SINOTRANS LIMITED

中 國 外 運 股 份 有 限 公 司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 598)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

I. GROUP RESULTS

The board of directors of Sinotrans Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007 together with the comparative figures in 2006, which have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as follows:

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2007

		For the six months ended 30 June	
	Note	**2007**	2006
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
Continuing operations			
Turnover	3	**17,694,578**	14,781,121
Other income		**47,950**	61,132
		17,742,528	14,842,253
Business tax and other surcharges		**(149,959)**	(141,259)
Transportation and related charges		**(14,229,978)**	(11,462,208)
Staff costs		**(1,034,476)**	(906,536)
Depreciation and amortisation		**(175,586)**	(158,603)
Repairs and maintenance		**(62,425)**	(57,377)
Fuel		**(359,979)**	(432,555)
Travel and promotional expenses		**(164,520)**	(142,064)
Office and communications expenses		**(108,011)**	(85,625)
Rental expenses		**(600,965)**	(772,059)
Other operating expenses		**(218,708)**	(193,417)

	Note	For the six months ended 30 June	
		2007	2006
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
Operating profit	4	**637,921**	490,550
Finance (expenses)/income, net	5	**(8,846)**	24,847
		629,075	515,397
Share of profit of associates		**6,541**	8,380
Profit before taxation		**635,616**	523,777
Taxation	6	**(180,913)**	(183,377)
Profit for the period from continuing operations		**454,703**	340,400
Discontinued operations			
Profit for the period from discontinued operations	9	**70,663**	73,547
Profit for the period		**525,366**	413,947
Attributable to:			
Equity holders of the Company		**394,587**	321,369
Minority interests		**130,779**	92,578
		525,366	413,947
Declared interim dividend	7(b)	**(127,470)**	(127,470)
Earnings per share for continuing operations, basic and diluted	8	**RMB0.080**	RMB0.063
Earnings per share for discontinued operations, basic and diluted	8	**RMB0.013**	RMB0.013

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Note	**30 June 2007** ***RMB'000*** ***(Unaudited)***	31 December 2006 *RMB'000* *(Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment		**3,301,757**	3,042,292
Prepayments for acquisition of land use rights		**372,907**	277,907
Investment property		**11,994**	—
Land use rights		**767,726**	630,927
Intangible assets		**82,732**	89,076
Investments in associates		**208,743**	202,093
Held-to-maturity financial assets		**60,924**	62,470
Available-for-sale financial assets		**783,200**	412,000
Other non-current assets		**109,426**	95,732
Deferred tax assets		**205,619**	243,213
		5,905,028	5,055,710
Current assets			
Prepayments, deposits and other current assets		**461,435**	400,492
Inventories		**25,409**	29,577
Trade and other receivables	10	**6,381,592**	5,179,997
Financial assets at fair value through profit or loss		**529**	344
Restricted cash		**41,351**	36,336
Term deposits with initial terms of over three months		**774,114**	870,449
Cash and cash equivalents		**4,106,163**	4,370,968
		11,790,593	10,888,163
Non-current assets classified as held for sale	9	**9,024**	9,024
Total assets		**17,704,645**	15,952,897

	Note	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Capital and reserves attributable to the Company's equity holders			
Share capital		**4,249,002**	4,249,002
Reserves		**3,597,751**	3,176,191
Dividend declared/proposed		**127,470**	84,980
Equity holders' equity		**7,974,223**	7,510,173
Minority interests		**1,818,295**	1,709,280
Total equity		**9,792,518**	9,219,453
Non-current liabilities			
Borrowings		**4,500**	9,000
Deferred tax liabilities		**163,947**	142,904
Provisions		**108,905**	128,252
Other liabilities		**10,586**	10,220
		287,938	290,376
Current liabilities			
Trade payables	11	**4,611,648**	3,971,768
Other payables, accruals and other current liabilities		**718,828**	532,954
Receipts in advance from customers		**1,066,747**	747,974
Deferred income arising from discontinued operations	9	**213,726**	316,329
Current tax liabilities		**242,983**	243,551
Borrowings		**247,122**	103,233
Salary and welfare payable		**523,135**	527,259
		7,624,189	6,443,068
Total liabilities		**7,912,127**	6,733,444
Total equity and liabilities		**17,704,645**	15,952,897

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	For the six months ended 30 June 2007 (Unaudited)						
	Attributable to equity holders of the Company						
	Share capital	Capital reserve	Statutory surplus reserve	Investment revaluation reserve	Retained earnings	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2007	**4,249,002**	**1,070,945**	**396,852**	**85,107**	**1,708,267**	**1,709,280**	**9,219,453**
Fair value gain on available-for-sale financial assets, net of taxation	**—**	**—**	**—**	**186,222**	**—**	**107,218**	**293,440**
Reversal of deferred tax assets arising from revaluation surplus deductible for income tax purposes *(Note 6)*	**—**	**(31,779)**	**—**	**—**	**—**	**—**	**(31,779)**
Net income/(expenses) recognised directly in equity	**—**	**(31,779)**	**—**	**186,222**	**—**	**107,218**	**261,661**
Profit for the period	**—**	**—**	**—**	**—**	**394,587**	**130,779**	**525,366**
Total recognised income/(expenses) for the period	**—**	**(31,779)**	**—**	**186,222**	**394,587**	**237,997**	**787,027**
2006 final dividend	**—**	**—**	**—**	**—**	**(84,980)**	**—**	**(84,980)**
Dividends declared to minority shareholders	**—**	**—**	**—**	**—**	**—**	**(134,798)**	**(134,798)**
Contribution from minority interests	**—**	**—**	**—**	**—**	**—**	**5,816**	**5,816**
Transfer to statutory reserves	**—**	**—**	**38,738**	**—**	**(38,738)**	**—**	**—**
As at 30 June 2007	**4,249,002**	**1,039,166**	**435,590**	**271,329**	**1,979,136**	**1,818,295**	**9,792,518**
Representing:							
Share capital and reserves	**4,249,002**	**1,039,166**	**435,590**	**271,329**	**1,851,666**	**1,818,295**	**9,665,048**
2007 proposed interim dividend	**—**	**—**	**—**	**—**	**127,470**	**—**	**127,470**
As at 30 June 2007	**4,249,002**	**1,039,166**	**435,590**	**271,329**	**1,979,136**	**1,818,295**	**9,792,518**

For the six months ended 30 June 2006 (Unaudited)

