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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sinotrans Limited (the “Company”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中國外運股份有限公司 SINOTRANS LIMITED

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

(Stock Code: 0598)

CONTINUING CONNECTED TRANSACTIONS AND ELECTION OF SUPERVISOR

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



A letter of recommendation from the Independent Board Committee is set out on page 18 of this circular and a letter of recommendation from Optima Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 35 of this circular.

A notice convening the extraordinary general meeting (the “EGM”) of Sinotrans Limited to be held at No. 1 Meeting Room, 12th Floor, Sinotrans Plaza A, A43, Xizhimen Beidajie, Haidian District, Beijing, the People's Republic of China 100044 on Thursday, 30 April 2009 at 9:30 a.m. is set out on pages 46 to 48 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. If you do not intend to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to registered office of the Company at Sinotrans Plaza A, A43, Xizhimen Beidajie, Haidian District, Beijing, the People's Republic of China 100044 as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment of it, if you so wish.

25 February 2009

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	an announcement dated 4 February 2009 of the Company with regard to, among other things, the Non-exempt Continuing Connected Transactions
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Sinotrans Limited, a company incorporated in the People’s Republic of China with limited liability, the shares of which are listed on the Stock Exchange
“Connected Joint Venture Partner(s)”	大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co., Ltd.*) and 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*), each being a joint venture partner of the Group or an associate of a joint venture partner of the Group and a connected person of the Company
“Connected Non Wholly-Owned Companies”	江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) and 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*), 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*) and 山東中外運弘志物流有限公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd*) (formerly known as 山東外運弘志國際集裝箱運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.*)), each being a non wholly-owned subsidiary or joint venture of the Company and a connected person of the Company
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	domestic invested share(s) of RMB1.00 each in the share capital of the Company
“EGM”	the extraordinary general meeting of the Company to be convened on Thursday, 30 April 2009 for the purposes of passing the relevant resolutions for approving the Non-exempt Continuing Connected Transactions
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested share(s) of RMB1.00 each in the share capital of the Company

DEFINITIONS

“IFA”	Optima Capital Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the New Caps
“Independent Board Committee”	a board committee comprising of the independent non-executive Directors of the Company to be constituted to make recommendations to the Independent Shareholders in respect of the New Caps
“Independent Shareholders”	Shareholders other than Sinotrans Group Company, the Connected Joint Venture Partners, the Connected Non Wholly-Owned Companies and their respective associates
“Latest Practicable Date”	20 February 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Business Services Agreement”	the master business services agreement dated 4 February 2009 between the Company and Sinotrans Group Company in relation to the provision and receipt of services between the Group and Sinotrans Group and its associates
“New Cap(s)”	the maximum value of Non-exempt Continuing Connected Transactions for each of the three years ending 31 December 2011 as set out in this circular
“Non-exempt Continuing Connected Transactions”	the continuing connected transactions between the Group and (a) Sinotrans Group and its associates; (b) Connected Joint Venture Partners; and (c) Connected Non Wholly-Owned Companies, which are subject to Independent Shareholders’ approval, further details of which are set out in the section headed “Non-exempt Continuing Connected Transaction” in this circular
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	H Share(s) and Domestic Share(s)
“Shareholder(s)”	holder(s) of Shares of the Company
“Sinotrans Group”	Sinotrans Group Company and its subsidiaries, excluding the Group
“Sinotrans Group Company”	China National Foreign Trade Transportation (Group) Corporation (中國對外貿易運輸集團總公司), the controlling shareholder of the Company owning approximately 57.93% interest in the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules

* *for the purpose of identification only*

LETTER FROM THE BOARD



中國外運股份有限公司
SINOTRANS LIMITED

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

(Stock Code: 0598)

Executive Directors:

Zhao Huxiang
Zhang Jianwei
Tao Suyun
Li Jianzhang

Registered Office and Headquarters:

Sinotrans Plaza
A43, Xizhimen Beidajie
Beijing
People's Republic of China
100044

Non-executive Directors:

Yang Yuntao
Liu Jinghua
Jerry Hsu
Peter Landsiedel

*Principal Place of Business
in Hong Kong:*

21st Floor, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Independent Non-executive Directors:

Sun Shuyi
Lu Zhengfei
Miao Yuexin

25 February 2009

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
AND
ELECTION OF SUPERVISOR**

INTRODUCTION

Reference is made to the Announcement in relation to certain business relationships with (a) Sinotrans Group Company, its subsidiaries and its associates; and (b) certain joint venture partners of the Group; and (c) certain non wholly-owned companies of the Company, which constitute continuing connected transactions of the Company. Such business relationships have been taking place since the Company was listed on the Stock

LETTER FROM THE BOARD

Exchange in the year 2003. The Directors expect such business relationships to continue and the Company has entered into agreements for the Non-exempt Continuing Connected Transactions.

The purpose of this circular is (i) to provide you with further information in relation to the Non-exempt Continuing Connected Transactions; (ii) to set out the opinions and recommendations of the Independent Board Committee and IFA; and (iii) to give you notice of the EGM at which the resolutions set out therein will be proposed. The EGM will be held on Thursday, 30 April 2009 for the purpose of, among others, obtaining the approval from the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions by way of poll. As Sinotrans Group Company, the Connected Joint Venture Partners and the Connected Non Wholly-Owned Companies are parties to different Non-exempt Continuing Connected Transactions, they are required under the Listing Rules to abstain from voting on the single resolution to be proposed to approve all of the Non-exempt Continuing Connected Transactions subject to the New Caps of the EGM.

It is also proposed that Mr. Jiang Jian be appointed as a supervisor of the Company. Particulars of Mr. Jiang Jian are set out in this circular.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of the Non-Exempt Continuing Connected Transactions which require Independent Shareholders' approval:

A. Transactions with the Sinotrans Group Company, its subsidiaries and their associates under the Master Business Services Agreement (Note)

**Types of Non-Exempt
Continuing Connected
Transaction**

Nature of transaction

Transactions involving the provision of services to members of the Sinotrans Group and their associates

Provision of
transportation and
logistic services

The Group may from time to time provide such services to members of the Sinotrans Group and their associates which operates transportations and logistics business (including freight forwarding, express services, shipping agency, storage and terminal services) in the PRC outside those areas in which the Group has its core operations and also to provide services to those members of the Sinotrans Group and their associates who are not in the same line of business (such as trading companies) who may require the Group's transportation and logistics services.

LETTER FROM THE BOARD

**Types of Non-Exempt
Continuing Connected
Transaction**

Nature of transaction

Transactions involving the receipt of services from members of the Sinotrans Group and their associates

Receipt of
transportation and
logistics services

The Group may require from time to time transportation and logistics services from members of the Sinotrans Group and their associates so as to enable the Group to provide end-to-end transportation and logistics services (including freight forwarding, express services, shipping agency, storage and terminal services) to customers covering locations in which the Group does not have operations. For example, the services of Sinotrans Group and their associates are mainly for the purposes of effecting local or overseas delivery, distribution and storage of cargo at destinations where the Group does not have such operations; vessels owned or operated by the Group may require shipping agency services of overseas companies within the Sinotrans Group and their associates. The Group will continue to charter vessels from the Sinotrans Group. The Group will also from time to time leases containers of varying specifications from associates of Sinotrans Group Company. In line with market practice, the containers are leased on a as needed basis and are subject to an agreed daily rental (which varies by reference to the size, type and number of containers leased and the term of the lease).

Note: The price under the Master Business Services Agreement dated 4 February 2009, in respect of the provision and receipt of transportation and logistic services, chartering of vessels and leasing of containers, was determined at the market price charged by independent third parties under normal commercial terms. The Master Business Services Agreement is conditional upon the approval of the Independent Shareholders at the EGM. The term of the Master Business Services Agreement is for 3 years, commencing on 1 January 2009 and ending on 31 December 2011.

The Directors are of the view that the terms of the Master Business Services Agreement are fair and reasonable so far as the Shareholders are concerned and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

During 2006, 2007 and the six months ended 30 June 2008, the turnover/expenses of the Group attributable to each of the above transactions to Sinotrans Group were as follows:

	Amount (RMB)		Six months ended 30 June 2008
	2006	2007	
Provision of transportation and logistic services	415,480,000	424,480,000	109,320,000
Annual cap in respect of provision of transportation services	699,000,000	1,012,000,000	1,489,000,000
Receipt of transportation and logistics services	312,480,000	355,330,000	156,770,000
Annual cap in respect of receipt of transportation services	511,058,000	659,250,000	1,003,000,000

The Company proposes that the maximum cap of each the above types of transactions (in respect of which Independent Shareholders' approval is proposed to be sought at the EGM) for 2009, 2010 and 2011 be capped as follows:

	Amount (RMB)		
	2009 Cap (Note 1)	2010 Cap (Note 1)	2011 Cap (Note 1)
Provision of transportation and logistic services (Notes 2 & 3)	771,000,000	1,002,000,000	1,303,000,000
Receipt of transportation and logistics services (Notes 2 & 3)	888,000,000	1,154,000,000	1,500,000,000

LETTER FROM THE BOARD

Notes:

1. These figures represent the estimated maximum cap in respect of transactions of the relevant type which the Group may undertake during the relevant financial years. The actual amount of transaction may be different. Taking into account the bases for the determination of the caps as detailed below, the Board considers that the New Caps set out above are fair and reasonable.
2. The relevant caps have been determined by reference to:
 - (i) the historical value of the transactions in respect of the provision of transportation and logistic services by the Group to the Sinotrans Group and its associates;
 - (ii) the historical value of the transactions in respect of the receipt of transportation and logistic services by the Group from the Sinotrans Group and its associate;
 - (iii) the historical and current time charter rates and the increase in the number of vessels being chartered;
 - (iv) to allow a buffer for the inherent volatility of vessel chartering rates;
 - (v) the historical value of the amount paid by the Group in respect of the leasing of containers from the Sinotrans Group;
 - (vi) the historical growth of the Group's turnover; and
 - (vii) to allow a buffer for the inherent volatility of business in the transportation and logistics services industry (which is affected by the volatility in oil price, the increase in demand for transportation and logistics services with the increase in export and import volume in the PRC) and perceived increase in demand for the Group's services with continued economic growth of the PRC and on the implementation of the Group's strategy to expand its domestic operations, overseas network, scope of services and newly-developed services and products.
3. Payment for the provision and receipt of the above transportation and logistic services will be made by cash in accordance with the standard terms of sale or provision of services of the provider from time to time.

