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# 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 2003, together with the comparative figures for the corresponding period in 2002, the unaudited condensed consolidated balance sheet of the Group as at 30 June 2003 together with audited comparative figures as at 31 December 2002, as follows :

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2003

	NOTES	Six months ended 30 June	
		2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Turnover : Group and share of infrastructure joint ventures			
Toll revenue		369,376	354,705
Minimum income undertakings		9,801	24,169
Sales of goods		60,997	44,068
		<u>440,174</u>	<u>422,942</u>
Less : Share of infrastructure joint ventures' toll revenue		(357,577)	(338,361)
<b>Turnover : Group</b>		<b>82,597</b>	84,581
Net income recognised in respect of goodwill and negative goodwill	3	6,898	10,384
Interest income		6,113	8,239
Other operating income	4	9,169	2,382
Cost of inventories sold		(47,061)	(40,941)
Operating expenses		(41,622)	(45,429)
<b>Operating profit : Group</b>	5	<b>16,094</b>	19,216
Share of operating profit of joint ventures		192,719	206,427
<b>Operating profit : Group and share of joint ventures</b>		<b>208,813</b>	225,643
Finance costs	6	(32,177)	(39,499)
<b>Profit before taxation</b>		<b>176,636</b>	186,144
Taxation	7	(16,692)	(11,385)
<b>Profit before minority interests</b>		<b>159,944</b>	174,759
Minority interests		(4,384)	(2,252)
<b>Profit for the period</b>		<b>155,560</b>	172,507
<b>Dividends</b>	8	<b>55,308</b>	62,104
<b>Earnings per share</b>	9		
- Basic		HK\$0.27	HK\$0.30
- Diluted		HK\$0.27	N/A

# Condensed Financial Statements

## CONDENSED CONSOLIDATED BALANCE SHEET

	<i>NOTES</i>	<b>As at 30 June 2003 (Unaudited) HK\$'000</b>	As at 31 December 2002 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill		1,567	1,658
Negative goodwill		—	(6,972)
Toll highway operation right		—	64,923
Property, plant and equipment		40,979	52,214
Interests in infrastructure joint ventures	10	3,980,830	3,962,258
Debtors - due after one year	11	7,124	167,319
Charged deposits	12	—	26,054
		<u>4,030,500</u>	<u>4,267,454</u>
<b>Current assets</b>			
Inventories and ginseng crops		118,434	128,234
Debtors, deposits and prepayments	13	267,423	178,696
Investment in securities		7,800	89,542
Charged deposits	12	51,870	87,834
Bank balances and cash		869,068	973,971
		<u>1,314,595</u>	<u>1,458,277</u>
<b>Total assets</b>		<u><u>5,345,095</u></u>	<u><u>5,725,731</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	14	57,382	51,601
Reserves		4,525,318	4,388,363
		<u>4,582,700</u>	<u>4,439,964</u>
<b>Minority interests</b>		<u>64,799</u>	<u>81,976</u>
<b>Non-current liabilities</b>			
Secured loans - due after one year	15	653,826	945,168
Deferred taxation		8,151	5,650
		<u>661,977</u>	<u>950,818</u>
<b>Current liabilities</b>			
Creditors and accrued charges	16	35,396	57,342
Secured loans - due within one year	15	223	195,631
		<u>35,619</u>	<u>252,973</u>
<b>Total equity and liabilities</b>		<u><u>5,345,095</u></u>	<u><u>5,725,731</u></u>

# Condensed Financial Statements

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2003

	Share capital	Share premium	Translation reserve	Special reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2002	50,482	1,462,857	5,439	1,260,000	1,508,731	4,287,509
Exchange differences arised from translation of overseas operations and not recognised in the income statement	—	—	2,866	—	—	2,866
Shares repurchased and cancelled	(39)	(1,176)	—	—	—	(1,215)
Convertible cumulative preference shares converted and cancelled	(10)	(97,291)	—	—	—	(97,301)
Issue of ordinary shares	1,168	96,133	—	—	—	97,301
Profit for the period	—	—	—	—	172,507	172,507
Dividends	—	—	—	—	(62,104)	(62,104)
Balance at 30 June 2002	<u>51,601</u>	<u>1,460,523</u>	<u>8,305</u>	<u>1,260,000</u>	<u>1,619,134</u>	<u>4,399,563</u>
Balance at 1 January 2003	51,601	1,460,523	6,720	1,260,000	1,661,120	4,439,964
Exchange differences arised from translation of overseas operations and not recognised in the income statement	—	—	12,580	—	—	12,580
Convertible cumulative preference shares converted and cancelled	(42)	(407,046)	—	—	—	(407,088)
Issue of ordinary shares	5,823	431,169	—	—	—	436,992
Profit for the period	—	—	—	—	155,560	155,560
Dividends	—	—	—	—	(55,308)	(55,308)
Balance at 30 June 2003	<u>57,382</u>	<u>1,484,646</u>	<u>19,300</u>	<u>1,260,000</u>	<u>1,761,372</u>	<u>4,582,700</u>

# Condensed Financial Statements

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2003

	Six months ended 30 June	
	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
Net cash from operating activities	89,122	13,100
Net cash from investing activities	347,396	215,159
Net cash used in financing activities	(543,352)	(25,870)
Net (decrease) increase in cash and cash equivalents	(106,834)	202,389
Cash and cash equivalents at 1 January	973,971	836,656
Effect of foreign exchange rate changes	1,931	357
Cash and cash equivalents at 30 June	<u>869,068</u>	<u>1,039,402</u>
Analysis of balances of cash and cash equivalents		
Bank balances and cash	<u>869,068</u>	<u>1,039,402</u>

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30 June 2003

### 1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain investments in securities.

The condensed financial statements have been prepared in accordance with accounting policies consistent with those adopted by the Group in its financial statements for the year ended 31 December 2002. In the current period, the Group has adopted SSAP 12 (Revised) "Income taxes" which is effective for accounting periods commencing on or after 1 January 2003.

