




## Chairman's Statement



For the year ended 31st December 2004, the Group recorded an audited consolidated turnover of HK\$614,022,000, an increase of 24.5% as compared with last year. Consolidated net profit was HK\$83,670,000, representing an increase of 22.9% as compared with last year. Basic earnings per share was HK11.2 cents.

Amid a favourable global economic environment in 2004, overall recovery was seen in worldwide shipping transportation industry, while Hong Kong's economy had also recorded a higher rate of growth. Leveraging on such favourable external environment, through its greater efforts in market expansion, investments in potential river trade terminal projects in Mainland China, coupled with its consolidation of internal resources and its improvement in corporate governance and cost control measures, the Group recorded a relatively good operating results.

Despite the adverse effects on Hong Kong's economy resulted from high oil prices and the macro-economic adjustment measures in Mainland China, the growing demand in Mainland China and overseas highlighted Hong Kong's prominent position as a transshipment port, the shipping industry was



benefited accordingly. In 2004, the container handling volume of Hong Kong reached 22,000,000 TEUs, representing an increase of 7.5% as compared with last year. The Group had put more effort in its market sales in a timely manner, upgraded its operating equipments, and enhanced its overall operating efficiency, which resulted in a historical high in terms of the volume of its core business. In 2004, the volume of containers handling amounted to 248,522 TEUs, representing an increase of 23.4%; the volume of container hauling and trucking on land was 144,662 TEUs, representing an increase of 45.1%; cargo storage volume amounted to 41,684 CBMs, representing an increase of 8.3%; container transportation volume amounted to 453,774 TEUs, representing an increase of 34.3%. As shown in the statistics from Hong Kong Marine Department, the overall container river trade transportation volume of Hong Kong increased by 10.0% in 2004. The growth of the Group's business outperformed the industry, for beyond the average market level, demonstrating its strong core competitive edges and growth potential.



In 2004, further initiatives of the Closer Economic Partnership Arrangement policy between Mainland China and Hong Kong was implemented, which presented unprecedented business opportunities to the Group. The Group captured this opportunity through the acquisition of additional 49% shareholdings in Chu Kong Cargo Terminals (Gaoming) Co., Ltd. ("Gaoming Terminals"), turning this major river trade terminals in Xijiang into a subsidiary of the Group. A comprehensive reform in Gaoming Terminals has been undergone generally by the Group, including the upgrade of operating equipments and the introduction of modern management philosophy. As a result, Gaoming Terminals' business experienced a strong growth with substantial increase in profit, bringing in profit contribution of HK\$6,758,000 in 2004.




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Capitalised the favourable opportunity created by the substantial growth of cargo transportation volume in Shenzhen Yantian Port, Shenzhen Yantian Port Zhujiang Logistics Co., Ltd., in which the Group owned 40% interests, embarked on progressive external expansion and strengthened its internal management, thus making it a leading logistics service provider in the Yantian Port District, achieving historical high profits and bringing in profit contribution of HK\$2,156,000 to the Group.

During the year, Guangzhou-Foshan Expressway Ltd., in which the Group owned 25% interests, completed its major road repairs work. Traffic conditions were improved in all aspects and the traffic volume increased, bringing in profit contribution of HK\$39,540,000 for the year. As the main segment of Guangdong expressway network, Guangzhou-Foshan Expressway will be more important in the near future, and it will generate ongoing stable return on investment to the Group.

Chu Kong Logistics (Singapore) Pte. Ltd., which was jointly-invested by the Group, commenced its operations in November 2004, marking the first step of the Group in the establishment of its overseas network. The Group will accelerate the expansion of overseas network based on results of scientific researches to provide solid support to its core businesses.

In 2005, the global economy will continue to gather pace and the demand of external trade will remain strong. The Pearl River Delta (the "PRD") region, the world processing and manufacturing base has great demand on quality logistics services. The Group will continue to acquire major river trade terminals in the PRD region and introduce advanced equipments and management philosophy, so as to establish some logistics service bases in the PRD region. The Group will further expedite the development and application of modern information technology systems, in order to improve customer service and efficiencies. Based on the considerable



results achieved from the build up of regional marketing network, the Group will keep on consolidating its marketing network in the PRD region, implementing stringent cost control and achieving greater economies of scale. The Group will continue to improve its corporate governance, tighten its internal control and enhance its transparency, so as to protect the interests of investors. Finally, I would like to extend my sincere gratitude to all shareholders, customers and the public for their trust and support to the Group, and also my heartfelt thanks to our staff for their efforts and dedication throughout the year.



*Chairman*

**Liang Yongjiu**

Hong Kong

19th April 2005