



Management Discussion and Analysis of Results of Operations and Financial Position



Zhang Jianwei
*Executive Director
and President*

You should read the following discussion and analysis in conjunction with the consolidated financial statements of the Company and its subsidiaries (collectively the "Group") and the accompanying notes thereto included elsewhere in this Annual Report.

BUSINESS OVERVIEW

We are a leading provider of logistics services in the PRC. Our core businesses include freight forwarding, express services and shipping agency, while our supporting services comprise storage and terminal services, marine transportation and other trucking transportation-based services.

The geographical location of our operations covers fast developing coastal areas and other strategic regions in the PRC, including Guangdong, Fujian, Shanghai, Zhejiang, Jiangsu, Hubei, Lianyungang, Shandong, Tianjin and Liaoning, with an extensive and comprehensive nationwide service network and overseas agency network.

Our well-established service network as well as unified and integrated service strategy and competence enable us to provide integrated logistics services to our customers and to capture a leading position among market competition.

REVIEW OF OPERATIONS

In 2005, the Group's overall competitiveness was strengthened by adopting a proactive approach in responding to the intensified market competition, improving resources integration, promoting new products, perfecting the scope of services, enhancing service efficiency and reinforcing internal control:

- We have developed our overseas network actively and our NVOCC business has been making good progress. As at the end of 2005, the Group's overseas agency network covered Asia, Europe, North America and Oceania, allowing an enhanced operating standard and efficiency. Supported by such overseas network, the Group's NVOCC business achieved a strong growth momentum.
- Our regional business integration has recorded a steady progress, realizing an optimal allocation of business resources and an adjustment to our operating structure.

Management Discussion and Analysis of Results of Operations and Financial Position

- The achievements in professional services and new product development were satisfactory. Growth in project transportation, exhibition transportation and logistics business was evident and the warehouse financing and domestic express services have been developing smoothly.
- We have carried out intensive marketing promotions and improved our customer portfolio.
- We have promoted the development of information systems. Our sea freight forwarding and shipping agency business procedures standardisation system, financial ERP system, air freight forwarding and express service system, and integrated logistics system have been successfully developed and implemented, thereby contributing to the improvement in and standardisation of the Company's management workflow.
- We have intensified our reform on financial management and perfected our total budget management.

OPERATING STATISTICS

The table below sets forth certain of the Group's operating statistics by business segments for the years indicated:

	For the year ended 31 December	
	2005	2004
Freight forwarding		
Sea freight forwarding		
Bulk cargo (in millions of tonnes)	7.8	5.3
Container cargo (in 10 thousands of TEUs)	466.4	353.7
Air freight forwarding (in millions of kilograms)	360.4	282.6
Rail freight forwarding		
Bulk cargo (in millions of tonnes)	0.4	2.2
Container cargo (in 10 thousands of TEUs)	3.1	1.9



Management Discussion and Analysis of Results of Operations and Financial Position

	For the year ended 31 December	
	2005	2004
Road freight forwarding		
Bulk cargo (in millions of tonnes)	0.2	0.1
Container cargo (in 10 thousands of TEUs)	2.8	2.4
Express services		
Packages — continuing operations (in millions of pieces)	11.67	9.56
Shipping agency		
Net registered tonnes (in millions of tonnes)	335.5	280.5
Vessel calls (number of times)	64,558	61,443
Containers (in millions of TEUs)	9.12	7.38
Storage and terminal services		
Warehouses operating capacity		
Bulk cargo (in millions of tonnes)	7.7	7.4
Containers (in millions of TEUs)	4.7	3.8
Terminal throughput		
Bulk cargo (in millions of tonnes)	2.7	2.4
Containers (in 10 thousands of TEUs)	141.5	116.7
Marine transportation		
TEUs	1,370,989	1,128,364
Other services		
Trucking of bulk cargo (in 10 thousands of tonnes)	14.6	9.3
Trucking of terminal containers (in 10 thousands of TEUs)	52.1	34.0

Note: To accurately reflect the Group's business operations, the unit of calculation of the statistics of following business operations have been adjusted. The adjustment does not affect the operating statistics for previous years:

1. The business information under storage and terminal services has been changed from the quantity of total cargo to the quantities of both bulk cargo and container cargo;

Management Discussion and Analysis of Results of Operations and Financial Position

2. The business information under the trucking business has been changed from the quantity of total cargo to the quantities of both bulk cargo and container cargo.
3. The statistics on rail freight forwarding and road freight forwarding businesses are accounted for on business line basis and have not taken into consideration of the business volume of rail freight forwarding and road freight forwarding businesses already included in sea freight forwarding. In our interim report, the statistics on rail freight forwarding and road freight forwarding businesses were accounted for on the basis of business segments and their business volume were included under the sea freight forwarding business.

