



TOLL REVENUE

2,324 RMB million

EARNINGS BEFORE INTEREST AND TAX

1,746 RMB million

Hopewell Highway Infrastructure Limited (“HHI”) begins its commercial life as an established infrastructure business with a reputable track record and sound financial base, with continued growth potential. Our expressways feed and service the most economically active and successful cities of southern China. With strategic holdings across the highway network of Guangdong and the Pearl River Delta and the competitive advantages we hold in terms of our ability to expand our expressways, and, where necessary, construct new roads and connections to our existing expressway systems, HHI has laid a concrete foundation for future investment and development strategies.

The Pearl River Delta in Guangdong Province has rapidly become one of the world's most important centres of industrial output and continues to grow an increasing broad-based economy. New port and airport developments and the PRC's World Trade Organisation (“WTO”) membership have resulted in increasing foreign investment in manufacturing facilities in the region and contributed to a continuous rise in GDP. Vehicle ownership and road usage are increasing at



record rates. These statistics are compelling evidence of the need for expressway development to stay ahead of demand. Toll expressways, built as part of the Hopewell's vision, are now strategic links in a transportation network that underpins economic growth.

HHI, through co-operative joint venture arrangements, has invested in three toll expressway projects across the Pearl River Delta — namely the Guangzhou-Shenzhen Superhighway (“GS Superhighway”), Guangzhou East-South-West Ring Road (“ESW Ring Road”) and Phase 1 of the Western Delta Route. These expressways have a combined road length of 180 km. Both the GS Superhighway and the ESW Ring Road are operational and have exhibited remarkable strength in terms of traffic volume and toll revenue growth over the past financial year. The third toll expressway project, Phase 1 of the Western Delta Route, is a 14.7km dual three lane expressway from Guangzhou to Shunde that is expected to be completed by mid-2004. In addition to these expressways, HHI is actively pursuing two further phased extensions of the Phase 1 of the Western Delta Route which will take the expressway through to Zhongshan. HHI already holds the concession rights to these two phases.

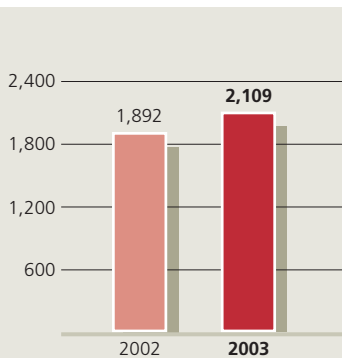




## Guangzhou-Shenzhen Superhighway (GS Superhighway)



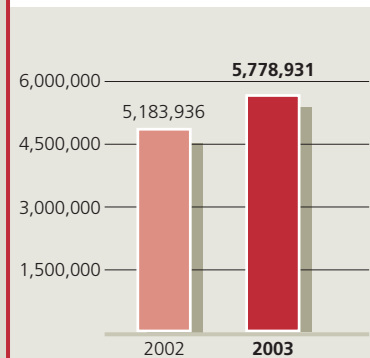
**Annual Toll Revenue**  
(RMB million)



**Average Daily Traffic**  
(No. of vehicles)



**Average Daily Toll Revenue**  
(RMB)





### Project Summary

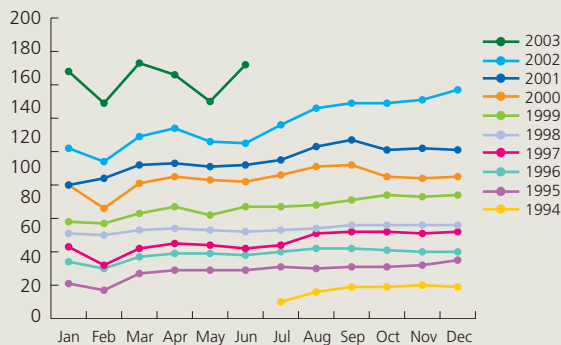
<b>Location</b>	Guangzhou to Shenzhen, Guangdong, PRC
<b>Length</b>	122.8km
<b>Lane</b>	Dual three lane
<b>Class</b>	Expressway
<b>JV Contractual Operation Period</b>	Jul 1997 – Jun 2027
<b>Profit Sharing Ratio</b>	Year 1-10: 50% Year 11-20: 48% Year 21-30: 45%

In view of the strong economic growth in the Guangdong Province, especially in the Pearl Delta River region, the GS Superhighway continues to exhibit robust growth in terms of both traffic volume and toll revenue. The GS Superhighway is a 122.8 km, dual three lane toll expressway with 18 toll stations along the route. Its traffic use and toll revenues have exhibited continuous growth since its first year of full operations in 1995.

