



悦達控股有限公司  
Yue Da Holdings Limited



Interim Report **2005**



## INTERIM RESULTS

The board of directors (the "Board") of Yue Da Holdings Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2005 (the "Period") as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2005

	NOTES	Six months ended	
		30.6.2005 RMB'000	30.6.2004 RMB'000
		<b>(unaudited)</b>	(unaudited)
Gross toll revenue		<b>50,413</b>	48,151
Less: Business tax and local government levies		<b>(2,534)</b>	(2,420)
Net toll revenue		<b>47,879</b>	45,731
Operating costs		<b>(23,735)</b>	(22,874)
Other operating income		<b>24,144</b>	22,857
Administrative expenses		<b>226</b>	219
Interest expenses	5	<b>(6,249)</b>	(7,074)
		<b>(2,124)</b>	(1,698)
Profit before tax	6	<b>15,997</b>	14,304
Income tax expenses	7	<b>(2,845)</b>	(2,279)
Profit for the period		<b>13,152</b>	12,025
Attributable to			
— Equity holders of the parent		<b>10,262</b>	9,443
— Minority interests		<b>2,890</b>	2,582
		<b>13,152</b>	12,025
Dividends	8	<b>4,200</b>	4,200
Earnings per share	9		
— Basic		<b>5.1 cents</b>	4.7 cents
— Diluted		<b>5.1 cents</b>	4.7 cents



## CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2005

	<i>NOTES</i>	<b>30.6.2005</b> <b>RMB'000</b>	31.12.2004 RMB'000
		<b>(unaudited)</b>	(audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>353,040</b>	366,142
Goodwill		<b>482</b>	482
		<b>353,522</b>	366,624
<b>CURRENT ASSETS</b>			
Deposits and other receivables		<b>562</b>	421
Investments at fair value through profit or loss		<b>34</b>	—
Other investments		<b>—</b>	360
Bank balances and cash		<b>134,786</b>	130,784
		<b>135,382</b>	131,565
<b>CURRENT LIABILITIES</b>			
Accruals and other payables		<b>8,549</b>	9,876
Amounts due to minority shareholders		<b>5,190</b>	3,151
Taxation payable		<b>2,595</b>	1,901
Unsecured short-term borrowings	<i>10</i>	<b>10,487</b>	22,555
		<b>26,821</b>	37,483
<b>NET CURRENT ASSETS</b>		<b>108,561</b>	94,082



## CONDENSED CONSOLIDATED BALANCE SHEET (continued)

At 30th June, 2005

<i>NOTES</i>	<b>30.6.2005 RMB'000</b>	31.12.2004 RMB'000
	<b>(unaudited)</b>	(audited)
TOTAL ASSETS LESS CURRENT LIABILITIES	<b>462,083</b>	460,706
CAPITAL AND RESERVES		
Share capital	<b>21,000</b>	21,000
Reserves	<b>293,071</b>	280,352
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<b>314,071</b>	301,352
MINORITY INTERESTS	<b>99,080</b>	94,059
TOTAL EQUITY	<b>413,151</b>	395,411
NON-CURRENT LIABILITIES		
Deferred taxation	<b>9,553</b>	9,681
Unsecured long-term borrowings <i>10</i>	<b>39,379</b>	55,614
	<b>48,932</b>	65,295
	<b>462,083</b>	460,706

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the six months ended 30th June, 2005

