

主席報告 Chairman's Statement



感謝各位股東和社會各界朋友對本集團的關心及支持。本人欣然對本集團二零零三年的業務進行回顧，並對未來發展作出展望。

I would like to express my gratitude to shareholders and friends for their interest and continuous support to the Group. I am pleased to take this opportunity to review the business development of the Group in 2003 and to present a preview on our future development.

二零零三年度盈利創歷史新高點

截至二零零三年十二月三十一日止年度（「本年度」），本集團之營業額，連同本集團應佔聯營公司及共同控權合資公司之營業額，總額為港幣6.73億元（二零零二年：港幣6.21億元），較去年同期上升8%。股東應佔盈利為港幣3.39億元（二零零二年：港幣1.52億元），較去年同期上升1.2倍。每股基本盈利為港幣3.02仙（二零零二年：港幣1.35仙），較去年同期上升1.2倍。於二零零三年十二月三十一日，本集團之總資產及淨資產值分別為港幣30.92億元（二零零二年：港幣33.89億元）及港幣23.22億元（二零零二年：港幣19.27億元），較二零零二年十二月三十一日分別下降9%及上升20%。

二零零三年上半年度，非典型肺炎疫情肆虐中國，使深圳以至整個中國的經濟發展於疫情期間受到一定程度的影響，但隨著下半年度市場迅速回復正常，深圳市全年的經濟回復高速增長，實現全年國民生產總值達人民幣2,860.51億元，增長17%，增長率創八年來新高；加上本集團積極尋找應對措施，致力加強開發客戶的力度，使主營物流業務整體上受到非典型肺炎的影響減到最低。

YEAR 2003 - A NEW RECORD HIGH EARNING

For the year ended 31 December 2003 (the "Year"), turnover of the Group, together with the Group's share of turnover of associates and jointly-controlled entities, amounted to HK\$673 million (2002: HK\$621 million) and represented an increase of 8% over the corresponding period of 2002. Profit attributable to shareholders was HK\$339 million (2002: HK\$152 million), representing an increase of 1.2 times over the corresponding period in 2002. Basic earnings per share was HK 3.02 cents (2002: HK 1.35 cents), representing an increase of 1.2 times over that of 2002. As at 31 December 2003, total assets and net asset value of the Group were HK\$3,092 million (2002: HK\$3,389 million) and HK\$2,322 million (2002: HK\$1,927 million) respectively, representing a decrease of 9% and an increase of 20% over those of 31 December 2002 respectively.

The general domestic economy of Shenzhen City and Mainland China suffered from the outbreak and indulgence of SARS to a certain extent in the first half of 2003. Nevertheless, the market recovered quickly in the second half of the Year. Shenzhen City recorded a rapid economic growth for the entire year with GDP amounted to RMB286,051 million, representing an increase of 17%, which was the highest in the last eight years. Furthermore, the Group actively fought against the unfavourable condition by enlarging its new customer base and the impact caused by SARS to the Group's core logistics business was minimised accordingly.

本集團的物流及相關業務於本年度的營業額為港幣1.3億元(二零零二年：港幣9,300萬元)，較去年同期上升40%。本集團的第三方物流業務經過三年的運作，已開始形成品牌效應，於發展具規模客戶上，取得了較大進展。本集團持有50%權益的深圳市機場國際快件海關監管中心有限公司的運作亦已日趨成熟，為本集團的物流業務帶來穩定的盈利貢獻。

本集團過去數年一直貫徹投資優質資產的策略，優化集團的整體盈利及現金流水平。本集團於本年度通過將部份資產變現，使資產的潛力充分體現於本集團的盈利，為股東帶來可觀的回報。於年內，本集團的聯營公司深圳高速公路股份有限公司出售兩條收費公路，為本集團帶來稅後盈利港幣1.66億元；本集團亦於年內悉數出售所持的招商銀行股份有限公司A股股份，整項投資獲稅前盈利共港幣9,000萬元，其中約港幣5,000萬元於本年度的業績中確認。

在管理層的不懈努力下，經過四年的業務重組、資源整合和企業治理，本集團現有的資產質量良好，盈利能力穩定，現金流量健康。於資源控制能力方面，本集團擁有一定物流基礎設施如公路及物流園區的開發經營權；於市場地位和份額方面，在物流電子商務及第三方物流服務市場中，本集團已建立了良好的品牌和一定的知名度。

Turnover of the Group's logistics and related business for the Year was HK\$130 million (2002: HK\$93 million), representing an increase of 40% over the corresponding period in 2002. After three years of operation, the Group's third party logistics business has been benefited from its brand name recognition and has a significant development in soliciting customers with established scale. The operation of Shenzhen Airport International Express Supervision Center Co., Ltd., 50% interest of which is held by the Group, became maturer and is contributing stable earnings to the logistics business of the Group.