B. Transactions with Connected Joint Venture Partners

The Group has business relationships with certain joint venture partners of the Group and its associates which constitute continuing connected transactions. The Group intends to continue its business relationships with 大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co., Ltd.*) and 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*). Each of the above Connected Joint Venture Partners are connected persons of the Company solely by reason that each of them is a substantial shareholder or an associate of a substantial shareholder of certain non-wholly owned subsidiaries of the Company, further particulars relating to which are included in the notes to the table below. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Connected Joint Venture Partners are connected with each other.

Provision and receipt of transportation and logistics services

To comply with the requirements of the Listing Rules, the Company has on 4 February 2009 entered into master services agreements with each of the following Connected Joint Venture Partners, namely, (i) 大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co., Ltd.*); and (ii) 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*), for the provision and receipt of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services). The term of the master services agreements with each of the above Connected Joint Venture Partners is for a term of 3 years commencing on 1 January 2009 and ending on 31 December 2011. The master services agreements provide that services must be charged at the market price charged by independent third parties on normal commercial terms.

The Directors are of the view that the terms of the master services agreements signed by the relevant Connected Joint Venture Partners are fair and reasonable so far as the Shareholders are concerned and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The table below sets out the turnover/expenses of the Group attributable to the transactions with each of the following Connected Joint Venture Partners and its associates during 2006, 2007 and the six months ended 30 June 2008 and the maximum cap for the value of transportation and logistic services to be provided and received by the Group respectively (in respect of which Independent Shareholders' approval is proposed to be sought at the EGM) with each of the following Connected Joint Venture Partners and its associates for the years 2009, 2010 and 2011:

		Amount (RMB)					
		Six months ended 30 June					
		2006	2007	2008	2009 Cap <i>(Note 1)</i>	2010 Cap <i>(Note 1)</i>	2011 Cap <i>(Note 1)</i>
大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co., Ltd.*) <i>(Notes 2, 3 & 5)</i>	Provision of transportation and logistics services	19,780,000	16,630,000	27,810,000	167,000,000	251,000,000	376,000,000
	Receipt of transportation and logistics services	3,170,000	7,290,000	2,550,000	16,000,000	23,000,000	35,000,000
	Total	<u>22,950,000</u>	<u>23,920,000</u>	<u>30,360,000</u>	<u>183,000,000</u>	<u>274,000,000</u>	<u>411,000,000</u>
大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*) <i>(Notes 2, 4 & 5)</i>	Provision of transportation and logistics services	—	—	—	9,000,000	13,000,000	20,000,000
	Receipt of transportation and logistics services	—	—	—	200,000,000	300,000,000	450,000,000
	Total	<u>—</u>	<u>—</u>	<u>—</u>	<u>209,000,000</u>	<u>313,000,000</u>	<u>470,000,000</u>

Notes:

- These figures represent the estimated maximum cap in respect of transactions of the relevant type which the Group will undertake during the relevant financial years in respect of which independent shareholders' approval is proposed to be sought at the EGM. The actual amount of transaction may be different. Taking into account the bases for the determination of the caps as detailed below, the Board considers that the New Caps set out above are fair and reasonable.
- The relevant estimates have been determined by reference to (i) the historical value of the transactions with the Connected Joint Venture Partners and their associates for the years 2006, 2007 and the six months ended 30 June 2008; and (ii) the plans and requirements of the Group, after allowing a buffer for the inherent volatility of business in the transportation and logistics services industry and perceived increase in demand for the Group's services generally with the continued economic growth of the PRC and the implementation of the Group's strategy to expand its domestic operations and

LETTER FROM THE BOARD

overseas network and, as customers seek the services of the more established and financially sound transportation and logistics services providers such as the Group to manage perceived risks associated with the current global economic downturn.

3. 大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co., Ltd.*) is an associate of a substantial shareholder (i.e. 日本通運株式會社 (Nippon Express Co., Ltd.)) of another non-wholly owned subsidiary of the Company. Based on the information provided to the Company by 大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co., Ltd.*), it is engaged in the business of provision of transportation and logistic services.
4. 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*) is a substantial shareholder of a subsidiary of the Company, owning 49% interest in such subsidiary. Based on the information provided to the Company by 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*), it is engaged in the business of provision of transportation and logistic services. 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*), which was previously not a connected person of the Company, became a connected person of the Company as a result of the acquisition of substantial equity interest in a joint venture subsidiary of the Company from a joint venture partner of the Group 烟台烟源國際貨運代理有限公司 (Yantai Yanyuan International Freight Forwarding Co. Ltd*) and thereby becoming a substantial shareholder of such joint venture (which is a subsidiary of the Company).
5. Payment for the provision and receipt of the above services will be made by cash in accordance with the standard terms of sale or provision of services of the provider from time to time.

C. Transactions with Connected Non Wholly-Owned Companies

The Group has also received and provided transportation and logistics services with the following Connected Non Wholly-Owned Companies: 江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) and 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*), 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*), and 山東中外運弘志物流有限公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd*) (formerly known as 山東外運弘志國際集裝箱運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.)). 江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) and 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*), are both subsidiaries of the Company and associates of substantial shareholders of other subsidiaries of the Company and each of 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*) and 山東中外運弘志物流有限公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd*) (formerly known as 山東外運弘志國際集裝箱運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.)) is a non-wholly owned subsidiary of the Company and in respect of which Sinotrans Group Company, a connected person at the listed company level, holds more than 10% of each of their total equity interest, further details relating to which are included in the notes to the table below.

LETTER FROM THE BOARD

The Group intends to continue such business relationships with the Connected Non Wholly-Owned Companies. To comply with the requirements of the Listing Rules, the Company has on 4 February 2009 entered into master services agreements with each of the following Connected Non Wholly-Owned Companies, namely, (i) 江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) and 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*); (ii) 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*); and (iii) 山東中外運弘志物流有限公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd*) (formerly known as 山東外運弘志國際集裝箱運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.*)), for the provision and receipt of the respective transportation and logistics services (including freight forwarding services, express services, shipping agency, storage and terminal services) with the respective Connected Non Wholly-Owned Companies. The term of the master services agreements with each of the above Connected Non Wholly-Owned Companies is for a period of three years commencing on 1 January 2009 and ending on 31 December 2011. The master services agreements provide that services must be charged at the market price charged by independent third parties on normal commercial terms.

The Directors are of the view that the terms of the master services agreements signed by the relevant Connected Non Wholly-Owned Companies are fair and reasonable so far as the Shareholders are concerned and in the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The table below sets out the turnover/expenses of the Group attributable to the transactions with each of the following Connected Non Wholly-Owned Companies and its associates during 2006, 2007 and the six months ended 30 June 2008 and the maximum cap for the value of transportation and logistic services to be provided and received by the Group respectively (in respect of which Independent Shareholders' approval is proposed to be sought at the EGM) with each of the following Connected Non Wholly-Owned Companies and its associates for the years 2009, 2010 and 2011:

		Amount (RMB)					
		Six months ended					
		2006	2007	30 June 2008	2009 Cap (Note 1)	2010 Cap (Note 1)	2011 Cap (Note 1)
江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) and 江 門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*) (Notes 2, 3, 6 & 7)	Provision of transportation and logistics services	94,220,000	89,960,000	38,700,000	233,000,000	349,000,000	523,000,000
	Receipt of transportation and logistics services	35,860,000	31,840,000	16,490,000	100,000,000	149,000,000	223,000,000
	Total	<u>130,080,000</u>	<u>121,800,000</u>	<u>55,190,000</u>	<u>333,000,000</u>	<u>498,000,000</u>	<u>746,000,000</u>
青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.)* (Notes 2, 4, 6 & 7)	Provision of transportation and logistics services	2,730,000	3,830,000	11,970,000	71,820,000	107,730,000	161,600,000
	Receipt of transportation and logistics services	1,200,000	3,690,000	1,370,000	8,220,000	12,330,000	18,500,000
	Total	<u>3,930,000</u>	<u>7,520,000</u>	<u>13,340,000</u>	<u>80,040,000</u>	<u>120,060,000</u>	<u>180,100,000</u>
山東中外運弘志物流有限 公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd*) (formerly known as 山東外運弘志國際集裝箱 運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.*)) (Notes 2, 5, 6 & 7)	Provision of transportation and logistics services	35,110,000	72,530,000	72,750,000	437,000,000	655,000,000	983,000,000
	Receipt of transportation and logistics services	860,000	1,160,000	610,000	4,000,000	5,500,000	9,000,000
	Total	<u>35,970,000</u>	<u>73,690,000</u>	<u>73,360,000</u>	<u>441,000,000</u>	<u>660,500,000</u>	<u>992,000,000</u>

