中國外運股份有限公司
SINOTRANS LIMITED

(incorporated in the People's Republic of China with limited liability)
(Stock code: 0598)

ANNOUNCEMENT OF GROUP RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL HIGHLIGHTS

I. GROUP RESULTS

The board of directors (the "Board") of Sinotrans Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2009 together with the comparative figures in 2008, which have been prepared in accordance with International Financial Reporting Standards as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	For the year ended 31 December 2009 RMB'000	2008 RMB'000 (Restated, Note 2(d))
Revenue	3	**27,635,042**	35,076,160
Other income		**334,973**	346,372
Business tax and other surcharges		**(253,712)**	(248,508)
Transportation and related charges		**(21,999,770)**	(28,886,306)
Staff costs		**(1,853,915)**	(1,849,060)
Depreciation and amortisation		**(375,487)**	(330,233)
Repairs and maintenance		**(136,225)**	(129,763)
Fuel		**(857,573)**	(1,102,564)
Travel and promotional expenses		**(238,318)**	(252,085)
Office and communication expenses		**(152,584)**	(171,960)
Rental expenses		**(1,306,627)**	(1,523,921)
Other gains/(losses), net	4	**184,516**	(282,034)
Other operating expenses		**(445,182)**	(411,174)

	Note	For the year ended 31 December 2009 RMB'000	2008 RMB'000 (Restated, Note 2(d))
Operating profit	*5*	**535,138**	234,924
Gain on disposal of a jointly controlled entity		**–**	514,070
		535,138	748,994
Finance costs, net	*6*	**(110,476)**	(8,222)
		424,662	740,772
Share of profit of jointly controlled entities		**328,324**	414,742
Share of profit of associates		**36,517**	30,206
Profit before income tax		**789,503**	1,185,720
Income tax expense	*7*	**(235,354)**	(347,538)
Profit for the year		**554,149**	838,182
Profit attributable to:			
Equity holders of the Company		**424,564**	568,569
Minority interests		**129,585**	269,613
		554,149	838,182
Dividends	*8*	**84,980**	212,450
Earnings per share for profit attributable to the equity holders of the Company, basic and diluted (RMB)	*9*	**0.10**	0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	For the year ended 31 December	
	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Profit for the year	**554,149**	838,182
Other comprehensive income:		
Fair value gains/(losses) on available-for-sale financial assets, net of tax	**424,540**	(1,400,400)
Deferred income tax assets arising from revaluation surplus deductible for income tax purposes	**46,834**	–
Currency translation differences	**1,482**	(22,664)
Other comprehensive income/(expenses) for the year, net of tax	**472,856**	(1,423,064)
Total comprehensive income/(expenses) for the year	**1,027,005**	(584,882)
Attributable to:		
– Equity holders of the Company	**742,300**	(342,812)
– Minority interests	**284,705**	(242,070)
Total comprehensive income for the year	**1,027,005**	(584,882)

CONSOLIDATED BALANCE SHEET

As at 31 December 2009

		As at 31 December		
	Note	**2009**	2008	2007
		RMB'000	*RMB'000*	*RMB'000*
			(Restated, Note 2(d))	*(Restated, Note 2(d))*
ASSETS				
Non-current assets				
Land use rights		**1,106,855**	955,800	869,700
Prepayments for acquisition of land use rights		**362,763**	388,514	317,471
Property, plant and equipment		**4,213,047**	4,060,944	3,416,307
Investments in jointly controlled entities		**1,798,942**	1,634,846	1,626,936
Investments in associates		**825,602**	911,530	478,837
Deferred income tax assets		**241,526**	185,446	182,240
Intangible assets		**100,328**	77,340	77,898
Available-for-sale financial assets	*10*	**1,438,111**	367,454	2,210,600
Prepaid consideration for acquisition from ultimate holding company		**–**	–	550,000
Held-to-maturity financial assets		**–**	–	58,437
Other non-current assets		**61,448**	82,360	51,862
		10,148,622	8,664,234	9,840,288
Current assets				
Prepayments, deposits and other current assets		**581,169**	433,957	518,130
Inventories		**30,420**	30,070	25,411
Trade and other receivables	*11*	**5,489,000**	4,580,412	5,495,614
Financial assets at fair value through profit or loss		**5,357**	414	707
Restricted cash		**239,283**	441,782	239,681
Term deposits with initial terms of over three months		**510,656**	1,147,175	384,771
Cash and cash equivalents		**4,196,987**	3,770,770	3,758,378
		11,052,872	10,404,580	10,422,692
Total assets		**21,201,494**	19,068,814	20,262,980

	Note	2009	2008	2007
			As at 31 December	
		RMB'000	*RMB'000*	*RMB'000*
			(Restated, Note 2(d))	*(Restated, Note 2(d))*
EQUITY				
Equity attributable to the equity holders of the Company				
Share capital		**4,249,002**	4,249,002	4,249,002
Reserves		**4,312,659**	3,655,350	4,957,699
Proposed final dividend	*8*	**84,980**	84,980	127,470
		8,646,641	7,989,332	9,334,171
Minority interests		**2,057,690**	1,847,436	2,281,281
Total equity		**10,704,331**	9,836,768	11,615,452
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		**244,102**	127,419	497,393
Provisions		**149,330**	104,874	141,683
Borrowings		**2,552,000**	27,000	–
Other non-current liabilities		**164**	103	1,971
		2,945,596	259,396	641,047
Current liabilities				
Trade payables	*12*	**3,900,202**	3,230,575	3,894,037
Other payables, accruals and other current liabilities		**1,169,051**	1,946,668	1,232,825
Receipts in advance from customers		**1,497,521**	1,059,577	1,176,324
Current income tax liabilities		**87,448**	90,769	185,307
Borrowings		**435,765**	2,044,241	1,240,083
Derivative financial instruments		**122,606**	311,907	–
Salary and welfare payables		**338,974**	288,913	277,905
		7,551,567	8,972,650	8,006,481
Total liabilities		**10,497,163**	9,232,046	8,647,528
Total equity and liabilities		**21,201,494**	19,068,814	20,262,980
Net current assets		**3,501,305**	1,431,930	2,416,211
Total assets less current liabilities		**13,649,927**	10,096,164	12,256,499

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Sinotrans Limited (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 the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"). In 2009, the former Sinotrans Group Company changed its name to 中國外運長航集團有限公司("SINOTRANS GROUP COMPANY") after it merged with China Changjiang National Shipping (Group) Corporation.

The principal activities of the Company and its subsidiaries (together, the "Group") include freight forwarding, shipping agency, express services, marine transportation, storage and terminal services, and other services such as trucking transportation. The Group has operations mainly in the PRC.

These consolidated financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 23 March 2010.

2 BASIS OF PREPARATION

The consolidated financial statements of Sinotrans Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRS as of 1 January 2009:

- IFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- IAS 1 (revised). 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company has adopted IFRS 2 (amendment) from 1 January 2009. The amendment does not have a material impact on the Group's or Company's financial statements.

- In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Group has previously adopted such treatment. As a result, IAS 23 (Revised) does not have a material impact on the Group's and Company's financial statements.

- IFRS 8, 'Operating segments' (effective 1 January 2009). IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have early adopted by the Group

- IAS 24 (Revised), 'Related party disclosures' (effective 1 January 2011). The amendment introduces an exemption from all of the disclosure requirements of IAS 24 for transactions among government-related entities and the government. Those disclosures are replaced with a requirement to disclose:

  – the name of the government and the nature of their relationship; and

  – the nature and amount of any individually-significant transactions; and

  – the extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party. The Group early adopt for the government-related entity exemption.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods, but the Group has not early adopted them:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April/May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Group and Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- IAS 7 (amendment), 'Classification of expenditures on unrecognised assets', (effective from 1 January 2010). Amendment to require that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities. The Group and Company will apply IAS 7 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- IAS 17 (amendment), 'Classification of leases of land and buildings', (effective from 1 January 2010). Deletion of specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of IAS 17. The Group and Company will apply IAS 17 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- IAS 18 (amendment), 'Determining whether an entity is acting as a principal or as an agent'. Additional guidance added to the appendix to IAS 18 Revenue regarding the determination as to whether an entity is acting as a principal or an agent. The Group and Company will apply IAS 18 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply IAS 27 (revised) prospectively to transactions with minority interest from 1 January 2010.

