

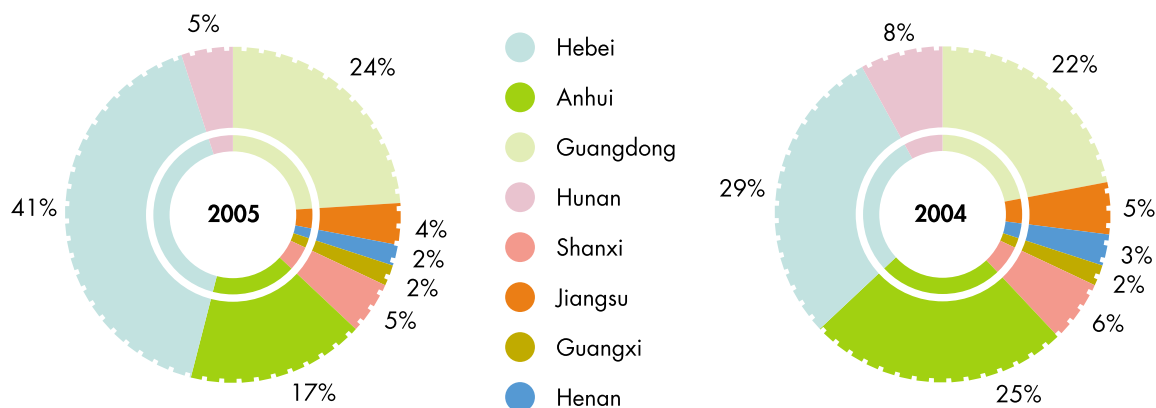
Financial Results

Summary of Consolidated Income Statement

HK\$ million	2005	2004	% changes
Revenue: Group and share of joint ventures			
Toll revenue	1,187	993	+20%
Minimum income undertakings	41	4	+925%
Sales of goods	37	45	-18%
	1,265	1,042	+21%
Revenue: Group	78	49	+59%
Impairment loss on goodwill	(1)	—	N/A
Net income recognized in respect of goodwill and discount on acquisition	—	12	N/A
Interest income	8	13	-38%
Other income	30	14	+114%
Cost of inventories sold	(80)	(47)	+70%
Changes in fair value of inventories at the point of harvest	(20)	(10)	+100%
Operating expenses	(110)	(80)	+38%
Share of results of joint ventures	596	510	+17%
Finance costs	(113)	(103)	+10%
Profit before taxation	388	358	+8%
Income tax credit	28	8	+250%
Profit for year	416	366	+14%
Attributable to:			
Profit attributable to shareholders	428	369	+16%
Minority interests	(12)	(3)	+300%
Weighted average number of issued shares	588,674,000	585,191,000	+1%
Basic earnings per share	HK\$0.73	HK\$0.63	+16%
Dividends per share in respect of current year	HK\$0.43	HK\$0.34	+26%
HK\$ million			
Dividends in respect of current year			
Interim dividend	100	94	6%
Proposed final dividend	154	106	45%

FINANCIAL REVIEW

Profit Contribution by Toll Road Projects Analysed by Geographic Region



Revenue and Profit Analyses

As a result of the steady growth of traffic flow in the PRC and the addition of the Tangshan – Tianjin Expressway project in Hebei Province in early 2005, the Group's share of toll revenue and share of results of joint ventures recorded solid growth of 20% and 17% respectively over those of 2004. The Group's profit attributable to shareholders for 2005 also grew to HK\$428 million, representing an increase of 16% over that of 2004.

Minimum Income Undertakings

The increase was primarily due to the recognition of the minimum income undertakings of Chaoyanglu Huaihe Bridge and Xunan Highway projects in 2005.

Sales of Goods

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

Other Income

In 2005, the Group's other income, increased by 114% to HK\$30 million, mainly comprised the exchange gain resulted from the appreciation of Renminbi in July 2005, realized gains on derivative financial instruments and change in fair value on derivative financial instruments.

Cost of Inventories Sold/Changes in Fair Value of Inventories at the Point of Harvest

These are related to the North American ginseng business. The substantial increase in these balances was due to the decline in bulk ginseng root prices resulting from the strength of Canadian dollar against Hong Kong dollar and Renminbi used by the customers; the resistance of buyers and grading houses to carry supply because of their concern about exchange rate fluctuations; higher level of rusty root (an aesthetic problem that reduces the perceived value of the root but does not affect its medical properties); and the normal volatility within the ginseng industry.

Operating Expenses

During 2005, the Group's operating expenses rose to HK\$110 million. The increase was mainly due to the building up of staff resources to handle the property development business, and partly due to severance payments made to certain senior executives. Despite the growth in the Group's toll road business, the operating expenses thereof remained under tight control.

Finance Costs

In 2005, the Group's finance cost increased by 10% to HK\$113 million. The increase was mainly attributable to the increase in average loan balance of 2005 as well as the rise in effective interest rate during 2005.

Taxation

In 2005, the income tax credit reflected in the income statement was mainly due to the loss sustained by CNT, as a result of which a tax benefit was generated to offset future tax liability of CNT when it became profitable.

Financial Position

Summary of Consolidated Balance Sheet

HK\$ million	2005	2004	Changes
ASSETS			
Property, plant and equipment	50	65	-15
Interests in joint ventures	5,223	4,751	+472
Other non-current assets	12	(11)	+23
Current assets	2,056	2,199	-143
Total assets	7,341	7,004	+337
LIABILITIES			
Current liabilities	513	195	+318
Non-current liabilities	1,562	1,795	-233
Minority interests	35	46	-11
Total liabilities and minority interests	2,110	2,036	+74
CAPITAL			
Shareholders' funds	5,231	4,968	+263

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

Interests in joint ventures amounted to HK\$5,223 million (2004: HK\$4,751 million) as at 31 December 2005. The increase was attributable to the net effect of the acquisition of Tangshan-Tianjin Expressway project and the disposal of Changzhou-Caoqiao Highway project in early 2005.

Current assets mainly comprised bank balance and cash, prepaid land leases, and properties under development for sale. As at 31 December 2005, the Group's current assets amounted to HK\$2,056 million (2004: HK\$2,199 million).

The decline in bank balance and cash was mainly attributable to payments made to acquire the Tangshan-Tianjin Expressway project and land for the Changzhou property projects. A portion of these payments was recorded as prepaid land lease.

The increase in properties under development for sale reflects the progress of the Group's property development in Guangzhou.

FINANCIAL REVIEW

Non-current liabilities primarily comprised the US\$200 million guaranteed notes.

As at 31 December 2005 the Group's non-current liabilities were HK\$1,562 million (2004: HK\$1,795 million). The reduction of the Group's non-current liabilities was due to the early settlement of a term bank loan of HK\$306 million in early 2005.

Current liabilities increased to HK\$513 million (2004: HK\$195 million) during 2005. The increase was attributable to the utilization of syndicated bank facilities to support the working capital of the Group.

The increase in **shareholders' funds** was attributable to change of retained profit and new issue of ordinary shares through exercise of 4,774,000 share options during 2005.

Capital Structure

During the year, both gearing ratio and interest coverage were stable and healthy.

Gearing Ratio

HK\$ million	2005	2004
Shareholders' funds	5,231	4,968
Bank and other borrowings	1,924	1,912
Gearing ratio	37%	38%

Interest Coverage

HK\$ million	2005	2004
EBITDA	804	706
Finance costs	113	103
Interest coverage (times)	7.1	6.9

With solid growth in the Group's share of results of joint ventures, together with the Group's effort on controlling the financing costs, the interest coverage ratio increased slightly from 6.9x in 2004 to 7.1x in 2005.