

For the year ended 31 December 2005, the Group's turnover totalled HK\$12,150,000,000, representing an increase of 44% over the corresponding period last year. Profit attributable to shareholders was HK\$136,000,000, a decrease of 12% compared to the same period in the previous year. The decrease in profit was mainly the result of reduced business as a major customer of the Group temporarily stopped operation for maintenance.

During the year of 2005, Sinopec Guangzhou Branch stopped operation for maintenance and business of Huizhou Crude Oil Jetty was significantly lowered. As such, transmitted crude oil was decreased by 9% from last year to 6,790,000 tonnes; crude oil loading was 6,900,000 tonnes, representing a decrease of 6% over the previous year. The jetty segment recorded turnover of HK\$330,000,000 and net profit after tax of HK\$150,000,000 for the year, representing a decrease of 6% and 25% respectively compared to the corresponding period last year.

For the year ended 31 December 2005, the Group's petrol stations product sales totalled approximately 550,000 tonnes, representing a growth rate of 22% over the same period last year. Turnover was approximately HK\$2,100,000,000, representing a growth rate of approximately 40% for the same period last year. On the other hand, the profit margin of petrol station operation decreased by 30% as affected by China's oil product price adjustment mechanism for the domestic market. In spite of the fact that the petrol stations took various cost reduction measures, the net loss of HK\$1,790,000 was recorded.



In 2005, the Group sold 2,470,000 tonnes of crude oil, and sales revenue amounted to HK\$7,000,000,000, representing a growth rate of approximately 6% and 39% respectively over the same period last year. Petrochemicals sales was 430,000 tonnes, representing a drop of 8% over the same period last year; realizing sales revenue of HK\$1,700,000,000, representing a growth rate of approximately 34% over the same period last year. The significant growth in sales revenue was largely a result of continual surge in crude oil prices. Despite the increase in volatility of crude oil prices which brought about higher operating risks, the Group still

recorded a gross profit of international trade of HK\$55,740,000, a decrease of HK\$7,430,000 over the same period last year; while net profit dropped HK\$2,120,000.

It is expected that in the year of 2006, with China's economy sustaining a steady growth, the market demand will still be volatile. The Group will continue to control risks, emphasize stable operation while capturing business opportunities and striving for higher efficiency. The Group will also focus on long term development and improving profitability in the long run. Among these, the investment and construction of a 300,000 tonnes-level berth, as well as dredging channels in Huizhou Jetty has commenced to raise load capacity so as to meet downstream customers' need to increase productivity, and at the same time to reduce lightering and related costs in order to improve the Company's profitability. In addition, the Group will explore new sources of profit by using the jetty's reverse transport system, to enhance the operational flexibility of the bonded oil depot and to extend the services of its jetty. The Group will pay adequate attention to changes and risks in the crude oil market, oil products market and the petrochemicals market, analyze market environment and conclude from successful past experience so as to further raise the profitability of its international trade. The Group will keep its strategic positioning while exercising prudence and conduct scientific assessment on different investment opportunities and projects.



The Group will strive for further improvement and realize higher returns for shareholders.

By order of the Board of Directors

Jiang Zhen Ying

Chairman

Hong Kong, 22 March 2006