- IAS 32 (amendment), 'Classification of rights issue', (effective from 1 January 2010). Rights issues are now required to be classified as equity if they are issued for a fixed amount of cash regardless of the currency in which the exercise price is denominated, provided they are offered on a pro rata basis to all owners of the same class of equity. Entities will no longer classify rights issues, for which the exercise price is denominated in a foreign currency, as derivative liabilities with fair value changes being recorded in profit or loss. Rather, entities will be able to classify these rights in equity with no re-measurement. The scope of the amendment is narrow and does not extend to foreign-currency-denominated convertible bonds. For these instruments, the embedded option to acquire the issuer's equity will continue to be accounted for as a derivative liability with fair value changes recorded in profit or loss. It is not expected to have a material impact on the Group's or Company's financial statements.

- IAS 36 (amendment), 'Unit of accounting for goodwill impairment test', (effective from 1 January 2010). Amendment to clarify that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics permitted by paragraph 12 of IFRS 8). The Group and Company will apply IAS 36 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- IAS 38 (amendment), 'Intangible Assets' (effective from 1 July 2009). The amendment is part of the IASB's annual improvements project published in April/May 2009 and the Group and Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Group's or Company's financial statements.

- IAS 39 (amendment), 'Eligible hedge items', (effective from 1 July 2009). The amendment makes two significant changes.

  - It prohibits designating inflation as a hedgeable component of a fixed rate debt. Inflation is not separately identifiable and reliably measurable as a risk or a portion of a financial instrument, unless it is a contractually specified portion of the cash flows of a recognised inflation-linked bond whose other cash flows are unaffected by the inflation portion.

  - It prohibits including time value in a one-sided hedged risk when designating options as hedges. An entity may only designate the change in the intrinsic value of an option as the hedging instrument of a one-sided risk arising from a forecast transaction in a hedging relationship. A one-sided risk is that changes in cash flows or fair value of a hedged item is above or below a specified price or other variable.

  It is not expected to have a material impact on the Group's or Company's financial statements.

- IFRS 2 (amendments), 'group cash-settled share-based payment transactions' (effective from 1 January 2010). In addition to incorporating IFRIC-Int 8, 'Scope of IFRS 2', and IFRIC-Int 11, 'IFRS 2 – group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by the interpretation. The new guidance is not expected to have a material impact on the Group's financial statements.

- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held for sale'. The amendment is part of the IASB's annual improvements project published in April/May 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Group and Company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- IFRS 9, "financial instruments", (effective from 1 January 2013). The standard addresses classification and measurement of financial assets and is available for early adoption immediately. The major changes to existing guidance in IAS 39 are outlined below.

  - Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

  - An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

  - All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

  It is not expected to have a material impact on the Group's or Company's financial statement.

- IFRIC 14 (amendment), 'Prepayments of a minimum funding requirement', (effective from 1 January 2010). Some entities that are subject to a minimum funding requirement have elected to prepay their pension contributions. The prepaid contributions are recovered through lower minimum funding requirements in future years. The previous version of IFRIC 14 did not permit the recognition of an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was an unintended consequence of the interpretation, which has been amended to require that an asset is recognised in these circumstances. It is not expected to have a material impact on the Group's or Company's financial statements.

- IFRIC 16 'Hedges of a net investment in a foreign operation', (effective from 1 July 2009). The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. It is not expected to have a material impact on the Group's or Company's financial statements.

- IFRIC 17 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April/May 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. The Group and Company will apply IFRIC 17 from 1 January 2010. It is not expected to have a material impact on the Group's or Company's financial statements.

- IFRIC 19 'Extinguishing financial liabilities with equity instruments', (effective from 1 July 2010). The interpretation clarifies the accounting by the debtor when the debtor renegotiates the terms of its debt with the result that the liability is extinguished through issuing its own equity instruments to the creditor (i.e. a "debt for equity swap"). A gain or loss recognised in profit or loss is the difference between the fair value of the equity instruments issued and the carrying amount of the financial liability. If the fair value of the equity instruments cannot be reliably measured then the fair value of the existing financial liability is used to measure the gain or loss. The amount of the gain or loss should be separately disclosed on the face of the statement of comprehensive income or in the notes. This interpretation applies to all debtors that enter into debt for equity swap transactions in full or partial settlement of a financial liability. The Group and Company will apply IFRIC 19 from 1 January 2011. It is not expected to have a material impact on the Group's or Company's financial statements.

(d) Change in accounting policies for jointly controlled entities

In 2009, the Group has changed the accounting policy for jointly controlled entities from proportionate consolidation to the equity method in order to comply with relevant Chinese Accounting Standards and Interpretations ("CAS") issued by the Ministry of Finance of the PRC, as proportionate consolidation is no longer allowed. In order to maintain comparability of the financial information prepared in accordance with CAS and IFRS, the directors has changed the accounting policy for jointly controlled entities under IFRS as well and equity method has been retrospectively applied and financial statements of comparable periods have been restated. The change in accounting policy does not affect the Group's net profit and net assets attributable to the equity holders of the Company in the consolidated financial statement for each period presented.

Change in accounting policies for jointly controlled entities on the Group's financial positions for 2007 is as follows:

	As at 31 December 2007, as previously reported *RMB'000*	Change in accounting policies *RMB'000*	As at 31 December 2007, as restated *RMB'000*
Investments in jointly controlled entities	–	1,626,936	1,626,936
Other non-current assets	9,280,268	(1,066,916)	8,213,352
Current assets	12,176,384	(1,753,692)	10,422,692
Total assets	21,456,652	(1,193,672)	20,262,980
Non-current liabilities	698,344	(57,297)	641,047
Current liabilities	9,141,851	(1,135,370)	8,006,481
Total liabilities	9,840,195	(1,192,667)	8,647,528
Equity attributable to the equity holders of the Company	9,334,171	–	9,334,171
Minority interests	2,282,286	(1,005)	2,281,281
Total equity	11,616,457	(1,005)	11,615,452

Change in accounting policies for jointly controlled entities on the Group's financial positions and operating results for 2008 are as follows:

	As at 31 December 2008, as previously reported *RMB'000*	Change in accounting policies *RMB'000*	As at 31 December 2008, as restated *RMB'000*
Investments in jointly controlled entities	–	1,634,846	1,634,846
Other non-current assets	8,448,202	(1,418,814)	7,029,388
Current assets	11,777,779	(1,373,199)	10,404,580
Total assets	20,225,981	(1,157,167)	19,068,814
Non-current liabilities	562,801	(303,405)	259,396
Current liabilities	9,825,239	(852,589)	8,972,650
Total liabilities	10,388,040	(1,155,994)	9,232,046
Equity attributable to the equity holders of the Company	7,989,332	–	7,989,332
Minority interests	1,848,609	(1,173)	1,847,436
Total equity	9,837,941	(1,173)	9,836,768

	For the year ended 31 December 2008, as previously reported *RMB'000*	Change in accounting policies *RMB'000*	For the year ended 31 December 2008, as restated *RMB'000*
Revenue	41,019,100	(5,942,940)	35,076,160
Profit before income tax	1,310,309	(124,589)	1,185,720
Profit for the year, attributable to equity holders of the Company	568,569	–	568,569

Change in accounting policies for jointly controlled entities on the Group's financial positions and operating results for 2009 are as follows:

	As at 31 December 2009, proportionate consolidation *RMB'000*	Change in accounting policies *RMB'000*	As at 31 December 2009, equity method *RMB'000*
Investments in jointly controlled entities	–	1,798,942	1,798,942
Other non-current assets	9,901,655	(1,551,975)	8,349,680
Current assets	12,653,343	(1,600,471)	11,052,872
Total assets	22,554,998	(1,353,504)	21,201,494
Non-current liabilities	3,214,440	(268,844)	2,945,596
Current liabilities	8,634,374	(1,082,807)	7,551,567
Total liabilities	11,848,814	(1,351,651)	10,497,163
Equity attributable to the equity holders of the Company	8,646,641	–	8,646,641
Minority interests	2,059,543	(1,853)	2,057,690
Total equity	10,706,184	(1,853)	10,704,331

	For the year ended 31 December 2009, proportionate consolidation *RMB'000*	Change in accounting policies *RMB'000*	For the year ended 31 December 2009, equity method *RMB'000*
Revenue	31,941,590	(4,306,548)	27,635,042
Profit before income tax	900,791	(111,288)	789,503
Profit for the year, attributable to equity holders of the Company	424,564	–	424,564

3 SEGMENT INFORMATION

The chief operating decision-maker ("management") reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Management considers the business from a service perspective and divides the business into the following operating segments: freight forwarding, shipping agency, express services, marine transportation, storage and terminal services and other services.

