

# 深圳高速公路股份有限公司 SHENZHEN EXPRESSWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 548)

## 2006 Annual Results Announcement

The Board is pleased to announce the audited results of the Group for the year ended 31 December 2006, prepared in accordance with HKFRS, together with comparative figures for the corresponding year in 2005, as follows:

### Consolidated income statement

Note	Year ended 31 December	
	2006 RMB'000	2005 RMB'000
<b>Continuing operations</b>		
2	1,188,556	911,482
3	97,858	191,930
2	(38,964)	(38,361)
	(219,533)	(167,634)
	(70,255)	(67,163)
	(20,644)	(15,181)
	(177,944)	(48,157)
	<u>759,074</u>	<u>766,916</u>
4	(98,397)	(100,621)
	(16,948)	(24,015)
	<u>643,729</u>	<u>642,280</u>
5	(49,900)	(80,071)
	<u>593,829</u>	<u>562,209</u>
<b>Discontinued operation</b>		
6	(3,056)	—
	<u>590,773</u>	<u>562,209</u>
<b>Attributable to:</b>		
	579,090	552,622
	11,683	9,587
	<u>590,773</u>	<u>562,209</u>
<b>Earnings per share for profit from continuing operations attributable to the equity holders of the Company during the year (expressed in RMB per share)</b>		
7	0.267	0.253
<b>Loss per share for loss from discontinued operation attributable to the equity holders of the Company during the year (expressed in RMB per share)</b>		
7	(0.001)	—
<b>Dividends</b>		
	283,491	261,684

### Consolidated balance sheet

Note	As at 31 December	
	2006 RMB'000	2005 RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
	4,745,718	4,055,081
	861,245	693,443
	351,192	368,830
	770,535	824,585
	3,006,665	2,966,903
	32,656	6,764
	—	78,240
	<u>9,768,011</u>	<u>8,993,846</u>
<b>Current assets</b>		
	2,961	3,540
8	101,396	157,829
	6,872	31,615
	379,641	892,485
	490,870	1,085,469
6	58,360	—
	<u>549,230</u>	<u>1,085,469</u>
	<u>10,317,241</u>	<u>10,079,315</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the Company's equity holders</b>		
	2,180,700	2,180,700
	3,419,372	3,376,930
	283,491	261,684
	721,075	510,307
	<u>6,604,638</u>	<u>6,329,621</u>
	—	43,138
	<u>6,604,638</u>	<u>6,372,759</u>

### LIABILITIES

#### Non-current liabilities

Borrowings	1,114,989	2,230,602
Deferred income tax liabilities	125,226	155,030
Government grants	350,461	364,388
	<u>1,590,676</u>	<u>2,750,020</u>

#### Current liabilities

Other payables and accrued expenses	856,331	670,692
Current income tax liabilities	33,624	15,736
Borrowings	1,226,641	270,108
	<u>2,116,596</u>	<u>956,536</u>

Liabilities directly associated with disposal group classified as held for sale

6	5,331	—
	<u>2,121,927</u>	<u>956,536</u>

#### Total liabilities

	<u>3,712,603</u>	<u>3,706,556</u>
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#### Total equity and liabilities

	<u>10,317,241</u>	<u>10,079,315</u>
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#### Net current (liabilities)/assets

	<u>(1,572,697)</u>	<u>128,933</u>
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#### Total assets less current liabilities

	<u>8,195,314</u>	<u>9,122,779</u>
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#### Notes:

##### 1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with HKFRS. This basis of accounting differs in certain respects from that used in the preparation of the Group's PRC statutory financial statements. The PRC statutory financial statements of the Group have been prepared in accordance with accounting principles and financial regulations applicable to the Group in the PRC (the "PRC GAAP"). Appropriate restatements have been made to the PRC statutory financial statements to conform with HKFRS. Differences arising from the restatements are not incorporated in the Group's accounting records.