The principal effect of the adoption of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method in which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively, but the adoption of the standard has not had any material effect on the results for the current or prior accounting periods.

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 2. SEGMENTAL INFORMATION

The Group's turnover and profit for the six months ended 30 June 2003 by business activity and geographical market are as follows :

By business segments :

	<b>Toll Road</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
	HK\$'000	Business HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 30 June 2003</b>				
Turnover : Group and share of infrastructure joint ventures	379,177	60,997	—	440,174
Less : Share of infrastructure joint ventures' toll revenue	(357,577)	—	—	(357,577)
<b>Turnover : Group</b>	<u>21,600</u>	<u>60,997</u>	<u>—</u>	<u>82,597</u>
Segment results	8,507	9,173	—	17,680
Net income recognised in respect of goodwill and negative goodwill	(74)	6,972	—	6,898
Interest income	543	7	5,563	6,113
Corporate income	—	—	5,498	5,498
Corporate expenses	—	—	(20,095)	(20,095)
<b>Operating profit : Group</b>	8,976	16,152	(9,034)	16,094
Share of operating profit of joint ventures	192,719	—	—	192,719
Finance costs	(3,985)	—	(28,192)	(32,177)
<b>Profit before taxation</b>	197,710	16,152	(37,226)	176,636
Taxation	(15,072)	(1,620)	—	(16,692)
<b>Profit before minority interests</b>	182,638	14,532	(37,226)	159,944
Minority interests	(1,453)	(2,931)	—	(4,384)
<b>Profit for the period</b>	<u>181,185</u>	<u>11,601</u>	<u>(37,226)</u>	<u>155,560</u>

# Condensed Financial Statements

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

For the six months ended 30 June 2003

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

By business segments : *(continued)*

	<b>Toll Road</b>	<b>Other</b>	<b>Unallocated</b>	<b>Consolidated</b>
	HK\$'000	Business HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 30 June 2002</b>				
Turnover : Group and share of infrastructure joint ventures	378,874	44,068	—	422,942
Less : Share of infrastructure joint ventures' toll revenue	(338,361)	—	—	(338,361)
<b>Turnover : Group</b>	<u>40,513</u>	<u>44,068</u>	<u>—</u>	<u>84,581</u>
Segment results	24,565	(456)	—	24,109
Net income recognised in respect of goodwill and negative goodwill	(75)	10,459	—	10,384
Interest income	464	29	7,746	8,239
Corporate income	—	—	1,549	1,549
Corporate expenses	—	—	(25,065)	(25,065)
<b>Operating profit : Group</b>	<u>24,954</u>	<u>10,032</u>	<u>(15,770)</u>	<u>19,216</u>
Share of operating profit (loss) of joint ventures	207,261	(834)	—	206,427
Finance costs	(3,180)	(63)	(36,256)	(39,499)
<b>Profit before taxation</b>	<u>229,035</u>	<u>9,135</u>	<u>(52,026)</u>	<u>186,144</u>
Taxation	(12,039)	654	—	(11,385)
<b>Profit before minority interests</b>	<u>216,996</u>	<u>9,789</u>	<u>(52,026)</u>	<u>174,759</u>
Minority interests	(2,443)	191	—	(2,252)
<b>Profit for the period</b>	<u>214,553</u>	<u>9,980</u>	<u>(52,026)</u>	<u>172,507</u>

# Condensed Financial Statements

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

For the six months ended 30 June 2003

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

By geographical segments :

	People's Republic of China (the "PRC") HK\$'000	Hong Kong HK\$'000	Overseas HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>For the six months ended 30 June 2003</b>					
Turnover : Group and share of infrastructure joint ventures	379,177	60,036	961	—	440,174
Less : Share of infrastructure joint ventures' toll revenue	(357,577)	—	—	—	(357,577)
<b>Turnover : Group</b>	<u>21,600</u>	<u>60,036</u>	<u>961</u>	<u>—</u>	<u>82,597</u>
<b>Profit for the period</b>	<u>181,185</u>	<u>4,783</u>	<u>6,818</u>	<u>(37,226)</u>	<u>155,560</u>
<b>For the six months ended 30 June 2002</b>					
Turnover : Group and share of infrastructure joint ventures	378,874	43,655	413	—	422,942
Less : Share of infrastructure joint ventures' toll revenue	(338,361)	—	—	—	(338,361)
<b>Turnover : Group</b>	<u>40,513</u>	<u>43,655</u>	<u>413</u>	<u>—</u>	<u>84,581</u>
<b>Profit for the period</b>	<u>213,379</u>	<u>(1,792)</u>	<u>12,946</u>	<u>(52,026)</u>	<u>172,507</u>

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 3. NET INCOME RECOGNISED IN RESPECT OF GOODWILL AND NEGATIVE GOODWILL

The amounts mainly represent the negative goodwill arising from the acquisition of a 62% equity interest in an overseas subsidiary and is recognised as income over three years, being the remaining weighted average useful life of the non-monetary assets acquired.

