

▶▶ Chairman's Statement



Profit and dividend for the year

I am pleased to present the 2003 annual report of the Group. The audited consolidated profit attributable to shareholders and earnings per share for the year ended 31st December 2003 were HK\$212,796,000 and 31.4 HK cents respectively, representing respective increase of 17% and 17% over prior year. The board of directors propose the payment of a final dividend of 3.9 HK cents per share at the forthcoming general meeting. With the interim dividend of 3.8 HK cents per share, dividend for 2003 totaled 7.7 HK cents per share, representing 17% increase as compared to 2002.

Operations Strategy

Year 2003 was a volatile year. Many places in the world were threatened by war and terrorism while Mainland China and Hong Kong were seriously affected by the unforeseen outbreak of SARS in the first half of 2003. In spite of this, the Group successfully overcame the adverse effect of SARS and achieved good performance by strengthening our management and increasing effort in various aspects of our operations.

By the end of last year, the Group has geared up to spin off the road operation in 2004. Container handling operation sustained remarkable growth since much effort had been placed on accelerating vessel turnover, broadening cargo sources and improving operational efficiency. For the winery business, the launch of high-class vintage wine in the market received encouraging response. In addition, other strategic investments of the Group reported satisfactory results. The bio-pharmaceutical operation has completed the clinical trial of "M-Lexidronate" in early 2004 and will strive to launch the new drug by end of 2004. While supporting and developing its core businesses, the Group will proactively explore opportunities for projects with both growth potential and promising return.

Financial Management

To cope with the Group's future development, we continue to improve the financial system, organisational structure and human resources management. During the year, the Group has refinanced its bank borrowings with more favourable terms as well as getting sufficient fund for future business development. While taking a conservative approach on its financial and treasury management, maximising return to shareholders is nonetheless the prime objective of the Group. We will continue to uphold the corporate governance to the highest standard.

Future growth

The continuous booming China economy and the turnaround of the global market sentiment are definitely advantageous to the future development of the Group. We will catch every investment opportunity with promising future in order to strengthen the foundation for the Group's future growth.

Professional management

Brilliant and professional management team and responsible staff are the key elements for the rapid yet sustainable development of the Group. To ensure the quality of our management team, we are committed to providing necessary training to enhance their managerial and technical knowledge.

Outlook

Looking forward to 2004, the continuous economic development of Mainland China and the unique geographical advantage of Tianjin will provide unlimited business opportunities which the Group will capture and capitalise on. We are confident that the future of the Group is promising.

On behalf of the Board of Directors, I would like to take this opportunity to express our gratitude to our employees for their dedication and hard work and to the investors for their continuous support during the year.

Wang Guanghao

Chairman

Hong Kong SAR, 26th April 2004