



I am pleased to announce that leveraging on the strong growth in traffic volume of expressways and bridges, the Group recorded a profit attributable to shareholders of HK\$276.4 million in 2004, representing an increase of 23.5 per cent as compared with that of 2003. A final dividend of HK\$0.0525 per share was recommended.

The Group is a major toll road operator in Guangdong Province. Its toll roads are mainly located in Guangzhou and the Pearl River Delta Region. As such, the Group's results have been boosted by the rapid and continuous economic growth of Guangzhou. In 2004, Guangzhou's GDP rose 15 per cent to Rmb411,581,000,000, and the GDP per capita broke US\$6,000 threshold. Since the Guangzhou New Baiyun Airport commenced operation and the new railway station construction project started, Guangzhou has become an important traffic hub of the Pearl River Delta Region and even the Southern region of the PRC. The economy of Guangzhou and the Pearl River Delta Region is entering into a new development stage. Vehicle sales volume will keep its strong growth due to increase in consumer power and reduction of vehicle price and import tariff. The increasingly closer economic co-operative relationship in Pan-Pearl River Delta Region has stimulated traffic flow of toll roads to increase so that the Group continues to benefit from the economic growth of the Pearl River Delta Region.

The Group will focus on investment in expressway projects in the Pearl River Delta Region, and will selectively invest in premium toll roads and bridge projects in other regions to provide safe, speedy and comfortable expressways and bridges for the escalating number of road users. It is expected that the Guangzhou Western Second Ring Expressway, which has commenced construction in September 2004, will open to traffic at the beginning of 2007. The Group will proactively consider to invest in Guangming Expressway and the Guangzhou Eastern Second Ring Expressway, and is conducting a preliminary feasibility study on modification of Qinglian Highways to become an expressway. It is estimated that the Group's capital expenditure will amount to about Rmb1.0 billion in the coming three years. The Group has sufficient working capital and bank loans to fund the above projects.

The Group will continue to strengthen the operational and cash flow controls on existing projects. It will enhance budget control on projects under construction, and will constantly improve its quality of service. The investment in expressway projects located in the Pearl River Delta region will underpin future growth potential of revenues from the Group's toll road investment portfolio and generate long term and stable growth of return to shareholders.

I would like to thank our directors and staff members for their hard work and dedication in last year, as well as to all shareholders, the financial sector and business partners for their immense support.

Ou Bingchang

Chairman

Hong Kong, 19th April 2005