### 4. OTHER OPERATING INCOME

Other operating income includes the following :

	Six months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Gain on disposal of interest in a subsidiary <i>(note 17)</i>	315	689
Gain on disposal of interest in an infrastructure joint venture	1,486	—
Gain on disposal of investments in listed securities	706	4
Realised gain on investments in securities	1,163	—
Dividend from listed securities	806	—

The gain on disposal of interest in a subsidiary in 2003 relates to the disposal of the Group's entire interest in Zhongshan Qijiang Highway Company Limited. The gain on disposal of interest in an infrastructure joint venture relates to the disposal of the Group's entire interest in Shanxi Provincial Highway Huanggu Route Xiaodian Fenhe Bridge project.

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 5. OPERATING PROFIT : GROUP

Operating profit has been arrived at after charging :

	Six months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Amortisation of toll highway operation right	1,923	2,734
Depreciation of property, plant and equipment		
- owned assets	4,608	5,619
- assets under finance leases	—	135
	4,608	5,754
Less : capitalised in inventories and ginseng crops	(3,633)	(5,015)
	975	739
Loss on disposal of investments in securities	—	1,201
Realised loss on investments in securities	590	—
Staff costs	22,649	25,793
Provident fund scheme contributions, net of forfeited contributions of HK\$Nil (2002 : HK\$147,000)	715	758
Less : capitalised in inventories and ginseng crops	(5,892)	(5,982)
Total staff costs	17,472	20,569

# Condensed Financial Statements

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (continued)

For the six months ended 30 June 2003

### 6. FINANCE COSTS

	Six months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Interest on :		
Borrowings wholly repayable		
- within five years	28,161	8,559
- over five years	—	26,009
Add : discount on guaranteed notes	748	313
	<hr/>	<hr/>
Total borrowing costs	28,909	34,881
Amortisation of capitalised borrowing costs on financing the joint ventures' toll road constructions	3,254	3,180
Other finance costs	14	1,438
	<hr/>	<hr/>
	<b>32,177</b>	<b>39,499</b>
	<hr/> <hr/>	<hr/> <hr/>

### 7. TAXATION

	Six months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Taxation attributable to overseas subsidiaries		
Deferred tax	1,620	(900)
Share of taxation attributable to PRC infrastructure joint ventures		
Current tax	14,552	8,110
Deferred tax	520	4,175
	<hr/>	<hr/>
	<b>16,692</b>	<b>11,385</b>
	<hr/> <hr/>	<hr/> <hr/>

Current tax amounts represent 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 in the financial statements and the corresponding tax base used in the computation of taxable profits for the PRC infrastructure joint ventures and other temporary differences arising from overseas subsidiaries mainly in respect of the ginseng crops.

No provision for Hong Kong Profits Tax has been made as there was no income arising in or derived from Hong Kong.

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 8. DIVIDENDS

	Six months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Final dividend in respect of 2002 of HK8 cents (2001 : HK8.8 cents) per share	41,295	45,373
7.5% convertible cumulative preference shares	14,013	16,731
	<u>55,308</u>	<u>62,104</u>

An interim dividend in respect of 2003 of HK15 cents (2002 : HK16 cents) per share amounting to a total of HK\$86,135,000 (2002 : HK\$82,496,000) has been approved by the Board. 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 574,234,599 ordinary shares in issue as at 28 July 2003.

### 9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2003 HK\$'000	2002 HK\$'000
Profit for the period	155,560	172,507
Convertible cumulative preference shares dividend	(14,013)	(16,731)
Earnings for the purpose of basic earnings per share	<u>141,547</u>	<u>155,776</u>
Earnings for the purpose of diluted earnings per share	<u>141,547</u>	N/A

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 9. EARNINGS PER SHARE *(continued)*

	Six months ended 30 June	
	2003 Number of shares	2002 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>522,323,314</b>	511,906,428
Effect of dilutive potential ordinary shares :		
Share options	<b>642,238</b>	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>522,965,552</b>	N/A

The effect of convertible cumulative preference shares is excluded from the calculation of diluted earnings per share for both periods since the effect will be anti-dilutive.

The effect of warrants is excluded from the calculation of diluted earnings per share for both periods as the exercise price of the Company's warrants was higher than the average market price of ordinary shares for both periods.

The computation of diluted earnings per share for 2002 did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the six months ended 30 June 2002.

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 10. INTERESTS IN INFRASTRUCTURE JOINT VENTURES

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Cost of investments	<b>1,655,788</b>	1,663,429
Share of post-acquisition undistributed results	<b>1,486,430</b>	1,337,489
	<b>3,142,218</b>	3,000,918
Loans to infrastructure joint ventures	<b>2,754,203</b>	2,544,624
Repayment of loans from infrastructure joint ventures	<b>(2,033,857)</b>	(1,704,805)
Net borrowing cost capitalised on financing the infrastructure joint ventures' toll road constructions	<b>118,266</b>	121,521
	<b>3,980,830</b>	3,962,258

Loans to infrastructure joint ventures are unsecured, interest free and have no fixed repayment terms.