In the past few years, the Group has persisted in its strategy of investing in quality assets in order to optimise the Group's overall earnings and cashflow. During the Year, the Group realised some of its assets and as a result, the potential value of these assets were fully reflected in the earnings of the Group and had contributed to a considerable return for the shareholders. Shenzhen Expressway Company Limited, an associate of the Group, disposed of two toll roads during the Year and attributed a profit after taxation of HK\$166 million to the Group. The Group also derived a profit before taxation of HK\$90 million from the disposal of its entire A shares in China Merchants Bank Co., Limited, of which approximately HK\$50 million was recognised in the results of the Year.

After four years of dedicated effort in business restructuring, resources consolidation and corporate governance by the management, the Group has attained quality assets, a steady profitability and a healthy cashflow. With respect to control over related business resources, the Group owns the development and operating rights of certain logistics infrastructure, such as toll roads and logistics districts. With respect to market position and market share, the Group has established a reputable brand name and recognition in the logistics e-commerce and third party logistics service markets.

實現派發股息，回饋股東

經過過去四年的資產重組，本集團的經常性利潤及現金流已趨向穩定，為分紅派息打好了基礎。為提升本公司的企業價值，體現股東的投資回報，並吸引潛在投資者，董事會認為現時是適當時候建議本公司實現派發股息，回饋多年來股東對本集團的支持。董事會建議派發二零零三年度末期股息每股港幣0.4仙，合共港幣4,500萬元。

董事會認為，本公司的整體盈利及現金流符合每年派息的要求，董事會將按照本公司每年的資本需求、財務狀況及市場情況考慮派息比例。董事會希望能夠形成一個穩定及持續增長的派息政策。

致力擴展主營物流業務，鞏固及提升於物流業的地位

二零零三年，中國物流業的發展進一步得到國內外以及社會各界的廣泛關注，成為中國經濟發展的熱點之一。本集團於本年度的工作重點以加強管理現有的物流資源為主，整合現有資產及業務流程，並不斷提高供應鏈管理水平，提供優質及符合客戶要求的服務。經過不斷的努力，本集團的第三方物流業務所佔有的市場份額逐步提高，在客戶拓展和業務流程建設方面也取得了一定的進步，為二零零四年的發展提供了堅實的基礎。

DISTRIBUTION OF DIVIDEND TO SHAREHOLDERS

With four years of assets restructuring, the Group's recurring earnings and cashflow have become stable and laid a solid foundation for dividend payment. In order to increase the corporate value of the Company, realise shareholders' return on investment and attract potential investors, the board of directors considers that this is an appropriate time to propose the distribution of dividend by the Company to shareholders for their continuous support of the Group. The board of directors recommended a final dividend of HK 0.4 cent per share for the year ended 31 December 2003, totalling HK\$45 million.

The board of directors is of the opinion that the overall level of earnings and cashflow of the Company fulfil the requirements of making dividend distribution on an annual basis and the board of directors will consider the ratio of dividend distribution based on the Company's annual capital requirement, financial position and market situation. The board of directors wishes to establish a steady and continuously growing dividend payment policy.

EXPANDING THE CORE LOGISTICS BUSINESS, REINFORCING THE MARKET POSITION WITHIN THE LOGISTICS INDUSTRY

Logistics industry was one of the major focuses in China's economic development in 2003 and it attracted wide attention from both domestic and overseas markets. During the year, the Group put emphasis on the management of its existing logistics resources by consolidating existing assets operation flow, enhancing supply chain management technique with a view to provide quality and customised services to customers. After continuous effort, the Group's market share in the third party logistics business has expanded gradually, its customer base and operation flow have also been improved, thereby laying a strong foundation for future development in 2004.