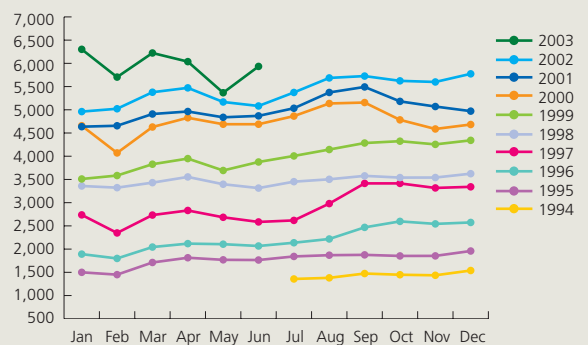
As the first, and currently the only expressway directly connecting Guangzhou with Shenzhen and Hong Kong, the GS Superhighway is a major artery in the developing Pearl River Delta expressway network. Many large towns and important facilities, including the Shenzhen Baoan Airport and various seaports are connected to this expressway's 18 strategically placed interchanges. The expressway is also well connected to the other major highways in the Pearl River Delta.

Over the past financial year, average daily traffic reached 155,394 – a 26% growth over the previous year's figures. Total toll revenue reached RMB2.1 billion, an 11% increase over 2002. The opening of the Huanggang border crossing with Hong Kong on a 24-hour basis in January 2003, together with the PRC's WTO membership and the Closer Economic Partnership Arrangements (CEPA) signed between the PRC and Hong Kong in June 2003 act as catalysts driving further growth on this expressway.

**GS Superhighway Average Daily Traffic**  
(No. of vehicles in thousand)



**GS Superhighway Average Daily Toll Revenue**  
(RMB thousand)









The toll collection system along the northbound section of the expressway has been upgraded from a magnetic card toll collection system to a contactless Integrated Circuit (IC) card system. This will enhance operational efficiency by reducing toll processing time as well as enabling us to efficiently gather data on road usage trends. Work on upgrading the system along the southbound section of the expressway is scheduled to be completed by mid-2004.

Although the GS Superhighway still has the capacity to handle further increase in traffic, additional toll lanes have been added at particularly busy toll stations such as Huangtian, Nantou and Baoan, to improve traffic capacity. The main alignment between Hezhou and Huangtian interchanges is being expanded with an additional lane in each direction to increase traffic capacity along this busy 2.7km section of the expressway. Further, over 50 km of road surface was re-paved during the year as part of a three-year major maintenance programme which will cover virtually the whole expressway. Future expansion of this expressway is relatively straightforward for HHI as the joint venture company already owns land on either side of the road.

The joint venture company was awarded the ISO9001 quality standard this year in recognition of its operational and management standards.



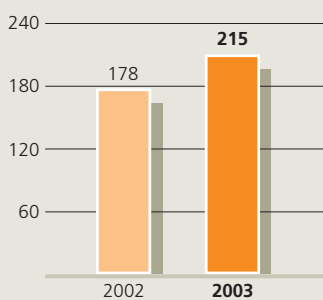




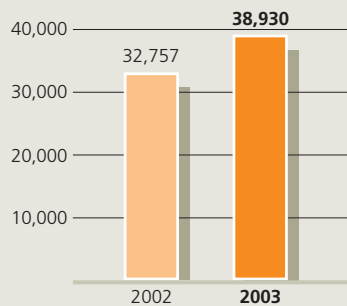
## Guangzhou East-South-West Ring Road (ESW Ring Road)



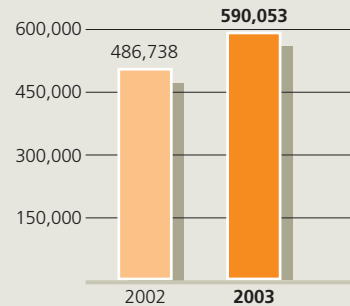
**Annual Toll Revenue**  
(RMB million)

