

業績回顧

截至二零零五年十二月三十一日止年度（「本年度」），本集團連同本集團應佔聯營公司之營業額，總額為港幣12.36億元（二零零四年：港幣8.71億元），較去年同期上升42%。股東應佔盈利為港幣3.6億元（二零零四年：港幣3.15億元），較去年同期上升14%。每股基本盈利為港幣3.16仙（二零零四年：港幣2.77仙），較去年同期上升14%。於二零零五年十二月三十一日，本集團之總資產及淨資產值分別為港幣44.68億元（二零零四年：港幣34.20億元）及港幣31.72億元（二零零四年：港幣27.16億元），較二零零四年十二月三十一日分別上升31%及17%。董事會建議向股東派發截至二零零五年十二月三十一日止年度之末期股息每股港幣0.55仙（二零零四年：港幣0.5仙），合共約港幣6,246萬元（二零零四年：港幣5,716萬元）。

物流及相關業務

本集團的重點投資項目深圳市華南國際物流有限公司（「華南物流」）於本年度實現了初步的綜合營運，在集裝箱空箱堆場和保稅監管倉儲業務方面業務發展情況理想，主營業務收入大幅增長，錄得約港幣2,195萬元（二零零四年：港幣803萬元），隨着深圳、香港兩地海關於二零零五年第三季度共同宣佈設立深港陸路口岸「綠色通道」，為該項目實現正式開通跨進了一大步，「綠色通道」的開通將有力地提高華南物流的綜合物流功能，標誌着華南物流進入具規模的營運階段。

REVIEW OF RESULTS

For the year ended 31 December 2005 (the "Year"), turnover of the Group together with the Group's share of turnover of associates, amounted to HK\$1,236 million (2004: HK\$871 million), representing an increase of 42% over the corresponding period of 2004. Profit attributable to shareholders was HK\$360 million (2004: HK\$315 million), representing an increase of 14% over the corresponding period of 2004. Basic earnings per share was HK 3.16 cents (2004: HK 2.77 cents), representing an increase of 14% over that of 2004. As at 31 December 2005, total assets and net asset value of the Group were HK\$4,468 million (2004: HK\$3,420 million) and HK\$3,172 million (2004: HK\$2,716 million) respectively, representing increases of 31% and 17% over those of 31 December 2004. The board of directors recommended a final dividend of HK 0.55 cent (2004: HK 0.5 cent) per share for the year ended 31 December 2005, totalling approximately HK\$62.46 million (2004: HK\$57.16 million).

Logistics and Related Business

Shenzhen South-China International Logistics Co., Ltd. ("South-China Logistics"), a key investment of the Group, preliminarily materialised integrated operations during the Year and achieved breakthroughs in unloaded-container depot business as well as bonded warehouses and regulated warehouses businesses and delivered satisfactory business development. Turnover of South-China Logistics increased significantly during the Year and amounted to approximately HK\$21.95 million (2004: HK\$8.03 million). In the third quarter of 2005, customs authorities of Shenzhen and Hong Kong jointly announced the establishment of "Green Lane" in boundary control points between Shenzhen and Hong Kong, which is a big step marching toward the official opening of the passage. The opening of "Green Lane" will significantly facilitate the capability of South-China Logistics' integrated logistics operations, and marks an established operation scale of South-China Logistics.

本集團的全資附屬公司全程物流(深圳)有限公司(「全程物流」)在繼續鞏固和深化業務結構調整的同時，於年內積極穩定已有的成熟業務，重點加大對優質客戶和高端業務的拓展工作，使主營業務收入錄得港幣2.09億元(二零零四年：港幣1.71億元)，較去年同期上升22%，為本集團帶來除稅及少數股東權益後盈利港幣2,694萬元(二零零四年：港幣2,360萬元)。

本集團的主要聯營公司深圳高速公路股份有限公司(「深圳高速」)於本年度的營業額為港幣8.68億元(二零零四年：港幣6.66億元)，較去年增長30%，股東應佔盈利為港幣5.27億元(二零零四年：港幣3.91億元)，較去年增長35%，本集團所佔部份為港幣1.58億元(二零零四年：港幣1.17億元)。受惠於中國經濟保持穩定的增長，深圳高速經營和投資的各收費公路的車流量和路費收入總體上承接二零零四年度的發展態勢，持續錄得增長，平均增幅分別達到31%及29%。

製造業務

本集團的另一主要聯營公司中國南玻集團股份有限公司(「南玻集團」)本年度的營業額為港幣21.84億元(二零零四年：港幣17.74億元)，較去年同期上升23%，股東應佔盈利為港幣3.03億元(二零零四年：港幣3.19億元)。受到國內浮法玻璃行業因過往三年產能連續急劇擴張，導致全行業在二零零五年發生重大轉折、價格急劇下跌的市場環境影響下，南玻集團仍然實現了主營業務收入快速增長、淨利潤相對穩定的經營成果。

Total Logistics (Shenzhen) Co., Ltd. ("Total Logistics"), a wholly owned subsidiary of the Group, while continuously consolidating and deepening the adjustments to its business structure, it also actively stabilised its established business, focused on enhancing the expansion of quality customers and expanding into high-end businesses. As a result, Total Logistics recorded a turnover of HK\$209 million (2004: HK\$171 million) during the Year, representing an increase of 22% over that of 2004 and it contributed to the Group a profit after taxation and minority interests of HK\$26.94 million (2004: HK\$23.6 million).

During the Year, Shenzhen Expressway Company Limited ("Shenzhen Expressway"), a principal associate of the Group, recorded a turnover and a profit attributable to shareholders of HK\$868 million (2004: HK\$666 million) and HK\$527 million (2004: HK\$391 million) respectively, representing respective increases of 30% and 35% over those of 2004. The profit shared by the Group was HK\$158 million (2004: HK\$117 million). Driven by the steady economic growth in the PRC, the overall traffic flow and toll revenue derived from the toll highways operated and invested by Shenzhen Expressway inherited the growth momentum from 2004 and recorded sustained growth, with an average increases of 31% and 29% respectively.

Manufacturing Business

During the Year, another principal associate of the Group, CSG Holding Co., Ltd. ("CSG"), recorded a turnover of HK\$2,184 million (2004: HK\$1,774 million), representing an increase of 23% over the corresponding period of 2004, and a profit attributable to shareholders of HK\$303 million (2004: HK\$319 million). Despite an unfavourable market condition where the floating glass industry in the PRC experienced a negative and significant turn and a sharp price decrease in 2005 as a result of the sharp and continuous expansion of the industry capacity during the last three years, CSG achieved a significant growth in turnover and a relatively stable net profit.

於本年度內的重大投資

本集團與深圳高速於二零零五年三月十九日及七月十二日分別簽訂一項收購協議及一項補充協議，以總代價港幣11.88億元共同收購位於中國湖北省的武黃高速公路100%權益，本集團所付代價約為港幣5.35億元，佔45%權益，其餘55%權益由深圳高速持有，是項收購已於二零零五年八月五日完成，本集團的資產規模和盈利基礎得以進一步強化。武黃高速於八至十二月份的主營業務收入及淨利潤分別為港幣1.11億元及港幣5,516萬元，本集團應佔部份分別為港幣4,995萬元及港幣2,482萬元，實現了收購後短短數月為本集團帶來盈利貢獻的目標。

於二零零五年五月份，中國對收費高速公路行業的營業稅政策進行了調整。自二零零五年六月一日開始，高速公路車輛通行費收入的營業稅由5%降低至3%。另外，人民幣匯價於七月份升值了約2%，此兩項因素均對武黃高速的公允價值較本集團於二零零五年三月份作出的收購價有所提升，根據新會計準則的規定，本集團於二零零五年八月份完成武黃高速的收購時，需以武黃高速的公允價值入賬。按照本集團委聘的獨立評估機構對武黃高速作出的估值為依據，本集團收購武黃高速的交易確認了港幣3,099萬元的一次性收入。

MAJOR INVESTMENTS DURING THE YEAR

The Group and Shenzhen Expressway entered into an acquisition agreement and a supplemental agreement on 19 March 2005 and 12 July 2005 respectively for the joint acquisition of 100% interest in Wuhuang Expressway which is situated in Hubei Province, PRC for a total consideration of HK\$1,188 million. The Group owns a 45% interest for a consideration of approximately HK\$535 million, and the remaining 55% interest is owned by Shenzhen Expressway. The acquisition was completed on 5 August 2005, and as a result, the Group's asset base and profitability were further strengthened. From August to December 2005, Wuhuang Expressway recorded a turnover of HK\$111 million and a profit of HK\$55.16 million respectively, among which, HK\$49.95 million and HK\$24.82 million were attributable to the Group, achieving the goal of bringing profit to the Group within only a few months after acquisition.

In May 2005, the relevant government authorities of the PRC adjusted the policy on business tax rate of toll highway business. From 1 June 2005 onwards, business tax rate imposed on toll revenue of highway vehicles decreased from 5% to 3%. In addition, Renminbi appreciated by approximately 2% in July 2005. Both these two factors contributed to the increase in fair value of Wuhuang Expressway as compared with the acquisition consideration paid by the Group in March 2005. According to relevant requirements under the new accounting standards, upon completion of the acquisition of Wuhuang Expressway in August 2005 by the Group, the fair value of Wuhuang Expressway should be recorded in the Group's financial statements. With reference to a valuation performed by an independent valuer appointed by the Group, a one-off income of HK\$30.99 million has been recognised by the Group on the acquisition of Wuhuang Expressway.

本集團持有20%權益的深圳市西部物流有限公司(「西部物流」)所經營及管理的深圳西部物流園區為深圳市政府規劃的六大物流園區之一，具有極高增長潛力及發展前景，本集團於二零零五年十一月二日與西部物流其他兩位股東簽訂一項增資協議，按各自的股權比例向西部物流額外出資合共人民幣2億元，據此，本集團已向西部物流額外出資人民幣4,000萬元，增資的款項用於支付位於深圳市的西部物流園區逾40萬平方米土地的首期地價款以及園區的發展和建設的前期投資資金，餘下資金用作對西部物流持有35%股權的深圳市平方汽車園區有限公司(「平方汽車公司」)註冊資本的進一步出資。隨著西部物流項目建設的開展及其後有關的新建項目逐步進入穩定經營期後，西部物流的業績可望穩定增長，並將逐步成為本集團未來的支柱產業之一。

The Group owns a 20% interest in Shenzhen Western Logistics Co., Ltd. (“Shenzhen Western Logistics”) which operates and manages the Western Port Logistics District, one of the six major logistics districts in Shenzhen City and with high growth potential and promising prospects. On 2 November 2005, the Group entered into an agreement with the other two shareholders of Shenzhen Western Logistics to increase the registered capital of Shenzhen Western Logistics by contributing, in proportion to their respective shareholdings, an additional capital of RMB200 million in aggregate to Shenzhen Western Logistics. As a result, the Group had made an additional capital contribution of RMB40 million to Shenzhen Western Logistics. The additional capital was used for the payment of the first installment of the land premium of over 400,000 square metres in the Western Port Logistics District in Shenzhen and as preliminary investments for developing and constructing the district. The remaining amount was used as further registered capital contribution to Shenzhen Grand Autopark Company Limited (“Grand Autopark Company”), in which Shenzhen Western Logistics holds 35% interest. With the commencement of project construction of Shenzhen Western Logistics and following the relevant new projects’ attainment of a gradual stable stage of operation, the results of Shenzhen Western Logistics are expected to grow steadily and Shenzhen Western Logistics will gradually become one of the pillar assets of the Group.

中國物流業發展前景及全球經濟之影響

二零零五年全球經濟增長的推動力量主要來自新興經濟體對初級商品的龐大需求及引發的價格上漲。中國作為世界性製造業中心，初級商品的需求尤為迫切，由此亦帶來國際貿易的持續增長及國內區域間的物流增長，物流成為中國經濟發展的重要環節之一。

OUTLOOK OF THE LOGISTICS INDUSTRY OF THE PRC AND IMPLICATIONS OF THE GLOBAL ECONOMY

In 2005, the growth of the global economy was mainly driven by huge demands from emerging economies for primary commodities and the consequential increase in commodity prices. As a manufacturing centre of the world, China has particularly huge demand for primary commodities, bringing continuous growth in both international trade and domestic logistics business among different regions. Logistics industry has become an integral part of the economic development of the PRC.