	Attributable to equity holders of the parent									
	Share capital RMB'000	Share premium RMB'000	Non-distributable reserves RMB'000	Special reserve RMB'000	Capital contribution RMB'000	Accumulated profits RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000	
At 1st January, 2004	21,000	15,897	(1,127)	157,178	—	98,799	291,747	90,284	382,031	
Profit for the period	—	—	—	—	—	9,443	9,443	2,582	12,025	
Dividend paid to minority shareholder of a subsidiary	—	—	—	—	—	—	—	(530)	(530)	
Dividend	—	—	—	—	—	(4,200)	(4,200)	—	(4,200)	
At 30th June, 2004	21,000	15,897	(1,127)	157,178	—	104,042	296,990	92,336	389,326	
Profit for the period	—	—	—	—	—	4,362	4,362	1,723	6,085	
At 31st December, 2004	21,000	15,897	(1,127)	157,178	—	108,404	301,352	94,059	395,411	
At 1st January, 2005										
— as originally stated	21,000	15,897	(1,127)	157,178	—	108,404	301,352	94,059	395,411	
— adjustment on adoption of new accounting standards (notes 2 and 3)	—	—	—	—	11,703	(5,046)	6,657	5,851	12,508	
— as restated	21,000	15,897	(1,127)	157,178	11,703	103,358	308,009	99,910	407,919	
Profit for the period	—	—	—	—	—	10,262	10,262	2,890	13,152	
Dividend paid to minority shareholder of a subsidiary	—	—	—	—	—	—	—	(3,720)	(3,720)	
Dividend	—	—	—	—	—	(4,200)	(4,200)	—	(4,200)	
At 30th June, 2005	21,000	15,897	(1,127)	157,178	11,703	109,420	314,071	99,080	413,151	

The non-distributable reserves represent statutory reserves appropriated from the profit after tax of the Company's subsidiaries established in the People's Republic of China (the "PRC") under the PRC laws and regulations and capital deficit arising from capital injections by the Group into the Company's subsidiaries in the PRC in the form of foreign currencies.

The special reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 2001 and the surplus arising pursuant to the capitalisation of an amount payable to a fellow subsidiary as part of the group reorganisation.



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2005

	<b>Six months ended</b>	
	<b>30.6.2005</b>	30.6.2004
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Net cash from operating activities	<b>26,704</b>	26,248
Net cash used in investing activities	<b>(95)</b>	(1,456)
Net cash used in financing activities	<b>(22,607)</b>	(9,359)
Net increase in cash and cash equivalents	<b>4,002</b>	15,433
Cash and cash equivalents at beginning of the period	<b>130,784</b>	95,158
Cash and cash equivalents at end of the period	<b>134,786</b>	110,591



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2005

### 1. Basis of Preparation

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

### 2. Principal Accounting Policies

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2004 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (HKFRSs), Hong Kong Accounting Standards (HKASs) and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interests has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has also resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented:



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 2. Principal Accounting Policies (continued)

#### A. *Share-based payments*

HKFRS 2 “Share-based payments” requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares (“equity-settled transactions”), or in exchange for other assets equivalent in value to a given number of shares or rights over shares (“cash-settled transactions”). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors’ and employees’ share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. The Group’s share options were granted after 7th November, 2002 and had vested before 1st January, 2005. The Group has not applied HKFRS 2 to these share options in accordance with the transitional provisions and accordingly, no adjustment is required.

#### B. *Business combinations*

In the current period, the Group has applied HKFRS 3 “Business combinations” and the principal effects of the application of HKFRS 3 to the Group are in relation to goodwill. In previous periods, goodwill arising on acquisitions was capitalised and amortised over its estimated useful life. With respect to goodwill previously capitalised on the balance sheet, the Group has discontinued amortising such goodwill from 1st January, 2005 onwards and goodwill will be tested for impairment at least annually. Goodwill arising on acquisitions after 1st January, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. As a result of this change in accounting policy, no amortisation of goodwill was charged in the current period. Comparative figures for 2004 have not been restated.





## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 2. Principal Accounting Policies (continued)

#### C. Financial instruments

HKAS 32 "Financial instruments: disclosure and presentation" requires retrospective application. The adoption of HKAS 32 has had no impact on the presentation of financial statements. HKAS 39 "Financial instruments: recognition and measurement", which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

#### *Classification and measurement of financial assets and financial liabilities*

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 2. Principal Accounting Policies (continued)

#### C. Financial instruments (continued)

On or before 31st December, 2004, the Group classified and measured its debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" issued by the HKICPA (SSAP 24). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in the profit or loss. "Held-to-maturity investments" are carried at amortised cost less impairment loss (if any). From 1st January, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

From 1st January, 2005 onwards, the Group re-classified its investments securities amounting to RMB360,000, which are held for trading purposes and previously classified as "other investments", to "investments at fair value through profit or loss" and no adjustment has been made to retained earnings as at 1st January, 2005.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 2. Principal Accounting Policies (continued)

#### C. *Financial instruments (continued)*

*Financial assets and financial liabilities other than debt and equity securities*

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets are classified as “financial assets at fair value through profit or loss”, “available-for-sale financial assets”, “loans and receivables”, or “held-to-maturity financial assets”. Financial liabilities are generally classified as “financial liabilities at fair value through profit or loss” or “financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)”. Other financial liabilities are carried at amortised cost using the effective interest method. In applying HKAS 39, the Group has fair-valued an interest-free loan from a minority shareholder, and as a result of which, an adjustment has been made to increase the Group’s equity by RMB12,508,000 and to reduce the Group’s unsecured borrowings by the same amount on 1st January, 2005.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 3. Summary of the Effects of the Changes in Accounting Policies

The effects of the changes in the accounting policies described in note 2 on the results for the current and prior period are as follows:

	<b>Six months ended</b>	
	<b>30.6.2005</b> <b>RMB'000</b>	30.6.2004 RMB'000
Decrease in amortisation of goodwill	<b>80</b>	—
Increase in imputed interest expense on a loan from a minority shareholder	<b>(931)</b>	—
Decrease in profit for the period	<b>(851)</b>	—

Analysis of decrease in profit for the period by line items presented according to their function:

	<b>Six months ended</b>	
	<b>30.6.2005</b> <b>RMB'000</b>	30.6.2004 RMB'000
Decrease in administrative expenses	<b>80</b>	—
Increase in interest expenses	<b>(931)</b>	—
	<b>(851)</b>	—

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)**

For the six months ended 30th June, 2005

**3. Summary of the Effects of the Changes in Accounting Policies (continued)**

The cumulative effects of the application of the new HKFRSs as at 31st December, 2004 and 1st January, 2005 are summarised below:

<b>Balance sheet items</b>	<b>As at 1st January, 2005 (Originally stated) RMB'000</b>	<b>Adjustments on adoption of new accounting standards RMB'000</b>	<b>As at 1st January, 2005 (Restated) RMB'000</b>
Investments at fair value through profit or loss	—	360	<b>360</b>
Other investments	<b>360</b>	(360)	—
Unsecured short-term borrowings	<b>(22,555)</b>	121	<b>(22,434)</b>
Unsecured long-term borrowings	<b>(55,614)</b>	12,387	<b>(43,227)</b>
Other assets and liabilities	<b>473,220</b>	—	<b>473,220</b>
	<b>395,411</b>	12,508	<b>407,919</b>
Share capital	<b>21,000</b>	—	<b>21,000</b>
Capital contribution	—	11,703	<b>11,703</b>
Accumulated profits	<b>108,404</b>	(5,046)	<b>103,358</b>
Minority interests	—	99,910	<b>99,910</b>
Other reserves	<b>171,948</b>	—	<b>171,948</b>
	<b>301,352</b>	106,567	<b>407,919</b>
Minority interests	<b>94,059</b>	(94,059)	—
	<b>395,411</b>	12,508	<b>407,919</b>



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 3. Summary of the Effects of the Changes in Accounting Policies (continued)

The Group has not early applied the following new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the financial statements of the Group.

HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
	The Fair Value Option
HKFRS 6	Exploration and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement Contains a Lease
HKFRS-Int 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

### 4. Segment Information

The Group is engaged solely in the management and operation of highways in the People's Republic of China (the "PRC"). All assets of the Group are located in the PRC.



