Briefing of SITC 2023 Results Investor Conference

Date：7 March 2024

Time： 4:30pm (HKT)

Method: Live Meeting & Tencent Video Conference

Senior management present:

Chairman and Executive Director Yang Xianxiang

CEO and Executive Director Xue Mingyuan

Executive Director and General Manager of Liu Kecheng

Finance Center and Investment Center

Directorate Secretary and General Manager Xue Peng

of Operation Management Center

Senior management made a review on company development, operation results and financial metrics for year of 2023 (Refer to PPT as attached). And then a Q&A section was entered.

Q1: (Huatai Securities, Lin Shan) First of all, congratulations, SITC still has a very good performance in 2023. I would like to ask about some recent changes in the market, especially the Red Sea incident that everyone is very concerned about, so I would like to ask the management to share with us the impact of the whole incident on the entire container market. And how do we see the price trend of the regional market, especially the Southeast Asian market in 2024? Thank you.

A: (CEO Xue Mingyuan) Good afternoon. About the recent market situation: Refer to the demand side, in the fourth quarter of last year, starting from November, the growth of goods is still relatively obvious. Including the Asian market, the Spring Festival period is basically better than in the past few years.

Our expectation is that in the first quarter, the overall volume growth should be good. The second

and third quarters are really hard to judge.

On the supply side, we see no short-term end in sight to the Red Sea incident. The overall market situation, the freight rate to the ocean market, due to the impact of the Red Sea and the Panama Canal, the supply is tight, and the freight rate to Europe and the United States has actually increased very much.

The offshore market is now also beginning to tighten the supply of ships, there are two factors. First, some of the shipping capacity has been transferred to these routes. Another factor was the huge increase in demand for feeder ships in Europe after the Red Sea crisis. Recently, charter traffic in the European market has increased significantly; So overall capacity, including in Asia, is relatively tight. After the Spring Festival, freight rates did not fall rapidly. Of course, there were some small fluctuations in some individual markets, which should be stable. It is estimated that the market in March and April should be very good. Because it is also the traditional peak season of the Asian market. This year looks relatively more optimistic than last year. Thank you.

Q2: (Fortune Winning, Gao Ning) First of all, congratulations to this company's performance. According to you, the first quarter of this year is even better than previous years. But what we see is that the macro economy is not so optimistic this year, and if we look forward, it may not be particularly optimistic, it has reached an inflection point.

I want to ask you about the relevance of our business to the Chinese economy. In the short term, there may be a crisis in the Red Sea or other incidents. However, as we can see, the price of chartering ships is going up again. Is it true that people are building ships instead of demolishing them? Does this mean that in the medium term, there will be an even bigger supply imbalance?

A (Chairman) Refer to the pessimistic outlook on China's macro economy, I think different people have different opinions. In my opinion, I think it is quite optimistic. Because according to our own data, from the 31st week of last year to the end of the year, the overall trade volume of goods actually increased. It went from single digit growth to double digit growth, and it's continued up to now. So from the data we have, the global economy as a whole, or China's exports, are actually pretty good. From another point of view, I look at the import of the United States, the increase of the import of the United States in January and February this year was 20%. Among them, imports from Asia grew by more than 20 percent, and imports from China increased by 19 percent. Basically, this is consistent with the overall growth of China's exports to the United States and its overall import figures. So I don't think it's not optimistic. I think it's optimistic. Ok, thank you.

Q3: (Junmao Capital, Pan Yajun) Congratulations to Mr. Yang and Mr. Xue. And let me ask you, now we have an industry transfer, some industries to Southeast Asia, India, and Mexico. As for our company, can our future business follow this direction and maintain relatively good growth? Will the proportion of our trade with India also decrease?

A (CEO Xue Mingyuan) Actually, industrial transfer has different effects on different companies. Because SITC is a transportation company within the Asian region, there may be more transportation demand. For example, raw materials were originally purchased in China for production and export to the United States, while raw materials were purchased in China and then exported to the United States by ocean carriers, so there may be no transportation demand in Asia, which may have no impact on us. Now a lot of factories have moved to Southeast Asia or India, but their demand for raw materials is shipped from China, so it is this part of the goods that we transport. In recent years, the volume of goods has been increasing. From a regional perspective, I think it still has a positive impact.

