

EARNINGS BEFORE INTEREST AND TAX

1,183 HK\$ million





Through co-operative joint venture arrangements, the Group has invested in three expressway projects in the Pearl River Delta region ("PRD"), being 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"). The total length of these expressways is about 180 km, connecting Shenzhen, Dongguan, Guangzhou and Foshan where are the most thriving and prosperous cities in the southern China region. For the financial year ended 30th June, 2005, the GS Superhighway, the ESW Ring Road and the Phase I West all recorded robust growth in traffic and toll revenue. Compared to the last financial year, the aggregate average daily traffic of the three expressways increased 25%; whereas, the total toll revenue increased 22% to RMB 3.5 billion.

The opening of new airport and seaports, the implementation of the Closer Economic Partnership Arrangements and the formation of the Pan-PRD programmes are the key favourable factors to drive the economic growth in the PRD. The growth of the gross domestic product and private car ownership in the PRD have brought into additional traffic flow and driven continuous traffic growth in the region. The Group strategically holding three major expressways in the PRD core

expressway network and well positioned to widen these existing expressways and invest new expressways, has laid a concrete foundation for future investments and development.

In December 2004, our three expressways were connected to the Guangdong Government's engineered provincial expressways unitoll system. Since then, our expressways are able to accept "Yuetong IC-Card" as electronic payment for toll and also facilitate non-stop electronic toll payment. All these have provided drivers with a more convenient and rapid toll payment service, and therefore enhanced the toll collection efficiency. Effective from 1st June, 2005, in response to the PRC country's policy to support freight transportation development and encourage heavy trucks not to be overloaded on expressways, the Guangdong Government lowered the toll rate multiple of class 5 vehicles on all expressways in Guangdong. Under which the toll rate multiple of class 5 vehicles was down from 5 to 4.5 on the GS Superhighway and the ESW Ring Road, and from 4 to 3.5 on the Phase I West. On the same day, the PRC authorities cut the business tax rate on toll income of all expressways in the PRC from 5% to 3%. After all, the Group does not expect the aforesaid two adjustments will have any material impact on the Group.

Guangzhou-Shenzhen Superhighway (“GS Superhighway”)

The GS Superhighway is currently the only expressway directly connecting Guangzhou, Dongguan, Shenzhen and Hong Kong. It is a 122.8 km long, closed system, fully lit dual three-lane expressway with 18 interchanges.

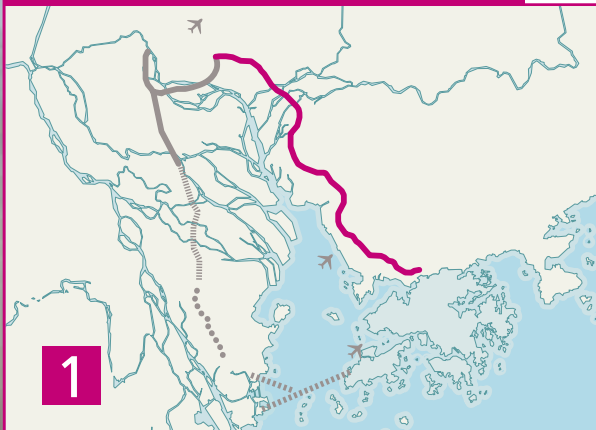
Being the main artery in the expressway network of the PRD, it closely connects to the major cities, airports, ports and the expressways including Jihe Expressway, Humen Bridge, Guangzhou Second Ring Road Northern Section and Guangzhou Ring Road. It will further connect to the Nanping Expressway in Shenzhen, Changhu Expressway in Dongguan and Guangzhou Second Ring Road Eastern Section once completed. The traffic flow and toll revenue of the GS Superhighway have exhibited continuous robust growth since it opened to traffic in 1994.