中國物流業在二零零五年獲得了理性、務實、快速、全面的發展。據中國商務部預計，二零零五年中國社會物流總額達人民幣48萬億元，同比增長25%；物流業增加值達人民幣1.2萬億元，較去年增長13%；物流費用佔國民生產總值之比率有望下降為19%，進一步向國際上物流成本費用水平靠攏。

二零零五年的深圳突出經濟發展的質量和效益，著力轉變經濟增長方式，深圳全市生產總值為人民幣4,927億元，同比增長15%；外貿進出口總額為1,828億美元，增長24%，其中出口總額連續十三年居全國大中城市榜首；貨運量9,807萬噸，較去年增長23%；港口貨物吞吐量1.54億噸，增長13%，集裝箱吞吐量1,619萬標準箱，增長19%，繼續穩居全球四大集裝箱港行列。深圳市全年完成基本建設投資人民幣600億元，較去年增長20%，一批港口、能源、交通建設項目均已完成年度投資計劃，物流基礎設施正在逐步完善。

審慎評估投資機會，提高項目增益能力

本集團未來將持續以深圳為中心，向周邊地區及其他經濟發展重點地區擴張，以併購、整合物流基建節點資源為主要手段，以提升物流項目營運效率及服務內涵為基本要求，通過增量擴大企業規模，通過存量優化企業盈利，旨在構建專業化、規範化、規模化的管控體系，取得資源與技術的和諧發展。

In 2005, the logistics industry of the PRC witnessed a rational, practical, rapid and comprehensive development. According to the estimation of the Ministry of Commerce of the PRC, the total logistics volume in the PRC reached RMB48 trillion in 2005, representing an increase of 25% over the corresponding period of 2004; the increase of value in the logistics industry amounted to RMB1.2 trillion, representing an increase of 13% over that of last year; and the percentage of the logistics spending in the GDP was expected to decrease to 19%, which was comparable to the international logistics spending level.

In 2005, the Shenzhen City put great emphasis on the quality and efficiency of its economic growth by endeavouring to transform the pattern of its economic growth, and recorded a GDP of RMB492,700 million, representing an increase of 15% over that of 2004; an aggregate amount of import and export of US\$182,800 million, representing an increase of 24%, with the aggregate amount of export ranking first among major cities throughout the PRC for thirteen consecutive years; a cargo transport volume of 98.07 million tons, representing an increase of 23% over that of last year; a port cargo throughput of 154 million tons, representing an increase of 13%; and a port container throughput of 16.19 million TEUs, representing an increase of 19% and thereby upholding Shenzhen City's position as one of the four largest container ports in the world. During the Year, Shenzhen City invested RMB60,000 million in infrastructure, representing an increase of 20% over that of last year, with annual investment plans of certain port, energy and transport construction projects having been implemented, thereby improving the logistics infrastructure gradually.

TO EVALUATE INVESTMENT OPPORTUNITIES AND TO ENHANCE THE PROFITABILITY OF PROJECTS

Looking forward, the Group will continue to seek business opportunities in surrounding areas of Shenzhen City and other key regions for economic development by means of acquisition and consolidation of logistics infrastructure node resources and with a basic aim of improving the operational efficiency and service contents of its logistics projects. On the other hand, the Group will also expand its scale through incremental expansion and optimise its profits by improving the quality of its assets, so as to build up a professionalised, regulated and extensive management and control system to strike a harmonious balance for the development of its resource and technology.

未來五年，中國將以促進四大區域協調發展為核心戰略，物流系統則必須完善區域間的通道化網路及區域內物流基礎設施佈局。二零零五年啟動的重大交通基礎設施項目建設，如南北幹線高速公路連接、沿海港口大型礦石與原油等碼頭建設，均體現了這種區域物流發展態勢，並將長期影響國內整體物流基礎設施佈局和區域內不同性質的物流服務組織的發展。

本集團將積極研究區域經濟發展重點及帶來的物流服務變化，從戰略角度思考物流基礎資源的佈局、定位及拓展空間，審慎評估投資機會，爭取通過合理定價購併具有盈利及發展潛能的資源類項目，提高項目增益能力。

另外，本集團的管理層深刻認識到物流業務的價值來自於程序設計、流程管理、環節控制、資源掌握等各個方面。本集團將繼續努力完善附屬各層級企業的投資及管理模式，有效調動資源，加強成本控制，提高員工質素，使管理更具專業性、靈活性、持續性和針對性。

Over the next five years, the core strategy of the PRC is to promote the harmonious development among the four regions of the PRC and the task for the logistics system is to reinforce its channel network among these regions and improve the layout of logistics infrastructures within these regions. A number of major transport infrastructure construction projects, including the linking of major expressways in southern and northern China and the construction of large scale coastal ports for mine ores and crude oil, commenced in 2005, reflecting the regional logistics development trend. The pattern will have a long term impact on the overall logistics infrastructure layout of the PRC and the development of logistics service organisations of various natures within these regions.

The Group will make an active effort to study the focuses of the local economic development and the changes brought to the logistics industry therefrom, and contemplate the layout, position and room for expansion of the logistics infrastructure resources from a strategic perspective. The Group will also evaluate investment opportunities in a prudent way in order to acquire at reasonable costs projects in respect of resources with profit and growth potential and thus improve the added value of such projects.

The management of the Group fully understands that the value of logistics business is derived from procedure design, work flow management, process control and resources deployment. The Group will continue to strive to improve the investment and management patterns of various affiliated companies, allocate resources in an effective way and reinforce cost control as well as enhance the quality of employees so that a professional, flexible, sustainable and particular management pattern will become viable.

財務狀況

FINANCIAL POSITION

		十二月三十一日 31 December 2005 港幣百萬元 HK\$ million	十二月三十一日 31 December 2004 港幣百萬元 HK\$ million 重新列賬 Restated	增加/ (減少) Increase/ (Decrease) %
總資產	Total Assets	4,468	3,420	31
流動資產	Current Assets	438	588	(26)
流動負債	Current Liabilities	424	159	167
流動資產淨值	Net Current Assets	14	429	(97)
淨資產值	Net Assets	3,172	2,716	17
發行股數 (百萬股)	Issued Share Capital (million shares)	11,355	11,433	(1)
每股淨資產(港幣元)	Net Assets per Share (HK\$)	0.28	0.24	17
現金及現金等價物	Cash and Cash Equivalents	262	234	12
銀行貸款 及其他借貸	Bank Loans and Other Borrowings	610	102	498
借貸淨額/(淨現金)	Net Borrowings/(Net Cash)	348	(132)	不適用 N/A

本集團於二零零四年十月出售非核心業務的投資物業華麗園後，積極尋找優質的物流基建類的投資項目，並於年內分別投資了武黃高速及西部物流，充份利用了出售非核心業務的資金，加強集團物流主業的資產規模及盈利能力，使二零零四年的淨現金情況得以投資於優質的物流資產，並適當地利用暢通的融資渠道，增加了銀行貸款。

Following the disposal of an investment property Hua Li Garden, a non-core business of the Group, in October 2004, the Group continued to identify investment opportunities in quality logistics infrastructure projects. In 2005, the Group invested in Wuhuang Expressway and Shenzhen Western Logistics by capitalising on the proceeds from the disposal of non-core business so as to enhance the asset scale and profitability of the Group's core logistics business. The net cash position in 2004 was able to invest in quality logistics assets. The Group also made use of its financing channels to increase its borrowing at an appropriate level.

於二零零五年十二月三十一日，本集團之流動資產及現金及現金等價物分別較二零零四年十二月三十一日減少26%及上升12%，流動資產的減少主要因為本集團動用現金支付武黃高速的部份收購代價款所致，而銀行借貸較二零零四年十二月三十一日上升，主要由於本集團利用銀行融資以支付收購武黃公路的部份代價。

於二零零五年十二月三十一日，本集團銀行貸款總額為港幣6.1億元(二零零四年：港幣1.02億元)，分別有43.1%，14.8%及42.1%於一年內，第二年，以及第三年或以後到期償還。此等借貸中約有港幣5.14億元以港幣為償還貨幣單位，港幣1,166萬元以美元為償還貨幣單位，而借貸餘額約港幣8,473萬元以人民幣為償還貨幣單位的國內銀行貸款。本集團的現金收入主要為人民幣，而以港幣為貨幣單位的現金支出主要為股東的現金分紅及定期償還銀行貸款。人民幣於七月底升值約2%，短期而言，人民幣與港幣的滙兌風險較低，本集團將不時檢討及監察外滙兌換的風險。於二零零五年八月，本集團為旗下銀團貸款訂立利率調期合約，以減低息率上升之風險。

As at 31 December 2005, the Group's current assets decreased by 26% and cash and cash equivalents increased by 12% as compared with those of 31 December 2004. The decrease in current assets was mainly attributable to the utilisation of cash by the Group to finance part of the payment of the consideration for the acquisition of Wuhuang Expressway. The increase in bank loans, as compared with that of 31 December 2004, was mainly due to the utilisation of bank financing by the Group to finance part of the payment of the consideration for the acquisition of Wuhuang Expressway.

As at 31 December 2005, bank loans of the Group amounted to HK\$610 million (2004: HK\$102 million), of which 43.1%, 14.8% and 42.1% were due for repayment within one year, the second year and the third year or after respectively. Approximately HK\$514 million of the bank loans are repayable in Hong Kong dollars, HK\$11.66 million repayable in US dollars and the remaining balances of approximately HK\$84.73 million are borrowings from banks in the PRC repayable in Renminbi. The Group's cash inflow is primarily denominated in Renminbi, and cash outflow denominated in Hong Kong dollars mainly comprises cash dividend payment to shareholders and repayments of bank loans. Renminbi appreciated by approximately 2% at the end of July 2005 and, in a short run, the Group's exposure to the exchange rate between Renminbi and Hong Kong dollars is expected to be at a low level. The Group will review and monitor from time to time the risks relating to foreign exchange. In August 2005, the Group entered into an interest rate swap contract in respect of a syndicated loan granted to the Group so as to reduce the risk arising from increasing interest rate.

管理層討論及分析

Management Discussion and Analysis

於二零零五年十二月三十一日，本集團的股東權益及借貸淨額比率如下：

As at 31 December 2005, the ratio of net borrowings to shareholders' equity of the Group was as follows:

		十二月三十一日 31 December 2005 港幣百萬元 HK\$ million	十二月三十一日 31 December 2004 港幣百萬元 HK\$ million
總資產	Total Assets	4,468	3,420
股東權益	Shareholders' Equity	3,172	2,716
現金及現金等價物	Cash and Cash Equivalents	262	234
借貸總額	Total Borrowings		
短期銀行貸款	Short Term Bank Loans	231	50
於一年內到期償還 的長期銀行貸款	Long Term Bank Loans due for repayment within one year	32	2
長期銀行貸款	Long Term Bank Loans	347	50
借貸總額	Total Borrowings	610	102
借貸淨額／(淨現金)	Net Borrowings/(Net Cash)	348	(132)
借貸總額佔總資產比率	Ratio of Total Borrowings to Total Assets	14%	3%
借貸淨額／(淨現金) 與股東權益比率	Ratio of Net Borrowings/(Net Cash) to Shareholders' Equity	11%	(5%)

本集團借貸淨額與股東權益比率由二零零四年十二月三十一日的淨現金情況，於二零零五年十二月三十一日改變為淨負債比率11%，主要由於本集團於年內增加資本開支約港幣5.75億元，投資武黃高速及西部物流，充份利用了手頭現金及增加了部份負債。有關本集團於二零零五年十二月三十一日的押記及或然負債詳情，請分別參閱綜合財務報表附註10、23及38。

The Group's ratio of net borrowings to shareholders' equity changed from a net cash position as at 31 December 2004 to net borrowings of 11% as at 31 December 2005. This was mainly attributable to an increase in the Group's capital expenditures by approximately HK\$575 million during the Year to finance the investment in Wuhuang Expressway and Shenzhen Western Logistics, thereby fully utilising cash in hand and raising borrowing to an appropriate level. For details of the Group's charges and contingent liabilities as at 31 December 2005, please refer to notes 10, 23 and 38 of the consolidated financial statements respectively.