In addition, within the scope of our services, there are several sets of teams, that is, one set of warehousing teams and one set of logistics teams. There may be a storage yard and two or three other sets of logistics teams below. The first is our comprehensive service, our relative service ability is still strong. Secondly, because Chinese enterprises have moved abroad, we have advantage to build relationship with them and easier to get contracts. Therefore, it also has a positive impact on our logistics demand.

Q4: (Junmao Capital, Pan Yajun) OK, I have another question about long term. Is this our advantage from the boom to the recession in the process, our cost or efficiency advantage has expanded. In addition, we have been making progress over the years, and now we are going through a new transition. I would like to ask you how we maintain this competitive advantage in the long run. Thank you.

A: (Chairman) Thank you for your good question. What does a company's competitive advantage depend on? One depends on people, mainly on people, and the other is products. Refer to the people point, although our old chairman has retired, our entire management and team have not changed. I was promoted from CEO to chairman of the board of directors, CEO Xue was promoted from president to CEO, and the CFO and board secretary have not changed, so the stability of the company remains the same as before. Therefore, to inherit the corporate values and culture of SITC, this will not change. The other is SITC's products, the integration of land and sea will not change, and the direction of creating preferred products for customers in Asia region will not change. In addition, our service model of high frequency and high density in the sea has not changed, but is constantly strengthening. First, the cost has been continuously strengthened. Through management, our fixed cost and variable cost have been continuously reduced. For example, in 2023, our fuel consumption per nautical mile per ship will decrease by 10%, which is a tremendous cost reduction. Therefore, we are constantly pursuing the ultimate in management and constantly reducing costs. At the same time, we are constantly improving the service, and the age of our ships is constantly decreasing. In addition, the ports we serve are constantly increasing, in Southeast Asia, and even in India, some minor ports and small ports, which may be minor ports and small ports today, and may be major ports in the future. Our service is also expanding, so our competitive advantage will continue to expand in the future. Thank you.

Q5: (Oak Ridge, Wang Chen) Hello. I would like to ask if there is still room for us to increase our market share in these ports in southern China in the future, and will this happen at an accelerated pace? In addition, you mentioned earlier this year that we will expand some port lines in Southeast Asia. What are the specific ones? And how will we deploy in India this year? Thank you.

A: (CEO Xue Mingyuan) In the past few years, we have mainly carried out the following layout in the South. First, the expansion of the external network in South China. In the past few years, we expanded Bangladesh and Myanmar, and last year, we expanded India. Recently, two of our port services have also been strengthened, such as some ports in Indonesia that were not directly accessible to customers before, and now we have plans to launch services in Batam Island and some ports. We may increase these networks. On the other hand, with regard to the growth of our network in South China, our chairman just mentioned the Haikou of Hainan Island. In the past, there were some irregular additions. In the future, we will conduct long-term operations. In addition, such as the export routes to Qinzhou and Beibu Gulf, our other side still has comparative competitive advantages. Some routes to Nansha have also been added. The South China, I think, should be a region where our company will grow relatively fast in Chinese Mainland in the future.

Q6: (Oak Ridge, Wang Chen) What is the gap between us and our competitors in South China?

A: (CEO Xue Mingyuan) It is hard to say. SITC in South China is not particularly large, some of our routes in South China are relatively distinctive, like to Vietnam, we are very well-known, like Malaysia, such as port Klang, in South China is not very strong, but to East Malaysia we are very strong, relatively good, for example, to Cambodia, our service is also very good, at present we may do relatively well in South China's differentiation.

Q7: (Oak Ridge, Wang Chen) Can I understand it like this? That is to say, in South China, as there are some competitors, they entered earlier, they used to operate more mature routes, we have fewer opportunities, we still rely on some differentiation or some new routes. Do we have a chance to take in all the routes?

A: (CEO Xue Mingyuan) It's hard to say. It has to be distributed by one route and one region. The first is differentiation, we still need to do; In addition to our routes in a certain region, we may gradually strengthen and gradually become stronger. For example, we used to have one route to Haiphong, but now we have expanded it to five routes. We gradually catch up or widen the gap, which is usually the strategy. We will not just aiming for market share.

Q8: (Oak Ridge, Wang Chen) One further question, I remember that Mr. Yang was also more cautious about the Indian market. Is there any change in his view now?

A: (Chairman) You remember very well that when I was in India last year, we were more cautious, we have taken a step cautiously, we have opened our own direct route, and now the effect is still good. In the future, we would like to increase our investment in India at an appropriate time and set up our own company in the future.