LETTER FROM THE BOARD

Notes:

1. These figures represent the estimated maximum cap in respect of the transactions of the relevant type which the Group will undertake during the relevant financial years in respect of which Independent Shareholders' approval is proposed to be sought at the EGM. The actual amount of transaction may be different. Taking into account the bases for the determination of the caps as detailed below, the Board considers that the New Caps set out above are fair and reasonable.
2. As the above companies are also subsidiaries of the Company, the relevant estimated maximum transaction value have been determined with reference to (i) the historical value of the transactions with the Connected Non Wholly-Owned Companies and their associates for the years 2006, 2007 and the six months ended 30 June 2008; and (ii) the plans and requirements of the Group, after allowing a buffer for the inherent volatility of business in the transportation and logistics services industry and perceived increase in demand for the Group's services generally with the continued economic growth of the PRC and the implementation of the Group's strategy to expand its domestic operations and overseas network and, as customers seek the services of the more established and financially sound transportation and logistics services providers such as the Group to manage perceived risks associated with the current global economic downturn.
3. 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*) is an associate of a substantial shareholder of another subsidiary of the Company (i.e. 江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) and is an indirect non-wholly owned subsidiary which is owned as to 60% by the Company. 江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) is an associate of the same substantial shareholder of 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*) and is an indirect non-wholly owned subsidiary which is owned as to 60% by the Company. Accordingly, the transactions by the Group with these two non-wholly owned subsidiaries are aggregated in accordance with the Listing Rules.
4. 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*) is a non-wholly owned subsidiary of the Company and in respect of which Sinotrans Group Company, a connected person at the listed company level, holds more than 10% of each of their total equity interest. Given the recent economic downturn and stock market decline, the market capitalization of the Company has decreased significantly thereby causing the continuing connected transaction with 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*), which were previously exempted from announcement, reporting and Independent Shareholders' approval requirements, to become subject to announcement, reporting and Independent Shareholders' approval requirements.
5. 山東中外運弘志物流有限公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd.*) (formerly known as 山東外運弘志國際集裝箱運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.*)) is a non-wholly owned subsidiary of the Company and in respect of which Sinotrans Group Company, a connected person at the listed company level, holds more than 10% of each of their total equity interest.
6. Save as disclosed in the notes above and as far as the Company is aware, the other shareholders (other than a member of the Group) of the non-wholly owned subsidiaries set out in the table above, are independent of the other shareholders (other than a member of the Group) of the other non-wholly owned subsidiaries set out in the table above.
7. Payment for the provision and receipt of the above services will be made by cash in accordance with the standard terms of sale or provision of services of the provider from time to time.

LETTER FROM THE BOARD

LISTING RULES COMPLIANCE IN RESPECT OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Details of the Non-exempt Continuing Connected Transactions will be included in the published annual reports of the Company for each of the three financial years ending 31 December 2011. The requirements as regards annual review of the Non-exempt Continuing Connected Transactions under Rules 14A.37 to 14A.40 of the Listing Rules will be complied with.

In the event that any of the caps in respect of the Non-exempt Continuing Connected Transactions is exceeded or any transaction under the Non-exempt Continuing Connected Transactions is renewed or there is a material change to the terms of the relevant transactions under the Non-exempt Continuing Connected Transactions, the Company will comply with the provisions of Chapter 14A of the Listing Rules, as applicable.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Certain Non-exempt Continuing Connected Transactions have been taking place since the Company became listed on the Stock Exchange in the year 2003 and are essential for the continued operation and growth of the business of the Group. Some of the transportation and logistic services required by the Group will enable the Group to provide end-to-end transportation and logistics services to customers covering locations in which the Group does not have operations. In addition, the Group is also able to provide services to members of the Sinotrans Group and their associates, the Connected Joint Venture Partners who are not in the same line of business or who do not operate in the areas in which the Group has its core operations. Accordingly, the Directors consider that the Non-exempt Continuing Connected Transactions are in the interest of and are beneficial to the Group.

INFORMATION ON THE GROUP

The Group is principally engaged in the business of freight forwarding, express services, shipping agency services, storage and terminal services, marine transportation and trucking services.

INFORMATION ON THE SINOTRANS GROUP

The Sinotrans Group and its subsidiaries is principally engaged in the provision of transportation of commercial and non-commercial cargoes by sea, rail, air, and multi-model ways, and it also handles chartering, liner service, ship management, ship agency, air courier service, container leasing, storage and warehousing, distribution, international trade, labour export, contract projects, forestry development and information consultation.

LETTER FROM THE BOARD

APPOINTMENT OF NEW SUPERVISOR

As a matter separate from the Non-exempt Continuing Connected Transactions, the Supervisory Committee of the Company proposes to appoint Mr. Jiang Jian as a supervisor of the Company.

Mr. Jiang Jian (江艦), age 44, joined Sinotrans Group in 1988, serving in Liaoning Shipping Agency Company. From June 1995 to May 1998, Mr. Jiang acted as Deputy Manager and General Manager of Liaoning Container Shipping Company. Mr. Jiang was appointed Deputy General Manager of Sinotrans Liaoning Company in June 1998. Mr. Jiang was promoted General Manager of Sinotrans Liaoning Company in September 2001 and General Manager of Sinotrans Liaoning Limited Company in December 2002. Since October 2008, Mr. Jiang was appointed assistant president and General Manager of Human Resources Department of Sinotrans Group Company. Mr. Jiang graduated from Dalian Maritime University in 1988 and got a doctorate degree from Dalian Maritime University in October 2007. He has not held any directorship in any other listed companies in the last three years.

In accordance with the Articles of Association of the Company, Mr. Jiang's appointment will be for three years with effect from Shareholders' approval at the EGM. Mr. Jiang is an eligible participant under the Company's share appreciation rights plan ("SARs Plan") which entitles him to cash payment in accordance with the terms and conditions of the SARs Plan. As at the Latest Practicable Date, Mr. Jiang held 240,000 rights under the Company's SARs Plan. Save as disclosed above, Mr. Jiang is not related to any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, he was not interested in shares of the Company within the meaning of Part XV of the SFO.

Mr. Jiang will not enter into any service contract with the Company and will not be entitled to any remuneration for his supervisor's service. There is no other information in relation to Mr. Jiang that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters in relation to the appointment of Mr. Jiang that need to be brought to the attention of the Shareholders.

No Shareholder is required to abstain from voting on the ordinary resolution no. 2 set out in the notice of EGM set out on pages 46 to 48 of this circular to be proposed to elect Mr. Jiang Jian as a supervisor of the Company.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 18 of this circular which contains its recommendation to the Independent Shareholders in respect of the ordinary resolution no. 1 set out in the notice of EGM set out on 46 to 48 of this circular to approve the Non-exempt Continuing Connected Transactions to be subject to the New Caps.

The advice of the IFA to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Non-exempt Continuing Connected Transactions and the New Caps are fair and reasonable and in the interest of the Company and its Independent Shareholders as a whole is set out on pages 19 to 35 of this circular.

FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
By order of the Board of
Sinotrans Limited
Gao Wei
Company Secretary

* *for the purpose of identification only*



中國外運股份有限公司
SINOTRANS LIMITED

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

(Stock Code: 0598)

25 February 2009

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Sinotrans Limited in respect of the resolution to approve the Non-exempt Continuing Connected Transactions subject to the New Caps, details of which are set out in the “Letter from the Board” contained in the circular of the Company (the “Circular”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board”, the advice of the IFA in its capacity as the IFA to the Independent Board Committee and the Independent Shareholders in respect of whether (i) the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interest of the Company and its Independent Shareholders as a whole; and (ii) the New Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned, as set out in the “Letter from Optima Capital Limited” as well as other additional information set out in other parts of the Circular.

Having taken into account the advice of, and the principal factors and reasons considered by the IFA in relation thereto as stated in its letter, we consider the terms of the Non-exempt Continuing Connected Transactions and the New Caps to be fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Non-exempt Continuing Connected Transactions.

Yours faithfully,
Independent Board Committee
Sun Shuyi
Lu Zhengfei
Miao Yuexin

Independent Non-executive Directors

LETTER FROM OPTIMA CAPITAL LIMITED

The following is the letter of advice from Optima Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 3618, 36th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

25 February 2009

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Non-exempt Continuing Connected Transactions (including the New Caps) between the Company and each of (i) Sinotrans Group and its associates; (ii) the Connected Joint Venture Partners; and (iii) the Connected Non Wholly-Owned Companies (collectively, the “**Connected Persons**”) pursuant to the respective master services agreements entered into between the Company and each of Sinotrans Group Company, the Connected Joint Venture Partners and the Connected Non Wholly-Owned Companies dated 4 February 2009 for a term of three years from 1 January 2009 to 31 December 2011, details of which are set out in the letter (the “Letter”) from the Board contained in the circular of the Company dated 25 February 2009 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless otherwise requires.

Sinotrans Group Company is the controlling shareholder of the Company holding approximately 57.93% interest in the Company. The Connected Joint Venture Partners are 大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co., Ltd.*) (“**Nittsu**”), which is an associate of a substantial shareholder (i.e. 日本通運株式會社 (Nippon Express Co., Ltd.) of another non wholly-owned subsidiary of the Company, and 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*) (“**Grand China**”), which is a substantial shareholder of a subsidiary of the Company, holding 49% interest in such subsidiary of the Company. The Connected Non Wholly-Owned Companies are 江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) (“**Sinotrans Guangdong**”) and 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*) (“**Jiangmen Foreign**”), both of which non-wholly owned subsidiaries of the Company and associates of substantial shareholders of other subsidiaries of the Company; and 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*) (“**Qingdao Jinyun**”) and 山東中外運弘志物流有限公

LETTER FROM OPTIMA CAPITAL LIMITED

司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd*) (formerly known as 山東外運弘志國際集裝箱運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.*) (“**Sinotrans Shandong**”), each of which is a non-wholly owned subsidiary of the Company and in respect of which Sinotrans Group Company, a connected person at the listed company level, holds more than 10% of each of their total equity interest.

