

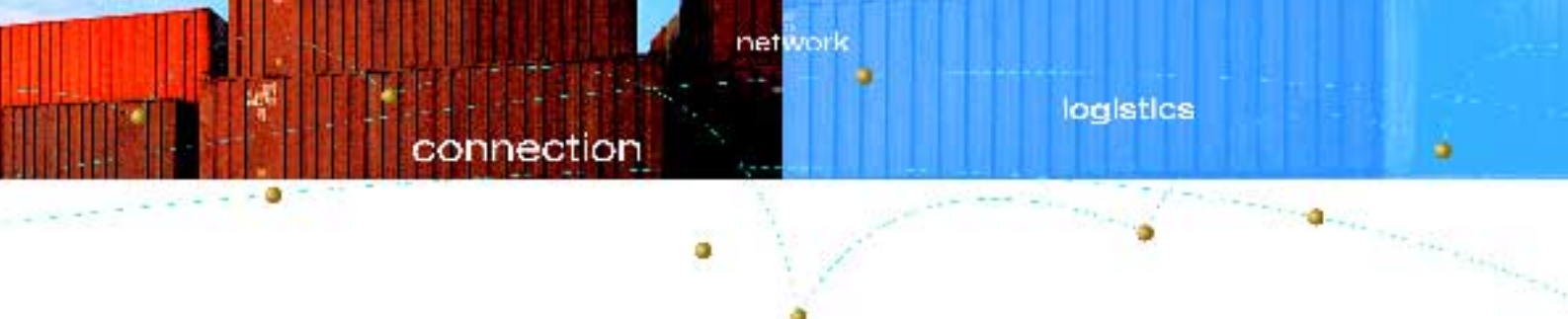


Chairman's Statement



For the year ended 31st December 2005, the Group recorded an audited consolidated turnover of HK\$625,421,000, an increase of 1.9% as compared with last year. Consolidated profit attributable to the equity holders of the Company was HK\$90,072,000, representing an increase of 8.4% as compared with last year. Basic earnings per share was HK12.01 cents.

In 2005, with sustainable development in Mainland China and Hong Kong's economies, cargo transportation volume also enjoyed continuous growth. Nevertheless, shipping industry in Hong Kong was affected by the diffidence caused by Yantian Port in Shenzhen and Nansha Port in Guangzhou, as well as high cargo handling cost. As a result, the overall growth was slower than that of the Hong Kong economy. Intense competition and galloping oil price have put tremendous pressure on river transportation operators. Under such complex market environment, the Group still managed to record good operating results by enhancing overall operation efficiencies, accelerating market expansion, emphasis on quality and comprehensive services and making use of information technologies.



In 2005, the Group devoted huge amount of resources in the refurbishment and reconstruction of equipment used by its core business, which bear fruitful results. Based on the enormous growth in cargo transportation volume (an important indicator for river transportation business) achieved during 2004, the Group attained further height this year, reaching 477,436 TEU, representing an increase of 5.2%. The Group recorded better results in the cargo handling as well. Volume of break bulk cargoes handled amounted to 438,835 tons, representing an increase of 0.3%, whereas volume of cargoes handled amounted to 318,667 TEU, representing an increase of 1.7%.

The results of Chu Kong Air-Sea Union Transportation Co., Ltd. (a company in which the Group holds 51% interest) improved significantly, thanks to its cooperation with famous international logistics companies to provide timely and comprehensive services to customers. Break bulk cargoes operating volume reached 30,888 tons in 2005, representing an increase of 42.7%. The Group believes more customers will accept the innovative concept of air-sea transportation and is fully confident with its future prospect.

Leveraging on the favorable condition created by its processing base in Foshan, Foshan New Port Limited (“Foshan New Port”) (a jointly controlled entity in which the Group holds 37.5% interest) was able to enhance the operating efficiency of the port and devote more efforts in market development, which resulted in huge growth. Trading volume increased by 24.4% to 2,219,212 tons; import and export volume increased by 7.5% to 159,434 TEU; and import and export volume of break bulk cargoes increased by 63.2% to 344,537 tons. Foshan New Port contributed HK\$4,011,000 profits to the Group in 2005.

