

A large, horizontal, cylindrical industrial vessel, possibly a storage tank or a component of a ship's machinery, is being hoisted by a crane. The vessel is suspended by several thick cables and is positioned in the center of the frame. In the background, the structure of a bridge or a large crane is visible, with numerous cables and supports. The scene is set at a port or a shipyard, with other vessels and structures visible in the distance. The entire image has a warm, orange-toned overlay.

Management Discussion and Analysis of Results of Operations and Financial Position

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Zhang Jianwei

Executive Director and President

Please also refer to the consolidated financial statements and the notes thereto of the Company and its subsidiaries (collectively the “Group”) as set out in detail under other sections of the annual report of the Company when you read the following discussion and analysis.

BUSINESS OVERVIEW

The Group is a leading logistics service provider in the PRC which principal activities include freight forwarding, express services and shipping agency, and its supporting activities include storage and terminal services, marine transportation and other services mainly engaged in trucking business.

The geographical areas of the Group’s businesses operation cover Guangdong, Fujian, Shanghai, Zhejiang, Jiangsu, Hubei, Lianyungang, Shandong, Tianjin, Liaoning, etc., being the coastal regions under rapid growth in the mainland, and the other strategic locations. We also have wide and comprehensive mainland service networks and overseas agency networks.

In light of the completed services networks and the means and ability of the unified integration services, the Group is capable to provide integrated logistics services to customers and ranks a pioneering position in the market competition.

REVIEW OF OPERATION

During 2006, the Group coped with the intensifying market competition in a sternly manner. In the course of sustaining development, while we reinforced our investment strengths and enhanced the development in the weak sectors concerning the sea, land and air capacities and the sources, etc., we also continued to propel the consolidation of resources, step up the development of new products, improve the services performance, enhance the services efficiency, intensify the internal control and further boost the competitive edge of core businesses:

- integrated the business resources, converged the agency sources, greatly impelled NVOCC business based on the development of overseas networks.
- strengthened the management of procurement sources, keenly mobilised the centralised capacities procurement within the geographical areas and actively organised and spurred the centralised capacities procurement across multi-regions.



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- clarified the customer orientation and the theme line of sale, created the working philosophy of self-owned core products, made adjustments on the organisational structure of the management system of international air freight forwarding business, highlighted the development concept of international air freight forwarding products.
- continuously strengthened the unified marketing and sale and upheld the leading rank of shipping agency business in the industry.
- achieved new development in the network construction of domestic express services in the mainland.
- obtained new progress of the marketing in the giant customer of contractual logistics business; gained breakthrough in the specialised services and product in respect of the project logistics, exhibitions logistics, warehouse financing, commodities inspection and examination, etc.
- efficiently integrated the scattered resources of shipping routes, strengthened the combination of vessels and cargos and adjusted the capacities and plans of routes.
- basically completed the businesses management system of shipping agency and freight forwarding which laid foundation for the comprehensive promotion and implementation.
- increased investments in segments of core and primary businesses and critical supporting resources and participated in the integration of marketing resources by various modes of merger and acquisition, cooperation, etc.

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OPERATING STATISTICS

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

	For the year ended 31 December	
	2006	2005
Freight forwarding		
Sea freight forwarding		
Bulk cargo (in millions of tonnes)	8.6	7.8
Container cargo (in ten thousands of TEUs)	530.0	466.4
Air freight forwarding (in millions of kilograms)	369.5	360.4
Rail freight forwarding		
Bulk cargo (in millions of tonnes)	0.8	0.4
Container cargo (in ten thousands of TEUs)	3.6	3.1
Road freight forwarding		
Bulk cargo (in millions of tonnes)	0.1	0.2
Container cargo (in ten thousands of TEUs)	3.0	2.8
Express services		
Packages — continuing operations (in millions of units)	15.49	11.67
Shipping agency		
Net registered tonnes (in millions of tonnes)	399.4	335.5
Vessel calls (number of times)	66,318	64,558
Containers (in millions of TEUs)	10.06	9.12
Storage and terminal services		
Warehouses operating volume		
Bulk cargo (in millions of tonnes)	8.2	7.7
Containers (in millions of TEUs)	6.3	4.7
Terminal throughput		
Bulk cargo (in millions of tonnes)	2.8	2.7
Containers (in ten thousands of TEUs)	205.5	141.5
Marine transportation		
TEUs	1,524,788	1,370,989
Other services		
Trucking of bulk cargo (in ten thousands of tonnes)	141.2	64.6
Trucking of terminal containers (in ten thousands of TEUs)	86.7	52.1

