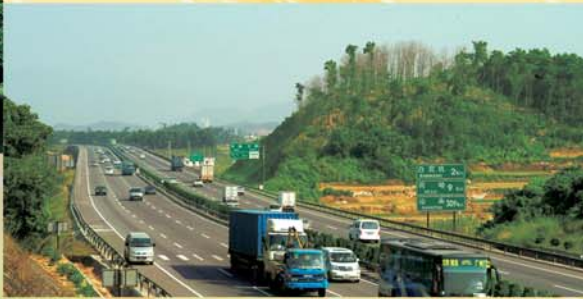




# Road King Infrastructure Limited

*(incorporated in Bermuda with limited liability)*

(Stock Code: 1098)



Positive Thinking

Active Participation



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# Management Discussion & Analysis

## BUSINESS REVIEW

The Group has been focusing principally on its core business of the investment, development, operation and management of toll road projects since its establishment. This business has been developing healthily. In 2004, the Group started to engage in property development business in the PRC and the progress was promising.

For the six months ended 30 June 2006, the Group's unaudited profit attributable to shareholders amounted to HK\$248.06 million (2005: HK\$205.86 million), representing a 20% increase compared to that in the corresponding period of 2005. Earnings per share was HK42 cents (2005: HK35 cents).

The profit was derived from toll road business. It is expected that property development business will contribute profit to the Group in the later half of 2006.

## TOLL ROAD BUSINESS

For the first half of 2006, total traffic volume and toll revenue of toll road projects were 66.15 million vehicles and RMB1.12 billion respectively. Cash contributed from toll road business to the Group amounted to HK\$510 million.

Compared to the same period of 2005, total traffic volume and toll revenue grew moderately by 3% and 4% respectively (excluding the disposed project of Taiyuan Ximing-Gujiao Highway in Shanxi Province). This indicated that the overall growth of commuting and freight traffic in the PRC and the Group's portfolio performance were not as good as the same period of last year. The total traffic volume and toll revenue of the Group's expressway projects recorded an average growth of 14% and 16% respectively as compared to the same period of 2005. Nevertheless, due to the diversion from roads nearby, both traffic and revenue of some of the Group's Class I/II highway projects have dropped.

The Group has undertaken measures to minimize the diversion impact on the affected Class I/II highway projects, and will dispose of these projects when opportunity arises to enhance returns. In April 2006, the Group entered into agreements with third parties to dispose of its entire interest of Taiyuan Ximing-Gujiao Highway (Class II highway) in Shanxi Province with a total consideration of RMB125 million.

The Group's direction remains as enhancing and expanding the portfolio of expressway projects. In this regard, the Group is now studying and negotiating for a number of prospective projects.

# Management Discussion & Analysis

## BUSINESS REVIEW *(continued)*

### PROPERTY BUSINESS

Presently, the Group has six property projects under development, three each in Guangzhou, Guangdong Province, and in Changzhou, Jiangsu Province.

The construction of the “Parkrise” project, situating next to the Tianhe Park in Guangzhou, will be completed shortly and available for occupation this year. The pre-sale responses were encouraging, and approximately 80% of the residential units had been sold. The selling prices continued to improve during the pre-sale process. It is expected that profit will be reported in the second half of this year.

The integrated project planning of two adjacent sites in Zhujiang New City in Guangzhou was completed, and construction works commenced during the period. The infrastructure developments and the property prices in the vicinity are extremely encouraging. It is believed that these two projects will contribute lucrative returns to the Group.

The three projects in Changzhou have been developing progressively. Construction works of “Royal City” in Changzhou commenced and pre-sale of its first phase would be held within this year. Design works for “Vista Panorama” were being finalized, and construction works would be carried out in the second half of the year. For the “Grand Metropolis” commercial project, a long-term rental contract was signed with the well-known supermarket operator, RT-MART. Construction works will also begin within this year.

### GINSENG BUSINESS

The Group’s non-core business – Chai-Na-Ta Corp., the world largest supplier of North American ginseng, recorded a net loss during the reporting period. This was resulted mainly from the reduction in sales and gross margin.

# Management Discussion & Analysis

## FINANCIAL REVIEW

### FINANCIAL RESOURCES AND LIQUIDITY

The Group's total assets and net assets amounted to HK\$7.75 billion and HK\$5.39 billion respectively as at 30 June 2006. The net asset value per share was HK\$8.95 (31 December 2005: HK\$8.85). During the reporting period, the Group's total cash receipt from toll road projects was HK\$510 million (2005: HK\$445 million). As at 30 June 2006, the Group's bank balances and cash totalled HK\$776 million (31 December 2005: HK\$421 million).

As at 30 June 2006, the Group's total borrowings were HK\$1.92 billion (31 December 2005: HK\$1.92 billion). Of which, HK\$358 million would mature within a year, HK\$2 million would mature during the second to the fifth year, and HK\$1.56 billion would mature after the fifth year. The gearing and the net gearing ratios of the Group were 36% (31 December 2005: 37%) and 21% (31 December 2005: 29%) respectively.

The Group's borrowings were primarily denominated in US dollar. Other than the US\$200 million fixed rate notes, the Group's borrowings were on a floating rate basis.

### EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS

The Group maintained a conservative treasury policy to minimize exposure to foreign exchange risks. The Group's borrowings are principally denominated in US dollar, while its cash flow generated from the projects is denominated mainly in Renminbi. The announcement made by the People's Bank of China on the revaluation of Renminbi in July 2005 had a positive impact to the Group's financing position. Other than that, the Group has no significant exposure to foreign exchange fluctuation.

### CONTINGENT LIABILITIES

As at 30 June 2006, according to market practice, the Group provided guarantees amounted to RMB106.93 million in favour of banks to facilitate the mortgage granted to customers who purchased the Group's properties. These guarantees will be released when the customers receive and pledge their real estate certificates as securities to banks for the mortgage loans granted.

### MAJOR CAPITAL COMMITMENTS

As at 30 June 2006, the Group's capital commitments amounted approximately to HK\$231.71 million. Out of this balance, HK\$145.82 million would be required within one year, HK\$51.04 million would be required during the second to the fifth year, and the remaining balance would be required after the fifth year.

# Management Discussion & Analysis

## EMPLOYEES

Excluding the staff of joint ventures, the total number of employees in the Group was 322 as at 30 June 2006. The pay levels of employees are commensurate with their responsibilities, performance, and contribution.

## PROSPECTS

The Board believes that the Group's core business – toll road business, supplemented by the Group's property development business, is an excellent business mix.

