

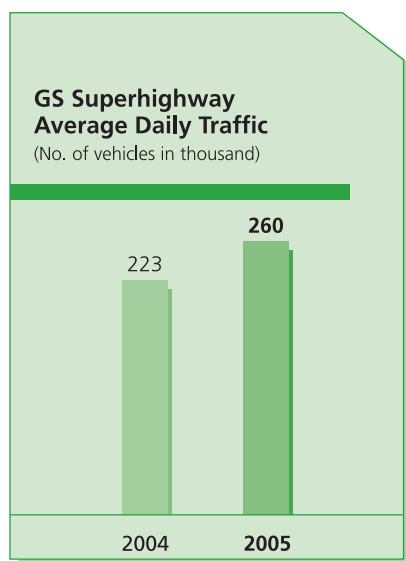
The Guangdong Province is one of the foremost winners in the very successful continuing PRC economic reform. The Pearl River Delta region ("PRD") becomes not only the PRC's, but also one of the world's, most important production and manufacturing centre. The three expressway projects invested by the Group, namely, the Guangzhou-Shenzhen Superhighway ("GS Superhighway"), the Guangzhou East-South-West Ring Road ("ESW Ring Road") and the Phase I of the Western Delta Route ("Phase I West"), all lie in the core strategic areas of the PRD. During the period under review, the three expressways have sustained continuing steady growth in both traffic flow and toll revenue. For the six months ended 31st December, 2005, the aggregate average daily traffic and aggregate average daily toll revenue of the three expressways recorded an increase of 21.6% and 11.3% to 366,000 vehicles and RMB 10.16 million respectively. The total toll revenues in the six months reached RMB 1,870 million.

In view of the continuous economic growth in the PRD, the successive completion of the road networks in the province, the substantial increase in car ownership and the fast sustaining growth in passenger and freight transportation, the strategic importance of the Group's expressways become increasingly apparent. The Group expects the traffic flow and toll revenue of the GS Superhighway, the ESW Ring Road and the Phase I West will maintain a continuous stable growth.

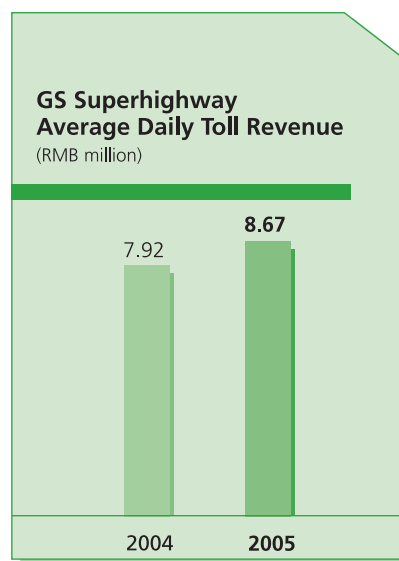
Construction of the Phase II of the Western Delta Route, connecting to the Phase I West, has been commenced in December 2005, whereas the preparation works of the Phase III of the Western Delta Route are underway. The Group believes that the whole Western Delta Route, upon completion, will become a strategic route on the western bank of the PRD.

Guangzhou-Shenzhen Superhighway ("GS Superhighway")

The 122.8 km GS Superhighway, with totally 6 lanes in dual directions, is the main artery in the expressway network of the PRD. It connects four major cities, namely Guangzhou, Dongguan, Shenzhen and Hong Kong. During the period under review, the average daily traffic reached 260,000 vehicles, an increase of 16.7% as compared to the last corresponding period. The average daily toll revenue grew 9.4% to RMB 8.67 million. Total toll revenue in the six months under review reached RMB 1,600 million.



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In accordance with the unitoll policy of the Guangdong Provincial Government, the toll system of the GS Superhighway has successfully connected to and integrated with the Guangdong provincial unitoll collection system, which by December 2005, already covers ten expressways in the PRD, including the GS Superhighway, the Dongguan's Changhu Expressway (newly opened in September 2005 and connecting to the GS Superhighway), the Humen Bridge and others, providing drivers with a convenient "non-stop" rapid transportation network and toll payment service.

In addition, the Group believes the traffic growth of the GS Superhighway will further benefit from the newly constructed Shajing toll station in Shenzhen which opened to traffic in January 2006 and the coming connection to the Shenzhen Nanping Expressway at Tang Lang Shan toll station planned to open to traffic in mid-2006.

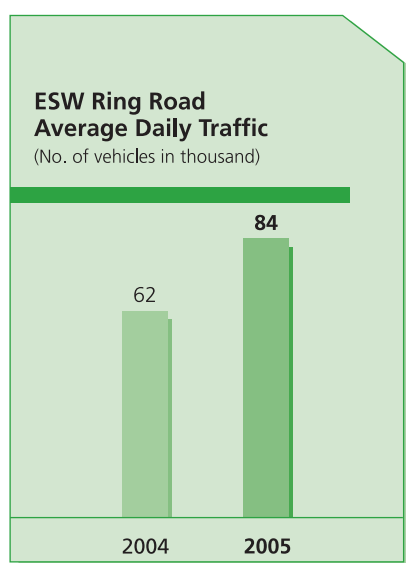
During the period under review, the joint venture company has persisted in enhancing the highway's service standards and improved its ancillary traffic facilities, including installation of additional road lightings, traffic monitoring closed circuit televisions, changeable message signboards and light reflective road studs along the main alignment. In 2006, it plans to expand certain toll stations with heavy traffic to facilitate increasing traffic throughput and to continue its study of the feasibility in widening the GS Superhighway from its current total 6 lanes to 10 lanes.