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 5. Interest Expenses

	Six months ended	
	30.6.2005 RMB'000	30.6.2004 RMB'000
Interest on:		
— bank borrowings wholly repayable within five years	283	374
— a loan from a minority shareholder wholly repayable within five years	910	1,324
Imputed interest expense on a loan from a minority shareholder	931	—
	<b>2,124</b>	1,698

### 6. Profit Before Tax

	Six months ended	
	30.6.2005 RMB'000	30.6.2004 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Amortisation of goodwill (included in administrative expenses)	—	80
Depreciation and amortisation of property, plant and equipment	13,450	13,458
Loss (gain) on disposal of property, plant and equipment	3	(51)
Interest income	(220)	(156)



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 7. Income Tax Expenses

	Six months ended	
	30.6.2005 RMB'000	30.6.2004 RMB'000
PRC income tax	2,973	2,096
Deferred taxation	(128)	183
	<b>2,845</b>	<b>2,279</b>

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

The Company's PRC subsidiaries were subject to PRC national income tax at the tax rate of 15% for both periods.

In addition, a PRC subsidiary is entitled to an exemption from the local income tax during the five years ended 31st December, 2002, followed by a 50% tax relief for the next five years. The reduced tax rate for the relief period is 1.5%. Accordingly, the PRC subsidiary is subject to a local income tax at the reduced rate of 1.5% commencing 2003. The other PRC subsidiary is not subject to local income tax.

### 8. Dividends

During the period, a final dividend of HK\$0.02 (six months ended 30th June, 2004: HK\$0.02) per share was paid to shareholders for the year ended 31st December, 2004.

The directors do not recommend the payment of any interim dividend.





**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)**

For the six months ended 30th June, 2005

**9. Earnings Per Share**

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	<b>Six months ended</b>	
	<b>30.6.2005</b>	30.6.2004
	<b>RMB'000</b>	RMB'000
<b>Earnings</b>		
Profit for the period attributable to equity holders of the parent and earnings for the purposes of basic and diluted earnings per share	<b>10,262</b>	9,443
	<b>'000</b>	'000
<b>Number of shares</b>		
Number of ordinary shares for the purposes of basic earnings per share	<b>200,000</b>	200,000
Effect of share options	<b>2,171</b>	1,664
Number of ordinary shares for the purposes of diluted earnings per share	<b>202,171</b>	201,664



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 10. Unsecured Borrowings

	<b>30.6.2005</b>	31.12.2004
	<b>RMB'000</b>	RMB'000
Bank loans, interest-bearing at market rates, guaranteed by:		
— a fellow subsidiary and a minority shareholder	—	10,000
— the ultimate holding company and a minority shareholder	—	5,000
	—	15,000
Unsecured loans from minority shareholders:		
— bearing interest at 7.488% per annum	<b>17,883</b>	19,609
— interest-free (at nominal value)	<b>43,560</b>	43,560
Less: fair value adjustment	<b>(11,577)</b>	—
	<b>49,866</b>	63,169
<b>Total borrowings</b>	<b>49,866</b>	78,169
The above borrowings are repayable:		
On demand or within one year	<b>10,487</b>	22,555
Between one and two years	<b>9,974</b>	10,422
Between two and five years	<b>8,872</b>	13,537
After five years	<b>20,533</b>	31,655
	<b>49,866</b>	78,169
Less: Amount due within one year and included under current liabilities	<b>(10,487)</b>	(22,555)
	<b>39,379</b>	55,614



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30th June, 2005

### 11. Related Party Transactions

During the period, the Group had significant transactions with certain related parties as follows:

Related parties	Nature of transactions	Six months ended	
		30.6.2005 RMB'000	30.6.2004 RMB'000
Fellow subsidiary	Rentals paid on land and buildings	435	504
Associate of ultimate holding company	Rentals paid on land and buildings	250	250
Associate of a minority shareholder	Repair and maintenance charges paid by the Group	3,441	3,261
Minority shareholder	Interest charged to the Group	910	1,324
	Maintenance charges paid by the Group	853	806
	Management fee paid by the Group	197	181



## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance

Turnover of the Group during the Period was RMB50,413,000, representing an increase of approximately 5% over RMB48,151,000 for the corresponding period of last year. Unaudited profit attributable to shareholders was RMB10,262,000, representing an increase of approximately 9% over RMB9,443,000 for the corresponding period of last year. Basic earnings per share was RMB5.1 cents, representing an increase of approximately 9% over RMB4.7 cents for the corresponding period of last year.