本集團重點開發的其中一個物流項目，深圳市六大物流園區之一的華南國際物流中心，已於二零零三年第二季度進入第一期商業試營運階段，正式啟動10萬平方米集裝箱空箱堆存業務，成功實現了第一期的營運計劃，試營運期的空箱業務累計吞吐量達55,000標準箱的水平，為華南國際物流中心日後成功全面投入營運掀開了序幕。華南國際物流中心作為深圳市物流業的重點發展項目，享受深圳市政府給予物流業的各方面優惠，年內以深圳市政府給予的優惠地價款，取得了53萬平方米的土地使用權，地價成本較原預算大幅下降，使總投資額得以下調16%，一方面營業成本將因而降低，另一方面也充分體現到深圳市政府對華南國際物流中心的強力支持，具備進一步擴展業務的良好優勢。預計華南國際物流中心的投資回報期將會縮短，可望提前於二零零五年為本集團提供利潤。本集團正計劃加大對華南國際物流中心的投資，並正積極策劃增持華南國際物流中心的權益至附屬公司地位。

本集團持有20%權益的深圳市西部物流有限公司（「西部物流」）的重點建設項目—西部港區物流園區，正計劃投資建設一個華南地區規模最大，並能夠有效輻射珠江三角洲地區的汽車物流園。該項目規劃佔地100萬平方米，預計西部物

South China International Logistics Center (“SILC”), one of the key logistics projects of the Group and one of the six major logistics districts in Shenzhen City, commenced the first phase trial run of commercial operation in the second quarter of 2003. The unloaded container depot with a site area of 100,000 square metres was put into operation. The first phase trial run of commercial operation was successfully commenced with unloaded containers throughput of 55,000 TEUs in aggregate achieved during the trial run period. Based on this successful experience, it is expected that SILC will soon operate at full capacity in the future. SILC, being a major logistics project of Shenzhen City, enjoyed various preferential treatments offered by the Shenzhen Municipal Government to the logistics industry. During the Year, SILC successfully acquired the land use right of its operating area with a site area of 530,000 square metres based on the preferential land premium granted by the Shenzhen Municipal Government. The land premium cost was significantly lower than the original budget and as a result the total investment amount was reduced by 16%. Notwithstanding the future operating cost would be reduced, the preferential land premium also signalled the full support by the Shenzhen Municipal Government. It also demonstrates that SILC is well positioned for future expansion. The investment return period of SILC is expected to be shortened and it is estimated that it will generate profit for the Group in 2005. The Group intends to increase its investment in SILC and is actively planning to increase the percentage of interest in SILC to become a subsidiary of the Group.

Western Port Logistics District, the key construction project of Shenzhen Western Logistics Co., Ltd. (“Shenzhen Western Logistics”) of which 20% equity interest is held by the Group, is planning to invest in a motor vehicles logistics district which will be the largest within the South China region and will also cover the entire Pearl River delta region. The project will cover

流佔35%股權。汽車物流園項目是一個集多功能的綜合發展項目，規劃中的具體業務功能包括設立國際汽車專賣中心、為汽車生產商提供零件及配件採購平臺及物流配送服務、設立汽車物流配送中心及進口車及零配件保稅倉等。汽車物流園項目的發展前景良好，加上開發西部物流園區可配合本集團開展深圳市物流基礎建設項目的發展戰略及需要，因此，本集團亦正積極考慮增持西部物流的權益。

本集團今後將繼續積極促進現有物流項目的建設，強化集團在物流信息與電子商務方面的優勢，優化第三方物流服務，以期獲得良好的業績增長及穩定的現金流，鞏固並提升本集團現於深圳市物流業的地位，創造股東最大價值。