RESULTS OF OPERATIONS

The table below presents the Group's selected financial information for the years indicated:

	For the year ended 31 December	
	2005 (RMB in millions, except for data per share and number of shares)	2004 (RMB in millions, except for data per share and number of shares) (Restated)
Continuing operations		
Turnover	28,576.8	21,680.5
Other revenues	104.7	63.7
	28,681.5	21,744.2



Management Discussion and Analysis of Results of Operations and Financial Position

	For the year ended 31 December	
	2005 (RMB in millions, except for data per share and number of shares)	2004 (RMB in millions, except for data per share and number of shares) (Restated)
Business tax and other surcharges	(256.1)	(238.6)
Transportation and related charges	(21,730.6)	(16,241.7)
Depreciation and amortisation	(270.4)	(226.2)
Operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and other surcharges):		
— Staff costs	(1,731.5)	(1,380.2)
— Repairs and maintenance	(125.2)	(96.6)
— Fuel	(740.8)	(475.6)
— Travel and promotional expenses	(331.0)	(266.1)
— Office and communications expenses	(180.2)	(150.0)
— Rental expenses	(1,716.6)	(1,280.4)
— Other operating expenses	(374.2)	(312.6)
Operating profit	1,224.9	1,076.2
Finance (expenses)/income, net	(33.2)	64.0
	1,191.7	1,140.2

Management Discussion and Analysis of Results of Operations and Financial Position

	For the year ended 31 December	
	2005 (RMB in millions, except for data per share and number of shares)	2004 (RMB in millions, except for data per share and number of shares) (Restated)
Share of profit of associates	12.7	10.9
Profit before taxation	1,204.4	1,151.1
Taxation	(376.7)	(304.9)
Profit for the year from continuing operations	827.7	846.2
Discontinued operations:		
Profit for the year from discontinued operations	216.9	135.6
Profit for the year	1,044.6	981.8
Attributable to:		
Equity holders of the Company	856.9	803.9
Minority interests	187.7	177.9
Dividends	322.9	271.9
Earnings per share for continuing operations, basic and diluted	RMB0.16	RMB0.17
Earnings per share for discontinued operations, basic and diluted	RMB0.04	RMB0.02
Weighted average number of shares (in millions)	4,249.0	4,249.0
Number of shares at the end of the year (in millions)	4,249.0	4,249.0



Management Discussion and Analysis of Results of Operations and Financial Position

The table below sets forth the Group's turnover of the continuing operations by business segments and their respective percentages of total turnover before inter-segment elimination for the years indicated:

Turnover by business segments For the year ended 31 December				
	2005 (RMB in millions)		2004 (RMB in millions) (Restated)	
Freight forwarding	20,825.0	71.6%	15,791.8	71.5%
Express services	2,459.9	8.5%	1,800.0	8.2%
Shipping agency	567.8	2.0%	530.4	2.4%
Marine transportation	3,950.6	13.6%	3,116.7	14.1%
Storage and terminal services	937.0	3.2%	676.9	3.1%
Other services	343.4	1.1%	155.5	0.7%

The table below sets forth the Group's turnover of the continuing operations by geographical segments and their respective percentages of total turnover before inter-segment elimination for the years indicated:

Turnover by geographical segments For the year ended 31 December				
	2005 (RMB in millions)		2004 (RMB in millions) (Restated)	
Eastern China	21,071.9	73.4%	16,277.1	74.0%
Southern China	3,884.0	13.5%	3,007.8	13.7%
Northern China	3,246.3	11.3%	2,301.0	10.5%
Other locations	502.5	1.8%	410.6	1.8%

Notes:

- (1) Eastern China includes core strategic locations in Jiangsu, Shanghai, Zhejiang, Fujian and Shandong together with the operations of Sinoair (Sinotrans Air Transportation Development Co., Ltd., a listed company on the Shanghai Stock Exchange. Stock name: Sinoair; stock code: 600270) in Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi and Shandong.