The Group believes that with the sustained robust economic growth of Guangdong Province, the continuing improvement in living standard and per capita income, and increase in car ownership, the traffic flow and toll revenue of the GS Superhighway will maintain stable growth.

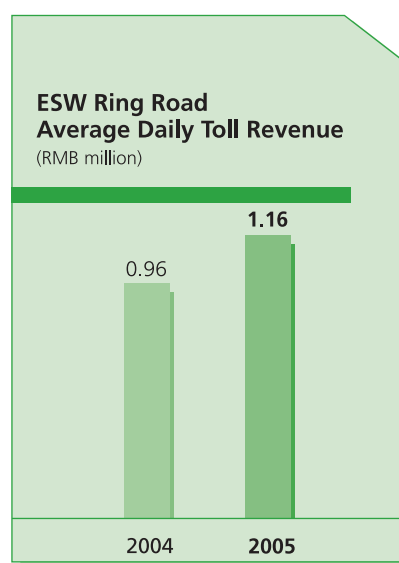
Guangzhou East-South-West Ring Road (“ESW Ring Road”)

The 38 km ESW Ring Road, with totally 6 lanes in dual directions, is a major route in the PRD and Guangzhou expressway network. The ESW Ring Road connects to the GS Superhighway in the east, connects to the Nansha Port Expressway and Phase I West in the south, links with the Guangfo Expressway in the west, and also several inter-city expressways which are under construction. It plays a vital role in relieving the pressure of traffic congestion in the inner city of Guangzhou and in providing a speedy route passing through Guangzhou en route to other destinations.

During the period under review, the ESW Ring Road exhibited robust growth in traffic flow and toll revenue. The average daily traffic grew 36% to 84,000 vehicles and the average daily toll revenue rose 21% to RMB 1.16 million. Total toll revenue in the six months under review reached RMB 210 million.



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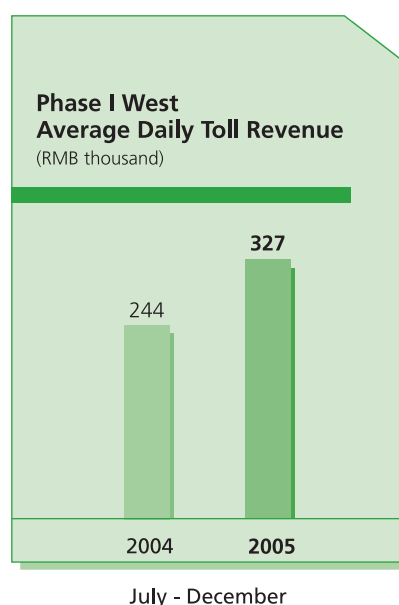
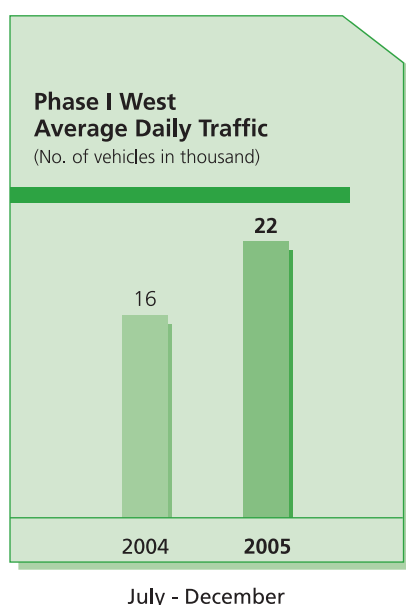
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With the steady economic growth of Guangzhou and the successive completion of the neighboring expressway network, the Group believes that the traffic volume and toll revenue of this expressway will rise continually.

Phase I of the Western Delta Route (“Phase I West”)

The 15 km Phase I West, with totally 6 lanes in dual directions, is a new expressway on the western bank of the PRD. It connects to the ESW Ring Road in the north and the National Highway 105 and Bigui Road of Shunde in the south.

The Phase I West recorded remarkable growth in both traffic flow and toll revenue since it opened to traffic. During the period under review, the average daily traffic increased 38% to 22,000 vehicles and the average daily toll revenue rose 34% to RMB 327,000 as compared with the last corresponding period. Total toll revenue in the six months under review reached RMB 60 million.



Currently, the Phase I West is the only expressway linking Guangzhou and Shunde. With the increasing inter-city activities between the two cities accompanied by further economic development, the Group believes that both the traffic flow and toll revenue of Phase I West will continue to grow.

Phases II and III of the Western Delta Route (“Phase II West” and “Phase III West”)

The Phase II West is a 46 km expressway with totally 6 lanes in dual directions. It will connect to the Phase I West in the north and the National Highway 105 and the proposed western expressway of Zhongshan in the south. The project, in which the Group owns a 50% interest, commenced construction in December 2005. The construction period is planned to be three years. The total investment, excluding interest during construction, is approximately RMB 4,900 million according to present estimation.

The Phase III West is a 38 km expressway project to link the Phase II West to Zhongshan and Zhuhai. In September 2005, the Group conditionally amended the agreements with the PRC partner of the Phase I West (same partner as Phase II West) to invest, construct and operate the Phase III West. Currently, preparation works are underway.

Upon the completion of the Phase II West and the Phase III West, the Western Delta Route will link up the major cities, namely Guangzhou, Foshan, Zhongshan and Zhuhai to become a strategic route on the western bank of the PRD.

Hong Kong–Zhuhai–Macau Bridge Project

It was reported in the media that the feasibility study of the project has been completed. The project details and the bidding arrangements are pending governments' announcement. The Group believes that it is well positioned to play an important role in the project once it proceeds.