

The directors have pleasure in presenting their annual report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30th June, 2003.

Corporate Reorganisation and Listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange")

The Company was incorporated on 14th January, 2003 as an exempted company with limited liability in the Cayman Islands under the Companies Law (Cap. 22). Pursuant to a corporate reorganisation of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 30th June, 2003. Details of the corporate reorganisation are set out in note 1 to the financial statements and the paragraph headed "Corporate Reorganisation" in Appendix IX of the prospectus of the Company dated 28th July, 2003 (the "Reorganisation").

The shares of the Company have been listed on the Stock Exchange with effect from 6th August, 2003.

Principal Activities

The principal activity of the Company is to initiate, promote, develop and operate strategically important expressways, tunnels, bridges and related infrastructure projects in the People's Republic of China ("PRC") through its jointly controlled entities established in the PRC.

Results

The results of the Group for the year ended 30th June, 2003 are set out in the consolidated income statement on page 35.

Dividends

The directors do not recommend payment of dividends for the year ended 30th June, 2003.

Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the year under review are incorporated under the section "Operations Review" as set out on pages 8 to 19.

Share Capital

Particulars of movement of the share capital of the Company from 14th January, 2003 (date of incorporation) to 30th June, 2003 are set out in note 20 to the financial statements.

Reserves

Movements in reserves of the Group during the year are set out in note 21 to the financial statements.

Fixed Assets

Movements in property and equipment of the Group during the year are set out in note 12 to the financial statements.

Purchase, Sale or Redemption of Shares

There was no purchase, sale or redemption by the Company or any of its subsidiaries of shares in the Company during the year except pursuant to the Reorganisation.

Directors

The directors of the Company as at the date of the report are listed on page 32 of the annual report. In accordance with the Company's Articles of Association, all the directors, except Mr. Thomas Jefferson WU and Mr. Alan Chi Hung CHAN, will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Profile of Directors and Senior Management

Sir Gordon Ying Sheung WU* KCMG, FICE

Aged 67, he is the Chairman of the Board of the Company. He graduated from Princeton University with a Bachelor of Science degree in engineering in 1958. He was responsible for the Group's infrastructure projects in the PRC and has been involved in the design and construction of numerous buildings and development projects of the Hopewell Group in Hong Kong and the PRC. He is also the Chairman of Hopewell Holdings Limited, the ultimate holding company of the Company.

He is very active in civic activities, including being the former chairman of the Hong Kong Port and Maritime Board, a member of the Commission on Strategic Development of the HKSAR, Hong Kong Logistic Development Council and the Chinese People's Political Consultative Conference. He is the Honorary Consul of the Republic of Croatia in Hong Kong, and an honorary citizen in a number of cities in the PRC and overseas.

Mr. Eddie Ping Chang HO*

Aged 71, he is the Vice Chairman of the Company. He has been in charge of negotiating all the joint ventures and financing for development projects in the PRC, including hotel, power plant and road infrastructure projects undertaken by the Group and the Hopewell Group. In addition, he has extensive experience in building and development projects in Hong Kong. He is a Honorary Citizen of the cities of Shenzhen and Shunde in the PRC. He is also the Vice Chairman and Managing Director of Hopewell Holdings Limited, the ultimate holding company of the Company.

Mr. Thomas Jefferson WU*

Aged 31, he is the Managing Director of the Company. He was awarded a Master of Business Administration degree from Stanford University and a bachelor degree in Mechanical and Aerospace Engineering from Princeton University. He is responsible for strategic planning, corporate policy and overall management of the Group. He is a son of Sir Gordon Ying Sheung WU and Lady Ivy Sau Ping KWOK WU. He is also the Deputy Managing Director of Hopewell Holdings Limited, the ultimate holding company of the Company.

Mr. Alan Chi Hung CHAN*

Aged 44, he is the Deputy Managing Director of the Company. He was awarded a Postgraduate Diploma in Management Studies by the City University of Hong Kong in 1989 and a Bachelor of Science degree from the Chinese University of Hong Kong in 1983. He is responsible for project coordination, management and administration of the expressway infrastructure and other projects in the PRC.