本集團現有可動用現金及備用銀行信貸額為港幣12.32億元，而已使用之信貸額為港幣6.04億元。本集團目前財務狀況良好，並繼續尋找優質的投資機會，以儘量利用現有之財務資源及融資能力，並不時檢討現時的資本結構，降低資金成本方案，使整體股東回報獲得進一步提升。

主要業務之經營情況分析

物流及相關業務

本集團的物流及相關業務主要由華南物流及全程物流兩家附屬公司、深圳市機場國際快件海關監管中心有限公司（「機場快件中心」）及持有武黃高速的湖北馬鄂高速公路經營有限公司兩家共同控制實體公司、以及聯營公司深圳高速、深圳市鵬海運電子數據交換有限公司（「鵬海運」）及西部物流組成。此外，全程物流持有10%股權的深圳航空有限責任公司（「深圳航空」）對本集團的物流及相關業務的盈利亦作出一定的貢獻。

華南物流

本集團重點投資開發並持有66.67%權益的附屬公司華南物流的主要業務為開發、建設、經營及管理深圳市規劃的六大物流園區之一的華南國際物流中心。華南國際物流中心擁有卓越的地理和信息優勢，以全新的海關監管國際貨運中轉中心的經營模式，發展重點的跨境集裝箱運輸業務，並將作為國際全程物流供應鏈的中心環節之一，面向珠江三角洲的內地市場和海外市場，具備出口監管功能、保稅功能和國際進出口貨運代理權，為具備多功能的自動化、智能化、現代化公共型物流中心。

Currently, the Group has cash in hand and standing banking facilities of HK\$1,232 million and the utilised banking facilities amounts to HK\$604 million. The Group enjoys a solid financial position and will continue to identify quality investment opportunities to make full use of its existing financial resources and its financing capability. The Group also reviews its existing capital structure from time to time and considers funding plans with lower costs so as to further increase the overall return for the shareholders.

ANALYSIS OF MAJOR BUSINESS OPERATIONS

Logistics and Related Business

The Group's logistics and related business mainly comprises two subsidiaries, namely South-China Logistics and Total Logistics; two jointly controlled entities, namely Shenzhen Airport International Express Supervision Center Co., Ltd. ("Airport Express Center") and Hubei Magerk Expressway Management Limited which owns Wuhuang Expressway; and three associates, namely Shenzhen Expressway, Shenzhen EDI Co., Ltd. ("Shenzhen EDI") and Shenzhen Western Logistics. In addition, Shenzhen Airlines Co., Ltd. ("Shenzhen Airlines"), 10% interest of which is held by Total Logistics, also contributes to the profit of the Group's logistics and related business.

South-China Logistics

South-China Logistics, a key investment and a 66.67% owned subsidiary of the Group, is principally engaged in the development, construction, operation and management of South China International Logistics Centre, one of the six major logistics districts in Shenzhen City. South China International Logistics Centre enjoys overwhelming advantages in terms of geographic location and information technology and focuses on the development of cross border container transportation business with a brand new operating model of an international cargo transit centre under the supervision of customs authorities. South China International Logistics Centre will become one of the major sections of international total logistics supply chain and will serve the domestic market of the Pearl River Delta and overseas markets. With the functions of export supervision, bonded warehouse and international import/export freight forwarding, South China International Logistics Centre is an automatic, intelligent and modern public multifunctional logistics centre.



華南物流於本年度實現了初步的綜合營運，在集裝箱空箱堆場和保稅監管倉儲業務方面均取得了新的突破，業務發展情況理想。於本年度內，華南物流分別錄得主營業務收入約港幣2,195萬元（二零零四年：港幣803萬元）及虧損約港幣170萬元（二零零四年：虧損港幣968萬元），主營業務收入大幅增長主要受惠於深圳港口於年內的集裝箱吞吐量上升，國檢海關的進駐等硬件和軟件服務設施的優化，為客戶提供了便捷的服務，增強了華南國際物流中心對客戶的吸引力及市場份額；華南物流又適時對合同到期續簽的客戶調整了堆存、吊裝的作業收費等因素，預計華南物流將可於二零零六年轉虧為盈。

於本年度，華南物流在空箱堆場業務的基礎上，正式開展了保稅、監管倉儲等業務，隨著梅林海關與皇崗檢驗檢疫局的相關部門相繼於第一季度開始正式進駐，為園區企業和客戶辦理報關、報檢業務提供一站式服務，大大地提高園區的競爭力。華南物流將繼續積極與海關及國檢部門溝通和配合，進一步促進華南物流倉儲業務的快速發展，為客戶提供更便利的服務平台。

During the Year, South-China Logistics preliminarily materialised integrated operations and achieved breakthroughs in unloaded-container depot business as well as bonded warehouses and regulated warehouses businesses and delivered satisfactory business development. During the Year, South-China Logistics recorded a turnover of approximately HK\$21.95 million (2004: HK\$8.03 million) and a loss of approximately HK\$1.70 million (2004: loss of HK\$9.68 million) respectively. The significant increase in turnover was mainly attributable to the increase in container throughput in Shenzhen ports and the optimisation of service facilities of both hardwares and softwares, including the entry of government departments, such as Inspection and Quarantine Department and Customs, enlarged the market share of South China International Logistics Centre by providing customers with convenient services and increasing the its appeal to customers. South-China Logistics also adjusted on a timely manner, among others, its storage and lifting charges levied on customers who renewed their contracts upon expiry. It is expected that South-China Logistics will become profitable in 2006.

During the Year, based on its unloaded-container depot business, South-China Logistics officially launched its bonded warehouses and regulated warehouses businesses. With the official entry of the relevant departments of Meilin Customs and Huanggang Inspection and Quarantine Bureau in the first quarter of the Year, one-stop service in respect of customs clearance and inspection declaration could be provided to enterprises and customers within the logistics district, thus significantly enhancing the competitiveness of the district. South-China Logistics will continue to make an active effort to communicate and coordinate with customs and inspection and quarantine departments to further facilitate the rapid development of the warehouse business so as to provide customers with a more convenient service platform.

隨着深圳、香港兩地海關於二零零五年九月二十九日共同宣佈設立深港陸路口岸「綠色通道」，為該項目實現正式開通跨進了一大步。華南物流與一家於香港具領導地位的貨櫃碼頭營運商合作構建的「綠色通道」是一條經陸路連接珠三角東部與香港的拖運通道，目的在華南國際物流中心與皇崗口岸之間建立一條提供一次過清關服務的「綠色通道」，將海關手續移離繁忙的邊境口岸，加快兩地的陸路交通流量。

On 29 September 2005, customs authorities of Shenzhen and Hong Kong jointly announced the establishment of “Green Lane” in boundary control points between Shenzhen and Hong Kong, which is a big step marching toward the official opening of the passage. The Green Lane, jointly constructed by South-China Logistics and a leading container terminal operator in Hong Kong, is a haul passage linking the eastern part of the Pearl River Delta region and Hong Kong via land, aiming at establishing a “Green Lane” between the South-China International Logistics Centre and Huanggang checkpoint in order to provide one-stop customs clearance service, divert the customs clearing procedures away from the busy border checkpoint and speed up the land traffic flows between Hong Kong and the Mainland.



首期「綠色通道」將在皇崗口岸至華南國際物流中心之間進行，隨後將伸延至香港貨櫃碼頭。「綠色通道」的運作方式主要是將皇崗的口岸功能後移，在華南物流辦理所有出入境報關、報檢手續，使跨境貨車可於皇崗口岸及落馬洲口岸免停免檢。進口貨物在香港葵涌貨櫃碼頭辦理所有海關手續後，啟動GPS和電子關鎖等設備，在落馬洲快速通關通過皇崗進入深圳，直接運抵華南國際物流中心辦理進口手續；而出口的大陸貨物在華南國際物流中心的海關辦理出口手續後，同樣通過GPS及電子關鎖等監管技術，實現快速通關到香港。

The first stage of “Green Lane” is to be established between Huanggang checkpoint and South-China International Logistics Centre and will then be extended to container terminals in Hong Kong. The “Green Lane” mainly aims at diverting functions of Huanggang checkpoint to South-China International Logistics Centre, including all procedures concerning customs declaration and inspection declaration, thus enabling cross-border trucks to pass Huanggang checkpoint and Lok Ma Chau checkpoint without stopping for inspection. With respect to import goods, GPS and electronic gateway will be initiated when all customs procedures are completed at Kwai Chung Container Terminals in Hong Kong and import goods are able to go through Huanggang checkpoint and Lok Ma Chau checkpoint for direct transportation to South-China International Logistics Centre where all procedures for importation will be completed. Export goods from the Mainland, upon the completion of export procedures in South-China International Logistics Centre, can also arrive at Hong Kong quickly by utilising the same supervision technology, such as GPS and electronic gateway.



「綠色通道」將於二零零六年上半年開通，並進行為期六個月的試運行階段。華南物流將借助「綠色通道」的啟動，加快開發其重箱堆存、中轉、接駁、拆拼箱以及兩地貨櫃車運輸「重去重回」的配對等業務。深港物流「綠色通道」的開通，將大大促進深港兩地物流業的快速發展，從而帶動深港兩地及珠江三角洲地區經濟的騰飛。

The “Green Lane” is scheduled for pilot run in the first half of 2006 for a period of six months. South-China Logistics will rely upon the launch of the “Green Lane” to facilitate the development of its business of loaded container storage, transferring, connecting, loading and unloading containers and matching services for container transportation with “loaded-in and loaded-out” model. The opening of the “Green Lane” will significantly facilitate the rapid development of the logistics industry in Shenzhen and Hong Kong, which will in turn prosper the economy in Shenzhen, Hong Kong and the Pearl River Delta region.

華南物流為了配合「綠色通道」的開展，投入了4萬平方米的集裝箱堆場作為生產場地，又為海關相關人員提供了辦公場所，投入大量的資金進行相關的硬件和軟件設施的開發和建設。其中涉及海關科技手段監管的軟件開發項目有全球定位監管系統、海關專用電子關鎖、企業申報信息平台及海關監管信息系統等。「綠色通道」的開通將有力地提高華南物流的綜合物流功能，首期4萬平方米集裝箱重箱堆場的投入，預計將進一步推動及提升華南物流的吞吐量，並為華南物流後期的重箱堆場建設提供指導作用，其收入類別包括吊裝、報關和堆存等項目，預計將成為華南物流業務收入的另一增長來源。「綠色通道」的建成和開通標誌着華南物流進入具規模的營運階段。

In order to cope with the development of “Green Lane”, South-China Logistics contributed a container depot with an area of 40,000 square metres as the work site, provided offices to customs-related personnel and invested a substantial amount into the development and construction of related hardware and software facilities. These facilities comprised software development projects related to supervision technologies of customs authorities, including a global positioning system, an electronic gateway exclusively for customs authorities, an information platform for reporting by enterprises and a supervision information system for customs authorities. The opening of “Green Lane” will effectively enhance the integrated logistics functions of South-China Logistics. The initial contribution of a loaded-container depot with an area of 40,000 square metres is expected to further stimulate and enhance the throughput of South-China Logistics and to provide a guideline to the construction of its loaded-container depot at a later stage. The resulting revenues include those from lifting, customs declaration and storage businesses, and will become another source of growth in the revenue of South-China Logistics. The establishment and opening of “Green Lane” marks an established operation scale of South-China Logistics.

華南物流在深圳市政府和深圳海關的大力支持下，已完成向海關總署申請設立「保稅物流中心(B型)」的程序，該申請被列為深圳市向海關總署申報的首選項目，並已得到廣東省政府和廣東海關分署的同意。設立「保稅物流中心(B型)」，可使出口監管倉和進口保稅倉融為一體，物流企業可在園區內一次性辦理轉關、報關、清關和檢驗檢疫等所有手續。保稅物流中心是國家海關總署隨着現代物流產業的發展而制定的新型海關監管政策，華南物流如果獲得批准設立「保稅物流中心(B型)」，將極大地提高目前其五棟倉庫約6萬平方米的功能，結合出口監管倉和進口保稅倉的功能，使客戶能夠在華南物流倉庫內開展更多功能廣泛的倉儲業務，提高倉庫營業效益。

華南國際物流中心將繼續按照「內陸物流港」的功能定位來完善各項配套設施，並按照「保稅物流中心」的業務定位來開發市場，最終發展成為連接香港碼頭和深圳東西部碼頭的具有收發貨功能的「內陸物流港」。華南物流具備良好的業務發展潛力及盈利能力，本集團正積極研究進一步增持華南物流，以繼續擴大本集團的資產基礎，增強本集團主營物流業務的實力，加大國內物流資源整合力度，進一步擴大於國內物流市場的份額。

With strong supports from Shenzhen Municipal Government and Shenzhen Customs, South-China Logistics has filed an application with Customs General Administration for the establishment of “Bonded Logistics Centre (Type B)”. The application is regarded as the priority project filed with Customs General Administration by Shenzhen City, and has been endorsed by Guangdong Provincial Government and Guangdong Branch of Customs General Administration. The establishment of “Bonded Logistics Centre (Type B)” enables the integration of regulated warehouse for exportation and bonded warehouse for importation, so that logistics companies can go through all procedures for customs transferring, declaration, clearance and inspection and quarantine in a single location within the district. Bonded logistics centre is a new customs supervision policy enacted by the PRC Customs General Administration to accommodate the development of modern logistics industry. If the application for the establishment of “Bonded Logistics Centre (Type B)” is approved, the function of five warehouses with an area of 60,000 square metres will be significantly enhanced. The combination of functions of regulated warehouse for exportation and bonded warehouse for importation will enable customers to perform extensive warehouse functions within the warehouses of South-China Logistics, thus increasing the operation efficiency of its warehouses.

