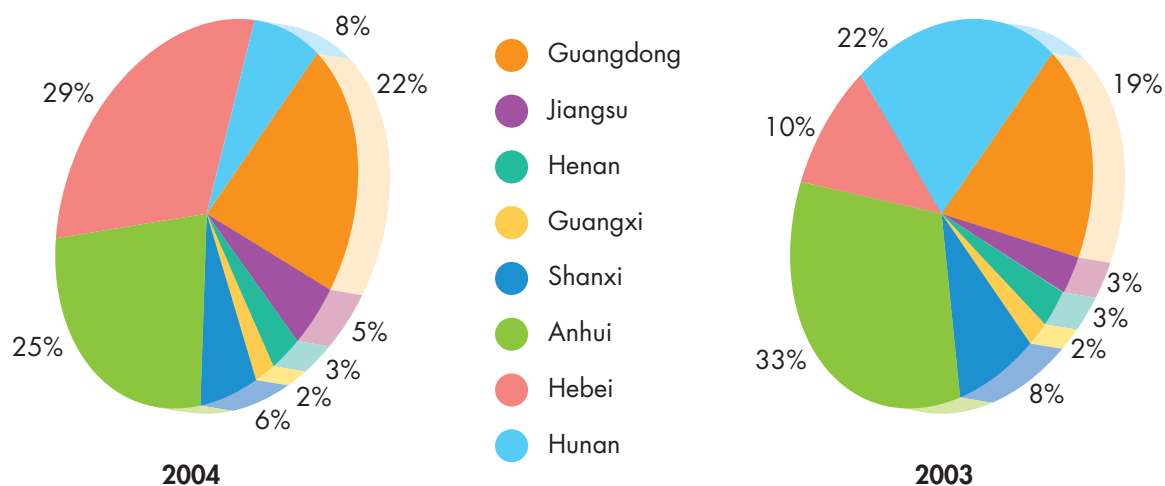


(A) Financial Results

Summary of Consolidated Income Statement

HK\$ million	2004	2003 (Restated)	% changes
Turnover: Group and share of infrastructure joint ventures			
Toll revenue	993	815	+22%
Minimum income undertakings	4	14	-71%
Sales of goods	45	93	-52%
	1,042	922	+13%
Less: Share of infrastructure joint ventures' toll revenue	(993)	(803)	+24%
Turnover: Group	49	119	-59%
Net income recognised in respect of goodwill and negative goodwill	12	7	+71%
Other operating income	27	19	+42%
Cost of inventories sold	(47)	(96)	-51%
Change in fair value of inventories	(10)	38	-126%
Operating expenses	(80)	(83)	-4%
Share of operating profit of infrastructure joint ventures	560	433	+29%
Operating profit: Group and share of infrastructure joint ventures	511	437	+17%
Finance costs	(103)	(66)	+56%
Profit before taxation	408	371	+10%
Taxation	(42)	(44)	-5%
Minority interests	3	(4)	-175%
Profit for the year	369	323	+14%
Weighted average number of issued shares	585,191,156	551,738,081	+6%
Basic earnings per share	HK\$0.63	HK\$0.56	+13%
Dividend per share in respect of current year	HK34 cents	HK25 cents	+36%
HK\$ million			
Dividend in respect of current year			
Interim dividend	94	86	+9%
Proposed final dividend	106	59	+80%
Dividend on convertible preference shares	–	14	N/A

Toll Road Projects' Profit Contribution by Geographic Region



Group's share of toll revenue and share of operating profit of infrastructure joint ventures

During the year, with significant growth in traffic volume of toll roads and the full year contribution from the Baoding-Tianjin Expressway project in Hebei Province (this project commenced operation since October 2003), the Group's share of toll revenue and share of operating profit increased by 22% and 29% respectively.

Minimum income undertakings

The decrease of minimum income undertakings was mainly due to the fact that some of the Group's projects had already reached the stage to recover their original investment amounts and, therefore, the provision of minimum income undertakings for some projects had been expired.