Over the past financial year, its average daily traffic rose 21% to 229,000 vehicles and annual toll revenue increased 18% to RMB 3 billion. When the Changhu Expressway and the Nanping Expressway open to traffic in the coming year, the GS Superhighway will further be fueled with additional traffic.



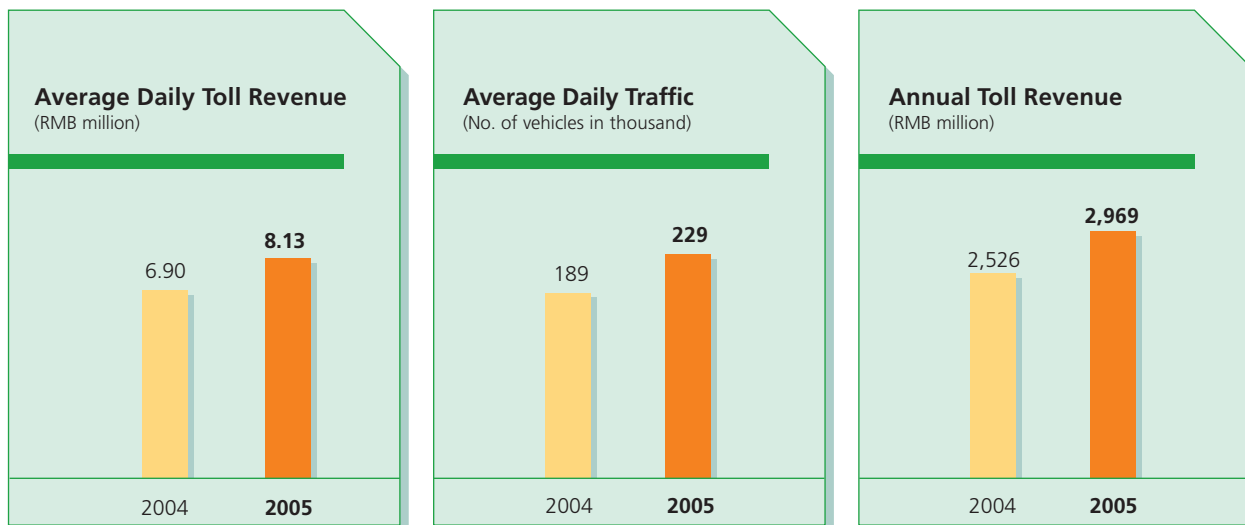


PROJECT SUMMARY



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

GS Superhighway Joint Venture



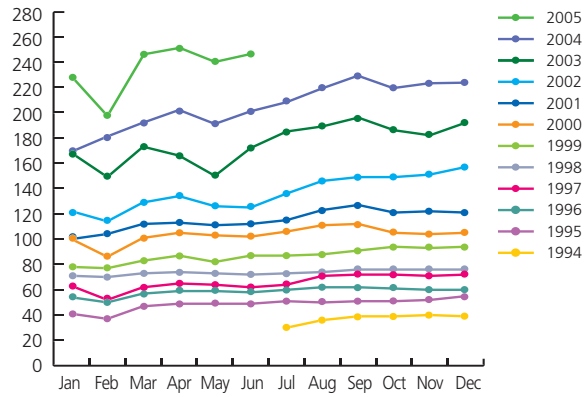
The joint venture company's main objective is to persistently upgrade the GS Superhighway's service standards and improve its ancillary facilities. During the year, the joint venture company joined hands with the local governments to reconstruct the Changan and Luogang interchanges to further improve their connections with local roads. It also expanded the toll station that connected to the Jihe Expressway to increase throughput capacity. In view of the further economic development of the PRD, the Group together with the joint venture company have been studying the feasibility of widening the GS Superhighway from its current total 6 lanes to 10 lanes.

Benefiting from the continuous economic growth of Guangdong Province, especially the PRD, and the substantial increase in car ownership, the Group believes that the traffic flow and toll revenue of the GS Superhighway will continue stable growth.