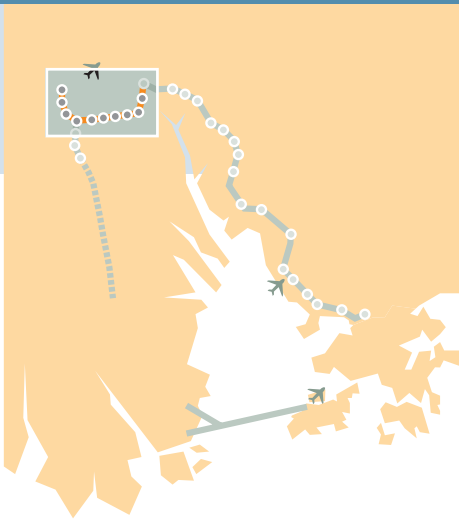


**Average Daily Traffic**  
(No. of vehicles)



**Average Daily Toll Revenue**  
(RMB)



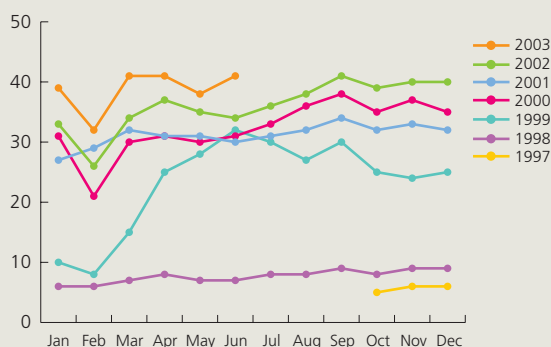


### Project Summary

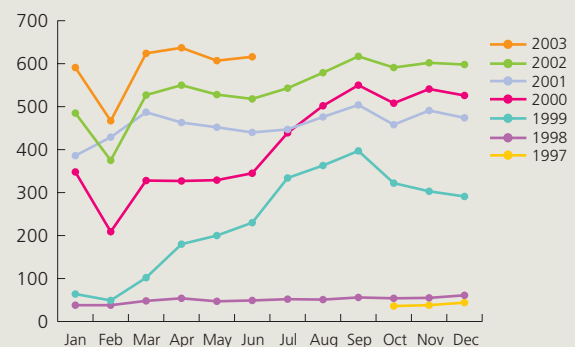
<b>Location</b>	Guangzhou, Guangdong, PRC
<b>Length</b>	38km
<b>Lane</b>	Dual three lane
<b>Class</b>	Expressway
<b>JV Contractual Operation Period</b>	Jan 2002 – Dec 2031
<b>Profit Sharing Ratio</b>	Year 1-10: 45.0% Year 11-20: 37.5% Year 21-30: 32.5%

The ESW Ring Road, is a 38 km long expressway with dual 3 lanes, 10 interchanges and computerised toll collection and surveillance systems. It is connected to the Guangzhou Northern Ring Road to form a ring road around the major centres of Guangzhou. There are also several connecting expressways and highways along the ESW Ring Road which ensure that traffic is able to reach a wider network of destinations. Over the past year, it continued to record steady growth. Its average daily tolled traffic figure stood at 38,930, 19% higher than last year's figures. Annual toll revenue reached RMB215 million, 21% higher than the previous financial year. Connecting expressways and highways currently under construction, once completed, will feed into the expressway, adding to HHI's revenue earning capability.

**ESW Ring Road Average Daily Traffic**  
(No. of vehicles in thousand)



**ESW Ring Road Average Daily Toll Revenue**  
(RMB thousand)







The strong growth of car ownership and vehicles production in Guangzhou and the development of districts in the northern and southern parts of Guangzhou have contributed to increased traffic flows along the expressway. Future connections will ensure that the volume of traffic using the expressway continues to grow.

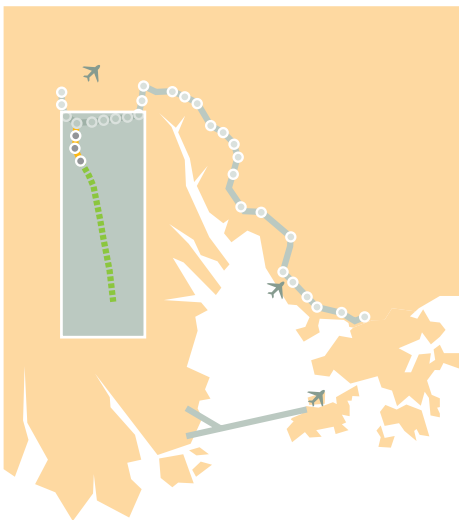
A connecting road at the Huangqi interchange linking with the busy Guangfo Highway is now under construction and will be completed before the end of 2003. Moreover, the Phase 1 of the Western Delta Route connecting the ESW Ring Road at Hainan interchange, also under construction, will be completed in mid-2004. Other links are also being built at Xinzhou interchange and Luntou interchange to complete connections with both the Guangzhu East Expressway and the Guangzhou Southern Expressway.







## Phase 1 of the Western Delta Route



This 14.7km dual three lane, closed system expressway is under construction and due for completion in mid-2004. It will be the only expressway linking Guangzhou and Shunde and will reduce travelling time between these two major cities from 40 minutes to 10-15 minutes. HHI retains the concession rights for the development of Phases 2 and 3 of the Western Delta Route. These phases involve 43km of expressway running from Shunde to Zhongshan. Once these three phases are completed, the Western Delta Route will directly link Guangzhou, Nanhai, Shunde and Zhongshan to Zhuhai. HHI is actively pursuing its development for Phases 2 and 3.