Management assesses the performance of the operating segments based on segment profit. Segment profit is the operating profit excludes the effects of the profit and losses on the changes in fair value and corporate expenses.

The Group's segment assets exclude financial assets at fair value through profit or loss, investment in jointly controlled entities and associates, available-for-sale financial assets, related dividend and investment income receivables, as well as goodwill because the Group's entire investing activities are managed on a central basis as corporate assets. Deferred income tax assets and other corporate assets are also excluded. In addition, segment assets exclude interests receivable, of which is not considered when assessing segment results. These are part of the reconciliation to total balance sheets assets. The assets of each reportable segment comprise the effects of the inter-segment elimination adjustments related to receivables and payables.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to management is measured in a manner consistent with that in the consolidated income statement.

	Freight forwarding	Shipping agency	Express services	Marine transportation	Storage and Terminal services	Others	Inter-segment elimination	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the year ended 31 December 2009								
Revenue-external	**22,336,519**	**556,198**	**376,343**	**2,326,709**	**1,261,810**	**777,463**	**–**	**27,635,042**
Revenue-inter-segment	**207,507**	**99,742**	**4,050**	**666,322**	**134,580**	**127,341**	**(1,239,542)**	**–**
Total revenue	**22,544,026**	**655,940**	**380,393**	**2,993,031**	**1,396,390**	**904,804**	**(1,239,542)**	**27,635,042**
Segment results	**310,668**	**254,972**	**(46,479)**	**(327,395)**	**249,195**	**38,168**	**–**	**479,129**
Other gains, net								**184,516**
Corporate expenses								**(128,507)**
Operating profit								**535,138**
Finance costs, net								**(110,476)**
Share of profit/(loss) of jointly controlled entities	**5,682**	**6,563**	**333,884**	**–**	**26,149**	**(43,954)**	**–**	**328,324**
Share of profit of associates								**36,517**
Profit before income tax								**789,503**
Income tax expense								**(235,354)**
Profit for the year								**554,149**

	Freight forwarding *RMB'000*	Shipping agency *RMB'000*	Express services *RMB'000*	Marine transportation *RMB'000*	Storage and Terminal services *RMB'000*	Others *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
For the year ended 31 December 2008 (Restated, Note 2(d))								
Revenue-external	28,991,320	675,198	541,027	3,007,826	1,233,883	626,906	–	35,076,160
Revenue-inter-segment	360,827	40,857	4,670	416,210	92,007	108,395	(1,022,966)	–
Total revenue	29,352,147	716,055	545,697	3,424,036	1,325,890	735,301	(1,022,966)	35,076,160
Segment results	360,222	288,830	(135,927)	(157,264)	266,933	2,788	–	625,582
Other losses, net								(282,034)
Corporate expenses								(108,624)
Operating profit								234,924
Gain on disposal of a jointly controlled entity								514,070
Finance costs, net								(8,222)
Share of profit/(loss) of jointly controlled entities	47,504	10,585	416,846	–	30,969	(91,162)	–	414,742
Share of profit of associates								30,206
Profit before income tax								1,185,720
Income tax expense								(347,538)
Profit for the year								838,182

	Freight forwarding *RMB'000*	Shipping agency *RMB'000*	Express services *RMB'000*	Marine transportation *RMB'000*	Storage and Terminal services *RMB'000*	Others *RMB'000*	Inter-segment elimination *RMB'000*	Group *RMB'000*
As at 31 December 2009								
Segment assets	**10,198,292**	**1,206,723**	**178,011**	**1,125,304**	**3,581,381**	**541,679**	**(606,625)**	**16,224,765**
Financial assets at fair value through profit or loss								**5,357**
Investments in jointly controlled entities	**234,295**	**16,292**	**855,928**	**–**	**530,239**	**162,188**	**–**	**1,798,942**
Investments in associates								**825,602**
Available-for-sale financial assets								**1,438,111**
Deferred income tax assets								**241,526**
Interests and dividends receivable								**85,912**
Corporate assets								**581,279**
Total assets								**21,201,494**
As at 31 December 2008 (Restated, Note 2(d))								
Segment assets	9,414,134	1,346,713	634,458	1,149,653	2,940,718	423,795	(603,454)	15,306,017
Financial assets at fair value through profit or loss								414
Investments in jointly controlled entities	273,032	19,971	712,568	–	489,826	139,449	–	1,634,846
Investments in associates								911,530
Available-for-sale financial assets								367,454
Deferred income tax assets								185,446
Interests and dividends receivable								12,676
Corporate assets								650,431
Total assets								19,068,814

	For the year ended 31 December 2009							
	Freight forwarding	**Shipping agency**	**Express services**	**Marine transportation**	**Storage and Terminal services**	**Others**	**Corporate**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Capital expenditure*	**260,572**	**9,931**	**2,857**	**11,999**	**262,950**	**44,434**	**24,524**	**617,267**
Depreciation	**130,471**	**10,570**	**7,026**	**44,883**	**105,326**	**45,310**	**13,694**	**357,280**
Amortisation	**3,925**	**335**	**282**	**27**	**789**	**661**	**12,188**	**18,207**
Operating lease charges on land use rights	**9,477**	**458**	**407**	**97**	**9,866**	**1,226**	**–**	**21,531**
Provision for/(reversal of) impairment loss of receivables	**13,844**	**(1,114)**	**(99)**	**(33)**	**(51)**	**679**	**–**	**13,226**

	For the year ended 31 December 2008 *(Restated, Note 2(d))*							
	Freight forwarding	Shipping agency	Express services	Marine transportation	Storage and Terminal services	Others	Corporate	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure*	527,694	9,122	26,933	155,544	405,950	32,915	34,388	1,192,546
Depreciation	116,772	11,564	18,044	36,091	103,575	14,104	14,280	314,430
Amortisation	4,171	164	473	6	372	27	10,590	15,803
Operating lease charges on land use rights	10,978	446	304	136	8,290	760	–	20,914
Provision for impairment loss on property, plant and equipment	986	–	–	–	–	–	–	986
Provision for impairment loss of inventories	86	–	5	–	33	11	–	135
Provision for/(reversal of) impairment loss of receivables	1,363	7,419	8,499	434	(421)	167	–	17,461

* The capital expenditure stands for the total cash paid for purchase of non-current segment assets for the year ended 31 December 2009 and 2008.

The Company is domiciled in the PRC. The result of the Group's revenue from external customers in China (excluding Hong Kong, Macao and Taiwan) for the year ended 31 December 2009 is RMB25,897,170,000 (2008, restated: RMB33,317,038,000), and the result of the Group's revenue from external customers from other regions is RMB1,737,872,000 (2008, restated: RMB1,759,122,000).

As at 31 December 2009, the total of non-current segment assets located in China (excluding Hong Kong, Macao and Taiwan) is RMB10,335,427,000 (As at 31 December 2008, restated: RMB9,698,775,000), and the total of these non-current segment assets located in other regions is RMB99,681,000 (As at 31 December 2008, restated: RMB138,592,000).