Management Discussion and Analysis of Results of Operations and Financial Position

- (2) Southern China includes core strategic locations in Guangdong, Hubei and the operations of Sinoair in Hubei, Hunan, Guangdong, Guangxi, Hainan, Guizhou and Yunnan.
- (3) Northern China includes core strategic locations in Liaoning, Tianjin and the operations of Sinoair in Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia and Henan.
- (4) Other locations primarily include air freight forwarding and express services operated by Sinoair and certain of our jointly controlled entities in locations other than the above.

Eastern China accounted for 73.4% of total turnover prior to inter-segment eliminations for the year ended 31 December 2005 primarily due to the fact that Eastern China comprises the most economically developed regions of the PRC.

The table below sets out the Group's operating profit/(loss) (RMB in millions) derived from the segment results of the continuing operations of each segment. Segment results are defined as the turnover for that segment less direct operating expenses but before deducting unallocated costs. Segment results are presented as amounts of the Group's combined segment results for the year indicated:

	For the year ended 31 December	
	2005	2004 (Restated)
Freight forwarding	360.6	335.3
Express services	349.2	348.6
Shipping agency	253.8	234.5
Marine transportation	182.2	170.3
Storage and terminal services	208.5	129.3
Other services	2.3	(4.4)



Management Discussion and Analysis of Results of Operations and Financial Position

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2005 CONTINUING OPERATIONS

Turnover

The Group's turnover in 2005 amounted to RMB28,576.8 million, up 31.81% from RMB21,680.5 million in 2004. The increase was primarily attributable to the expansion of our capability to provide value-added services through the Group's further efforts in restructuring business resources and developing new products, enhancing service network, strengthening development of standardised business procedures and centralising marketing activities. The Group's business activities sustained robust growth, providing an impetus to the growth of the Group's turnover.

Freight forwarding

Turnover from our freight forwarding services in 2005 was RMB20,825.0 million, grew 31.87% from RMB15,791.8 million in 2004.

Number of containers handled in sea freight forwarding services increased 31.64% to 4.66 million TEUs in 2005 from 3.54 million TEUs in 2004; while the amount of cargo handled by air freight forwarding services rose 27.53% to 360,400 tonnes in 2005 from 282,600 tonnes in 2004.

Revenue growth in freight forwarding in 2005 was primarily driven by the Group's ability to maintain a relatively fast business development pace during the time of economic growth.

Express Services

The continuing operations of the Group's express services achieved a turnover of RMB2,459.9 million in 2005, representing an increase of 36.66% from RMB1,800.0 million in 2004.

Number of documents and packages handled in 2005 were 11.67 million pieces, an increase of 22.07% compared with 9.56 million pieces in 2004.

The growth was mainly attributable to enhanced marketing promotions, maintaining a faster pace of business development during the time of economic growth. Turnover of the business was higher than the increase in business volume due to a higher average weight per unit.

Management Discussion and Analysis of Results of Operations and Financial Position

Shipping agency

Turnover from our shipping agency services reached RMB567.8 million in 2005, representing an increase of 7.05% from RMB530.4 million in 2004.

Number of containers handled in 2005 in shipping agency services were 9.12 million TEUs, an increase of 23.58% from 7.38 million TEUs in 2004. Net registered tonnage of vessels handled by the Group's shipping agency services in 2005 reached 335.5 million tonnes, a 19.61% increase from 280.5 million tonnes in 2004. Number of vessel calls also grew 5.07% to 64,558 in 2005, compared with 61,443 in 2004.

The intensified market competition and the consistent lowering of agency fee have impelled the Group to expand its market in a proactive manner and to launch centralised marketing activities, as well as to strengthen the strategic relationships with shipping companies, and such initiatives have propelled the rapid growth in the turnover and business volume of this business.

Storage and terminal services

The aggregate turnover from storage and terminal services amounted to RMB937.0 million in 2005, representing a 38.43% growth from RMB676.9 million in 2004.