### Interim Dividend

The Board does not recommend the payment of an interim dividend for the Period.

### Business Review

#### *Overview*

Turnover of the Group was primarily derived from toll revenue of the National Highway 204 — Xin Fu Section (the “Xin Fu Section”) and National Highway 106 — Wen An Section (the “Wen An Section”). During the Period, operating revenue of the Xin Fu Section and the Wen An Section were RMB27,476,000 and RMB22,937,000 respectively, accounting for roughly 55% and 45% of the total operating revenue, while the proportion of the two in the corresponding period of last year was substantially the same. The percentage revenue attributed to Xinxing section increased, mainly due to the increase of traffic flow passed through that section, while the percentage revenue attributed to Wen An section decreased as a result of reduction of traffic flow in connection with the diversion. In addition, pursuant to the requirements of government departments, the toll fees of certain large vehicles were reduced. However, as the traffic flow of large vehicles increased in both sections during the Period, the effect brought by the reduction of toll fees was offset to a certain extent. With the steady growth of economy in the PRC, toll road operations of the Group are expected to enjoy stable development.



### ***The Xin Fu Section***

Being located in Yancheng, Jiangsu, the Xin Fu Section has two toll collection stations at Shizhuang and Xinxing respectively. During the Period, highway traffic continued to grow with average daily traffic flows amounting to 18,655 vehicles. Toll revenue was RMB27,476,000, representing an increase of approximately 14% over RMB24,010,000 for the corresponding period of last year. Growth in traffic flow was primarily attributable to the sustained growth of local economy and the growth trend is expected to maintain in the second half of the year.

### ***The Wen An Section***

The Wen An Section, being located in Langfang, Hebei and in close proximity to Beijing, has a toll collection station at Wen An. During the Period, affected by diversion in roads nearby, the traffic flow of small and medium vehicles decreased while the traffic flow of large vehicles increased as compared to the corresponding period of last year. During the Period, the average daily traffic flow of the section amounted to 13,501 vehicles and toll revenue was RMB22,937,000, representing a decrease of approximately 5% over RMB24,141,000 for the corresponding period of last year. It is expected that there will not be substantial changes in terms of traffic flow in that section in the second half of the year,

### ***Toll collection system***

Computer-aided toll collection and monitoring systems for both Xin Fu Section and Wen An Section were in use during the Period, which assured the operating quality of the toll highway business. During the period, pursuant to the requirement of government departments, adjustments were made to the toll fees of large vehicles in Xin Fu Section and Wen An Section, which reduced the overall toll revenue of that vehicle type.

### ***Repairs, maintenance and support facilities***

During the Period, regular repair and maintenance work was carried out to ensure the standard of Xin Fu Section and Wen An Section. However, no major maintenance work was performed at either section.



## **Business Prospects**

As at 30th June, 2005, due to changes in the collection mode of the Chongqing Sino-Portuguese Bridge Company Limited, no agreement has been reached in respect of the Chongqing Sino-Portuguese Bridge acquisition project. Accordingly, net proceeds of approximately RMB36,680,000 from the Company's initial public offering have been maintained at banks.