Ir. Leo Kwok Kee LEUNG* DIC FStructE, FICE

Aged 44, he is responsible for the design, engineering and construction of projects within the Group. He graduated from Imperial College of the University of London with a Master of Science degree with Distinction in Earthquake Engineering and Structural Dynamics in 1991 and was awarded a Bachelor of Science degree with First Class Honours from the Council for National Academic Awards in Civil Engineering as well as the Institution of Civil Engineers' Prize for his outstanding undergraduate performance in 1983. He previously worked in Singapore, Kenya, England and Hong Kong and acquired a wide range of experiences in highway, bridges and buildings designs and constructions, slipform and climbform techniques, dam and tunnel structures.

Mr. Li Jia HUANG*

Aged 61, he is primarily responsible for the operations and management of the expressways in Guangdong Province. He was previously the General Manager of Guangdong Provincial Highway Construction Company. During 1961 to 1979, he held senior positions in various commissions in Zhaoqing Municipality of PRC.

Mr. Cheng Hui JIA*

Aged 62, he is responsible for liaison and coordination with various PRC government authorities. He previously worked in aerospace research in the PRC for many years. He graduated from Harbin Industry University in 1964 with a Bachelor of Science degree.

Mr. Christopher Shih Ming IP*

Aged 34, he is involved in the Company's corporate financing activities as well as new project development. He was previously a vice president of mergers and acquisitions at Deutsche Bank and Morgan Stanley Dean Witter Asia Limited. He graduated from Brown University in the U.S. with a Bachelor of Arts degree in 1993 and from The London Business School with a Master of Business Administration degree in 1997.

Mr. Kojiro NAKAHARA

Aged 62, he was appointed an independent Non-executive Director of the Company on 10th July, 2003. He graduated from Tokyo Mercantile Marine University in 1964 with a Bachelor degree in Marine Engineering. He joined Kanematsu Corporation in 1964 and had held senior positions in Tokyo, Singapore and Hong Kong offices. He was appointed Managing Director of Kanematsu (Hong Kong) Limited in 1996 and retired in 2000.

Mr. Philip Tsung Cheng FEI

Aged 62, he was appointed an independent Non-executive Director of the Company on 10th July, 2003. He was awarded a Bachelor of Architectural Engineering degree from Cheng-Kung University in Taiwan in 1962; a Bachelor of Architecture degree from North Carolina State University in 1965 and a Master of Science degree in City Planning from Pratt Institute in the U.S. in 1974. He is the managing partner at Fei & Cheng Associates, an architectural and planning firm. He has over 30 years' experience in planning and architectural projects. Prior to establishing Fei & Cheng Associates, he worked for a number of architecture firms in the U.S.

Mr. Lee Yick NAM

Aged 56, he was appointed an independent Non-executive Director of the Company on 10th July, 2003 and the chairman of the audit committee of the Company on 16th July, 2003. He holds a certificate in management studies from Carnegie Mellon University of U.S. in 1977. He has over 30 years' experience in the banking, investment and finance industry. He was an Executive Director of Liu Chong Hing Bank from 1990 to 2001. Prior to that, he was a Vice President at Citibank, Mellon Bank and American Express Bank.

Mr. Gordon YEN

Aged 33, he was appointed an independent Non-executive Director of the Company on 10th July, 2003. He was awarded a Bachelor degree in Manufacturing Engineering from Boston University, U.S. in 1990 and a Master of Business Administration degree from McGill University, Canada in 1992. He is currently the Assistant to Chairman of Fountain Set (Holdings) Limited.

*Note: * Executive Directors*

Senior Management

Various business of the Group are respectively under the direct responsibility of the Executive Directors of the Company named above and they are regarded as members of the Group's senior management.

Directors' Interest in Contracts

No contracts of significance to which the Company or any of its subsidiaries was a party or were parties and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Interests

As the shares of the Company were listed on the Stock Exchange on 6th August, 2003, the Company was not required to keep any register under Part XV of the Securities and Futures Ordinance ("SFO") as at 30th June, 2003.