4 OTHER GAINS/(LOSSES), NET

	2009 *RMB'000*	2008 *RMB'000*
Financial assets at fair value through profit or loss:		
– fair value losses	**–**	(293)
– fair value gains	**231**	–
Derivative financial instruments:		
– fair value gains/(losses) on foreign exchange forward contracts	**130,978**	(256,183)
– fair value gains/(losses) on fuel oil forward contracts	**58,323**	(55,724)
Change in fair values of SAR	**(5,016)**	30,166
	184,516	(282,034)

5 OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2009 *RMB'000*	2008 *RMB'000* *(Restated, Note 2(d))*
Crediting		
Rental income from		
– Buildings	**23,272**	25,416
– Plant and machinery	**168,071**	189,439
Gains on disposal of property, plant and equipment	**5,790**	1,220
Dividend income on available-for-sale financial assets	**3,226**	5,472
Reversal of provision for impairment losses of receivables	**13,382**	19,624
Income from property management	**12,310**	16,433

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Charging		
Depreciation		
– owned property, plant and equipment	**350,716**	303,442
– owned property, plant and equipment leased out under operating leases	**6,564**	10,988
Losses on disposal of property, plant and equipment	**1,275**	3,874
Auditor's remuneration		
– Audit fee	**4,800**	8,500
– Audit-related and other services fee	**3,000**	6,500
Provision for impairment losses of property, plant and equipment	**–**	986
Provision for impairment losses of receivables	**26,608**	37,085
Provision for impairment losses of inventories	**–**	135
Operating lease charges on		
– land use rights	**21,531**	20,914
– buildings	**182,751**	178,233
– plant and equipment	**1,102,345**	1,324,785
Amortisation of intangible assets	**18,207**	15,803
Charges on property management and facilities	**78,853**	77,750
Other tax expenses	**53,147**	53,086
Provision for onerous contract and foreseeable losses	**56,545**	36,828
Charges on IT support	**32,683**	24,815
Provision for outstanding claims	**36,709**	3,994

6 FINANCE COSTS, NET

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Interest income on bank balances	**83,506**	97,735
Interest expenses on bank borrowings	**(132,591)**	(59,629)
Exchange losses, net	**(46,148)**	(33,073)
Bank charges	**(15,243)**	(13,255)
	(110,476)	(8,222)

7 TAXATION

Income tax expense in the consolidated income statement represents:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Current income tax	**269,430**	253,918
Deferred PRC income tax	**(34,076)**	93,620
	235,354	347,538

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year.

PRC income tax expense has been provided on the estimated assessable profit for the year according to 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 25% (2008: 25%) 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 which are taxed at preferential rates ranging from 0% to 22% (2008: 0% to 20%) based on the relevant PRC tax laws and regulations.

8 DIVIDENDS

	2009	2008
	RMB'000	*RMB'000*
Interim, paid, of nil (2008: RMB0.03) per ordinary share	**–**	127,470
Final, proposed, of RMB0.02 (2008: RMB0.02) per ordinary share	**84,980**	84,980
	84,980	212,450

At the Board of Directors' meeting held on 23 March, 2010, the directors proposed a final dividend of RMB0.02 per ordinary share totaling RMB84,980,000 for the year ended 31 December 2009. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2010.

The aggregate amounts of the dividends paid and proposed during 2009 and 2008 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

9 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year ended 31 December 2009 and 31 December 2008, respectively.

	2009	2008
Profit attributable to equity holders of the Company (RMB '000)	**424,564**	568,569
Weighted average number of ordinary shares in issue (thousands)	**4,249,002**	4,249,002
Basic and diluted earnings per share (RMB per share)	**0.10**	0.13

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

10 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2009	2008
	RMB'000	*RMB'000*
Listed equity investment (a)	**1,289,053**	328,000
Unlisted equity investments, at cost less impairment (b)	**149,058**	39,454
Available-for-sale financial assets	**1,438,111**	367,454

The available-for-sale financial assets include:

(a) Listed equity investment represented:

(i) The subscription by Sinotrans Air Transportation Development Co., Ltd ("Sinoair") of 80 million ordinary shares of RMB2.80 each in Air China Limited ("Air China") upon its initial public offering of A shares on the Shanghai Stock Exchange at a cash consideration of RMB224,000,000 in August 2006, with a fair value of RMB776,800,000 (31 December 2008: RMB328,000,000) as at 31 December 2009. Air China was incorporated in the PRC whose principal activities were air transportation.

(ii) The subscription by Sinoair of 83,158,000 ordinary shares of RMB4.75 each in China Eastern Airlines Corporation Limited ("China Eastern") upon its Non-public offering at a cash consideration of RMB395,000,000 in December 2009, with a fair value of RMB512,253,000 (31 December 2008: nil) as at 31 December 2009. China Eastern was incorporated in the PRC whose principal activities were air transportation.

(b) Unlisted equity investments comprised equity interests in entities which are engaged in logistics and freight forwarding operations. There is no open market for these instruments and the directors consider that the marketability of the Group's shareholdings is low. In light of the minority shareholdings held by the Group, the probabilities of the range of possible fair values of these investments cannot be reliably assessed. These investments are therefore stated at cost less impairment. The Group makes assessment when there is objective evidence that the available-for-sale financial assets are impaired in accordance with the guidelines in IAS39. The assessment requires the Company's directors to make judgments. In making these judgments, the Group has assessed various factors, such as financial operation of the investees, prospect of their operations in short to medium terms, as well as the prospect of the industries the investees operate in, and changes in their operating environment.

For the year ended 31 December 2009 and 2008, there were no disposals of the available-for-sale financial assets. As at 31 December 2009 and 2008, the entire available-for-sale financial assets were denominated in RMB and none of them were impaired or pledged.

11 TRADE AND OTHER RECEIVABLES

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Trade receivables (a)	**4,837,044**	3,985,140
Bills receivables (b)	**135,674**	90,658
Other receivables (c)	**246,166**	287,940
Due from related parties (d)	**270,116**	216,674
	5,489,000	4,580,412

The carrying amounts of trade and other receivables approximate their fair values.

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in the following currencies:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
RMB	**3,916,043**	3,362,133
United States Dollars ("US$")	**1,501,995**	1,119,314
Hong Kong Dollar ("HK$")	**57,636**	49,464
Others	**13,326**	49,501
	5,489,000	4,580,412

The credit period of the Group's and the Company'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.

(a) Trade receivables

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Trade receivables	**4,880,605**	4,055,128
Less: Provision for impairment of receivables	**(43,561)**	(69,988)
Trade receivables, net	**4,837,044**	3,985,140

Aging analysis of the above gross trade receivables is as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Within 6 months	**4,760,996**	3,934,802
Between 6 and 12 months	**49,900**	71,255
Between 1 and 2 years	**59,329**	32,986
Between 2 and 3 years	**7,351**	9,965
Over 3 years	**3,029**	6,120
	4,880,605	4,055,128

(b) Bills receivables are bills of exchange with maturity dates of within 6 months.

(c) Other receivables

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Deposits receivables	**228,963**	271,074
Dividend and investment income receivables	**24**	1,373
Interest receivable	**4,906**	8,154
Others	**40,243**	35,547
	274,136	316,148
Less: Provision for impairment of receivables	**(27,970)**	(28,208)
	246,166	287,940

(d) Due from related parties

The amounts due from related parties are analysed as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Trade receivables:		
Ultimate holding company and fellow subsidiaries	**27,683**	97,921
Jointly controlled entities	**40,630**	15,045
Associates	**9,731**	14,274
	78,044	127,240
Less: Provision for impairment of receivables	**(3)**	(60)
	78,041	127,180
Other receivables:		
Ultimate holding company and fellow subsidiaries	**82,656**	60,796
Jointly controlled entities	**107,667**	28,662
Associates	**1,772**	56
	192,095	89,514
Less: Provision for impairment of receivables	**(20)**	(20)
	192,075	89,494
	270,116	216,674

The credit period of the Group's and the Company's trade receivables due from related parties generally ranges from 1 to 6 months.