Note: To accurately reflect the Group's business operations, the scope of calculation of the statistics of following business operations have been adjusted. The adjustments do not affect the historical operating statistics:

1. The bulk cargo capacities information under the trucking business includes the business volume of trucking capacity from temporary leasing, the business volume of trucking capacity from temporary leasing was not included in the bulk cargo capacities information of the annual report last year.

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OPERATING RESULTS

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

	For the year ended 31 December	
	2006 (all amounts expressed in million RMB, other than earnings per share and number of shares)	2005 (all amounts expressed in million RMB, other than earnings per share and number of shares)
Continuing operations:		
Turnover	32,220.9	28,576.8
Other income	147.8	104.7
	32,368.7	28,681.5
Business tax and surcharges	(281.7)	(256.1)
Transportation and related charges	(25,144.8)	(21,730.6)
Depreciation and amortisation	(325.0)	(270.4)
Cost of operation (excluding transportation and related charges, depreciation and amortisation):		
— Staff costs	(1,895.3)	(1,731.5)
— Repairs and maintenance	(139.2)	(125.2)
— Fuel	(831.5)	(740.8)
— Travel and promotional expenses	(346.1)	(331.0)
— Office and communication expenses	(196.4)	(180.2)
— Rental expenses	(1,715.7)	(1,716.6)
— Other operating expenses	(508.2)	(374.2)
Operating profit	984.8	1,224.9
Financial income/(expenses), net	11.3	(33.2)
	996.1	1,191.7
Share of profit of associates	22.3	12.7
Profit before taxation	1,018.4	1,204.4
Taxation	(415.0)	(376.7)
Profit for the year from continuing operations	603.4	827.7
Discontinued Operations:		
Profit for the year from discontinued operations	259.9	216.9
Profit for the year	863.3	1,044.6
Attributable to:		
Equity holders of the Company	618.8	856.9
Minority interests	244.5	187.7
Dividends	212.5	322.9
Earnings per share for continuing operations, basic and diluted (RMB)	0.10	0.16
Earnings per share for discontinued operations, basic and diluted (RMB)	0.05	0.04
Weighted average number of shares during the periods (in millions of shares)	4,249.0	4,249.0
Number of shares for the end of periods (in millions of shares)	4,249.0	4,249.0

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The table below sets out the turnover from continuing operations of all of the Group's business segments before segment elimination and the percentage for the share of total turnover before segment elimination for the years indicated:

Turnover by business segments (in million RMB) For the year ended 31 December				
	2006		2005	
Freight forwarding	24,118.7	73.4%	20,825.0	71.6%
Express services	3,038.1	9.2%	2,459.9	8.5%
Shipping agency	558.5	1.7%	567.8	2.0%
Marine transportation	3,379.9	10.3%	3,950.6	13.6%
Storage and terminal services	1,190.2	3.6%	937.0	3.2%
Other services	586.4	1.8%	343.4	1.1%

The table below sets forth the turnover from continuing operations of each location before segment elimination and the percentage for the share of turnover before segment elimination for the years indicated:

Turnover by geographical segments (in million RMB) For the year ended 31 December				
	2006		2005	
Eastern China	23,275.6	72.0%	21,071.9	73.4%
Southern China	4,435.2	13.7%	3,884.0	13.5%
Northern China	4,059.3	12.6%	3,246.3	11.3%
Other locations	562.2	1.7%	502.5	1.8%

Notes:

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

For the year ended 31 December 2006, eastern China in the segments accounted for 72% of total turnover before elimination, mainly due to the locations in eastern China were the most vigorous economic development region in the PRC.