### 11. DEBTORS - DUE AFTER ONE YEAR

The amounts represent minimum income undertakings guaranteed by the PRC infrastructure joint venture partners in accordance with the terms of the relevant joint venture agreements.

### 12. CHARGED DEPOSITS

The amounts have been deposited into designated banks and are maintained in accordance with the terms and conditions of the Group's financing agreements. These bank balances are charged in favour of the designated banks and the deposits made will be applied towards interest payments or debt repayments, the manners of which are contained in the relevant financing agreements.

As at 30 June 2003, bank balances of HK\$51,870,000 (2002 : HK\$87,834,000) are classified under current assets because the balances are pledged to secure the Group's interest payment due within one year.

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 13. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments of the Group is an amount of HK\$237,884,000 (2002 : HK\$157,321,000) representing minimum income undertakings due from the PRC infrastructure 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 payment schedules as agreed with the relevant PRC infrastructure joint venture partners.

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Aged analysis of debtors :		
Within 60 days	<b>17,596</b>	684
More than 90 days	<b>237,884</b>	157,321
	<b>255,480</b>	158,005
Interest receivable	<b>219</b>	2,246
Deposits and prepayments	<b>11,724</b>	18,445
	<b>267,423</b>	178,696

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 14. SHARE CAPITAL

	Number of shares	HK\$'000
<b>Authorised :</b>		
At 30 June 2003 and 31 December 2002		
Ordinary shares of HK\$0.1 each	<u>20,000,000,000</u>	<u>2,000,000</u>
7.5% convertible cumulative preference shares ("CP shares") of HK\$0.1 each	<u>518,380</u>	<u>52</u>
<b>Issued and fully paid :</b>		
Ordinary shares		
At 1 January 2003	515,601,209	51,559
Ordinary shares issued	<u>58,221,168</u>	<u>5,823</u>
At 30 June 2003	<u>573,822,377</u>	<u>57,382</u>
CP shares		
At 1 January 2003	418,380	42
Shares converted and cancelled	<u>(418,380)</u>	<u>(42)</u>
At 30 June 2003	<u>—</u>	<u>—</u>
Total issued and fully paid shares at 30 June 2003	<u>573,822,377</u>	<u>57,382</u>

On 12 June 2003, all the outstanding 418,380 CP shares were automatically converted into ordinary shares according to the terms of the Preference Shares. Following the conversion, these 418,380 CP shares were cancelled and 48,876,168 ordinary shares were issued at a conversion price of HK\$8.56 per share.

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 15. SECURED LOANS

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Transferable loan certificate <i>(note i)</i>	<b>487,500</b>	580,425
Repayment of transferable loan certificate	<b>(487,500)</b>	(97,500)
Exchange adjustment	—	4,575
	<hr/>	<hr/>
	—	487,500
	<hr/>	<hr/>
Guaranteed notes <i>(note ii)</i>	<b>1,090,374</b>	1,082,054
Repurchase of guaranteed notes	<b>(469,440)</b>	(465,724)
Exchange adjustment	—	3,857
	<hr/>	<hr/>
	<b>620,934</b>	620,187
	<hr/>	<hr/>
Term loan <i>(note iii)</i>	<b>32,350</b>	32,350
Other loans	<b>765</b>	762
	<hr/>	<hr/>
	<b>654,049</b>	1,140,799
	<hr/> <hr/>	<hr/> <hr/>

The maturity of the above loans is as follows :

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Within one year	<b>223</b>	195,631
More than one year but not exceeding two years	<b>6,571</b>	292,631
More than two years but not exceeding five years	<b>647,255</b>	652,537
	<hr/>	<hr/>
	<b>654,049</b>	1,140,799
Less : Amount due within one year shown under current liabilities	<b>(223)</b>	(195,631)
	<hr/>	<hr/>
Amount due after one year	<b>653,826</b>	945,168
	<hr/> <hr/>	<hr/> <hr/>

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 15. SECURED LOANS *(continued)*

Notes :

- (i) The transferable loan certificate of US\$75 million is secured by charged deposits and a mortgage over the shares of certain of the Company's subsidiaries and is jointly and severally guaranteed by the Company and certain of its subsidiaries. The facility bears annual interest rate at a spread over LIBOR and will mature on 2 February 2004. The repayment is made by four half-yearly instalments and the first repayment was made twelve months after the loan agreement date of 2 August 2001. The facility was fully repaid on 4 February 2003.
- (ii) The guaranteed notes bear interest at a fixed rate of 9.5% per annum and will mature in July 2007. The notes are secured by a floating charge over all the assets of a subsidiary including a charge over deposits and are jointly and severally guaranteed by the Company and certain of its subsidiaries.
- (iii) The term loan is guaranteed by the Company, bears an annual interest rate at a spread over HIBOR, and will mature in 5 years from the first drawdown date. The repayment is made by five half-yearly instalments with the first repayment being due 36 months after the first drawdown date of 26 April 2002.

