

「圍繞發展物流主業的戰略目標，加大對相關資源的重組整合力度，通過對主業資產的收購、整合及逐步減少在非主業資產的投資，改善集團的資產結構，提升資產質量。」

本人欣然對本集團二零零六年的業務進行回顧，並對未來發展作出展望。

二零零六年是本集團承上啟下、繼往開來的一年，受惠於中國經濟快速、穩定的增長以及社會各界的支持，本集團經常性業務的利潤保持了快速增長的勢頭，多項財務數據較以前年度有了較大的提升，本集團現有項目的建設與運營正積極的進行中，預期將繼續為本集團帶來穩定的回報。

業績回顧

截至二零零六年十二月三十一日止年度（「本年度」），本集團營業額較去年同期增長34%至港幣4.26億元（二零零五年：港幣3.17億元），已是本集團連續第五年錄得營業額增長。本集團的兩大主營業務收費公路及物流園的營業額分別增長1.85倍及70%，除稅及財務成本前盈利貢獻分別達港幣2.34億元及港幣2,400萬元，增長33%及91%。經營業績增長理想，物流園的業務開始踏入快速增長期。另外，本集團的其他物流業務及製造業務持續為本集團帶來穩定的除稅及財務成本前盈利，分別為港幣1,056萬元（二零零五年：港幣971萬元）及港幣9,000萬元（二零零五年：港幣9,200萬元）。

“With the strategic objective of developing our core business in logistics, the strength of restructuring and consolidation of relevant resources is enhanced. Through acquisitions and integrations of assets of our core business, and divestment in assets of our non-core business, the Group improves its asset structure, thereby enhancing our asset quality.”

I am pleased to take this opportunity to present a review of the business activities of the Group in 2006 and a preview of our future development.

In 2006, the Group has taken the opportunity to sum up the experience for a better development in the future. Benefiting from the rapid and stable economic growth in China and with the support across the community, profits generated from the Group's ordinary activities maintained a trend of rapid growth. Comparing with previous years, its financial data in various aspects recorded a significant increase. The Group's development and operations of existing projects are in progress. It is expected that these projects will continue to bring the Group with stable returns.

REVIEW OF RESULTS

For the year ended 31 December 2006 (the “Year”), turnover of the Group amounted to HK\$426 million (2005: HK\$317 million), representing an increase of 34% over the corresponding period of 2005. The Group recorded an increase of turnover for five consecutive years. The turnovers of toll roads and logistic parks, the two core business of the Group, recorded increases of 1.85 times and 70% respectively, while their respective profit before interest and tax amounted to HK\$234 million and HK\$24 million, representing increases of 33% and 91% respectively. The operating results recorded satisfactory growth, in particular the logistic parks business is entering into a rapid growth period. In addition, other logistics business and manufacturing business of the Group constantly recorded stable profit before interest and tax for the Group, amounted to HK\$10.56 million (2005: HK\$9.71 million) and HK\$90 million (2005: HK\$92 million) respectively.

本集團本年度因收購、出售資產及回撥減值準備等非經常性收益為港幣3,800萬元，較去年同性質的收益港幣9,400萬元減少港幣5,600萬元，導致本集團二零零六年度的除稅及財務成本前盈利港幣3.68億元，較去年同期下降4%。撇除此類非經常性項目的因素，除稅及財務成本前盈利為港幣3.3億元，較去年同期上升13%。

另外，本集團於二零零六年二月發行一項港幣6億元零息可換股債券，而二零零六年股票市場興旺，本公司的股價亦大幅上升，使可換股債券的衍生負債的公允價值相應增長，按照香港財務報告準則的條文規定，本公司需體現賬面虧損約港幣8,200萬元，並同時計提名義利息成本港幣3,700萬元，導致本年度的財務成本大幅增加港幣1.19億元，使本年度的股東應佔盈利較二零零五年度下降39%。確認此衍生負債公允價值變動產生的賬面虧損是嚴格按照適用會計準則的要求所致，相關的虧損在債券轉換為本公司股份時將增加本公司的股本溢價，對股東權益並不造成實質影響，更不影響本集團的經營情況及現金流。於二零零七年，本公司按照截至本報告日的股價變動及債券持有人的換股情況，確認可換股債券的衍生負債公允價值變動產生的賬面利潤約港幣1,500萬元。由於衍生負債公允價值隨著本公司股價及債券的換股情況而變動，二零零七年的中期及全年業績將與本報告日確認的賬面盈利有所差別。