As set out in the Letter, the Non-exempt Continuing Connected Transactions (including the New Caps) are subject to the approval by the Independent Shareholders at the EGM and as Sinotrans Group Company, the Connected Joint Venture Partners and the Connected Non Wholly-Owned Companies are parties to the Non-exempt Continuing Connected Transactions, they are required under the Listing Rules to abstain from voting on the resolution to be proposed to approve all of the Non-exempt Continuing Connected Transactions subject to the New Caps at the EGM.

The Independent Board Committee comprising Sun Shuyi, Lu Zhengfei and Miao Yuexin, being all independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms of the Non-exempt Continuing Connected Transactions and the New Caps. In our capacity as the independent financial adviser of the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion as to whether (i) the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) the New Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the EGM. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and opinions expressed to us. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information have been withheld, nor doubt the truth or accuracy of the information provided. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Non-exempt Continuing Connected Transactions (together with the New Caps) are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background and reasons for the Non-exempt Continuing Connected Transactions

The Group is principally engaged in the business of freight forwarding, express services, shipping agency, storage and terminal services, marine transportation and trucking services (together, the “**Transportation and Logistics Services**”). The Company’s operation mainly covers coastal areas and other strategic areas in the PRC, such as Guangdong, Fujian, Shanghai, Zhejiang, Jiangsu, Jiangxi, Hubei, Shandong, Tianjin and Liaoning (the “**Core Operation Regions**”), with a comprehensive nationwide service network and overseas agency network.

As stated in the Letter, certain Non-exempt Continuing Connected Transactions have been taking place since the Company became listed on the Stock Exchange in the year 2003 and are essential for the continued operation and growth of the business of the Group. Some of the transportation and logistic services provided by the Connected Persons and required by the Group will enable the Group to provide end-to-end transportation and logistics services to customers covering locations in which the Group does not have operations. In addition, the Group is also able to provide services to the Connected Persons who are not in the same line of business or who do not operate in the areas in which the Group has its core operations. Details of the principal businesses of each of the Connected Persons and the reasons for the Non-exempt Continuing Connected Transactions between the Group and each of the Connected Persons are discussed below.

1.1 Transactions with Sinotrans Group and its associates

Sinotrans Group Company, the controlling shareholder of the Company holding 57.93% of the total existing issued share capital of the Company, was established in 1950. As a result of a reorganization for the listing of the Company in 2003, the operations retained by the Sinotrans Group mainly focus on the inland transportation and logistics operations overseas and in the PRC but located outside the Core Operation Regions in which the Group operates. Vessels and equipment for the provision of transportation and logistics services, in particular those relating to marine transportation services such as container vessels and containers, were retained in the Sinotrans Group. As at the Latest Practicable Date, the Sinotrans Group is principally engaged in the provision of transportation of commercial and non-commercial cargoes by sea, rail, air, and multi-model ways, and it also handles chartering, liner service, ship management, ship agency, air courier service, container leasing, storage and warehousing, distribution, international trade, labour export, contract projects, forestry development and information consultation.

In view of the difference in the scope of business between the Group and the Sinotrans Group and its associates as described above, the Group from time to time requires Transportation and Logistics Services from members of the Sinotrans Group and their associates so as to enable the Group to provide end-to-end Transportation and Logistics Services to customers covering locations outside the Core Operation Regions and additional support business services within those areas should the Group's own operations fail to fully satisfy specific customers' needs. For example, the services of Sinotrans Group and their associates are mainly for the purposes of effecting local or overseas delivery, distribution and storage of cargo at destinations where the Group does not have such operations; vessels owned or operated by the Group may require shipping agency services of overseas companies within the Sinotrans Group and their associates. In addition, the Group will continue to charter vessels from the Sinotrans Group and will from time to time leases containers of varying specifications from associates of Sinotrans Group Company, which is part of the support services provided by the Group, during the Group's normal course of business in providing its Transportation and Logistics Services. Similarly, the Sinotrans Group and their associates which provide Transportation and Logistics Services in the PRC outside the Core Operation Regions and who are not engaged in the same line of business (such as trading companies) may require the Group's Transportation and Logistics Services from time to time during their normal course of business. The aforesaid business relationship between the Sinotrans Group and the Group has commenced since the listing of the Company in February 2003. Since the existing business services agreement entered into between the Group and the Sinotrans Group on 26 January 2006 to govern the Non-exempt Continuing Connected Transactions between the Group and the Sinotrans Group and its associates has expired on 31 December 2008, the parties enter into the Master Business Services Agreement on 4 February 2009 to continue the business relationships for a term of another 3 years from 1 January 2009 to 31 December 2011 in relation to the provision and receipt of Transportation and Logistics Services between the Group and Sinotrans Group and its associates.

1.2 Transactions with Connected Joint Venture Partners

Nittsu is principally engaged in the business of provision of Transportation and Logistic Services in Dalian, the PRC. As advised by the management of the Group, the Group may require the services of Nittsu when distribution of cargos through Dalian is needed and Nittsu may require the services of the Group when its cargos need to be delivered to regions other than Dalian. Moreover, the size of operation of Nittsu is small and it may require the Group's comprehensive Transportation and Logistics Services in many occasions due to their different network coverage in the PRC and size of operation.

Grand China is a shipping company principally engaged in the provision of freight forwarding services between Japan and Asian countries for container cargo. As advised by the management of the Group, the Group may require

Grand China to provide the marine transportation and freight forwarding services in the regions where Grand China covers and enhances the cross-continental transportation services capability of the Group. The Group also provides container storage and shipping agency services to Grand China.

On 4 February 2009, the Company entered into the master services agreements for a term of 3 years from 1 January 2009 to 31 December 2011 with Nittsu and Grand China respectively for the provision and receipt of Transportation and Logistics Services.

1.3 Transactions with Connected Non Wholly-Owned Companies

Sinotrans Guangdong is principally engaged in the business of provision of storage and terminal services in Jiangmen, the PRC. Sinotrans Guangdong provides terminal services to the Group while the Group provides trucking services to Sinotrans Guangdong which required for enhancing its core business by extending its services to local cargo pickup and delivery.

Jiangmen Foreign is principally engaged in freight forwarding business in Jiangmen, the PRC. Jiangmen Foreign and the Group provides freight forwarding services to each other in their respective core operation areas. The Group also provides the storage services to Jiangmen Foreign.

Qingdao Jinyun is principally engaged in the business of provision of air freight forwarding services in Qingdao, the PRC. Qingdao Jinyun and the Group provides air freight forwarding services to each other in their respective core operation areas. The Group also provides the storage and trucking services to Qingdao Jinyun.

Sinotrans Shandong is principally engaged in the provision of integrated logistic services, including sea, air and rail freight forwarding, storage, trucking and shipping services, in major areas of Shandong. Sinotrans Shandong provides freight forwarding services to the Group while the Group provides storage services to Sinotrans Shandong.

As advised by the Company, it is expected that the cooperation with each of the above Non Wholly-Owned Companies would enhance the network coverage of each other and which in turn benefit the business operations of the Group.

On 4 February 2009, the Company entered into the master services agreements for a term of 3 years from 1 January 2009 to 31 December 2011 with the respective Connected Non Wholly-Owned Companies for the provision and receipt of the respective Transportation and Logistic Services.

We understand from the Company that through the transactions entered into with the Connected Persons in the past, the Group is familiar with the workflow and services of the Connected Persons, which in turn helps to maintain the quality and efficiency of the services provided by the Group to its customers. The Directors also

consider the Connected Persons reliable business partners which provide assurance in the quality of services received by the Group. Accordingly, cooperation with the Connected Persons not only enables the Group to optimize its resource allocation but also ensures the quality of services provided, which enhances customer satisfaction and the Group's reputation and facilitates the brand building of the Group. In addition, as described above, the network coverage of the Group and the Connected Persons are complementary to each other and the Directors consider that the entering into of the Non-exempt Continuing Connected Transactions enable the Group to leverage on the existing network and resources of the Connected Persons and provide comprehensive Transportation and Logistics Services to its customers outside the Core-Operation Regions where the Group does not have presence. This would allow the Group to expand and develop its business operations and network coverage. At the same time, the provision of the Group's services to the Connected Persons would enhance the Group's income stream and earning base which is in the interest of the Group.

In light of the above, we concur with the view of the Directors that the entering into the New Master Agreements (as defined below) is in the interest of and are beneficial to the Group and the Independent Shareholders as a whole.

2. Terms of the New Master Agreements

Each of the Master Business Services Agreement dated 4 February 2009 entered into between the Company and the Sinotrans Group Company and the master services agreements dated 4 February 2009 entered into between the Company and each of the (i) Connected Joint Venture Partners; and (ii) Connected Non Wholly-Owned Companies in respect of the Non-exempt Continuing Connected Transactions (collectively, the "**New Master Agreements**") has a term for 3 years, commencing on 1 January 2009 and ending on 31 December 2011 and will be conditional upon the approval of the Independent Shareholders at the EGM. Pursuant to the terms of each of the New Master Agreements, the provision and receipt of the Transportation and Logistic Services will be determined with reference to market price charged by independent third parties under normal commercial terms.