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The table below sets forth the operating profit/(loss) (in million RMB) generating from the segment results of the continuing operations of all segments of the Group. Result of each segment is defined as the turnover of such category less its direct operating expenses and such figures have not yet deducted the unallocated cost. Segment results are presented by amounts of the combined segment results of the Group during the indicative periods:

	For the year ended 31 December	
	2006	2005
Freight forwarding	466.7	360.6
Express services	451.4	349.2
Shipping agency	249.1	253.8
Marine transportation	(250.6)	182.2
Storage and terminal services	238.3	208.5
Other services	10.2	2.3

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2006

Continuing Operations

Turnover

The Group's turnover amounted to RMB32,220.9 million in 2006, up by 12.75% from RMB28,576.8 million for the corresponding period in 2005. The increase was primarily attributable to the Group's further integration of marketing resources and development of new products, improvement of network plans, strengthening development of business processes standardisation, implementation of unified marketing and sale and ability enhancement of the extension of value-added service of products, as well as enforcement of investment strengths. Each business volume of the Group maintained its rapid growth, which in turn led to the upsurge of the Group's turnover.

Freight Forwarding

Turnover from the Group's freight forwarding services amounted to RMB24,118.7 million in 2006, rose 15.82% from RMB20,825.0 million in 2005.

Volume of sea freight forwarding containers gained 5.3 million TEUs in 2006, jumped 13.73% from 4.66 million TEUs in 2005 and cargo tonnage of air freight forwarding services achieved 0.3695 million tonnes, rose 2.52% from 0.3604 million tonnes in 2005.

Such growth is mainly due to the Group's strengthening in marketing and sales, leading us to maintain a faster pace of business development in the growth of economy. The reasons for the higher increase in such segment's turnover than that in the business volume were the optimisation of cargo structure and the increase of weight in full freight forwarding services.

Express Services

During 2006, turnover of continuing operations from express services posted RMB3,038.1 million, increased 23.51% from RMB2,459.9 million in 2005.

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Number of documents and packages handled through express services of the Group was 15.49 million units, a surge of 32.73% over 11.67 million units made in 2005.

Such a growth was mainly for the reinforcing in marketing and sales by the Group, which resulting a sustainable higher speed of business development in the growth of economy.

Shipping Agency

For 2006, turnover from our shipping agency services reached RMB558.5 million, representing a decrease of 1.64% from RMB567.8 million for the corresponding period in 2005.

Number of containers handled in shipping agency business of the Group was 10.06 million TEUs in 2006, an increase of 10.31% from 9.12 million TEUs in 2005. Net registered tonnage of vessels handled by the shipping agency services reached 399.4 million tonnes in 2006, a 19.05% increase from 335.5 million tonnes in 2005. Number of vessel calls managed also grew 2.73% to 66,318 in 2006, compared with 64,558 in 2005.

Through actively expanding markets, launching unified marketing activities, as well as enforcing strategic cooperation with shipping companies by the Group, the growth of business volume in this segment was geared up. However, the intensifying market competition in shipping agency market and the downward agency rates, all made the turnover had a slight reduction.

Storage and Terminal Services

In 2006, the turnover from storage and terminal services amounted to RMB1,190.2 million, representing a 27.02% growth from RMB937.0 million in 2005.

The Group's warehouses handled 8.2 million tonnes of bulk cargo, representing a 6.49% increase from 7.7 million tonnes for the corresponding period in 2005; containers handled grew to 6.3 million TEUs from 4.7 million TEUs for the corresponding period in 2005, an increase of 34.04%; containers handled in terminals grew to 2.055 million TEUs from 1.415 million TEUs for the corresponding period in 2005, an increase of 45.23%. The volume of bulk cargo handled at terminals grew to 2.8 million tonnes from 2.7 million tonnes for the corresponding period in 2005, an increase of 3.70%.

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

Marine Transportation

Turnover from marine services of the Group in 2006 amounted to RMB3,379.9 million, dropped 14.45% from RMB3,950.6 million in 2005.

Number of containers shipped by the Group rose to 1.525 million TEUs in 2006, up by 11.23% from 1.371 million TEUs in 2005.