Q9: (CICC, Liu Gangxian)Congratulations on the company's very solid performance, and congratulations to Mr. Yang and Mr. Xue for new positions. I have two questions. The first question is, although it may not be completely related to our company, but from the perspective of the global shipping industry, although the Red Sea has been a short-term boost, we can also see that the supply pressure is very big. Maersk's previous earnings guidance was conservative, and it also suspended its share buyback. There is also the impact of changes in alliances. So my first question I would like to ask Mr. Yang, what is your opinion about the competition trend of the whole container industry in the next few years, and whether it will have any impact on us, what kind of impact and response? This is the first question.

And then the second question, I would like to briefly ask about the current situation of our long- term price contracts. For example, the quantity of goods and the acceptability of customers. Of course, it would be nice to have some guidance on freight rates. For example, a comparison with last year, or a rough comparison with the spot rate. Thank you.

A: (Chairman) Thank you. Thank you for asking this question.

The development trend of the container market in the next few years is really difficult now, and what was supposed easy to expect to be a very simple cycle, is now complicated. The main reason is geopolitical issues. If there are no geopolitical issues, we all know that the supply of capacity, the supply of ships will still be under great pressure in 2024. It should be a key year for the downward cycle of the industry. However, because of the Red Sea, or other geopolitical crises similar to the Red Sea, leading to changes in the future supply of container shipping industry, or from the original oversupply to the shortage of supply, this possibility is very large. Therefore, I think it is still very difficult to judge how the future will develop, but I think we can consider this question more specifically. For example, why did the Red Sea crisis happen? Because of the Israeli-Palestinian conflict, of course. Because of the Israeli-Palestinian conflict, there is the issue of the Red Sea. So if the Israeli-Palestinian conflict ends, will the Red Sea problem end? I don't think so. In other words, what is the appeal of creator of the Red Sea crisis? If the real demand is not the Palestinian-Israeli crisis, the crisis may continue. So I'm still a little confused as to what their real demands are. This is a very uncertain factor that will affect the supply of container market in the next few years. In addition, if this goes on for a few more years, will the supply problem still be a huge problem? Maybe not.

If the crisis persists, the capacity of existing ships may not be surplus. But since last year there has been almost no new shipbuilding orders. But after two or three years, there are a lot of old ships that have to be eliminated. Due to the epidemic in the past three years, a large number of ships are in a condition of premature aging, and old ships have not been demolished. If we continue for another two or three years, that is to say, there will be a period of seven or eight years. These old ships and ones in premature aging condition will probably have to be demolished. So the balance of supply is difficult to talk about.

It's really hard to judge the next two or three years, very hard. But from another perspective, from the demand side, everyone may feel that the market is not so good, but the data we have is still good. According to the data we have seen and the import data from the United States, it is still good. Especially in the next few years, I believe that regionalization and globalization may come under some pressure. But regionalization will bring huge growth opportunities, especially in Asia, and there may be a wave of very big opportunities in the future, so the demand side is a certain opportunity, and the supply side is an uncertainty.

A: (CEO Xue Mingyuan) OK, let's answer your second question about the Long-term contracts. At present, the price of the long-term contracts has actually returned to normal. Of course, compared with the first quarter of last year, it must be lower. Because the price last was a continuation of the 2022, many prices are actually continuation of the market price at that time. I think this phenomenon should be similar across the entire industry.

The current price has basically returned to the pre-epidemic price, spot price and long-term contract price, and it is not easy to say how it will change, which is high or low. But in general, the judgment of each customer is based on the spot price of a year or a period of time, and the price is customer-made. Generally speaking, there should be no big difference between two years. Only in the past 2022 and 2021, when the epidemic was very volatile, there was a very big difference between the long-term price and the spot price.

Q10: (Ruiyuan Fund, Zhou Yijing) I would like to ask a question, regarding chartering and self owned vessels. Now the proportion of our owned ships has reached 94%. It is a very high level, not only comparing with competitors or the company’s record. It seems that we are also a little cautious about the market. My question is that we have seen that the Asian chartering index, Afeedex, actually fell a lot before the Red Sea crisis. So in the future, for example, if the market normalizes, what might be our ideal ratio of chartering and owned vessels? Is it possible that we will sell more ships and expand the capacity by chartering?

