

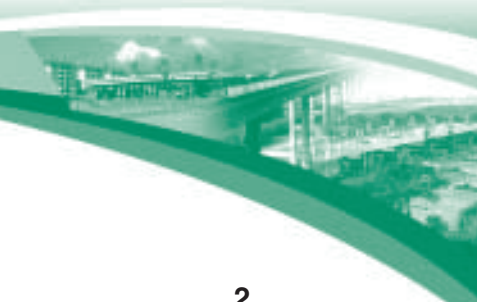


GZI Transport Limited
越秀交通有限公司

(Stock Code: 1052)



2006
INTERIM REPORT



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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in investment, operation and management of toll expressways and national highways and bridges mainly located in Guangzhou area. As at 30 June 2006, the Group has already invested in a total of 13 toll road and bridge projects with current attributable length of 315.2 kms. These projects include Guangzhou Northern Ring Road, Guangzhou Northern Second Ring Expressway, Guangzhou Western Second Ring Expressway, Guangdong Humen Bridge and Shantou Bay Bridge; Guangshen Highway, Guangshan Highway, Guangcong Highway Sections I and II, Guanghua Highway and Qinglian Highways all of which connect the traffic hub of Guangzhou City and inter-provincial traffic between Guangdong, Hunan and Jiangxi provinces; Xian Expressway in Shaanxi Province and Xiang Jiang Bridge II in Xiangtan City of Hunan Province. Except for Guangzhou Western Second Ring Expressway that is now under construction, all toll projects are already operating and collecting toll.

SUMMARY INFORMATION OF OPERATING TOLL ROADS AND BRIDGES

	Length (kms)	Width (lanes)	Toll station(s)	Road type	Attributable interest (%)	Remaining operating term (years)
Subsidiaries						
Guangshen Highway	23.1	6	1	Class I highway	80.00	20
Guangshan Highway	64.0	4	2	Class II highway	80.00	20
Guangcong Highway Section I	33.3	6	1	Class I highway	80.00	20
Guangcong Highway Section II	33.1	6	1	Class I highway	51.00	20
& Provincial Highway 1909	33.3	4	1	Class I highway	51.00	
Guanghua Highway	20.0	6	1	Class I highway	55.00	21
Xian Expressway	20.1	4	3	Expressway	100.00	10
Xiang Jiang Bridge II	1.8	4	1	Rigid frame bridge	75.00	15
Associates and Jointly Controlled Entity						
Humen Bridge	15.8	6	4	Suspension bridge	25.00	23
Northern Ring Road	22.0	6	11	Expressway	24.30	17
Qinglian Highways						
National Highway 107	253.0	2	4	Class II highway	23.63	
Highway between Qingyuan and Lianzhou cities ⁽¹⁾	215.2	4	5	Class I highway	23.63	22
Shantou Bay Bridge	6.5	6	1	Suspension bridge	30.00	22
GNSR Expressway	42.4	6	9	Expressway	40.00	26

⁽¹⁾ Redevelopment work to upgrade Qinglian Class 1 Highway to an expressway has already commenced at the end of 2005 and is expected to be completed by 2008. A 25-year operating term has already granted to Qinglian Expressway commencing from completion of redevelopment.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview of Operating Performance

In the first half of 2006, the Group mainly benefited from the rapid economic development in the Pearl River Delta Region. According to the preliminary statistic figures of GDSTATS.GOV.CN and GZSTATS.GOV.CN as of 16 August 2006, the Gross Domestic Product of Guangdong Province and Guangzhou City in the first half of 2006 grew by 14.4 per cent and 14.2 per cent to Renminbi (“Rmb”)1,141.68 billion and Rmb272.12 billion respectively over the first half of 2005. The per capita personal income of residents in the urban area of Guangzhou in the first half of 2006 increased by 10.2 per cent to Rmb10,491.5 over the first half of 2005. The tourist and cargo turnovers handled by Guangzhou City in the first half of 2006 increased by 13.2 per cent and 14.0 per cent respectively over same period in 2005.

Owing to Guangdong Province’s expressway network gradually maturing and the growth in business and commercial activities; the continual rise in car ownership rate per person as well as the increase of outbound travel resulting from rise in the quality of life, both passenger and freight forwarding volume grew rapidly. The average daily toll traffic volume and average daily toll revenue of a majority of the expressways and bridge projects of the Group in the first half of 2006 recorded a higher growth rate. Conversely, the average daily toll traffic volume and average daily toll revenue of Class I and II highway projects in the first half of 2006 declined as compared to same period in 2005. The decline was mainly due to traffic diversions caused by the upgrading of expressway network, the hike in fuel price, the continual heavy rainfall in May and June 2006 and opening of “green channels” commencing from 1 October 2005, allowing delivery vehicles carrying fresh agricultural produce and livestock to enjoy toll concessions.

In order to enhance toll collection and service standard, the Group is always committed to putting toll collection as its focus, toll management as its major mission, and quality service as its objective and to increasing toll collection rate. As at 30 June 2006, Humen Bridge, Northern Ring Road, GNSR Expressway and Xian Expressway have already commenced unified toll collection which promoted the traffic efficiency and management standard of toll stations.

MANAGEMENT DISCUSSION AND ANALYSIS

Average Daily Toll Traffic Volume and Average Daily Toll Revenue

Six months ended 30 June 2006

	Average daily toll traffic volume		Average daily toll revenue		Weighted average toll fare per vehicle	
	vehicle/day	Change	Rmb/day	Change	Rmb	Change
Subsidiaries						
Guangshen Highway	27,834	-8.9%	167,248	-7.8%	6.01	1.3%
Guangshan Highway	22,516	-0.3%	224,294	-3.1%	9.96	-2.8%
Guangcong Highway Section I	12,426	-1.0%	150,426	-7.3%	12.11	-6.3%
Guangcong Highway Section II & Provincial Highway 1909	22,330	6.2%	172,077	4.0%	7.71	-2.1%
Guanghua Highway	10,336	-12.0%	83,974	-12.3%	8.12	-0.4%
Xian Expressway	30,367	15.7%	360,516	15.6%	11.87	-0.1%
Xiang Jiang Bridge II	5,131	-13.8%	55,920	7.1%	10.90	24.3%
Total	<u>130,940</u>	0.2%	<u>1,214,455</u>	1.2%		
Associates & Jointly Controlled Entity						
Humen Bridge	48,199	16.1%	2,123,313	19.8%	44.05	3.2%
North Ring Road	147,968	15.2%	1,727,188	7.4%	11.67	-6.8%
Qinglian Highways	16,514	-3.2%	316,309	-11.3%	19.15	-8.4%
Shantou Bay Bridge	10,246	7.5%	379,107	10.0%	37.00	2.4%
GNSR Expressway	53,294	27.8%	886,299	19.8%	16.63	-6.3%
Total	<u>276,221</u>	15.9%	<u>5,432,216</u>	12.7%		

Performance of Subsidiaries

Guangshen Highway Guangzhou Section (“Guangshen Highway”)

The impact from the opening of the neighboring Yonghe Tunnel that is still under toll free period and the opening of the Cangtuo toll station of Guangyuan Express Road with lower toll fare have weakened the traffic volume of Guangshen Highway. In the first half of 2006, average daily toll traffic volume apparently declined by 8.9 per cent to 27,834 vehicles as compared to first half of 2005. Weighted average toll fare per vehicle amounted to Rmb6.01, representing a rise of 1.3 per cent over the same period in 2005.

Guangshan Highway Guangzhou Section (“Guangshan Highway”)

The improvement work being carried out in the Lungdong to Daiguanlukou section and the opening of the nearby Guangyuan Road East and Guanghui Expressway had caused a number of vehicles to divert traffic. The average daily toll traffic volume in the first half of 2006 slightly decreased by 0.3 per cent to 22,516 vehicles as compared to the first half of 2005 and weighted average toll fare per vehicle decreased by 2.8 per cent to Rmb9.96 as compared to same period in 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Guangcong Highway connecting Guangzhou Institute of Foreign Language and Tai Ping Chang (“Guangcong Highway Section I”)

Owing to the toll station of Guangcong Highway Section I being built along National Highway 105 fell within the “green channel” toll fare zone and the continuing traffic diversion caused by Jingzhu Expressway, average daily toll traffic volume in the first half of 2006 dropped by 1.0 per cent to 12,426 vehicles as compared to the first half of 2005. Weighted average toll fare per vehicle amounted to Rmb12.11 which was 6.3 per cent lower than same period in 2005.

