



2004 was a prosperous year for the global economy. Internationally, as the U.S. currency remained low and the global energy consumption increased, which coupled with the turbulent situations in the oil-producing regions, the prices of crude oil increased. In the PRC, since the implementation of the macro-control policy by the Chinese government, over-heated economy has been avoided and favorable conditions have been created for the healthy development for all industries.

In 2004, with the concerted effort of all staff, the Group's turnover reached HK\$192,184,000 and the profit attributable to shareholders was HK\$114,769,000 for the year, representing an increase of 15.97% and 32.97% respectively as compared with last year. It is also recommended that there would be a final dividend of 1 Hong Kong cent. The overall performance was satisfactory.

The Group underwent a substantial business restructuring last year. Since 2003, apart from its existing paper packaging business, the Group commenced to engage in the trading of petroleum products. At the end of 2004, the Group also succeeded in the acquisition of UPC and its Xiao Hu Island Terminal as well as exercising its put option to sell its existing paper packaging business in order to have a clear direction of the Group's future development, which realized the restructuring of the Group's existing business from the trading of oil products and paper packaging to the petrochemicals storage and terminal business as well as trading of oil products. Leverage on the Group's advantageous assets of the Xiao Hu Island terminal, together with the customer base that the Group has established over the years, the Group will have better competitive edge in the development of the Group's future business.

Looking forward to 2005, the Group will continue its development in its existing petrochemical terminal and storage business. Besides, the Group will continue to seek for more appropriate investment opportunities and to expand its existing petrochemical terminal and storage business. In the short-run, the Group will focus on developing the Pearl River Delta project and the project relating to pipeline, terminal and storage facilities outside the PRC. In the long-run, by the way of investing and acquisition, the Group will gradually establish its oil and liquid petrochemical terminal and storage facilities network in the Mainland China, striving to be a mid-stream player in the energy sector, and to become one of the leading integrated service provider for oil and liquid petrochemical products terminal and storage facilities in the PRC for reasonable returns to the shareholders of the Company.

The Group achieved an enhanced business results in 2004. On behalf of the board, I would like to express my heartfelt gratitude for the continuing support of the shareholders and business partners to the Group over the years, as well as the efforts and hard work of all directors, the management and staff of the Group.

David An
Chairman

Hong Kong, 25th April, 2005