In connection with the Transportation and Logistics Services provided by the Group to the Connected Persons, we have reviewed sample copies of invoices issued by the subsidiaries of the Company to the Connected Persons and to other independent third party customers for similar types of Transportation and Logistics Services from 2007 to 2009. We noted that the services offered by the Group to the Connected Persons were charged at market prices comparable to those charged to independent third party customers under normal commercial terms.

In connected with the Transportation and Logistics Services received by the Group from the Connected Persons, we have reviewed sample copies of invoices issued by the Connected Persons and by other independent third party service providers who provide similar types of Transportation and Logistics Services to the subsidiaries of the

LETTER FROM OPTIMA CAPITAL LIMITED

Company from 2007 to 2009. We noted that the services provided to the Group by the Connected Persons were charged at market prices comparable to those charged by independent third party service providers under normal commercial terms.

Given that (i) the Non-exempt Continuing Connected Transactions are entered into in the ordinary and usual course of business of the Group; and (ii) the pricing policy of the Non-exempt Continuing Connected Transactions was and will continue to be determined on an arm's length basis with reference to the market price under normal commercial terms, we are of the view that the pricing basis of New Master Agreements are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

3. Basis of the New Caps

Transactions with Sinotrans Group and its associates

As stated in the Letter, the annual cap in respect of provision of Transportation and Logistics Services by the Group to Sinotrans Group and its associates for each of the three years ended 31 December 2006, 2007 and 2008 were RMB699,000,000, RMB1,012,000,000 and RMB1,489,000,000 respectively and the annual cap in respect of receipt of Transportation and Logistics Services by the Group from the Sinotrans Group and its associates for each of the three years ended 31 December 2006, 2007 and 2008 were RMB511,058,000, RMB659,250,000, and RMB1,003,000,000 respectively. The actual transaction amounts for each of the two years ended 31 December 2006 and 2007 and for the six months ended 30 June 2008 and the New Caps under the Master Business Services Agreement are as follows:

	Amount (RMB)					
	Actual	Actual	Actual			
	transaction	transaction	transaction			
	amount for	amount for	amount for six			
	2006	2007	months ended			
			30 June 2008	2009 Cap	2010 Cap	2011 Cap
Provision of Transportation and Logistic Services	415,480,000	424,480,000	109,320,000	771,000,000	1,002,000,000	1,303,000,000
Receipt of Transportation and Logistic Services	312,480,000	355,330,000	156,770,000	888,000,000	1,154,000,000	1,500,000,000

LETTER FROM OPTIMA CAPITAL LIMITED

In determining the New Caps under the Master Business Services Agreement, the Company has primarily adopted the following bases and assumptions:

- (i) the historical value of the transactions in respect of the provision of Transportation and Logistic Services by the Group to the Sinotrans Group and its associates;
- (ii) the historical value of the transactions in respect of the receipt of Transportation and Logistic Services by the Group from the Sinotrans Group and its associate;
- (iii) the historical and current time charter rates and the increase in the number of vessels being chartered;
- (iv) to allow a buffer for the inherent volatility of vessel chartering rates;
- (v) the historical value of the amount paid by the Group in respect of the leasing of containers from the Sinotrans Group;
- (vi) the historical growth of the Group's turnover; and
- (vii) to allow a buffer for the inherent volatility of business in the transportation and logistics services industry (which is affected by the volatility in oil price, the increase in demand for transportation and logistics services with the increase in export and import volume in the PRC) and perceived increase in demand for the Group's services with continued economic growth of the PRC and on the implementation of the Group's strategy to expand its domestic operations, overseas network, scope of services and newly-developed services and products.

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Transactions with Connected Joint Venture Partners

As stated in the Letter, the actual transaction amounts for the two years ended 31 December 2006 and 2007 and for the six months ended 30 June 2008 and the New Caps under the master services agreements in respect of the Non-exempt Continuing Connected Transactions with Connected Joint Venture Partners are as follows:

		Amount (RMB)					
		Actual	Actual	Actual			
		transaction	transaction	transaction			
		amount for	amount for	amount for six			
		2006	2007	months ended	2009 Cap	2010 Cap	2011 Cap
				30 June 2008			
Nittsu	Provision of Transportation and Logistic Services	19,780,000	16,630,000	27,810,000	167,000,000	251,000,000	376,000,000
	Receipt of Transportation and Logistic Services	3,170,000	7,290,000	2,550,000	16,000,000	23,000,000	35,000,000
Grand China	Provision of Transportation and Logistic Services	—	—	—	9,000,000	13,000,000	20,000,000
	Receipt of Transportation and Logistic Services	—	—	—	200,000,000	300,000,000	450,000,000

In determining the New Caps for the Non-exempt Continuing Connected Transactions between the Company and the Connected Joint Venture Parties, the Company has primarily adopted the following bases and assumptions:

- (i) the historical value of the transactions with the Connected Joint Venture Partners and their associates for the years 2006, 2007 and the six months ended 30 June, 2008; and
- (ii) the plans and requirements of the Group, after allowing a buffer for the inherent volatility of business in the transportation and logistics services industry and perceived increase in demand for the Group's services generally with the continued economic growth of the PRC and the implementation of the Group's strategy to expand its domestic operations and overseas network and, as customers seek the services of the more established and financially sound transportation and logistics services providers such as the Group to manage perceived risks associated with the current global economic downturn.

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Transactions with Connected Non Wholly-Owned Companies

As stated in the Letter, the actual transaction amounts for the two years ended 31 December 2006 and 2007 and for the six months ended 30 June 2008 and the New Caps under the master services agreements in respect of the Non-exempt Continuing Connected Transactions with Connected Non Wholly-Owned Companies are as follows:

		Amount (RMB)					
		Actual	Actual	Actual			
		transaction	transaction	transaction			
		amount for	amount for	amount for six			
		2006	2007	months ended			
				30 June 2008	2009 Cap	2010 Cap	2011 Cap
Sinotrans Guangdong and Jiangmen Foreign	Provision of Transportation and Logistic Services	94,220,000	89,960,000	38,700,000	233,000,000	349,000,000	523,000,000
	Receipt of Transportation and Logistic Services	35,860,000	31,840,000	16,490,000	100,000,000	149,000,000	223,000,000
Qingdao Jinyun	Provision of Transportation and Logistic Services	2,730,000	3,830,000	11,970,000	71,820,000	107,730,000	161,600,000
	Receipt of Transportation and Logistic Services	1,200,000	3,690,000	1,370,000	8,220,000	12,330,000	18,500,000
Sinotrans Shandong	Provision of Transportation and Logistic Services	35,110,000	72,530,000	72,750,000	437,000,000	655,000,000	983,000,000
	Receipt of Transportation and Logistic Services	860,000	1,160,000	610,000	4,000,000	5,500,000	9,000,000

Note: Jiangmen Foreign is an associate of a substantial shareholder of another subsidiary of the Company (i.e. Sinotrans Guangdong) and is an indirect non-wholly owned subsidiary which is owned as to 60% by the Company. Sinotrans Guangdong is an associate of the same substantial shareholder of Jiangmen Foreign and is an indirect non-wholly owned subsidiary which is owned as to 60% by the Company. Accordingly, the transactions by the Group with these two non-wholly owned subsidiaries are aggregated in accordance with the Listing Rules.

In determining the New Caps for the Non-exempt Continuing Connected Transactions between the Company and the Connected Non Wholly-Owned Companies and their associates, the Company has primarily adopted the following bases and assumptions:

- (i) historical value of the transactions with the Connected Non Wholly-Owned Companies and their associates for the years 2006, 2007 and the six months ended 30 June, 2008; and
- (ii) the plans and requirements of the Group, after allowing a buffer for the inherent volatility of business in the transportation and logistics services industry and perceived increase in demand for the Group's services generally with the continued economic growth of the PRC and the implementation of the Group's strategy to expand its domestic operations and overseas network and, as customers seek the services of the more established and financially sound transportation and logistics services providers such as the Group to manage perceived risks associated with the current global economic downturn.

We have discussed with the management of the Company the basis and assumptions underlying the determination of the New Caps and have assessed the fairness and reasonableness of the New Caps based on the following factors:

3.1 Demand for Transportation and Logistics Services

Despite the global economic downturn which has greatly affected the global shipping market in the second half of 2008, the PRC has experienced steady economic growth in the past few years. According to the China Statistical Yearbook 2008 issued by National Bureau of Statistics of China, (i) the gross domestic products of the PRC has been growing in the past few years and increased from approximately RMB13,582.3 billion in 2003 to approximately RMB24,953.0 billion in 2007, representing a compound annual growth rate of approximately 16.4%; (ii) the total consumption expenditures increased from approximately RMB11,059.5 billion in 2006 to approximately RMB12,844.4 billion in 2007, representing an annual growth rate of approximately 16.1%; and (iii) volume of freight traffic in the PRC increased from approximately 15.6 billion tonnes in 2003 to approximately 22.8 billion tones in 2007, representing a compound annual growth rate of approximately 10.0%. In addition, according to the statistics by Ministry of Commerce of the People's Republic of China ("MOFCOM"), the PRC's total import and export trade has increased from approximately US\$851.2 billion in 2003 to approximately US\$2,173.8 billion in 2007, representing a compound annual growth rate of approximately 26.4%. Moreover, we have reviewed the Baltic Dry Index ("BDI"), which reflects the spot rates of the global dry bulk shipping market. The average BDI has increased from 2,608 points in 2003 to 7,069 points in 2007, representing a compound annual growth rate of approximately 28.3%. The average BDI since 1 January 2008 to 31 October 2008 was 7391 points. As a result of the recent global economic

downturn, the BDI has dropped to 666 points on 4 December 2008, being the lowest BDI points in 2008. In February 2009, the BDI has increased and returned to above 1,000 points. On 19 February 2009, the BDI was further increased to 2,057 points.