The Group reported net current liabilities of approximately RMB1,572,697,000 as at 31 December 2006. The directors of the Company made an assessment and concluded that there is no going concern issue of the Group based on the facts that the Group has been generating positive and increasing operating cash flows and it has maintained good relationship with banks that it has not experienced any difficulties in renewing its banking facilities, and the Company plans to seek other financing channels. In addition, the Group had utilised banking facilities of approximately RMB4.9 billion at 31 December 2006 in order to meet its obligations and commitments. Consequently, the financial statements have been prepared by the directors of the Company on a going concern basis.

Amendments to HKAS 19, 21 and 39, HKFRS 4 and 6, Amendments to HKFRS 1 and 6 and HKFRS – Int 4, 5 and HK(IFRIC)–Int 6 are effective in 2006, but they are not relevant to the Group's operations or have no material impact on the financial statements of the Group.

##### 2 Revenue and business tax and surcharges

	2006 RMB'000	2005 RMB'000
Income from toll roads	1,188,556	911,482

No segment information is presented as all revenue of the Group is toll income earned in the PRC.

Business tax and surcharges include PRC business tax and surcharges levied on the Group's income from toll roads at RMB36,635,000 (2005: RMB34,956,000). Revenue of the Group is subject to the following taxes and surcharges:

- PRC business tax at 3% or 5% of toll income. Before 31 May 2005, the toll income derived from expressways was subject to PRC business tax at 5%. Pursuant to the relevant tax regulations and effective from 1 June 2005, PRC business tax of the toll income from expressways is charged at 3%;
- City development tax at 1% of the PRC business tax; and
- Education supplementary fee at 3% or 5% of the PRC business tax.

##### 3 Other income

	2006 RMB'000	2005 RMB'000
Interest income from bank deposits	6,313	9,798
Interest income from discounting of long-term receivables	—	13,054
Interest income from a loan extended to a jointly controlled entity	5,027	6,315
Income derived from construction management services	(a) 31,468	72,830
Government subsidy income	20,947	27,356
Subsidies from local governments	(b) 12,789	10,309
Advertising income	15,694	10,914
Excess of fair value of share of net assets acquired in a jointly controlled entity, JEL Company, over the cost of acquisition	—	34,955
Others	5,620	6,399
	<u>97,858</u>	<u>191,930</u>

- (a) The Company was engaged to manage the construction of the Nanping (Phase I), Hengping Project and Wutong Mountain Project. The management services income is determined based on the savings achieved in managing these construction management projects according to the provisions of the relevant contracts.
- Due to the fact that the south and north sections of Hengping Road are included into part of Shenzhen Outer Ring Expressway, the construction of Hengping Project has been suspended by the Company according to a notice issued by the relevant government authorities. Therefore, no construction management service income has been recognised for Hengping Project by the Company for the year (2005: RMB5,507,000). After consulting the legal counsel, the Directors considered that it is not likely for the Company to assume management liabilities for the project or incur a substantial loss.
- The construction management service income for the Nanping (Phase I) recognised during the year using the percentage of completion method in accordance with the accounting policies of the Group amounted to approximately RMB29,203,000 (2005: RMB67,323,000).

As at 31 December 2006, the outcome of the Wutong Mountain Project could not be estimated reliably. As a result, the Company recognised income of RMB2,265,000 (2005: Nil) to the extent of the project management expenses incurred by the Company, which is expected by the directors to be recovered from the project with certainty.

- (b) This represents government subsidies granted by the Shenzhen Municipal Government in relation to the cancellation of certain preferential policies on the PRC enterprise income tax of the Group.

#### 4 Finance costs

	2006 RMB'000	2005 RMB'000
Interest on bank borrowings	103,030	94,845
Interest on other borrowings	845	1,186
Less: interest expenses capitalised in construction in progress	(3,989)	(11,782)
	<u>99,886</u>	<u>84,249</u>
Other borrowing costs	7,666	16,409
Net foreign exchange transaction gains	(9,155)	(37)
	<u>98,397</u>	<u>100,621</u>

Borrowing costs of RMB3,989,000 (2005: RMB11,782,000) arising from financing specifically entered into for the construction of toll roads and related facilities were capitalised during the year and are included in additions of construction in progress. Capitalisation rates ranged from 5.05% to 5.51% (2005: 5.05% to 5.51%) per annum were used, representing the borrowing costs of the loans incurred for financing the projects.

