



I am pleased to present the annual results of GZI Transport Limited (“Company”) and its subsidiaries (collectively the “Group”) for the year ended 31st December 2005.

In 2005, the Group’s turnover and profit attributable to shareholders amounted to HK\$425.0 million and HK\$306.0 million respectively, representing increases of 6.2 per cent and 10.4 per cent over 2004 respectively. Basic earnings per share was HK\$0.274 (2004: HK\$0.249). The Board recommended distribution of a final dividend of HK\$0.05 per share for 2005, which together with the paid interim dividend of HK\$0.05 per share, the dividend pay out ratio in the year was 36.5 per cent.

Chairman's Statement

The Group is a major toll road operator in Guangdong Province. Its toll roads are mainly located in the Pearl River Delta Region. In 2005, economy in Guangdong Province continued to maintain its rapid growth, with GDP in the whole province growing at 12.5 per cent over 2004. The economic development and further upgrading of the expressway network have driven up the rapid development of passenger and freight forwarding industry, with freight forwarding turnover growing at 13.8 per cent and passenger turnover growing at 13.1 per cent as compared with 2004, which in addition to the rapid growth of private car ownership, in particular Guangzhou City, where ownership rate of private cars per hundred households increased from 4.0 vehicles in 2004 to 6.3 vehicles in 2005, have further stimulated the increase in the traffic volume of toll roads and bridges, bringing prominent benefits to the toll roads (principally expressways) and bridges operated by the Group. The Group's assets and operating revenue also benefited from the appreciation of Renminbi in the second half of July 2005. The Guangzhou Western Second Ring Expressway (in which the Group is holding 35 per cent interest) which commenced construction in September 2004 is expected to be completed and open to traffic by the end of 2006 ahead of schedule.

As indicated by the "Guangdong Province Expressway Network Plan" (2004-2030), a three dimensional traffic network with 8,800 kms of expressway as structural backbone (of which 3,500 kms are expected be located in the Pearl River Delta) are expected be constructed in future, and investments have been budgeted at over Rmb400 billion (of which over Rmb170 billion will be invested in the Pearl River Delta Region). Guangdong Province being the major seaward passage of the Pan-Pearl River Delta Region and the only land passage connecting the Mainland and Hong Kong and Macau, expressways will still be the focus in future traffic infrastructure constructions. On 16th January 2006, the Asia-Pacific transshipment project of FedEx has been formally inaugurated in the Huadu district of Guangzhou, which would further enhance the catchment area of Guangzhou as a world class logistics port, and will be helpful in promoting the further growth of traffic volume and performance of the Group's highway and bridge projects in Guangdong Province.

The Group will strive to capture favorable opportunities and will continuously strengthen the management of its existing operating projects' toll collection and operating costs control in promoting the Group's earning potential. Simultaneously, the Group will proactively and cautiously seek and invest in expressway projects in the Guangdong Province, in particular the Pearl River Delta Region, and selectively invest in high quality expressway toll projects outside Guangdong Province with higher returns. In respect of future new projects, the Group will consider making investments by way of internal funds and bank borrowings, and under normal circumstances, adopt a stable dividend policy, with the aim of securing better returns to all shareholders.

I would like to take this opportunity to express my sincere thanks to our directors and all the staff members for their incessant efforts and contribution in the past year, as well as to all shareholders, the financial sector and business partners for their immense support.

Ou Bingchang

Chairman

Hong Kong, 19th April 2006