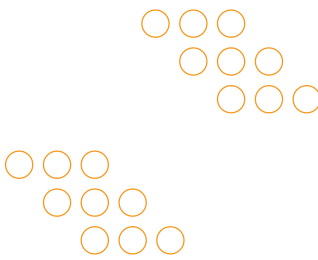




*P*erformance on the Group's toll road projects improved significantly in 2003 as compared with 2002. Net profit for the full year rose substantially to HK\$223,822,000, representing an increase of 57.1 per cent. Final dividend per share was 4.5 cents, representing an increase of 50 per cent when compared with 2002.



The sustainable development of the economy in Guangdong and the increase in people's purchasing power will accelerate the growth rate of private car ownership. This will in turn boost traffic volume for various toll roads of the Group, such as Guangshen Highway and Guangzhou Northern Second Ring Expressway. After the signing of an arrangement for closer economic partnership (Closer Economic Partnership Arrangement) between China and Hong Kong, economic activities between Guangdong Province and Hong Kong will speed up substantially. Accelerating growth and further economic integration of the Pearl River Delta is expected. GNP of



Guangzhou increased by 15 per cent in 2003. In addition, the Guangdong Province is going through a second industrialization which expedites the development of heavy industry, enhances the economy of Guangdong and strengthens the driving force for further development. As a major toll road operator in the Guangdong Province, the Group will become a major beneficiary of the rapid economic development of Guangdong and Hong Kong.

The Group will also strengthen the operational and cash flow controls on existing projects. We believe investment in expressway projects located in the centre of the Pearl River Delta, such as the Eastern Second Ring Road, the Western Second Ring Road and the Guangming Expressway (Eastern Second Ring Road Extension Line), will underpin future growth potential of the Group's toll road investment portfolio so as to enhance the return to shareholders. Currently, contracts of the respective joint ventures of these three projects are being studied.

Total investment amounts of the above-mentioned three expressway projects by all parties are approximately Rmb8.5 billion. The equity portion accounts for 35 per cent of the total investment and the remaining 65 per cent will be financed by project loans from banks in China. The Group is considering to acquire an approximately 30 per cent interest in each of the above projects with an estimated total investment of approximately Rmb900 million. Annual capital injection to these projects to be made by the Group is estimated to be around Rmb225 million from 2004 to 2007. The Group will finance these projects by its adequate operating cash flow and some of its foreign currency loans.

Lastly, I would like to thank our shareholders, directors and staff members for their support, hard work and dedication in last year.

**Ou Bingchang**

*Chairman*

Hong Kong, 14th April 2004

