

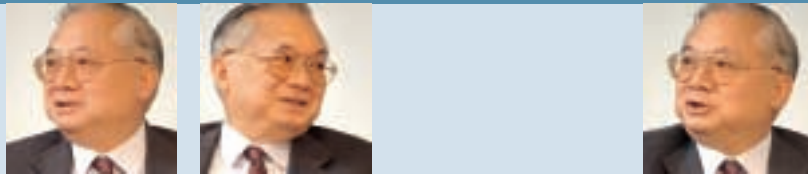


“The formation of HHI clearly illustrates the growth and strength of the Group’s expressway infrastructure business”

**Sir Gordon Ying Sheung WU**  
KCMG, FICE  
*Chairman*

It gives me great pleasure to pen this first Chairman’s Statement for our new subsidiary, Hopewell Highway Infrastructure Limited (“HHI”). With the listing of HHI on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 6th August, 2003, we have achieved another milestone in Hopewell Holdings Limited’s (“Hopewell Holdings”) 31-year history. The formation of HHI clearly illustrates the growth and strength of the Group’s expressway infrastructure business and ensures that we provide our investors with greater corporate transparency in regards to this business and our future investment plans.

HHI now owns interests in three toll expressways, including the Guangzhou-Shenzhen Superhighway (“GS Superhighway”), Guangzhou ESW Ring Road (“ESW Ring Road”) and Western Delta Route. It is through HHI, that Hopewell Holdings will continue to develop our transport infrastructure interests in Guangdong and the Pearl River Delta. These interests include the proposed Hong Kong-Zhuhai-Macau Bridge-Tunnel project and Phases 2 and 3 of the Western Delta Route. We believe that these projects are logical and significant steps in the development of the Pearl River Delta as a region and in the natural integration of the city economies of the western Pearl River Delta, Macau and Hong Kong.



HHI is an independently listed company, 75% owned by Hopewell Holdings, with a Board and management team that is independent, yet also has the strong backing, of Hopewell Holdings. Through its background and pedigree, HHI has the advantage of having a strong track record, favourable tax concessions and the ability to expand our expressways on land already owned by HHI's joint venture companies as traffic growth dictates.

As the reorganisation for the HHI Group was only effected on 30th June, 2003, no dividends were declared by the Board for this fiscal year. However, in the absence of unforeseen circumstances, the Board intends to recommend and pay at least HK\$0.225 per share in total dividends for the next financial year, as stated in the Group's Initial Public Offering prospectus.

### Financial Status

Net profit for fiscal year 2003 stood at HK\$533 million, a slight increase over last year's HK\$532 million. Earnings per share, subsequently, remained flat at HK\$0.25 per share.

Core earnings, however, defined as net profit excluding interest income from shareholder's loan, increased 17% from HK\$433 million in fiscal year 2002 to HK\$507 million this fiscal year, reflecting the true strength of HHI's expressway projects. Both GS Superhighway and ESW Ring Road recorded impressive growth rates this fiscal year.

Fiscal year	2002	2003	% change
<b>GS Superhighway</b>			
Average Daily Traffic (No. of vehicles)	123,191	<b>155,394</b>	26%
Average Daily Revenue (RMB)	5,183,936	<b>5,778,931</b>	11%
<b>ESW Ring Road</b>			
Average Daily Traffic (No. of vehicles)	32,757	<b>38,930</b>	19%
Average Daily Revenue (RMB)	486,738	<b>590,053</b>	21%

HHI's interest income from shareholder's loans to our joint-venture companies, on the other hand, fell from HK\$99 million in fiscal year 2002 to HK\$26 million in fiscal year 2003 as a result of the repayment of these loans, again reflecting the strong performance of our assets. This decrease in interest income offset a large proportion of the increase in net profit growth. As interest income will remain a very small portion of HHI's income, our future earnings figures will truly reflect the strength of our expressways.

“ Our expressway systems have grown hand-in-hand with the economic development of the Pearl River Delta over the past two decades.”

### Business Review

After the PRC Central Government's adoption of an open-door policy for economic reform, twenty-five years ago, Hopewell Holdings's group entered the PRC market confidently with the vision that roads would help drive the economic and industrial growth of Guangdong and the Pearl River Delta. We identified and planned highway routes, formed joint venture arrangements with PRC partners and helped supervise the design, construction, project financing and operation of highways which are today meeting the demands of record traffic growth and car ownership. The result is 180 kilometers of dual three lane toll expressways.

The dual three lane GS Superhighway, now in its ninth year of operation, remains the main expressway linking Hong Kong and Guangzhou, forming a vital north-south corridor in the eastern Pearl River Delta. The ESW Ring Road runs along the eastern, southern and western fringes of Guangzhou city with connections that form a ring road surrounding Guangzhou city. With these expressways in operation, we have now turned our focus on the western reaches of the Pearl River Delta. The result is Phase 1 of the Western Delta Route, currently under construction and expected to be completed by mid-2004. This will offer a strategic high-speed link between Guangzhou and Shunde, reducing the journey time between these two major cities from 40 minutes to 10-15 minutes.

Our expressway systems have grown hand-in-hand with the economic development of the Pearl River Delta over the past two decades. Since fiscal year 1995 to fiscal year 2003, GS Superhighway has seen compound annual growth in its average daily toll traffic flow of 18%. Even during the outbreak of Severe Acute Respiratory Syndrome (SARS) this year, our average daily revenue and traffic continued to record robust growth over the previous year's figures.

## The Future

The high rate of economic growth in Guangdong and across the Pearl River Delta have contributed to considerable GDP and per capita income growth, which in turn have generated record growth for vehicle production and ownership. HHI believes that these factors will continue to increase traffic flow along its expressways. At the same time, the demand for new or expanded roads to meet traffic demand means HHI must focus on future projects. With its proven track record, concession rights and its solid relationships with PRC partners, HHI can pursue such new projects with clear competitive advantages.

The long-term significance of expressways will continue to be enhanced by the economic importance of the Pearl River Delta, as well as a gradual relaxation of border restrictions, the Closer Economic Partnership Arrangements between China and Hong Kong and the opening of new connecting roads and feeder routes. The completion of Phase 1 of the Western Delta Route will generate further demand for high-speed routes between the Pearl River Delta's major cities. HHI retains the concession rights for Phases 2 and 3 of the Western Delta Route and the development of these routes is being actively pursued.

HHI also sees the development of a bridge and tunnel connecting Zhuhai and Macau with Hong Kong as strategically important to the economic integration of the major cities of the Pearl River Delta. HHI has devoted significant efforts to promoting this project and will continue to actively pursue it. We believe that we are well positioned to participate in this project.

## Acknowledgement

I would like to take this opportunity to thank my fellow directors, senior management teams and all staff for their hard work during this past financial year and their commitment to our platform for growth. My gratitude also goes to our shareholders, financiers and business partners for their invaluable support.

**Sir Gordon Ying Sheung WU, KCMG, FICE**

*Chairman*

Hong Kong, 8th September, 2003