	Attributable to equity holders of the Company						
	Share capital	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Retained earnings	Minority interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2006	4,249,002	1,295,248	225,503	112,751	1,437,004	1,193,478	8,512,986
Profit for the period	—	—	—	—	321,369	92,578	413,947
2005 final dividend	—	—	—	—	(161,462)	—	(161,462)
Acquisition of subsidiaries	—	—	—	—	—	21,465	21,465
Dividends declared to minority shareholders	—	—	—	—	—	(63,164)	(63,164)
Transfer to statutory reserves	—	—	142,408	(112,751)	(29,657)	—	—
As at 30 June 2006	4,249,002	1,295,248	367,911	—	1,567,254	1,244,357	8,723,772
Representing:							
Share capital and reserves	4,249,002	1,295,248	367,911	—	1,439,784	1,244,357	8,596,302
2006 proposed interim dividend	—	—	—	—	127,470	—	127,470
As at 30 June 2006	4,249,002	1,295,248	367,911	—	1,567,254	1,244,357	8,723,772

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GROUP REORGANISATION AND PRINCIPAL ACTIVITIES

The Company was established in the People's Republic of China (the "PRC") on 20 November 2002 as a joint stock company with limited liability as a result of a group reorganisation of China National Foreign Trade Transportation (Group) Corporation ("Sinotrans Group Company") in preparation for a listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"). The initial registered capital of the Company is RMB2,624,087,200, consisting of 2,624,087,200 shares of par value of RMB1.00 per share.

In February 2003, the Company completed its global initial public offering ("Global offering"). 1,787,406,000 H shares were offered to the public which comprise 1,624,915,000 new shares issued by the Company and 162,491,000 shares offered by Sinotrans Group Company. As a result, the issued share capital of the Company increased from 2,624,087,200 shares to 4,249,002,200 shares, comprising 2,461,596,200 domestic shares and 1,787,406,000 H shares, representing 57.9% and 42.1% of the issued capital respectively.

The principal activities of the Group include freight forwarding, shipping agency, express services, marine transportation, storage and terminal services, trucking and other services.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information has been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board and Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing Rules").

This unaudited condensed consolidated interim financial information should be read in conjunction with the 2006 annual financial statements.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2006, as described in the annual financial statements for the year ended 31 December 2006. The following new standard, amendments to standards and interpretations are mandatory for financial year ending 31 December 2007 and applicable to the Group:

- Amendment to IAS 1, 'Presentation of Financial Statements — Capital Disclosures', effective for annual periods beginning on or after 1 January 2007. The Group will apply the amendment to IAS 1 in the annual financial statements for the year ending 31 December 2007;

- IFRS 7, 'Financial instruments: Disclosures', effective for annual periods beginning on or after 1 January 2007. The Group will apply IFRS 7 in the annual financial statements for the year ending 31 December 2007; and

- IFRIC Interpretation 10, 'Interim Financial Reporting and Impairment', effective for annual periods beginning on or after 1 November 2006. The interpretation has no material impact to the Group.

The following new interpretations are mandatory for financial year ending 31 December 2007 but not relevant to the Group:

- IFRIC Interpretation 7, 'Applying the Restatement Approach under IFRS 29', effective for annual periods beginning on or after 1 March 2006;

- IFRIC Interpretation 8, 'Scope of IFRS 2', effective for annual periods beginning on or after 1 May 2006; and

- IFRIC Interpretation 9, 'Reassessment of Embedded Derivatives', effective for annual periods beginning on or after 1 June 2006.

The following new standard, amendments to standard and interpretations have been issued but are not effective for 2007 and have not been early adopted. The Group is assessing the impact of these standards, amendments and interpretations to the Group's operations:

- IFRS 8, 'Operating Segments', effective for annual periods beginning on or after 1 January 2009;

- Revised IAS 23, 'Borrowing Costs', effective for annual periods beginning on or after 1 January 2009;

- IFRIC Interpretation 11, 'IFRS 2 — Group and Treasury Share Transactions', effective for annual periods beginning on or after 1 March 2007;

- IFRIC Interpretation 12, 'Service Concession Arrangements', effective for annual periods beginning on or after 1 January 2008;

- IFRIC Interpretation 13: 'Customer Loyalty Programmes', effective for annual periods beginning on or after 1 July 2008; and

- IFRIC Interpretation 14: 'IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction', effective for annual periods beginning on or after 1 January 2008.

3. TURNOVER AND SEGMENT INFORMATION

(a) Primary reporting format — business segments

The Group has five main business segments: freight forwarding, shipping agency, express services, marine transportation and storage and terminal services. Other operations of the Group mainly comprise trucking and other related support services. None of them is of a sufficient size to be reported separately.

	For the six months ended 30 June 2007 (Unaudited)							
	Freight forwarding	**Shipping agency**	**Express services**	**Marine transportation**	**Storage and terminal services**	**Other**	**Inter-segment elimination**	**Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Continuing operations								
Turnover — external	**13,705,104**	**299,674**	**1,580,748**	**1,224,642**	**587,473**	**296,937**	**—**	**17,694,578**
Turnover — inter-segment	**48,643**	**14,597**	**2,919**	**130,126**	**77,688**	**65,119**	**(339,092)**	**—**
	13,753,747	**314,271**	**1,583,667**	**1,354,768**	**665,161**	**362,056**	**(339,092)**	**17,694,578**
Segment results	**263,680**	**155,211**	**204,548**	**(77,386)**	**157,081**	**9,723**	**—**	**712,857**
Unallocated costs								**(74,936)**
Operating profit								**637,921**
Finance expenses, net								**(8,846)**
								629,075
Share of profit of associates								**6,541**
Profit before taxation								**635,616**
Taxation								**(180,913)**
Profit for the period from continuing operations								**454,703**
Discontinued operations								
Profit for the period from discontinued operations			**70,663**					**70,663**
Profit for the period								**525,366**

	For the six months ended 30 June 2006 (Unaudited)							
	Freight forwarding	Shipping agency	Express services	Marine transportation	Storage and terminal services	Other	Inter-segment elimination	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Continuing operations								
Turnover — external	10,677,396	291,169	1,444,993	1,659,491	471,601	236,471	—	14,781,121
Turnover — inter-segment	37,640	7,846	1,234	144,146	64,820	31,763	(287,449)	—
	10,715,036	299,015	1,446,227	1,803,637	536,421	268,234	(287,449)	14,781,121
Segment results	207,347	131,218	212,442	(138,922)	113,961	9,688	—	535,734
Unallocated costs								(45,184)
Operating profit								490,550
Finance income, net								24,847
								515,397
Share of profit of associates								8,380
Profit before taxation								523,777
Taxation								(183,377)
Profit for the period from continuing operations								340,400
Discontinued operations								
Profit for the period from discontinued operations			73,547					73,547
Profit for the period								413,947

Other segment information is as follows:

For the six months ended 30 June 2007 (Unaudited)