Guangcong Highway connecting Tai Ping Chang and Wenquan (“Guangcong Highway Section II & Provincial Highway 1909”)

Owing to the intermittent closures of the northern section of Jingzhu Expressway from January to March 2006, certain traffic was diverted to Guangcong Highway Section II. Average daily toll traffic volume in the first half of 2006 has increased by 6.2 per cent to 22,330 vehicles as compared to same period in 2005. Weighted average toll fare per vehicle decreased by 2.1 per cent to Rmb7.71 as compared to same period in 2005 due to increase in ratio of small sized vehicles.

Guanghua Highway

With the upgrading of the highway network connecting the urban area section of the Airport Expressway and the rise in petrol price, certain drivers preferred to travel via expressways. In the first half of 2006, average daily toll traffic volume of Guanghua Highway apparently dropped by 12.0 per cent to 10,336 vehicles as compared to same period in 2005. Weighted average toll fare per vehicle was Rmb8.12 which was 0.4 per cent slightly below the first half of 2005.

Xian Expressway in Shaanxi Province (“Xian Expressway”)

Being situated along Shaanxi Province’s key international tourist route, Xian Expressway benefited from the blooming commercial and tourism activities in the first half of 2006 and natural traffic growth. Simultaneously, due to the redevelopment work in progress in the neighboring road network of Xian Expressway such as Xian Third Ring Road and Huaqing Expressway, certain vehicles are attracted to take Xian Expressway in the short term. The average daily toll traffic volume in the first half of 2006 increased by 15.7 per cent to 30,367 vehicles as compared to the first half of 2005. Weighted average toll fare per vehicle amounted to Rmb11.87 which was similar to the first half of 2005.

Xiang Jiang Bridge II in Xiang Tan City of Hunan Province (“Xiang Jiang Bridge II”)

With the abolishment of toll charge on motorcycles in Hunan Province since October 2005, average daily toll traffic volume in the first half of 2006 declined by 13.8 per cent to 5,131 vehicles as compared to same period in 2005. However, through strengthening of toll management, the average daily toll revenue has realized a 7.1 per cent growth over the same period in 2005 and has increased to Rmb55,920.0. Since the decline in traffic were mainly small sized vehicles, weighted average toll fare per vehicle increased by 24.3 per cent to Rmb10.90 as compared to same period in 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance of Associates

Humen Bridge

Since Humen Bridge's opening to traffic in May 1997, traffic flow demonstrated a steady and stable growth trend. This was due to the rapid but healthy economic development condition in the Pearl River Delta Region bringing forth natural traffic growth. Average daily toll traffic volume in the first half of 2006 increased by 16.1 per cent to 48,199 vehicles as compared to same period in 2005. Weighted average toll fare per vehicle increased by 3.2 per cent to Rmb44.05 when compared with same period in 2005.

Shantou Bay Bridge

Year 2006 is the second year after Queshi Bridge, which is parallel to Shantou Bay Bridge, has joined the "annual pass policy" of Shantou City. In the first half of 2006, traffic diversion caused by Queshi Bridge has been stabilised. The rising private car ownership in Shantou City and the increasing cargo traffic volume in the vicinity have led the average daily traffic volume in the first half of 2006 to increase by 7.5 per cent to 10,246 vehicles as compared to same period in 2005. Weighted average toll fare per vehicle amounted to Rmb37.00 which was 2.4 per cent higher than same period in 2005.

Guangzhou City Northern Ring Road ("Northern Ring Road")

Benefited from the natural growth in traffic volume brought forth by the continuous rapid economic growth in the Pearl River Delta region, average daily toll traffic volume in the first half of 2006 increased by 15.2 per cent to 147,968 vehicles as compared to the same period in 2005. Weighted average toll fare per vehicle decreased by 6.8 per cent in the first half of 2006 to Rmb11.67 because the increment ratio of small sized vehicles was higher than that of large sized vehicles.

Qinglian Highways

Qinglian Highways continued to experience traffic diversion caused by Jingzhu Expressway. Simultaneously, with the tightening of control over coal mining enterprises in Hunan Province, the number of Class III and IV coal carrying trucks using Qinglian Highways have reduced substantially. Moreover, with the introduction of the "green channel" policy to national highways, allowing qualified vehicles to enjoy toll concession, toll revenue was likewise affected. The average daily toll traffic volume in the first half of 2006 decreased by 3.2 per cent to 16,514 vehicles as compared to same period in 2005. Weighted average toll fare per vehicle declined by 8.4 per cent to Rmb19.15 as compared to same period in 2005.

In order to enhance the competitiveness of Qinglian Highways, redevelopment work to upgrade Qinglian Class I Highway to an expressway has already commenced at the end of 2005. The redevelopment is expected to be completed by 2008. The redevelopment costs (inclusive of interest) amounting to approximately Rmb4.2 billion would be funded by the project company through bank finance. The Guangdong Provincial People's Government has already granted Qinglian Expressway a 25-year operating rights commencing from completion of redevelopment. It is planned that Qinglian Expressway will be constructed as a four-lane, closed system expressway. It will link Yilian Highway (in Hunan Province) and Jingzhu Expressway in the north. It will pass through Guangqing Expressway in the south and will link up with the transportation network of the Pearl River Delta Region. Upon completion, Qinglian Expressway will serve as a major route in the commercial development of the Pan-Pearl River Delta Region, to further promote business exchanges between Guangdong Province and the less developed but resource rich regions in the northern part of Guangdong Province.

MANAGEMENT DISCUSSION AND ANALYSIS

Performance of Jointly Controlled Entities

Guangzhou Northern Second Ring Expressway (“GNSR Expressway”)

Benefited from the synergy effect resulting from the development of expressway network such as the opening of Jingzhu Expressway and Guanghui Expressway (both connecting GNSR Expressway) and the new Guangzhou Airport, average daily toll traffic volume in the first half of 2006 continued to increase by 27.8 per cent to 53,294 vehicles. With the increase in ratio of small sized vehicles, weighted average toll fare per vehicle decreased by 6.3 per cent to Rmb16.63 as compared with same period in 2005.

Guangzhou Western Second Ring Expressway (“GWSR Expressway”)

The Group holds 35.0 per cent shareholdings in GWSR Expressway (under construction), the total investment of which amounted to approximately Rmb3.0 billion. Apart from registered capital, the remaining investment is funded by way of project finance. As at 15 July 2006, total cost injected into the construction amounted to Rmb2.12 billion, representing 70.5 per cent of the total estimated investment cost. It is expected to be completed ahead of schedule by December 2006.

Future Strategies and Prospects

To sustain a steady and stable economic growth, Mainland China would continue to increase its infrastructure investments and to upgrade and expand from time to time its expressway network; which in turn would create good opportunities to the Group. On the other hand, with the increasing commercialization of the operation of toll highways, it is expected that there would be more market players and competition would intensify. As a major toll road operator in Guangdong Province, the Group will capitalize on its own advantageous position to strengthen the toll management of its existing operating projects, to improve and enhance service quality level; to vigorously control and streamline its operating cost; to strictly monitor the expenditure for the redevelopment of Qinglian Class I Highway and the construction of GWSR Expressway. At the same time, the Group will actively and cautiously explore new potential expressway projects; to enlarge its market share through investments and new acquisitions; to enhance the Group's profit earning capability; and to further promote the Group's status in the toll business industry with the aim of securing better return to our shareholders and investors.

FINANCIAL REVIEW

Results Highlights

	Six months ended 30 June		Change
	2006 HK'000	2005 HK'000	
Profit attributable to equity holders of the Company	198,804	168,645	17.9%
Turnover	211,362	204,006	3.6%
Operating profit	90,003	86,193	4.4%
Profits after tax and interest income from associates and jointly controlled entity	150,340	120,854	24.4%
Interest coverage	214 times	53 times	
Basic earnings per share	HK\$0.178	HK\$0.151	17.9%
Dividend per share	HK\$0.065	HK\$0.05	
Return to equity holders of the Company	5.1%	4.8%	6.3%

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of Results

Despite traffic diversion and surging oil prices affecting the traffic volume of certain Class I and II highways; expressways such as Xian Expressway still maintain strong growth in the first half of 2006. Total turnover grew 3.6 per cent, operating profit grew 4.4 per cent and contribution from associates and jointly controlled entity grew 24.4 per cent during the period. In the first half of 2006, profit attributable to equity holders of the Company amounted to HK\$198.8 million, being 17.9 per cent higher than same period in 2005. Basic earnings per share in the first half of 2006 increased by HK\$0.027 over same period in 2005 to HK\$0.178 and return to equity holders of the Company increased from 4.8 per cent in the first half of 2005 to 5.1 per cent in first half of 2006.