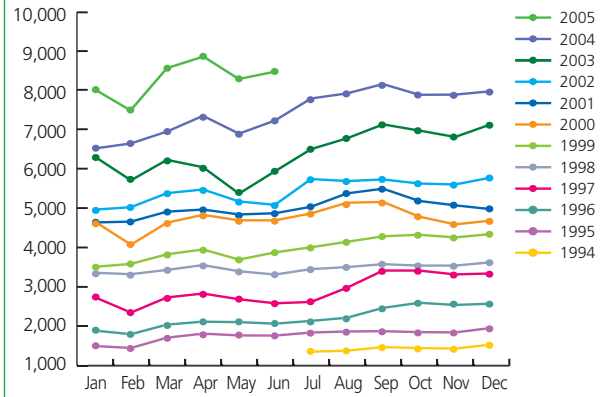


GS Superhighway Joint Venture

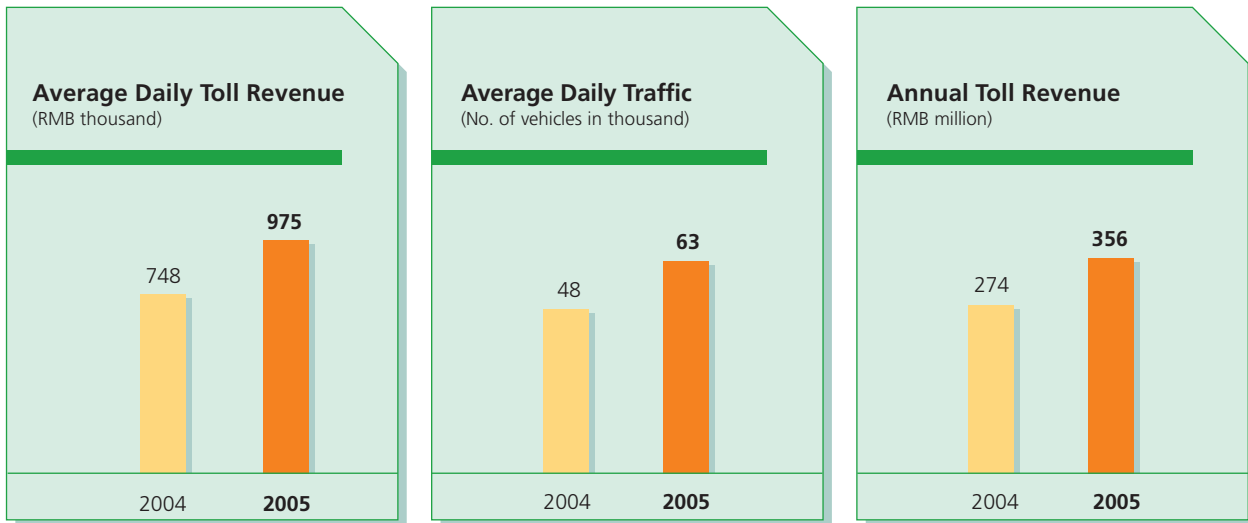
Average Daily Traffic
(No. of vehicles in thousand)



Average Daily Toll Revenue
(RMB thousand)