	Freight forwarding *RMB'000*	**Shipping agency** *RMB'000*	**Express services** *RMB'000*	**Marine transportation** *RMB'000*	**Storage and terminal services** *RMB'000*	**Other** *RMB'000*	**Discontinued operations** *RMB'000*	**Unallocated** *MB'000*	**Group** *RMB'000*
Other information									
Capital expenditure	**250,918**	**949**	**78,172**	**7,675**	**275,248**	**32,489**	**—**	**3,003**	**648,454**
Depreciation	**53,305**	**4,985**	**37,164**	**8,687**	**36,754**	**17,279**	**—**	**7,540**	**165,714**
Amortisation	**908**	**—**	**3,037**	**—**	**—**	**—**	**—**	**5,927**	**9,872**
Reversal of impairment loss on property, plant and equipment	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Provision for/(reversal of) impairment loss of receivables and bad debts written off	**7,241**	**(571)**	**1,339**	**1,017**	**143**	**60**	**(2,966)**	**—**	**6,263**

For the six months ended 30 June 2006 (Unaudited)

	Freight forwarding *RMB'000*	Shipping agency *RMB'000*	Express services *RMB'000*	Marine transportation *RMB'000*	Storage and terminal services *RMB'000*	Other *RMB'000*	Discontinued operations *RMB'000*	Unallocated *RMB'000*	Group *RMB'000*
Other information									
Capital expenditure	157,143	6,554	80,113	4,864	181,166	70,559	—	12,219	512,618
Depreciation	55,135	4,805	39,344	2,893	34,519	6,940	—	7,118	150,754
Amortisation	792	—	2,610	—	—	—	—	4,447	7,849
Reversal of impairment loss on property, plant and equipment	(308)	—	—	—	—	—	—	—	(308)
Provision for/(reversal of) impairment loss of receivables and bad debts written off	6,224	1,211	63	158	(1,125)	802	(15,579)	—	(8,246)

The segment assets and liabilities as at 30 June 2007 and 31 December 2006 are as follows:

	As at 30 June 2007 (Unaudited)							
	Freight forwarding	**Shipping agency**	**Express services**	**Marine transportation**	**Storage and terminal services**	**Other**	**Inter-segment elimination**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Assets								
Segment assets	**8,460,715**	**1,306,204**	**2,681,582**	**1,239,200**	**2,280,935**	**463,826**	**(816,573)**	**15,615,889**
Investments in associates								**208,743**
Non-current assets classified as held for sale *(Note 9)*								**9,024**
Available-for-sale financial assets								**783,200**
Unallocated assets								**1,087,789**
Total assets								**17,704,645**
Liabilities								
Segment liabilities	**4,794,454**	**900,378**	**1,039,510**	**966,758**	**344,528**	**170,442**	**(816,573)**	**7,399,497**
Unallocated liabilities								**512,630**
Total liabilities								**7,912,127**

	As at 31 December 2006 (Audited)							
	Freight forwarding	Shipping agency	Express services	Marine transportation	Storage and terminal services	Other	Inter-segment elimination	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets								
Segment assets	7,448,603	1,277,642	2,602,441	1,232,291	2,003,028	397,948	(805,886)	14,156,067
Investments in associates								202,093
Non-current assets classified as held for sale *(Note 9)*								9,024
Available-for-sales financial assets								412,000
Unallocated assets								1,173,713
Total assets								15,952,897
Liabilities								
Segment liabilities	3,855,672	860,049	963,198	1,026,742	291,842	108,033	(805,886)	6,299,650
Unallocated liabilities								433,794
Total liabilities								6,733,444

(b) Secondary reporting format — geographical segments

The Group's businesses operate in four main geographical areas within the PRC:

(i) Northern China — Including core strategic locations in Liaoning, Tianjin as well as the operations of Sinotrans Air Transportation Development Co., Ltd. ("Sinoair"), a subsidiary of the Company, in Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia and Henan.

(ii) Eastern China — Including 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.

(iii) Southern China — Including core strategic locations in Guangdong and Hubei, as well as the operations of Sinoair in Hubei, Hunan, Guangdong, Guangxi, Hainan, Guizhou and Yunnan.

(iv) Other locations — Including primarily the air freight forwarding and express services operated by Sinoair and certain jointly controlled entities of the Group in locations other than the above.

	For the six months ended 30 June 2007 (Unaudited)				
	Turnover — external *RMB'000*	**Turnover — inter-segment** *RMB'000*	**Total turnover** *RMB'000*	**Segment results** *RMB'000*	**Capital expenditure** *RMB'000*
Continuing operations					
Northern China	**2,932,405**	**9,572**	**2,941,977**	**50,577**	**135,486**
Eastern China	**12,360,706**	**63,579**	**12,424,285**	**439,974**	**198,983**
Southern China	**2,198,796**	**16,166**	**2,214,962**	**223,335**	**183,676**
Other locations	**202,671**	**10**	**202,681**	**(1,029)**	**130,309**
Inter-segment elimination	**—**	**(89,327)**	**(89,327)**	**—**	**—**
	17,694,578	**—**	**17,694,578**	**712,857**	**648,454**
Unallocated costs				**(74,936)**	
Operating profit				**637,921**	
Discontinued operations					
Northern China	**—**	**—**	**—**	**773**	
Eastern China	**—**	**—**	**—**	**871**	
Southern China	**—**	**—**	**—**	**267**	
Other locations	**—**	**—**	**—**	**1,055**	
	—	**—**	**—**	**2,966**	
Unallocated costs				**—**	
Operating profit *(Note 9)*				**2,966**	

	For the six months ended 30 June 2006 (Unaudited)				
	Turnover — external	Turnover — inter-segment	Total turnover	Segment results	Capital expenditure
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Continuing operations					
Northern China	1,725,949	5,104	1,731,053	33,976	90,150
Eastern China	10,706,625	46,894	10,753,519	304,723	259,286
Southern China	2,134,671	16,539	2,151,210	199,185	148,520
Other locations	213,876	—	213,876	(2,150)	14,662
Inter-segment elimination	—	(68,537)	(68,537)	—	—
	14,781,121	—	14,781,121	535,734	512,618
Unallocated costs				(45,184)	
Operating profit				490,550	
Discontinued operations					
Northern China	—	—	—	819	
Eastern China	—	—	—	13,004	
Southern China	—	—	—	1,756	
	—	—	—	15,579	
Unallocated costs				—	
Operating profit *(Note 9)*				15,579	

The segment assets as at 30 June 2007 and 31 December 2006 are as follows:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Northern China	**4,132,611**	3,805,404
Eastern China	**8,634,568**	7,992,609
Southern China	**2,375,930**	2,108,485
Other locations	**568,617**	361,164
Inter-segment elimination	**(95,837)**	(111,595)
	15,615,889	14,156,067
Investments in associates	**208,743**	202,093
Non-current assets classified as held for sale *(Note 9)*	**9,024**	9,024
Available-for-sales financial assets	**783,200**	412,000
Unallocated assets	**1,087,789**	1,173,713
Total assets	**17,704,645**	15,952,897

4. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Crediting		
Rental income from		
— land and buildings	**11,187**	8,761
— plant and machinery	**133**	845
Gain on disposal of property, plant and equipment	**1,268**	9,478
Charging		
Depreciation		
— owned property, plant and equipment	**160,100**	146,394
— owned property, plant and equipment leased out under operating leases	**5,614**	4,360
Loss on disposal of property, plant and equipment	**3,509**	4,544
Provision for impairment of receivables and bad debts written off	**9,229**	7,333
Operating leases		
— land use rights	**9,531**	4,951
— buildings	**109,378**	94,774
— plant and equipment	**482,056**	672,334
Amortisation of intangible assets	**9,872**	7,849

5. FINANCE (EXPENSES)/INCOME, NET

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Interest income on bank balances	**40,011**	42,058
Interest expenses on bank loans	**(6,217)**	(2,590)
Exchange losses, net	**(37,876)**	(10,059)
Bank charges	**(4,764)**	(4,562)
	(8,846)	24,847

6. TAXATION

Taxation in the unaudited condensed consolidated income statement represents:

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
PRC income tax		
— current	**188,946**	209,030
— deferred	**3,759**	(3,623)
	192,705	205,407
Representing:		
PRC income tax from continuing operations	**180,913**	183,377
PRC income tax from discontinued operations	**11,792**	22,030

No provision for Hong Kong profits tax has been made as there were no Hong Kong assessable profits for the six-month periods ended 30 June 2007 and 30 June 2006.

Taxation has been provided on the tax laws and regulations applicable to the PRC enterprises.

The Group provides for corporate income tax on the basis of its profit for financial reporting purposes, adjusted for income and expense items that are not assessable or deductible for corporate income tax purposes.

The provision for PRC current income tax is based on the statutory rate of 33% (2006: 33%) of the assessable income of each of the companies comprising the Group as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries or jointly controlled entities which are taxed at preferential rates ranging from 0% to 30% (2006: 0% to 30%) based on the relevant PRC tax laws and regulations.

Deferred income taxes are calculated in respect of temporary differences under the liability method using the tax rates which are enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

On 31 March 2003, the Group obtained an approval from the Ministry of Finance and the State Administration of Taxation of the PRC that the additional depreciation and amortisation on the asset revaluation surplus of approximately RMB839,800,000, arising from the Reorganisation, which was recorded by the Group in the financial statements prepared under PRC accounting standards, is deductible for enterprise income tax purposes. Since the Group did not recognise the above asset revaluation surplus in its financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), a deferred tax asset of RMB221,678,000 was recognised and credited into capital reserve in 2003. Such deferred tax asset is charged to taxation during each period based on the depreciation and amortisation on the asset revaluation surplus.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law reduces the corporate income tax rate for domestic enterprises from 33% to 25% with effect from 1 January 2008. As a result of the new CIT Law, the carrying value of deferred tax assets has been written down by RMB31,779,000 and deferred tax liabilities has been decreased by RMB15,040,000, respectively, in the six-month period ended 30 June 2007.

The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Company will reassess their impact, if any, and this change in accounting estimate will be accounted for prospectively.

7. PROFIT APPROPRIATIONS

(a) Statutory surplus reserve

In accordance with the relevant PRC regulations and the Articles of Association of the Company, every year the Company is required to transfer 10% of the profit after taxation determined in accordance with the PRC accounting standards to a statutory surplus reserve until the balance reaches 50% of the registered share capital. Such reserve can be used to reduce any losses incurred and to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered share capital.

For the six months ended 30 June 2007, approximately RMB38,738,000 (corresponding period in 2006: RMB29,657,000), representing 10% of profit after tax (corresponding period in 2006: 10%) respectively determined under the PRC accounting standards, have been appropriated to the statutory surplus reserve fund.

In accordance with the Articles of Association of the Company, retained earnings available for distribution by the Company will be deemed to be the lower of the amounts determined in accordance with the PRC accounting standards and the amount determined in accordance with IFRS. As at 30 June 2007, the amount of retained earnings available for distribution was approximately RMB1,370,728,000 (30 June 2006: RMB1,336,307,000), being the amount determined in accordance with the PRC accounting standards.

(b) Dividend

At the Board of Directors' meeting held on 28 August 2007, the directors declared an interim dividend of RMB0.03 per ordinary share for the six months ended 30 June 2007. The total dividend declared is approximately RMB127,470,000 for 4,249,002,200 shares, being the number of ordinary shares issued and outstanding on 30 June 2007. This declared dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2007.

8. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit by the number of ordinary shares in issue during the six months period.

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	*(Unaudited)*
Continuing operations		
Profit attributable to equity holders of the Company (RMB'000)	**341,215**	265,182
Number of ordinary shares in issue (thousands)	**4,249,002**	4,249,002
Basic and diluted earnings per share	**RMB0.080**	RMB0.063
Discontinued operations		
Profit attributable to equity holders of the Company (RMB'000)	**53,372**	56,187
Number of ordinary shares in issue (thousands)	**4,249,002**	4,249,002
Basic and diluted earnings per share	**RMB0.013**	RMB0.013

As the Company has no dilutive potential shares, there is no difference between basic and diluted earnings per share.

9. DISCONTINUED OPERATIONS

A distinguishable component of the Group's express services business has been conducted by the Group through an agreement for international express package delivery services with UPS World Forwarding Inc. ("UPS") and its affiliates, as well as the operation of a jointly controlled entity with UPS (collectively referred to as "UPS Express Business"). On 1 December 2004 and 12 January 2006, the Group entered into a framework agreement and a transition services agreement, respectively, with UPS to transfer the UPS Express Business to UPS over a period until 31 December 2007. The base consideration for this business transfer is US$100,000,000, subject to certain adjustments depending primarily on the achievement of certain revenue targets of the UPS Express Business and fulfillment of the Group's performance obligations during the transition period. Moreover, additional consideration may be payable by UPS depending on the timing of completion of transfer of identified locations and whether certain property and equipment are to be acquired by UPS. The base consideration covers the following:

- Agreement by the Group not to permit or cause the customers of UPS Express Business to terminate or materially reduce its business with UPS, as well as other locations of UPS Express Business operated by the Group for a period until 31 December 2007;

- Transfer of customer lists and the Group's interest in the jointly controlled entity with UPS to UPS;

- Provision by the Group of customer data transition, regulatory assistance, non-solicitation of employees and employment services to facilitate the transition of the UPS Express Business to UPS;

- Transfer of locations and other assets and rights related to the UPS Express Business to UPS.

The above-mentioned UPS Express Business was conducted by a non wholly-owned subsidiary, Sinoair, as well as certain wholly-owned subsidiaries of the Company. Accordingly, the Company and Sinoair entered into an agreement on 21 December 2004 which provides for the payment of US$12,090,000 from the above-mentioned base consideration of US$100,000,000 to those wholly-owned subsidiaries of the Company which have conducted the UPS Express Business. Sinoair will keep the remaining amount.