South-China International Logistics Centre will continue to improve its ancillary facilities according to the function positioning of “Inland Logistics Port” and to explore markets in line with the business positioning of “Bonded Logistics Centre”, and will finally become an “Inland Logistics Port” capable of collecting and delivering goods, linking ports in Hong Kong and those in the Eastern and Western part of Shenzhen. In view of the high business development potential and profitability of South-China Logistics, the Group is considering to further increasing its shareholding in South-China Logistics in order to further enlarge the Group’s asset base and strengthen its core logistics business. It will also improve the integrated capacity of the Group’s logistics resources and will further enlarge its market share in logistics industry in the PRC.

全程物流

本集團的全資附屬公司全程物流，在深圳市政府倡導加速深圳物流業務發展下成立。全程物流向客戶提供一系列物流相關服務，包括：

- **物流營運服務**：為企業提供訂約專業綜合物流服務、配發中心營運管理和配發服務、全球海陸空鐵路聯網的多式聯運服務、堆存服務、以及包裝、拼裝運輸和轉運過程的增值服務；
- **綜合物流規劃**：大型物流項目和物流園區規劃、物流中心規劃、設計和施工、運輸和堆存管理系統設計、企業物流策略和管理諮詢、企業物流系統設計和優化、以及企業物流管理流程設計和優化；及
- **企業技術支持**：物流信息軟件系統研究和建立、企業數據交換分流平台構建、網站的策劃、設計和施行、系統方案集成和諮詢服務、以及內部應用系統的建立。



Total Logistics

Total Logistics, a wholly-owned subsidiary of the Group, was established as part of the Shenzhen Municipal Government's initiative to accelerate the development of logistics industry in Shenzhen. Total Logistics provides customers with a range of logistics-related services including:

- **Logistics Operational Services**: contracted professional services of comprehensive logistics for enterprises; distribution centre operational management and distribution services; global multi-through-traffic services by sea, land, air and railway; and storage service and value-added services of packing, groupage traffic and circulation processing;
- **Comprehensive Logistics Planning**: planning for large-scale logistics projects and logistics districts; planning, designing and implementation of logistics centers; designs of transportation and storage management systems; enterprise logistics strategies and management consultation; designing and optimization of enterprise logistics systems; and designing and optimisation of enterprise logistics management flow; and
- **Technological Support for Enterprises**: research and construction of logistics information software systems; construction of enterprise data interchange distribution platforms; plotting, designing and implementation of websites; system scheme integration and consultation services; and construction of internal application systems.

於本年度內，全程物流之營業額為港幣2.09億元(二零零四年：港幣1.71億元)，較去年同期上升22%，為本集團帶來除稅及少數股東權益後盈利港幣2,694萬元(二零零四年：港幣2,360萬元)，較去年上升14%。於本年度內，雖然受到國際原油價格的持續上漲，造成物流營運成本持續升高，影響到全程物流海運、空運、陸運等物流業務的整體經營業績，但全程物流的主營業務收入逐年持續上升，主要是由於全程物流自去年度不斷加強重點客戶的業務拓展工作，以及集中力量於有較大發展前景及業務量的客戶的成果。全程物流在去年業務結構調整取得明顯成效的基礎上，二零零五年對效益不佳且缺乏發展潛力的項目進行了一系列調整工作，包括通過對合同價格的重新商談、倉庫租賃方式的調整、虧損業務的逐步退出等，使盈利水平進一步提高。全程物流在繼續鞏固和深化業務結構調整的同時，於年內積極穩定已有成熟業務，努力拓展新客戶和高端業務，重點加大對優質客戶和高端業務的拓展工作。

隨著二零零五年底國內物流市場開始全面開放，預計物流行業的內部競爭將會異常激烈，大部份製造企業、商貿企業對物流成本日益敏感，物流服務價格普遍一降再降，物流運作成本卻受到國際油價、「治理超載」等因素的影響持續上升。全程物流於二零零六年將致力加強對下屬企業的業務指導、考核和監管，並將加大力度、積極尋求物流基礎資源建設上的新突破，爭取二零零六年能夠在物流基地，特別是深圳特區內或特區周邊地區的物流基地的建設上取得進展，為深圳地區的業務發展提供一個較為適合的資源平台。

During the Year, Total Logistics recorded a turnover of HK\$209 million (2004: HK\$171 million), representing an increase of 22% over that of 2004. It contributed to the Group a profit after taxation and minority interests of HK\$26.94 million (2004: HK\$23.6 million), representing an increase of 14% over that of 2004. During the Year, Total Logistics was able to sustain an annual growth in turnover from its core business despite the soaring of international crude oil price which resulted in a continuous increase in operation costs of logistics business and affected the overall operating results including sea, air and land transportation logistics business. The growth in turnover was mainly attributable to its continuous effort in strengthening business expansion with key customers and its focus on customers with promising growth potential and trade volume since 2004. Based on the remarkable result of business restructuring in 2004, Total Logistics made a series of adjustments against projects with unsatisfactory performance and limited development potential in 2005, including renegotiation of contract prices, adjustment to structures of warehouse leases, gradual withdrawal of loss-making businesses and etc., rendering a further increase in its profitability. While continuously consolidating and deepening the adjustments to its business structure, Total Logistics also actively stabilised its established business, endeavoured to solicit new customers and expand into high-end businesses and focused on enhancing the expansion of quality customers and high-end businesses in 2005.

The PRC logistics market has been fully opened at the end of 2005. Intense competition in the logistics industry will become inevitable. The majority of manufacturing and commercial enterprises have become increasingly sensitive to logistics costs and the general price of logistics service continues to drop. Meanwhile, logistics operating costs continue to increase due to factors such as the international oil price and the implementation of "Combating Overloading" policies. In 2006, Total Logistics will dedicate itself to reinforce the business guidance, audit and supervision to its subsidiaries. It will also strive for a new breakthrough in the construction of logistics infrastructure resources, with an aim to make progress in the construction of logistics infrastructure, particularly those in Shenzhen or its surrounding areas. As a result, the business development in Shenzhen will be served by a more appropriate resource platform.

管理層討論及分析

Management Discussion and Analysis

全程物流持有的多項優質戰略性物流資產於本年度帶來良好的盈利貢獻。

全程物流持有50%權益的機場快件中心負責經營管理位於深圳機場的國際快件海關監管中心，為海關、檢驗檢疫和快件企業提供關務協調服務、設備、設施及配套的物業服務、現場查驗輔助服務、倉儲服務及信息服務。該中心於二零零一年建成並投入營運，擁有海陸空運輸的便利條件，其物流網絡直接連通港澳台地區和國外，輻射內地，是深圳市六大物流園區之一的航空物流園區的重要項目之一。中心設備設施先進，系統功能完善，使口岸聯檢部門對快件的監管擺脫了傳統的紙單報關、手工查驗的方式，實現了重點普查和全面詳查的結合，提高了口岸單位監管的嚴密性、科學性；大大提高了快件的通關速度及效率。

機場快件中心於本年度的營業額及股東應佔盈利分別為港幣5,089萬元(二零零四年：港幣4,311萬元)及港幣2,144萬元(二零零四年：港幣1,421萬元)，分別較去年同期上升18%及51%。於本年度，機場快件中心累計完成快件處理量17.1萬噸，較去年同期上升15.5%，其中，本年度的進口快件處理量較去年上升達59%。儘管行業競爭日趨激烈，但由於國家宏觀經濟環境向好，國內進出口貿易仍保持高速增長，使快件行業仍然維持較快發展。同時，機場快件中心通過與聯檢單位的積極溝通與協調，特別是在出口紡織品徵稅與自動許可證、海關現場監管流

A number of premium strategic logistics assets held by Total Logistics contributed satisfactory profits during the Year.

Airport Express Center, 50% interest of which is held by Total Logistics, is engaged in the operation and management of International Express Supervision Center in Shenzhen Airport, and providing customs coordination services, equipment, facilities and related property services, on-site inspection supplementary services, warehouse services and information services to customs, entry-exit inspection and quarantine and express cargo enterprises. Airport Express Center was established and put into operation in 2001 and has enjoyed advantageous conditions for sea, land and air transportation, and its logistics networks have been directly connected to Hong Kong, Macau and Taiwan as well as overseas countries, and also has the mainland China as its hinterland. It is one of the major projects of Airport Logistics District, one of the six major logistics districts in Shenzhen. Equipped with advanced facilities and integrated systematic functions of the center, the port inspection authority can rescind the traditional paper form clearance documents and the manual inspection practice of express cargoes, thereby combining focused general inspection and comprehensive detailed inspection, enhancing a seamless and scientific regulation of the port authority and improving the speed and efficiency of express cargo clearance.

During the Year, turnover and profit attributable to shareholders of Airport Express Center amounted to HK\$50.89 million (2004: HK\$43.11 million) and HK\$21.44 million (2004: HK\$14.21 million) respectively, representing respective increases of 18% and 51% over the corresponding period of 2004. During the Year, the accumulated express cargo volume handled by Airport Express Center was 171,000 tons in total, representing an increase of 15.5% over the corresponding period in 2004, among which, the volume of import express cargo in 2005 recorded an increase of 59% over that of 2004. Despite the increasingly intense competition in the industry, the favourable macro-economic environment in the PRC was able to sustain a rapid growth in the domestic import and export trading,

程及快件網上申報有償服務等問題上的有效協調，為其客戶營造了一個相對穩定、平等、順暢的通關環境，使得全年機場快件中心整體業務量呈現一個較為理想的增長。

隨着國家對快件監管業的逐步放開，機場快件中心面臨珠三角越來越多的其他快件中心競爭已成為事實，珠三角地區快件監管服務業已從相對壟斷經營階段走向了全面的市場競爭階段。機場快件中心將繼續加強與聯檢單位的協調工作，鞏固已形成的良好通關環境；進一步加大市場和航空服務功能的開拓力度，努力保持在珠三角地區快件監管業中的優勢地位，為股東爭取更大的回報。

全程物流持有39%權益的鵬海運是深圳市政府、深圳海關、深圳出入境檢驗檢疫局、深圳海事局授權的提供電子資料交換、傳輸和增值資訊共用服務的機構，為政府部門、物流企業、製造業、商貿企業提供實用、共用的資訊網絡綜合應用服務。於本年度內，鵬海運通過積極開拓具有效益的新應用系統與服務等措施，不斷提升和改善其服務質量、繼續鞏固和擴大現有業務市場佔有率，進一步提高經營管理水平，取得了良好的經營成果。鵬海運於本年度的主營業務收入為港幣2,236萬元（二零零四年：港幣1,737萬元），較去年同期增長29%，利潤為港幣312萬元（二零零四年：港幣233萬元），較去年增長34%。鵬海運於來年將更積極開展與船公司

maintaining a relatively fast development to the express cargo industry. Meanwhile, Airport Express Center created a relatively stable, fair and unhindered environment for cargo clearance for customers as a result of proactive communication and coordination with inspection authorities, especially the effective coordination relating to tax levy on exported textile products and automatic licence, customs on-site flow supervision and the imposition of charges for online express cargo declaration. Consequently, the overall trade volume of Airport Express Center recorded a satisfactory growth during the Year.

With the gradual opening-up of the express cargo supervision sector in the PRC, it will be inevitable for Airport Express Center to compete with more and more other express cargo centers in the Pearl River Delta region. As such, the express cargo supervision service sector in the Pearl River Delta region has entered into a comprehensive market competition stage from a relatively monopolised stage. Airport Express Center will continue to strengthen the coordination with inspection departments, to consolidate the established clearance environment and to further expand the market and airline service functions, with an aim to maintain its leading edge in the express cargo supervision sector in the Pearl River Delta region and to maximise return for shareholders.

Shenzhen EDI, 39% interest of which is held by Total Logistics, is an entity authorised by the Shenzhen Municipal Government, Shenzhen Customs, Shenzhen Entry-Exit Inspection and Quarantine Bureau and Shenzhen Maritime Safety Administration to provide electronic information exchange, transmission and value-added information sharing services. It provides useful information sharing network integrated application services to various government departments, logistics companies, manufacturers and trading companies. During the Year, by exploring effective new application systems and services, Shenzhen EDI constantly enhancing and improving its service quality, continuously consolidating and enlarging the market share of its existing business as well as further enhancing its operation and management level. All these resulted in achieving remarkable operation results of Shenzhen EDI in the Year.