In view of the increase in gross domestic products of the PRC, the consumption expenditures and volume of freight traffic in the PRC in the past few years, and the factor that the demand of the Group's Transportation and Logistics Services are correlated to the total PRC's import and export trade, the Directors are of the view that despite the downturn of the international economic environment, they continue to be positive about the China's economic growth and development given the China's economic growth momentum in the past few years. Based on the above statistics and the volatility of the BDI in the past few months as illustrated above, we consider that it is reasonable for the Company to reserve certain buffer in the New Caps in case the market demand surge as a result of the global recovery of economic conditions in later years given the leading position of the Group in the industry.

3.2 Business plan of the Group

As mentioned in the interim report of the Company for the six months ended 30 June 2008, the Group intends to respond to market changes in a pro-active manner by closely monitoring the economic situation and market movements. The Group will continue to enhance optimization of the asset structure by advancing business and resource integration, improving the quality of the operations by extending the services chain and reinforcing the integration and optimization of the traditional core businesses, seeking strong development of the import business with ongoing expansion into new sectors frontiers and enhancing the market competitiveness by fully leveraging the strengths in integrated logistics.

We understand from the management of the Company that in determining the New Caps, the management has considered the growth in various areas of the Group's business.

In addition to acting as agent for shippers (whereby no issuance of house bills of lading is involved), the Group also operates as a NVOCC (namely Non-Vessel Operating Common Carrier), whereby a carrier is authorized to issue house bills of lading in its provision of shipping services, though it does not own or operate vessels. We have discussed with the Directors and are given to understand that the Group anticipated the NVOCC business will continue to grow. As advised by the Directors, the Group's NVOCC business has been improving with the transaction volume increased from approximately 60,000 Twenty-Foot Equivalent Unit ("TEU") in 2005 to approximately 90,000 TEU in 2008 and such growth is expected to continue.

We understand from the management that the Group has established its own domestic business transportation company in 2008 which is principally engaged in providing domestic bulk cargo transportation services. As a result, more

supporting services from the service providers in the non-Core Operating Regions would be required. In addition, the Company expected to enhance the Group's integrated logistics capability by acquiring businesses that complement the service network of the Group or located outside the Core Operating Regions. By expanding the service network of the Group, it is expected that more Transportation and Logistics Services will be required from the Connected Persons.

In addition, we understand from the Company that it will continue to develop its import freight forwarding business as one of its business objectives. It is therefore expected that the Transportation and Logistics Services required from the Connected Persons will increase accordingly.

3.3 The historical transaction values of the Non-exempt Continuing Connected Transactions

We have reviewed the historical transaction amounts between the Group and the Connected Persons and have discussed with the Directors the historical trends of the transaction amounts between the Group and each of the Connected Persons. We understand from the Directors that the Group's business is subject to seasonality and in general, winter (including January to March) is a slack season in the freight and logistics industry in the PRC. Therefore, we are given to understand that the transaction amounts in the second half of the year is usually higher than that recorded in the first half of the year. Also, due to the slow down of the growth of global economy in the first half of 2008 which has become more intensified in the second half of 2008, the amount of the Non-exempt Continuing Connected Transactions with each of the Connected Persons were lower than expected in the six months ended 30 June 2008. Accordingly, we concur with the Directors that it would be in the interest of the Group to provide reasonable and sufficient buffer as compared to that historical transaction amounts recorded for the year ended 31 December 2007 and for the six months ended 30 June 2008 in determining the New Caps for the year ending 31 December 2009, taken into consideration of the seasonality factor in the first half of 2008 and the economy downturn during such period which has made the business in the first half of 2008 more difficult and resulted in a lower than usual transaction amounts, so as to allow the Group to cater for any surge in demand from the Connected Persons of the Group's services or from the Group of the Connected Persons' services due to recovery of the economy which cannot be predicted at the moment. Apart from the above, we have considered the historical trend of the transaction amounts of the Non-exempt Continuing Connected Transactions and further reasons and factors as set out below in assessing the fairness and reasonableness of the New Caps for the year ending 31 December 2009 for each of the Connected Persons.

3.3.1 Transactions with Nittsu

Although the actual transaction amount for the provision of Transportation and Logistics Services to Nittsu has slightly declined by approximately 15.93% in 2007 as compared to 2006, the relevant transaction amount remarkably increased in 2008. The provision of Transportation and Logistics Services for the six months ended 2008 amounted to approximately 1.67 times of the total transaction amount for the entire year of 2007. Likewise, the actual transaction amount of the Transportation and Logistics Services received by the Group from Nittsu has increased by approximately 129.97% in 2007 as compared to 2006. Taking into consideration of the seasonality factor as described above that the transaction amounts in the second half of the year is usually higher than that recorded in the first half of the year, the expected increase in the provision and receipt of Transportation and Logistics Services from Nittsu for the year ending 31 December 2009 is in line with the historical growth rate of the respective transactions. In addition, we are advised by the Company that certain of its subsidiaries in Liaoning have secured a number of large orders which would require the air freight forwarding services of Nittsu. Accordingly, the Group may demand more services from Nittsu in the year ending 31 December 2009.

3.3.2 Transactions with Qingdao Jinyun

The actual transaction amounts for the provision and receipt of Transportation and Logistics Services from Qingdao Jinyun increased by approximately 40.29% and 207.5% respectively in 2007 as compared to 2006 and the actual transaction amount for the provision of Transportation and Logistics Services for the first half of 2008 represents approximately 3.13 times of the transaction amount for the entire year of 2007. Taking into consideration of the seasonality factor as described above, the expected increase in the provision and receipt of Transportation and Logistics Services from Qingdao Jinyun for the year ending 31 December 2009 is in line with the historical growth rate of the respective transactions. We are also advised by the Company that certain of its subsidiaries in Shandong have secured a number of large orders which would require more air freight forwarding services of Qingdao Jinyun in the year ending 31 December 2009.

3.3.3 Transactions with Sinotrans Shandong

The actual transaction amounts for the provision and receipt of Transportation and Logistics Services from Sinotrans Shandong increased from approximately 106.58% and 34.88% respectively in 2007 as compared with 2006 and the provision of Transportation and Logistics Services from it in the first half of 2008 represented approximately 1.0 time of the transaction amount for the entire year of 2007. Taking into consideration of the seasonality factor as described above, the expected increase in the provision and receipt of Transportation and Logistics Services from Sinotrans

Shandong for the year ending 31 December 2009 is in line with the historical growth rate of the respective transactions. In addition, we are advised by the Company that certain of Sinotrans Shandong's major customers are also the Group's major customers. The Company expected that some of the PRC government's new recovery program may help to improve the business performance of certain of their major customers and will therefore increase the provision and receipt of Transportation and Logistics Services between the Group and Sinotrans Shandong.

While the historical transaction amounts with the Sinotrans Group and its associates, Grand China, Sinotrans Guangdong and Jiangmen Foreign did not show a significant increase in the past few years, we have discussed with the management of the Company the reasons for setting relatively large caps for each of them and set out the reasons below:

3.3.4 Transactions with the Sinotrans Group and its associates

The actual transaction amount for the provision of Transportation and Logistics Services by the Group to the Sinotrans Group and its associates in 2007 increased by approximately 2.17% as compared to that in 2006 and the actual transaction amount for the receipt of Transportation and Logistics Services by the Group from the Sinotrans Group and its associates increased by approximately 13.71%. The anticipated increase in transaction amounts with the Sinotrans Group and its associates are related to the expected growth in the Group's NVOCC's business as discussed in the paragraph headed "The Group's business plan" above since the NVOCC business requires overseas cargo receipt and distribution and the Sinotrans Group and its associates has large number of overseas agency operations capable of such cargo handling. The Directors advised that the Group currently assigns approximately 40% of its NVOCC business to the overseas agencies of the Sinotrans Group and its associates. Accordingly, the anticipated expansion in the Group's NVOCC business would be inevitably translated into an increment in the transaction amount of the receipt of Transportation and Logistics Services from the Sinotrans Group and its associates. In addition, as stated above, the Group plans to expand and strengthen its national transportation and logistics operations in the non-Core Operation Regions which requires substantial support from the Sinotrans Group which has sophisticated establishment in the regions, the expansion of the Group's national transportation and logistics business in the PRC will also increase the transactions with Sinotrans Group and its associates.

3.3.5 Transactions with Grand China

Grand China is a company recently incorporated in 2008, the principal business of which is the provision of terminal and shipping agency business in the regions of Asian countries and Japan. The Company considers that, with the strategic alliance with Grand China, the Group's competitiveness in the

market (in terms of the terminal and shipping agency business) could be strengthened and the Group's business in the nearby coastal areas would be further enhanced. In considering the development potential of the Group's business as a result of the cooperation with Grand China, the Group anticipates that it would receive a considerable amount of Transportation and Logistics Services from Grand China in the next three years.