In 2005, the Group transferred all the initially identified locations and customer lists to UPS and began to provide related and transition services to UPS. In accordance with the terms of framework agreement, the Group has received US$50,000,000 as the initial and progress payments out of the total base consideration of US$100,000,000. In 2006, the Group has received another US$ 42,903,000 out of the base consideration. In addition, the Group has received US$20,497,000 as part of an additional consideration based on the timing of the completion of transfer of the identified locations.

The income from the transfer of business and provision of related and transition services is recognised when the transfer is substantially completed and the services are provided during the transition period based on the estimated fair value of the business and services.

The Group has also estimated an adjustment to the base consideration in the determination of the income from transfer of business and provision of related and transition services. The adjustment is in respect of the uncertainties surrounding the achievement of certain revenue targets and other potential claims under the framework agreement.

An analysis of the profit for the period from discontinued operations is as follows:

	Note	**For the six months ended 30 June** **2007** ***RMB'000*** ***(Unaudited)***	2006 *RMB'000* *(Unaudited)*
Discontinued operations			
Income statement			
Turnover		**—**	—
Reversal of provision for impairment of receivables		**2,966**	15,579
Operating profit		**2,966**	15,579
Profit before taxation	3(b)	**2,966**	15,579
Taxation		**(564)**	(3,106)
		2,402	12,473
Income from transfer of business and provision of related and transition services		**102,603**	107,644
Expenses occurred		**(23,114)**	(27,646)
Tax thereon		**(11,228)**	(18,924)
After-tax income from transfer of business and provision of related and transition services		**68,261**	61,074
Profit for the period from discontinued operations	3(a)	**70,663**	73,547

		30 June 2007 ***RMB'000*** ***(Unaudited)***	31 December 2006 *RMB'000* *(Audited)*
Balance sheet			
Non-current assets classified as held for sale	3(a)	**9,024**	9,024
Deferred income arising from discontinued operations		**213,726**	316,329

10. TRADE AND OTHER RECEIVABLES

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Trade receivables, net	**5,776,959**	4,710,283
Bills receivable	**47,732**	63,328
Other receivables, net	**264,689**	240,074
Due from related parties	**292,212**	166,312
	6,381,592	5,179,997

The carrying amounts of the Group's trade and other receivables approximate their fair values, and are denominated in the following currencies:

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
RMB	**4,250,273**	3,453,393
US$	**2,060,962**	1,640,228
HK$	**65,849**	83,172
Others	**4,508**	3,204
	6,381,592	5,179,997

	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Audited)
Trade receivables	**5,861,142**	4,786,535
Less: Provision for impairment of receivables	**(84,183)**	(76,252)
Trade receivables, net	**5,776,959**	4,710,283

As at 30 June 2007 and 31 December 2006, the aging analysis of trade receivables is as follows:

	30 June 2007 *RMB'000* *(Unaudited)*	31 December 2006 *RMB'000* *(Audited)*
Within 6 months	**5,682,237**	4,644,212
Between 6 and 12 months	**97,646**	72,975
Between 1 and 2 years	**37,909**	38,902
Between 2 and 3 years	**25,153**	15,111
Over 3 years	**18,197**	15,335
	5,861,142	4,786,535

The credit period of the Group's trade receivables generally ranges from 1 to 6 months. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, both locally and internationally dispersed.

	30 June 2007 *RMB'000* *(Unaudited)*	31 December 2006 *RMB'000* *(Audited)*
Other receivables	**272,684**	248,939
Less: Provision for impairment of receivables	**(7,995)**	(8,865)
Other receivables, net	**264,689**	240,074

11. TRADE PAYABLES

The carrying amounts of the Group's trade payables approximate their fair values and are denominated in the following currencies:

	30 June 2007 *RMB'000* *(Unaudited)*	31 December 2006 *RMB'000* *(Audited)*
RMB	**3,172,465**	2,870,942
US$	**1,357,534**	1,018,432
HK$	**74,233**	71,865
Others	**7,416**	10,529
	4,611,648	3,971,768

The normal credit period for trade payables generally ranges from 1 to 3 months. Aging analysis of trade payables at the respective balance sheet dates is as follows:

	30 June 2007 *RMB'000* *(Unaudited)*	31 December 2006 *RMB'000* *(Audited)*
Within 6 months	**4,198,612**	3,633,420
Between 6 and 12 months	**213,346**	139,766
Between 1 and 2 years	**101,699**	92,612
Between 2 and 3 years	**35,287**	50,940
Over 3 years	**62,704**	55,030
	4,611,648	3,971,768

12. ADDITIONAL FINANCIAL INFORMATION ON BALANCE SHEET

As at 30 June 2007, the net current assets of the Group amounted to RMB4,166,404,000 (31 December 2006: RMB4,445,095,000), and the total assets less current liabilities of the Group were RMB10,080,456,000 (31 December 2006: RMB9,509,829,000).

II. MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING RESULTS

The overall macroeconomic environment of the PRC in the first half of the year has been favorable. As compared with the corresponding period last year, gross domestic product increased by 11.5%, foreign import and export increased by 23.3%, of which foreign export increased by 27.6%, and containers throughput of scaled ports increased by 24.1%.

Grasping the historical opportunity of the rapid economic development of the PRC and the increasingly active logistics and transportation market, the Group strengthened the effort in resources integration, expanded the service networks, developed new services and products, and innovated the conventional business model. At the same time, by reinforcing the administration in various aspects of investment, finance, sales and human resources, the Group stepped up the innovation in business administration.

For the six months ended 30 June 2007, as compared with the corresponding period last year, the number of containers handled in sea freight forwarding services increased by 26.5%; the business volume handled by air freight forwarding services decreased by 4.7%; the business volume handled by continuing express services increased by 15.9%; the number of containers handled in shipping agency business increased by 23.5%; the shipping volume by marine transportation increased by 7.2%; the number of containers handled in terminal throughput increased by 27.3%; the business volume of containers handled by warehouses increased by 27.6% and the number of containers handled in trucking business increased by 7.8%.

For the six months ended 30 June 2007, the Group achieved turnover of approximately RMB17,694.6 million, representing an increase of 19.7% as compared with the corresponding period in 2006. Profit attributable to equity holders of the Company amounted to RMB394.6 million, representing an increase of 22.8% as compared to the corresponding period in 2006. Earnings per share was RMB0.093 (corresponding period in 2006: RMB0.076).