The toll road business generates strong and stable cash flow to the Group, and serves as a promising source of profits. The Group will continue to invest in expressway projects to boost additional returns.

The risk of conducting property development business in the PRC may be higher than toll road business. However, under proper operation and good management, return from property development business should be better. This provides a perfect match to toll road business from which stable income is generated. The Group will continue its prudent approach to develop the property development business. The Group believes that the recent series of austerity measures targeting the property market, in fact, facilitate the long-term healthy development for the PRC property market and will be of benefit to the Group's development in this business.

# Condensed Financial Statements

## RESULTS

The Board of Directors (the "Board") of Road King Infrastructure Limited (the "Company") is pleased to announce the unaudited condensed consolidated income statement of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 together with the comparative figures for the corresponding period in 2005, and the unaudited condensed consolidated balance sheet of the Group as at 30 June 2006 together with audited comparative figures as at 31 December 2005, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006

		Six months ended 30 June	
	NOTES	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
<b>Revenue</b>	3	<b>33,393</b>	35,093
Interest income		<b>3,830</b>	4,128
Other income		<b>11,782</b>	12,231
Cost of inventories sold		<b>(25,805)</b>	(14,286)
Operating expenses		<b>(59,176)</b>	(49,114)
Share of results of joint ventures	5	<b>334,121</b>	266,032
Finance costs	6	<b>(53,726)</b>	(57,090)
<b>Profit before taxation</b>	7	<b>244,419</b>	196,994
Income tax credit	8	<b>2,774</b>	5,834
<b>Profit for the period</b>		<b>247,193</b>	202,828
<b>Attributable to:</b>			
Shareholders of the Company		<b>248,060</b>	205,860
Minority interests		<b>(867)</b>	(3,032)
		<b>247,193</b>	202,828
<b>Dividends paid</b>	9	<b>156,350</b>	105,813
<b>Earnings per share</b>	10		
- Basic		<b>HK\$0.42</b>	HK\$0.35
- Diluted		<b>HK\$0.41</b>	HK\$0.35



# Condensed Financial Statements

## CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2006

	NOTES	30 June 2006 (Unaudited) HK\$'000	31 December 2005 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		49,341	49,964
Interests in joint ventures	11	4,947,844	5,209,485
Loan to a joint venture	11	13,554	13,706
Deferred tax assets		15,615	12,243
Available-for-sale investment	12	28,505	—
Debtors – due after one year	21	38,714	—
		<u>5,093,573</u>	<u>5,285,398</u>
<b>Current assets</b>			
Properties under development for sale	13	798,911	429,494
Prepaid land leases	14	706,719	849,329
Inventories and ginseng crops		179,989	173,554
Derivative financial instruments	15	—	4,836
Debtors, deposits and prepayments	16	196,007	166,735
Pledged deposits	17	49,818	—
Bank balances and cash		726,033	421,192
		<u>2,657,477</u>	<u>2,045,140</u>
Non-current assets held for sale		—	10,236
		<u>2,657,477</u>	<u>2,055,376</u>
<b>Total assets</b>		<u><u>7,751,050</u></u>	<u><u>7,340,774</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to shareholders of the Company</b>			
Share capital	18	60,259	59,090
Reserves		5,330,034	5,172,188
		<u>5,390,293</u>	<u>5,231,278</u>
<b>Minority interests</b>		36,095	35,215
<b>Total equity</b>		<u>5,426,388</u>	<u>5,266,493</u>
<b>Non-current liabilities</b>			
Bank and other borrowings - due after one year	19	1,560,728	1,561,916
<b>Current liabilities</b>			
Creditors and accrued charges	20	406,071	149,977
Bank and other borrowings - due within one year	19	357,863	362,388
		<u>763,934</u>	<u>512,365</u>
<b>Total equity and liabilities</b>		<u><u>7,751,050</u></u>	<u><u>7,340,774</u></u>



# Condensed Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Attributable to shareholders of the Company									
	Share capital	Share premium	Translation reserve	Special reserve	Share option reserve	Revaluation reserve	Retained profits	Total	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2005	58,612	1,542,547	40,178	1,260,000	—	—	2,066,776	4,968,113	45,778	5,013,891
- Effects of changes in accounting policies upon adoption of HKFRS 3	—	—	—	—	—	—	12,172	12,172	—	12,172
- Effects of changes in accounting policies upon adoption of HKAS 39	—	—	—	—	—	—	(4,679)	(4,679)	—	(4,679)
- As restated	58,612	1,542,547	40,178	1,260,000	—	—	2,074,269	4,975,606	45,778	5,021,384
Exchange differences arising on translation of foreign operations	—	—	(1,151)	—	—	—	—	(1,151)	(477)	(1,628)
Profit for the period	—	—	—	—	—	—	205,860	205,860	(3,032)	202,828
Total recognised income and expense for the period	—	—	(1,151)	—	—	—	205,860	204,709	(3,509)	201,200
Issue of ordinary shares	251	12,676	—	—	—	—	—	12,927	—	12,927
Dividends	—	—	—	—	—	—	(105,813)	(105,813)	—	(105,813)
Balance at 30 June 2005	58,863	1,555,223	39,027	1,260,000	—	—	2,174,316	5,087,429	42,269	5,129,698
Balance at 1 January 2006	59,090	1,566,947	45,254	1,260,000	3,611	—	2,296,376	5,231,278	35,215	5,266,493
Exchange differences arising on translation of foreign operations	—	—	3,837	—	—	—	—	3,837	1,747	5,584
Loss on available-for-sale investment	—	—	—	—	—	(1,465)	—	(1,465)	—	(1,465)
Net income (expenses) recognised directly in equity	—	—	3,837	—	—	(1,465)	—	2,372	1,747	4,119
Profit for the period	—	—	—	—	—	—	248,060	248,060	(867)	247,193
Total recognised income and expense for the period	—	—	3,837	—	—	(1,465)	248,060	250,432	880	251,312
Issue of ordinary shares	1,169	63,764	—	—	—	—	—	64,933	—	64,933
Transfer upon exercise of share options	—	636	—	—	(636)	—	—	—	—	—
Dividends	—	—	—	—	—	—	(156,350)	(156,350)	—	(156,350)
Balance at 30 June 2006	60,259	1,631,347	49,091	1,260,000	2,975	(1,465)	2,388,086	5,390,293	36,095	5,426,388