#### 5 Income tax expenses

	2006 RMB'000	2005 RMB'000
Current income tax		
- PRC enterprise income tax	105,596	73,057
Deferred income tax		
- Originating temporary differences	(13,562)	7,014
- Reversal	(d) (42,134)	—
	<u>(55,696)</u>	<u>7,014</u>
	<u>49,900</u>	<u>80,071</u>

- (a) In 2006, the Company is subject to PRC enterprise income tax at a rate of 15% (2005: 15%), the preferential tax rate for enterprises established in the Shenzhen Special Economic Zone.

- (b) Pursuant to the approvals of the relevant tax authorities, a jointly controlled entity of the Company, Qinglong Company, is exempt from PRC enterprise income tax for the first two profit-making years and is entitled to a 50% reduction of its PRC enterprise income tax for the three consecutive years thereafter. It is now the third profit making year for Qinglong Company, and as a result, Qinglong Company is subject to PRC enterprise income tax at a rate of 7.5%.

The PRC enterprise income tax charged to the consolidated income statement has been calculated based on the assessable profits of the Company and its subsidiaries and jointly controlled entities located in the PRC of the year at rates of tax applicable to the respective companies at 15% or 33% (2005: 15% or 33%).

- (c) The applicable tax rate of Mei Wah Company, a subsidiary of the Company incorporated in Hong Kong, is 17.5% (2005: 17.5%). No provision for Hong Kong profits tax has been made in the financial statements since the subsidiary has no income assessable under Hong Kong profits tax. Maxprofit Company and JEL Company are incorporated in the British Virgin Islands and Cayman Islands, respectively, which are not subject to profits tax.

- (d) According to a notice issued by the State Administration of Taxation on 14 May 2006, the units-of-usage basis adopted for the provision of depreciation of property, plant and equipment is also recognised as a straight-line method for tax reporting purposes. Business enterprises which adopt the units-of-usage basis is allowed to claim tax reduction on depreciation charges as they are applying the straight-line method according to the relevant tax regulations. The enterprises of the Group with non-foreign investments, including the Company, Meiguang Company and Shenchang Company, have received formal replies from relevant local tax authorities that provision of depreciation of toll road assets of these companies under units-of-usage basis are allowable for tax reporting purposes as from 1 January 2006. Accordingly, the Group has re-assessed the adequacy of the unutilised deferred tax provision brought forward from 31 December 2005 for these companies and reversed deferred tax liabilities of RMB42,134,000, which was reflected as a credit in income tax expenses for the year. The relevant tax base of the toll road assets owned by the foreign investment enterprises of the Group using the units-of-usage basis of depreciation, namely Jhe East Company and Qinglong Company, had not yet been finalised and agreed upon by the local tax authorities. Accordingly, the Group continued to adopt the same basis for assessing their deferred tax liabilities as used in prior years.

#### 6 Discontinued operation

In October 2006, the directors of the Company approved the disposal of its 42% equity interest in Yungang Company. The disposal transaction is expected to be completed in 2007. Accordingly, the assets and liabilities related to this equity investment had been presented separately as a disposal group classified as held for sale in the consolidated balance sheet and the relevant operating results is presented separately as discontinued operation in the consolidated income statement.

#### 7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the year.

	2006	2005
Profit from continuing operations attributable to equity holders of the Company (RMB'000)	582,146	552,622
Loss from discontinued operation attributable to equity holders of the Company (RMB'000)	(3,056)	—
Number of ordinary shares in issue (thousands)	2,180,700	2,180,700
Basic earnings/(loss) per share (RMB per share)		
- Profit from continuing operations	0.267	0.253
- Loss from discontinued operation	(0.001)	—

The Company had no dilutive potential shares in both 2005 and 2006 and the diluted earnings/(loss) per share presented is the same with basic earnings/(loss) per share.