The aging of these amounts due from ultimate holding company, fellow subsidiaries, jointly controlled entities, associates and other related parties, which are trading in nature, is summarised as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Within 6 months	**77,036**	125,420
Between 6 and 12 months	**304**	1,123
Between 1 and 2 years	**645**	672
Between 2 and 3 years	**47**	1
Over 3 years	**12**	24
	78,044	127,240

Other receivables due from related parties are generally unsecured, non-interest bearing and repayable on demand.

12 TRADE PAYABLES

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Trade payables (a)	**3,784,644**	3,092,165
Due to related parties (b)	**115,558**	138,410
	3,900,202	3,230,575

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

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
RMB	**2,905,348**	2,422,320
US$	**903,030**	720,187
HK$	**62,268**	53,038
Others	**29,556**	35,030
	3,900,202	3,230,575

(a) Trade payables

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:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Within 6 months	**3,355,317**	2,687,621
Between 6 and 12 months	**225,796**	202,847
Between 1 and 2 years	**122,849**	107,227
Between 2 and 3 years	**54,465**	41,065
Over 3 years	**26,217**	53,405
	3,784,644	3,092,165

(b) Due to related parties

The amounts due to related parties, which are trading in nature, are analysed as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Ultimate holding company and fellow subsidiaries	**88,735**	120,178
Jointly controlled entities	**19,613**	8,659
Associates	**7,210**	9,573
	115,558	138,410

The normal credit period for trade payables due to related parties generally ranges from 1 to 3 months. The aging of these amounts due to the ultimate holding company, fellow subsidiaries, jointly controlled entities, associates and other related parties is summarised as follows:

	2009	2008
	RMB'000	*RMB'000*
		(Restated, Note 2(d))
Within 6 months	**98,801**	122,628
Between 6 and 12 months	**4,427**	2,744
Between 1 and 2 years	**627**	1,066
Between 2 and 3 years	**390**	1,389
Over 3 years	**11,313**	10,583
	115,558	138,410

13 SUBSEQUENT EVENTS

The following events took place subsequent to 31 December 2009:

On 31 January 2010, an open-air cotton storage yard Sinotrans Shandong Qingdao International Logistics Company Limited (a subsidiary of Sinotrans Shandong Company Limited) was involved in a fire incident. Approximately 15,000 tons of imported cotton and a small amount of other goods stored in the yard were damaged. In the course of putting out the fire, measures such as burying cotton were taken to protect goods so the fire did not cause the loss of all goods. Also, all goods stored there had respective insurance. As of 23 March 2010, the public assessment company appointed by relevant insurance company was still in the process of evaluating the damage caused by the fire incident, and the management was not able to assess the exact ultimate financial losses to the Group.

II. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis of Results of Operations and Financial Position

The following discussion and analysis should be read in conjunction with the consolidated results and the notes thereto of the Company and its subsidiaries (collectively the "Group") detailed in Section I of this announcement.

BUSINESS OVERVIEW

The Group is a leading logistics service provider in the People's Republic of China ("PRC") whose principal activities include freight forwarding, express services and shipping agency, complemented by ancillary operations in storage and terminal services, marine transportation and other services such as trucking transportation.

The geographical areas covered by the Group's businesses operation include Guangdong, Fujian, Shanghai, Zhejiang, Jiangsu, Hubei, Lianyungang, Shandong, Tianjin and Liaoning, etc., being coastal regions under rapid growth and other strategic locations in the mainland. We also have an extensive domestic service network, as well as a large overseas agency network. Through acquisitions of business networks and assets from the parent company, the geographical coverage of our business has been extended to Anhui, Jiangxi, Sichuan, Chongqing and Hong Kong.

With comprehensive service networks and the means and capabilities to provide integrated services, the Group has become a leading provider of integrated logistics services in the market.

REVIEW OF OPERATION

In 2009, global economic crisis continued to worsen, and it was the most difficult and challenging year for the Group. Nevertheless, with relentless efforts of our management and all its staff, we have managed to prevent our business from declining during the year and the results were satisfactory.

– We have taken proactive measures in face of the financial crisis and leveraged the opportunities arisen therefore to grow our business. In 2009, in face of such an unprecedented financial crisis, the Group has taken appropriate measures to adjust our business approach in a timely and decisive manner. We have grasped every opportunity in such a challenging environment to develop ourselves, and have taken a series of measures for "maintaining growth, controlling capital expenditures, avoiding risks and consolidating efficiency". Such measures not only successfully helped to prevent our business from declining, but also fostered our business growth.

– We have taken measures to consolidate our traditional businesses and have continued to adjust our strategies in a view to optimizing our business model. Our sales to strategic customers and major customers recorded substantial growth during the year. We also saw significant synergy effects in our business as we continued to optimize our operation model. On the other hand, there was significant development in our import business; while solid progress was seen in our overseas networks and the cargo-space booking platform.

– For our professional logistics business, great efforts have been put into specialisation and intensified operations. We have embarked on promoting the development of our project logistics, contract logistics and chemical logistics businesses, with an aim to building a competitive high-end logistics business in the market, so as to differentiate ourselves by enhancing our competitiveness and to increase the profitability of this business.

– We have been actively exploring opportunities in the domestic market. Satisfactory results can be seen in the development of our domestic logistics market and trade transportation business as we continued to devote great efforts in building our domestic customer base. Moreover, we have worked hard to promote the interactions and synergies between different parts of our operation system, thus facilitating the growth of our domestic trading business horizontally and vertically. The operation scale of our domestic transportation business has gained breakthroughs as well.

– Steady progress in consolidation of resources for implementation of our structural realignments. The Group has successfully completed the consolidation of our container shipping business, and restructuring of Sinotrans Changjiang has shown encouraging results.

– During the year, we have strengthened our fundamental management and adopted the system of refined management. We have also strengthened our cost control measures and enhanced the management and informatization in the operation of our jointly controlled entities.

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2009

Turnover

In 2009, the Group's turnover amounted to RMB27,635.0 million, down by 21.2% from RMB35,076.2 million for 2008.

Freight forwarding

Turnover from the Group's freight forwarding services decreased 23.2% to RMB22,544.0 million in 2009, compared to RMB29,352.1 million in 2008.

Volume of sea freight forwarding containers was 5.732 million TEUs in 2009, decreasing 6.7% from 6.143 million TEUs in 2008. Cargo tonnage of air freight forwarding services was 0.3019 million tonnes in 2009, decreasing by 20.8% from 0.3813 million tonnes in 2008.

The decrease in revenue from freight forwarding in 2009 was mainly attributable to the reduction in both business volume and market price. In 2009, the consolidated freight index of exporting container shipping in China recorded a 21.4% year-on-year decrease.

Express Services

Turnover of our express services for 2009 was RMB380.4 million, decreasing by 30.3% from RMB545.7 million in 2008.

Number of documents and packages handled by our express services was 2.42 million units in 2009, representing a decrease of 70.7% from 8.26 million units in 2008.

The decrease in volume of business was more substantial than that of turnover was mainly the result of a significant reduction in business volume of our domestic express services.

The Group's jointly controlled entity engaged in express services generated an investment gain of RMB334 million, representing a decrease of 19.9% from the previous year. The number of documents and packages handled by the jointly controlled entity increased by 17.8% from 14.19 million units in 2008 to 16.72 million units in 2009, among which 13.83 million units belonged to international express services, representing a 2.5% drop from the previous year, while a total of 2.89 million units for domestic express services, our new line of business in 2009, were handled.

Shipping Agency

In 2009, turnover from our shipping agency services was RMB655.9 million, representing a decrease of 8.4% from RMB716.1 million for 2008.

Number of containers handled in shipping agency business of the Group was 10.11 million TEUs in 2009, representing a fall of 12.2% from 11.52 million TEUs in 2008. Volume of bulk cargo handled was 163.6 million tonnes in 2009, representing a rise of 19.9% when compared with 136.5 million tonnes in 2008. Net registered tonnage of vessels handled by the shipping agency services reached 541.0 million tonnes in 2009, representing a 8.1% increase from 500.5 million tonnes in 2008. Number of vessel calls decreased by 11.7% to 61,896 times in 2009, compared with 70,072 times in 2008.