### 16. CREDITORS AND ACCRUED CHARGES

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Aged analysis of creditors :		
Within 60 days	<b>1,383</b>	10,739
60 - 90 days	<b>—</b>	212
	<hr/> <b>1,383</b>	<hr/> 10,951
Interest payable	<b>24,097</b>	26,266
Accrued charges	<b>9,916</b>	20,125
	<hr/> <b>35,396</b> <hr/>	<hr/> 57,342 <hr/>

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 17. DISPOSAL OF INTEREST IN A SUBSIDIARY

The Group disposed of its entire interest in Zhongshan Qijiang Highway Company Limited during the period which had the following effects :

	2003 HK\$'000
Net assets disposed of :	
Toll highway operation right	63,000
Property, plant and equipment	15,093
Debtors, deposits and prepayments	8,630
Bank balances and cash	4,137
Creditors and accrued charges	(9,460)
Minority interests	(20,223)
	<hr/>
	61,177
Goodwill released	16
	<hr/>
	61,193
Net consideration	61,508
	<hr/>
Gain on disposal of interest in a subsidiary	315
	<hr/> <hr/>
Net cash inflow arising from disposal :	
Cash consideration	63,492
Withholding tax paid	(3,380)
Bank and cash balances disposed of	(4,137)
	<hr/>
	55,975
	<hr/> <hr/>
Satisfied by :	
Cash	63,492
Unpaid consideration receivable	1,490
Expenses incurred in respect of the disposal	(3,474)
	<hr/>
Net consideration	61,508
	<hr/> <hr/>

During the period, the disposed subsidiary contributed HK\$12 million to the Group's turnover, HK\$6 million to the Group's profit from operations and HK\$13 million to the Group's net operating cash flow and used HK\$5 million in respect of its financing activities.

# Condensed Financial Statements

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

For the six months ended 30 June 2003

### 18. CAPITAL COMMITMENTS

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

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
<b>Contracted but not provided for</b>		
Investment loan to be injected into a subsidiary	—	7,937
Acquisition of property, plant and equipment	<b>4,160</b>	—
	<b>4,160</b>	7,937
Investment costs to be injected into infrastructure joint ventures		
Within one year	<b>907,377</b>	2,622
After the fifth year	<b>34,177</b>	34,177
	<b>941,554</b>	36,799
	<b>945,714</b>	44,736
<b>Authorised but not contracted for</b>		
Investment costs to be injected into an infrastructure joint venture		
Within one year	—	993,700

### 19. CONTINGENT LIABILITIES

At the balance sheet date, the Group had the following contingent liabilities arising from its interests in infrastructure joint ventures :

	<b>30 June 2003 HK\$'000</b>	31 December 2002 HK\$'000
Guarantees indirectly given to banks in respect of bank facilities utilised by infrastructure joint ventures	<b>30,000</b>	116,775

# Independent Review Report

## 德勤·關黃陳方會計師行

Certified Public Accountants  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

執業會計師  
香港中環干諾道中 111 號  
永安中心 26 樓

**Deloitte  
Touche  
Tohmatsu**

### 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 2 to 21.

### 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 Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

### REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standard 700 "Engagement to review interim financial reports" issued by the Hong Kong Society of 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 2003.

### Deloitte Touche Tohmatsu

*Certified Public Accountants*

Hong Kong, 28 July 2003

## Dividends

The Board has resolved to pay an interim dividend of HK15 cents (2002 : HK16 cents) per ordinary share for the six months ended 30 June 2003 to the shareholders of the Company whose names appear in the Register of Members of the Company on 18 August 2003.

It is expected that the payment of dividends will be made on or before 29 August 2003.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Wednesday, 13 August 2003 to Monday, 18 August 2003, 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 and transfer forms and, in case of warrant holders, all subscription forms accompanied by the relevant warrant certificates and relevant subscription moneys relating to the exercise of the outstanding warrants of the Company in respect of which holders of such warrants wish to exercise their rights so as to qualify for the interim dividend, must be lodged with the Company's Branch Share Registrars in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 12 August 2003.

# Management Discussion & Analysis

## BUSINESS REVIEW

Investment, development and management of toll road projects is the Group's core business.

The Group's unaudited consolidated net profit for the first six months ended 30 June 2003 was HK\$155.56 million, representing a decrease of 9.8% as compared with that of 2002. Earnings per share were HK\$0.27 (2002 : HK\$0.30).

During the first six-months, total traffic and toll revenue of the Group's toll road projects were 50 million vehicles and RMB653 million respectively. Excluding the impact due to the disposal of the Group's interests in two projects, the Group's total traffic and toll revenue demonstrated a growth of 1.9% and 10.3% respectively, compared to that of 2002. In the first quarter, a significant growth of 5.2% and 14% in total traffic and toll revenue respectively were recorded compared to the same period of 2002. The outbreak of Severe Acute Respiratory Syndrome ("SARS") in the PRC slowed down the traffic growth in the second quarter. SARS is now under control, traffic volume is expected to grow rapidly again in the coming second half of the year. The decrease in profits for the period was mainly attributable to the fact that currently the PRC joint venture partners are entitled to a higher income sharing ratio in some of the projects. Upon the recovery of the partners' investment amounts, the Group's profit sharing ratio will increase again.