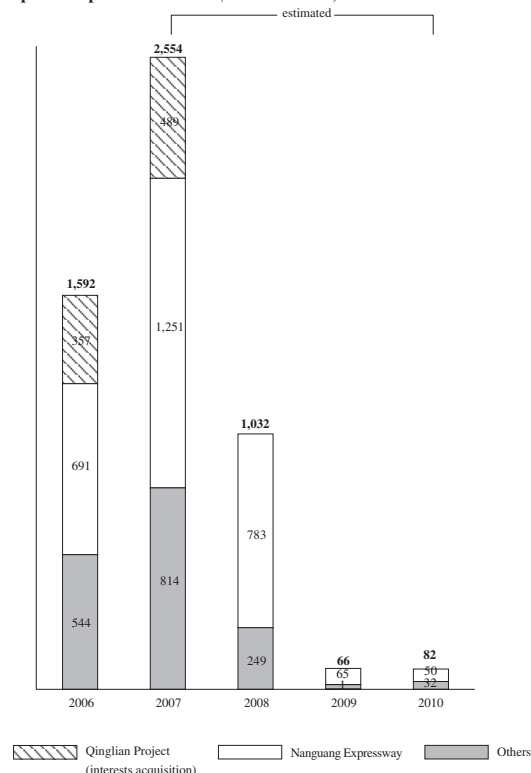




#### 4. Capital Expenditure Plan

As at 31 December 2006, the Group's capital expenditure plans comprised mainly construction investments in Yanpai Expressway, Nanguang Expressway and Yanba C; and equity investments in Qinglian Project, GZ W2 Expressway and Wuhuang Expressway etc. Total capital expenditures to be incurred until the end of 2010 are estimated at approximately RMB3.73 billion. The Company plans to fund such capital requirements by internal resources, bank borrowings, issuance of bonds and so forth. According to the assessment of the Directors, the Group is able to meet various expected capital expenditures given the Group's financial resources and financing capabilities.

Capital Expenditure Plan (RMB' million)



Apart from the aforesaid capital expenditures, funds for the reconstruction of Qinglian Class 1 Highway into an expressway amounting to RMB4.2 billion (including interests) is expected to be satisfied by methods such as external borrowings by Qinglian Company.

#### 5. Financing Activities

As at 31 December 2006, the Group's total outstanding amount of bills payable and borrowings was RMB2,700,872,000, representing an increase of RMB200,162,000 as compared to the end of 2005. The average borrowing rate during the Year was 4.847% which is lower than the 5.42% for the previous year.

In January 2006, the Company issued short-term commercial papers in the total amount of RMB1 billion at an interest rate of 3.07% per annum, and the amount has been repaid during the Year. The issuance of short-term commercial papers has effectively lowered the Group's funding costs. In May 2006, Qinglian Company obtained a loan in a total amount of RMB4.66 billion from a consortium including China Development Bank, using the toll collection rights of the Qinglian Project as collateral.

In November 2006, the shareholders of the Company considered and approved the resolution for the proposed issuance of Bonds With Warrants, approving the Company to issue 6-year bonds in the amount of not more than RMB1.5 billion with warrants involving not more than 330 million shares. Proceeds will be applied to the construction and investment of Nanguang Expressway. The issuance is subject to approval of the CSRC, and as at the date of this announcement, documents for the application are being prepared. The Company plans to submit the application for the issuance to the regulatory authorities in due course.

As at 31 December 2006, the total unutilised banking facilities available to the Group amounted to RMB4.9 billion.

#### 6. Interest Rate Risks

In recent years, as a result of increase in acquisitions and construction projects, the Group's capital expenditures have gone up quite substantially, and borrowings as a percentage of capital expenditure has also shown a rising trend. Consequently, the Group is becoming more vulnerable to fluctuations in interest rates, especially medium to long-term interest rates.

The Group is gradually raising the proportions of fixed-rate and medium-/long-term borrowings in the borrowing structure. Presently, for the project borrowings signed up with banks regarding Qinglian Project and Nanguang Expressway, the borrowing terms are fixed at 10 to 18 years with over 50% of the amount under a fixed-rate arrangement for the first five to eight years of the borrowing term. In addition, the Company has used methods such as short-term commercial paper issuance, commercial bill discount, and so forth, to lower the average interest cost. The Company also plans to issue a considerable size of long-term corporate bonds and Bonds With Warrants to broaden its financing channels, optimise the capital structure and reduce capital costs. During the Reporting Period, the Company did not use any interest rate swap option contracts.

