

Chairman's Statement

To Our Shareholders,

Year 2005 undoubtedly marked a significant milestone in the development of the Group with the successful listing of the Company on the Main Board of the Stock Exchange on 26 October 2005.

On behalf of the board of directors (the "Board") of the Company, I am pleased to report to our Shareholders that the Company saw a steady growth in its results for 2005 and substantial improvements in our business development and corporate governance. Such accomplishments lay a solid foundation for the Company's healthy and sustainable development and the enhancement of our profitability in the future.



REVIEW OF THE OPERATING RESULTS

Driven by the PRC's rapid economic growth as maintained throughout 2005, a rapid growth of the market demand in the transportation and logistics market of the PRC has provided a golden opportunity for the business development of the Group. The Group realized total turnover of approximately RMB4,352,022,000, representing an increase of 21.00% as compared to the same period last year. Profit attributable to equity holders of the Company was approximately RMB136,588,000, representing a growth of 25.55% as compared to the same period last year, while earnings per share amounted to RMB0.43. All of the Group's core business segments have all managed to deliver outstanding results on records, with increased operating revenues over the previous year.

During 2005, the Group positioned as a construction material logistics service provider for large-scale infrastructure projects. The Group was involved in the provision of construction materials for 14 highway projects totaling 493 kilometres. In addition, the Group also participated in certain infrastructure projects in Guangzhou, including University City Phases I and II, Guangzhou Metro Routes 4 and 5, East Second Ring, West Second Ring, North Third Ring, and Lixin Road, etc. During 2005, the Group provided in total 2,200,000 tonnes of cement, 655,000 tonnes of steel, 23,000 tonnes of steel strand, and 130,000 tonnes of asphalt, hitting an annual record high as compared to previous years in respect of these materials supply categories. As a result of the above, the Group's share of the market was further enhanced, strengthening its position as one of the premier logistics enterprises in the Guangdong Province.

In 2005, the Group's service zone construction projects involved seven new sections of expressways at Yue-Gan, Mei-He, He-Long, Yu-Zhan, and Zhong-Jiang etc. as well as the auxiliary infrastructure construction at 13 pairs of new service zones including Dongsheng, Longchuan, Xingning, Lankou, Yang Tang, etc., all of which have commenced operation by the end of 2005. Furthermore, the upgrading, maintenance and renovation of the service zones were under operation, and the renovation of Sight-seeing Terrace on the Jingzhu North Expressway was also carried out. Although the amount of service zone infrastructure construction undertaken by the Group had reached

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an unprecedented high level, the Group had successfully ensured the smooth completion of the infrastructure construction in its service zone network. In respect of the operation of service zones, not only did the Group emphasize on improving its level of services, using the concept of the comprehensive development of service zone resources, the Group gradually developed a network in relation to the operation of service zone convenience stores, restaurants, petrol stations, car maintenance services and advertising services. The business of outdoor advertisements along expressways had also been introduced, with good performance in the recruitment of advertising professionals so as to strengthen the foundation of this new business.

The Group places strong emphasis on the research of intellectual property products for intelligent transportation systems ("ITS"). It was committed to develop its ITS business, by providing software and hardware research and development, carrying out deployment and system integration services for the three major highway electro-mechanical systems for communication, billing and monitoring. To meet the new demand in the operational management of expressways, the Group accelerated the development of ITS, as well as developed patent technology in relation to toll evasion prevention. In 2005, the Group undertook and completed the construction of three major electro-mechanical systems for five expressways, namely Mei-He, Yue-Gan, Yu-Zhan, Guang-Zhu North Section and Chong-Zun. The Group's capabilities in system maintenance and technical support, proposal design, and supervision and management were thus strengthened. The test results of HOS Expressway Operation Management System 《HOS 高速公路營運管理系統》 and HDS Expressway Completion Documents Management System 《HDS 公路竣工文檔管理系統》 have been affirmed by the Provincial Technology Bureau and applied in projects in Yang-Mou, Xintai, Foshan First Ring, Jiangxi Jing Ying, Chongqing and Hebei. Apart from the above, the Group has 48 software and hardware products which have received relevant accreditation. The systems of the Group have been highly regarded as of an extremely high technological standard and have received favourable market response.



GD-HK COMPANY

The Company successfully acquired GD-HK Motor and GD-HK Motor (Guangzhou) (collectively as "GD-HK Company") in December 2005. With its 25 years operating history, GD-HK Company is the first and largest coach operator in the cross-border coaching services between Hong Kong and the Guangdong Province. During 2005, GD-HK Company's bus fleet carried a total of 3,740,000 passengers on its cross-border and domestic routes.



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DIVIDENDS

In view of the Group's excellent results and healthy financial position, the Board recommended the payment of a dividend of RMB0.08 per share, to reward the continuing support and confidence of our Shareholders towards the Company.

PROSPECTS

Situated in some of the most economically developed regions of the PRC, the Group enjoyed favourable geographical advantage under a vibrant economic environment. Implementation of the Eleventh Five-year Plan for the economic and social development of the PRC is expected to stimulate investment in expressways and related ancillary services. In addition, the Guangdong provincial government also announced plans to expedite the construction of a Pan-Pearl River Delta Transportation System, which involves the expansion of the Guangdong provincial transportation network by constructing new expressways and inter-municipal railways. Under the Eleventh Five-year Plan, there are 233 key construction projects in Guangdong Province with total investment exceeding RMB1,500 billion. Annual investment planned for 2006 will amount to approximately RMB105 billion. Therefore, the Group expects that its material logistics business and expressway-related services will continue to grow steadily.

In recent years, according to the plans of the Guangdong Provincial Government, GCGC has accelerated the construction of expressways in the Guangdong Province, especially in 2005 when it completed the large-scale inter-city expressway construction. To keep in pace with GCGC's construction schedule, the material logistics and expressway-related services which are to be provided by the Group must grow at a rate that is in line with the expressway construction in the Province in order to ensure that the expressways can be put into operation according to the timetable. To achieve this end, the Group will strive to enhance the leadership and management skills of its personnels in order to achieve the Group's business goals in its core businesses.

Given the bright prospect of the logistics market in the Pan-Pearl River Delta region, as well as the Group's brilliant operation and management track record, with an established customer base being built up through years of operation and a young and dynamic management team with professional expertise and discipline, the Board is confident that the Group will achieve steady business development and maximise return to the Shareholders.

APPRECIATION

Year 2005 has been an exceptional year with outstanding achievements for the Group. I must pay tribute to the staff who have been devoted to the realization of the strategic targets and the accomplishment of each operation benchmark of the Group.

In the coming year, I will continue to work closely with other members of the Board in laying solid foundations for the future growth and prosperity of the Group.

Lu Mao Hao

Chairman

Guangzhou, the PRC

21 April 2006