A (CEO Xue Mingyuan) Our owned fleet have two advantages. The first is profitability. Since the chartering rate dropped at the end of last year, our owned vessels still could make profit. Because we order the vessel when the price was at very low level. Besides, the management efficiency of the company was still relatively high. Therefore, our ships have always been profitable according to the market rate. The second is the high efficiency of our own ships, as our chairman and General Manager Xue have just mentioned, that is, our fuel efficiency has been greatly improved. This is also closely related to the efficiency of our own vessels. We are involved in the initial research and development of these ships, the improvement before manufacturing, and the improvement in the manufacturing process. So the overall operational efficiency of our entire fleet is quite high. As for the proportion of our fleet, I don't worry about that. We have a high proportion of our own ships, and we can make profit by chartering. The main factor is the quality of our assets. First, the price of our investment is not very high. Second, the efficiency of vessel type we have invested in is good enough.

A: (Chairman) The reason for the high proportion of our own ships is that we have lowered the

leverage ratio based on the cyclical decline of the market in the future, so as to be safe. Because chartering more ships is tantamount to increasing leverage. For the safety of the company, in fact, in the second half of last year, the third quarter, especially the fourth quarter, most container shipping companies have suffered loss, but SITC is still very profitable. One of the most important reasons is that we do not increase leverage, this is obvious. But what does it bring for us in the future? An opportunity to expand, because we're not leveraging. If there are opportunities in the future market, one is that the market has incremental opportunities, or the market is particularly cheap opportunities. We can all rapidly expand our market share by adding leverage. So now we have the flexibility for offense or defense. Thank you.

Q11: (Fortune Winning, Gao Ning) Hello management, I would like to ask the proportion of our customers belong to the supply chain? Because I think the management just said that they don't think China's economy is bad, I think it has something to do with our customer structure, that is, our customers are some big companies, and now in this economic situation, maybe big companies will survive better. In addition, we are a business segment with the shift of the industrial chain of other big companies, and this is exactly the trend. Is that the reason you said that China's economy is very good, which I may not agree with. However, I wonder if it has something to do with our business structure. What proportion is the cargo association with supply chain?

A (CEO Xue Mingyuan) We haven't really done the statistics on the proportion of customers in supply chain. But we believe that on the same route the proportion in our company is relatively high among all shipping companies. Because our business model is set in this way, that is, high frequency, high density, and our transportation speed is also fast, so as to provide a very good service to customers in the supply chain.

For example, for solar energy, a large proportion of the goods we do are the transportation of raw materials in their supply chain, that is, the transportation of its parts, but we may give up relatively more of the transportation of finished products, because it has relatively low transportation requirements, but the price requirements are relatively high. In terms of our revenue, these customers have a relatively positive impact on our revenue. Not just for SITC, the recent volume of goods should be good in the whole market.

Q12: (Oak Ridge, Wang Chen) Could you please introduce the specific capital expenditure plan?

A: (CFO, Liu Kecheng) The capital expenditure for 2024 is about 250 million US dollars. That includes the payment on this new ship we signed earlier, which is about $170 million. The investment for the container is about 50 million US dollars, and the investment for the logistics project is 30 million US dollars.

Q13: (Huatai Securities, Lin Shan) Hello, management. I would like to add one more long-term question. I would like to try to understand the competitive advantages of SITC, especially the high frequency, high density and high quality supply chain services that we have been talking about. I would like to ask, because in the past ten years of a cycle, maybe our competitors are busy in the European and American markets. Looking at a cycle in the next ten years, we also judge that, for example, Maersk or Hapag-Lloyd, everyone is also emphasizing the improvement of service quality and on-time rate. So I would like to ask, if you look at the next 10 years, how do we think about our competitors, they are also changing their business model, or they are also learning from SITC's business model. How do we see the impacts to us if our competitors change business models in the long run? Thank you.

A: (Chairman) Every company wants to do well, not for now, from maybe 100, 200 or 10 years ago, that's the way it was. But from the establishment of SITC until now, our strategy, our values and our products have not changed. For example, we are building a century-old store, we are paying attention to repeat customers, pay attention to our existing customers and its repeat purchase rate. At the same time, because our customers, supply chain customers are more, they have higher requirements for service. Therefore, we have also created a high frequency, high density sea and land integration to meet the needs of our supply chain customers, based on self-owned ships. We will make the product advantages more and more powerful. But every company has its own strategy, and SITC's strategy will never change. But some company strategy may want to do this today, do that tomorrow, want to do air transportation today, but also do land transportation tomorrow, the day after tomorrow to do freight forwarding. I believe they are right based on their capabilities and based on their market and customer. But every company wants to create its own competitive advantage, but SITC's competitive advantage is very simple, but also very difficult. We are built with time, and the value of time is more vividly reflected in our products. With the continuous extension of time, I believe that the competitiveness of our products will be more obvious. In the past, it has already been obvious, for example, in Southeast Asia, almost no company can make money in the Southeast Asian market. However, what we have done in Southeast Asia is still relatively smooth, which is the reflection of our competitive advantage in this market. Therefore, we will continue to maintain and strengthen this advantage. In the future, I believe that in 5 to 10 years, or even a little longer, our competitive advantage will still be maintained and even expanded. Thank you.