The Group's warehouses handled 7.7 million tonnes of cargo, representing a 4.05% increase from 7.4 million tonnes for the same period in 2004; containers handled grew to 4.7 million TEUs from 3.8 million TEUs for the same period in 2004, an increase of 23.68%; containers handled in terminals grew to 1.415 million TEUs from 1.167 million TEUs for the same period in 2004, an increase of 21.25%. The volume of bulk cargo handled at terminals grew to 2.7 million tonnes from 2.4 million tonnes for the same period in 2004, an increase of 12.50%.

Turnover and business volume growth of storage and terminal services was mainly attributable to the enhancement of overall operating capability through the addition of some warehouses and container yards and the revamping of existing terminals by the Group.

Marine transportation

Turnover from the Group's marine transportation services grew 26.76% to RMB3,950.6 million in 2005 from RMB3,116.7 million in 2004.

Management Discussion and Analysis of Results of Operations and Financial Position

Number of containers shipped by the Group rose to 1.371 million TEUs in 2005, up 21.54% from 1.128 million TEUs in 2004.

Such growth was primarily attributable to the steady growth in turnover and transport volume backed by the Group's efforts to enhance utilisation of its own vessel space while improving under-capacities for certain routes by entering into swap arrangements with shipping companies, in a move to capture favourable opportunities presented by the market.

Other services

Turnover from other services, mainly trucking services, rose 120.84% to RMB343.40 million in 2005 from RMB155.50 million in 2004.

The bulk cargo trucking volume of the Group in 2005 was 146,000 tonnes, a 56.99% increase from 93,000 tonnes for the same period of 2004; container volume increased from 340,000 TEUs for the same period of 2004 to 521,000 TEUs, achieving a growth of 53.24%. The growth was mainly due to the increase in the container volume capacity and long distance transport capacity.

Transportation and related charges

Transportation and related charges grew 33.80% to RMB21,730.6 million in 2005, compared with RMB16,241.7 million in 2004. The increase was mainly attributed to the growth in business volume, and the rising international marine freight rates also contributed to the growth in the Group's transportation costs.

Depreciation and Amortisation

Depreciation and amortisation expenses amounted to RMB270.4 million in 2005, representing an increase of 19.54% from RMB226.2 million in 2004, primarily as a result of increases in the Group's property, plant and equipment due to network and business expansion. In addition, the Group's acquisitions of new companies have caused the depreciation and amortisation expenses to increase accordingly.

Management Discussion and Analysis of Results of Operations and Financial Position

Operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and other surcharges)

The Group's operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and other surcharges) were RMB5,199.5 million in 2005, a 31.25% increase from RMB3,961.5 million in 2004. The increase in operating costs, (excluding transportation and related charges, depreciation and amortisation, business tax and other surcharges), was primarily due to increased expenditure on staff costs, rental expenses, fuel, travel and promotional expenses.

The increase in staff costs was primarily due to the increase in staff from a growing number of branches caused by business expansion and the new acquisitions. The increase in rental expenses was mainly attributed to the Group's increased shipping capacity since the second half of 2004 and the rise in ship leasing rates; the increased shipping capacity and the rise in international crude oil prices resulted in fuel costs increase of 55.76% in 2005. Travel and promotional expenses also increased due to business expansion.

Operating profit

The Group's operating profit was RMB1,224.9 million in 2005, representing an increase of 13.82% from RMB1,076.2 million in the same period in 2004, mainly as a result of business volume growth. Operating profit as a percentage of turnover decreased to 4.29% in 2005 from 4.96% in 2004, primarily as a result of the increase in the Group's transportation and related charges and various operating expenses.

Taxation

Taxation of the Group in 2005 amounted to RMB376.7 million, up 23.56% from RMB304.9 million in 2004. Taxation as a percentage of profit before tax increased to 31.28% in 2005 from 26.49% in 2004, primarily as a result of the income tax arising from the enterprise income tax rate differences in respect of the profit distributed by the Company's subsidiaries and jointly controlled entities in 2005 owing to the changes in the tax regulations.

DISCONTINUED OPERATIONS

The turnover of discontinued operations of the Group (UPS express business) for the year ended 31 December 2005 was RMB212.2 million (that of the corresponding period of 2004 was RMB448.5 million), representing a decrease of 52.69%; the operating profit from the discontinued operations of Group of 2005 was RMB41.6

Management Discussion and Analysis of Results of Operations and Financial Position

million (that of the corresponding period of 2004 was RMB162.1 million); the income from transferring the UPS express business and the provision of related and transition services for the year ended 31 December 2005 was RMB226.6 million.