# Condensed Financial Statements

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Six months ended 30 June	
	2006 (Unaudited) HK\$'000	2005 (Unaudited) HK\$'000
<b>Net cash generated from (used in) operating activities</b>	<b>1,016</b>	(586,080)
<b>Net cash generated from (used in) investing activities:</b>		
Dividends received from infrastructure joint ventures	128,147	55,583
Proceeds on disposal of infrastructure joint ventures	52,381	—
Additional investments in joint ventures	—	(741,762)
Reduction of cost of investments in infrastructure joint ventures	355,382	307,307
Other investing cash flows	(72,357)	46,166
	<b>463,553</b>	(332,706)
<b>Net cash used in financing activities:</b>		
New loans raised	—	188,832
Repayment of loans	(8,232)	(322,378)
Issue of ordinary shares	64,933	12,927
Interest paid	(60,091)	(56,800)
Dividends paid	(156,350)	(105,813)
	<b>(159,740)</b>	(283,232)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>304,829</b>	(1,202,018)
<b>Cash and cash equivalents at 1 January</b>	<b>421,192</b>	1,524,891
Effect of foreign exchange rate changes	12	(9)
<b>Cash and cash equivalents at 30 June</b>	<b>726,033</b>	322,864
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances and cash	<b>726,033</b>	322,864

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared on the historical cost basis except for the ginseng crops at the point of harvest, which are measured at fair value less estimated point-of-sale costs and 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 31 December 2005 except as described below.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations (new "HKFRSs") issued by the HKICPA, which are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The application of these new HKFRSs has had no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures
HKAS 21 (Amendment)	The effects of change in foreign exchange rate - net investment in a foreign operation
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions
HKAS 39 (Amendment)	The fair value option
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts
HKFRS 6	Exploration for and evaluation of mineral resources
HK(IFRIC) - INT 4	Determining whether an arrangement contains a lease
HK(IFRIC) - INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
HK(IFRIC) - INT 6	Liabilities arising from participating in a specific market-waste electrical and electronic equipment

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The Directors of the Company is still not yet in the position to reasonably estimate the impact that may arise on the Group's results and financial position from the application of these standards, amendments or interpretations.

HKAS 1 (Amendment)	Capital disclosures <sup>1</sup>
HKFRS 7	Financial instruments: Disclosures <sup>1</sup>
HK(IFRIC) - INT 7	Applying the restatement approach under HKAS 29 Financial reporting in hyperinflationary economies <sup>2</sup>
HK(IFRIC) - INT 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC) - INT 9	Reassessment of embedded derivatives <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006.

### 3. REVENUE

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Minimum income undertaking	8,571	32,393
Sale of goods	24,822	2,700
<b>Total revenue of the Group</b>	<b>33,393</b>	<b>35,093</b>
<b>Share of infrastructure joint ventures</b>		
Toll revenue	611,954	570,144
<b>Revenue of the Group and share of infrastructure joint ventures</b>	<b>645,347</b>	<b>605,237</b>

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 4. SEGMENTAL INFORMATION

The Group's revenue and profit for the six months ended 30 June 2006 by business activities and geographical markets are as follows:

#### By business activities – primary segment:

	Toll road HK\$'000	Property development HK\$'000	Ginseng HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>For the six months ended 30 June 2006</b>					
<b>Revenue</b>	8,571	—	24,822	—	33,393
Segment results	6,518	(14,289)	(4,658)	—	(12,429)
Interest income	746	1,291	—	1,793	3,830
Corporate income	—	—	—	784	784
Corporate expenses	—	—	—	(28,161)	(28,161)
Share of results of joint ventures	334,273	(152)	—	—	334,121
Finance costs	(3,643)	(296)	(1,245)	(48,542)	(53,726)
<b>Profit before taxation</b>	<b>337,894</b>	<b>(13,446)</b>	<b>(5,903)</b>	<b>(74,126)</b>	<b>244,419</b>
Income tax credit	—	—	2,774	—	2,774
<b>Profit for the period</b>	<b>337,894</b>	<b>(13,446)</b>	<b>(3,129)</b>	<b>(74,126)</b>	<b>247,193</b>
<b>For the six months ended 30 June 2005</b>					
<b>Revenue</b>	32,393	—	2,700	—	35,093
Segment results	21,447	(4,724)	(18,232)	—	(1,509)
Interest income	470	64	—	3,594	4,128
Corporate income	—	—	—	10,773	10,773
Corporate expenses	—	—	—	(25,340)	(25,340)
Share of results of joint ventures	266,032	—	—	—	266,032
Finance costs	(6,459)	(1,004)	(962)	(48,665)	(57,090)
<b>Profit before taxation</b>	<b>281,490</b>	<b>(5,664)</b>	<b>(19,194)</b>	<b>(59,638)</b>	<b>196,994</b>
Income tax credit	—	—	5,834	—	5,834
<b>Profit for the period</b>	<b>281,490</b>	<b>(5,664)</b>	<b>(13,360)</b>	<b>(59,638)</b>	<b>202,828</b>

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 4. SEGMENTAL INFORMATION *(continued)*

By geographical segments:

	The People's Republic of China HK\$'000	Hong Kong HK\$'000	Canada HK\$'000	Consolidated HK\$'000
<b>For the six months ended 30 June 2006</b>				
Revenue	8,571	20,540	4,282	33,393
Segment results	(7,771)	259	(4,917)	(12,429)
<b>For the six months ended 30 June 2005</b>				
Revenue	32,393	68	2,632	35,093
Segment results	16,723	(467)	(17,765)	(1,509)

### 5. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Share of post-acquisition profits of infrastructure joint ventures before depreciation and taxation	498,743	402,298
Less: depreciation	(132,432)	(111,501)
Less: current tax	(28,288)	(20,015)
Less: deferred tax	(3,750)	(4,750)
	<b>334,273</b>	266,032
Share of post-acquisition loss of a property construction joint venture	(152)	—
	<b>334,121</b>	266,032

The current tax amount represents the share of PRC income tax attributable to the PRC infrastructure joint ventures.

Deferred tax has been provided for temporary differences between the carrying amount of toll road operation right and the corresponding tax base used in the computation of taxable profits for the PRC infrastructure joint ventures.