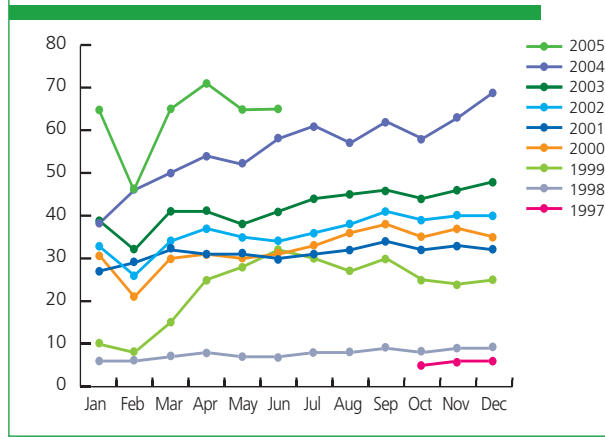


ESW Ring Road Joint Venture

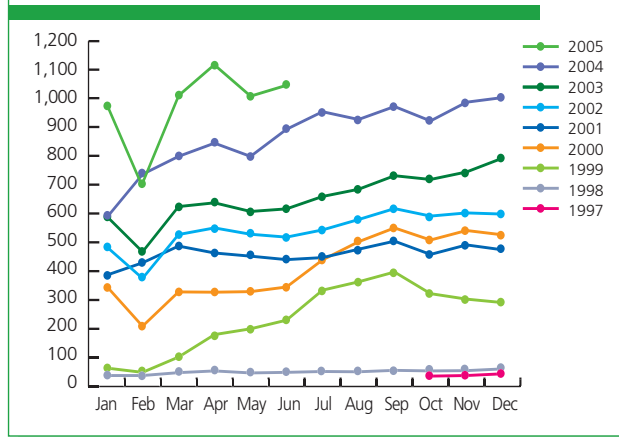


ESW Ring Road Joint Venture

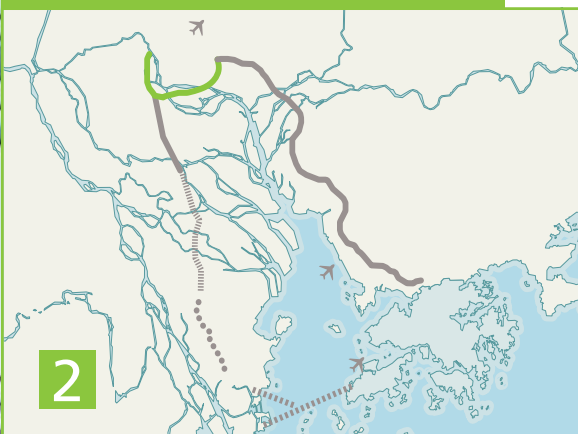
Average Daily Traffic
(No. of vehicles in thousand)



Average Daily Toll Revenue
(RMB thousand)



PROJECT SUMMARY



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

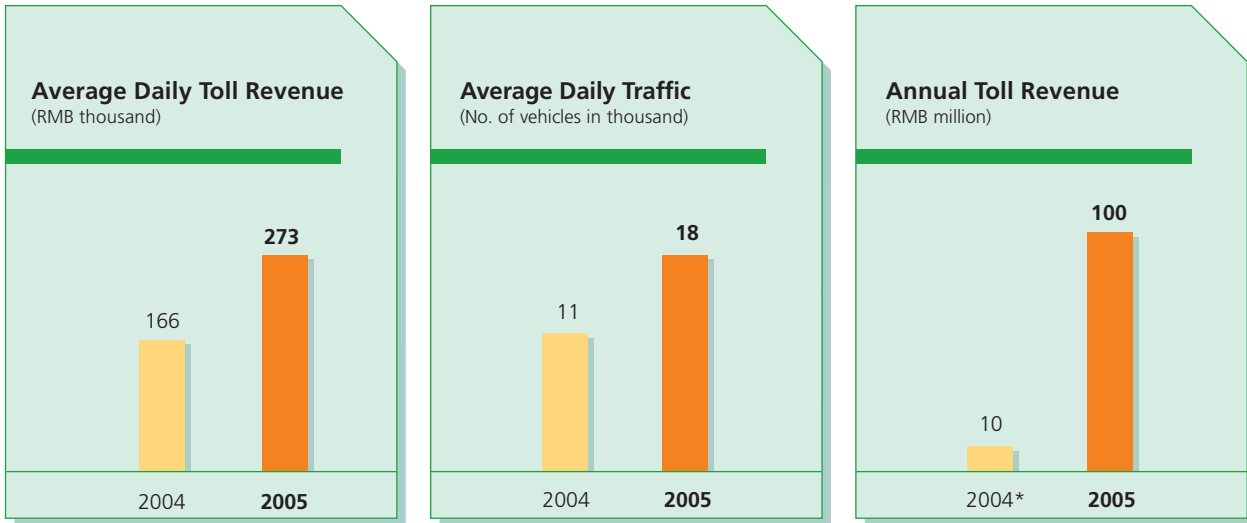
The ESW Ring Road is a 38 km long, dual three lane closed system expressway with 12 toll stations. It is a major route of the expressway network in the PRD and Guangzhou, with connections to the GS Superhighway, the Guangzhou Northern Ring Road, the Guangfo Expressway, the Nansha Port Expressway, the Phase I West and major feeder roads of Guangzhou, creating a circular transportation artery surrounding the central part of Guangzhou city.