Turnover

For the six months ended 30 June 2006, the Group's turnover amounted to HK\$211.4 million representing a 3.6 per cent increment over same period in 2005. Xian Expressway, Xiang Jiang Bridge II and Guangcong Highway Section II with turnover growth of 18.4 per cent, 9.7 per cent and 6.5 per cent respectively were the main growth contributors to the Group's overall turnover growth.

Income structure and proportion

	Toll income for the six months ended 30 June 2006 HK\$'000	Proportion to total toll income	Change
Subsidiaries			
Guangshen Highway	29,108	13.8%	-5.5%
Guangshan Highway	39,036	18.4%	-0.8%
Guangcong Highway Section I	26,180	12.4%	-5.0%
Guangcong Highway Section II & Provincial Highway 1909	29,948	14.2%	6.5%
Guanghua Highway	14,615	6.9%	-10.2%
Xian Expressway	62,743	29.7%	18.4%
Xiang Jiang Bridge II	9,732	4.6%	9.7%
Total	<u>211,362</u>	<u>100.0%</u>	3.6%
Associates & Jointly Controlled Entity (attributable to the Group)			
Humen Bridge	92,388	35.4%	22.7%
Northern Ring Road	73,266	28.0%	10.0%
Qinglian Highways	13,983	5.4%	-7.1%
Shantou Bay Bridge	19,794	7.6%	12.6%
GNSR Expressway	61,700	23.6%	22.6%
Total	<u>261,131</u>	<u>100.0%</u>	16.1%

MANAGEMENT DISCUSSION AND ANALYSIS

Other gains

Included in other gains mainly were exchange differences resulting from settlement of foreign currency transactions and translation of monetary assets and liabilities denominated in foreign currencies.

Amortisation/depreciation of interests in toll highways and bridges

Except for one subsidiary which adopts the unit of usage method of depreciation, the rest adopt the straight line method. The Group's amortization/depreciation of interests in toll highways and bridges for the six months ended 30 June 2006 amounted to HK\$53.7 million which was 2.5 per cent higher than same period in 2005.

Toll highways and bridges maintenance expenses

In the first half of 2006, toll highways and bridges maintenance expenses declined by HK\$1.5 million or 3.7 per cent to HK\$37.7 million mainly because of heavy rainfalls during May and June 2006 have stalled certain repair and maintenance works to be carried out in certain highway sections.

General and administrative expenses

General and administrative expenses incurred during the six months ended 30 June 2006 amounted to HK\$25.1 million, being HK\$8.7 million higher than same period in 2005 as directors' profit-based bonus was provided for in proportion to the profit in the first half of 2006 whereas in prior years, directors' bonus was accrued for in the year end.

Bank interest income

With the continued upward adjustment in bank interest rate, bank interest income during the six months ended 30 June 2006 increased 4.0 times to HK\$3.7 million as compared to same period in 2005.

Finance costs

Finance costs in the first half of 2006 amounted to HK\$9.2 million, in which, a fair value adjustment (non-cash accounting adjustment) on interest free loans from minority shareholders of subsidiaries amounted to HK\$7.8 million as required by HKAS 39 was included (no such adjustment made during the six months ended 30 June 2005). Finance costs related to interest on bank borrowings amounted to HK\$1.4 million declined by 65.2 per cent as compared to same period in 2005 due to continued repayment of bank borrowings. Finance costs in the first half of 2005 also included interest related to an interest bearing loan due to a minority shareholder amounting to HK\$1.0 million and this loan was fully repaid in December 2005.

Share of after tax profits less losses and interest income of associates

For the six months ended 30 June 2006, except for Qinglian Highways still recording operating losses, Humen Bridge, Northern Ring Road and Shantou Bay Bridge all recorded positive profit growth of 25.7 per cent, 10.5 per cent and 18.9 per cent respectively. Profit contributions from the Group's associates grew by 18.9 per cent to HK\$119.9 million in the first half of 2006. The speedy and healthy economic development in the Pearl River Delta Region leading to natural traffic growth of expressways was the main profit growth factor of the Group's associates and the business tax rate of these related expressways and bridges have been reduced by 2.0 per cent since June 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of profit after tax of a jointly controlled entity

The group's operating jointly controlled entity GNSR Expressway continued to demonstrate its strong traffic growth in the first half of 2006 with profit contribution of HK\$30.5 million representing a 51.9 per cent increment over the first six months' profit in 2005.

Income tax expense

As the overall taxable profit in the first half of 2006 was comparatively higher than 2005, taxation increased by 15.3 per cent to HK\$19.1 million.

Interest Coverage

The interest coverage is measured by the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses. For the six months ended 30 June 2006, interest coverage was 214 times (2005: 53 times) due to increase in EBITDA and decline in interest expenses.

Interim Dividend

The Board of Directors has resolved to declare an interim dividend for 2006 of HK\$0.065 (2005: HK\$0.05) per share payable on 18 October 2006 to shareholders whose names appear on the register of members on 11 October 2006. Interim dividend pay out ratio will be 36.5 per cent (2005: 33.1 per cent).

Liquidity and Financial Resources

Financial Highlights

	30 June 2006 HK'000	31 December 2005 HK'000	Change
Bank balances and cash	344,523	368,883	-6.6%
Bank borrowings	48,077	144,231	-66.7%
Current ratio	323.5%	190%	70.3%
Shareholders' funds (excluding minority interests)	3,896,528	3,752,559	3.8%
Gearing ratio	10.8%	13.1%	-17.6%
Net asset per share	HK\$3.49	HK\$3.36	3.9%

MANAGEMENT DISCUSSION AND ANALYSIS

Cash flows

The Group's bank balances and cash as at 30 June 2006 was approximately HK\$344.5 million which was 6.6 per cent lower than the balance as at 31 December 2005 of HK\$368.9 million. The net decrease in bank balances and cash was due to greater fund applied to financing activities than cash received from operating and investing activities for the six months ended 30 June 2006.

Net cash inflow from operating activities for the six months ended 30 June 2006 amounted to HK\$126.6 million (30 June 2005: HK\$126.6 million). Cash flow under operating activities mainly were cash from operations of HK\$148.5 million (30 June 2005: HK\$148.7 million) less interest paid of HK\$1.5 million (30 June 2005: HK\$4.0 million) and China enterprise income taxation paid of HK\$20.4 million (30 June 2005: HK\$18.1 million).

Investing activities for the first six months of 2006 generated a net surplus of HK\$44.5 million (30 June 2005: HK\$35.0 million). Cash flow from investing activities mainly were repayments and dividends from associates of HK\$139.2 million (30 June 2005: HK\$88.0 million) reduced by cash used in capital expenditures and investments of HK\$98.3 million (30 June 2005: HK\$53.9 million).

Net cash used in financing activities for the first six months of 2006 amounted to HK\$195.7 million (30 June 2005: HK\$106.5 million). Cash flow under financing activities were mainly used in repayment of bank loans of HK\$96.2 million (30 June 2005: HK\$37.6 million), repayments and dividends to minorities of subsidiaries of HK\$43.8 million (30 June 2005: HK\$15.0 million) and dividends paid of HK\$55.8 million (30 June 2005: HK\$58.5 million).

Bank borrowings

Outstanding bank borrowings of the Group as at 31 December 2005 amounted to approximately HK\$144.2 million. In January 2006, the Group has repaid an aggregate of Rmb100.0 million (equivalent to approximately HK\$96.2 million) bank borrowings from internal funds. As at 30 June 2006, the outstanding bank borrowing amounted to approximately HK\$48.1 million. All bank borrowings as at 30 June 2006 and 31 December 2005 were denominated in Rmb, unsecured and repayable within one year. The management is of the opinion that with adequate cash balance, stable stream of operating cash flow and steady cash return from investments, liquidity risk is not an imminent issue of the Group. The current ratio as at 30 June 2006 was 323.5 per cent (2005: 190.0 per cent).