Immediately upon the listing of the Company, the interests and short positions of the directors and chief executives of the Company and their associates in any shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such director or chief executive was deemed or taken to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which required notification pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Beneficial interests and short positions in shares (the "Shares") and underlying shares of equity derivatives of the Company(i)

Directors	Equity derivatives				Shares	Total interest	Total interests as percentage of shares in issue
	Personal interest (held as beneficial owner)	Family interest (interests of spouse or child under 18)	Corporate interests (ii) (interests of controlled corporation)	Other interests			
Gordon Ying Sheung WU	6,249,403	2,191,000(iii)	11,124,999 (iv)	3,068,000 (v)	-	22,633,402	0.79
Eddie Ping Chang HO	1,936,000	24,600	205,000	-	-	2,165,600	0.08
Thomas Jefferson WU	2,435,000	-	82,000	-	-	2,517,000	0.09
Leo Kwok Kee LEUNG	1,000	-	-	-	-	1,000	0
Kojiro NAKAHARA	1,067	-	-	-	-	1,067	0

Notes:

- (i) All interests in the Shares and underlying shares of equity derivatives of the Company were long positions. All interests in underlying shares of equity derivatives of the Company were interests in warrants of the Company which conferred rights to subscribe for Shares at an initial subscription price per Share equivalent to the initial public offer price of the Shares (subject to adjustment) exercisable during a period of 3 years commencing on 6th August, 2003. None of the directors or chief executives held any short position in the Shares and underlying shares of equity derivatives of the Company.
- (ii) These equity derivatives were beneficially owned by a company in which the relevant director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting.
- (iii) The family interests of 2,191,000 warrants represented the interests of Lady Ivy Sau Ping KWOK WU, the wife of Sir Gordon Ying Sheung WU.
- (iv) The corporate interests of 11,124,999 warrants represented the interests of Sir Gordon Ying Sheung WU and Lady Ivy Sau Ping KWOK WU held through corporations. This figure included 6,119,000 warrants held by Lady Ivy Sau Ping KWOK WU through corporations.
- (v) The other interests of 3,068,000 warrants represented the interests held by Sir Gordon Ying Sheung WU jointly with Lady Ivy Sau Ping KWOK WU.

(b) Beneficial interests and short positions in the shares and underlying shares of equity derivatives of the associated corporations(i)

Directors	Name of Company	Shares					Equity derivatives(v)	Total interest	Total interest as percentage of shares in issue
		Personal	Family	Corporate (ii)	Other				
Gordon Ying Sheung WU	Hopewell Holdings Limited	62,494,032	21,910,000 (iii)	111,250,000 (iv)	30,680,000	-	226,334,032	25.84	
Eddie Ping Chang HO	Hopewell Holdings Limited	19,360,000	246,000	2,050,000	-	-	21,656,000	2.47	
Thomas Jefferson WU	Hopewell Holdings Limited	24,350,000	-	820,000	-	2,500,000	27,670,000	3.16	
Alan Chi Hung CHAN	Hopewell Holdings Limited	-	-	-	-	1,000,000	1,000,000	0.11	
Cheng Hui JIA	Hopewell Holdings Limited	-	-	-	-	800,000	800,000	0.09	
Leo Kwok Kee LEUNG	Hopewell Holdings Limited	10,000	-	-	-	-	10,000	0	
Lee Yick NAM	Hopewell Holdings Limited	90,000	-	-	-	-	90,000	0.01	
Kojiro NAKAHARA	Hopewell Holdings Limited	10,671	-	-	-	-	10,671	0	

Notes:

- (i) All interests in the shares and underlying shares of equity derivatives in associated corporations were long positions. None of the directors or chief executives held any short position in shares and underlying shares of equity derivatives of associated corporations.
- (ii) These shares were beneficially owned by a company in which the relevant director was deemed to be entitled under the SFO to exercise or control the exercise of one-third or more of the voting power at its general meeting
- (iii) The family interests of 21,910,000 shares represented the interests of Lady Ivy Sau Ping KWOK WU, the wife of Sir Gordon Ying Sheung WU.
- (iv) The corporate interests of 111,250,000 shares represented the interests of Sir Gordon Ying Sheung WU and Lady Ivy Sau Ping KWOK WU held through corporations. This figure included 61,190,000 shares held by Lady Ivy Sau Ping KWOK WU through corporations.
- (v) The interests in underlying shares of equity derivatives represented interest of options granted to directors under the share option scheme of Hopewell Holdings Limited to subscribe for shares of Hopewell Holdings Limited, further details of which are set out in item (c) below.
- (vi) Certain directors held shares in certain subsidiaries of Hopewell Holdings Limited as nominees for their holding companies.