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)* FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 6. FINANCE COSTS

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Interest on :		
Borrowings wholly repayable within five years	10,288	2,445
Borrowings not wholly repayable within five years	48,840	48,833
	<u>59,128</u>	<u>51,278</u>
Amortisation of capitalised borrowing costs on financing the construction of the infrastructure joint ventures' toll highways and expressways	3,643	3,298
Other finance costs	2,509	5,588
	<u>65,280</u>	<u>60,164</u>
Less: amount capitalised	(11,554)	(3,074)
	<u><u>53,726</u></u>	<u><u>57,090</u></u>



# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	4,571	5,250
Less: capitalised in inventories and ginseng crops	(3,430)	(3,862)
Less: capitalised in properties under development for sale	(299)	(94)
	842	1,294
Write-down of inventory and crop costs (included in cost of inventories sold)	1,599	10,743
Change in fair value on derivative financial instruments	14	—
Staff costs (excluding Directors' emoluments)	35,898	33,874
Retirement scheme contributions (excluding Directors' contributions)	941	950
Less: capitalised in inventories and ginseng crops	(7,135)	(8,943)
Less: capitalised in properties under development for sale	(4,089)	(1,816)
Total staff costs	25,615	24,065
and after crediting:		
Gain on disposal of interest in an infrastructure joint venture	5,140	252
Change in fair value on derivative financial instruments	—	8,585
Realised gain on derivative financial instruments	672	2,188
Net exchange gain	4,636	—

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)* FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 8. INCOME TAX CREDIT

During the period, deferred taxation attributable to overseas subsidiaries of HK\$2,774,000 (2005: HK\$5,834,000) has been credited to the condensed consolidated income statement.

Deferred tax has been provided for temporary differences arising from overseas subsidiaries mainly in respect of its accelerated tax depreciation, tax losses and ginseng crops.

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from Hong Kong.

### 9. DIVIDENDS PAID

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Final dividend in respect of 2005 of HK\$0.26 (2005: in respect of 2004 of HK\$0.18) per share	<u><b>156,350</b></u>	<u>105,813</u>

An interim dividend in respect of 2006 of HK\$0.22 (2005: HK\$0.17) per share amounting to a total of HK\$132,591,000 (2005: HK\$100,380,000) has been approved by the Board on 11 August 2006. This interim dividend has not been included as a liability in these interim financial statements.

The amount of the interim dividend has been calculated on the basis of 602,684,566 shares in issue as at 11 August 2006.

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 10. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2006 HK\$'000</b>	2005 HK\$'000
Earnings for the purposes of basic and diluted earnings per share		
Profit attributable to the shareholders of the Company	<b><u>248,060</u></b>	<u>205,860</u>
	<b>2006 Number of shares</b>	2005 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>596,159,000</b>	586,954,000
Effect of dilutive potential ordinary shares:		
Share options	<b><u>6,622,000</u></b>	<u>926,000</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b><u>602,781,000</u></b>	<u>587,880,000</u>

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)* FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 11. INTERESTS IN JOINT VENTURES

	<b>30 June 2006 HK\$'000</b>	31 December 2005 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	<b>5,901,396</b>	6,028,301
Share of post-acquisition undistributed profits	<b>2,310,411</b>	2,158,482
Reduction of cost of investments	<b>(3,355,510)</b>	(3,078,170)
Net borrowing cost capitalised on financing the construction of the infrastructure joint ventures' toll highways and expressways	<b>91,547</b>	100,872
	<b>4,947,844</b>	5,209,485
Interest in a property construction joint venture		
Cost of investment	<b>1</b>	1
Share of post-acquisition loss	<b>(1)</b>	(1)
	<b>—</b>	—
	<b>4,947,844</b>	5,209,485
Loan to a joint venture	<b>14,136</b>	14,136
Less: loss allocated in excess of cost of investment	<b>(582)</b>	(430)
	<b>13,554</b>	13,706

### 12. AVAILABLE-FOR-SALE INVESTMENT

The investment included above represents investment in listed equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on quoted market bid prices.

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 13. PROPERTIES UNDER DEVELOPMENT FOR SALE

	<b>30 June 2006 HK\$'000</b>	31 December 2005 HK\$'000
At Cost	<b>798,911</b>	429,494
Cost consisted of:		
Prepaid land leases	<b>562,594</b>	276,153
Construction expenditure	<b>214,674</b>	143,188
Borrowing costs capitalised	<b>21,643</b>	10,153
	<b>798,911</b>	429,494

Properties under development for sales are situated at:

#### Guangzhou

- Lot 3A, Supplementary Army Camp of Guangzhou, Shi Pai, the Tianhe District, Guangzhou, Guangdong, the PRC.
- Lot G4-1, District G, Zhujiang New City, Guangzhou, Guangdong, the PRC.

#### Changzhou

- Lot 2004025, Southwest Corner of Nantian Park, Wujin District, Changzhou, Jiangsu, the PRC.
- Southeast Corner of Chang Hong Road, Hu Tong River, Wujin District, Changzhou, Jiangsu, the PRC.
- Lot 2005035, Southeast Corner of Nantian Park, Wujin District, Changzhou, Jiangsu, the PRC.

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)* FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 14. PREPAID LAND LEASES

As at 30 June 2006, a total prepayment of HK\$706,719,000 (31 December 2005: HK\$849,329,000) was made for the acquisitions of certain pieces of land. Upon completion of the acquisition and delivery of relevant land title document to the Group, the prepaid amount will be transferred to the account of Properties Under Development for Sale.

### 15. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2005, the Group entered into foreign currency interest rates swaps contract to swap the periodic fixed rate US\$ interest payments to the fixed rate HK\$ interest payments. At the maturity date, the Group was required to exchange the US\$ notional amounts into equivalent HK\$ at a fixed exchange rate of 7.8. Major terms of the foreign currency interest rates swaps were as follows:

At 31 December 2005

Notional amount	Maturity	Swaps	Fair value gain at 31 December 2005 HK\$'000
USD50,000,000	13 January 2006	Received USD interest at 6.25% p.a. Paid HK\$ interest at 4.98% p.a.	4,836

The above derivative was measured at fair value as provided by banks at 31 December 2005. The swap was not qualified for hedge accounting and the realised loss upon maturity of HK\$14,000 was charged to the condensed consolidated income statement.

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 16. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30 June 2006 HK\$'000</b>	31 December 2005 HK\$'000
Aging analysis of debtors		
Within 60 days	<b>11,581</b>	9,442
60 to 90 days	<b>30</b>	1,074
More than 90 days	<b>51,633</b>	66,591
	<b>63,244</b>	77,107
Deferred consideration on disposal of an infrastructure joint venture (note 21)	<b>27,953</b>	31,429
Interest receivable	<b>—</b>	164
Deposits and prepayments and other receivables	<b>104,810</b>	58,035
	<b>196,007</b>	166,735

Included in debtors of the Group is an amount of HK\$56,077,000 (31 December 2005: HK\$74,049,000) representing minimum income undertakings due from the PRC joint venture partners. Minimum income undertakings have been recognised in accordance with the terms set out in the relevant joint venture agreements and are settled according to the schedules agreed with the relevant PRC joint venture partners.

