



Sir Gordon Ying Sheung WU
GBS, KCMG, FICE
Chairman

“ The first full year performance of the Phase I West, following the commencement of its operations on 30th April, 2004, was impressive and recorded profit. The Phase I West is the only expressway linking up the two cities with rapid economic growth - Guangzhou and Shunde. Its long term significance will continue to be enhanced by the further economic growth of these cities. ”

I am pleased to report that Hopewell Highway Infrastructure Limited continued to deliver a strong and solid financial and operational performance for the year ended 30th June, 2005, with net profit rising to HK\$901 million, a 23% increase over the last financial year's HK\$735 million. Basic earnings per share increased to HK31.24 cents, a 19% rise over the last year's HK26.15 cents per share.

The impressive results were driven by the continued rapid economic growth in the Pearl River Delta Region ("PRD") which resulted in a 25% growth in the aggregate average daily traffic flow of the Group's three expressways, the Guangzhou-Shenzhen Superhighway ("GS Superhighway"), the Guangzhou East-South-West Ring Road ("ESW Ring Road") and the Phase I of the Western Delta Route ("Phase I West"), and also a 22% increase in the total toll revenue as compared to that of the last financial year.

The Board of Directors has recommended a final dividend of HK12.75 cents per share. Together with the interim dividend of HK10.25 cents per share, the dividend for the full year will be HK23 cents per share, a 2.2% increase as compared to HK22.5 cents for the last financial year.

The registers of members and warrant holders of the Company will be closed from Wednesday, 12th October, 2005 to Wednesday, 19th October, 2005, both days inclusive, during which no transfer of shares and no transfer or exercise of warrants will be effected. Subject to approval of the shareholders at the annual general meeting to be held on 19th October, 2005, the final dividend will be paid on or about 20th October, 2005 to shareholders as registered at the close of business on 19th October, 2005.

Financial Status

The Group's financial position has been sound and solid during the financial year ended 30th June, 2005. Driven by the robust growth in the three expressways, the Group's core earnings, defined as net profit excluding interest income from shareholder's loan and income from debt securities investments, increased to HK\$856 million, up by 24% over the last year's HK\$693 million.

Financial year	2004	2005	Growth rate
GS Superhighway			
Average Daily Traffic (No. of vehicles '000)	189	229	21%
Average Daily Toll Revenue (RMB '000)	6,901	8,134	18%
ESW Ring Road			
Average Daily Traffic (No. of vehicles '000)	48	63	32%
Average Daily Toll Revenue (RMB '000)	748	975	30%
Phase I West			
Average Daily Traffic (No. of vehicles '000)	11	18	59%
Average Daily Toll Revenue (RMB '000)	166	273	64%

The Group's balance sheet remains very strong. Net current assets reached HK\$2,497 million as at 30th June, 2005, a 71% increase over the HK\$1,464 million as at the last financial year end. Net gearing (total debt less bank balances and cash, pledged bank deposits and debt securities investments to total equity) for the financial year 2005 reduced to 30%, as compared to last financial year's 36%. Operating cashflow increased to HK\$1,320 million, a 5% rise over last year. The extension of the bank loan maturities for the ESW Ring Road and the GS Superhighway by approximately an average of 3.5 years subsequent to the respective refinancing in June and August 2005 has further improved the Group's liquidity position. Such a favourable financial status together with the fully underwritten commitment obtained by the Group in August 2005 for a 5-year HK\$3.6 billion unsecured syndicated bank revolving credit and term loan facilities will definitely strengthen the Group's funding capabilities.

Business Review and Outlook

The Group realizes the importance of value enhancement to its future success. In the past financial year, it placed great emphasis on improving the quality of services and standards of its expressways. Toll collection systems of the three expressways were upgraded to allow for non-stop toll payment. For the GS Superhighway, some improvement, expansion and reconstruction works at certain interchanges were completed to increase the traffic throughput. The feasibility study of widening the GS Superhighway from the current total 6 lanes to 10 lanes is still underway.

Although 7.5% PRC income tax has been charged for the first time on the profit derived from the GS Superhighway joint venture company since 1st January, 2005 after the expiry of a five-year full exemption, I am glad to see its net profit still had a 16% increase over that of the last financial year.

The first full year performance of the Phase I West, following the commencement of its operations on 30th April, 2004, was impressive and recorded profit. The Phase I West is the only expressway

linking up the two cities with rapid economic growth - Guangzhou and Shunde. Its long term significance will continue to be enhanced by the further economic growth of these cities.

Looking ahead, I am very optimistic towards the continuous economic growth in the PRD brought by the Closer Economic Partnership Arrangements and the Pan-PRD programmes. Growth of new car registrations in Guangdong Province will continue to be strong. I believe that the Group's performance will benefit from the continuously increasing traffic flow on the Group's expressways.

The Group will continue its strategic focus on the PRD and commitment to complete an expressway network in the PRD. The Phase II of the Western Delta Route ("Phase II West") and the Phase III of the Western Delta Route ("Phase III West") once completed, together with the Group's operating expressways, will establish an arterial expressway system directly connecting Hong Kong, Shenzhen, Dongguan, Guangzhou, Nanhai, Shunde, Zhongshan and Zhuhai, creating a strategic route in that area. Construction of the Phase II West is expected to commence by end of 2005, subject to finalisation of necessary approvals. In addition, negotiation of the terms of co-operation of the Phase III West with the PRC partner is close to finalisation.

I continue to view the proposed Hong Kong-Zhuhai-Macau Bridge project as strategically vital to the economic integration of the major cities of the PRD, Hong Kong and Macau and also as an enhancement to a complete expressway network in the region. I strongly believe that the Group is well positioned to participate in this project.

Change of Directors

I would like to take this opportunity to welcome Mr. Barry Chung Tat MOK to join the Board as Executive Director on 15th August, 2005. On the other hand, I would also thank Mr. Christopher Shih Ming IP, who resigned from the Board in January 2005, for his valuable contribution during his service.

Appreciation

Finally, I would like to express my sincere thanks and appreciation to my fellow directors, senior management team, and all staff for their commitment, dedication and hard work during the past year. My gratitude also extends to all our shareholders, financiers and business partners for their unfailing support and confidence in the Group which has contributed significantly towards the Group's success.

Sir Gordon Ying Sheung WU GBS, KCMG, FICE

Chairman

Hong Kong, 1st September, 2005