Capital expenditures and investments

For the six months ended 30 June 2006, capital expenditures and investments of the Group amounted to approximately HK\$98.3 million (30 June 2005: HK\$53.9 million), of which approximately HK\$97.6 million was additional equity capital contribution to a jointly controlled entity under construction, GWSR Expressway.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

The Group's capital structures as at 30 June 2006 and 31 December 2005 are summarized below:

	30 June 2006			31 December 2005		
	HK\$'000	Composition %	Average rate of interest (% per annum)	HK\$'000	Composition %	Average rate of interest (% per annum)
Floating rate loans (Rmb)	48,077	1.1	4.94	144,231	3.3	4.94
Loans from minority shareholders						
– interest bearing	124,038	2.8	6.255	120,561	2.8	6.12
– interest free	300,380	6.9	—	301,303	7.0	—
Total debts	472,495	10.8		566,095	13.1	
Shareholders' funds (excluding minority interests)	3,896,528	89.2		3,752,559	86.9	
Total capitalisation	4,369,023	100.0		4,318,654	100.0	
Gearing ratio	10.8%			13.1%		

Total capitalisation of the Group as at 30 June 2006 and 31 December 2005 amounted to approximately HK\$4.37 billion and HK\$4.32 billion respectively. The net increase of approximately HK\$50.4 million in total capitalisation was a result of drop in total debts and rise in shareholders' funds. The ratio of total debts to total capitalisation ("Gearing Ratio") as at 30 June 2006 and 31 December 2005 was 10.8 per cent and 13.1 per cent respectively.

Rmb floating rate loans are bank borrowings in Mainland China which accounted for approximately 10.2 per cent of the total debts as at 30 June 2006 and approximately 25.5 per cent as at 31 December 2005. In January 2006, the Group has repaid Rmb100.0 million (equivalent to approximately HK\$96.2 million) from internal funds and no new loan was drawn. All Rmb loans are unsecured.

Loans from minority shareholders are part of capital contributions made by minority shareholders in respect of their respective equity shareholdings in certain subsidiaries in accordance with the terms of the relevant shareholders agreement to set up those subsidiaries. These loans are unsecured and denominated in Rmb. Except for one subsidiary which minority shareholder's loan is interest bearing, the rest are non-interest bearing. The interest-free loans are stated at fair values based on cash flows discounted by a borrowing rate of 5.0 per cent. During the first six months of 2006, the Group had repaid approximately HK\$0.9 million.

As at 30 June 2006, shareholders' funds (excluding minority interests) amounted to HK\$3.90 billion which accounted for 89.2 per cent of the Group's total capitalisation. As at 31 December 2005, shareholders' funds (excluding minority interests) amounted to HK\$3.75 billion being 86.9 per cent of the Group's total capitalisation. The increase in shareholders' funds in the first half of 2006 was mainly due to increase in net profit retained for the period after appropriation of 2005 final dividend.

MANAGEMENT DISCUSSION AND ANALYSIS

Treasury Policies

The Group's overall treasury and funding policy is that of risk management and liquidity control. The Group will proactively maintain banking relationship with financial institutions both in Hong Kong and Mainland China to capitalise on the different levels of liquidity offered by these two markets. Bank balances are generally placed in short term fixed rate deposits in bank accounts in Hong Kong and Mainland China. No fund is placed in non-bank institutions or invested in securities.

The Group's principal operations are in Mainland China and most of the income is denominated in Rmb, with the appreciation of Rmb currency in July 2005, management will continue to keep an eye on its potential impact to the Group. Since Rmb loan interest rate is at present comparatively higher than foreign currency loan interest rate, management may consider reducing debt financing in Rmb and increase equity and debt financing denominated in foreign currency unless capital expenditure required Rmb funding. Consequently, management would adopt appropriate currency hedging measures to minimize any possible foreign currency risks.

Capital Commitments and Contingent Liabilities

As at 30 June 2006, the Group had a committed equity capital balance to Guangzhou Western Second Ring Expressway Company Limited ("GWSR Expressway Company") of Rmb105.0 million (equivalent to approximately HK\$101.0 million). This balance would be paid by stages in such amount and by such date as to be determined by the board of directors of GWSR Expressway Company. Save for this equity capital commitment, the Group has no other material capital commitments as at 30 June 2006.

There were no significant contingent liabilities since the year ended 31 December 2005.

Employees

As at 30 June 2006, the Group has approximately 743 employees of which about 613 were directly engaging in the daily operation, management and supervision of toll projects. The Group remunerates its employees largely based on industry practice, including contributory provident funds and other staff benefits. The Group has also adopted a share option scheme which awards its employees according to the performance of the Group and individual employees.

By order of the Board

Ou Bingchang

Chairman

Hong Kong, 6 September 2006

INDEPENDENT REVIEW REPORT



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor Prince's Building
Central Hong Kong

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF GZI TRANSPORT LIMITED (“the Company”) *(incorporated in Bermuda with limited liability)*

INTRODUCTION

We have been instructed by the Company to review the interim financial report of the Company set out on pages 15 to 30.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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 (the “HKICPA”) 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 this 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 Standard 700 “Engagements to review interim financial reports” issued by the HKICPA. A review consists principally of making enquiries of group management 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 6 September 2006

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

**Unaudited
Six months ended 30 June**

	Note	2006 HK\$'000	2005 HK\$'000
Turnover	4	211,362	204,006
Other gains		4,867	349
Amortisation/depreciation of interests in toll highways and bridges		(53,728)	(52,423)
Toll highways and bridges maintenance expenses	5	(37,743)	(39,195)
General and administrative expenses	5	(25,118)	(16,373)
Business tax		(9,637)	(10,171)
Operating profit		90,003	86,193
Bank interest income		3,672	870
Interest income on loans to associates		16,068	15,934
Finance costs		(9,183)	(5,034)
Share of profits less losses of associates		103,783	84,854
Share of profits of jointly controlled entities		30,489	20,066
Profit before income tax		234,832	202,883
Income tax expense	6	(19,128)	(16,587)
Profit for the period		215,704	186,296
Attributable to:			
Equity holders of the Company		198,804	168,645
Minority interests		16,900	17,651
		215,704	186,296
Earnings per share for profit attributable to the equity holders of the Company	7		
- Basic		HK17.82 cents	HK15.13 cents
- Diluted		HK17.82 cents	HK15.12 cents
Interim dividend	8	72,504	55,772

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2006

	Note	30 June 2006 Unaudited HK\$'000	31 December 2005 Audited HK\$'000
ASSETS			
Non-current assets			
Interests in toll highways and bridges	9	1,923,886	1,980,017
Leasehold land	9	709	718
Property, plant and equipment	9	23,098	23,541
Investment properties	9	8,210	8,210
Investments in jointly controlled entities		603,634	475,549
Investments in associates		1,664,473	1,686,542
Deferred income tax assets	13	403	417
Available-for-sale financial assets		65,803	65,925
		<u>4,290,216</u>	<u>4,240,919</u>
Current assets			
Trade receivables	10	8,792	13,428
Other receivables, deposits and prepayments		11,791	7,862
Bank balances and cash		344,523	368,883
		<u>365,106</u>	<u>390,173</u>
Total assets		<u>4,655,322</u>	<u>4,631,092</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	11	111,544	111,544
Reserves		3,784,984	3,641,015
		<u>3,896,528</u>	<u>3,752,559</u>
Minority interests		215,769	245,111
Total equity		<u>4,112,297</u>	<u>3,997,670</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

AS AT 30 JUNE 2006

	Note	30 June 2006 Unaudited HK\$'000	31 December 2005 Audited HK\$'000
LIABILITIES			
Non-current liabilities			
Borrowings	12	424,418	421,864
Deferred income tax liabilities	13	5,740	5,985
		<u>430,158</u>	<u>427,849</u>
Current liabilities			
Due to			
A minority shareholder of subsidiaries		2,890	5,919
Holding companies		3,084	3,652
Account payables and accrued charges		46,793	38,750
Current income tax liabilities		12,023	13,021
Borrowings	12	48,077	144,231
		<u>112,867</u>	<u>205,573</u>
Total liabilities		<u>543,025</u>	<u>633,422</u>
Total equity and liabilities		<u>4,655,322</u>	<u>4,631,092</u>
Net current assets		<u>252,239</u>	<u>184,600</u>
Total assets less current liabilities		<u>4,542,455</u>	<u>4,425,519</u>