3.3.6 Transactions with Sinotrans Guangdong and Jiangmen Foreign

The actual aggregate transaction amounts for the provision and receipt of Transportation and Logistic Services with Sinotrans Guangdong and Jiangmen Foreign decreased by approximately 4.52% in 2007 as compared to 2006. We have discussed with the management of the Company and are given to understand that the significant increase in the expected transaction amount with Sinotrans Guangdong and Jiangmen Foreign as compared with its historical trend is due to the new business development plan of Sinotrans Guangdong and Jiangmen Foreign which will be undertaken in 2009. The Company understands that they will expand their feeder services across the Guangdong region and Hong Kong. In view of such expansion is in line with the Group's business direction and strategy to develop its national trading business, Sinotrans Guangdong and Jiangmen Foreign, being an important partner of the Group in the Pearl River Delta, will be imperative in the provision of Transportation and Logistics Services to the Group and will increase its demand of the Group's similar services as a result of its expansion of business.

We also noted that in determining the New Caps for each of the years ending 31 December 2010 and 2011, the Company has assumed an annual growth rate (i) of approximately 30% in respect of the provision and receipt of Transportation and Logistics Services from the Sinotrans Group and its associates; (ii) ranging from approximately 44% to 54% in respect of the provision and receipt of Transportation and Logistics Services from Connected Joint Venture Partners; and (iii) ranging from approximately 49% to 50% in respect of the provision and receipt of Transportation and Logistics Services from the Connected Non Wholly-Owned Companies except for Sinotrans Shandong which New Cap for the receipt of Transportation and Logistics Services in 2010 represent an increase of approximately 37.5% as compared to the New Cap for 2009 and the New Cap for 2011 represented an increase of approximately 63.6% as compared to that for the year 2010.

In view of the discussed underlying bases and assumption of the projection with the Directors as set out above (including the historical transaction amounts with each of the Connected Persons and the other reasons for the expected increase in transaction amount in the coming three years), the official statistics in relation to the PRC economy, and the shipping industry as referred to above, and the business plan of the Group as described in this letter, we are of the view that the New Caps for each of the

LETTER FROM OPTIMA CAPITAL LIMITED

year ending 31 December 2009, 2010 and 2011 for the provision and receipt of Transportation and Logistics Services between each of the Connected Persons are fair and reasonable.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider (i) the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) the New Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Non-exempt Continuing Connected Transactions and the New Caps.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Mei H. Leung **April Chan**
Chairman *Director*

* *for the purpose of identification only*

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS**I. Interests of Directors**

As at the Latest Practicable Date, so far as the Directors or supervisor of the Company are aware, none of the Directors or supervisor of the Company has interests and short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

II. Interests of Shareholders discloseable pursuant to the SFO

As at the Latest Practicable Date, so far as is known to the Directors or supervisor of the Company and based on the Company's register required to be maintained pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the following persons (other than a Director or supervisor of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group are as follows:

(a) Interests in the Shares

Name of Shareholders	Number of Shares held (Class of Shares)			Nature of Interests	% of the Company's issued total domestic share capital	% of the Company's total issued H share capital	% of the Company's total issued share capital
	Long position	Short position	Lending pool				
China National Foreign Trade Transportation (Group) (Note 1)	2,461,596,200 (Domestic Shares)	—	—	Beneficial owner	100		57.93
Deutsche Post AG (Note 2)	237,468,000 (H Shares)	—	—	Controlled corporation		13.30	5.59
Franklin Templeton Investments Corp.	196,540,000 (H Shares)	—	—	Investment Manager		11.00	4.63
JP Morgan Chase & Co. (Note 3)	125,107,252 (H Shares)	—	—	Controlled Corporation		6.99	2.94
	—	—	124,513,252 (H Shares)	Custodian corporation/ approved lending agent		6.97	2.93
The Bank of New York Mellon Corporation (Note 4)	158,894,100 (H Shares)	—	—	Controlled corporation		8.89	3.74
	—	—	94,114,200 (H Shares)	Custodian corporation/ approved lending agent		5.27	2.21

Note 1: Zhao Huxiang, Zhang Jianwei, Tao Suyun, Li Jianzhang, Yang Yuntao and Liu Jinghua are directors or employees of China National Foreign Trade Transportation Group which is the controlling shareholder of the Company.

Note 2: This includes 201,852,000 H Shares held by Deutsche Post Beteiligungen GmbH ("Deutsche GmbH") and 35,616,000 shares held by Exel Hong Kong Limited ("Exel"). Deutsche GmbH and Exel are both 100% held by Deutsche Post AG.

Note 3: This includes 124,513,252 H Shares held by JPMorgan Chase Bank, N.A. and 594,000 H Shares held by J.P. Morgan Whitefriars Inc. JPMorgan Chase Bank, N.A. and J.P. Morgan Whitefriars Inc. are all 100% held by JP Morgan Chase & Co.

Note 4: This includes 158,894,100 H Shares held by The Bank of New York Mellon, which is 100% held by The Bank of New York Mellon Corporation.

(b) Substantial Shareholders of other members of the Group

As at the Latest Practicable Date, save as disclosed below and so far as is known to the Directors or supervisor of the Company, no person (not being a Director or supervisor of the Company) was interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the other members of the Group.

Name of entities holding 10% or more interest in a member of the Group	Interest in relevant company	Name of subsidiary of the Company
大韓航空有限公司 (Korean Airlines Co., Ltd.*)	25%	銀河國際貨運航空有限公司 (Grandstar Cargo International Co., Ltd.*)
香港金發船務有限公司 (Golden Shipping Co., Ltd*)	33%	上海華發國際貨運有限公司 (Shanghai Huafa International Transportation Co., Ltd.*)
	10%	上海中外運化工國際物流有限公司 (Sinotrans Shanghai Chemical International Logistics Co. Ltd.*)
上海森華貨運經營有限公司 (Shanghai Shumhua Freight Forwarding Operation Company Limited*)	10%	華發騰飛國際貨運有限公司 (Huafa Tanefei International Transportation Company Limited*)
日本通運株式會社 (Nippon Express Co., Ltd.*)	49%	上海通運國際物流有限公司 (Shanghai Express International Co., Ltd.*)
美國致遠航運有限公司 (South East World Wide Limited*)	45%	寧波致遠國際貨運有限公司 (Ningbo Southeast International Freight Company Limited*)
	30%	江蘇時運國際貨運有限公司 (Jiangsu Fortunate International Company Limited*)
新加坡太平船務有限公司 (Pacific International Lines (Pte) Ltd.*)	40%	上海華星國際集裝箱貨運有限公司 (Shanghai Huasing International Container Freight Transportation Co., Ltd.*)
	45%	寧波太平國際貿易聯運有限公司 (Ningbo Taiping International Trade Transportation Company Limited*)
	27%	寧波保稅區太平倉儲有限公司 (Ningbo Free Trade Zone Taiping Warehouse Co., Ltd.*)

Name of entities holding 10% or more interest in a member of the Group	Interest in relevant company	Name of subsidiary of the Company
蘇州新區高新技術產業股份 有限公司 (Suzhou New District New & Hi-Tech Industrial Co., Ltd.*)	40%	中外運高新物流(蘇州)有限公司 (Sinotrans Gaoxin Logistics (Suzhou) Ltd.*)
運坡工貿公司 (Yuno Gongmao Corp.*)	10%	上海星明集裝箱倉儲有限公司 (Shanghai Shengming Container Storage Company Limited*)
寧波新世紀國際投資有限公司 (Ningbo New Century International Investment Company Limited*)	24.5%	寧波大港新世紀貨櫃有限公司 (Ningbo Dagang New Century Container Company Limited*)
寧波大港貨櫃有限公司 (Ningbo Dagang Container Company Limited*)	24.5%	寧波大港新世紀貨櫃有限公司 (Ningbo Dagang New Century Container Company Limited*)
以星綜合航運有限公司 (Zim Integrated Shipping Services Ltd.*)	49%	上海運星國際船務代理有限公司 (Shanghai Yunsheng International Shipping Agency Company Limited*)
怡和船務代理(中國)有限公司 (Yihe Shipping Agency (China) Company Limited*)	49%	上海怡定和國際船務代理有限公司 (Shanghai Yidinghe International Shipping Agency*)
寧波泛洋國際貨運代理有限公司 職工持股會 (Ningbo Transocean International Forwarding Agency Ningbo Co. Ltd.*)	40%	寧波泛洋國際貨運代理有限公司 (Ningbo Transocean International Forwarding Agency Company Limited*)
寧波船務代理有限公司 職工持股會 (China Marine Shipping Agency Ningbo Co. Ltd. Employee Shareholding Society*)	40%	寧波船務代理有限公司 (China Marine Shipping Agency Ningbo Co., Ltd.*)
寧波外運國際貨運代理有限公司 職工持股會 (Sinotrans Ningbo International Freight Forward Agency Co., Ltd. Employee Shareholding Society*)	40%	寧波外運國際貨運代理有限公司 (Sinotrans Ningbo International Freight Forwarding Agency Co., Ltd.*)