Decreases in turnover of shipping agency business and volume of business in container agency business were mainly due to the general cancellation and consolidation of shipping routes by shipping lines amidst the sluggish market condition. However, in view of the favorable opportunities brought by the significant growth in China's bulk cargo importing business, the Company has focused its marketing efforts in bulk cargo shipping agency business. As a result, our bulk cargo business volume recorded a substantial increase, partly offsetting the effect of the contraction in business volume in the container shipping business.

Storage and Terminal Services

In 2009, turnover from storage and terminal services amounted to RMB1,396.4 million, representing a 5.3% growth from RMB1,325.9 million in 2008.

The Group's warehouses handled 9.30 million tonnes of bulk cargo in 2009, representing a 1.1% increase from 9.20 million tonnes for the corresponding period in 2008. Containers handled grew to 7.30 million TEUs from 7.10 million TEUs for the corresponding period in 2008, representing an increase of 2.8%. Containers handled through terminals increased 3.4% to 2.579 million TEUs from 2.493 million TEUs for the corresponding period in 2008. The volume of bulk cargo handled at terminals increased 4.3% to 2.40 million tonnes from 2.30 million tonnes for the corresponding period in 2008.

Growth in this business segment was mainly attributable to the Group's keen efforts in developing the domestic trading market, which saw significant increase in business volume of this segment.

Marine Transportation

Turnover from marine services of the Group in 2009 amounted to RMB2,993.0 million, down by 12.6% from RMB3,424.0 million in 2008.

Number of containers shipped by the Group rose to 1.847 million TEUs in 2009, up by 2.1% from 1.809 million TEUs in 2008.

The lower turnover was mainly attributable to significantly lower freight rate in the market during the year.

Other Services

Turnover from other services (mainly from trucking transportation) in 2009 amounted to RMB904.8 million, representing an increase of 23.1% from RMB735.3 million in 2008.

The Group's trucking of bulk cargo in 2009 was 2.565 million tonnes, representing an increase of 54.0% from 1.666 million tonnes in the corresponding period of 2008. Volume of containers was 0.747 million TEUs, representing a drop of 5.0% from 0.786 million TEUs in 2008.

Growth in the turnover and business volume of other services was mainly due to the significant increase in turnover of large cargo transportation business of the Group.

Transportation and Related Charges

Transportation and related charges were down by 23.8% to RMB21,999.8 million in 2009, compared with RMB28,886.3 million in 2008. Such decrease was mainly attributable to a drop in the Group's business volume.

Depreciation and Amortisation

Depreciation and amortisation amounted to RMB375.5 million in 2009, representing an increase of 13.7% from RMB330.2 million in 2008, mainly as a result of our newly acquired assets starting to be put into operation during the year.

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

The Group's operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and surcharges and other gains or losses, net) were RMB4,990.4 million in 2009, representing a 8.3% decrease from RMB5,440.7 million in 2008.

The decrease in operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and surcharges, other gains or losses, net) was mainly because our Group has put great efforts in reducing expenses in view of the stringent macro-economic environment, leading to the overall decrease in all cost items.

Other Gains/(losses), Net

Other gains/(losses) increased to RMB184.5 million in 2009 from-RMB282.0 million in 2008 as a result of the fair value change in derivative financial instruments held by the Group in 2009.

To hedge against the risks of the shipping route operations associated with rising fuel prices and exchange rate fluctuations, the Group held certain forward fuel contracts and forward Japanese Yen/USD exchange contracts. For the year ended 31 December 2009, the fair value of the contracts recorded a gain on book of RMB189.3 million.

During the year ended 31 December 2009, the realised net losses of the above foreign exchange forward contracts amounting to RMB56,665,000 were charged in the consolidated income statement under "finance costs – net". And the realised net losses of the above fuel oil forward contract amounting to RMB20,688,000 were charged in the consolidated income statement under "fuel".

Operating Profit

The Group's operating profit was RMB535.1 million in 2009, representing a growth of 127.8% from RMB234.9 million in 2008. Operating profit as a percentage of total revenue for 2009 increased to 1.9% from 0.7% in 2008, or to 9.0% from 3.6% as a percentage of net revenue (total revenue less transportation and related charges), primarily as a result of the gain from the derivative financial instruments held by the Group.

Income tax expense

In 2009, income tax expense of the Group amounted to RMB235.4 million, representing a decrease of 32.3% from RMB347.5 million in 2008. The decrease was mainly attributable to reduction in profit before income tax expense. Income tax expense as a percentage of profit before income tax expense in 2009 changed marginally to 29.8% from 29.3% for 2008.

PROFIT AFTER INCOME TAX EXPENSE

For the year ended 31 December 2009, the Group recorded profit after income tax expense of RMB554.1 million, representing a decrease of 33.9% when compared to RMB838.2 million in the corresponding period in 2008.

MINORITY INTERESTS

Minority interests for 2009 amounted to RMB129.6 million, down 51.9% from RMB269.6 million for 2008, which was primarily attributable to the profits generated by the disposal of a jointly controlled entity by Sinoair in 2008.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The Group's profit attributable to equity holders of the Company for the year ended 31 December 2009 amounted to RMB424.5 million, representing a decrease of 25.3% from RMB568.6 million for the same period in 2008.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity of the Group is mainly derived from cash flow from its operations.

The following table summarises the Group's cash flows for the each of the two years ended 31 December 2009 and 2008:

	For the year ended 31 December	
	2009	2008
		(Restated)
	RMB in millions	*RMB in millions*
Net cash inflow from operating activities	**645.7**	783.6
Net cash used in investing activities	**(1,031.2)**	(1,292.9)
Net cash generated from financing activities	**811.7**	521.7
Net increase in cash and cash equivalents	**426.2**	12.4
Cash and cash equivalents as at year end	**4,197.0**	3,770.8

Operating Activities

Net cash inflow generated from operating activities for 2009 amounted to RMB645.7 million, down 17.6% compared with RMB783.6 million in 2008. The decrease in net cash flow from operating activities primarily attributable to the Company's recorded profit attributable to shareholders for 2009 of RMB424.5 million (corresponding period in 2008: RMB568.6 million), an increase in current tax liabilities of RMB 270.1 million (corresponding period in 2008: RMB253.9 million), an increase in trade and other receivables of RMB689.3 million (corresponding period in 2008: decrease of RMB696.3 million), an increase in receipt in advance from customers of RMB439.7 million (corresponding period in 2008: decrease of RMB116.7 million), partly offset by an increase in trade and other receivables of RMB905.3 million (corresponding period in 2008: decrease of RMB1,006.6 million), an increase in prepayments, deposits and other current assets of RMB149.7 million (corresponding period in 2008: decrease of RMB84.2 million). Average credit period of trade receivables for 2009 and 2008 were 66 days and 52 days respectively.

Investing Activities

For the year ended 31 December 2009, net cash used in investing activities amounted to RMB1,031.2 million, primarily comprised RMB472.8 million for the addition of property, plant and equipment, RMB144.5 million for the acquisition of land use rights and intangible assets, RMB400 million for payment of the remaining consideration in respect of the acquisition of subsidiaries in 2008, RMB155.1 million paid for additional investments in subsidiaries, associates and jointly controlled entities, RMB504.6 million for acquisition of available-for-sale financial assets, and RMB405.4 million for the repayment of investment proceeds advanced from the ultimate controlling company, which were partially offset by a decrease of RMB636.5 million in term deposits with initial terms of over three months, RMB236.0 million dividends received from the associates and jointly controlled entities, disposal of RMB111.0 million received from associates and jointly controlled entities, and RMB86.8 million interest income received during the year. For the year ended 31 December 2008, net cash used in investing activities was RMB1,292.9 million, mainly comprised of RMB999.4 million for the addition of property, plant and equipment, RMB193.1 million for the acquisition of land use rights and intangible assets, RMB449.9 million for additional investments in subsidiaries, associates and jointly controlled entities, and increase of RMB762.4 million in term deposits with initial terms of over three months, which were partially offset by an increase of RMB540.5 million in net cash received for the disposal of a jointly controlled entity, RMB463.7 million dividends received from its associates and jointly controlled entities, and RMB94.5 million interest income received during the year.