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

Unaudited Six months ended 30 June

	2006 HK\$'000	2005 HK\$'000
Net cash generated from operating activities	126,583	126,533
Net cash generated from investing activities	44,529	34,990
Net cash used in financing activities	(195,692)	(106,482)
	<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents	(24,580)	55,041
Cash and cash equivalents at 1 January	368,883	188,850
Effect of foreign exchange rate changes	220	(313)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<u>344,523</u>	<u>243,578</u>
	<hr/>	<hr/>
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<u>344,523</u>	<u>243,578</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(Unaudited)

	Attributable to equity holders of the Company							Minority	Total	
	Share capital	Share premium	Capital reserve	Capital contribution reserve	Exchange fluctuation reserve	Statutory reserves	Available-for-sale financial assets fair value reserve	Retained earnings	interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2006	111,544	577,463	1,705,497	31,240	92,381	29,049	(36,088)	1,241,473	245,111	3,997,670
Currency translation differences	—	—	—	—	(6,873)	—	—	—	(3,399)	(10,272)
Fair value adjustment on loans from minority shareholders of subsidiaries	—	—	—	7,810	—	—	—	—	—	7,810
Net gain/(loss) recognised directly in equity	—	—	—	7,810	(6,873)	—	—	—	(3,399)	(2,462)
Profit for the period	—	—	—	—	—	—	—	198,804	16,900	215,704
Total recognised income/(loss) for the period	—	—	—	7,810	(6,873)	—	—	198,804	13,501	213,242
2005 dividend	—	—	—	—	—	—	—	(55,772)	(42,843)	(98,615)
At 30 June 2006	111,544	577,463	1,705,497	39,050	85,508	29,049	(36,088)	1,384,505	215,769	4,112,297

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

(Unaudited)

	Attributable to equity holders of the Company							Minority	Total	
	Share capital	Share premium	Capital reserve	Capital contribution reserve	Exchange fluctuation reserve	Statutory reserves	Available-for-sale financial assets fair value reserve	Retained earnings		interests
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005	111,465	576,947	1,705,497	15,620	11,479	29,049	—	1,049,871	248,555	3,748,483
Currency transaction differences	—	—	—	—	1,515	—	—	—	—	1,515
Decrease in fair value of available-for-sale financial assets	—	—	—	—	—	—	(66,927)	—	—	(66,927)
Fair value adjustment on loans from minority shareholders of subsidiaries	—	—	—	7,810	—	—	—	—	—	7,810
Net gain/(loss) recognised directly in equity	—	—	—	7,810	1,515	—	(66,927)	—	—	(57,602)
Profit for the period	—	—	—	—	—	—	—	168,645	17,651	186,296
Total recognised income/(loss) for the period	—	—	—	7,810	1,515	—	(66,927)	168,645	17,651	128,694
Issue of shares	9	59	—	—	—	—	—	—	—	68
2004 dividend	—	—	—	—	—	—	—	(58,524)	(14,023)	(72,547)
At 30 June 2005	111,474	577,006	1,705,497	23,430	12,994	29,049	(66,927)	1,159,992	252,183	3,804,698

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

GZI Transport Limited (“the Company”) and its subsidiaries (together “the Group”) is principally engaged in the operation and management of toll highways and bridges in Mainland China.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda.

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

This condensed consolidated interim financial information was approved for issue by the Board of Directors of the Company on 6 September 2006.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2006 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005. The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2006.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	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 and HKAS 4 (Amendment)	Financial Guarantee Contracts
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS-Int 4	Determining whether an Arrangement contains a Lease
HKFRS-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

These standards, amendments and interpretations do not have significant impacts to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2006 and have not been early adopted:

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives

Management do not expect HK(IFRIC)-Ints 7, 8 and 9 to be relevant to the Group. The Group has assessed the impact of HKFRS 7 and HKAS 1 (Amendment) and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by HKAS 1 (Amendment). The Group will apply HKFRS 7 and HKAS 1 (Amendment) for accounting periods beginning on or after 1 January 2007.

4 TURNOVER

Turnover recognised is toll revenue on highways and bridges.

No analysis of the Group's turnover and contribution to operating profit by activity and geographic area is presented as they were principally derived from the operations of the Group's toll highways and bridges projects in China.

Business segment information is not required as the revenue, results and assets of the toll operations represent more than 90 per cent of the total revenue, results and assets of the Group respectively.

5 EXPENSES BY NATURE

Expenses included in toll highways and bridges maintenance expenses and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
Amortisation of prepaid leasehold land	9	21
Depreciation of property, plant and equipment	1,167	1,257
Staff costs (including Directors' remuneration)		
- Wages and salaries	22,720	14,821
- Pension costs - defined contribution plans	1,197	863
- Social security costs	805	426
- Staff welfare	1,183	527
Net exchange loss	—	1,607
	—	—

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 INCOME TAX

- (a) No provision for Hong Kong profits tax has been made in the financial statements as the Group has no income assessable to Hong Kong profits tax during the period (2005: Nil).
- (b) China enterprise income tax is provided on the profits of the Group's investments in China in accordance with the Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises ("China Tax Law"). Under the China Tax Law, the Group's investments in China are entitled to an income tax holiday for two to five years from its first profit making year followed by a 50 per cent reduction in income tax for the next three to five years. The principal income tax rate is 18 per cent. Certain of the Group's investments in China are qualified for the aforesaid tax holiday.
- (c) The amount of income tax charged to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Current income tax		
- China enterprise income tax	19,359	17,387
Deferred income tax	(231)	(800)
	19,128	16,587

7 EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2006	2005
Profit attributable to equity holders of the Company (HK\$'000)	198,804	168,645
Weighted average number of ordinary shares in issue ('000)	1,115,442	1,114,732
Basic earnings per share (HK cents)	17.82	15.13

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EARNINGS PER SHARE (CONTINUED)

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options outstanding during the period which are dilutive potential ordinary shares.

	Six months ended 30 June	
	2006	2005
Profit attributable to equity holders of the Company (HK\$'000)	198,804	168,645
Weighted average number of ordinary shares in issue ('000)	1,115,442	1,114,732
Adjustments for share options ('000)	93	659
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,115,535	1,115,391
Diluted earnings per share (HK cents)	17.82	15.12

8 INTERIM DIVIDEND

	Six months ended 30 June	
	2006	2005
	HK\$'000	HK\$'000
2006 interim, proposed of HK\$0.065 (2005: HK\$0.05) per share	72,504	55,772

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 CAPITAL EXPENDITURES

	Interest in toll highways and bridges			Property, plant and equipment HK\$'000	Investment properties HK\$'000
	Intangible operating rights HK\$'000	Tangible infrastructure HK\$'000	Leasehold land HK\$'000		
	Opening net book value at 1 January 2006	1,648,510	331,507		
Additions	—	—	—	749	—
Disposals	—	—	—	(25)	—
Amortisation/depreciation charge	(47,185)	(6,543)	(9)	(1,167)	—
Exchange adjustments	(2,403)	—	—	—	—
Closing net book value at 30 June 2006	<u>1,598,922</u>	<u>324,964</u>	<u>709</u>	<u>23,098</u>	<u>8,210</u>
Opening net book value at 1 January 2005	1,703,684	336,336	2,124	26,408	4,500
Additions	—	—	—	272	—
Transfers	—	—	(1,376)	(1,034)	2,410
Amortisation/depreciation charge	(44,473)	(6,306)	(21)	(1,257)	—
Exchange adjustments	1,037	—	—	—	—
Closing net book value at 30 June 2005	<u>1,660,248</u>	<u>330,030</u>	<u>727</u>	<u>24,389</u>	<u>6,910</u>
Additions	—	—	—	28	—
Transfers	—	—	—	6	(6)
Revaluation surplus	—	—	—	—	1,306
Amortisation/depreciation charge	(48,817)	(6,455)	(9)	(1,140)	—
Exchange adjustments	37,079	7,932	—	258	—
Closing net book value at 31 December 2005	<u>1,648,510</u>	<u>331,507</u>	<u>718</u>	<u>23,541</u>	<u>8,210</u>

10 TRADE RECEIVABLES

Trade receivables are toll revenues collected by other parties on behalf of the Group. The ageing of the balance is within 30 days.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 SHARE CAPITAL

	Ordinary shares of HK\$0.1 each	
	Number of shares	HK\$'000
Authorised:		
At 1 January 2005, 31 December 2005 and 30 June 2006	2,000,000,000	200,000
Issued and fully paid:		
At 1 January 2005	1,114,649,530	111,465
Issued under employee share option scheme	792,000	79
At 31 December 2005 and 30 June 2006	1,115,441,530	111,544

Share options

On 25 June 2002, the Company adopted a new share option scheme, under which it may grant options to employees (including executive directors of the Company) to subscribe for shares in the Company, subject to a maximum of 10% of the number of shares in issue as at 25 June 2002. The exercise price is determined by the Board and must be at least the highest of (a) the closing price of the shares as stated in The Stock Exchange of Hong Kong Limited (the "Stock Exchange")'s daily quotation sheets on the date of grant; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares. As at 30 June 2006, no such options have been granted to any person since its adoption.

