

Chairman's Statement

To the Shareholders

The financial year of 2005 is a banner year for the Group as we achieved a record group turnover of over HK\$3.7 billion, 12% higher than the prior year and a record net profit of HK\$111.0 million, 110% increase over the prior year. This is a result of continued management drive to grow existing businesses organically, expansion into new markets as well as stringent cost control initiatives.

During the year under review, we made great strides in integrating our global platform under a single identity, ironing out inefficiencies and duplications. As part of the streamlining exercise, we have disposed of two group entities, Fond and Korchina, which were autonomous group entities which neither formed part of the BALtrans worldwide network nor fit into the Group's long term vision. These disposals mark the culmination of a process beginning with the disposal of Wilson Hong Kong two years ago, with BALtrans Group transformed from a group constituted of a handful of distinctive freight forwarding groups, and where non-BALtrans entities used to contribute a substantial portion of the Group's profits, to become a global player operating on an integrated BALtrans platform. The BALtrans network has itself grown substantially during the last few years organically as well as through acquisitions to enable the Group to take such disposals in its stride.

Looking forward, we are encouraged by the market prospects and growth potential of the Group in the global markets. Leveraging on our extensive network in Asia, we are pushing forward with our globalisation drive. In India, we had opened up three new offices in New Delhi, Mumbai and Chennai. We have now



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put in place a management structure to accelerate our expansion in the EMEA region (Europe, Middle East and Africa). We have commenced our own operation in Amsterdam and Rotterdam since October 2005 and set up a new sales office in Dubai, UAE, in November 2005. Powered by a network of more than 50 offices globally, we are now setting our sights on various new markets such as Belgium, Scandinavia and South Africa through setting up new offices and selective acquisitions. In Asia, we are reviewing our strategic options in new markets such as Bangladesh, Japan and Korea.

In the mean time, we are bringing international talents on board to strengthen the Group's management team, a critical process which should be completed within the coming financial year. I believe the newly expanded management team with proven international credentials and track record will continue to drive the group to new heights in the coming years.

Finally, I would like to extend my sincere thanks to our shareholders and employees for their continued support and dedication. With the strong execution capability in our existing markets and the vast potential to expand into new ones, I believe that we will deliver increasing shareholder value in the coming years.

Anthony Siu Wing LAU

Chairman and Chief Executive

Hong Kong, 22nd November 2005



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