Q14: (SWS Research, Yan Hai) Hello management, this is Yan Hai from SWS Research. I have been following our company. In fact, I have been paying close attention to the situation of the China-Japan-South Korea lines recently. We have seen the rise of many new routes. But what will happen when cargo volume of one route declines? Indeed, according to our current international relations, the trend of declining cargo volume of China, Japan and South Korea routes may continue. The original relatively stable competition pattern, how do our management comment about it? First, the cargo volume of China, Japan and South Korea route. Second, will there be any changes to the stable competition pattern in the past? In addition, what is the comprehensive impact of the volume decline in this trading business and the adjustment of our route fleet on our cost and income? Thank you.

A: (Chairman) I'm not sure about the details, but I think the benefits are getting bigger and bigger. A: (CEO Xue Mingyuan) China, Japan and South Korea, I agree with the analyst that the volume of goods between China, Japan and South Korea is actually shrinking, and the potential for future growth is not very big. But for SITC, we don't worry too much. The first reason is that we used to start from China, Japan and Korea, and now our business volume between China, Japan and Korea is also decreasing. In addition, our local business, from Southeast Asia to Japan and Southeast Asia to South Korea, is actually growing relatively fast. In fact, our local business volume is still growing, but the flow direction has changed to a certain extent. In addition, the largest share in this market is a 20% to 30%, as long as we do well, we do not worry about the survival of the route. Our company has been serving China, Japan and Korea for many years, and we have indeed won the recognition of many customers. If we maintain this service advantage, if the overall cargo volume declines, who to be eliminated at first will certainly be the companies customers do not choose, we believe that we can still stand in this route.

Q15: (Jun MAO Capital, Pan Yajun) Mr. Yang, I would like to ask you again, that is, to follow the question asked by that friend just now, that is our business model. As you said just now, our advantage will continue to expand. How can we estimate or measure the future scale of our model? Thank you.

A: (Chairman) This is difficult to answer, but I always have confidence. For example, I was asked ten years ago, how much more capacity can you invest in the Southeast Asian market? I remember ten years ago, when we were operating about 50 ships, he didn't think it was possible to add any more. Now we operate more than 100 ships, but we still see a lot of routes that need to be strengthened, but we can't cover it all at once, we have to go step by step. Every year I take a small step forward. Ten years is a big step forward. For example, following up on the issue of Japan and Korea mentioned by our friend SWS just now, the new demand will be between Southeast Asia and Japan and Korea, and the other new demand will be within Southeast Asia. Another is the division of labor between Southeast Asia, for example, the original market in Southeast Asia was only Thailand, later there was a Vietnam, and now Indonesia has been added, so there may be many more places in the future, such as the Philippines and Malaysia, there are still so many places to go, many places are waiting for us. Just mentioned the Batam Island, in fact, this point is near Singapore, but we are the first company to open such a direct route service. There are many places like this point, but we have not developed, I think it takes time, the value of this time is here.

Q16: (Tao Investment, Mai Daomin) The volume of goods is going well this year, then I want to know is it a sudden increase in orders from individual customers and the same company, or is it due to the increase in the number of your customers?

A: (CEO Xue Mingyuan) This growth is basically from the growth of our old customers' orders. Because in the containerization industry, it is difficult to get customers quickly except for dumping prices. The growth of cargo volume is basically due to the growth of this cargo volume mainly from our old customers.

Q17: (HSBC, Bruce Zhu) This is that the dividend payout ratio is about 70% this year, and no special dividend has been declared. So considering that the overall environment may be gradually improving in the next year or so, and the capital expenditure will gradually come down, will we consider paying a special dividend? In addition, as for the cost per TEU this year, will it be changed year on year? Can we still see room for further improvement and decrease? If so, what are the major factors, such as which cost items will be the biggest contributor? Thank you.