As at 30 June 2006, there were no outstanding options granted under the old share option scheme to subscribe for shares of the Company.

Movements of share options are as follows:

	Number of share options
At 1 January 2005 (granted on 7 April 2000 at an exercise price of HK\$0.752)	1,114,000
Exercised during the period	(92,000)
Lapsed during the period	(92,000)
At 30 June 2005	930,000
Exercised during the period	(700,000)
At 31 December 2005	230,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 SHARE CAPITAL (CONTINUED)

Share options (continued)

Movements of share options are as follows:

	Number of share options
At 1 January 2006	230,000
Lapsed during the period	(230,000)
At 30 June 2006	—

12 BORROWINGS

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Non-current		
Loans from minority shareholders of subsidiaries	424,418	421,864
Current		
Short-term bank borrowings	—	67,308
Current portion of long-term bank borrowings	48,077	76,923
	48,077	144,231
Total borrowings, unsecured and denominated in Renminbi ("RMB")	472,495	566,095

(a) The loans from minority shareholders of subsidiaries are not repayable within one year.

(b) The effective interest rate of bank borrowings at the balance sheet date was 5.184% (2005: 5.184%).

Except for an aggregate amount of HK\$124,038,000 (2005: HK\$120,561,000) which bears interest at the prevailing Bank of China RMB long term lending rates of 6.12% to 6.39% (2005: 6.12%) per annum, the loans from minority shareholders of subsidiaries are interest-free.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the applicable income tax rate.

Deferred income tax as at 30 June 2006 represents:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Deferred income tax assets		
Hong Kong profits tax provided in respect of revaluation of investment properties	(403)	(417)
Deferred income tax liabilities		
China enterprise income tax provided in respect of accelerated depreciation	5,740	5,985
	5,337	5,568

14 CONTINGENT LIABILITIES AND COMMITMENTS

At 30 June 2006, the Group had financial commitments in respect of equity capital to be injected to a jointly controlled entity of approximately HK\$100,962,000 (2005: HK\$198,558,000) and future aggregate minimum lease payments/receipts under non-cancellable operating leases of premises as follows:

	30 June 2006 HK\$'000	31 December 2005 HK\$'000
Lease payments		
Not later than one year	101	202
Lease receipts		
Not later than one year	83	293
Later than one year and not later than five years	—	29
	83	322

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 RELATED PARTY TRANSACTIONS

(a) Related parties

The Group is controlled by GZI Transport (Holdings) Limited, which owns approximately 67% of the Company's shares. The Company's Directors regard Guangzhou Investment Company Limited (incorporated in Hong Kong) to be the ultimate holding company.

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The table set forth below summarised the names of related parties, with whom the Group had significant transaction during the period, and their relationship with the Company as at 30 June 2006:

Significant related party	Relationship with the Company
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	A substantial shareholder of ultimate holding company (2005: ultimate holding company)
Guangzhou Investment Company Limited ("GZI")	Ultimate holding company (2005: an intermediate holding company)
Guangzhou Northern Second Ring Expressway Co., Ltd.	A jointly controlled entity of a subsidiary
Guangzhou Western Second Ring Expressway Co., Ltd.	A jointly controlled entity of a subsidiary
Guangdong Humen Bridge Co., Ltd.	An associate of a subsidiary
Guangdong Qinglian Highway Development Co., Ltd.	An associate of a subsidiary
Guangdong Shantou Bay Bridge Co., Ltd.	An associate of a subsidiary
Guangzhou Northring Freeway Co., Ltd.	An associate of a subsidiary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Administrative service fees shared with GZI	650	650
Rental expenses paid to Yue Xiu	101	101
	<u>101</u>	<u>101</u>

(c) Key management compensation

	Six months ended 30 June	
	2006 HK\$'000	2005 HK\$'000
Salaries and other short-term benefits	10,463	3,660
	<u>10,463</u>	<u>3,660</u>

DISCLOSURES PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

ADVANCES TO ENTITY

The advances made by the Group to the following entity, which exceeded 8.0 per cent of the Total Assets (note 4) continued to exist as at 30 June 2006 and is required to be disclosed under Rule 13.20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as follows:

Name of the Entity	Percentage of indirect attributable interest held by the Company	Advances as at 30 June 2006 (Note 1)		Interest rate	Total (A + B) HK\$ million
		Interest bearing (A) HK\$ million	Non-interest bearing (B) HK\$ million		
		Guangdong Humen Bridge Co., Ltd.	25.0		

FINANCIAL ASSISTANCE TO AFFILIATED COMPANIES

The financial assistance provided by the Group to the affiliated companies of the Company, which in aggregate exceeded 8.0 per cent of the Total Assets (note 4) continued to exist as at 30 June 2006 and are required to be disclosed under Rule 13.22 of the Listing Rules as follows:

Name of the Affiliated Companies	Percentage of indirect attributable interest held by the Company	Advances as at 30 June 2006 (Note 1)		Interest rate	Total (A + B) HK\$ million
		Interest bearing (A) HK\$ million	Non-interest bearing (B) HK\$ million		
		Guangdong Humen Bridge Co., Ltd.	25.0		
Guangdong Qinglian Highway Development Co., Ltd.	23.6	—	225.3	—	225.3
Guangdong Shantou Bay Bridge Co., Ltd.	30.0	7.3	—	(Note 3)	7.3
Total		<u>393.2</u>	<u>225.3</u>		<u>618.5</u>

DISCLOSURES PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

Notes:

- (1) The advances were shareholders' loans representing part of the investment costs injected by the Group in proportion to the Group's equity interest in such entity and affiliated companies. These advances are unsecured and have no fixed term of repayments. There were no committed capital injections to and guarantees given to or for the above entity and affiliated companies.
- (2) Of this interest-bearing advance, approximately HK\$311.6 million was charged at US prime rate and the remaining balance was charged at Bank of China long-term RMB borrowing rate.
- (3) Of this interest-bearing advance, approximately HK\$6.4 million was charged at Bank of China long-term RMB borrowing rate and the remaining balance was charged at HK prime rate.
- (4) Total Assets means the consolidated total assets of the Group as at 30 June 2006, adjusted for the interim dividend proposed on 6 September 2006.

PRO FORMA COMBINED BALANCE SHEET OF AFFILIATED COMPANIES

In accordance with Rule 13.22 of the Listing Rules, a pro forma combined balance sheet of the Company's relevant affiliated companies as at 30 June 2006 and the Group's attributable interest in those companies are set out below:

	HK\$'000
Long term assets	5,963,985
Current assets	424,636
Current liabilities	(919,680)
Long term liabilities	<u>(3,014,704)</u>
Net assets	<u><u>2,454,237</u></u>
	HK\$'000
Attributable interest to the Group	
Net assets	841,083
Shareholder's loans receivable	<u>618,576</u>
	<u><u>1,459,659</u></u>

OTHER INFORMATION

Interests of Directors

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 and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and The Stock Exchange of Hong Kong Limited (“Stock Exchange”) were as follows :

I. Long positions in shares of Guangzhou Investment Company Limited (“GZI”), the holding company of the Company :

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Liang Ningguang	Personal	400,000	0.01

II. Long positions in underlying shares of equity derivatives of GZI :

Name of Director	Date of grant	Exercise price per share HK\$	Number of share options outstanding as at 1 January and 30 June 2006
Mr Ou Bingchang	02/06/2003	0.5400	9,000,000
Mr Chen Guangsong	02/06/2003	0.5400	8,000,000
Mr Liang Ningguang	02/06/2003	0.5400	7,000,000
Mr Liang Yi	02/06/2003	0.5400	7,000,000

Notes :

The share options are exercisable from 2 June 2003 to 1 June 2013, of which a maximum of up to (i) 30 per cent; and (ii) 60 per cent (inclusive of any options exercised under (i)) thereof are exercisable during the period (i) up to the first anniversary; and (ii) up to the second anniversary of the date of grant, respectively.