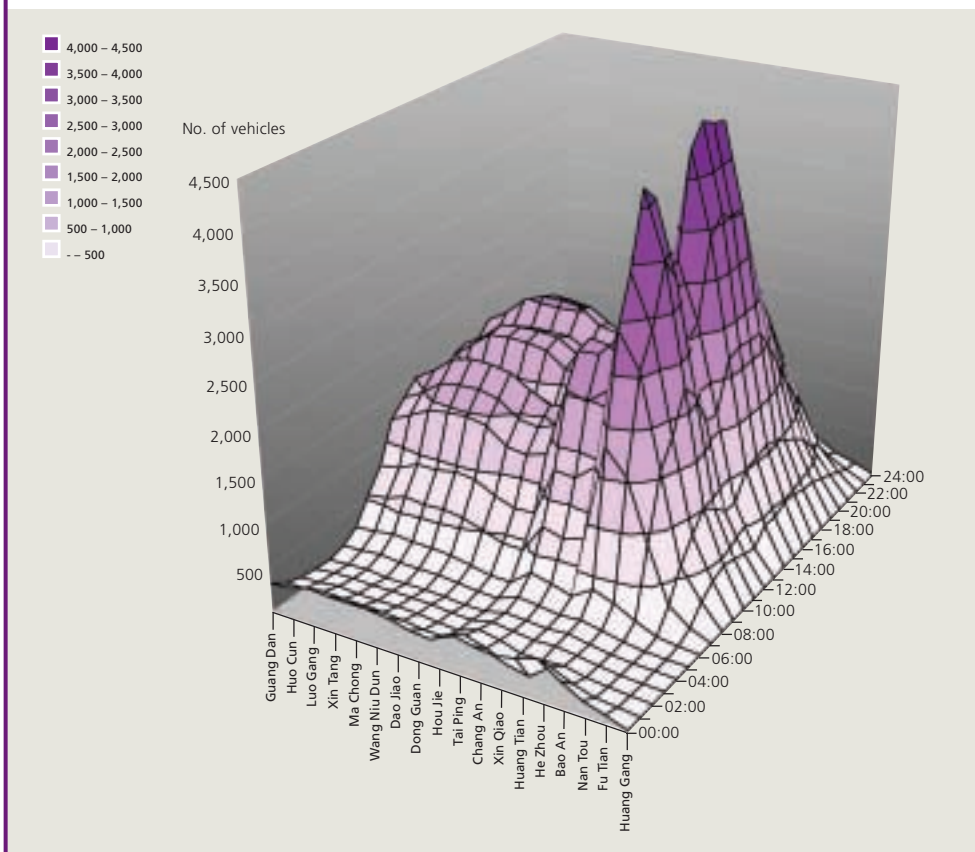


## HK-Zhuhai-Macau Bridge-Tunnel

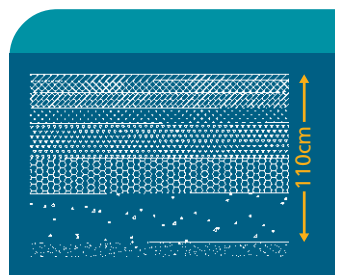
The proposed Y-shaped 29 km bridge-tunnel linking Hong Kong's western Lantau Island to the cities of Macau and Zhuhai, is designed to spur logistics, tourism and economic activities within the western Pearl River Delta. The Company has been an early and strong advocate of this idea, its necessity and viability, and HHI remains confident that it will play a vital role in this project should it proceed.

## Expressway Expansion and Maintenance

**GS Superhighway Daily Cross Sectional Traffic Flow (North Direction) – 20th June, 2003 (Fri)**



HHI applies an advanced traffic management system to monitor road use and to predict when the demand in traffic-critical areas may warrant road expansion or new connections to feeder roads. As our joint venture companies already own the land that runs alongside their expressways, they can readily add additional traffic lanes quickly and relatively inexpensive. This provides HHI with a valid competitive edge. At the same time, our goal is to build quality expressways in materials that ensure a long life span, enhanced by a well-planned maintenance programme.



Typical dimension of road surface structure for GS Superhighway

“.....**E**ven after exposing to 8 years of heavy and high volume of traffic usage, the test results showed that the overall engineering performance of the superhighway maintains at good standard. It is not only resulted from the quality routine maintenance works, but also due to the advance design standart and approach in the implementation stage, which is vitally important.....”.

*Quoted from an article of **Appraisal of Road Surface for GS Superhighway** written by Mr. Deng Xiao Hua, the General Manager of Guangdong Provincial Highway Construction Company.*