In accordance with the Group's business development strategy, the Group entered into an agreement to dispose of all the interest and rights in Zhongshan Qijiang Highway Project in Guangdong Province in April 2003. This transaction was completed before the end of June 2003.

In June 2003, the Group signed sino-foreign cooperative joint venture contracts in agreement to invest in, operate and manage the Baoding-Tianjin Expressway in Hebei Province. The expressway, with a total length of approximately 104.95 kilometers, is now in operation and collecting tolls. It is anticipated that this project would make a profit contribution to the Group in the second half of this year.

In June 2003, all the outstanding 418,380 Preference Shares were automatically converted into 48,876,168 ordinary shares at a conversion price of HK\$8.56 per share according to the terms of the Preference Shares.

For the first half year of 2003, Chai-Na-Ta Corp., which is 62% owned by the Group, contributed a moderate profit to the Group and is expected to perform satisfactorily.

# Management Discussion & Analysis

## FINANCIAL REVIEW

The Group's total assets and net assets amounted to HK\$5,345 million and HK\$4,583 million respectively as at 30 June 2003. During the period, the Group's total cash receipt from toll road business was HK\$338 million (2002 : HK\$267 million), an increase of 27% as compared to that of 2002.

As at 30 June 2003, the Group's cash and bank balances totalled HK\$921 million, of which more than 85% were denominated in Hong Kong dollars or US dollars. Total charged deposits of the Group were approximately HK\$52 million.

The Group's debts were further reduced thanks to the strong cash flow generation in the period. During the first half of the year, the Group fully repaid a transferable term loan facility for the amount of US\$62.5 million and early retired a US dollar standby letter of credit for the amount of US\$11 million. As at 30 June 2003, total borrowings and contingent liabilities of the Group were HK\$654 million and HK\$30 million, representing a reduction of 46% and 78% respectively compared to the same period of 2002. Gearing ratio of the Group was reduced to 14% (2002 : 28%). After deducting the bank balances and cash on hand, the Group's net gearing ratio was -6% (2002 : 1%).

The Group's borrowings as at 30 June 2003 mainly comprised of a fixed rate US dollar denominated guaranteed notes for the outstanding amount of HK\$621 million, and a floating rate Hong Kong dollar unsecured loan for the outstanding amount HK\$32 million. Most of the debts will be due within 2004 to 2007.

In June 2003, the Group has arranged two new banking facilities, one of which was a HK\$350 million transferable term loan facility for financing a new project and the other one was a HK\$100 million standby short term revolving facility. As of 30 June 2003, both facilities were still undrawn.

During the period, the Group's capital expenditure and investment were funded by cash on hand and internal source of fund. Total outstanding capital commitments as at 30 June 2003 were HK\$946 million.

## EMPLOYEES

Excluding joint ventures, the Group has a total of 149 staff as at 30 June 2003. The pay levels of employees are commensurate with their responsibilities, performance and contribution.

## PROSPECTS

The Board expects that the toll road business will continue to generate strong cash inflow to the Group in the coming half of the year.

The Group believes China's toll road business has a bright future, and will continue to develop toll road business as its core business and will strive to expand its operational size and to specialize its expertise. The Group will enthusiastically capture quality toll road projects to create additional returns for shareholders.

The economic reforms in China create ample business and development opportunities to investors. Given the Group's strong financial position and reputation, together with extensive experience in China and a team of diligent staff, the Group is confident to capture new valuable opportunities for its further developments.

## Disclosure of Interests

### DIRECTORS' INTERESTS

As at 30 June 2003, the interests and short positions of the Directors of the Company (the "Directors") in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of the Part XV of the Securities and Futures Ordinance (the "SFO")) or which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows :

#### (A) THE COMPANY

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of holding
		Long position	Short position	
				(%)*
Zen Wei Pao, William	Personal	300,000 ( <i>note 3</i> )	—	0.05
Ko Yuk Bing	Personal	1,200,000 ( <i>note 1</i> )	—	0.21
Zen Wei Peu, Derek	Personal	1,996,645 ( <i>note 1</i> )	—	0.35
	Personal	241,329 ( <i>note 2</i> )	—	0.04
Brian Souter	Personal	190,000 ( <i>note 3</i> )	—	0.03
Chow Shiu Kee, Stephen	Personal	320,000 ( <i>note 3</i> )	—	0.06

#### 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 listed equity derivatives (including physically settled, cash settled and other equity derivatives).
  - 3 Long position in underlying shares of the Company pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to directors or chief executives are included in this category.
- \* As at 30 June 2003, the issued share capital of the Company is 573,822,377 shares. Accordingly, the percentage has been adjusted.

## Disclosure of Interests

### DIRECTORS' INTERESTS *(continued)*

#### (B) PARTICULARS OF OUTSTANDING SHARE OPTIONS

Name of Director	Date granted	Vesting period	Exercisable period	Exercise price	Number of share options
				HK\$	
Zen Wei Pao, William	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	300,000
Brian Souter	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	190,000
Chow Shiu Kee, Stephen	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	320,000

#### (C) DETAILS OF SHARE OPTIONS

The share option scheme of the Company adopted on 3 June 1996 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted by the Company at the annual general meeting held on 12 May 2003 to comply with Chapter 17 of the Listing Rules. As a result, the Company can no longer grant further options under the Old Share Option Scheme. However, all options granted prior to the termination of the Old Share Option Scheme shall remain in full force and effect. During the period, 9,345,000 share options were exercised and 200,000 share options were cancelled. As at 30 June 2003, 1,210,000 share options granted under the Old Share Option Scheme remained outstanding. No options were granted under the New Share Option Scheme during the period.