Save as disclosed herein, as at 30 June 2006, none of the directors of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

OTHER INFORMATION

Discloseable Interests of Shareholders under the Securities and Futures Ordinance

As at 30 June 2006, the following persons have an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

I. Long positions

Name	Note	Interests in shares	Approximate % of interest
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	(a)	802,976,076	71.99
GZI	(a)	750,134,000	67.25
First Dynamic Limited	(a)	750,000,000	67.24
Round Table Holdings Limited	(a)	750,000,000	67.24
GZI Transport (Holdings) Limited	(a)	750,000,000	67.24
Housemaster Holdings Limited	(a)	367,500,000	32.95
Power Head Limited	(a)	157,500,000	14.12
Delta Force Holdings Limited	(a)	112,500,000	10.09
Lawson Enterprises Limited	(a)	112,500,000	10.09
Shanghai Industrial Investment (Holdings) Company Ltd.	(b)	108,983,777	9.77
Mr Cheah Cheng Hye	(c)	66,986,000	6.01
Value Partners Limited	(c)	66,986,000	6.01

II. Short positions

Name	Note	Interests in shares	Approximate % of interest
Shanghai Industrial Investment (Holdings) Company Ltd.	(b)	10,000,000	0.9

Notes:

- (a) The capacity of Yue Xiu in holding the 802,976,076 shares was, as to 5,769 shares, as beneficial owner and, as to 802,970,307 shares, attributable to interests of controlled corporations.

Housemaster Holdings Limited, Power Head Limited, Delta Force Holdings Limited and Lawson Enterprises Limited were the beneficial owners of 367,500,000, 157,500,000, 112,500,000 and 112,500,000 shares of the Company respectively. These companies were wholly-owned by GZI Transport (Holdings) Limited which, by virtue of the SFO, was deemed to be interested in the 750,000,000 shares held by these subsidiaries.

GZI Transport (Holdings) Limited was owned as to 51 per cent by Round Table Holdings Limited and 49 per cent by First Dynamic Limited. First Dynamic Limited was wholly-owned by Yue Xiu which also through certain subsidiaries owned about 46 per cent of the issued share capital of GZI as at 30 June 2006. Round Table Holdings Limited was wholly-owned by GZI which also directly held 134,000 shares of the Company. By virtue of the SFO, GZI, Round Table Holdings Limited and First Dynamic Limited were deemed to be interested in the 750,000,000 shares.

- (b) The capacity of Shanghai Industrial Investment (Holdings) Company Ltd. in holding the 108,983,777 shares and a short position of 10,000,000 shares was attributable to interests of controlled corporations.
- (c) The capacity of Value Partners Limited in holding the 66,986,000 shares was investment manager. Mr Cheah Cheng Hye owned 32.77 per cent of the issued share capital of Value Partners Limited and was taken to be interested in 66,986,000 shares.

OTHER INFORMATION

Share Options

Pursuant to a share option scheme ("Share Option Scheme") approved by shareholders of the Company on 3 January 1997, the board of directors of the Company ("Board") may, at their discretion, grant to directors and employees of the Company or any of its subsidiaries options to subscribe for ordinary shares in the Company. The Share Option Scheme is designed to act as an incentive to employees and executives of the Group.

On 25 June 2002, the shareholders of the Company approved the resolutions relating to the termination of the Share Option Scheme and the adoption of a new share option scheme ("2002 Share Option Scheme"). Upon termination of the Share Option Scheme, no further share options will be granted thereunder but all the outstanding share options granted prior to such termination continue to be valid and exercisable in accordance therewith, and only those provisions of the Share Option Scheme which are required to give effect to the outstanding share options continue to remain in force for such purpose. The 2002 Share Option Scheme complies with the amendments to Chapter 17 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

Pursuant to the 2002 Share Option Scheme, the Board may grant to any person being an employee, officer, director, agent, consultant or representative of GZI, Yue Xiu, the Company or any of their respective subsidiaries ("Participants") options to subscribe for shares in the Company. The purpose of the 2002 Share Option Scheme is to provide incentives to Participants to contribute to the Group and to enable the Group to recruit, retain and motivate high-calibre employees and attract human resources that are valuable to the Group. The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Share Option Scheme is 10 per cent of the number of shares in issue as at the date of approval of the 2002 Share Option Scheme. The maximum entitlement of each Participant upon exercise of the options granted or to be granted within any 12-month period immediately preceding the proposed date of grant is limited to 1 per cent of the number of shares in issue as at the proposed date of grant. Any further grant of options in excess of this limit is subject to shareholders' approval in general meeting. The share options are exercisable from the commencement date of the option period (which shall be a period to be notified by the Board at the time of the grant of an option, such period to commence on the date of grant or such later date as the Board may decide and expire on the last day of the period, which in any event shall not exceed 10 years from the date of grant), of which a maximum of up to (i) 30 per cent; and (ii) 60 per cent (inclusive of any options exercised under (i)), of the options granted under the relevant grant are exercisable during the period (i) up to the first anniversary; and (ii) up to the second anniversary of the commencement date of the option period respectively. After the second anniversary of the commencement date of the option period the restrictions will cease. In respect of a Participant who is an employee of GZI, Yue Xiu, the Company or any of their respective subsidiaries, the same limits on the exercise of the share options as described above shall also apply, except that the periods referred to in (i) and (ii) above shall commence from the later of: (a) the date of completion by such Participant of one year of continuous employment as permanent member of the staff of GZI, Yue Xiu, the Company or any of their respective subsidiaries, as the case may be; and (b) the commencement date of the option period, and the date when the restrictions cease shall be modified accordingly. The exercise price is determined by the Board and must be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares. The cash consideration to be paid for each grant of option is HK\$10, with full payment of the exercise price to be made upon exercise of an option. No such options have been granted to any person since its adoption as required to be disclosed under the Listing Rules.

OTHER INFORMATION

Movements during the period of the options granted under the Share Option Scheme were as follows :

Number of share options			Exercise price per share	Date of grant HK\$	Exercisable period
outstanding as at 1 January 2006	lapsed during the period	outstanding as at 30 June 2006			
230,000	230,000	—	0.7520	07/04/2000	07/04/2001 - 06/04/2006 (b)

Notes:

- (a) No options have been granted, exercised or cancelled during the period.
- (b) All options are exercisable in 3 tranches.

Corporate Governance

The Company has complied with the code provisions of the Code on Corporate Governance Practices ("Code") contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2006, except for the following deviations:

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-laws. All the non-executive directors of the Company had retired by rotation and have been re-elected during the past three years.

The Audit Committee and the Company's auditors, PricewaterhouseCoopers, have reviewed the unaudited condensed consolidated interim financial information for the six months ended 30 June 2006.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2006.

Specific employees who are likely to be in possession of unpublished price sensitive information have been requested to comply with the provisions of the Model Code. No incident of non-compliance was noted by the Company.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Shares

The Company has not redeemed any of its shares during the six months ended 30 June 2006. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 9 October 2006 to Wednesday, 11 October 2006, 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 for registration with the Company's Hong Kong Branch Share Registrar, Abacus Share Registrars Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Friday, 6 October 2006.