The Directors consider that the fair value of the Group's debtors, interest receivable and other receivables approximates to the corresponding carrying amount.

### 17. PLEDGED DEPOSITS

At 30 June 2006, bank balances of HK\$49,818,000 (31 December 2005: Nil) were pledged as security for the payment of land leases by the Group.



# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 18. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.1 each	20,000,000,000	2,000,000
7.5% convertible preference shares of HK\$0.1 each	518,380	52
<b>Issued and fully paid:</b>		
Ordinary shares		
At 1 January 2006	590,896,566	59,090
Ordinary shares issued	11,698,000	1,169
At 30 June 2006	602,594,566	60,259

The Company has a share option scheme for Directors and eligible employees of the Group. The number of outstanding share options at the beginning and end of the period are 36,720,000 and 25,002,000 respectively.

During the period, 11,698,000 share options were exercised and 20,000 share options were cancelled.

As a result of the exercise of the Company's share options during the period, 11,698,000 ordinary shares were issued by the Company during the period ended 30 June 2006.

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 19. BANK AND OTHER BORROWINGS

	<b>30 June 2006 HK\$'000</b>	31 December 2005 HK\$'000
Guaranteed notes	<b>1,558,937</b>	1,558,847
Bank loans	<b>357,330</b>	362,234
Other loans	<b>2,324</b>	3,223
	<b><u>1,918,591</u></b>	<u>1,924,304</u>
The maturity of the above loans is as follows:		
Unsecured loans repayable:		
Within one year	<b>312,000</b>	312,000
More than five years	<b>1,558,937</b>	1,558,847
	<b><u>1,870,937</u></b>	<u>1,870,847</u>
Secured loans repayable:		
Within one year	<b>45,863</b>	50,388
More than one year but not exceeding two years	<b>1,575</b>	2,355
More than two years but not exceeding five years	<b>216</b>	714
	<b><u>47,654</u></b>	<u>53,457</u>
Total borrowings	<b>1,918,591</b>	1,924,304
Less: Amount due within one year shown under current liabilities	<b>(357,863)</b>	(362,388)
Amount due over one year shown under non-current liabilities	<b><u>1,560,728</u></b>	<u>1,561,916</u>

The Group's borrowings are denominated in currencies which are the same as the functional currencies of the relevant group entities in both years. They are guaranteed either by the Company and/or certain of its subsidiaries. Some of the bank loans are also secured by plant and machinery.

*Notes:*

- (i) The guaranteed notes bear interest at a fixed rate of 6.25% per annum and will mature in July 2011. The fair value of the guaranteed notes based on the quoted market price at 30 June 2006 was HK\$1,514,645,000 (31 December 2005: HK\$1,555,013,000).
- (ii) Interest rates on the bank loans are floating and determined mainly with reference to either LIBOR or HIBOR.

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)* FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 20. CREDITORS AND ACCRUED CHARGES

	<b>30 June 2006 HK\$'000</b>	31 December 2005 HK\$'000
Aged analysis of creditors:		
Within 60 days	<b>9,990</b>	4,162
60 to 90 days	<b>—</b>	2,393
	<b>9,990</b>	6,555
Interest payable	<b>45,583</b>	45,712
Deposits from pre-sale of properties under development	<b>316,074</b>	66,196
Accrued charges	<b>34,424</b>	31,514
	<b>406,071</b>	149,977

The Directors consider that the fair value of the Group's creditors, interest payable and deposits from pre-sale of properties under development at 30 June 2006 approximates to the corresponding carrying amount.

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 21. DISPOSAL OF INTEREST IN AN INFRASTRUCTURE JOINT VENTURE

On 7 April 2006, Road Well Investments Ltd ("Road Well"), a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with the PRC joint venture partner to dispose of 35% interest in an infrastructure joint venture to the PRC joint venture partner at a consideration of HK\$69,445,000. Accordingly, the Group's interest in an infrastructure joint venture was reduced from 60% to 25%. On 12 April 2006, the Group entered into a sale and purchase agreement with an independent third party to dispose of all the equity interests of Road Well at a consideration of HK\$49,603,000. The remaining 25% interest in an infrastructure joint venture has been disposed accordingly. The gain on disposal of the infrastructure joint venture has been recognised in the condensed consolidated income statement.

The Group's disposal of its interest in an infrastructure joint venture during the period had the following effects:

	HK\$'000
Cost of investment	126,780
Share of post-acquisition undistributed profits	54,197
Reduction of cost of investment	(77,917)
Net borrowing cost capitalised	5,682
	<hr/>
Net assets disposed of	108,742
Accrued expenses in connection with the disposal	5,166
Gain on disposal	5,140
	<hr/>
Total consideration	119,048
	<hr/> <hr/>
Satisfied by:	
Cash consideration	52,381
Deferred consideration due within one year	27,953
Deferred consideration due after one year	38,714
	<hr/>
	119,048
	<hr/> <hr/>
Cash inflow arising on disposal:	
Cash consideration	52,381
	<hr/> <hr/>

The Directors consider that the fair value of deferred consideration approximates to its carrying amount. During the period, the disposed infrastructure joint venture did not have significant contributions to the Group's revenue, profit before taxation and operating, investing and financing cash flows.

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS *(continued)* FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 22. TOTAL ASSETS LESS CURRENT LIABILITIES / NET CURRENT ASSETS

The Group's total assets less current liabilities at 30 June 2006 amounted to approximately 6,987,116,000 (31 December 2005: HK\$6,828,409,000). The Group's net current assets at 30 June 2006 amounted to approximately 1,893,543,000 (31 December 2005: HK\$1,543,011,000).