Such a growth was primarily attributable to the new launch of supreme routes by the Group's making adjustments on the capacities structure, strengthening in marketing and sales and enhanced utilisation of its own vessel spaces. However, the increase in revenues is not comparable to the corresponding year, which is attributed to the cycling fluctuation in freight rates of international shipping market.

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Other Services

Turnover from other services (mainly from trucking business) in 2006 amounted to RMB586.4 million, soared 70.76% from RMB343.4 million in 2005.

The Group's trucking of bulk cargo in 2006 was 1,412 thousand tonnes, edged up 118.58% from 646 thousand tonnes in the corresponding period of 2005. Volume of terminal containers recorded 867 thousand TEUs, surged 66.41% from 521 thousand TEUs. The reason of such increase is mainly the growth of capacities.

Transportation and Related Charges

In 2006, transportation and related charges grew by 15.71% to RMB25,144.8 million, compared with RMB21,730.6 million in 2005. This increase was mainly attributed to the growth in business volume.

Depreciation and Amortisation

Depreciation and amortisation amounted to RMB325.0 million in 2006, representing an increase of 20.19% from RMB270.4 million in 2005, primarily as a result of increases in the Group's property, plant and equipment due to network and business expansion.

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

The Group's operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and surcharges) were RMB5,632.4 million in 2006, a 8.33% increase from RMB5,199.5 million in 2005.

The increase in operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and surcharges) was primarily due to rising staff costs, fuel expenses and other operating expenses.

The increase in staff costs was primarily due to the increase in headcount for business expansion of the Group. The rise in international crude oil prices resulted in fuel costs increase of 12.24% in 2006 and other increase of operating costs was mainly attributable to provision for onerous contracts made by the Group for this period.

Operating Profit

The Group's operating profit was RMB984.8 million in 2006, representing a decrease of 19.60% from RMB1,224.9 million in 2005, mainly as a result of the operating losses in marine transportation. For 2006, operating profit as a percentage of total revenue decreased to 3.04% from 4.27% in 2005. For 2006, operating profit as a percentage of net revenue (total revenue less transportation and related charges) decreased to 13.63% from 17.62% in 2005, primarily as a result of the increase in the Group's transportation and related charges and various operating expenses.

Taxation

In 2006, taxation of the Group amounted to RMB415.0 million, representing a increase of 10.17% from RMB376.7 million in 2005. Taxation as a percentage of profit before taxation increased to 40.75% from 31.27% for 2005, primarily as a result of the income tax arising from the income tax rate differences in respect of the net profit of the Company's subsidiaries and jointly controlled entities owing to the changes in the tax regulations, and the losses from marine transportation business of the Group.

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Discontinued Operations

Turnover of discontinued operations of the Group (UPS related express business) for the year ended 31 December 2006 was nil. Operating profit was RMB24.71 million (corresponding period of 2005: RMB106.96 million), representing a decrease of 76.90%. Income from transferring the UPS related express business and the provision of related and transition services for the year ended 31 December 2006 was RMB372.0 million (corresponding period of 2005: RMB226.6 million).

MINORITY INTERESTS

Minority interests for 2006 amounted to RMB244.5 million, up by 30.26% from RMB187.7 million for 2005, which was primarily as a result of the increase in operating profit of Sinoair, a non-wholly owned subsidiary of the Group.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit after taxation from the Group's continuing operations for the year ended 31 December 2006 amounted to RMB603.4 million, representing a decrease of 27.10% from RMB827.7 million for the same period in 2005.

Profit after taxation from the Group's discontinued operations for the year ended 31 December 2006 amounted to RMB259.8 million, representing a growth of 19.78% from RMB216.9 million for the same period in 2005.

The Group's profit attributable to equity holders of the Company for the year ended 31 December 2006 amounted to RMB618.8 million, representing a decrease of 27.79% from RMB856.9 million for the same period in 2005.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity of the Group mainly derives from the cash from our operations.