During the review period, the ESW Ring Road continued to record robust growth in traffic and toll revenue. Its average daily traffic flow was 63,000 vehicles and annual toll revenue reached RMB 356 million, representing a 32% and 30% growth respectively.

Subsequent to the operation of the Phase I West in April 2004, the Guangzhou New Airport opened in August 2004 and the Nansha Port Expressway connected to the ESW Ring Road was also operational in December 2004. They all brought in further traffic growth to the ESW Ring Road.

The Group believes that the economic development of Guangzhou will continue to be the spearhead in Guangdong Province. With the opening of the Nansha Port Expressway and the Phase I West, together with the successive completion of some connecting expressways to the ESW Ring Road, the ESW Ring Road will further display its important position in Guangzhou expressway network, expediting its continuous growth.

Phase I West Joint Venture



* Operation started on 30th April, 2004 with 2 months' results only.

The Phase I West is a 14.7 km long dual three lane expressway. It connects ESW Ring Road in the north to both National Highway 105 and Bigui Road of Shunde in the south. Its first full year operation was profitable, a remarkable performance for an operating toll road.

Benefiting from the rapid economic growth of Guangzhou and Foshan, the Phase I West recorded remarkable growth both in traffic flow and toll revenue since it opened to traffic on 30th April, 2004. During the year under review, the average daily traffic increased 59% to 18,000 vehicles and the daily toll revenue rose 64% to RMB 273,000. Its annual toll revenue reached RMB100 million.

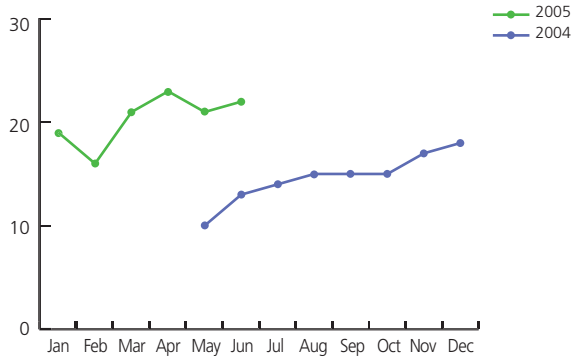
Currently, the Phase I West is the only expressway directly linking Guangzhou and the Shunde district of Foshan. It significantly reduces the traveling time between these two areas from 40 minutes to 10 minutes. The Group believes that this favorable factor will continue to strengthen the role of the Phase I West as the main artery between Guangzhou and Shunde.