#### 7. Exchange Rate Risks

All major operations of the Group are located in the PRC. Save for Mei Wah Company which finances and settles in HK\$, the majority of the Group's operating and capital expenditures are settled in RMB. As at the end of the Reporting Period, the Group had primarily RMB26,169,000 and RMB162,761,000 worth of foreign currency-based liabilities denominated in US\$ and HK\$, respectively, while RMB55,407,000 worth of foreign currency-based assets were denominated in HK\$. Foreign currency-based items resulted in the form of net liabilities.

With RMB on an appreciating trend under current market conditions, it is projected that the trend of exchange rate changes will benefit the Group but there will be no substantial impact on the Group's results.

#### Outlook

Bright development opportunities are presented to the Group by the continued growth of the economy and an increasingly regulated market. Meanwhile, the management is acutely aware of various risks facing the

Group at present, such as the challenges brought by market competition, interest rate volatility, construction management, traffic flow fluctuations, toll policy adjustments and human resources support.

In light of an operating environment where opportunities and challenges go hand in hand and advantages and risks co-exist, the Group will adhere to its established development strategy and continue to devote itself to the investment, construction and operation of toll highways and roads. It will continue to improve resource allocation, enhance profitability, boost the Company's development resilience whenever appropriate, elevate management quality and gear up its effort to foster an internal and external environment that facilitates the Company's development, with a view to achieving rapid and stable growth.

#### USE OF PROCEEDS

The Company raised RMB604 million from the issuance of A Shares in 2001. During the Reporting Period, the Company applied such proceeds in the construction of Yanba B in strict compliance with representations made in the prospectus. The construction of Yanba B started in June 2001 and a section of approximately 7.75km in length was opened to traffic for toll collection in June 2003. After the commissioning of Yanba B, traffic flow and toll revenue of Yanba Expressway have been significantly enhanced with the formation of a local traffic network with Yanba A.

An amount of RMB45,055,000 was applied during the Reporting Period and the cumulative amount of proceeds applied was RMB485,042,000. As at 31 December 2006, proceeds in the amount of RMB118,958,000 remained unutilised and were mainly held as deposits with domestic commercial banks in the PRC to be used for Yanba B, involving payment for 2-km uncompleted works as well as settlement of payment for a small quantity of completed works.

#### PURCHASE, SALE OR REDEMPTION OF SHARES

During the Reporting Period, no shares of the Company were purchased, sold or redeemed by the Company or any of its subsidiaries and jointly controlled entities.

#### EMPLOYEES, REMUNERATION AND TRAINING

As at 31 December 2006, the Company and its subsidiaries had 1,185 employees, of whom 298 were management and professional staff while 887 were toll collection staff.

The employee's remuneration comprises three parts, namely monthly salary, annual performance bonus as well as statutory and company fringe benefits. The remuneration is determined in accordance with the results of the overall assessment, of which salary and performance bonus are determined by their position and performance respectively so as to maintain the competitiveness of the Company. In 2006, the Company recruited a human resource consultant to review the existing remuneration system and re-assessed the values of each position. Improvement proposals are made to give a fairer and more competitive remuneration system. Pursuant to statutory requirements, the Group has participated in an employee's retirement scheme which is organised by the local government authorities, and has provided basic medical insurance package, industrial injury insurance and unemployment insurance to its employees. In addition, the Company has also obtained commercial insurance on personal accidents for its frontline employees.

The Company values staff training. During the Reporting Period, the Company organised 37 themed training sessions with a total of 1,542 participants. To diversify training approaches, the Company has also started an internal web training academy with approximately 40 training courses offered in its first stage. In addition, all functional departments and toll stations are actively engaged in activities such as on-the-job training, work competition and experience exchanges, with reference to actual needs.

The Company has been committed to the people-focused management principles, viewing its employees and talent as the pillar of corporate development and pushing forward the switch from "emphasis on human costs" to "emphasis on human capital" in terms of human resource management.

#### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

During the Reporting Period, the Company has fully adopted the provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules of HKEX. As compared to 2005, during the Reporting Period, the Company arranged member(s) of the Independent Board Committee to attend shareholders' meeting for the approval of the Company's connected transactions to respond to questions from shareholders.

In recent years, the Company has strengthened the transparency of information disclosure regarding areas where shareholders' concern is gradually growing, such as internal control and risk management, investor relations, remuneration of directors and senior management and analyses of financial conditions. The codes on corporate governance currently adopted by the Company go beyond the requirements of the aforesaid Code in certain aspects.

#### COMPLIANCE WITH THE MODEL CODE

The Securities Transaction Code of the Company has been adopted by the Board in accordance with Appendix 10 to the Listing Rules of HKEX entitled Model Code for Securities Transactions by Directors of Listed Issuers and the relevant rules of the SSE in light of the Company's actual situation, as a written guide to regulate dealings in the Company's securities by Directors, Supervisors and relevant staff. The standards set under Appendix 10 to the Listing Rules have been incorporated into the Securities Transaction Code of the Company.

After specifically inquiring with all the Directors, Supervisors and senior management, except that a Director, Mr. Liu Jun, sold his entire holding of 100,000 H Shares of the Company on 4 April 2006, the Company confirms that none of the Directors, Supervisors or senior management had held, bought or sold any securities of the Company during the Reporting Period. On 5 April 2006, the Board published an announcement regarding the sale of the Company's shares by Mr. Liu Jun in "Hong Kong Economic Times" and "The Standard".

#### AUDIT COMMITTEE/RESULTS REVIEW

The audit committee of the Company has reviewed and confirmed the results announcement and financial statements for the year ended 31 December 2006.

#### AUDITORS' PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2006 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

#### DEFINITIONS

A Shares	Renminbi-denominated ordinary shares of the Company with a par value of RMB1.00 each, which were issued in the PRC and subscribed in Renminbi and are listed on SSE
Bonds with Warrants	Convertible bonds, in which bonds and subscription warrants are tradable separately
Changsha Ring Road	The board of Directors of the Company
The Company, Company	Hunan Changsha Ring Road (Northwestern Section), located in Changsha City of Hunan Province
CSRC	Shenzhen Expressway Company Limited
	China Securities Regulatory Commission