持續提升企業管治水平

為進一步加強本集團的內部監控制度及持續提升本集團的企業管治水平，以確保集團資產能有效運用及增值，使股東的利益得到更佳保障，董事會已於二零零三年十二月分別成立了薪酬委員會及提名委員會，兩個委員會的成員均由獨立非執行董事佔多數。設立薪酬委員會的目標主要為設立正規而透明的程序及政策，以制定董事的薪酬；而成立提名委員會的目標則主要為確保本公司委任合適的董事及使董事連任的程序更具透明度。兩個委員會現已正式啟動有關工作，董事會將於適當時候向股東匯報最新進展。

a site area of one million square metres and Shenzhen Western Logistics is expected to own 35% interest. The motor vehicles logistics district project is a comprehensive development project with multiple functions. According to the plan, it will include an international motor vehicle trading centre, a platform of parts and components procurement and ancillary transportation services for motor vehicle manufacturers, an ancillary transportation centre of motor vehicles, a bonded warehouse for imported cars and spare parts, etc. Due to the promising prospect of the motor vehicles logistics district and the development of Western Port Logistics District is in line with the Group's strategy and need in the development of logistics infrastructure projects in Shenzhen City, the Group is thus considering to increase its interest in Shenzhen Western Logistics.

In the future, the Group will continue to expedite the construction of its existing logistics projects, strengthen its superiority in logistics information and e-commerce areas and optimise its third party logistics service. These measures will enable the Group to achieve an outstanding growth and a stable cashflow, strengthen the Group's position in the logistics industry in Shenzhen City and will maximise investment return for its shareholders.

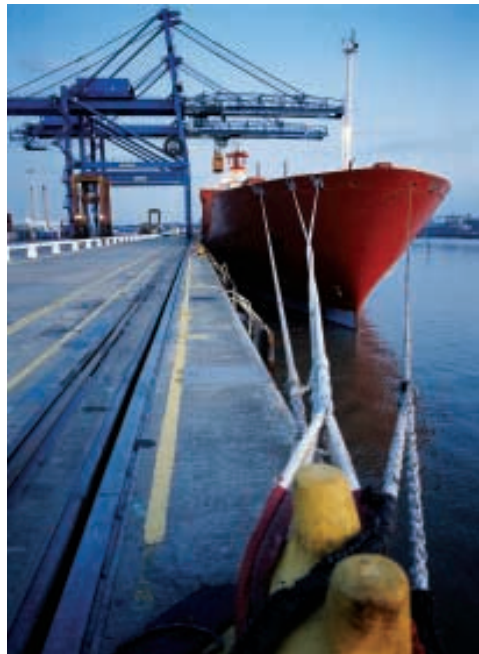
CONTINUOUSLY IMPROVING CORPORATE GOVERNANCE STANDARD

With a view to strengthen the system of internal control and to improve the standard of corporate governance of the Group, the board of directors duly established the remuneration committee and the nomination committee in December 2003. The function of the two committees is to ensure an efficient deployment and added value of the Group's assets, thereby providing comprehensive protection to shareholders' interests. Both committees comprise members of a majority of independent non-executive directors. The remuneration committee is responsible for the formulation of a formal and transparent procedure and policy in the determination of directors' remuneration. The nomination committee is responsible for the appointment of suitable candidates as directors of the Company and to ensure the transparency of the re-election procedure of directors. Both committees have commenced their work and the board of directors will report any further progress to the shareholders when appropriate.

朝著深圳市政府對本公司列為經濟主力企業的長遠戰略任務推進，積極尋求投資優質物流基建項目的商機

MARCHING TOWARDS THE LONG TERM STRATEGIC GOAL OF THE SHENZHEN MUNICIPAL GOVERNMENT OF DESIGNATING THE COMPANY AS A MAJOR PLAYER IN SHENZHEN'S ECONOMY AND TAKING AN ACTIVE ROLE TO EXPLORE INVESTMENT OPPORTUNITIES IN QUALITY LOGISTICS INFRASTRUCTURE PROJECTS

二零零三年，深圳港口的貨運量增長成績驕人，貨運吞吐量已超過1億噸，集裝箱吞吐量突破1,000萬標準箱，年增長40%，成為繼香港、新加坡、上海之後的世界第四大集裝箱樞紐港。其中，深圳赤灣碼頭於二零零三年全年完成集裝箱吞吐量163.5萬個標準箱，增長達43%。



In 2003, the growth of cargo handling volume of Shenzhen ports was outstanding. The cargo throughput exceeded 100 million tons and the container throughput exceeded 10 million TEUs, representing an annual growth rate of 40% and Shenzhen container ports became the fourth largest container hub in the world following Hong Kong, Singapore and Shanghai. In particular, Shenzhen Chiwan wharf's annual container throughput was 1.635 million TEUs for 2003, representing an increase of 43%.