PROJECT SUMMARY

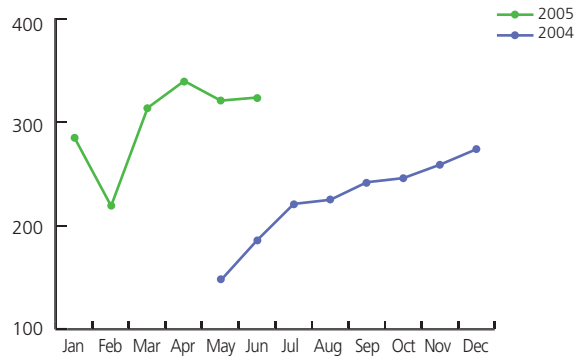
| | |
|------------------------------------|-------------------------------------|
| Location | Guangzhou to Shunde, Guangdong, PRC |
| Length | 14.7 km |
| Lane | Dual three lane |
| Class | Expressway |
| JV Contractual Co-operation Period | Sep 2003 - Sep 2033 |
| Profit Sharing Ratio | 50% |

Phase I West Joint Venture

Average Daily Traffic
(No. of vehicles in thousand)



Average Daily Toll Revenue
(RMB thousand)



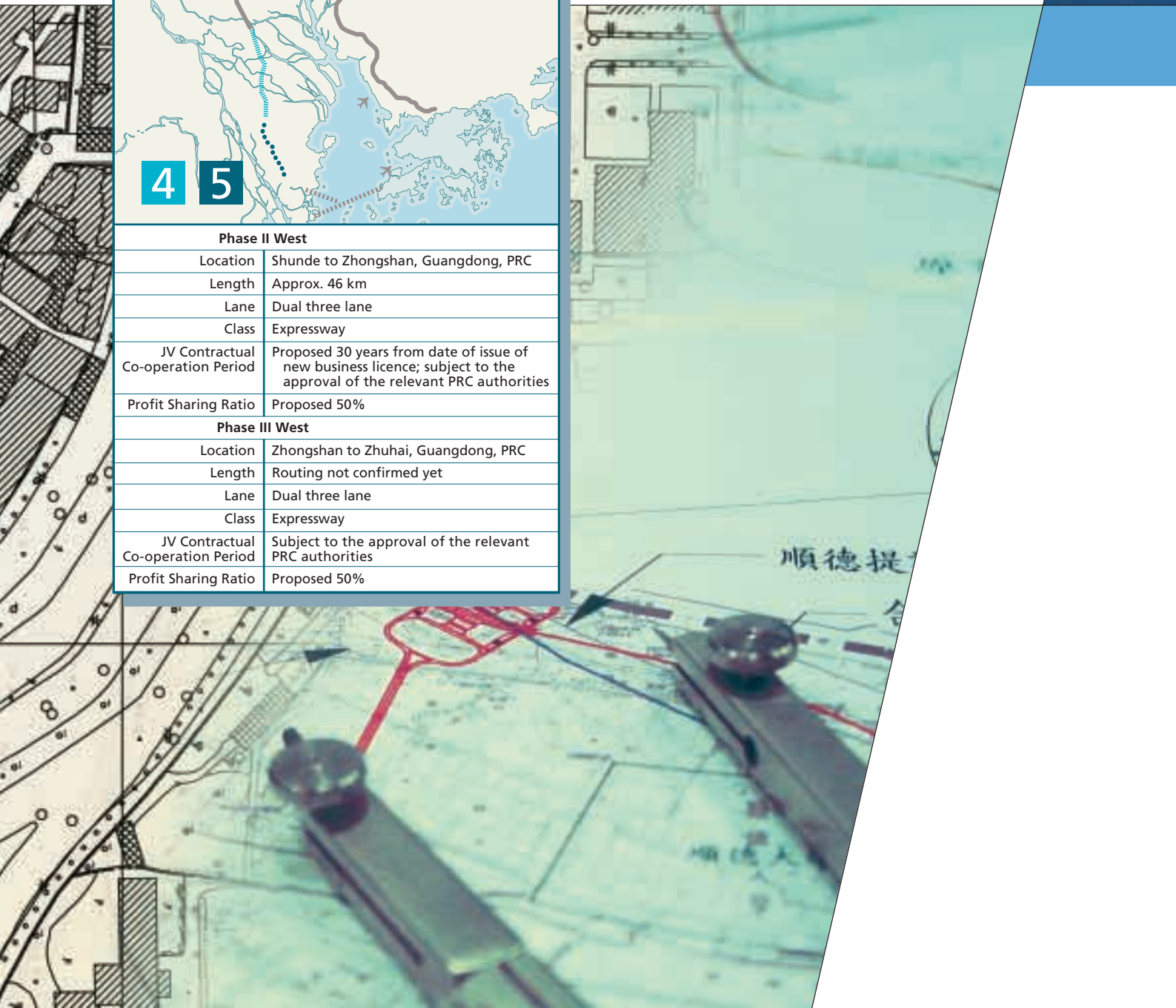
The Western Delta Route will be constructed in three phases. The Phase I West started operations on 30th April, 2004. In July 2004, the Group conditionally amended the agreements with the PRC partner of Phase I West to include the Phase II West. It is pending the approvals of the relevant authorities. The Phase II West is approximately 46 km long. It connects the Phase I West in Shunde and extends to Zhongshan in the south. Preparation works have actively been