Sales of goods

The amount mainly represented sales of goods from the North American ginseng business.

Net income recognised in respect of goodwill and negative goodwill

The amount mainly represented the amortisation of negative goodwill arising from the acquisition of Chai-Na-Ta Corp ("CNTC") and the Group's conversion of 10,000,000 preferred shares of CNTC to equivalent number of common shares in 2003. It is recognised as income for not more than three years which is the remaining weighted average useful life of the acquired non-monetary assets.

Other operating income

Other operating income mainly consisted of interest income and gain on investment in securities.

Operating expenses

A saving of operating expenses was mainly attributable to cost savings following disposal of a toll road subsidiary in 2003.

Finance costs

In 2004, the Group underwent certain financing activities to attain a better cash management and to prepare for the Group's new development. During the year, the Group arranged a revolving and term facility of US\$120 million; redeemed its guaranteed notes with coupon rate 9.50% p.a. and issued new guaranteed notes of US\$200 million in principal value due 2011 with coupon rate 6.25% p.a. The increase in finance costs in 2004 was mainly due to increase in total borrowings from HK\$1,015 million to HK\$1,912 million, but mitigated by an average lower interest rate.

Taxation

Taxation mainly represented share of PRC income tax attributable to the PRC infrastructure joint ventures. Deferred tax is provided mainly on temporary differences between the carrying amounts and the corresponding tax bases of the Group's toll road operation rights in PRC and the ginseng crops of an overseas subsidiary using applicable tax rates of different jurisdictions.

(B) Financial Position

Summary of Consolidated Balance Sheet

HK\$ million	2004	2003 (Restated)	Changes
ASSETS			
Property, plant and equipment	65	46	+19
Interests in infrastructure joint ventures	4,751	4,891	-140
Other non-current assets	(11)	(17)	+6
Current assets	2,199	935	+1,264
Total assets	7,004	5,855	+1,149
LIABILITIES			
Current liabilities	195	98	+97
Long-term liabilities	1,795	983	+812
Minority interests	46	45	+1
Total liabilities	2,036	1,126	+910
CAPITAL			
Shareholders' funds	4,968	4,729	+239

Property, plant and equipment mainly comprised the fixed assets of CNTC.

Interests in infrastructure joint ventures decreased to HK\$4,751 million mainly due to net surplus of repayment of loans from infrastructure joint ventures over the share of post-acquisition undistributed results during the year.

Other non-current assets mainly comprised negative goodwill and debtors due after one year.

Current assets mainly comprised bank balances and cash, charged deposits, receivables, inventories and ginseng crops and properties under development for sale. As at 31 December 2004, bank balances, cash and charged deposits aggregated to HK\$1,569 million (last year: HK\$488 million).

Current liabilities mainly comprised HK\$133 million of the short-term portion of the total borrowings (last year: HK\$54 million) and HK\$45 million (last year: HK\$26 million) of interest payables.

Non-current liabilities comprised the long-term portion of the Group's bank loans and guaranteed notes of HK\$1,779 million (last year: HK\$961 million).

The increase in **shareholders' funds** was attributable to change of retained profit and new issue of ordinary shares through exercise of 1,986,000 share options during the year.

Capital Structure

HK\$ million	2004	2003 (Restated)
Shareholders' funds	4,968	4,729
Bank and other borrowings	1,912	1,015
Total capital employed	6,880	5,744
Gearing ratio	38%	21%

The increase of the Group's gearing ratio from 21% to 38% was mainly due to the redemption of the 9.50% p.a. guaranteed notes of HK\$623 million and a new issue of 6.25% p.a. guaranteed notes due 2011 of HK\$1,559 million. Following the refinancing, bank balances, cash and charged deposits aggregated to HK\$1,569 million (last year: HK\$488 million). The Group's net gearing ratio decreased to 7% (last year: 11%).

Interest Coverage

HK\$ million	2004	2003
Earnings before interest, taxation, depreciation and amortisation ("EBITDA")	706	570
Finance costs	103	66
Interest coverage	6.9 times	8.6 times