



## Chairman's Statement



### OUR MISSION

With successful restructuring of the logistics business last year, we have been able to leverage on the established and integrated logistics capabilities to expand coverage in both the domestic and international markets. China Merchants DiChain (Asia) Limited is determined to become one of the leading Logistics Service Enterprises and Logistics Facilities Investors in the Greater China Region. We anticipate providing an all-rounded and integrated management services for the logistics and supply chain.

### RESULTS

On behalf of the Board of Directors of China Merchants DiChain (Asia) Limited ("the Company") and its subsidiaries (together "the Group"), I would like to announce that the Group has recorded a turnover of HK\$34 million for the year ended 31 March 2005, an increase of 23% as compared to that of the previous year and the overall gross profit margin has also been improved. Nevertheless, due to the high overhead costs, a net loss of HK\$18 million was recorded. The net asset value of the Group as at 31 March 2005 was approximately HK\$125 million, which is an increase of 5% compared with last year.

### BUSINESS STRATEGIES

Year 2004 was seen with a strategically successful transformation of its business, the Company underwent an aggressive restructuring with major focus on the promising logistics industry and the disposal of its non-core businesses and assets.

Supported by its major shareholder – DiChain Holdings Limited, the Company has substantially improved the performance of its current bonded warehouse business and established an extensive national logistics service network, covering the most advanced economic areas in China, namely the Pearl River Delta, the Yangtze River Delta, the Bohai Gulf Economic Rim and the Northeastern Economic Area.



During the year, the Group continued to build up its logistics network. It included the acquisition of Guangzhou DiChain Logistics Co., Ltd. and Jiangxi DiChain Logistics Co., Ltd., third-party logistics services providers with strong and well-established servicing network within PRC. In the course of expanding its logistics network, the Group is able to consolidate and integrate its resources, with improvement of its overall profit margin.

The Company's logistics services now covers an integrated seamless structure with both domestic and international networks for land and ocean transportation systems, making the Company the leading choice for one-stop, efficient and premier logistics services for its customers.

## LOOKING FORWARD

It is pleasing to report that prospects for 2005 are encouraging, especially with the Group's important and strategic objectives on becoming one of the leading national-wide logistics companies. The Group will continue to expand its logistics network within China and overseas. Prioritization will be made with strengthening the international logistics networks and then on fortifying the domestic logistics capabilities.

## ACKNOWLEDGEMENT

The development and success of the Group would not be possible without the commitment and vision of our management team, and efficient and professional staff. I would like to take this opportunity to express my sincere thanks and appreciation to my fellow directors and all employees of the Group for their dedication and hard work during the year under review.

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