The following table summarises the Group's cash flows for each of the two years ended 31 December 2006 and 2005 indicated:

	For the year ended 31 December (in million RMB)	
	2006	2005
Net cash inflow from operating activities	999.0	1,585.3
Net cash used in investing activities	(1,400.7)	(771.9)
Net cash used in financing activities	(357.4)	(406.0)
Cash and cash equivalents as at year end	4,371.0	5,130.1

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Operating Activities

Net cash from operating activities for 2006 amounted to RMB999.0 million, down by 36.98% compared with RMB1,585.3 million in 2005. The reduction of net cash from operating activities was primarily as a result of the profit for 2006 of RMB863.3 million (corresponding period in 2005: RMB1,044.6 million), an increase of RMB315.3 million in trade payables (corresponding period in 2005: increase of RMB485.6 million), which were partially offset by an increase of RMB353.3 million in trade and other receivables for 2006 (corresponding period in 2005: increase of RMB629.1 million), a decrease of RMB41.85 million in receipts in advance from customers for 2006 (corresponding period in 2005: increase of RMB188.97 million) and a decrease of RMB86.88 million in other payables, accruals and other current liabilities (corresponding period in 2005: decrease of RMB222.24 million). The average turnover days of trade receivables for 2005 and 2006 were 57 days and 57 days respectively.

Investing Activities

For the year ended 31 December 2006, net cash used in investing activities of RMB1,400.7 million primarily comprised net cash outflow of RMB666.5 million for the addition of property, plant and equipment, RMB13.71 million for the acquisition of intangible assets, RMB385.8 million for the acquisition of land use rights, RMB113.6 million for the acquisition of subsidiaries and associated companies and RMB224.0 million for the acquisition of available-for-sale financial assets, as well as a rise of RMB42.8 million in term deposits over three months. For the year ended 31 December 2005, net cash used in investing activities of RMB771.9 million primarily comprised net cash outflow of RMB827.5 million for the addition of property, plant and equipment, RMB17.4 million for the acquisition of intangible assets, RMB107.5 million for the acquisition of land use rights and RMB20.2 million for the investments in associated companies and a decrease of term deposits over three months of RMB97.22 million.

Financing Activities

Net cash used in the Group's financing activities amounted to RMB357.4 million for 2006, compared with net cash outflow from financing activities of RMB406.0 million for 2005.

Bank borrowings repayments for 2006 amounted to RMB481.4 million, compared to RMB486.1 million in 2005, dividends paid amounted to RMB351.2 million compared to RMB391.4 million in 2005, which were partially offset by new bank loans amounting to RMB460.7 million (corresponding period in 2005: RMB342.3 million).

Capital Expenditure

For 2006, the Group's capital expenditure amounted to RMB1,066.0 million, primarily consisting of RMB666.5 million for acquisition of property, plant and equipment and RMB13.71 million for the acquisition of intangible assets and RMB385.8 million for purchase of land use rights, among which RMB740.8 million was used for the renovation and construction of terminals, warehouses, logistics centers and container yards, RMB207.6 million for the purchase of vehicles and equipment and RMB82.67 million for IT investment and refurbishment and purchase of office equipment.

CONTINGENCIES AND GUARANTEES

As at 31 December 2006, contingent liabilities mainly comprised outstanding lawsuits of the Group arising in its ordinary course of business, which amounted to RMB20.65 million (2005: RMB22.89 million).

As at 31 December 2006, the amount of guarantee the Group issued for the jointly controlled entities is RMB27 million. In addition, Sinoair issued certain letters of guarantees relating to businesses and responsibilities with no specified amounts to the General Administration of Civil Aviation of China in the ordinary course of business for purpose of obtaining freight forwarding licenses for certain jointly controlled entities.

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GEARING RATIO

As at 31 December 2006, the gearing ratio of the Group was 52.92% (2005: 50.33%), which was arrived at by dividing the sum of liabilities and minority interests as at 31 December 2006 by total assets of the Group.

FOREIGN EXCHANGE RATE RISKS

A substantial portion of the Group's turnover and transportation and related charges is denominated in US dollars. In July 2005, the policy of exchange rate was shifted to a relatively floating rate linking with a basket of currencies from the previous relatively stable exchange rate. It is expected that Renminbi will face an uplift trend in the long run and the net assets in foreign currencies held by the Group will be subject to under certain exposure of foreign exchange risks.