Financing Activities

Net cash generated from the Group's financing activities amounted to RMB811.7 million for 2009, compared with net cash generated from financing activities of RMB521.7 million for 2008.

New bank borrowings in 2009 amounted to RMB734.5 million (2008: RMB3,837.4 million), and new entrusted bank loans from ultimate controlling company was RMB2,500 million (2008: nil), which were partially offset by repayments of bank borrowings of RMB2,318.0 million (2008: RMB3,006.3 million) and dividend payment of RMB112.8 million (2008: RMB342.2 million).

Capital Expenditure

For 2009, the Group's capital expenditure amounted to RMB617.3 million, consisting primarily of RMB472.8 million for acquisition of property, plant and equipment, RMB10.2 million for the acquisition of intangible assets and RMB134.3 million for purchase of land use rights, of which, RMB385.5 million were used for the renovation and construction of terminals, warehouses, logistics centers and container yards, RMB139.2 million for the purchase of vehicles and equipment and RMB40.8 million for IT investment, refurbishment and purchase of office equipment.

CONTINGENT LIABILITIES AND GUARANTEES

As at 31 December 2009, contingent liabilities mainly comprised outstanding lawsuits of the Group arising in its ordinary course of business amounting to RMB72.49 million (2008: RMB55.34 million).

As at 31 December 2009, the amount of guarantees provided by the Group in favour of its jointly controlled entities and customers was RMB4 million (2008: the amount of guarantees provided by the Group for its customers was RMB2 million).

BORROWINGS

As at 31 December 2009, the Group's total borrowings amounted to RMB2,987.8 million (31 December 2008: RMB2,071.2 million), which comprised bank borrowings of RMB487.8 million denominated as to RMB137.4 million in RMB, RMB158.5 million in USD, and RMB191.9 million in JPY. Of the total borrowings, RMB20 million were repayable within one to two years. The weighted average annual interest rate for the above borrowings was 5.09%. The total borrowings of the Group also included a three-year RMB entrusted loan of RMB2,500 million obtained from the ultimate controlling company, at a weighted average annual interest rate of 3.48%.

SECURED AND GUARANTEED BORROWINGS

As at 31 December 2009, the Group pledged restricted cash amounting to approximately RMB15.6 million for borrowings. In addition, as at the same date, the Group also pledged property, plant and equipment (having a net book value of approximately RMB189.8 million) and land use rights (having a net book value of approximately RMB53.5 million) for borrowings.

GEARING RATIO

As at 31 December 2009, the gearing ratio of the Group was 59.2% (2008: 58.1%), which was arrived at by dividing the sum of total liabilities and minority interests by total assets of the Group as at 31 December 2009.

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. There is no assurance that future fluctuations in Renminbi against the US dollars and other currencies would not adversely affect the Group's results and its financial position (including the ability to declare dividends).

CREDIT RISK

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

EMPLOYEES

At the end of 2009, the Group had 24,519 (2008: 24,084) employees.

The Company has formed an integrated system comprising the job position regime, the remuneration regime and the performance management regime. The remuneration regime includes long-term incentive schemes. The three regimes have combined to form an effective incentive and check mechanism compatible with the strategic objectives and business characteristics of the Company to support a corporate culture highlighted by the priority of results and performance. Employees are encouraged to improve their capabilities and performance on an ongoing basis, thereby facilitating the Company's healthy and sustainable development. The Group has also increased its efforts in staff training and development with due emphasis on career advancement and planning to assure opportunities for individual growth of employees.

At Sinotrans, we believe that people come first and that employees should be taken good care of. By assuring reasonable allocation of human resources, we endeavour to provide employees with a good working environment as well as opportunities for development, thereby enhancing team spirit and staff creativity to facilitate mutual development of the Company and its employees in harmony.

ACQUISITION AND DISPOSAL

1. On 20 January 2009, Sinotrans Heavy-lift Logistics Company Limited (originally named Shandong Sinotrans Lishen Hoisting and Transporting Company Limited), a subsidiary of the Group, acquired assets and operations relating to domestic trucking business from Rugao Benz Transportation Co., Ltd. for a total consideration after agreed adjustments of RMB64,160,000.

2. On 1 July 2009, Sinoair, a non-wholly-owned subsidiary of the Group, entered into an equity transfer agreement with DHL-Sinotrans International Air Courier Company Limited ("DHL-Sinotrans"), a jointly controlled entity of the Group, to dispose its 100% equity interests in Beijing Sinotrans Express Company Co., LTD to DHL-Sinotrans for a total consideration after agreed adjustments of RMB8,973,000 in cash.

3. On 16 July 2009, the Company and Sinoair disposed of their respective 35% and 12.5% equity interests in Sinotrans Logistics Investment Holding Co., Ltd. to the Sinotrans Group Company for an aggregate consideration of RMB108,806,000.

III. OUTLOOK OF BUSINESS DEVELOPMENT

In 2010, the world's trading and shipping market will recover albeit at a slow and tortuous pace. China's economy will show a steady growing trend in general, however, it is important to note that the business environment of the domestic and overseas markets will remain stringent and there are still uncertainties ahead. We have to keep a clear mind in understanding such situation.

2010 is a year of "transformation" to our Group. Such transformation includes: 1. Realignment of the positioning of our operation platform, under which our focus will be shifted from external trade and export markets to attaching equal importance to our domestic and overseas markets. 2. Transformation of our business model, a change from labor-intensive model providing simple services to information and technology driven model providing value-added services. 3. Transformation of management model, a change from service oriented management to decision support oriented management.

In 2010, our guiding principles for business operation are: Progressive, innovative, integration of operation and delicated management, with an aim to resuming growth in the future.

– Formulate new development plans for the Group. In face of the new business environment of the industry, the Group is working to study an integration plan for our logistics business segment.

– Strengthen and foster integration and restructuring of our resources. We will further our efforts in restructuring the Group's companies in the Yangtze River region; moreover, we will speed up integration of resources in the northeast region.

– Continue to consolidate and optimize traditional business. We will endeavor to optimizing the operation model of freight forwarding business; consolidating the shipping agency business; taking advantages of the consolidating function of our cargo-space booking platform and continue to optimize our overseas agency business.

– Accelerate the development of our domestic transportation business. We will further enhance the cooperation with our major customers while exploring new customers. In addition, we will consolidate our business relation with shipping service providers, strengthen the interactions and synergies between our offices in different ports, further promote the synergies between domestic transportation business and other business segments, and foster the formation and development of the shipping platform for domestic trade.

– Continue to speed up our pace of professional development to attain economies of scale. We will foster the development and scale of our project logistics, contract logistics, chemical logistics, and our custodian and supervision business. We will also continue to strengthen our marketing efforts that focused on selective nationwide customers in order to build our market competitiveness.

– Continue to enhance our refined management. We will implement strategic planning in allocation of human resources. Moreover, we will endeavor to execute professional risk management and financial management. We will execute our investment strategies in a progressive yet cautions manner, with focus on our major investments. Informatization in operation will also be our priority for this year.

In 2010, the world economy and global business environment will continue to recover. China's economy will also see steady growth. However, there are still uncertainties in the process of recovery. We will endeavor to seize every development opportunity for our business in 2010. We are confident that steady growth in our operating results will be achieved in the year ahead, and are assured of the fulfillment of our business targets and our objective of creating higher value for our shareholders.

IV. DIVIDENDS

The Board has recommended the payment of a final dividend of RMB 0.02 per share, subject to passing of the resolution authorizing the Board to propose, declare or pay the final dividend for 2009 by shareholders at the Annual General Meeting to be held on Tuesday, 8 June 2010. Please refer to the "Notice of Annual General Meeting" for further details.