During the Period, the management devoted considerable efforts and resources to identify and discuss on a number of infrastructure and resource investment projects with further follow-up actions being carried out. In addition, as the Group's ultimate holding company, Jiangsu Yue Da Group Company Limited ("Jiangsu Yue Da"), is also engaged in the investment in, management and operation of infrastructure facilities, this offers possibilities for collaboration between the Group and Jiangsu Yue Da in the future investment in, management and operation of infrastructure facilities. Being built on the foundation of its toll highway business, the Group will continue to actively identify new investment projects, such as power plants and exploitation of natural resources, for development into a diversified investment portfolio so as to further enhance the competitiveness of the Company's business development, to safeguard shareholders' interests and to secure higher returns for its investors.

## **Liquidity and Financial Resources**

As at 30th June, 2005, the Group's non-current assets were RMB353,522,000 and current assets were RMB135,382,000 respectively, of which bank deposits and cash were RMB134,786,000; total current liabilities were RMB26,821,000 and total non-current liabilities were RMB48,932,000, which were mainly loans from shareholders. The Group's total shareholders' equity amounted to RMB314,071,000 and its minority interests were RMB99,080,000, with its gearing ratio (total liabilities over total assets) stood at approximately 15%.

As at 30th June, 2005, the Company did not provide any external guarantees and charges, or other material contingent liabilities.

The Group's monetary assets, liabilities and transactions are mainly denominated in Hong Kong dollars, Renminbi and US dollars. The Group believes that its exposure to exchange rate risk is minimal.



## OTHER INFORMATION

### Directors and Chief Executives Interests and Short Positions in Shares and Underlying Shares of the Company and Any Other Associated Corporations

As at 30th June, 2005, the interests or short positions of each of the Directors and Chief Executives of the Company in the shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), as required to be notified the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") under sub-parts 7 and 8 of Part XV, or as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance, or as otherwise notified to the Company and the Stock Exchange under Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

<b>Names</b>	<b>The Company/ names of the associated corporations</b>	<b>Capacity</b>	<b>Number of shares and classes (note)</b>
Hu You Lin	The Company	Beneficial owner	1,980,000 ordinary shares of HK\$0.10 per share (L)
Lu Wei Dong	The Company	Beneficial owner	1,020,000 ordinary shares of HK\$0.10 per share (L)
Dong Li Yong	The Company	Beneficial owner	1,020,000 ordinary shares of HK\$0.10 per share (L)

*Note:* The letter "L" represents the interests in the shares and underlying shares in the Company or its associated corporations. The interests mentioned above represent the shares allotted upon the exercise in full of the options granted by the Company to the above-mentioned directors pursuant to the share option scheme on 29th April, 2003. For details, please refer to the section headed "Share Option Scheme" below.

Other than as disclosed above, none of the directors, chief executive nor their associates had any interest or short positions in any shares and underlying shares of the Company or any of its associated corporations.



### Substantial Shareholders Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30th June, 2005, as shown in the register of substantial shareholders maintained by the Company under section 336 of the Securities and Futures Ordinance, the following persons had an interests of 5% or more in the issued share capital and short positions of the Company:

Name	Capacity	Number of shares (note 1)	Percentage of interests
Yue Da Group (H.K.) Co., Limited	Beneficial owner	140,000,000(L)	70%
Jiangsu Yue Da Group Company Limited (note 2)	Interests of a controlled company	140,000,000(L)	70%
Jiang Tong Co., Ltd.	Beneficial owner	15,711,000(L)	7.9%
Jiangsu Ocean Shipping Co. (note 2)	Interests of a controlled company	15,711,000(L)	7.9%
Zhongshan Industrial Development Ltd.	Beneficial owner	10,914,000(L)	5.5%

*Notes:*

- (1) The letter "L" represents the interests in the shares and underlying shares in the Company.
- (2) Jiangsu Yue Da Group Company Limited holds 100% interests in Yue Da Group (HK) Co., Limited and is deemed to be interested in the shares of the Company beneficially owned by Yue Da Group (HK) Co., Limited under the Securities and Futures Ordinance. Jiangsu Ocean Shipping Co. holds 100% interests in Jiang Tong Co., Ltd. and is deemed to be interested in the shares of the Company beneficially owned by Jiang Tong Co., Ltd. under the Securities and Futures Ordinance.