Director(s)	The director(s) of the Company
Geputan Bridge	Hubei Yungang Geputan Bridge, located in Xiaogan City of Hubei Province
The Group, Group	The Company and its subsidiaries and jointly controlled entities
Guangwu Expressway	The expressway from Guangzhou City to Wuzhou City (a section from Ma'an to Hekou), located in Guangdong Province
GZ W2 Expressway	National Trunk Highway Guangzhou Ring Road Xiaotang to Maoshan Section, also referred to as Guangzhou Western Second Ring Expressway, located in Guangdong Province
H Shares	Overseas-listed Foreign Shares of the Company with a par value of RMB1.00 each, which were issued in Hong Kong and subscribed in HK\$ and are listed on HKEX
Hengping Project	Shenzhen Hengping Class 1 Highway (Western Section), the Company has been appointed as project administrator for the project
HK\$	Hong Kong dollars, the lawful currency of the Hong Kong Special Administration Region of the PRC
HKEX	The Stock Exchange of Hong Kong Limited
HKFRS	Hong Kong Financial Reporting Standards
Jiangzhong Expressway	The expressway from Zhongshan City to Jiangmen City and the second phase of the expressway from Jiangmen City to Heshan City, located in Guangdong Province
JEL Company	Jade Emperor Limited, a company incorporated in the Cayman Islands with limited liability, which is the sole shareholder of Magerk Company
Jihe East Company	深圳機場高速公路東段有限公司 (Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited), a Sino-foreign cooperative enterprise incorporated in Shenzhen City, which owns Jihe East
Jihe Expressway	The expressway from Shenzhen airport to He'ao in Shenzhen City, comprising Jihe East and Jihe West
Listing Rules	The Rules Governing the Listing of Securities on HKEX and/or the Rules Governing the Listing of Stocks on SSE (as the case may be)
Maxprofit Company	Maxprofit Gain Limited, a company incorporated in the British Virgin Islands with limited liability, which owns 25% interests in Qinglian Company
Magerk Company	湖北鄂東高速公路經營有限公司 (Hubei Magerk Expressway Management Private Limited), a wholly foreign owned enterprise incorporated in Hubei Province, which owns the operating rights of Wuhuang Expressway
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
Meiguan Company	深圳梅觀高速公路有限公司 (Shenzhen Meiguan Expressway Company Limited), a company incorporated in Shenzhen City with limited liability, which owns Meiguan Expressway
Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, also referred to as Liming Avenue
Nanjing Third Bridge	Nanjing Yangtze Third Bridge, located in Nanjing City of Jiangsu Province
Nanping (Phase I)	Shenzhen Nanping Freeway (also referred to as Nanping Avenue) Phase I, the Company has been appointed as project administrator for the project
PRC	The People's Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
Qinglian Class 1 Highway	Class 1 Highway from Qingyuan City to Lianzhou City, located in Guangdong Province
Qinglian Company	廣東清連公路發展有限公司 (Guangdong Qinglian Highway Development Company Limited), a Sino-foreign cooperative enterprise incorporated in Guangdong Province, which owns Qinglian Project
Qinglian Project	Qinglian Class 1 Highway, and/or its being reconstructed into an expressway, and/or Class 2 Highway from Qingyuan City to Lianzhou City in Guangdong Province (as the case may be)
Qinglong Company	深圳清龍高速公路有限公司 (Shenzhen Qinglong Expressway Company Limited), a Sino-foreign cooperative enterprise incorporated in Shenzhen City, which owns Shuiguan Expressway
The Reporting Period, The Year	For the year ended 31 December 2006
RMB	Renminbi, the lawful currency of the PRC
Ropeway Project	Shenzhen Wutongling Ropeway Project (suspended)
Shenchang Company	湖南長沙市深長快速幹道有限公司 (Hunan Changsha Shenchang Expressway Company Limited), a company incorporated in Hunan Province with limited liability, which owns Changsha Ring Road
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City, also referred to as the No.2 Longgang Passage
Shuiguan Extension	An extension to the Shuiguan Expressway, Phase I of Yuping Avenue (the expressway from Yulongkeng to Pinghu in Shenzhen City, also referred to as Qingping Expressway)
SSE	The Shanghai Stock Exchange
Supervisor(s)	The supervisor(s) of the Company
Wuhuang Expressway	The expressway from Wuhan City to Huangshi City, located in Hubei Province
Wutong Mountain Project	Shenzhen Wutong Mountain Avenue (Ancillary Road) and Jihe Expressway Yantian Subsidiary Road Checkpoint Station Project, the Company has been appointed as project administrator for the project
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising Yanba A, Yanba B and Yanba C
Yangmao Expressway	The expressway from Yangjiang City to Maoming City, located in Guangdong Province
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Road to Jihe Expressway
Yungang Company	湖北雲港交通發展有限公司 (Hubei Yungang Transportation Development Company Limited), a Sino-foreign cooperative enterprise incorporated in Hubei Province, which owns Geputan Bridge

By Order of the Board  
Yan Hai  
Chairman

Shenzhen, the PRC, 2 March 2007

As at the date of this announcement, the directors of the Company are: Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Director and General Manager), Mr. Li Jing Qi (Non-executive Director), Mr. Wang Ji Zhong (Non-executive Director), Mr. Liu Jun (Non-executive Director), Mr. Lin Xiang Ke (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Li Zhi Zheng (Independent non-executive Director), Mr. Zhang Zhi Xue (Independent non-executive Director), Mr. Poon Kai Leung, James (Independent non-executive Director) and Mr. Wong Kam Ling (Independent non-executive Director).

A detailed annual report containing all the information required by Appendix 16 to the Listing Rules will be subsequently published on the website of The Stock Exchange of Hong Kong Limited at <http://www.hkex.com.hk> in due course.