等重要客戶的合作，發揮其在政策方面的優勢，並加大對物流信息平台綜合應用系統的研發力度，進一步提高市場競爭能力。

全程物流持有10%股權的深圳航空主要經營航空客、貨、郵運輸業務，目前，深圳航空擁有超過30架客機，經營國內、國際航線80多條。二零零五年度深圳航空的機隊規模進一步擴大，先後購入5架全新的波音737-900飛機及首架A320客機，又開通了深圳往返吉隆坡及南寧往返香港等多條國際、國內航線，業務能力持續提升。雖然本年度內中國民航市場依然旺盛，深圳航空於本年度的營業收入較去年上升17%，但受到航油價格不斷攀升；成本大幅增長；加上國內航空業整體的航空運力大幅增加，造成競爭加劇及票價水平整體下滑；同時，隨着規模逐漸擴大，人工成本增加以及一些在建工程開始計提折舊等因素影響，深圳航空的淨利潤較去年有所下降。



During the Year, Shenzhen EDI recorded a turnover of HK\$22.36 million (2004: HK\$17.37 million) and a profit of HK\$3.12 million (2004: HK\$2.33 million), representing respective increases of 29% and 34% over those of 2004. Shenzhen EDI will strive to cooperate with its major customers, including shippers, capitalise on its advantage in terms of policy and will also strengthen the research and development of its integrated application systems on logistics information platform with a view to further enhance its market competitiveness.

Shenzhen Airlines, 10% interest of which is held by Total Logistics, is mainly engaged in air transportation of passengers, cargoes and mails. Currently, Shenzhen Airlines has over 30 airliners and operates more than 80 domestic and international routes. In 2005, Shenzhen Airlines expanded its fleet by successively acquiring 5 new Boeing 737-900 aircrafts and its first A320 airliner, and launched a number of international and domestic routes, including Shenzhen to and from Kuala Lumpur, Nanning to and from Hong Kong. As such, Shenzhen Airlines' business capability has been improved continuously. During the Year, the civil aviation market in the PRC remained prosperous and the operating income of Shenzhen Airlines recorded an increase of 17% as compared with 2004. However, as prices of jet fuel surged continuously during the Year, Shenzhen Airlines' operating costs increased sharply. In addition, the overall capacity of the airline industry in PRC increased substantially and as a result competition was more intense and airfare was declining in general term. Meanwhile, due to expansion in its scale which resulted in rising of labour costs and depreciation charge for certain projects under construction, net profit of Shenzhen Airlines during the Year decreased as compared with that of 2004.

深圳航空是目前中國民航界資產優良、主業突出、人機比例最低、最具活力和生機的最大型民營航空公司，預計未來成長仍將保持業界領先水平。深圳航空的65%主要股權於二零零五年五月底通過公開拍賣，並以人民幣27.2億元的高價格成交，深圳航空的整體價值達到人民幣42億元。本集團所持深圳航空10%股權的價值遠較帳面值港幣3,300萬元為高，體現了本集團管理層在選擇投資項目時之遠見卓識。本集團管理層將繼續以敏銳、審慎的態度尋求新的投資機遇，為股東爭取更高回報。

武黃高速

本集團與深圳高速共同於二零零五年三月十九日及七月十二日分別簽訂一項收購協議及一項補充協議，以總代價約港幣11.88億元共同收購位於中國湖北省的武黃高速公路100%權益。武黃高速全長70.3公里，是一條以瀝青鋪設的雙向四車道高速公路，由武漢市至黃石市，沿途經過鄂州市。武黃高速的經營權為期25年至二零二二年九月二十二日。本集團所需支付代價約為港幣5.35億元，佔45%權益，其餘55%權益由深圳高速集團持有，是項收購已於二零零五年八月五日完成。本集團從當天起以45%的股權比例，合併武黃高速於收購後的損益及其資產與負債。

武黃高速於二零零五年八至十二月份的主營業務收入及淨利潤分別為港幣1.11億元及港幣5,516萬元，本集團應佔部份分別為港幣4,995萬元及港幣2,482萬元，實現了收購後短短數月正為本集團帶來盈利貢獻的目標。武黃高速公路於二零零五年全年錄得的營業額及淨利潤分別較二零零四年增長超過17%

Shenzhen Airlines is currently the largest private airline among the civil aviation sector in the PRC. It is featured by quality assets, prominent principal activities, the lowest proportion of aircrafts per capita and the best livingness and vitality. It is expected that the growth rate of Shenzhen Airlines will still outperform other players in the sector. The 65% majority interest in Shenzhen Airlines was auctioned at the end of May 2005 and the bided price was as high as RMB2,720 million. Based on this open market price, the value of the entire Shenzhen Airlines reached RMB4,200 million. Thus, the value of the 10% interest held by the Group in Shenzhen Airlines is well above the carrying value of HK\$33 million, reflecting the foresight of the Group's management in selecting investment projects. The management of the Group will continue to seek new investment opportunities in a perceptive and prudent way for the sake of generating higher return for shareholders.

Wuhuang Expressway

The Group and Shenzhen Expressway entered into an acquisition agreement and a supplemental agreement on 19 March 2005 and 12 July 2005 respectively for the joint acquisition of 100% interest in Wuhuang Expressway which is situated in Hubei Province, PRC for a total consideration of HK\$1,188 million. Wuhuang Expressway is an asphalt-paved, dual four-lane expressway that runs from Wuhan City to Huangshi City via E'zhou City with a total length of 70.3 kilometres. The operating right of Wuhuang Expressway runs for a term of 25 years and will expire on 22 September 2022. The Group owns a 45% interest for a consideration of approximately HK\$535 million, and the remaining 55% interest is owned by Shenzhen Expressway. The acquisition was completed on 5 August 2005. Since then, the 45% share of results and assets and liabilities of Wuhuang Expressway were proportionally consolidated to the Group.

From August to December 2005, Wuhuang Expressway recorded a turnover of HK\$111 million and a profit of HK\$55.16 million respectively, among which, HK\$49.95 million and HK\$24.82 million were attributable to the Group, achieving the goal of bringing profit to the Group within only a few months after the acquisition. The turnover and profit of Wuhuang Expressway for 2005 recorded respective increases of over 17% and 29%

及29%；全年的路費收入及車流量分別較二零零四年增長超過17%及10%，並較二零零五年的預測分別增長2%及7%。於本年度，湖北省經濟持續增長；加上全省路網相繼連通，繼三月底起襄荊高速公路及其連接線和荊州大橋同時開通，並與襄十、漢宜高速連接；九月底湖北孝襄高速公路又正式通車，長達400多公里的武漢至十堰高速公路全線貫通，組成了湖北省路網的大環線，從而帶動了公路沿線及外省市的過境車輛通行湖北省的高速公路；五月一日起湖北省按國家發改委發佈的《載貨類汽車質量參數調整更正表》統一了車輛路費徵費計量標準，治理超限超載，使原來很多「大噸小標」車恢復了實際噸位，促使了重型汽車的流量增加，使路費收入的增長集中於重型汽車；此外，二零零五年六月起公路收費經營企業營業稅率從5%調低至3%，使武黃高速公路因營業稅政策享受了優惠而受益等利好因素，都給武黃高速公路的車流量及路費收入的持續穩步增長帶來動力。



as compared with those in 2004; while the toll revenue and traffic flow of 2005 recorded respective increases of over 17% and 10% as compared with those in 2004, and represented respective increases of 2% and 7% as compared with the forecast for 2005. The economy of Hubei Province has sustained growth during the Year. Besides, the highway network within the province has been gradually linking up. At the end of March 2005, Xiangjing Expressway and its connecting roads as well as Jingzhou Bridge commenced operations simultaneously and were connected to Xiangshi Expressway and Hanyi Expressway. At the end of September 2005, Xiaoxiang Expressway in Hubei Province commenced operation, marking the full operation of the expressway running from Wuhan to Shiyan with a total length of over 400 kilometres. As a result, the major peripheral lines of highway networks within Hubei Province was completed, encouraging cross-boundary vehicles in the highway and those from other cities and provinces to pass through the expressways in Hubei Province. From 1 May 2005, Hubei Province unified the vehicle toll collection standard pursuant to the “載貨類汽車質量參數調整更正表 (Adjustment Form of Quality Parameters for Goods Vehicles)” issued by the National Development and Reform Commission so as to control overloading. The act impelled a number of vehicles featuring “understated loading for lower toll fee” to resume their actual tonnage and brought about an increase in the traffic flow of heavy vehicles, making the growth of toll revenue were contributed mainly from large and heavy vehicles. In addition, the business tax rate for toll road enterprises decreased from 5% to 3% since June 2005. Wuhuang Expressway is poised to be a beneficiary of the business tax policy. All these favorable factors have constituted supports for the sustainable and stable growth of traffic flow and toll revenue for Wuhuang Expressway.

從二零零六年四月起，湖北省所有高速公路將對貨車實行按實載重量計重收費的措施，對於核定荷載等級的車輛出現超限超載情況將按正常費率的一到五倍進行懲罰性計費。預期計重收費的實施將可為武黃高速的業績帶來正面的影響，也使武黃高速免遭超載運輸車輛過度損壞，延長其使用壽命並降低保養成本外，同時亦將促使貨運車輛流量增加，路費收入將有所增長。此外，黃石收費站作為武黃高速公路的主線站，日均車流量已達1.8萬輛，高峰時更達到2.2萬輛，每天車流量高峰時間常常出現堵車的情況，制約了黃石站口的通行能力，直接影響武黃高速通行費收入。針對上述問題，武黃高速於本年度開始計劃對黃石收費站進行改建，改建工程可望於二零零六年獲審批後進行全面的施工，改建後的黃石收費站有15個新收費車道，是舊收費站的兩倍多，新站投入使用後，預期能消除車輛排長隊繳費過卡的現象，為車輛重新提供選擇，並將進一步提高武黃高速的競爭力及服務水平。預期武黃高速公路將為本集團帶來可觀收益，本集團的資產規模和盈利基礎將進一步壯大及鞏固。

深圳高速

本集團的主要聯營公司深圳高速的主營業務為從事中國收費公路及道路的投資、建設及經營管理。深圳高速在深圳市和廣東省其他地區經營和投資的收費公路項目均是國家或廣東省幹線公路網的重要組成部份，不僅連接了深圳的主要港口、機場、海關和工業區，在深圳市內形成了完整的公路網，還構築了連接深港兩地以及輻射珠江三角洲地區的公路主通道，是全面實施CEPA協議和建立泛珠三角經濟圈的重要基礎設施。

From April 2006, all the expressways in Hubei Province will levy toll on cargo vehicles against their actual loading. Where cargo vehicles of a particular category are found to be loaded with cargoes exceeding the permitted load of that category, a fine of one to five times of the normal toll rate will be levied. It is expected that the implementation of the said measure will be positive for the results of Wuhuang Expressway. The measure not only prevent Wuhuang Expressway from excess damage by overloaded trucks, extend the usable life and reduce maintenance cost, but will also boost the traffic volume of cargo vehicles and thus will increase its toll income. In addition, the daily traffic volume of Huangshi toll station, the key station of Wuhuang Expressway, amounts to 18,000 vehicles and even increases to 22,000 vehicles in the peak hour. There is always severe traffic congestion in the peak time each day, which undermines the traffic flow of Huangshi toll station and imposes direct impact on the toll income of Wuhuang Expressway. In respond to these problems, Wuhuang Expressway is planning to rebuild Huangshi toll station during the Year. The rebuilding is expected to be put under full operation in 2006 when the relevant approval is obtained. The rebuilt toll station will have 15 new toll lanes, representing a twofold increase over the original one. Upon the operation of the new station, it is expected that the long queue waiting for paying toll fee before the station will no longer exist. Vehicles driven to other highways due to the traffic congestion in Huangshi toll station will be drawn to Wuhuang Expressway again, thus further enhancing the competitiveness and service quality of Wuhuang Expressway. It is expected that Wuhuang Expressway will contribute considerably towards the revenue of the Group and further strengthen the Group's asset base and profitability.

Shenzhen Expressway

Shenzhen Expressway, a principal associate of the Group, is mainly engaged in the investment, construction and operation management of toll highways and roads in the PRC. The toll highways operated and invested by Shenzhen Expressway in Shenzhen and other regions of Guangdong Province are the integral part of the trunk road network of the country or of Guangdong Province, which not only constitutes an integrated road network within Shenzhen by linking the major ports, airports, customs and industrial zones, but also becomes the trunk road passages between Shenzhen and Hong Kong and covering the Pearl River Delta region, and is the important infrastructure for the implementation of CEPA agreement and the establishment of the Pan Pearl River Delta Economic Zone.