Save as disclosed above, the Directors are not aware of any other persons who had interests of 5% or more in the issued share capital of the Company.





## Share Option Scheme

On 12th November, 2001, the sole shareholder of the Company passed a written resolution to adopt the share option scheme of the Company. As at the end of the period, details of the outstanding options granted by the Company are as follows:

<b>Names and classes of the participants</b>	<b>Exercisable period (note)</b>	<b>Exercise price per share (HK\$)</b>	<b>Number of options outstanding as at 30th June, 2005</b>	<b>Closing price per share immediately preceding to date of grant (HK\$)</b>
Directors			4,020,000	
Hu You Lin	16-5-2003 to 28-4-2013	0.40	1,980,000	0.40
Lu Wei Dong	16-5-2003 to 28-4-2013	0.40	1,020,000	0.40
Dong Li Yong	16-5-2003 to 28-4-2013	0.40	1,020,000	0.40
Employees			1,260,000	
In aggregate	9-5-2003 to 28-4-2013	0.40	1,260,000	0.40
Others	16-5-2003 to 28-4-2013	0.40	2,880,000	0.40
<b>Total</b>			<b>8,160,000</b>	

*Note:* The date of grant of the options was 29th April, 2003 (i.e. the date on which the Company offered to grant the options to qualified participants pursuant to the scheme). The commencement dates of the exercisable periods mentioned above represent the date of acceptance of the offers by the respective participants. Pursuant to the scheme, the date of expiry of exercisable period is the tenth anniversary (i.e. 28th April, 2013) of the date of grant.

During the period, no options have been exercised, the company had not granted any option.



### **Employee and Remuneration Policy**

As at 30th June, 2005, the Group had a total of approximately 309 full-time employees engaged in management, administration and toll collection functions in Hong Kong and the PRC. The remuneration committee and the management review the remuneration policy regularly on the basis of performance and experience of the employees as well as the prevailing industry practice. The Group also provides various training courses on relevant business or skills for the management and staff at all levels. Pension contributions are made by the Group for its PRC employees in accordance with the relevant PRC laws. Insurance and mandatory provident fund schemes are also effected for its Hong Kong staff.

### **Repurchase, Sale or Redemption of the Company's Shares**

During the Period, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's shares.

### **Code on Corporate Governance Practices**

The Board considers that the Group was in full compliance with the requirements of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules during the Period, except for the followings:

- (i) The chairman of the Board was not able to attend the 2004 annual general meeting in person, but has already delegated to one of the executive directors of the Company to chair the meeting on his behalf;
- (ii) none of the non-executive directors were appointed for a specific term, but they are subject to the requirements of retirement by rotation and re-election for every three years at the annual general meeting pursuant to the articles of association of the Company.



### **Model Code for Securities Transactions by Directors**

The Company has adopted the model code for securities transactions by directors ("Model Code") set out in Appendix 10 to the Listing Rules. The Company confirms that, having made enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code.

### **Audit Committee**

The Company's audit committee comprises of Mr. Cai Chuan Bing and Ms. Yu Chor Woon, being independent non-executive directors, and Mr. Shen Xiao Zhong, being a non-executive director. It has reviewed the accounting principles and practices adopted by the Group and the unaudited interim financial statements and discussed matters relating to audit, internal control and financial reporting with the management.

At the date of this report, the Board of the Company comprises:

<i>Executive directors</i>	<i>Non-executive directors</i>	<i>Independent non-executive directors</i>
Hu You Lin	Pan Wan Qu	Cai Chuan Bing
Gao Yi Shan	Shen Xiao Zhong	Yu Chor Woon, Carol
Wang Pei Ping		Yu Zheng Hua
Lu Wei Dong, David		
Dong Li Yong		

By Order of the Board  
**Yue Da Holdings Limited**  
**Hu You Lin**  
*Chairman*

Hong Kong, 14th September, 2005