OPERATING STATISTICS

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

	For the six months ended 30 June	
	2007	2006
Freight forwarding		
Sea freight forwarding		
Bulk cargo (in millions of tonnes)	**2.6**	3.8
Container cargo (in ten thousands of TEUs)	**310**	245
Air freight forwarding (in millions of kilograms)	**181.2**	190.2
Rail freight forwarding		
Bulk cargo (in millions of tonnes)	**0.2**	0.3
Container cargo (in ten thousands of TEUs)	**2.3**	1.6
Road freight forwarding		
Bulk cargo (in millions of tonnes)	**0.07**	0.04
Container cargo (in ten thousands of TEUs)	**1.6**	1.4
Express services		
Continuing operations packages (in millions of units)	**8.39**	7.24
Shipping agency		
Net registered tonnes (in millions of tonnes)	**230.0**	191.1
Vessel calls (number of times per vessel)	**35,452**	32,017
Containers (in millions of TEUs)	**5.72**	4.63
Storage and terminal services		
Warehouse operating volume		
Bulk cargo (in millions of tonnes)	**4.8**	4.0
Containers (in millions of TEUs)	**3.7**	2.9
Terminal throughput		
Bulk cargo (in millions of tonnes)	**1.6**	1.3
Containers (in ten thousands of TEUs)	**124.9**	98.1

	For the six months ended 30 June 2007	2006
Marine transportation		
TEUs (units)	**784,512**	731,715
Other services		
Trucking of bulk cargo (in ten thousands of tonnes)	**133.4**	50.2
Trucking of containers (in ten thousands of TEUs)	**45.5**	42.2

The table below sets out the unaudited turnover (in million RMB) from continuing operations of the Group's major business segments and the percentage of total turnover before segment elimination for the periods indicated:

	For the six months ended 30 June (Unaudited) 2007		2006	
Freight forwarding	**13,753.7**	**76.3%**	10,715.0	71.1%
Express services	**1,583.7**	**8.8%**	1,446.2	9.6%
Shipping agency	**314.3**	**1.7%**	299.0	2.0%
Marine transportation	**1,354.8**	**7.5%**	1,803.6	12.0%
Storage and terminal services	**665.2**	**3.7%**	536.4	3.6%
Other services	**362.1**	**2.0%**	268.2	1.7%

The table below sets forth the segment results (in million RMB) of the continuing operations of the major business segments of the Group and the comparative figures for the corresponding period in 2006. The result of each segment is defined as the turnover of such segment less its direct operating expenses and such figures have not yet deducted the unallocated cost.

	For the six months ended 30 June (Unaudited) 2007	2006
Freight forwarding	**263.7**	207.3
Express services	**204.5**	212.4
Shipping agency	**155.2**	131.2
Marine transportation	**(77.4)**	(138.9)
Storage and terminal services	**157.1**	114.0
Other services	**9.7**	9.7

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Continuing Operations

Turnover

For the six months ended 30 June 2007, the Group's turnover amounted to RMB17,694.6 million, up by 19.7% from RMB14,781.1 million for the corresponding period in 2006, and among which, revenue from freight forwarding increased by 28.4%, while revenue from storage and terminal business increased by 24%. The increase was primarily attributable to the Group's vigorous efforts in restructuring business resources and developing new products, centralising marketing activities and developing service networks, as well as taking advantages of economies of scale achieved through proactive market development strategies.

Freight forwarding

For the six months ended 30 June 2007, turnover from our freight forwarding services amounted to RMB13,753.7 million, grew by 28.4% from RMB10,715.0 million for the corresponding period in 2006.

Turnover from freight forwarding mainly comprised revenues from containers sea freight forwarding services and air freight forwarding services. The number of containers handled in sea freight forwarding services increased by 26.5% to 3.10 million TEUs in the first half of 2007 from 2.45 million TEUs in the first half of 2006; while the amount of cargo handled by air freight forwarding services declined by 4.7% to 181,200 tonnes in the first half of 2007 from 190,200 tonnes in the first half of 2006.

Revenue growth in freight forwarding in the first half of 2007 was primarily driven by the Group's ability to maintain a relatively fast business development pace through greater effort in marketing during the time of economic growth.

Express Services

For the six months ended 30 June 2007, turnover for the Group's continuing operations from express services reached RMB1,583.7 million, representing a 9.5% increase from RMB1,446.2 million for the corresponding period in 2006.

For the first half of 2007, the number of documents and parcels handled through the Group's continuing operations of express services was 8.39 million units, a surge of 15.9% from the 7.24 million units handled in the corresponding period in 2006.

Such growth was mainly attributable to the Group's reinforcement of marketability and the expansion of service network, resulting in a sustainable stable growth of business in an active economy.

Shipping Agency

For the six months ended 30 June 2007, turnover from the Group's shipping agency reached RMB314.3 million, representing a 5.1% increase from RMB299.0 million for the corresponding period in 2006.

For the first half of 2007, number of containers handled in shipping agency business of the Group was 5.72 million TEUs, representing an increase of 23.5% from 4.63 million TEUs for the corresponding period in 2006. Net registered tonnage of vessels handled by the shipping agency services reached 230.0 million tonnes , a 20.4% increase from 191.1 million tonnes for the corresponding period in 2006. Number of vessel calls managed also grew by 10.7% to 35,452, compared with 32,017 for the corresponding period in 2006.

The increase in turnover and business volume was mainly attributable to our active expansion of markets, unified marketing activities, as well as the Group's increasing strategic partnership with shipping companies, gearing up the growth of business volume in this segment.

Storage and Terminal Services

For the six months ended 30 June 2007, the turnover from storage and terminal services amounted to RMB665.2 million, representing a 24% increase from RMB536.4 million for the corresponding period in 2006.

For the first half of 2007, the Group's warehouses handled 4.80 million tonnes of bulk cargo, representing a 20.0% increase from 4.00 million tonnes for the corresponding period in 2006; containers handled grew to 3.70 million TEUs from 2.90 million TEUs for the corresponding period in 2006, an increase of 27.6%; containers handled in terminals grew to 1.249 million TEUs from 0.981 million TEUs for the corresponding period in 2006, an increase of 27.3%. The volume of bulk cargo handled at terminals grew to 1.60 million tonnes from 1.30 million tonnes for the corresponding period in 2006, an increase of 23.1%.

Turnover and business volume growth of storage and terminal services was mainly attributable to the increased investment in business, enhancement of overall operating capability through the addition and extension of some container yards, terminals and logistic warehouses by the Group.

Marine Transportation

For the six months ended 30 June 2007, turnover from marine transportation was RMB1,354.8 million, dropped 24.9% from RMB1,803.6 million for the corresponding period in 2006.

For the first half of 2007, number of containers shipped by the Group rose to 784,512 TEUs, up by 7.2% from 731,715 TEUs for the corresponding period in 2006.

Business volume growth and decrease in income were mainly attributable to the Group's adjustment on capacity structure and increment in investment in its capacity in short-distance route while reducing the same in long-distance route accordingly.

Other Services

Turnover from other services (mainly from trucking services) for the six months ended 30 June 2007 amounted to RMB362.1 million, soared by 35.0% from RMB268.2 million for the corresponding period in 2006.