The non-recurring profit arising from acquisitions and disposals of assets as well as write-back of impairment provisions of the Group during the Year amounted to HK\$38 million, representing a decrease of HK\$56 million over the profit with the same nature of HK\$94 million in 2005. This results in profit before interest and tax of the Group for the year 2006 to HK\$368 million, representing a decrease of 4% over that of 2005. Excluding these non-recurring items, the 2006 profit before interest and tax was HK\$330 million, representing an increase of 13% over the corresponding period of 2005.

In addition, the Group issued zero coupon convertible bonds with an aggregate principal amount of HK\$600 million in February 2006. The buoyant stock market in 2006 resulted in a significant increase in the share price of the Company. The fair value of the derivative liability of the convertible bonds recorded corresponding growth. According to the requirements of the Hong Kong Financial Reporting Standards, the Company was required to recognise a book loss of approximately HK\$82 million and incurred nominal interest cost of HK\$37 million. This results in a substantial increase in finance costs of HK\$119 million for the Year, leading to a decrease of 39% in profit attributable to shareholders over that of 2005. The recognition of the book loss arising from the change in fair value of the derivative liability followed strictly the requirements under applicable financial reporting standards. Upon conversion of the bonds into shares of the Company, the relevant loss effectively increases the share premium of the Company and as a result it does not have any effects to shareholders' equity. It also does not affect the business operations and cash flow of the Group. In 2007, based on the change in share price and the conversions by bondholders up to the date of this report, the Company recognised a gain of approximately HK\$15 million arising from the change in fair value of the derivative liability of the convertible bonds. As the fair value of the derivative liability changes according to the fluctuation of the share price and conversion of the bonds, the actual results arising from the changes in fair value of the derivative liability in the interim and final results of 2007 will differ from the gain reported as at the date of this report.

董事會建議向股東派發截至二零零六年十二月三十一日止年度之末期股息每股港幣0.6仙(二零零五年：港幣0.55仙)，較去年增長9%，合共港幣7,253萬元(二零零五年：港幣6,246萬元)。

於二零零六年上半年，本集團參與了兩家在國內上市的聯營公司深圳高速公路股份有限公司(「深圳高速」)及中國南玻集團股份有限公司(「南玻集團」)的股權分置改革方案，通過深圳市政府的統籌安排，使本集團原來需要支付的對價由深圳市政府的直屬機構直接承擔，因支付對價所產生的資產流失大幅縮減，避免了約港幣1.54億元的巨額虧損，並充份體現了深圳市政府的大力支持，同時，本集團所持的深圳高速及南玻集團股權將可自二零零七年五月底以後逐步於證券交易所流通，隨著國內A股市場自二零零六年至現在的持續興旺，使本集團所持的股權投資價值得以提升，也有利於本集團未來資產及業務架構的整合和提升。

本集團持有20%權益的深圳市西部物流有限公司(「西部物流」)持有珍貴的物流用地資源，有著優厚的發展潛力，未來前景喜人，為進一步加強對物流園業務的控制，本集團於二零零六年十二月以總代價人民幣2.3億元收購西部物流40%股權，使其於二零零七年成為本公司持有60%股權的附屬公司。

The board of directors recommended the payment of a final dividend of HK 0.6 cent (2005: HK 0.55 cent) per share for the year ended 31 December 2006, representing an increase of 9% over that of 2005 and totalling HK\$72.53 million (2005: HK\$62.46 million) to shareholders.