### 23. CAPITAL COMMITMENTS

At the balance sheet date, the Group had material capital commitments as follows:

	<b>30 June 2006 HK\$'000</b>	31 December 2005 HK\$'000
<b>Contracted but not provided for</b>		
Investment costs to be injected into subsidiaries		
Within one year	<b>145,816</b>	56,729
In the second to fifth year inclusive	<b>51,038</b>	177,826
	<b>196,854</b>	234,555
Investment costs to be injected into infrastructure joint ventures after the fifth year	<b>34,860</b>	34,860
	<b>231,714</b>	269,415

# Condensed Financial Statements

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

FOR THE SIX MONTHS ENDED 30 JUNE 2006

### 24. CONTINGENT LIABILITIES

Contingent liabilities not provided for in the accounts are as follows:

	<b>30 June 2006 HK\$'000</b>	31 December 2005 HK\$'000
Guarantees given to banks for mortgage facilities granted to certain buyers of the Group's properties	<b><u>106,932</u></b>	<u>7,029</u>

### 25. RELATED PARTY TRANSACTIONS

During the period, the Group had significant transactions with the following related parties, details of which are as follows:

Related parties	Nature	Six months ended 30 June	
		2006 HK\$'000	2005 HK\$'000
Infrastructure joint ventures	Other income	161	1,110
Infrastructure joint ventures	Dividend income	<b><u>128,147</u></b>	<u>55,583</u>

## Independent Review Report



**TO THE BOARD OF DIRECTORS OF ROAD KING INFRASTRUCTURE LIMITED**

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 6 to 27.

### DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of the management of the Company and its subsidiaries and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

### REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2006.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong, 11 August 2006



**DIVIDEND**

The Board has resolved to pay an interim dividend of HK22 cents (2005: HK17 cents) per ordinary share for the six months ended 30 June 2006 to the shareholders of the Company whose names appear in the Register of Members of the Company on 1 September 2006, Friday.

It is expected that the payment of dividend will be made on or before 12 September 2006, Tuesday.

**CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from 29 August 2006, Tuesday to 1 September 2006, Friday, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 28 August 2006, Monday.

## Corporate Governance

### CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006, with deviation from code provision A.4.1 of the Code in respect of the service term of Directors.

Under the code provision A.4.1, Non-executive Directors should be appointed for a specific term, subject to re-election. None of the existing Non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the Directors of the Company (executive and non-executive) are subject to the retirement by rotation at each annual general meeting under the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2006.

## Disclosure of Interests

### DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2006, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

#### (I) THE COMPANY

##### *Interests in shares*

Name of Director	Capacity/ Nature of interest	Number of Shares held		Percentage of holding
		Long position	Short position	
				(%)*
Zen Wei Pao, William	Personal	7,500,000 ( <i>note 2</i> )	—	1.24
Ko Yuk Bing	Personal	3,570,000 ( <i>note 1</i> )	—	0.59
		3,000,000 ( <i>note 2</i> )	—	0.50
Chan Kam Hung	Personal	700,000 ( <i>note 1</i> )	—	0.12
		3,950,000 ( <i>note 2</i> )	—	0.66
Fong Shiu Leung, Keter	Personal	500,000 ( <i>note 1</i> )	—	0.08
		2,900,000 ( <i>note 2</i> )		0.48
Zen Wei Peu, Derek	Personal	4,486,000 ( <i>note 1</i> )	—	0.74
		800,000 ( <i>note 2</i> )		0.13
Hu Aimin	Personal	500,000 ( <i>note 2</i> )	—	0.08
Zhang Yijun	Personal	250,000 ( <i>note 2</i> )	—	0.04
Chan Hing Chiu, Vincent	Personal	250,000 ( <i>note 1</i> )	—	0.04
		500,000 ( <i>note 2</i> )		0.08
Chow Shiu Kee, Stephen	Personal	160,000 ( <i>note 1</i> )	—	0.03
		750,000 ( <i>note 2</i> )		0.12
Lau Sai Yung	Personal	250,000 ( <i>note 2</i> )	—	0.04

## Disclosure of Interests

### DIRECTORS' INTERESTS AND SHORT POSITIONS (continued)

#### (I) THE COMPANY (continued)

##### Interests in shares (continued)

##### Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
  2. Long position in the underlying shares of the Company pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to Directors are included in this category, the particulars and movements of which are set out in (II) below.
- \* As at 30 June 2006, the issued share capital of the Company is 602,594,566 shares. Accordingly, the percentage has been adjusted.

#### (II) DETAILS OF SHARE OPTIONS

For the period ended 30 June 2006, 11,698,000 share options granted under the share option scheme of the Company were exercised. Particulars of the share option scheme were set out in note 26 to the consolidated financial statements in the Company's annual report for the year ended 31 December 2005.

A summary of movements during the period under the share option scheme is as follows:

Name of Director	Issue (note 1)	Balance at 1.1.2006	Number of share options			Balance at 30.06.2006	Weighted average closing price (note 2)
			Granted during the period	Exercised during the period	Cancelled during the period		
Zen Wei Pao, William	Tranche 1	2,500,000	—	—	—	2,500,000	—
	Tranche 2	2,500,000	—	—	—	2,500,000	—
	Tranche 3	2,500,000	—	—	—	2,500,000	—
Ko Yuk Bing	Tranche 1	1,100,000	—	(1,100,000)	—	—	8.00
	Tranche 2	2,300,000	—	(1,600,000)	—	700,000	8.11
	Tranche 3	2,300,000	—	—	—	2,300,000	—
Chan Kam Hung	Tranche 1	1,200,000	—	(350,000)	—	850,000	8.74
	Tranche 2	1,800,000	—	(500,000)	—	1,300,000	9.30
	Tranche 3	1,800,000	—	—	—	1,800,000	—
Fong Shiu Leung, Keter	Tranche 1	1,000,000	—	(500,000)	—	500,000	8.61
	Tranche 2	1,000,000	—	—	—	1,000,000	—
	Tranche 3	1,400,000	—	—	—	1,400,000	—
Zen Wei Peu, Derek	Tranche 2	1,000,000	—	(1,000,000)	—	—	8.93
	Tranche 3	1,300,000	—	(500,000)	—	800,000	8.00
Hu Aimin	Tranche 2	250,000	—	—	—	250,000	—
	Tranche 3	250,000	—	—	—	250,000	—
Zhang Yijun	Tranche 3	250,000	—	—	—	250,000	—
Chan Hing Chiu, Vincent	Tranche 1	250,000	—	(250,000)	—	—	9.90
	Tranche 2	250,000	—	—	—	250,000	—
	Tranche 3	250,000	—	—	—	250,000	—

## Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS (continued)