The bulk cargo trucking volume of the Group in the first half of 2007 was 1.334 million tonnes, edged up by 165.7% from 0.502 million tonnes in the corresponding period of 2006. Volume of containers recorded 0.455 million TEUs, surged 7.8% from 0.422 million TEUs. Such growth was mainly attributable to the rapid growth of trucking services and the increase of capacity.

Transportation and Related Charges

For the six months ended 30 June 2007, transportation and related charges grew by 24.1% to RMB14,230.0 million, compared with RMB11,462.2 million for the corresponding period in 2006. Such increase was mainly attributed to the growth in business volume.

Depreciation and Amortisation

Depreciation and amortisation amounted to RMB175.5 million for the six months ended 30 June 2007, representing an increase of 10.7% from RMB158.6 million for the corresponding period in 2006, 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)

The Group's operating costs (excluding transportation and related charges, depreciation and amortisation) were RMB2,549.1 million for the six months ended 30 June 2007, a 1.6% decrease from RMB2,589.6 million for the corresponding period in 2006.

The decrease in operating costs (excluding depreciation and amortisation) was primarily due to declining rental expenses and fuel expenses.

Decrease in rental expenses was mainly attributable to the drop in vessel call rental resulting from the Group's adjustments on the scale of marine transportation. The fuel expenses in 2007 reduced by 16.8% compared with the corresponding interim period in last year due to such decrease in vessels chartered in marine transportation business.

Operating Profit

For the six months ended 30 June 2007, the Group's operating profit was RMB637.9 million, representing an increase of 30% from RMB490.6 million for the corresponding period in 2006. For the six months ended 30 June 2007, operating profit as a percentage of total revenue increased to 3.6% from 3.3% for the corresponding period in 2006. For the six months ended 30 June 2007, operating profit as a percentage of net revenue (total revenue less transportation and related charges) increased to 18.2% from 14.5% for the six months ended 30 June 2006, primarily as a result of the increase in the Group's profit in storage and terminal services and freight forwarding business together with the decrease in loss in marine transportation business.

Taxation

For the six months ended 30 June 2007, taxation of the Group amounted to RMB180.9 million, representing a decrease of 1.4% from RMB183.4 million for the corresponding period in 2006. Taxation as a percentage of profit before taxation decreased to 28.5% from 35.0% for the period ended 30 June 2006.

Discontinued Operations

Revenue of discontinued operations of the Group (UPS related express business) for the six months ended 30 June 2007 was nil (corresponding period in 2006: nil). Operating profit was RMB2.97 million (corresponding period of 2006: RMB15.58 million), representing a decrease of 80.9%. Income from transferring the UPS related express business and the provision of related and transition services for the six months ended 30 June 2007 was RMB102.60 million (corresponding period of 2006: RMB107.64 million).

MINORITY INTERESTS

Minority interests for the six months ended 30 June 2007 amounted to RMB130.80 million, up by 41.3% from RMB92.60 million for the corresponding period in 2006, which was primarily attributable to the increase in minority shareholdings as a result of the share reform of Sinoair, a non-wholly owned subsidiary of the Group and the increase in profit of Sinoair for the period.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Profit after taxation from the Group's continuing operations for the six months ended 30 June 2007 amounted to RMB454.7 million, representing an increase of 33.6% from RMB340.4 million for the same period in 2006.

Profit after taxation from the Group's discontinued operations for the six months ended 30 June 2007 amounted to RMB70.7 million, representing a decrease of 3.9% from RMB73.5 million for the same period in 2006.

The Group's profit attributable to equity holders of the Company for the six months ended 30 June 2007 amounted to RMB394.6 million, representing an increase of 22.8% from RMB321.3 million for the same period in 2006.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarises the Group's cash flows for the periods indicated:

	For the six months ended 30 June	
	2007	2006
	RMB in millions (unaudited)	*RMB in millions (unaudited)*
Continuing Operations		
Net cash inflow from operating activities	**377.0**	349.6
Net cash used in investing activities	**(514.6)**	(844.0)
Net cash used in financing activities	**(127.2)**	(245.5)
Net decrease in cash and cash equivalents	**(264.8)**	(739.9)
Discontinued Operations		
Net cash inflow from operating activities	**—**	45.5
Net increase in cash and cash equivalents	**—**	45.5
Net decrease in cash and cash equivalents	**(264.8)**	(694.4)
Cash and cash equivalents at the end of period	**4,106.2**	4,435.8

Operating Activities

For the six months ended 30 June 2007, net cash from operating activities amounted to RMB377.0 million, which represented an increase of 7.8% as compared to RMB349.6 million for the corresponding period in 2006. Such increase was mainly a result of the profit attributable to the Company's shareholders, which amounted to RMB341.2 million for the six months ended 30 June 2007 (corresponding period in 2006: RMB265.2 million), and increases of RMB639.9 million in trade payables and RMB318.8 million in receipts in advance from customers for the six months ended 30 June 2007 (corresponding period in 2006: increases of RMB351.0 million and RMB115.6 million respectively), partially offset by an increase of RMB1.2 billion in trade receivables for the six months ended 30 June 2007 (corresponding period in 2006: an increase of RMB401.4 million).

For the six months ended 30 June 2007, the average age of trade receivables was 59 days, as compared to 61 days for the corresponding period in 2006.

Investing Activities

For the six months ended 30 June 2007, net cash used in investing activities amounted to RMB514.6 million, which mainly comprised net cash outflows of RMB384.5 million for the addition of properties and equipment, and RMB212.6 million for the acquisition of land use rights and intangible assets. For the six months ended 30 June 2006, net cash used in investing activities amounted to RMB844.0 million, mainly comprising net cash outflows of RMB303.8 million for the addition of properties and equipment, RMB399.7 million in relation to term deposits over three months, RMB162.0 million for the acquisition of land use rights and intangible assets, and RMB25.3 million for the acquisition of subsidiaries, jointly controlled entities and associated companies.

Financing Activities

For the six months ended 30 June 2007, net cash used in financing activities amounted to RMB127.2 million, as compared to the net cash outflow of RMB245.5 million from financing activities for the corresponding period in 2006. For the six months ended 30 June 2007, net cash used in financing activities mainly comprised the repayment of bank borrowings of RMB308.4 million (corresponding period in 2006: RMB120.2 million) and dividend payment of RMB267.4 million (corresponding period in 2006: RMB224.6 million), partially offset by new bank borrowings of RMB447.8 million (corresponding period in 2006: RMB98.8 million).