In the first half year of 2006, the Group participated in the share segregation reform schemes of Shenzhen Expressway Company Limited ("Shenzhen Expressway") and CSG Holding Co., Ltd. ("CSG"), the two associates of the Group whose shares are listed in the PRC. The Shenzhen Municipal Government has made arrangements so that the consideration payable by the Group was borne by organisations which were directly supervised by the Shenzhen Municipal Government. With the arrangements made by the Shenzhen Municipal Government, the Group's asset losses arising from paying the consideration were significantly reduced and avoided a substantial loss of approximately HK\$154 million. These arrangements materialised the strong support of the Shenzhen Municipal Government for the Group. In the meantime, respective shares in Shenzhen Expressway and CSG held by the Group will gradually become tradable A Shares in the stock exchange from the end of May 2007. The continuously buoyant A share market in the PRC since 2006 will contribute to enhance the investment value of the Group's shareholdings, and will facilitate the integration and enhancement of the Group's assets and business structure in the future.

Shenzhen Western Logistics Co., Ltd. ("Shenzhen Western Logistics"), 20% interest of which is held by the Group, owns valuable land resources designated for logistics purpose and has relatively high potential as well as remarkable prospects. In order to further strengthen the control over the business in the logistic park, the Group acquired 40% equity interest in Shenzhen Western Logistics at a consideration of RMB230 million in December 2006 to make it become a 60% owned subsidiary of the Company in 2007.

本集團於二零零六年二月發行本金額為港幣6億元並將於二零一一年到期的零息可換股債券以籌集額外資金，作為未來投資於優質物流基建項目及營運資金的用途，並藉此加強本集團的財務能力及擴闊其資本基礎，進一步擴大本公司的股東層面，藉此引入更多大型機構及策略性投資者，為本集團創造更大的效益。

展望

本集團一直致力於提高企業管治及規範化運作水平，加強與投資者的溝通及進一步提高公司透明度；本集團還將通過完善內部架構，減少管理層次，提高管理效率，降低管理成本。

深圳市於二零零六年七月啟動了全市事業單位的改革，超過300家資產淨值合共約人民幣80億元的市屬企業及事業單位被劃轉到深圳市國有資產監督管理委員會（「深圳市國資委」），當中包括若干優質高速公路與物流基建項目，業務與本集團主營物流業務相符。上述單位於二零零六年年底前已陸續與深圳市國資委及其直屬公司簽署了有關劃轉文件。本集團將積極把握這一增持物流資源的契機，在深圳市國資委及深圳市政府的支持下，通過收購物流基建類資產及介入深圳市物流園區的快速發展，分享區域經濟增長帶來的資源價值提升及資產回報增長。本集團在增持西部物流股權的同時，亦積極增加本集團於物流園區的另一重點項目深圳市華南國際物流有限公司以及優質收費公路資產的投資。

In February 2006, the Group issued zero coupon convertible bonds due 2011 with an aggregate principal amount of HK\$600 million to raise additional funds for the future investment in quality logistics infrastructure projects and for working capital purposes, thereby strengthening the financial capacity and expanding the capital base of the Group. The Company's shareholder coverage was further enlarged accordingly, thus attracting more sizable institutional and strategic investors to bring about maximum benefits for the Group.

OUTLOOK

The Group has been striving for enhancing the level of corporate governance, standardising its operational procedures, strengthening its communications with investors and further improving the Company's transparency. The Group will also perfect its internal structure and reduce administrative levels in order to upgrade its management efficiency and lower its administration cost.

The Shenzhen Municipal Government has launched a reform of all business units owned by government departments in Shenzhen City since July 2006. As a result, over 300 state-owned business units with an aggregate net asset value of approximately RMB8,000 million have been transferred to Shenzhen Municipal State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"), including certain premium expressways and logistics infrastructure projects whose business are similar to the core logistics business of the Group. These business units have signed relevant transfer documents with Shenzhen SASAC and their respective holding companies before the end of 2006. With the support of Shenzhen SASAC and the Shenzhen Municipal Government, the Group will actively seize the opportunities to enhance its logistic resources by acquiring infrastructure assets and participating in the rapid development of logistics parks in Shenzhen so as to capitalise on the appreciation of resources value and the growth of asset returns resulting from the growth of the regional economy. In addition to the increase in shareholding in Shenzhen Western Logistics, the Group also actively striving opportunity to increase its investment in another logistic park focus, Shenzhen South-China International Logistics Co., Ltd, and other quality toll road assets.