深圳高速於本年度的營業額為港幣8.68億元（二零零四年：港幣6.66億元），較去年增長30%，股東應佔盈利為港幣5.27億元（二零零四年：港幣3.91億元），較去年增長35%，本集團所佔部份為港幣1.58億元（二零零四年：港幣1.17億元）。受惠於中國經濟保持穩定的增長，特別是珠江三角洲及其周邊地區經濟的強勁增長的帶動下，商貿往來、貨物運輸以及居民出行對道路通行能力和質量不斷產生更高的要求，成為深圳高速收費公路業務增長的強勁動力。

於本年度，深圳高速經營和投資的各收費公路的車流量和路費收入總體上承接二零零四年度的發展態勢，錄得持續增長，平均增幅分別達到31%及29%。一直以小型客車為主要車流量的機荷高速東段及西段之日均混合車流量增加比率分別達到27%及32%，而大型貨車（四類車）及重型貨車（五類車）的車流量增長比率分別約為40%和60%，顯著高於混合車流量的增長，反映出機荷高速沿線工業園和物流園的興建與發展正對機荷高速的經營表現產生積極的影響。深圳高速持有40%權益的水官高速，受惠於龍崗大工業區及附近城鎮的快速發展，以及水官延長段於二零零五年七月通車，使水官高速的車流量錄得38%的高速增長。此外，水官延長段於建成通車後，日均混合車流量已超過3萬輛次，也反映出周邊地區巨大的交通需求。預期與水官高速及水官延長段相接的南坪快速路全線通車後，周邊路網的進一步完善將繼續促進這兩條路段車流量的增長。梅觀高速的車流量和路費收入繼續保持增長，但增長幅度趨緩，一方面是由於梅觀高速已進入經營的成熟期，另一方面，由於與之相接的一條市政道路自二零零五年年中起進行

Shenzhen Expressway recorded a turnover and a profit attributable to shareholders of HK\$868 million (2004: HK\$666 million) and HK\$527 million (2004: HK\$391 million) respectively, representing respective increases of 30% and 35% over those of 2004. The profit shared by the Group was HK\$158 million (2004: HK\$117 million). Driven by the steady economic growth in the PRC, especially the robust economic growth in the Pearl River Delta region and its peripheral regions, traveling for business and personal purposes and cargo transportation continuously create higher demands for traffic capacity and quality. These conditions have become the major driving forces of the growth of toll roads operation of Shenzhen Expressway.

During the Year, the overall traffic flow and toll revenue derived from the toll highways operated and invested by Shenzhen Expressway inherited the growth momentum from 2004 and recorded sustained growth, with an average increases of 31% and 29% respectively. The rates of increase in average daily mixed traffic flow of Jihe Expressway (Eastern Section) and Jihe Expressway (Western Section), whose traffic flow have been mainly comprised of small vehicles, were 27% and 32% respectively. Meanwhile, the rates of increase in traffic flow of large-sized lorries (Class 4) and heavy-weight lorries (Class 5) were 40% and 60% respectively, which are significantly higher than those of daily mixed traffic flow. The above figures reflected that the construction and development of industrial parks and logistics districts along Jihe Expressway have a positive impact on the operating results of Jihe Expressway. Benefiting from the rapid development of Longgang Industrial Zone, the surrounding cities and towns and the commencement of operation of Shuiguan Extension in July 2005, Shuiguan Expressway, 40% interest of which is held by Shenzhen Expressway, recorded a rapid increase of 38% in traffic flow. In addition, the average daily mixed traffic volume has exceeded 30,000 vehicles after the completion and commencement of the operation of Shuiguan Extension, reflecting a strong traffic demand from the peripheral regions. It is expected that upon the full operation of Nanping Freeway, which connects both Shuiguan Expressway and Shuiguan Extension, the further improvement of the surrounding highway network of Shuiguan Expressway and Shuiguan Extension will continuously enhance the growth in traffic flow of these two sections. The traffic flow and toll revenue of Meiguan Expressway maintained continuous growth but the rates of increase were slowing down. This is because the operation of Meiguan Expressway is entering into a mature stage and, on the other hand, a

改建，影響連接路段的通行效率，使部份大型貨車需要選擇其他路段通行，而水官延長段的開通也導致了部份車流量分流至水官高速。

為提高市場份額，以及在行業內的地位和影響力，深圳高速在過去兩年把握廣東省及其他省份出售收費公路項目股權的良好商機，積極參與深圳市以外的收費公路投資，包括於二零零五年投資清連公路及與本集團共同收購武黃高速。深圳高速於二零零五年二月以人民幣18.39億元收購清連公路56.28%權益，清連一級公路全長215.85公里，位於廣東省北部，是珠江三角洲與廣東省中北部和湖南省及內地聯繫的一條重要通道，地理位置優越。深圳高速正進行改建清連一級公路為高速公路的工程，使現有的線路發揮更大的作用，充分發揮其主幹線的功能。清連一級公路改建為高速公路的工程完成後，其南端通過廣清高速（廣州—清遠）與珠江三角洲路網相連，北端則通過連州至宜章路段與京珠高速（北京—珠海）相接，並將與最新規劃的二廣高速（二連浩特—廣州）、京珠高速複線以及橫貫東西的汕昆公路（汕頭—昆明）相交，勢將成為廣東省公路網中承接南北、提

community road connected to Meiguan Expressway has been under reconstruction since middle of 2005, which undermined the traffic efficiency of the connected roads and thus forced certain large-sized vehicles to shift to other roads. The opening of Shuiguan Extension also diverted certain traffic flow to Shuiguan Expressway.

In the past two years, in order to enlarge its market share and enhance its position and influence in the industry, Shenzhen Expressway capitalised on opportunities arising from the disposal of equity interests in toll road projects by Guangdong and other provinces and actively invested in toll road projects outside Shenzhen City, including the investment in Qinglian Highway and the joint acquisition of Wuhuang Expressway with the Group in 2005. In February 2005, Shenzhen Expressway acquired a 56.28% interest in Qinglian Highway for a consideration of RMB1,839 million. Qinglian Class 1 Highway, located in the northern part of Guangdong Province and with a full length of 215.85 kilometres, possesses geographical advantage to serve as an essential corridor linking up the Pearl River Delta region and the central and northern parts of Guangdong Province, Hunan Province and the central part of China. Qinglian Class 1 Highway is being reconstructed into an expressway by Shenzhen Expressway, allowing the existing route to play a more important role and to fully perform the function of a trunk road. Upon completion of the reconstruction of Qinglian Class 1 Highway into an expressway, its southern end will link up with the road network in the Pearl River Delta region through Guangqing Expressway (Guangzhou-Qingyuan), and the northern end will link up with Jingzhu Expressway (Beijing-Zhuhai) through the road between Lianzhou and Yizhang. Besides, it will also intersect with the latest-planned Erguang Expressway (Erlianhaote-Guangzhou), Jingzhu Double Track Expressway and Shankun Highway (Shantou-Kunming) that traverses from east to west. Therefore, the reconstructed work on Qinglian

升珠江三角洲向內陸地區輻射能力的大動脈，並將為深圳高速帶來良好的投資回報，對深圳高速的發展具有重要的戰略意義。有見及此，深圳高速於二零零六年二月簽訂一項協議，以人民幣4.84億元的價格增持清連公路20.09%的權益，該項收購完成後，深圳高速將合共持有清連公路76.37%的權益，清連公路將成為深圳高速的附屬公司，這將有利於深圳高速進一步強化經營規模和擴大盈利基礎。



目前，深圳高速正在進行鹽排高速、南光高速的建設以及鹽壩(C段)的前期開發以及清連一級公路的高速化改造，其公路建造業務的規模將較大。由於建築材料價格波動、徵地拆遷難度增大、設計變更以及政府頒佈新的政策和技術規範等原因，上述建設項目可能面臨成本上升、工期延後以及質量受到影響等風險。深圳高速已制訂和實施了一系列的管理制度和措施，以有效防範風險，最終實現項目的質量、造價、工期和安全目標。此外，深圳高速還通過簽訂適當的保險合約、工程施工合約和主要材料的集中採購合約，將相關的風險合理、有效地轉移。

will definitely become the artery that connects southern and northern road networks of Guangdong Province and enhances the covering capacity of the Pearl River Delta region towards inland districts, and will bring about promising investment returns to Shenzhen Expressway and be strategically important to the development of Shenzhen Expressway. As such, Shenzhen Expressway entered into an agreement in February 2006 with an aim to acquire a further 20.09% interest in Qinglian Highway for a consideration of RMB484 million. Shenzhen Expressway will hold a total of 76.37% interest in Qinglian Highway upon completion of the transaction, and Qinglian Highway will become a subsidiary of Shenzhen Expressway, which will be beneficial for Shenzhen Expressway to further consolidate the operation scale and enlarge the profit base.

The scale of expressway construction business of Shenzhen Expressway will be sizable as it is currently constructing Yanpai Expressway and Nanguang Expressway, the preliminary development of Yanba (section C) and the reconstruction of Qinglian Class 1 Highway into an expressway. Facing the risks that the above constructing projects might be confronted with, including the increase in construction costs, the delay of construction schedule and the hampered quality, which are caused by factors such as volatile prices of construction materials, increasing difficulties in land confiscation and resettlement, changes in designs and new policies and technical standards issued by the government, Shenzhen Expressway has formulated and implemented a series of management systems and measures to prevent these risks effectively. All these aim at eventually achieving the target of bringing good quality, low construction costs, reasonable construction schedule and safety to the projects. Meanwhile, Shenzhen Expressway has also reasonably and effectively transferred these risks by entering into appropriate insurance contracts, work implementation contracts and centralised purchasing contracts of major raw materials.

自二零零四年《收費公路管理條例》公佈實施以及其他相關鼓勵政策出台以來，非專業公司和民營資本對收費公路行業的投資日趨活躍，使市場競爭加劇。深圳高速面對收費公路行業及建造管理市場的透明度、市場化和規範化程度的提高，一方面為其發展帶來前所未有的機遇，另一方面，也使市場參與者不斷增多，競爭加劇，節奏加快。面對機遇和挑戰並存的外部環境，深圳高速將繼續堅持主業和發展方向，充分發揮現有優勢，繼續提升管理水平和人員素質，不斷培養和鞏固核心競爭力。

西部物流

本集團持有20%權益的西部物流成立的目的是為開發、建設、經營及管理深圳六大物流園區之一的西部物流園區，其主要的經營業務包括港口及陸路散雜貨集散、集裝箱中轉、堆存、拆拼、海關查檢、轉運和配送等服務。

西部物流自成立以來開展了倉儲、集裝箱堆場、土地出租等項目的經營，於本年度錄得稅後盈利約港幣1,061萬元（二零零四年：港幣1,614萬元），主要來自倉儲的租金收入，本集團應佔盈利約港幣212萬元（二零零四年：港幣322萬元）。於本年度，西部物流在辦理項目用地的審批及發展戰略研究方面取得了一定的進展。西部物流的第三方物流基地的詳細規劃藍圖已獲得政府相關規劃部門

Since the implementation of 收費公路管理條例 (Regulation on the Administration of Toll Roads) and the promulgation of other relevant incentive policies in 2004, the investment from non-professional companies and private capital in the toll roads industry is increasing, which intensifies the competition in the market. With the increase in transparency, adoption of market principles and standardisation in the toll roads industry and the construction management market, it provides Shenzhen Expressway with unprecedented opportunities for further development, and on the other hand, it increases the number of market players, intensifies the competition and speeds up the pace. To cope with the external environment with opportunities and challenges, Shenzhen Expressway will stick to its principal business and development direction, continue to enhance the level of management and staff quality and to cultivate and strengthen the competitiveness of its core business by capitalising on its current advantages.

Shenzhen Western Logistics

Shenzhen Western Logistics, 20% interest of which is held by the Group, was incorporated for the purpose of developing, constructing, operating and managing Western Port Logistics District, being one of the six major logistics districts in Shenzhen City. Its principal operations include collection and distribution of bulk and miscellaneous cargoes from sea and land, containers transferring, storage, loading and unloading, customs inspection as well as transiting and ancillary transportation services.