Capital Expenditure

For the six months ended 30 June 2007, the Group's capital expenditure amounted to RMB648.5 million, consisting of RMB416.9 million for the addition of fixed assets and RMB231.6 million for the acquisition of land use rights and intangible assets, of which RMB506.7 million was used for the renovation and construction of terminals, warehouses, logistics centers and container yards, RMB90.1 million for the purchase of vehicles, vessels, machineries and equipment, and RMB29.9 million for IT investments and refurbishment and purchase of office equipment.

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2007, the Group's contingent liabilities mainly comprised RMB15.8 million in relation to outstanding lawsuits. As at 30 June 2007, the Group provided RMB24.0 million guarantees for certain jointly controlled entities.

GEARING RATIO

As at 30 June 2007, the gearing ratio of the Group was 55.0% (as at 31 December 2006: 52.9%), which was calculated by dividing the sum of liabilities and minority interests by total assets of the Group as at 30 June 2007.

FOREIGN EXCHANGE RATE RISK

Since a substantial portion of the Group's turnover and transportation and related charges is denominated in US dollars, the Group's exposure to foreign exchange risk is mainly related to US dollars. The Group could not assure that future fluctuations in Renminbi against the US dollars and other currencies would not adversely affect its results and financial position (including the ability to declare dividends).

CREDIT RISK

The Group's exposure to credit risk is represented by the aggregate balance of trade receivables and other receivables, financial assets at fair value through profit and loss, held-to-maturity financial assets, restricted deposits and deposits with original maturity over three months. As at 30 June 2007 and 31 December 2006, the maximum exposure to credit risk in the event that other parties failed to perform their obligation under these financial instruments was approximately RMB7.2585 billion and RMB6.1495 billion respectively. Furthermore, the Group made certain prepayments, prepaid expenses and deposits on behalf of its customers, the aggregate of which amounted to RMB461.4 million and RMB400.5 million as at 30 June 2007 and 31 December 2006 respectively.

EMPLOYEES

As of 30 June 2007, the number of employees of the Group was 20,000. Details of employees' remuneration, remuneration policies and staff development were substantially the same as those disclosed in the 2006 Annual Report and without significant changes.

III. OUTLOOK AND PROSPECTS

The overall outlook for the second half of the year remains favorable to our future development. In general, the accelerating market demand for transportation and logistics services in the PRC has created numerous business opportunities. However, competition in each of the sea, land and air logistic segments is gradually increasing. As such, the Group is presented with both challenges and opportunities.

To face these challenges, the Group will continue its efforts in optimising resources allocation by promoting integration of business resources, extending our services chain and improving the quality of operation by reinforcing the integration and optimisation of our traditional core businesses, enhancing our market competitiveness by increasing our investment in core operating assets and professional areas such as projects, engineering and exhibitions and expanding our source of profit, as well as strengthening market development, expanding market share and actively promoting the resources consolidation of the PRC's logistics and transportation sector.

The Group believes that by leveraging on its strong capability and resources, adhering to and improving the established development strategies, as well as grasping the opportunities arising from the rapid growth of the PRC economy, its businesses will sustain a stable and healthy development and will maximize the return for shareholders.

IV. DIVIDENDS

The Board has declared an interim dividend of RMB0.03 per share for the six months ended 30 June 2007. Shareholders at the annual general meeting of the Company for the year 2006 authorised the directors of the Company to decide on matters relating to the declaration, payment and recommendation of the interim dividends for the year 2007.

It is expected that the interim dividend will be paid on or before Wednesday, 14 November 2007 to shareholders whose names appear on the register of members on Thursday, 25 October 2007. The register of members of the Company will be closed from Tuesday, 25 September 2007 to Thursday, 25 October 2007 (both days inclusive), during which no transfers will be registered. To qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Monday, 24 September 2007, for registration.

Pursuant to the articles of association of the Company, dividends payable to the holders of Domestic Shares will be paid in Renminbi, while dividends payable to the holders of H Shares will be paid in Hong Kong dollars. The exchange rate for the dividends to be paid in Hong Kong dollars is the mean of the average exchange rate of Renminbi to Hong Kong dollars published by the People's Bank of China during the calendar week (21 August 2007 to 27 August 2007) prior to the date of declaration of the dividend. During the period, the average exchange rate of Renminbi to Hong Kong dollar was HK$1.00 = RMB0.970843. Accordingly, the amount of interim dividend for each H Share of the Company is HK$0.030901.

V. PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the securities of the Company by any members of the Group during the six months ended 30 June 2007.

VI. CORPORATE GOVERNANCE

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to high standards of corporate governance and has adopted the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules issued by the Stock Exchange of Hong Kong Limited as the code of Corporate Governance Practices of listed companies. The Company has complied with all the code provisions in effect as set out in the Code throughout the 6 months' period ended 30 June 2007 except for the deviations as mentioned in the section "Report on Corporate Governance" contained in the Company's annual report for the year ended 31 December 2006.

VII. BOARD OF DIRECTORS

As at 30 June 2007, the board of directors of the Company comprised 11 directors. The members were as follows:

Chairman:	Mr. Zhao Huxiang
Executive directors:	Mr. Zhao Huxiang, Mr. Zhang Jianwei, Ms. Tao Suyun, Mr. Li Jianzhang
Non-executive directors:	Mr. Yang Yuntao, Ms. Liu Jinghua, Mr. Jerry Hsu, Mr. Peter Landsiedel
Independent non-executive directors:	Mr. Sun Shuyi, Mr. Lu Zhengfei, Mr. Miao Yuexin

VIII. AUDIT COMMITTEE

The principal functions of the audit committee include the appointment of external auditors, review and supervision of the Group's financial reporting process and internal controls as well as to offer advice and recommendations to the Board of Directors. The current committee members are Mr. Sun Shuyi, Mr. Lu Zhengfei, Mr. Miao Yuexin and Ms. Liu Jinghua, with Mr. Sun Shuyi acting as the chairman of the audit committee.

The unaudited condensed consolidated interim financial information as contained in this announcement have been reviewed by the audit committee.

IX. REMUNERATION COMMITTEE

The principal functions of the remuneration committee include reviewing the remuneration policies of the Company, assessing the performance of the directors and senior management of the Company and determining policies in respect to their remuneration packages. The current committee members are Mr. Lu Zhengfei, Mr. Sun Shuyi , Mr. Miao Yuexin and Ms. Tao Suyun, with Mr. Lu Zhengfei acting as the chairman of the remuneration committee.

X. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the code of conducting securities transactions by Company's directors.

The directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the period from 1 January to 30 June 2007.

By order of the Board
Sinotrans Limited
Gao Wei
Company Secretary

Beijing, 28 August 2007

As at the date of this announcement, Zhao Huxiang, Zhang Jianwei, Tao Suyun and Li Jianzhang are executive directors of the Company; Yang Yuntao, Liu Jinghua, Jerry Hsu and Peter Landsiedel are non-executive directors of the Company; and Sun Shuyi, Lu Zhengfei and Miao Yuexin are independent non-executive directors of the Company.