The Group consistently applied the concept of “Cautious investment and financing”. During 2005, with the focus on “Perfecting its cargo transportation network, strengthened control on important ports in the Pearl River Delta and expansion of logistics bases”, the Group consolidated its existing network, improved the basic facilities of the various logistics bases (such as Gaoming) and identified logistics projects with growth potential. Following the introduction of the “Greater Pearl River Delta” concept by the Guangdong Provincial Government, important progress was made in respect of the fund raising and investment



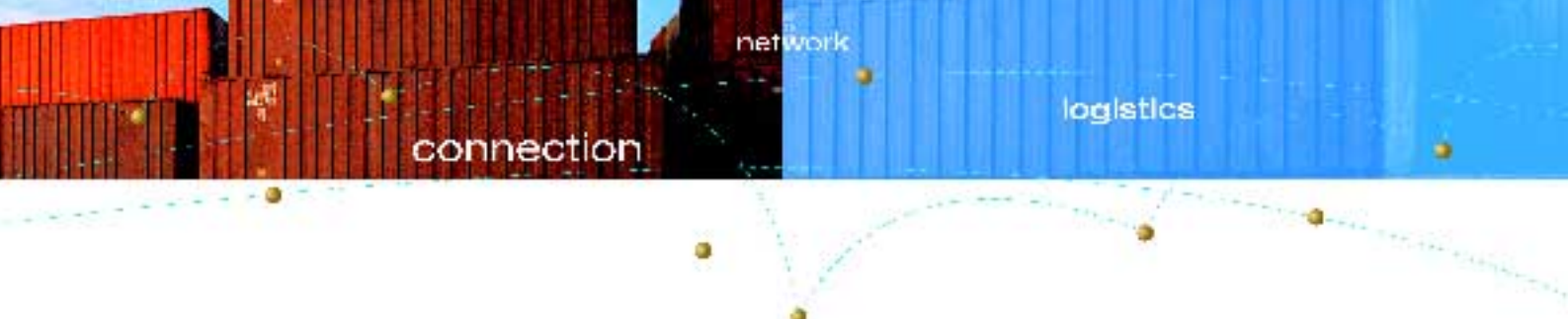
Chairman's Statement

activities in Zhaoqing area, where the demand for logistics services is enormous. The Group entered into a development agreement with the Management Committee of Guangdong Province Zhaoqing High Technology Industry Development Zone in relation to the construction of a river trade terminal and integrated logistics base in Zhaoqing High Technology Industry Development Zone, which shall enhance the market share of the Group in Zhaoqing area and provide stable investment return to the Group in the long run.

The Stock Exchange of Hong Kong Limited promotes the continuous improvement in corporate governance level. In compliance with this, the Group has enhanced the level of corporate governance by rationalising its company structure and increase the transparency of the Company. The Group established a remuneration committee to determine the remuneration of its senior management. It also formulated a series of documents including "Separation of duties and responsibilities between Chairman and Managing Director" and "Guideline regarding purchase of the Company's shares by

employees". Moreover, the Group invited an independent non-executive director with vast experience in financial management and accounting to join the Board. All these measures will ensure the quality of the Group's management as well as strengthening the confidence of investors.

In 2006, the GDP growth rate of Mainland China will be no less than 7.5% with huge demands for trading. By enhancing its overall operation efficiencies, perfecting the distribution of its network, implementing more stringent cost control and putting extra efforts in marketing and customer services, the Group will continue to consolidate and increase its market share in the Pearl River Delta. On the other hand, the Group will leverage on the advantages provided by CEPA to identify logistics development projects with growth potential so as to bring better return to our shareholders. Regarding corporate governance, the Group will continue to raise its corporate governance standards with better transparency and accountability by systematic and standardised management so as to strengthen the confidence of investors.



Finally, I would like to extend my sincere gratitude to all shareholders, customers and the public for their trust and support to the Group, and also my heartfelt thanks to our staff for their efforts and dedication throughout the year.

Huang Liezhang

Chairman

Hong Kong

28th March 2006