(c) Beneficial interests and short positions in underlying shares of equity derivatives of associated corporations

Name of Director	Date of Grant	Number of share options outstanding with exercise price HK\$6.15 per share in Hopewell Holdings Limited	Period during which share options are exercisable
Thomas Jefferson WU	3rd April, 2002	2,500,000	3rd October, 2002 to 2nd October, 2005
Alan Chi Hung CHAN	2nd April, 2002	1,000,000	2nd October, 2002 to 1st October, 2005
Cheng Hui JIA	2nd April, 2002	800,000	2nd October, 2002 to 1st October, 2005

(d) Beneficial interests in debentures in associated corporations

Immediately following the listing of the Company, the beneficial interests of the directors or chief executives in debentures of associated corporations were as follows:-

- (i) The 9⁷/₈% Notes due 2004 for a face amount of US\$4,850,000 issued by Guangzhou-Shenzhen Superhighway (Holdings) Ltd. was beneficially owned by companies in which Mr. Thomas Jefferson WU was entitled to the exercise of 1/3 or more of the voting power at their general meetings.

- (ii) The 9⁷/₈% Notes due 2004 for a face amount of US\$400,000 issued by Guangzhou-Shenzhen Superhighway (Holdings) Ltd. was beneficially owned by Mr. Lee Yick NAM.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund (“MPF”) Scheme Ordinance, the Group has set up the MPF Scheme. Mandatory contributions to this scheme is made by both the employers and employees at 5% of the employees’ monthly relevant income capped at HK\$20,000.

During the year, the Group made contributions to the MPF Scheme amounted to HK\$194,000.

Share Options

The share option scheme of the Company was approved by the written resolutions of the sole shareholder of the Company passed on 16th July, 2003 and approved by shareholders of Hopewell Holdings Limited at an extraordinary general meeting held on 16th July, 2003 (the “Option Scheme”). The purpose of the Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to (i) any executive or non-executive directors including independent non-executive directors or any employees of each member of the Group; (ii) any discretionary objects of a discretionary trust established by any employees, executive or non-executive directors of each member of the Group; (iii) any consultants, professional and other advisers to each member of the Group; (iv) any chief executives, or substantial shareholders of the Company; (v) any associates of director, chief executive or substantial shareholder of the Company; and (vi) any employees of substantial shareholder of the Company.

Under the Option Scheme, the maximum number of shares in the Company which may be issued upon exercise of all options to be granted under the Option Scheme and any other share option scheme of the Company will not exceed 10% of the aggregate nominal amount of the issued share capital of the Company immediately following completion of the initial public offering. The maximum entitlement of each participant under the Option Scheme in any 12-month period must not exceed 1% of the issued share capital of the Company. As at 6th August 2003, a total of 288,000,000 shares (representing 10% of the then issued share capital of the Company) were available for issue under the Option Scheme.

The period under which an option may be exercised will be determined by the Board of Directors of the Company in its discretion and shall expire not later than 10 years after the date of grant. An option is open for acceptance for a period of 28 days from the date of offer. The amount payable on acceptance of an option is HK\$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the Board of Directors of the Company may in its absolute discretion determine and notified to a participant. The exercise price shall not be less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of acceptance of an offer of grant, (or, if such date is not a business day, the next following business day ("Grant Date")); (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Grant Date; and (c) the nominal value of a share in the Company.

The Option Scheme will expire on 15th July, 2013. No option was granted by the Company since the adoption of the Option Scheme.

Arrangements to Acquire Shares or Debentures

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

Employees

As of 30th June, 2003, the Group had a total of 31 full-time staff, with 26 in Hong Kong and 5 in the PRC. We provide competitive remuneration packages to our employees based on the market condition and individual performance. Besides, we also provide various fringe benefits including medical and personal accident insurance coverage. To maintain the efficiency of our staff, training programs are conducted on an ongoing basis throughout the Group.

Service Contracts of Directors

No directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

All the Independent Non-executive Directors of the Company are appointed for a fixed period or such other date as agreed between each individual director and the Company. However, they are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Articles of Association.

No contracts of significance concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

Substantial Shareholders

As the shares of the Company were listed on the Stock Exchange on 6th August, 2003, the Company was not required to keep any register under Part XV of the SFO as at 30th June, 2003.