MINORITY INTERESTS

Minority interests amounted to RMB187.7 million in 2005, up 5.51% from RMB177.9 million in 2004 and, primarily as a result of new acquisitions.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit for the year from the Group's continuing operations for the year ended 31 December 2005 amounted to RMB827.7 million, representing a decrease of 2.19% from RMB846.2 million in 2004.

The profit for the year from the Group's discontinued operations for the year ended 31 December 2005 amounted to RMB216.9 million, representing an increase of 59.96% from RMB135.6 million for same period in 2004.

Profit attributable to equity holders of the Company of the Group for the year ended 31 December 2005 amounted to RMB856.9 million, representing an increase of 6.59% from RMB803.9 million for the same period in 2004.

LIQUIDITY AND CAPITAL RESOURCES

Our principal source of working capital is cash generated from our operations.

Management Discussion and Analysis of Results of Operations and Financial Position

The following table summarises the Group's cash flows for each of the two years ended 31 December 2005 and 2004:

	For the year ended 31 December	
	2005 (RMB in millions)	2004 (RMB in millions)
Net cash inflow from operating activities	1,585.3	665.6
Net cash used in investing activities	(771.9)	(582.4)
Net cash used in financing activities	(406.0)	(243.4)
Cash and cash equivalents at the end of the period	5,130.1	4,722.7

Operating activities

Net cash inflow from operating activities in 2005 amounted to RMB1,585.3 million, up 138.18% compared with RMB665.6 million in 2004. The increase in net cash from operating activities was primarily as a result of the receipt of consideration of RMB580.6 million from transfer of business and provision of related and transition services in 2005, an increase of RMB485.6 million in trade payable (2004: increase of RMB94.4 million), an decrease of RMB27.1 million in prepayment, deposit and other current assets (2004: increase of RMB112.5 million) and an increase of RMB189.0 million in receipts in advance from customers (2004: increase of RMB77.6 million), which was offset by an increase of RMB629.1 million in trade and other receivables (2004: increase of RMB506.7 million) and a decrease of RMB222.2 million (2004: increase of RMB37.9 million) in other payables, accruals and other current liabilities. The average turnover days of trade receivables in 2005 and 2004 were 57 days and 63 days respectively.

Investing activities

For the year ended 31 December 2005, net cash used in investing activities of RMB771.9 million primarily comprised RMB827.5 million for the acquisition of property, plant and equipment, RMB17.4 million for the acquisition of intangible assets, RMB107.5 million for the acquisition of land use rights, RMB20.2 million for investment in associates and RMB52.5 million for net cash flowout in the acquisition of subsidiaries and jointly

Management Discussion and Analysis of Results of Operations and Financial Position

controlled entities, and RMB72.70 million for the acquisition of subsidiaries and associated companies, which were partially offset by RMB79.66 million of interest income and decrease of RMB97.2 million in term deposits with initial term of over three months. For the year ended 31 December 2004, net cash used in investing activities primarily comprised RMB621.8 million for the acquisition of property, plant and equipment, RMB15.7 million for the acquisition of intangible assets, RMB89.4 million for the acquisition of land use rights, RMB101.6 million for the investment in associates and RMB47.7 million for net cashflow out in the acquisition of the subsidiaries and RMB66.2 million for the acquisition of additional held-to-maturity investments, which were partially offset by RMB43.0 million for the disposal of held-to-maturity investments and the reduction of RMB215.2 million in term deposits with initial term of over three months.

Financing activities

Net cash used in financing activities amounted to RMB406.0 million in 2005, compared with net cash used in financing activities of RMB243.4 million in 2004. Bank loan repayments in 2005 amounted to RMB486.1 million (2004: RMB323.2 million), dividends paid amounted to RMB391.4 million (2004: RMB279.6 million), which were partially offset by new bank loans amounting to RMB342.3 million (2004: RMB364.1 million).

Capital expenditure

In 2005, the Group's capital expenditure amounted to RMB952.4 million, primarily consisting of RMB827.5 million for the acquisition of property, plant and equipment, RMB17.4 million for the acquisition of intangible assets and RMB107.5 million for the acquisition of land use rights, among which RMB553.4 million was used for the renovation and construction of docks, warehouses, logistics centres and piling areas, RMB235.0 million for the purchase of vehicles and equipment and RMB75.35 million for IT investment and refurbishment and purchase of office equipment.