CREDIT RISK

The extent of the Group's credit exposure is represented by aggregated balances of trade receivables and other receivables, financial assets at fair value through profit and loss, held-to-maturity financial assets, available-for-sale financial assets, restricted cash and term deposits with initial terms of over three months. The maximum credit risk exposure in the event that other parties fail to perform their obligation under these financial instruments is at their carrying values.

EMPLOYEES

At the end of 2006, the number of employees of the Group (those of the Company and its subsidiaries) was 18,641.

The Group established and implemented the unified position, remuneration and performance management systems, including a long term incentive scheme. Taking advantage of the construction of such three main unified systems, an effective stimulation and binding mechanism was formed and the culture of "performance in priority" was advanced. The mechanism also encouraged the employees to continuously enhance their capabilities and performance and procured the healthy and sustainable development of the Company; Meanwhile, the Group reinforced the employees' training and development and understood the importance of their career advancement and planning in order to expand the room for their individual growth.

The Group strongly believed in the philosophy of people orientation and employees caring. With reasonable allocation of human resources, the employees were provided with good working environment and development opportunities and the team spirit and creativity of employees were stimulated, the harmonised development between the Company and the employees were facilitated.

ACQUISITIONS AND DISPOSALS

On 25 January 2006, the Group acquired a 100% equity interest in Man Shun Shipping Company Limited ("Man Shun Shipping") for a cash consideration of RMB32,433,000.

On 28 February 2006, the Group acquired a 47.08% equity interest in Sinotrans Foshan Warehouse and Terminal Company Limited in which 40% was held through the acquisition of Man Shun Shipping. The cash consideration for the direct 7.08% equity interest was RMB2,301,000.

On 26 July 2006, the Group acquired a 50% equity interest in Ningbo Dagang New Century Container Company Limited for a cash consideration of RMB40,440,000.

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On 31 July 2006, the Group acquired an 80% equity interest in Shandong Lishen Hoisting and Transporting Company Limited for a cash consideration of RMB54,227,000.

On 1 January 2006, Sinotrans Eastern Company Limited, a wholly-owned subsidiary of the Group, obtained the effective control of Shanghai Sinotrans Chemical International Logistics Company Limited ("Shanghai Chemical") as a result of the changes to the composition of its board of directors. The Group is now represented by 6 out of 9 directors on the board (2005: 5 out of 8 directors). Accordingly, the Group has the power to govern the financial and operating policies of Shanghai Chemical as the Group has more than two-thirds of the voting rights on the board of Shanghai Chemical. With effect from 1 January 2006, the Group has accounted for Shanghai Chemical as a consolidated subsidiary.

Save as disclosed above, there were no other material acquisitions or disposals of subsidiaries, jointly controlled entities or associates by the Group for the year ended 31 December 2006.

OUTLOOK AND PROSPECTS

The Group will seize the historic opportunities of the rapid economic growth of China, continuously accelerate the fast pace of adjustment and innovate the development patterns:

- to optimise the operating mode of freight forwarding business and strengthen the core competitiveness.
- to upgrade the unified marketing platform of shipping agency so as to consolidate the Group's pioneer position in the market.
- to accelerate the construction of network of and the optimisation of process of the domestic express services and realise and develop speed advancement.
- to formulate and implement the development planning of marine transportation and make well-prepared the resources integration, as well as realise the positive development.
- to persist the professional services direction and further reinforce the promotion and development of the businesses such as project logistics, exhibitions logistics, contractual logistics and warehouse financing, domestic container transportation, etc.
- to continuously increase the strategic contributions and highlight the optimised allocation of resources and the effect of strategic direction; meanwhile, to actively utilise the methods of merger and acquisition to integrate logistics resources and facilitate the Group's outer extension and leap-forward development.

We are fully confident that leveraging on such efforts, the businesses of the Group will be kept under a stable, healthy and sustainable growth and the level of corporate governance will be further upgraded. As a result, the Group will be able to create a greater value for the shareholders upon its reinforced competitive edge.