It is expected that the final dividend will be paid on or before Friday, 25 June 2010 to shareholders whose names appear on the register of members on Saturday, 8 May 2010.

The register of members of the Company will be closed from Saturday, 8 May 2010 to Tuesday, 8 June 2010 (both days inclusive), during which no transfers will be registered for the purposes of ascertaining entitlements to the Company's 2009 final dividend and attendance at the upcoming Annual General Meeting and class meetings to approve, inter alia, the general mandates to issue and repurchase shares.

In order to qualify for the final dividend, holders of H Shares whose transfers have not been registered are requested to lodge their instruments of transfer together with the relevant share certificates with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712—1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 7 May 2010, for registration.

Pursuant to the Articles of the Company, dividends payable to the holders of Domestic Shares will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares will be paid in Hong Kong dollars ("HK$"). The exchange rate for dividends payable in HK$ is the mean average exchange rate of RMB to HK$ published by the People's Bank of China during the week (16 March 2010 to 23 March 2010) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.879638. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.022737.

In accordance to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which took effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at a tax rate of 10% on behalf of non-resident corporate shareholders on its H share register when making payments of final dividend to these shareholders. Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees or other organizations or bodies shall be deemed as shares held by non-resident corporate shareholders. Such shareholders will receive their dividend net of the enterprise income tax.

V. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

So far as was known to the directors of the Company, there was no purchase, sale or redemption of H Shares by any member of the Group during the year ended 31 December 2009.

VI. CORPORATE GOVERNANCE

Sound corporate governance represents a longstanding objective of the Company. Since its listing in February 2003, the Company has made huge efforts in enhancing its standard of corporate governance with reference to the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Articles of Association of the Company and other relevant laws and regulations, as amended from time to time, and taking into consideration its own attributes and requirements, with a view to safeguarding investors' interests and enhancing its value.

The Company has reviewed and adopted the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules as our code on corporate governance practices. The Company has complied with all the code provisions set out in the CG Code throughout the reporting period for 2009.

VII.COMMITTEES

Board Committees

As at 31 December 2009, the Board of the Company comprised 11 directors, of whom 4 were executive directors, 4 were non-executive directors and 3 were independent non-executive directors, whose names are as follows:

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

* The Company's non-executive director Mr. Peter Landsiedel resigned on 1 May 2009

*	Mr. Zhao Huxiang and Mr. Li Jianzhang were re-elected as executive directors, Ms.Liu Jinghua and Mr. Jerry Hsu were re-elected as non-executive directors on 11 June 2009.

*	Mr. Mok, Chi Ming Victor was appointed as non-executive director of the Company on 29 July 2009.

Audit Committee

The principal terms of reference of the Company's Audit Committee include the review of the Company's financial information, monitoring of the Company's financial reporting system and internal control procedures, recommendations on the appointment of external auditors and monitoring of the independence of the auditor and effectiveness of the audit procedures.

The Audit Committee is chaired by Mr. Sun Shuyi, being independent non-executive directors, and its members are Mr. Lu Zhengfei and Mr. Miao Yuexin, being independent non-executive directors, and Ms. Liu Jinghua, being a non-executive director. Most of them possess professional qualifications and experience in finance.

The Audit Committee held four meetings in 2009. Details of the meetings are as follows:

1. The first meeting of the Audit Committee for the year was convened on 20 March 2009. At the meeting, an analysis on the results and operations of 2008 was presented by the CFO. The Audit Committee discussed the operating results of 2008. The auditors reported on the year-end audit for 2008 and potential issues of concern for 2009. The Audit Committee voted in favor of submitting the audited financial statements for 2008 to the Board for approval.

2. The second meeting of the Audit Committee for the year was convened on 15 July 2009. The results of candidates for auditing firm of the Company for 2009 were passed at the meeting. The Audit Committee discussed the arrangement of interim report 2009 and the implications on the Company of the amendments to international financial reporting standards which came into effect in 2009.

3. The third meeting of the Audit Committee for the year was convened on 19 August 2009. At the meeting, an analysis of the interim operating results of 2009 was presented by the CFO. The Audit Committee discussed the 2009 interim operating results of the Company and conducted analysis in respect of the operations. The auditors reported their review of the 2009 interim period and identified potential issues of concern for the latter half of 2009. The Audit Committee voted in favor of submitting the unaudited interim financial statement for 2009 to the Board for approval.

4. The fourth meeting of the Audit Committee for the year was convened on 2 December 2009. At the meeting, analysis and discussion of the operating results of 2009 for the period from January to October 2009 was conducted by CFO. The auditors reported on the preliminary auditing of 2009, which was fully discussed by the participants.

The Group's annual results for the year ended 31 December 2009 have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee is a specialised committee formed under the Board of directors to review the remuneration policy, structure and standards for the directors and senior management of the Company, conduct performance appraisal and determine the remuneration policy in respect of the director and senior management of the Company and be responsible for performance assessment of the directors and senior management, so as to ensure that none of the directors can determine his/her own remuneration packages.

The Remuneration Committee is chaired by Mr. Lu Zhengfei, being independent non-executive directors and its members include Mr. Sun Shuyi and Mr. Miao Yuexin, being independent non-executive directors, and Ms. Tao Suyun, being an executive director.

The Company has formed an integrated and standardised system comprising the job evaluation regime, the performance management regime and the remuneration regime. The remuneration regime has been developed through the implementation of the remuneration scheme in line the Company's development to allow the Company to maintain its competitive strengths in the market while ensuring fair reward for its employees. Such remuneration regime is founded upon on the job evaluation regime, which is underpinned by a floating income system whereby positions are awarded by way of competition and salaries are determined and vary according to positions held, and supported by the integrated performance management regime. Taken together, an effective incentive and check mechanism has been formed to support a remuneration culture highlighted by the priority of results and performance, with an aim to attract, retain and motivate people with the right calibre and realise the mutual enhancements of personal, corporate and shareholders' values.

1. The Remuneration Committee held its first meeting of 2009 on 4 January 2009 by way of written resolution, to approve the proposal that amendments to regulation of performance and payment of remuneration to the directors and senior management of Sinotrans Limited.

2. The Remuneration Committee held its second meeting of 2009 on 20 March 2009, discussed the proposal that amendments and practices of performance appraisal, payment of remuneration for 2008 to the senior management of Company.

Supervisory Committee

The Supervisory Committee is formed by three members, comprising one independent supervisor, one staff-representative supervisor and one shareholder-representative supervisor.

The Supervisory Committee is responsible for supervising the Board and its members as well as the senior management, so as to safeguard the interests of the shareholders of the Company. A meeting of the Supervisory Committee was convened on 20 March 2009 to review the 2008 work report of the Supervisory Committee and the 2008 audited financial statements and the proposal of annual profit assignment, and to review the proposal of the election of the chairman of the Supervisory Committee. By convening meetings of the Supervisory Committee and attending Board meetings, meetings of the Audit Committee and the general meetings, the supervisors examined the Company's financial position and legal compliance of its operations and the performance of duties by its senior management, undertaking various duties in a proactive manner with diligence, prudence and integrity.

With the objective to further reinforce the function of Supervisory Committee, to fully implement the Company's growing strategy and to improve the Company's anti-risk capability, the Supervisory Committee conducted on-site investigation to its subsidiaries during 14-16 December 2009: Sinotrans Eastern Co., Ltd., Sinotrans Container Lines Co., Ltd. and Sinotrans Changjiang Co., Ltd.. The investigation covers the following key topics including operating and managing performance in past fiscal years; major risks and mitigation plan; and next step action plan to enable continuing growth. This investigation activity has achieved the expected results.

Ⅷ. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

The directors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code throughout the reporting period for 2009.

IX. PUBLICATION OF ANNUAL RESULTS AND 2009 ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinotrans.com). The 2009 Annual Report will be dispatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Sinotrans Limited
Gao Wei
Company Secretary

Beijing, 23 March, 2010

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 Mok Chi Ming Victor are non-executive directors of the Company; and Sun Shuyi, Lu Zhengfei and Miao Yuexin are independent non-executive directors of the Company.