由於港口已成為現代物流中最重要的節點，是發展國際物流的重要基礎設施，而集裝箱碼頭的建設也將為深圳現代物流業帶來更為廣闊的發展空間。本集團為獲得穩定增長的盈利及現金流，在投資策略上將側重於與物流相關但較成熟的基建項目，如公路、碼頭及物流園區等。本集團現時的負債比率較低，市場的融資渠道暢通，加上現金充裕等因素，將有利於本集團投資於大型基建項目。

Container ports play an important role in modern logistics and are integral parts of the infrastructure for the development of international logistics industry. The construction of container terminals will provide ample room for the development of modern logistics business in Shenzhen. In order to achieve stable growth of profit and cashflow, the Group's investment strategy will focus on mature infrastructure projects relating to logistics industry, such as toll roads, wharfs and logistics districts, etc. Currently, the Group's gearing ratio is relatively low with unimpeded funding channels and sufficient cashflow. This will facilitate the Group's future investment in large-scale infrastructure projects.

二零零四年，深圳市政府宣佈了一系列國企改革的新措施，通過減持部分國有股權、出讓控制權、內部整合重組等方式引進合資格的戰略投資者，在未來兩年內，深圳的壟斷性、基礎性設施領域的國有企業將全面開放，通過新股東的參與實現產權多元化，國有資產將通過購併重組活動獲得重新配置和整合，以實現效率與效益的提高。

本公司是深圳市政府列為重點發展及進一步壯大的十三家企業之一，未來將突出現代物流為主業的發展戰略，配合深圳市政府力求加快提升深圳市的產業結構及深化國有企業體制改革的步伐，朝著成為深圳市經濟主力企業的長遠戰略任務推進。本集團將把握深圳市政府推動國企改革新措施的機遇，積極研究爭取以合理的價格，收購具有發展潛力的深圳市經營性國有資產及壟斷稀缺性資源，並通過產權重組介入大型優質企業的可行性，為集團繼續開展物流基礎建設的核心業務作好充足準備。

In 2004, the Shenzhen Municipal Government announced a series of new measures for state-owned enterprises reform and will introduce eligible strategic investors to these state-owned enterprises by way of reduction in state-owned interest, transfer of controlling stake and internal consolidation. In the coming two years, state-owned enterprises in monopolised industries and infrastructure sectors will be fully liberalised. Through the introduction of new shareholders and the diversification of interests, state-owned assets will be redistributed and consolidated by merger and acquisition activities, with a prospect to achieve higher efficiency and profitability.

The Company has been designated by the Shenzhen Municipal Government as one of the 13 enterprises for focused development and further evolution. In the future, the Shenzhen Municipal Government will take every measures to speed up the improvement of assets and industries structure of Shenzhen City and to further strengthen the systematic reformation of state-owned enterprises. In order to cope with the pace of the Shenzhen Municipal Government, the Company will emphasise modern logistics industry as its core business and development strategy and is marching towards the long term strategic goal of being a major player in Shenzhen's economy as designated by the Shenzhen Municipal Government. The Shenzhen Municipal Government will gradually implement new measures on state-owned enterprises reform and it is expected that opportunities for asset acquisition by the Group will arise. The Company will capitalise the opportunities in order to acquire with reasonable prices state-owned assets and monopolised resources with good development potential. The Company will also study the feasibility of participating in large and quality enterprises through restructuring of equity interests, thereby making sufficient preparation for further development of the core logistics infrastructure business of the Group.

本人相信，在深圳市政府政策的支持下，憑藉管理層及全體員工的努力，本集團在項目開發、業務拓展方面將會獲得更好的成績，通過整合，進一步優化集團資產結構，提高資產質量。

主席
李黑虎

香港，二零零四年三月二十六日

With continuous support from the Shenzhen Municipal Government and dedicated effort of the management and all our staff members, I am confident that the Group will achieve promising results in project development and business expansion and the structure and quality of the assets of the Group will be gradually optimised and enhanced by the consolidation process.

Li Hei Hu
Chairman

Hong Kong, 26 March 2004