underway. Construction of the Phase II West is expected to be carried out at the 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. Upon completion of the whole Western Delta Route, it will become a vital expressway directly linking Guangzhou with Nanhai, Shunde, Zhongshan and Zhuhai on the west bank of the PRD. The Group believes that this project will be a strategic route in the western part of the PRD.

PROJECT SUMMARY



| Phase II West | |
|------------------------------------|---|
| Location | Shunde to Zhongshan, Guangdong, PRC |
| Length | Approx. 46 km |
| Lane | Dual three lane |
| Class | Expressway |
| JV Contractual Co-operation Period | Proposed 30 years from date of issue of new business licence; subject to the approval of the relevant PRC authorities |
| Profit Sharing Ratio | Proposed 50% |
| Phase III West | |
| Location | Zhongshan to Zhuhai, Guangdong, PRC |
| Length | Routing not confirmed yet |
| Lane | Dual three lane |
| Class | Expressway |
| JV Contractual Co-operation Period | Subject to the approval of the relevant PRC authorities |
| Profit Sharing Ratio | Proposed 50% |





Hong Kong-Zhuhai-Macau Bridge Project

It was reported in the media that the feasibility study of the Hong Kong-Zhuhai-Macau Bridge project was completed at the end of 2004. Following reviews by the relevant authorities and experts, the recommended alignment and landing sites are San Shek Wan of Lantau Island in the eastern end and Gong Bei / Perola in the western end. The project details and the bidding arrangements are pending governments' announcement. The Group believes that it is well positioned to play an important role in the project once it proceeds.



Employees and Remuneration Policies

As at 30th June, 2005, the Group, excluding the joint venture companies, had a total of 39 full-time staff, with 33 in Hong Kong and 6 in the PRC. The Group continues to provide competitive remuneration packages to employees based on the market situation and individual performance. In addition, the Group also provides various fringe benefits including medical and personal accident insurance coverage. Share options under the share option scheme as detailed in the Directors' Report and discretionary bonuses may be granted to employees based on individual performance and the Group performance as well. To maintain the proficiency and productivity of our staff, training programs are conducted on an ongoing basis throughout the Group.

Relations with Shareholders and Investors

The Company is committed to better corporate transparency by providing a wide range of information on the Group including corporate announcements, interim and annual reports, business activities, monthly traffic and revenue information for the Group's expressways on the corporate website, www.hopewellhighway.com, which is interlinked with the website of the holding company, Hopewell Holdings Limited, www.hopewellholdings.com. In addition to providing shareholders and investors with forums to raise comments and exchange views with the Directors at general meetings and press and analysts conferences subsequent to each interim and final results announcement, the Company also actively participates in numerous road shows, investors' conferences, company visits and conference calls with financial analysts, fund managers and potential investors to communicate and explain its strategies. Views and suggestions of shareholders and investors are also solicited via investor relations team at ir@hopewellhighway.com.