Immediately following the listing of the Company, so far as the directors are aware, the interests of 5% or more of the Shares and underlying shares of equity derivatives of the Company discloseable under the SFO were as follows:-

(a) Interests in Shares of the Company

Name	Number of Shares	Percentage
Anber Investments Limited	2,160,000,000	75%
Delta Roads Limited (i)	2,160,000,000	75%
Dover Hills Investments Limited (ii)	2,160,000,000	75%
Supreme Choice Investments Limited (iii)	2,160,000,000	75%
Hopewell Holdings Limited (iv)	2,160,000,000	75%

Notes:

- (i) This represented the same block of Shares shown against the name of Anber Investments Limited above. Since Anber Investments Limited was wholly-owned by Delta Roads Limited, Delta Roads Limited was deemed to be interested in the same number of Shares held by Anber Investments Limited under Part XV of the SFO.
- (ii) As Delta Roads Limited was wholly-owned by Dover Hills Investments Limited, Dover Hills Investments Limited was deemed to be interested in the same number of Shares which Delta Roads Limited was deemed to be interested under Part XV of the SFO.
- (iii) As Dover Hills Investments Limited was wholly-owned by Supreme Choice Investments Limited, Supreme Choice Investments Limited was deemed to be interested in the same number of Shares which Dover Hills Investments Limited was deemed to be interested under Part XV of the SFO.
- (iv) As Supreme Choice Investments Limited was wholly-owned by Hopewell Holdings Limited, Hopewell Holdings Limited was deemed to be interested in the same number of Shares which Supreme Choice Investments Limited was deemed to be interested under Part XV of the SFO.

(b) Interests in underlying shares of equity derivatives of the Company (i)

Name	Number of Shares	Percentage
Bank of China (Hong Kong) Limited	144,000,000	5%
BOC Hong Kong (Holdings) Limited (ii)	144,000,000	5%
BOC Hong Kong (BVI) Limited (iii)	144,000,000	5%
BOC Hong Kong (Group) Limited (iv)	144,000,000	5%
Bank of China (v)	144,000,000	5%

Notes:

- (i) All interests in underlying shares of equity derivatives of the Company were options granted by Hopewell Holdings Limited to purchase from it shares in the Company.
- (ii) This represented the same block of underlying shares shown against the name of Bank of China (Hong Kong) Limited above. Since Bank of China (Hong Kong) Limited was wholly-owned by BOC Hong Kong (Holdings) Limited, BOC Hong Kong (Holdings) Limited was deemed to be interested in the same number of underlying shares held by Bank of China (Hong Kong) Limited under Part XV of the SFO.
- (iii) As 74.37% of the interest in BOC Hong Kong (Holdings) Limited was controlled by BOC Hong Kong (BVI) Limited, BOC Hong Kong (BVI) Limited was deemed to be interested in the same number of underlying shares which BOC Hong Kong (Holdings) Limited was deemed to be interested under Part XV of the SFO.
- (iv) As BOC Hong Kong (BVI) Limited was wholly-owned by BOC Hong Kong (Group) Limited, BOC Hong Kong (Group) Limited was deemed to be interested in the same number of underlying shares which BOC Hong Kong (BVI) Limited was deemed to be interested under Part XV of the SFO.
- (v) As BOC Hong Kong (Group) Limited was wholly-owned by Bank of China, Bank of China was deemed to be interested in the same number of underlying shares which BOC Hong Kong (Group) Limited was deemed to be interested under Part XV of the SFO.

Pre-emptive Rights

There are no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

Code of Best Practice

The Company has complied with The Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules") since its listing on the Stock Exchange on 6th August, 2003.

Audit Committee

The Company has established an audit committee on 16th July, 2003 with written terms of reference in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three Independent Non-executive Directors, namely Mr. Lee Yick NAM, the chairman of the committee, Mr. Philip Tsung Cheng FEI and Mr. Kojiro NAKAHARA.

Post Balance Sheet Events

Details of the post balance sheet events are set out in note 31 to the financial statements.

Auditors

The financial statements for the year ended 30th June, 2003 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Sir Gordon Ying Sheung WU KCMG, FICE

Chairman

Hong Kong, 8th September, 2003