## (II) DETAILS OF SHARE OPTIONS (continued)

Name of Director	Issue (note 1)	Balance at 1.1.2006	Number of share options			Balance at 30.06.2006	Weighted average closing price (note 2)
			Granted during the period	Exercised during the period	Cancelled during the period		
Chow Shiu Kee, Stephen	Tranche 1	250,000	—	—	—	250,000	—
	Tranche 2	250,000	—	—	—	250,000	—
	Tranche 3	250,000	—	—	—	250,000	—
Lau Sai Yung	Tranche 3	250,000	—	—	—	250,000	—
		26,200,000	—	(5,800,000)	—	20,400,000	
Employees	Tranche 1	2,010,000	—	(1,470,000)	—	540,000	8.14
	Tranche 2	3,600,000	—	(2,206,000)	—	1,394,000	8.40
	Tranche 3	4,910,000	—	(2,222,000)	(20,000)	2,668,000	8.62
		10,520,000	—	(5,898,000)	(20,000)	4,602,000	
		36,720,000	—	(11,698,000)	(20,000)	25,002,000	

## Notes:

- Tranche 1: The share options under this issue were granted on 17 October 2003 with an exercisable period from 17 October 2003 to 16 October 2008 and an exercise price HK\$5.15.  
Tranche 2: The share options under this issue were granted on 26 August 2004 with an exercisable period from 26 August 2004 to 25 August 2009 and an exercise price of HK\$5.70.  
Tranche 3: The share options under this issue were granted on 14 December 2005 with an exercisable period from 14 December 2005 to 13 December 2010 and an exercise price of HK\$5.80.
- This represents the weighted average closing price of the Company's shares immediately before the date on which the share options were exercised.

Save as disclosed above, none of the Directors of the Company or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

## Disclosure of Interests

### ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme as mentioned earlier, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2006, so far as is known to any Directors of the Company, the following persons (other than a Director of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of holding
		Long position	Short position	
		<i>(note 1)</i>		<i>(%)*</i>
Wai Kee Holdings Limited <i>(note 2)</i>	Corporate	278,874,428	—	46.28
Wai Kee (Zens) Holding Limited <i>(note 3)</i>	Corporate	278,874,428	—	46.28
Groove Trading Limited <i>(note 4)</i>	Personal/Beneficiary	66,000,000	—	10.95
Wai Kee China Investments (BVI) Company Limited <i>(note 4)</i>	Corporate	209,257,428	—	34.73
Wai Kee China Investments Company Limited <i>(note 5)</i>	Corporate	209,257,428	—	34.73
ZWP Investments Limited <i>(note 6)</i>	Personal/Beneficiary	209,257,428	—	34.73
Shenzhen Investment Limited <i>(note 7)</i>	Corporate	146,069,142	—	24.24
Hover Limited <i>(note 8)</i>	Personal/Beneficiary	146,069,142	—	24.24
Cheah Cheng Hye <i>(note 9)</i>	Personal	450,000	—	0.07
	Family	230,000	—	0.04
	Corporate	69,615,852	—	11.55
		<hr/> 70,295,852		<hr/> 11.66
Value Partners Limited	Investment Manager	70,101,852	—	11.63

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS *(continued)*

*Notes:*

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
  2. Wai Kee Holdings Limited is deemed to be interested in the shares through its interests in (i) its wholly owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited respectively; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Absolute Achieve Holdings Limited and Smart Start Investments Limited, which beneficially held 3,617,000 shares, respectively.
  3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee Holdings Limited.
  4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holdings Limited.
  5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited.
  6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited.
  7. Shenzhen Investment Limited is deemed to be interested in the shares through its interests in its wholly-owned subsidiary, namely Hover Limited.
  8. Hover Limited is a direct wholly-owned subsidiary of Shenzhen Investment Limited.
  9. Cheah Cheng Hye is deemed to be interested in the shares through his 31.82% interest in Value Partners Limited.
- \* *As at 30 June 2006, the issued share capital of the Company is 602,594,566 shares. Accordingly, the percentage has been adjusted.*

Save as disclosed above, no other person (other than the Directors) has any interest or a short position in the shares and underlying shares of the Company as recorded as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.



## Other Information

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

### CONTINUING DISCLOSURE OF THE LISTING RULES

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

1. Pursuant to rules 13.13 and 13.16 of the Listing Rules:
  - (a) All the Group's investments in expressway and highway projects are structured in the form of Sino-foreign co-operative joint ventures. The 43 joint ventures are regarded as infrastructure joint ventures irrespective of whether the Group's interests exceed 50% or not. The investments are in the form of both registered capital and loans. The size of loans made by the Group and by the other joint venture partner(s) to each joint venture is in proportion to the respective interests in each joint venture.
  - (b) During the period, the Group has not provided guarantees in respect of bank facilities utilized by the joint ventures.
  - (c) The total amount of loans to joint ventures was HK\$3.71 billion which in aggregate exceeds 8% of the Group's adjusted total assets of HK\$7.62 billion (being the Group's total assets as at 30 June 2006 adjusted for the dividend proposed for the year ended 31 December 2006 by the Company) as at 30 June 2006 and exceeds 8% of the Company's market capitalization of HK\$5.33 billion as at 30 June 2006. The loans are actually part of the investments and are unsecured and interest free.
  - (d) The loans to the infrastructure joint ventures were reflected in the accounts as part of the cost of investment and were funded by equities raised at the listing of the Company or by borrowings or internal resources of the Group.