A: (Chairman) There should be special dividends, and it could be made every one or two year depending on company’s condition.

A: (CFO, Liu Kecheng) I just talked about the capital expenditure for next year. In fact, in the past few years, as you know, the US dollar has raised interest rates. Of course, our cash on the books is very sufficient, and the level of debt is extremely low. In fact, there is a lot of room for dividend payouts in the future. If the US dollar cuts interest rates in the future, from our own point of view, we will certainly have room to increase the dividend payout ratio and make special dividends. In the next few years, although this year's capital expenditure is more than 200 million, of course, we are very confident in the profit forecast. But from the financial point of view, we will be relatively conservative to review, we have always been a net cash situation, I think the dividend will depend on next year's business and the US dollar interest rate situation. There will certainly be a special dividend, but it is just a question of whether it will happen next year or another year. Thank you.

A: (Chairman) As for the cost reduction, there is no end. That is to say, there is no lowest cost, only lower. Then there are several aspects to reduce the cost. One aspect is passive, the other is active. Passive, for example, if the interest rate of the US dollar rises and the exchange rate of other countries falls, naturally it may be passive that our cost will fall, but some costs may be difficult, such as depreciation you can't change, and the oil price can't change. However, we can reduce the consumption of variable costs through management. For example, the consumption of oil, other spare parts, and some other aspects of some cost consumption, this can be achieved through management.

The other biggest method of the cost reduction is by what? By efficiency. Technology and efficiency continue to improve efficiency, continue to improve the speed of our ship's turnover and sailing time, as well as the improvement of the utilization, can continue to reduce the cost per TEU, which is what we continue to pursue. We are constantly optimizing our models to reduce the cost. Thank you.

Q18: (CITIC Construction Investment, Han Jun) Thank you, host. Good afternoon, management, I

am CITIC Construction Investment Han Jun.

I'm just asking if we can explain some of the recent changes of the rates for the Southeast Asian markets in general and Thailand in particular. As far as I am concerned, the freight rate for the Thailand route this year is still higher than that of the same period last year. But the price of other Southeast Asia routes may be relatively weak. Then there is a correction of the whole price recently. I would like to ask the management to help us outlook to the freight rate of the whole Southeast Asia route in the first quarter or the second quarter.

Then the other thing is the price of this Japan route, can you see that compared with the same period last year, in fact, the drop is still a little big, then could the management explain again, is it the problem on the demand side of the whole China-Japan route, or on the supply side? Just now, there is also a question about the stock of the route. As far as I recall, there has been no significant increase in the cargo volume of the China- Japan route for many years. It has remained the same. Therefore, it is not a new thing. So I was thinking that before the epidemic in the past, the freight rate of the China-Japan route also rose relatively fast during this period, and now it has dropped more. Could the management explain this reason again? And now, what is the absolute rate of the freight on the China-Japan route? Thank you management for these three questions.

A: (CEO Xue Mingyuan) In fact, the price of Southeast Asia and the price of Japan and Japan routes, basically the cycle is similar. Generally, it is from October to November every year to the time before the Spring Festival, when the cargo is the most full, so the freight rate generally appears the highest level before the Spring Festival, and it will be adjusted back after the Spring Festival, and it will start to rise in March. However, this year should be expected to be much better than last year after the holiday, the freight rate reduction after the holiday is not large, and the range is not very wide. Of course, compared with the same period last year, I think it is lower, because last year was still in the cycle of high freight price decline. The cargo volume of the China- Japan route is also good in the first week of March. Now the cargo volume is gradually increasing, and it should be very good until the end of April.

Of course, there are also some areas, affected by festivals, such as Indonesia's Ramadan, and Thailand's Songkran Festival, will cause individual impact of one week or two weeks. But overall, rates are better than expected this year, at least compared to the expectations we saw in the third quarter and the second quarter of last year. Of course, one is the demand is good, in addition, you can see that the spot charter rate is very high, 1800, 1900TEU Bangkokmax ship, now the rate in Asia also reached 15,000, 16,000 US dollars. When the new capacity is invested, this cost is really incurred, the space for price reduction is relatively small, and it is difficult to reduce the cost to open a new route. If the current charter hire is very low, for example, 7000 or 8000 US dollars. It may be very difficult to maintain the current price in Southeast Asia, including Japan, which is a linkage effect. Therefore, we are not worried about too much if more capacity flooding into this market, because the cost of chartering is still very high.