# Disclosure of Interests

## DIRECTORS' INTERESTS (continued)

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

A summary of movements during the period under the Old Share Option Scheme is as follows :

Name	Date granted	Vesting period	Exercisable period	Exercise price	Number of share options				
					Balance at 1.1.2003	Granted during the period	Exercised during the period**	Expired/cancelled during the period	Balance at 30.6.2003
HK\$									
<b>Directors</b>									
Zen Wei Pao, William	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	2,900,000	—	(2,600,000)	—	300,000
Ko Yuk Bing	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	2,600,000	—	(2,600,000)	—	—
Zen Wei Peu, Derek	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	1,500,000	—	(1,500,000)	—	—
Fong Shiu Leung, Keter	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	320,000	—	(320,000)	—	—
Brian Souter	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	190,000	—	—	—	190,000
Chan Hing Chiu, Vincent	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	320,000	—	(320,000)	—	—
Chow Shiu Kee, Stephen	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	320,000	—	—	—	320,000
Chui Chi Keung, Raymond	27 November 2000	2 years	27 November 2001 to 26 November 2003	3.20	200,000	—	—	(200,000)	—
					8,350,000	—	(7,340,000)	(200,000)	810,000
<b>Others</b>									
Employees	8 August 2000	2 years	8 August 2001 to 7 August 2003	3.20	2,405,000	—	(2,005,000)	—	400,000
					2,405,000	—	(2,005,000)	—	400,000
					10,755,000	—	(9,345,000)	(200,000)	1,210,000

\*\* The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised is HK\$4.07.

Save as disclosed above, none of the Directors nor any of their associates had any interests in the securities of the Company or any of its associated corporations as defined in the SFO.

Save as disclosed herein, none of the Directors nor their spouse or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

## Disclosure of Interests

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2003, the following persons, not being a Director, chief executive of the Company had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO :

Name of shareholder	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)*
			Long position	Short position	
Wai Kee Holdings Limited (note A)	Road King	Corporate	253,066,766 (note 1)	—	44.10
	Infrastructure Limited	Corporate	50,613,353 (note 2)	—	8.82
Wai Kee (Zens) Holding Limited (note B)	Road King	Corporate	253,066,766 (note 1)	—	44.10
	Infrastructure Limited	Corporate	50,613,353 (note 2)	—	8.82
Groove Trading Limited (note C)	Road King	Personal/Beneficiary	66,000,000 (note 1)	—	11.50
	Infrastructure Limited	Personal/Beneficiary	13,200,000 (note 2)	—	2.30
Wai Kee China Investments (BVI) Company Limited (note C)	Road King	Corporate	187,066,766 (note 1)	—	32.60
	Infrastructure Limited	Corporate	37,413,353 (note 2)	—	6.52
Wai Kee China Investments Company Limited (note D)	Road King	Corporate	187,066,766 (note 1)	—	32.60
	Infrastructure Limited	Corporate	37,413,353 (note 2)	—	6.52
ZWP Investments Limited (note E)	Road King	Personal/Beneficiary	187,066,766 (note 1)	—	32.60
	Infrastructure Limited	Personal/Beneficiary	37,413,353 (note 2)	—	6.52
Stagecoach Group Plc (note F)	Road King	Corporate	178,664,704 (note 1)	—	31.14
	Infrastructure Limited	Corporate	23,621,258 (note 2)	—	4.12
Stagecoach Asia Limited (note G)	Road King	Personal/Beneficiary	178,664,704 (note 1)	—	31.14
	Infrastructure Limited	Personal/Beneficiary	23,621,258 (note 2)	—	4.12
Value Partners Limited (note H)	Road King	Investment Manager	56,029,852 (note 1)	—	9.76
Cheah Cheng Hye	Road King	Personal	450,000 (note 1)	—	0.078
	Infrastructure Limited	Family	230,000 (note 1)	—	0.040
		Family	20,000 (note 2)	—	0.003
		Corporate	56,029,852 (note 1)	—	9.76
Chow Tai Fook Enterprises Limited	Road King	Personal/Beneficiary	46,500,000 (note 1)	—	8.10
	Infrastructure Limited				

## 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 Long position in the underlying shares of the Company pursuant to listed equity derivatives (including physically settled, cash settled and other equity derivatives).
- A Wai Kee Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Wai Kee China Investments (BVI) Company Limited, Groove Trading Limited, Wai Kee China Investments Company Limited and ZWP Investments Limited respectively.
- B Wai Kee (Zens) Holding Limited is a direct wholly owned subsidiary of Wai Kee Holdings Limited.
- C Wai Kee China Investments (BVI) Company Limited and Groove Trading Limited are direct wholly owned subsidiaries of Wai Kee (Zens) Holding Limited.
- D Wai Kee China Investments Company Limited is a direct wholly owned subsidiary of Wai Kee China Investments (BVI) Company Limited.
- E ZWP Investments Limited is a direct wholly owned subsidiary of Wai Kee China Investments Company Limited.
- F Stagecoach Group Plc is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Stagecoach Asia Limited.
- G Stagecoach Asia Limited is a direct wholly owned subsidiary of Stagecoach Group Plc.
- H Cheah Cheng Hye is deemed to be interested in the shares through his 32.2% interest in Value Partners Limited.
- \* As at 30 June 2003, the issued share capital of the Company is 573,822,377 shares. Accordingly, the percentage has been adjusted.

## Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2003.

### **PRACTICE NOTE 19 TO THE LISTING RULES**

In compliance with Practice Note 19 to the Listing Rules, the following information is disclosed :

1. Pursuant to part 3.3 of the Practice Note 19 :
  - (a) All the Group's investments in toll road projects are structured in the form of Sino-foreign co-operative joint ventures. The 32 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 loan. The size of loans made by the Group and by the other joint venture partner(s) to each joint venture are in proportion to the respective interests in each joint venture.
  - (b) During the period, the Group has provided a guarantee of HK\$30 million to a bank in respect of bank facilities utilised by an infrastructure joint venture.
  - (c) The total amount of loans to the infrastructure joint ventures is HK\$2.75 billion which exceeds 60% of the Group's net assets as at 30 June 2003. The loans are actually part of the investments and are unsecured, interest free and have no definite repayment terms.
  - (d) The loans to the infrastructure joint ventures were funded by equities raised at the listing of the Company or by borrowings or internal resources of the Group.

## Other Information

### PRACTICE NOTE 19 TO THE LISTING RULES (continued)

PRC Infrastructure Joint Ventures	% of interest held indirectly by the Company	Loan to joint venture	Outstanding loan to be injected
		HK\$'000	HK\$'000
Anhui Road Universe Hefei Highway Development Co., Ltd.	50%	124,677	—
Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited	60%	75,663	—
Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited	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%	37,321	2,577
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%	198,144	—
Guangxi Hengjing Highway Development Co., Ltd.	70%	61,513	18,384
Guangxi Lutong Highway Development Co., Ltd.	70%	81,800	15,793
Handan Rongguang Highway Development Co., Ltd.	70%	79,223	—
Handan Xinguang Highway Development Co., Ltd.	70%	80,474	—
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 (Hengcang) 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	—
Liuan Road Universe Liuye Highway Development Co., Ltd.	50%	68,487	—
Liuan Road Universe Pihe Bridge Development Co., Ltd.	50%	63,280	—
Luodingshi Luochong Highway Company Limited	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 Taigu Highway Co., Ltd.	60%	76,080	—
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%	85,462	—
Shijiazhuang Luxin Road & Bridge Development Co., Ltd.	60%	48,443	—
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd.	50%	120,874	—
Wujin Road King Changcao Highway Development Co., Ltd.	60.24%	83,945	—
		2,754,203	36,754

## Other Information

### PRACTICE NOTE 19 TO THE LISTING RULES *(continued)*

2. Pursuant to part 3.7.1 of Practice Note 19 :

The Group has a transferable term loan facility for the amount of HK\$350 million. The facility will mature on 24 June 2007. Under the facility agreement the single largest shareholder of the Company is required to maintain directly or indirectly not less than thirty-five per cent. (35%) of each class of the issued voting share capital of the Company throughout the continuance of the facility. As of 30 June 2003, this facility was still undrawn.

3. Pursuant to part 3.10 of Practice Note 19 :

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 2003, is as follows :

#### Balance sheet

Property, plant and equipment

Other assets

Current assets

Current liabilities

Net current assets

Amounts due to joint venture partners

Net assets

**30 June 2003**  
**HK\$'000**

**7,243,631**

**—**

**233,075**

**(210,110)**

**22,965**

**(2,491,772)**

**4,774,824**

4. Save as disclosed above, there is no other disclosure required to be made by the Company pursuant to Practice Note 19.

### 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 2003.

### CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 June 2003, in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

By Order of the Board

**Ko Yuk Bing**

*Managing Director*

Hong Kong, 28 July 2003

# Corporate Information

## EXECUTIVE DIRECTORS

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

## NON-EXECUTIVE DIRECTORS

Brian Souter  
Ross Thomas Martin  
Martin Andrew Griffiths  
(Alternate to Ross Thomas Martin)  
James Herbert Stewart  
Chiang Wen Chee, Wendy  
(Alternate to James Herbert Stewart)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Chan Hing Chiu, Vincent  
Chow Shiu Kee, Stephen

## AUDIT COMMITTEE

Chan Hing Chiu, Vincent  
Chow Shiu Kee, Stephen  
Ross Thomas Martin

## AUDITORS

Deloitte Touche Tohmatsu

## SOLICITORS

Deacons  
Richards Butler  
Sidley Austin Brown & Wood  
Stikeman Elliott

## PRINCIPAL BANKERS

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

## COMPANY SECRETARY

Fong Shiu Leung, Keter

## PRINCIPAL SHARE REGISTRARS

### AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRARS

### AND TRANSFER OFFICE

Secretaries Limited  
G/F., Bank of East Asia Harbour View Centre  
56 Gloucester Road  
Wanchai  
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

### Stock codes :

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

## INVESTOR RELATIONS

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