CONTINGENCIES AND GUARANTEES

As at 31 December 2005, the contingent liabilities of the Group amounted to approximately RMB48.4 million, comprising mainly guarantees provided for the obligations of jointly-controlled entities in the amount of RMB25.5 million and RMB22.9 million in relation to pending litigations. In addition, in its ordinary course of business, Sinoair has issued various performance and liability guarantees of unspecified amounts to the General Administration of Civil Aviation of China for the benefit of certain jointly controlled entities to enable those entities to obtain the required air freight forwarding operating licences.

Management Discussion and Analysis of Results of Operations and Financial Position

GEARING RATIO

As at 31 December 2005, the gearing ratio of the Group was 50.3% (2004: 48.3%), which was arrived at by dividing the sum of liabilities and minority interests by total assets as at 31 December 2005.

FOREIGN EXCHANGE RATE RISKS

A substantial portion of the Group's turnover and transportation and related charges is denominated in US dollars. The RMB exchange rate policy was amended in July 2005, with a change from a relatively fixed exchange rate to a floating exchange rate linked to a basket of currencies. It is expected that RMB will be subject to appreciation in the long run and the Group's net assets denominated in foreign currencies will be exposed to a certain extent of foreign exchange risk.

CREDIT RISK

The extent of our credit exposure is represented by an aggregated balance of trade receivables and other receivables, financial assets at fair value through profit or loss, held-to-maturity investments, restricted cash and term deposits with an initial term of maturity of over three months. The maximum credit exposure in the event of counterparties' default on obligations under these financial instruments was approximately RMB5,679.2 million and RMB5,162.6 million as at 31 December 2005 and 2004, respectively. In addition, the Group made certain prepayments, prepaid expenses and deposits on behalf of customers, the aggregate amounts of which were RMB357.8 million and RMB381.1 million as at 31 December 2005 and 2004, respectively.

EMPLOYEES

The Group (representing the Company and its subsidiaries) had 17,687 employees as at the end of 2005.

The Group established and implemented a standardised system for remuneration management, including Share Appreciation Rights Scheme and Long-term Performance Unit Scheme, which forms an effective incentive control mechanism in motivating staff to work more diligently. It also reinforced its training to the staff, which further enhanced their personal development.

The Group advocates a staff oriented philosophy. To care about our staff, we commit to provide a pleasant working environment and development opportunities for them. Under such an objective, it would definitely enhance the cohesion and creativity of our staff, and thereby promoting the harmonious relationship between the Company and our staff.

Management Discussion and Analysis of Results of Operations and Financial Position

OUTLOOK AND PROSPECTS

In 2006, the Group will operate in a more complicated environment, which represents both challenges and opportunities. On the one hand, the Group's business development will be driven by the steady and rapid growth of the PRC economy; on the other hand, market liberalisation, intense competition, high global oil price and price fluctuation in the shipping market will, to various degrees, impact the Group's future development. The challenges for the Group will be serious, thereby exerting considerable pressure on the Group's traditional mode of operation and focus of growth.

We will speed up our pace of adjustment and innovate development models by capturing the opportunities brought by the fast developing economy of the PRC:

- further improve our domestic and overseas network through consolidations, investments, mergers and acquisitions;
- increase our investment in core operating assets and professional areas such as projects, exhibitions and transport of chemicals, and optimise our resources allocation;
- increase the degree of synergy, extend our service chain and improve the quality of operation by reinforcing the integration and optimisation of our traditional principal businesses;
- speed up business restructuring, integrate our shipping routes resources, further expand the domestic trade container business, enlarge the scope of trial centralised purchase, promote our NVOCC business and restructure our operation and management system for logistics business, with an aim to promoting such professional services in series;
- put extra effort in market development, establish an effective system for business innovation and promotion and focus on market segmentation and professional development;
- reinforce the our basic management and encourage the optimisation and innovation of management system.

With such enhanced efforts, we are confident that the Company's results of operations will continue to show a steady, healthy and sustainable growth, and at the same time, we will see an improvement in our corporate governance standard, competitiveness and profitability and we will create greater value for our shareholders.