CORPORATE AND INVESTOR RELATIONS INFORMATION

Board of Directors

Executive Directors

Mr Ou Bingchang (*Chairman*)
Mr Li Xinmin
Mr Li Zhuo
Mr Chen Guangsong
Mr Liang Ningguang
Mr Liang Yi
Mr Du Xinrang
Mr He Zili
Mr Zhang Siyuan
Mr Tan Yuande
Mr He Baiqing
Mr Zhang Huping

Non-executive Directors

Mr Fung Ka Pun*
Mr Lau Hon Chuen Ambrose*
Mr Poon Jing
Mr Cheung Doi Shu*

* *Independent non-executive directors & audit committee members*

Company Secretary

Mr Yu Tat Fung

Qualified Accountant

Ms Chan Kam Ting Sharon

Auditors

PricewaterhouseCoopers
Certified Public Accountants

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office and Principal Place of Business

25th Floor
Yue Xiu Building
160 Lockhart Road
Wanchai
Hong Kong

Hong Kong Branch Share Registrar

Abacus Share Registrars Limited
26/F, Tesbury Centre
28 Queen's Road East
Hong Kong

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-1052
Reuters-1052.HK
Bloomberg-1052 HK

Investor Relations

For further information about
GZI Transport Limited, please contact:
Ms Grace Li
Telephone : (852) 2865 2205
Facsimile : (852) 2865 2126
Email : contact@gzitransport.com.hk

Websites to Access Company Information

<http://www.gzitransport.com.hk>
<http://www.hkex.com.hk>

廣東省內項目位置圖

Location Map of Toll Road Projects inside Guangdong Province



汕頭
Shantou

海灣大橋 Bay Bridge



1 汕頭海灣大橋 Shantou Bay Bridge

位於汕頭港東部出入口處，西接深汕高速公路，橫跨汕頭港黃沙灣主航道與汕汾高速公路相接，六線行車道，全長約 6.5 公里。

A six-lane bridge of approximately 6.5 kms long, located in the eastern entrance of Shantou Harbour which connects Shenshan Expressway in the west and stretches over Shantou Harbour Huangsha Bay Sea Route linking Shantou Expressway.



珠三角 Pearl River Delta

香港
Hong Kong

龍潭
Longtan

溫泉
Wenquan

從化
Conghua

太平
Taiping

花都
Huadu

廣州
Guangzhou

番禺
Panyu

東莞
Dongguan

虎門
Humen

南沙
Nansha

珠海
Zhuhai

清遠
Qingyuan

10

3

2

7

5

4

6

9

11

8

廣東省內項目位置圖

Location Map of Toll Road Projects inside Guangdong Province



2 廣深公路 Guangshen Highway

屬 107 國道其中一段，是連接廣州市和深圳市的主要公路之一。全長約 23.1 公里，其中黃埔大沙地至南崗為六線行車道，長約 11.7 公里，南崗至新塘為四線行車道，長約 11.4 公里。

It is a section of National Highway 107 and is one of the major roads connecting Guangzhou City and Shenzhen City. The total length is approximately 23.1 kms, of which the section from Dasha in Huangpu to Nangang measures approximately 11.7 kms long with six lanes and the section from Nangang to Xintang measures approximately 11.4 kms long with four lanes.



3 廣汕公路 Guangshan Highway

為 324 國道其中一段，長約 64.0 公里，四線行車道，是連接廣州市和粵東地區的主要公路之一。

It is a section of National Highway 324 with a total length of approximately 64.0 kms with four lanes and is one of the major highways connecting Guangzhou Municipality and the eastern region of Guangdong Province.



4 廣從公路第一段 Guangcong Highway Section I

屬 105 國道其中一段，長約 33.3 公里，六線行車道，主要連接廣東省和江西等華東省份之間的省際公路，也是廣州市市區和廣州市東北面溫泉渡假村所在地從化市之間的市際交通。

It is a section of National Highway 105, measures approximately 33.3 kms long with six lanes. It mainly connects inter-provincial traffic between Guangdong Province and provinces in Eastern China such as Jiangxi and intra-municipality traffic between Guangzhou and Conghua City in the northeast, where a hot spring resort is located.



5 虎門大橋 Humen Bridge

全長約 15.8 公里六線行車之高速公路懸索橋，連接廣州市番禺區和東莞市，兩端連接廣深高速公路及廣珠東線高速公路。

An expressway of approximately 15.8 kms long with a six-lane suspension bridge linking Panyu District of Guangzhou Municipality and Dongguan City. Its two ends are connected to the Guangzhou Shenzhen Expressway and Guangzhou Zhuhai Eastern Expressway.



6 廣花公路 Guanghua Highway

全長約 20.0 公里，六線行車道，連接廣州市市區及廣州新機場所在地的花都區的主要公路之一。

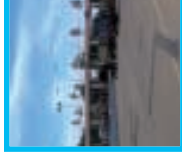
It measures approximately 20.0 kms with six lanes which is one of the major highways connecting the urban area of Guangzhou City and the suburb of Huadu District where the New Guangzhou Airport is located.



7 北二環高速公路 GNSR Expressway

全長 42.4 公里，六線行車道上設有九座互通立交，連接廣州市北部共十一條省道、國道和高速公路。

A six-lane 42.4 kms expressway with nine intersections which connects eleven provincial, national highways and expressways in the north of Guangzhou Municipality.



8 廣從公路第二段及 1909 省道 Guangcong Highway Section II & Provincial Highway 1909

廣從公路第二段，長約 33.1 公里，六線行車道，是連接廣東省和江西等華東省份之間的省際公路，也是廣州市市區和廣州市東北面溫泉渡假村所在地從化市之間的市際交通。1909 省道，長約 33.3 公里，四線行車道，是連接廣東和湖南兩省的省際公路。

Guangcong Highway Section II measures approximately 33.1 kms long with six lanes which connects inter-provincial traffic between Guangdong Province and provinces in Eastern China such as Jiangxi and intra-municipality traffic between Guangzhou and Conghua City in the northeast, where a hot spring resort is located. Provincial Highway 1909 measures approximately 33.3 kms long with four lanes which connects inter-provincial traffic between Guangdong and Hunan provinces.



9 北環高速公路 Northern Ring Road

全長約 22.0 公里，六線行車道，位於廣州市市區，東連廣深高速公路，西接廣佛高速公路。

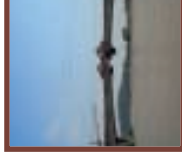
It is located in the urban area of Guangzhou City with total length of approximately 22.0 kms with six lanes. It links the Guangzhou Shenzhen Expressway in the east and the Guangzhou Foshan Expressway in the west.



10 清連公路 Qinglian Highways

位於廣東省西北部，是連接廣東和湖南兩省地區的一條重要通道，其中包括一級公路約 215.2 公里，四線行車道和二級公路約 253.0 公里，二線行車道。

Consist of a Class I Highway of approximately 215.2 kms long with four lanes and a Class II Highway of approximately 253.0 kms long with two lanes. They are located in the northwestern part of Guangdong Province and is a major access connecting Guangdong Province and Hunan Province.



11 西二環高速公路 (在建) GWSR Expressway (under construction)

計劃全長約 39.13 公里，雙向六車道，建成後將與廣州市北二環高速、京珠高速、廣花高速、新機場高速、廣三高速以及國道 324、321、105、106、107 等公路連接。

It is an expressway of total planned length of approximately 39.13 kms with six lanes in dual direction. It will be connected to GNSR Expressway, Jingzhu Expressway, Guanghua Expressway, New Airport Expressway, Guangsan Expressway and National Highways 324, 321, 105, 106, 107.

廣東省外項目位置圖

Location Map of Toll Road Projects outside Guangdong Province



12 陝西省西臨高速公路 Xian Expressway in Shaanxi Province

是西安至潼關高速公路的一段，亦屬國道韓線G045連雲港到霍爾果斯的一部份，全長約20.1公里，四線行車道，並與繞城高速公路互通。貫通西安市與世界知名歷史古跡兵馬俑、華清池等風景名勝區的重要通道。

A section of Xian Tongguan Expressway, a part of National Highway G045 between Lianyungang and Huoguosui with a total length of approximately 20.1 kms with four lanes and intersects with Yao Cheng Expressway. It is also a major access connecting Xian City to the world famous historical relics and scenic spots such as Terra-Cotta Warriors and Huaqing Hot Spring.

13 湖南省湘江二橋 Xian Jiang Bridge II in Hunan Province

位於湖南省湘潭市，全長約1.8公里，四線行車道，是連接湘江南北河岸107國道上的橋樑，主要連接廣東省及湖南省之間的省際交通。

It is located in Xiang Tan City of Hunan Province with a total length of approximately 1.8 kms long with four lanes and a part of National Highway 107 linking the northern and southern banks of Xiang Jiang. It primarily connects inter-provincial traffic between Guangdong Province and Hunan Province.