## CONTINUING DISCLOSURE OF THE LISTING RULES (continued)

## (e) Details of the joint ventures

	% of interest held indirectly by the Company	Loan to joint venture	Outstanding loan to be injected
		HK\$'000	HK\$'000
<b>PRC Infrastructure Joint Ventures</b>			
Anhui Road Universe Hefei Highway Development Co., Ltd.	50%	124,677	—
Anhui Road Universe Hehuai Highway Dayang Section Development Co., Ltd.	60%	75,663	—
Anhui Road Universe Hehuai Highway Yangjin Section Development Co., Ltd.	60%	67,252	—
Anhui Road Universe Liuan Highway Development Co., Ltd.	50%	64,705	—
Bengbu Road King Chaoyanglu Huaihe Highway Bridge Development Co., Ltd.	60%	65,277	—
Bengbu Road King Huaihe Bridge Highway Development Co., Ltd.	60%	78,083	—
Bengbu Road King Huaimeng Highway Development Co., Ltd.	60%	57,201	—
Foshan Guangsan Special-Use Automobile Highway Co., Ltd.	35%	258,377	—
Guangxi Hengjing Highway Development Co., Ltd.	70%	61,513	18,751
Guangxi Lutong Highway Development Co., Ltd.	70%	81,800	16,109
Handan Rongguang Highway Development Co., Ltd.	70%	79,223	—
Handan Xinguang Highway Development Co., Ltd.	70%	80,474	—
Hebei Baofa Expressway Co., Ltd.	40%	54,064	—
Hebei Baofeng Expressway Co., Ltd.	40%	54,111	—
Hebei Baohui Expressway Co., Ltd.	40%	53,907	—
Hebei Baojie Expressway Co., Ltd.	40%	54,994	—
Hebei Baojin Expressway Co., Ltd.	40%	54,377	—
Hebei Baoli Expressway Co., Ltd.	40%	55,049	—
Hebei Baoming Expressway Co., Ltd.	40%	50,550	—
Hebei Baosheng Expressway Co., Ltd.	40%	54,187	—
Hebei Baoyi Expressway Co., Ltd.	40%	54,445	—
Hebei Baoyu Expressway Co., Ltd.	40%	54,703	—
Hebei Tanghui Expressway Co., Ltd.	45%	182,778	—
Hebei Tangjin Expressway Co., Ltd.	45%	159,225	—
Hebei Tangrun Expressway Co., Ltd.	45%	109,749	—
Hunan Changyi (Baining) Expressway Co., Ltd.	43.17%	58,635	—
Hunan Changyi (Cangyi) Expressway Co., Ltd.	43.17%	59,832	—
Hunan Changyi (Changbai) Expressway Co., Ltd.	43.17%	59,567	—
Hunan Changyi (Hengchang) Expressway Co., Ltd.	43.17%	61,465	—
Hunan Changyi (Ningheng) Expressway Co., Ltd.	43.17%	59,510	—
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd.	43.17%	47,346	—

## Other Information

### CONTINUING DISCLOSURE OF THE LISTING RULES *(continued)*

(e) Details of the joint ventures *(continued)*

	% of interest held indirectly by the Company	Loan to joint venture	Outstanding loan to be injected
		HK\$'000	HK\$'000
<b>PRC Infrastructure Joint Ventures <i>(continued)</i></b>			
Liuan Road Universe Liuye Highway Development Co., Ltd.	50%	68,487	—
Liuan Road Universe Pihe Bridge Development Co., Ltd.	50%	63,286	—
Luodingshi Luochong Highway Co., Ltd.	61%	114,725	—
Pingdingshan Road King Xuchang-Nanyang Highway (Xiangcheng Section) Development Co., Ltd.	50%	68,352	—
Pingdingshan Road King Xuchang-Nanyang Highway (Yexian Section) Development Co., Ltd.	50%	59,025	—
Shanxi Lutong Dongguan Highway Co., Ltd.	65%	99,693	—
Shanxi Lutong Taiyu Highway Co., Ltd.	65%	75,938	—
Shanxi Lutong Yuci Highway Co., Ltd.	65%	60,460	—
Shenzhen Airport-Heao Expressway (Eastern Section) Co., Ltd.	45%	377,028	—
Shijiazhuang Luhui Road & Bridge Development Co., Ltd.	60%	96,657	—
Shijiazhuang Luxin Road & Bridge Development Co., Ltd.	60%	54,040	—
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd.	50%	120,874	—
<b>Property Construction Joint Venture</b>			
常州利駿建築工程有限公司 (「利駿」)	60%	14,136*	—
		3,705,440	34,860

\* The loan was advanced to the immediate holding company of 利駿, Value Ahead Limited, which then on-lent it to 利駿.

**CONTINUING DISCLOSURE OF THE LISTING RULES** *(continued)*

2. Pursuant to rule 13.22 of the Listing Rules:

The summary of aggregate financial information of the infrastructure joint ventures, based on the adjusted financial statements prepared under the accounting principles generally accepted in Hong Kong for the period ended 30 June 2006, is as follows:

	<b>30 June 2006 HK\$'000</b>
<b>Balance sheet</b>	
Property, plant and equipment	<b>9,850,244</b>
Current assets	<b>672,663</b>
Current liabilities	<b>(417,164)</b>
Net current assets	<b>255,499</b>
Amounts due to joint venture partners	<b>(2,415,035)</b>
Net assets	<b>7,690,708</b>

3. Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

**AUDIT COMMITTEE**

The Audit Committee has reviewed with management and external auditors the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30 June 2006.

By Order of the Board

**Ko Yuk Bing**

*Managing Director*

Hong Kong, 11 August 2006

## Corporate Information

### EXECUTIVE DIRECTORS

Zen Wei Pao, William (*Chairman*)  
Ko Yuk Bing (*Managing Director & CEO*)  
Chan Kam Hung (*Chief Operating Officer*)  
Fong Shiu Leung, Keter (*Finance Director*)  
Zen Wei Peu, Derek

### NON-EXECUTIVE DIRECTORS

Hu Aimin  
Zhang Yijun

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Hing Chiu, Vincent  
Chow Shiu Kee, Stephen  
Lau Sai Yung

### AUDIT COMMITTEE

Lau Sai Yung (*Chairman*)  
Chan Hing Chiu, Vincent  
Chow Shiu Kee, Stephen

### REMUNERATION COMMITTEE

Chan Hing Chiu, Vincent (*Chairman*)  
Zen Wei Pao, William  
Chow Shiu Kee, Stephen  
Lau Sai Yung

### AUDITORS

Deloitte Touche Tohmatsu

### SOLICITORS

Richards Butler  
Sidley Austin Brown & Wood  
Conyers, Dill & Pearman

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
CITIC Ka Wah Bank Limited  
Calyon Corporate and Investment Bank  
Industrial and Commercial Bank of China (Asia) Limited  
KBC Bank N.V.  
The Bank of East Asia, Limited  
The Hongkong and Shanghai Banking Corporation Limited

### QUALIFIED ACCOUNTANT

Fong Shiu Leung, Keter

### COMPANY SECRETARY

Fong Shiu Leung, Keter

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke, Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Secretaries Limited  
26/F Tesbury Centre  
28 Queen's Road East  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

Suite 501, 5th Floor  
Tower 6, The Gateway  
9 Canton Road  
Tsimshatsui  
Kowloon  
Hong Kong

### INTERNET ADDRESS

<http://www.roadking.com.hk>

### SHARE LISTING

The Company's shares are listed on  
The Stock Exchange of Hong Kong Limited

#### The stock codes are:

The Stock Exchange of Hong Kong Limited — 1098  
Reuters — 1098.HK  
Bloomberg — 1098 HK

### INVESTOR RELATIONS

Contact Person : Fong Shiu Leung, Keter  
Telephone : (852) 2957 6800  
Facsimile : (852) 2375 2477  
E-mail address : [RKI@roadking.com.hk](mailto:RKI@roadking.com.hk)