Shenzhen Western Logistics commenced the operation of warehouse, container depot and land rental businesses since its incorporation. During the Year, Shenzhen Western Logistics recorded a profit after tax of approximately HK\$10.61 million (2004: HK\$16.14 million). Such profit was mainly derived from warehouse rental. Shenzhen Western Logistics' profit attributable to the Group was approximately HK\$2.12 million (2004: HK\$3.22 million). During the Year, Shenzhen Western Logistics had made certain progress in the procedures relating to land usage for its projects and research on its development strategies. The detailed construction planning of the third party logistics base of Shenzhen Western Logistics has been approved by relevant planning departments of the government and the construction land planning permit has also obtained. As required

的批准，並取得了建設用地規劃許可證，根據規劃要求，項目用地規劃的總建築面積為42萬平方米，其中用於倉儲物流的面積約佔38萬平方米。西部物流將按照規劃要求，並根據市場發展情況，以滾動開發的方式穩健推進其項目建設。在發展戰略及業務定位方面，西部物流將發揮項目用地臨近西部港區及靠近深港西部通道第一個貨運出口的地利條件，確立了建設「深港國際物流園」的發展戰略。項目建成後，將成為聯繫深港海運、陸運的重要貨物中轉中心，倉儲、配送、分撥、流通加工及其他增值物流服務將為西部物流提供穩定的收入來源，並在可預期的將來，隨著深港聯繫的日益加深，其業務將獲得穩定增長。

西部物流參與投資的平方汽車公司於二零零四年三月成立，西部物流佔35%股權，項目規劃佔地100萬平方米，平方汽車公司的成立目的，主要為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，現正處於投資建設初期。

by the plan, the project will cover a total area of approximately 420,000 square metres, of which approximately 380,000 square metres will be used for warehousing logistics. In accordance with the planning requirement, Shenzhen Western Logistics will start the construction of the project on a rolling basis subject to the prevailing market condition and in a prudent way. Regarding its development strategy and business positioning, Shenzhen Western Logistics has taken advantages of the prime geographical location of the land which is adjoined to the western ports and near to the first transportation exit of the Shenzhen-Hong Kong Western Corridor. The development strategy of establishing the “International Logistics District of Shenzhen and Hong Kong” has been confirmed consequently. Once the project is completed, it will become an important cargo transit centre connected with sea and land transports whereas warehousing, ancillary transportation, distribution, circulation processing and other value-added logistics services will also bring about a solid income driver to Shenzhen Western Logistics. In the foreseeable future, its business will experience a steady growth with a closer connection between Shenzhen and Hong Kong.

Grand Autopark Company, an investment of Shenzhen Western Logistics which it has a 35% equity interest, was incorporated in March 2004. The project covers a site area of 1 million square metres. Grand Autopark Company was established for the purpose of investing 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 investment and construction of the motor vehicles logistics district is at a preliminary stage.

鑑於西部物流園區為深圳市政府規劃的六大物流園區之一，具有極高增值潛力及發展前景，本集團於二零零五年十一月二日與西部物流其他兩位股東簽訂一項增資協議，按各自的股權比例向西部物流額外出資共人民幣2億元，本集團據此已向西部物流額外出資人民幣4,000萬元。增資款項中的人民幣1億元用於支付位於深圳市的西部物流園區逾40萬平方米額外土地的首期款項，人民幣3,000萬元用於西部物流園區的發展和建設的前期投資，餘下資金人民幣7,000萬元用作對平方汽車公司的註冊資本進一步出資。

預計西部物流將於二零零六年上半年辦妥全部土地審批手續、與國土部門簽定土地出讓協議，並計劃於下半年開工建設主體的物流項目。首期擬建設兩棟兩層框架結構的倉庫，採用國際通行標準，力求符合港口物流的要求，並擬通過向海關申請保稅及監管倉的兩倉業務牌照，建設一個可提供保稅倉儲、物流配送、報關、物流信息及增值服務等的高標準國際物流中心。

As Western Port Logistics District is one of the six major logistics districts in Shenzhen City and with high growth potential and promising prospects, on 2 November 2005, the Group entered into an agreement with the other two shareholders of Shenzhen Western Logistics to increase the registered capital of Shenzhen Western Logistics by contributing, in proportion to their respective shareholdings, an additional capital of RMB200 million in aggregate to Shenzhen Western Logistics. As a result, the Group had made an additional capital contribution of RMB40 million to Shenzhen Western Logistics. The additional capital of RMB100 million was used for the payment of the first installment of the land premium of over 400,000 square metres in the Western Port Logistics District in Shenzhen and RMB30 million as preliminary investments for developing and constructing the district. The remaining amount of RMB70 million was used as further registered capital contribution to Grand Autopark Company.

It is expected that in the first half of 2006, Shenzhen Western Logistics will complete all procedures related to the approval of the land use right and enter into a land transfer agreement with relevant land departments. Shenzhen Western Logistics plans to start the construction of the major part of the logistics project in the second half of 2006. Two 2-storey warehouses with framework structure are intended to be built in the first phase and general international standards will be adopted to meet the requirements of port logistics. Moreover, it is intended to apply to the customs authorities for licenses of bonded and regulated warehouses in order to build a high standard international logistics centre which is able to provide bonded warehousing, logistics distribution, customs declaration, logistics information and value-added services.

西部物流於二零零六年在經營方面將可望保持穩定，隨著其項目建設的開展，利息支出將逐步增加，在新建項目進入穩定經營期之前，西部物流的經營業績有可能出現下降，但隨著新建項目進入穩定經營期後，將可為西部物流提供盈利貢獻，業績可望步入穩定增長期。西部物流加上本集團的其他物流業務，將逐步成為本集團未來的支柱產業之一，並將為本集團提供穩定的利潤收入。本集團正積極考慮增持西部物流的權益，力求通過整合、經營，為本集團取得更大的經濟效益。

製造業務

南玻集團

本集團的主要聯營公司南玻集團的主營業務為生產及銷售高級浮法玻璃及其他玻璃製品，包括工程及建築玻璃、信息技術產品用精細玻璃及汽車玻璃等，南玻集團亦從事生產及銷售新型電子元器件及結構陶瓷產品。

南玻集團在浮法玻璃行業由於過往三年產能連續急劇擴張導致全行業在二零零五年發生重大轉折、價格急劇下跌的市場環境下，仍然實現了主營業務收入快速增長、淨利潤相對穩定的經營成果。南玻集團本年度的營業額為港幣21.84億元（二零零四年：港幣17.74億元），較去年同期上升23%，股東應佔盈利為港幣3.03億元（二零零四年：港幣3.19億元），較去年同期輕微下跌，但與二零零三年同期比較仍然錄得59%增長，並獲得近年來新高的港幣8.62億元經營活動產生的現金淨流入，在行業內仍是一枝獨秀。

The operation of Shenzhen Western Logistics is expected to remain steady in 2006. With the commencement of its project construction, interest expenses will increase gradually. Consequently, the operating results of Shenzhen Western Logistics may decline before the new projects under construction are able to enter into a steady operating period. However, following the relevant new projects' attainment of a gradual stable stage of operation, it will bring about profit contribution to Shenzhen Western Logistics and the results of Shenzhen Western Logistics are expected to grow steadily. Coupled with other logistics businesses of the Group, Shenzhen Western Logistics will gradually become one of the pillar assets and provide a stable income source to the Group. The Group is planning to increase its equity interest in Shenzhen Western Logistics with a view to secure more economic benefits to the Group from consolidation and operation.

Manufacturing Business

CSG

CSG, a principal associate of the Group, is principally engaged in the production and sales of high-end floating glass and other glass products, including architectural glass and construction glass, delicacy glass for information technology products and automotive glass. CSG is also engaged in the production and sales of latest electronic components and structural ceramics products.

CSG achieved a significant growth in turnover and a relatively stable net profit in 2005, despite an unfavourable market condition where the floating glass industry in the PRC experienced a negative and significant turn and a sharp price decrease in 2005 as a result of the sharp and continuous expansion of the industry capacity during the last three years. During the Year, CSG recorded a turnover of HK\$2,184 million (2004: HK\$1,774 million), representing an increase of 23% over the corresponding period of 2004, and a profit attributable to shareholders of HK\$303 million (2004: HK\$319 million), representing a slight decrease as compared with the corresponding period of 2004 but representing an increase of 59% over that of 2003. In addition, CSG achieved a record high in recent years in its net cash inflow from operating activities amounting to HK\$862 million and it continues to be the leader in the industry.

南玻集團的浮法玻璃、工程玻璃、精細玻璃及微電子三大產業的淨利潤分別佔其淨利潤41%、31%及28%，形成三足鼎立格局。南玻集團從經營傳統玻璃製造產業為主，邁向優質浮法玻璃、環保節能建築玻璃、顯示器件及微電子產品、光伏太陽能等高科技新型產業延伸和拓展的發展戰略取得明顯成效。

於本年度內，南玻集團的浮法玻璃產業繼續堅持走高端路線，實施差異化的經營策略，提高浮法玻璃產品中高附加值產品比例，提高成品率，降低成本，提高其產品的競爭力；於工程玻璃產業方面，天津工廠的順利投產，使南玻集團的工程玻璃產業在全國佈局邁出重要一步，加上由於在民用建築用節能玻璃生產工藝研發上取得重大突破，結合國家節能政策的要求，南玻集團已著手佈局和培育民用建築市場，預期將帶來巨大的發展空間；於精細玻璃及微電子產業方面，彩色濾光片二期擴產項目的完成擴大了彩色濾光片的生產規模，降低了生產成本，提高了該項目的盈利能力。



The net profit of CSG's three major businesses, including floating glass, architectural glass and delicacy glass and micro-electronics, accounts for 41%, 31% and 28% of its total net profit respectively and each of them represents the same importance to CSG. CSG was originally engaged in the production of traditional glass but has transformed into new development strategy featuring the extension and expansion into advanced hi-tech sectors of high-end floating glass, environmental energy-saving architectural glass, display devices and micro-electronic products and photovoltaic solar energy products. The said strategy has been proven to be successful.

During the Year, with regard to the floating glass business, CSG has adhered to the high-end approach by implementing a diversified operating strategy. CSG increased the proportion of high value-added categories in floating glass products, improved the successful rate of finished products, reduced its costs and strengthened the competitiveness of its products. With regard to the architectural glass business, with the full operation of the Tianjin plant, the layout of the CSG's architectural glass business of CSG in the PRC has taken an important step forward. Besides, as a result of the significant progress in the research and development of the production technology of domestic energy-saving architectural glass and the requirement of the energy saving policy of the State, CSG has started to shape and facilitate the formation of the domestic architectural market. This market is expected to have ample room for development. With regard to the delicacy glass and micro-electronics business, the completion of the productivity enhancement project of color filters (Phase II) has expanded the production scale of color filters which resulted in a decrease of the production cost and improvement of profitability of the project.

此外，由於全球能源供應日趨緊張，國家確立了建設節約型社會的國策，南玻集團根據國家有關節能及可再生能源方面的能源政策導向，制定了全面進軍太陽能光伏產業的計劃，並已於二零零五年九月正式開始建設東莞綠色能源產業園。該產業園的建設將成為南玻集團發展史上的又一個里程碑，也將對其未來的產業結構和經營規模產生深遠影響。太陽能光伏超白電子玻璃項目是南玻集團於二零零六年內重點投資的項目之一。該項目設立在東莞綠色能源產業園內，預計投資人民幣1.5億元，計劃建設一條日熔量250噸的太陽能光伏超白電子玻璃壓延生產線，項目達產後可預計年產太陽能光伏超白電子玻璃7.9萬餘噸。該項目目前正在建設中，預計於二零零六年年底投產。

二零零六年，南玻集團面對身處的浮法玻璃行業將繼續調整，市場急劇增加的產能將逐漸釋放，中低端產品供過於求的狀況將無明顯好轉，但高端產品仍將保持正常的經營態勢；但另一方面，隨著國家建築節能政策的強制實施，節能建築玻璃市場將顯快速增長態勢，特別是民用建築用節能玻璃市場將會有突破性發展，南玻集團採取的發展戰略是緊密結合市場需求，進一步調整產業結構，以提升其經營軟實力作為重點，加快新產品開發；並將抓緊時機，儘快完成新項目建設；以精益生產為目標，繼續完善目標成本管理制度，嚴格控制各項成本費用支出；實施嚴密的風險防範機制，加大對經營風險和財務風險的防範力度。

In addition, in view of the languishing problem on the global energy supply, the State has established a national policy on "construction of an energy-saving society". According to the State's energy policy guidelines on energy-saving and recycle energy, CSG made the plan for entering into the solar energy industry and has started the establishment of Dongguan Green Energy Industrial Park in September 2005. The establishment of the park would be another milestone in developing history of CSG and would have far-reaching impact on its industrial structure and operation scale. In 2006, the solar energy super white electronic glass project will be one of the key investment projects of CSG. The project has been established in Dongguan Green Energy Industrial Park with an estimated investment amounting to RMB150 million. A rolling line of solar energy photovoltaic super white electronic glass with a daily melting capacity of 250 tons has been planned to be built in the park. Upon the full operation of which, it is able to produce over 79,000 tons of solar energy photovoltaic super white electronic glass per year. The project is currently under construction and is estimated to put into production at the end of 2006.