此外，為進一步集中資源於主營物流業務，本集團將會尋找適當機會，以合適的代價，逐步減少非核心業務的投資，以使本集團能將資源作最具效益的調配，進一步提升物流及相關業務為本集團帶來的資產回報及資源增值能力。同時，本集團還將通過對自身職能定位的調整，進一步強化集團的投資控股職能、資本運作及資源整合能力，並充分利用上市公司資本運作平台，加強對核心企業的支持力度，提高整體的競爭及盈利能力。

在未來數年，本集團將把產業重心完全落實在物流行業中，以物流園區、高速公路為重點發展方向和產業基礎，並依托物流基礎設施拓展相關物流增值服務。通過購併深圳市內及國內其它經濟發達地區的優質物流基建項目，完成物流網絡的框架性建設，實現本集團總資產在質和量兩個層面上的飛躍，並通過區域間項目互動效應提升和優化業務收益，使本集團的股本回報率保持在良好的水平，為股東創造良好而穩定的企業價值。

In addition, with a view to further concentrate its resources on the core logistics business, the Group will identify suitable opportunities to reduce gradually its investments in non-core business at an appropriate consideration to enable the Group to deploy its resources in the most efficient way and further enhance the return of assets and the added value of resources brought by the logistics and related business. Meanwhile, by repositioning the functions of its own, the Group will further strengthen its investment holding function as well as its ability in the capital market and resources integration. The Group will also make good use of the funding platform of a listed company to enhance its support to core business and to increase its competitiveness and productivity as a whole.

In the years to come, the Group will devote itself to the logistics business with logistic parks and toll roads as its main focus and foundation of business development. It will also, with its logistic infrastructure, expand the business scope to related value added logistic services. Through acquisition and merger of high quality logistics infrastructural projects in Shenzhen City and other economically developed regions in China, the Group is able to complete the framework construction of logistics networks, resulting in a rapid development in the Group's total assets in terms of quality and quantity. In addition, with the enhancement and optimisation of operating revenue brought about by the interaction among projects in different regions, the Group's return on capital has been able to maintain at a high level, creating a remarkable and stable corporate value for shareholders.

致謝

本人希望藉此機會向前任董事會主席李黑虎先生及前任副主席兼總裁陳潮先生表示謝意。李先生與陳先生於在任期間帶領本集團確立了發展物流產業的長期策略，為集團不斷注入優質物流資產做了大量工作，使本集團成功介入了物流基礎設施建設、物流和配套服務以及物流信息服務等行業，明確了本集團在物流市場中的定位，為本集團的未來發展作出了非常重要的貢獻。

此外，本人謹代表董事會向各股東及投資者對本集團一直的支持，致以衷心謝意，並特別對全體員工於過去一年對本集團付出的寶貴服務及貢獻致謝。

主席
郭原

香港，二零零七年三月二十八日

APPRECIATION

I would like to take this opportunity to thank Mr. Li Hei Hu, the former chairman of the board, and Mr. Chen Chao, the former vice chairman and chief executive officer. During their term of office, the Group has established a long-term strategy of developing logistics business under their guidance and they made great effort in the introduction of quality logistics assets to the Group. As a result, the Group successfully secured a foothold in the industries of logistics infrastructural facilities development, logistics and ancillary services, and logistics information services and made an important contribution to the future development of the Group.

In addition, I would like to express my sincere gratitude to all shareholders and investors, on behalf of the board, for their continuous support to the Group. Particularly, I would also like to thank all staff of the Group for their services and contributions in 2006.

Guo Yuan
Chairman

Hong Kong, 28 March 2007