In 2006, the floating glass industry in which CSG is operating will be adjusted continuously and the fast-growing capacity in the market will be released gradually. The issue of oversupply of medium and low-grade products will continue to exist; however, the operating environment of high-grade products will remain normal. But on the other hand, with the enforcement of the State's energy-saving policy, the market of energy saving architectural glass will grow rapidly and the market of domestic architectural energy saving glass will be particularly outstanding. The development strategy adopted by CSG is to accommodate the market demand and to further adjust the industrial structure with an aim to strengthen its operation. CSG will also speed up the development of new products and capitalise on opportunities to complete new projects in an efficient way. It will strive for an efficient production system by continuously improving the cost management mechanism and implementing stringent cost control of various kinds. Besides, CSG will also implement a comprehensive risk prevention mechanism and tighten the precautions on operational and financial risks.

國內股權分置改革政策及深圳市政府對本集團的支持

根據包括中國國務院、中國證券監督管理委員會、國有資產監督管理委員會、中國財政部、上海證券交易所及深圳證券交易所等中國政府機構頒佈的有關規則及規例的要求，本集團參與了兩家主要聯營公司並在國內上市的深圳高速及南玻集團的股權分置改革方案。

深圳高速

深圳高速的全體非流通股股東於二零零五年十二月底向流通A股股東提出深圳高速的股權分置改革方案建議，經多次磋商後，最終的方案為每持有10股A股的深圳高速股東可獲得全體非流通股股東按持股比例支付3.2股非流通股股份的代價，以換取A股股東同意所有非流通股股份轉換為上市A股。惟按深圳市政府的安排，深圳高速非流通股股份的第二大股東深圳市深廣惠公路開發總公司（「深廣惠」）與本集團簽訂一項協議，據此，深廣惠代替本集團轉讓總數為27,260,987股非流通股股份予深圳高速的A股股東，而本集團僅須支付名義代價予深廣惠。因此，本集團在參與深圳高速股權分置改革的同時，無須轉讓持有的任何深圳高速股份。深圳高速的股權分置改革方案已獲得所有必需的批准並已於二零零六年二月底完成。

PARTICIPATION IN SHARE SEGREGATION REFORM SCHEME IN THE PRC AND SHENZHEN MUNICIPAL GOVERNMENT'S SUPPORT FOR THE GROUP

Pursuant to the relevant rules and regulations issued by the PRC authorities, including the State Council of the PRC, China Securities Regulatory Commission, State-owned Assets Supervision and Administration Commission, the Ministry of Finance of the PRC, the Shanghai Stock Exchange and the Shenzhen Stock Exchange, the Group participated in the share segregation reform scheme of Shenzhen Expressway and CSG, the Group's two major associates which shares are listed in the PRC.

Shenzhen Expressway

A proposed share segregation reform scheme of Shenzhen Expressway was put forward by all non-listed share shareholders of Shenzhen Expressway to its listed A share shareholders at the end of December 2005. Following various negotiations, all non-listed share shareholders agreed, in proportion to their respective holdings in non-listed shares, to offer 3.2 non-listed shares for every 10 shares held by the A share shareholders of Shenzhen Expressway in exchange for the A share shareholders to agree that all the non-listed shares be converted into listed A shares. Furthermore, as per the directions of the Shenzhen Municipal Government, Shenzhen Shen Guang Hui Highway Development Company ("Shen Guang Hui"), the second largest shareholder of non-listed shares of Shenzhen Expressway, entered into an agreement with the Group, whereby Shen Guang Hui transferred, on behalf of the Group, its portion of non-listed shares totalling 27,260,987 shares to the A share shareholders of Shenzhen Expressway and the Group paid only nominal consideration to Shen Guang Hui. Accordingly, the Group was able to participate in the share segregation reform scheme of Shenzhen Expressway without the need to transfer any shares in Shenzhen Expressway. The share segregation reform scheme of Shenzhen Expressway has obtained all necessary approvals and was completed at the end of February 2006.

南玻集團

由南玻集團的兩大非流通股股東(包括本集團)於二零零六年二月底向南玻集團的A股股東提出南玻集團的股權分置改革方案建議，經多次諮詢及磋商後，最終建議方案為南玻集團非流通股股東將按彼等各自持有的南玻集團非流通股股份比例，向每持有10股流通A股的股東轉讓3.55股股份，以換取南玻集團A股股東同意將所有南玻集團非流通股股份轉換為上市A股股份。據此，本集團需向南玻集團A股股東轉讓為數35,826,011股股份。為確保南玻集團能推進其股權分置改革，南玻集團兩名最大的非流通股股東(包括本集團)已同意，倘南玻集團的募集法人股股東拒絕參與或並無明文表示同意參加南玻集團股權分置改革，會先行代該等募集法人股股東轉讓彼等應負責的股份部份。為此，本集團將會先行代該等募集法人股股東轉讓的可能上限為1,894,715股股份。合共計算，根據上述建議方案，本集團可能需要向南玻集團A股股東轉讓的股數上限合共為37,720,726股股份，佔南玻集團股份總數約3.71%。上述股改建議的落實有待本公司及南玻集團的股東分別於股東會上通過。

為支持本集團參與南玻集團股權分置改革，深圳市政府已安排深圳市國資委於二零零六年二月二十八日與本集團簽訂一項協議，根據協議條款，深圳市國資委將向本集團支付一筆現金，其數額等於本集團根據南玻集團建議股改方案將轉讓予A股股東的股份總數

CSG

Furthermore, a proposed share segregation reform scheme of CSG was put forward by the two largest CSG non-listed share shareholders (including the Group) to its A share shareholders at the end of February 2006. Following various consultations and negotiations with CSG A Share Shareholders, the CSG non-listed share shareholders agreed, in proportion to their respective holdings in the CSG non-listed shares, to offer 3.55 shares for every 10 shares held by the CSG A share shareholders in exchange for the CSG A share shareholders to agree that all the CSG non-listed shares be converted into listed A shares. The Group was required to transfer 35,826,011 shares to the CSG A share shareholders. To ensure that CSG was able to proceed with its share segregation reform, the two largest CSG non-listed share shareholders (including the Group) had agreed to contribute in advance on behalf of the CSG collective legal person share shareholders their portion of shares if the CSG collective legal person share shareholders either declined to participate or had not expressly agreed to participate in the share segregation reform of CSG. In this regard, a possible maximum total of 1,894,715 shares would be further contributed by the Group in advance on behalf of those collective legal person share shareholders. On an aggregate basis, pursuant to such proposed scheme, the Group might be required to transfer a maximum total of 37,720,726 shares to the CSG A share shareholders, representing 3.71% of the total number of shares in CSG. The above share reform scheme is subject to the approval of the shareholders of the Company and the CSG shareholders in the respective shareholders' meetings.

To support the Group to participate in the share segregation reform of CSG, the Shenzhen Municipal Government had made an arrangement that Shenzhen State-owned Assets Supervision and Administration Commission entered into an agreement with the Group on 28 February 2006. As a subsidy to the Group, Shenzhen State-owned Assets Supervision and

乘以南玻集團於二零零五年十二月三十一日的經審核每股資產淨值，作為對本集團的一項資助。深圳市政府作出上述安排是貫徹其對本集團及本集團業務的持續支持的政策，預計該項現金資助將可大致抵銷本集團因轉讓37,720,726股南玻股份所帶來的資產減少及轉讓虧損。

股權分置改革是中國政府在金融市場管理方面的一項重要舉措，上市公司及其股東的參與是勢在必行的。股權分置改革將逐步把上市公司的所有股份轉換為上市及流通股份，對上市公司而言，效果雖然不會立竿見影，但是其正面影響將是漸進的、長遠的。股權分置改革帶來的結構性改變將會逐步促進上市公司完善治理結構、大大拓展資本運作空間、展現和提升企業價值，最終為投資者帶來長期的利益增值。

對上市公司的非流通股股東而言，參與股權分置改革必須為今後股權的上市流通支付對價，因此，本集團在深圳高速及南玻集團的股權分置改革中需要按本集團所持的股權比例承擔對價。深圳市政府通過統籌安排，使本集團因支付對價而產生的資產流失大幅縮減，不僅體現了深圳市政府對本集團的大力支持，同時使得本公司的全體股東可以分享旗下上市公司股權分置改革帶來的直接利益。本集團所持的深圳高速和南玻集團股份在完成股權分置改革後將逐步實現完全流通，可大大提高本集團主要資產的流動性，預期資產的價值將會隨流通性的提高而大幅提升。

Administration Commission would pay, in accordance with the terms of the agreement, to the Group an amount in cash equivalent to the total number of shares to be transferred by the Group to the CSG A share shareholders under the proposed share reform scheme of CSG multiplied by the audited net asset value per share of CSG as at 31 December 2005. The arrangement had been made as a result of the Shenzhen Municipal Government's policy of ongoing support for the Group and its businesses. It is expected that such cash payment will cover, to a large extent, the decrease in assets and the loss on disposal arising from the transfer of 37,720,726 shares in CSG by the Group.

The share segregation reform is an important measure taken by the PRC government in managing the financial market, it is imperative that listed companies and their respective shareholders participate in such reform. The share segregation reform will gradually change all shares of PRC listed companies into listed and tradable shares. Though this has no immediate effect on listed companies, its positive effects will be gradual and far-reaching. The structural changes resulting from the share segregation reform will gradually improve the governance structure, expand the capital operation and realise and enhance the corporate value of listed companies. This will provide a long-term increase in benefits for investors.

For those non-listed share shareholders of a listed company in PRC who participate in the share segregation reform, they are required to pay consideration in exchange for their shareholdings to convert into listed shares in the future. The Group is therefore required to pay consideration in proportion to its shareholdings in the share segregation reform of Shenzhen Expressway and CSG. The Shenzhen Municipal Government has made arrangements to significantly reduce the asset losses resulting from the considerations paid by the Group. These arrangements not only materialise the Shenzhen Municipal Government's strong support for the Group, but also enable all shareholders of the Group to share the direct benefits resulting from the share segregation reform of the Group's listed investment. Shares in Shenzhen Expressway and CSG held by the Group will be converted into listed shares after completion of the share segregation reforms which may significantly increase the liquidity of the major assets of the Group. It is expected that the values of these assets will rise to a large extent with the increase of liquidity.

人力資源

本公司管理層一直視人力資源為本集團重要資產及獲取盈利的重要一環，因此重視吸納人才、獎勵優秀員工及培訓專才。本集團員工的薪酬按個別員工之資歷、能力及工作表現，並參考市場趨勢釐定，以達致公允及能夠吸納人才和留效優秀員工的目的。員工之薪酬包括薪金、醫療津貼、住院計劃及強制性公積金退休福利計劃。為鼓勵及獎勵員工，本集團設有年度考核制度，以檢討員工的薪酬及評估員工年內的工作表現，作為發放年終獎金的基準；對本集團業績及業務發展有貢獻的合資格員工更可根據本公司購股權計劃，獲授購股權以認購本公司股份。本集團亦為旗下員工提供專業培訓，鼓勵員工持續進修及自我增值。

於二零零五年十二月三十一日，本集團共聘有542名員工，當中20人在香港服務，主要為管理及財務人員；另有522名在國內服務，主要為物流方面的員工，約佔452人。

HUMAN RESOURCE

The management of the Company considers human resource as an invaluable asset and a key factor to the profitability of the Group, and recruiting talents, rewarding staff with outstanding performance and providing professional training are all essential to the success of the Company. In order to attract talents and retain competent staff and to be impartial, employees' remuneration packages are determined according to their qualification, competency and performance, and also by reference to market terms. The remuneration packages of staff include salary payments, medical subsidies, hospitalisation scheme and mandatory provident fund retirement benefit scheme. In order to encourage and reward staff, the Group operates an annual appraisal system to review the salary of employees and assess their performance during the Year, upon which the basis of payment of year-end bonus will be determined. In addition, eligible employees contributed to the results and business development of the Group may be granted options to acquire shares in the Company pursuant to the share option scheme of the Company. The Group also provides professional trainings to employees to encourage them to continue studies and equip themselves.

As at 31 December 2005, the Group had 542 employees in total, comprising 20 employees in Hong Kong, the majority of them were management and finance personnel, and 522 employees in the PRC, approximately 452 of them served in the logistics and related business.