Name of entities holding 10% or more interest in a member of the Group	Interest in relevant company	Name of subsidiary of the Company
寧波外運國際集裝箱貨運 有限公司職工持股會 (Sinotrans Ningbo International Container Transportation Company Limited Employee Shareholding Society*)	40%	寧波外運國際集裝箱貨運有限公司 (Sinotrans Ningbo International Container Transportation Company Limited*)
廣東省食品進出口集團公司 (Guangdong Foodstuffs Imp & Exp (Group) Corporation*)	20%	佛山中外運有限公司 (Sinotrans Foshan Company Limited*)
廣東省南海食品進出口有限公司 (Guangdong Nanhai Foodstuffs Company Limited*)	25%	佛山中外運有限公司 (Sinotrans Foshan Company Limited*)
錦和有限公司 (Jinhe Co., Ltd.*)	35%	江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*)
	35%	江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*)
中山市岐江工業發展有限公司 (Zhongshan Qijiang Industry Development Co., Ltd.*)	40.564%	中山廣運貨運有限公司 (Zhongshan Sinoway Transportation Corp., Ltd.*)
福州市國有資產經營公司 (Fuzhou City State-owned Assets Management Company*)	30%	福州大裕保稅倉儲有限公司 (Fuzhou Davu Bonded Storage Company Limited*)
日本山九株式會社 (Sankyu Inc.*)	40%	天津天山國際貨運有限公司 (Tianjin Tianshan International Freight Forwarding Company Limited*)
濟南大運物流有限公司 (Jnan Da Yun Logistics Co., Ltd.*)	20%	山東中外運力神起重運輸有限公司 (Shandong Sinotrans Lishen Hoisting and Transporting Company Limited*)
COTECNA INSPECTION S.A.	49%	中瑞檢驗有限公司 (Sino-Swiss Inspection Co., Ltd.*)
馬士基集團香港有限公司 (MAERSK Group Hong Kong Company Limited*)	49%	上海中歐國際船務代理有限公司 (Shanghai Fortune International Shipping Agency Co., Ltd.*)

Name of entities holding 10% or more interest in a member of the Group	Interest in relevant company	Name of subsidiary of the Company
韓進海運有限公司 (Hanjin Shipping Company Limited*)	49%	上海星翰船務代理有限公司 (Shanghai Shenhan Shipping Agency Company Limited*)
鴻意船務企業有限公司 (Eternal China Shipping Enterprises Ltd.*)	30%	山東鴻運集裝箱工程有限公司 (Shandong Hongyun Container Engineering Co., Ltd.*)
遠升有限公司 (Lailon Enterprises Ltd.*)	25%	青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*)
	25%	青島聯通報關有限公司 (Qingdao Liantong Customs Broker Co., Ltd.*)
	25%	山東中外運弘志物流有限公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd*)
大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd*)	49%	青島中外運烟海國際集裝箱 倉儲有限公司 (Sinotrans Qingdao Yanhai International Container and Storage Company Limited*)
東海運株式會社 (Azuma Shipping Co., Ltd.*)	30%	青島運東儲運有限公司 (Qingdao Sinotrans-Azuma Logistics Co., Ltd.*)
龍口港集團有限公司 (Long Kou Port Corporation Ltd.*)	49%	龍口中港集裝箱物流有限公司 (Long Kou China Container Logistics Co., Ltd.*)
韓亞株式會社 (Hana Capital Co., Ltd.*)	13%	銀河國際貨運航空有限公司 (Grandstar Cargo International Co., Ltd.*)
新韓株式會社 (Shinhan Capital Co., Ltd.*)	11%	銀河國際貨運航空有限公司 (Grandstar Cargo International Co., Ltd.*)
上海虹光實業有限公司 (Shanghai Honkwong Shiye Company Limited*)	10%	上海華服商貿有限公司 (Shanghai Huafu Commercial Co., Ltd.*)

Name of entities holding 10% or more interest in a member of the Group	Interest in relevant company	Name of subsidiary of the Company
寧波外運國際航空貨運有限責任 公司職工持股會 (Ningbo Sinotrans International Air Freight Forwarding Corp. Ltd. Employee Shareholding Society*)	40%	寧波外運國際航空有限公司 (Ningbo Sinotrans International Air Freight Forwarding Company Limited*)
北京雲海鷺商貿有限公司 (Beijing Yunhailu Shangmao Company Limited*)	40%	大連京大國際貨運代理公司 (Dalian JD Cargo International Co., Ltd.*)

Save as disclosed above, the Directors of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

As at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interests in any assets which have since 31 December 2007 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group;
- (ii) none of the Directors was materially interested in any contracts or arrangements entered into by any members of the Group subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

III. Directors' interests in competing business

Two of the non-executive Directors, namely Mr. Jerry Hsu and Peter Landsiedel are considered to have interests in other business apart from the Group's business, which competes or likely to compete, either directly or indirectly with the Group's business as at the Latest Practicable Date, within the meaning of the Listing Rules. They are all representatives nominated by the Strategic Investors of the Company (namely DHL Worldwide Express BV ("DHL") and Exel plc. ("Exel") (collectively, the "Strategic Investors").

DHL is a member of the Deutsche Post World Net Group whose business operations are global mail, express delivery, logistics and financial services serving both in Europe and around the world.

Exel is a UK listed, FTSE 100 company, which provides supply chain management solutions to its customers around the world. Exel's range of logistics solutions encompasses the whole supply chain from design and consulting through freight forwarding, warehousing and distribution services to integrated information management and e-commerce support. In 2005, Exel has agreed to be taken over by Deutsche Post World Net Group.

While, for the purposes of the Listing Rules, each of Mr. Jerry Hsu and Peter Landsiedel is considered to have interests (by way of minority equity interests or stock options or directorships) in competing businesses (i.e. those of the Strategic Investors, each being a major international company in the transportation and logistics industry), the Company has been and continues to carry on its business, management and operation independently of and at arms length from, those businesses and through its joint venture and cooperation arrangements with those Strategic Investors.

Zhao Huxiang, Zhang Jianwei, Tao Suyun, Li Jianzhang, Yang Yuntao and Liu Jinghua are directors or employees of Sinotrans Group Company which is the controlling shareholder of the Company. Certain subsidiaries of Sinotrans Group Company engage in the Group's "core businesses" (namely freight forwarding, express services and shipping agency operations) in certain "core strategic regions" of the Group in the PRC which have only nominal operations which are the same as or similar to the "core businesses" of the Group. Details of the competition between Sinotrans Group Company and the Group and the Non-competition Agreement entered into between Sinotrans Group Company and the Company on 14 January 2003 are referred to in the section headed "Relationship with Sinotrans Group Company" in the prospectus of the Company dated 29 January 2003. The Company has also announced in its announcement dated 11 October 2007 that it proposes to acquire certain subsidiaries from the Sinotrans Group Company situated in the "core strategic regions".

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or supervisor of the Company, no other Directors or any of their respective associates had any interests in a business, which competes or may compete with the business of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or proposed Directors had entered into or proposed to enter into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2007, being the date up to which the latest published audited financial statements of the Group were made up.

5. EXPERT

The following is the qualification of IFA, which has given its opinion or advice which is contained in this circular:

Name	Qualification
Optima Capital Limited	a corporation licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the IFA did not have:

- (a) any direct or indirect interest in any assets which have since 31 December 2007 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The IFA has given and has not withdrawn its consent to the issue of this circular with the inclusion of its reports or letters, as the case may be, and reference to its name in the form and context in which they respectively appear.

6. DIRECTOR'S INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) None of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2007, being the date up to which the latest published audited financial statements of the Group were made.
- (b) None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

7. MISCELLANEOUS

- (a) The secretary of the Company is Gao Wei.
- (b) The registered office and headquarters of the Company is situated at A43, Xizhimen Beidajie, Beijing, the People's Republic of China 100044. The principal place of business of the Company in Hong Kong is situated at 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong.
- (c) The share registrars of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

In any event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the office of Richards Butler in association with Reed Smith LLP at 20/F., Alexandra House, 16–20 Chater Road, Central, Hong Kong, from 25 February 2009, for a period of 14 days:

- (a) the Master Business Services Agreement;
- (b) the master services agreements dated 4 February 2009 entered into by the Company with each of the Connected Joint Venture Partners, further details of which are included in the section headed “Non-exempt Continuing Connected Transaction — B. Transactions with Connected Joint Venture Partners” in the Letter from the Board in this circular; and
- (c) the master services agreements dated 4 February 2009 entered into by the Company with each of the Connected Non Wholly-Owned Companies, further details of which are included in the section headed “Non-exempt Continuing Connected Transaction — C. Transactions with Connected Non Wholly-Owned Companies” in the Letter from the Board in this circular.

* *for the purpose of identification only*



中國外運股份有限公司
SINOTRANS LIMITED

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

(Stock Code: 0598)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Sinotrans Limited (the “Company”) will be held at No. 1 Meeting Room, 12th Floor, Sinotrans Plaza A, A43, Xizhimen Beidajie, Haidian District, Beijing, the People's Republic of China 100044 on Thursday, 30 April 2009 at 9:30 a.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (A) the transactions contemplated under the master services agreement entered into between the Company and each of (a) China National Foreign Trade Transportation (Group) Corporation (中國對外貿易運輸集團總公司) (“Sinotrans Group Company”); (b) 大連日通外運物流有限公司 (Nittsu Sinotrans Logistic Dalian Co. Ltd.*); (c) 大新華輪船(烟台)有限公司 (Grand China Shipping (Yantai) Co. Ltd.*) (companies listed in (b) and (c) above together, the “Connected Joint Venture Partners”); (d) 江門中外運倉碼有限公司 (Sinotrans Guangdong Jiangmen Warehousing & Terminal Co., Ltd.*) and 江門外海運輸實業有限公司 (Jiangmen Foreign Transportation & Enterprises Co., Ltd.*); (e) 青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.*); and (f) 山東中外運弘志物流有限公司 (Sinotrans Shandong Hongzhi Logistics Co. Ltd.*) (formerly known as 山東外運弘志國際集裝箱運輸有限公司 (Sinotrans Shandong Hongzhi International Container Transportation Co., Ltd.*) (companies listed in (d), (e) and (f) above together, the “Connected Non Wholly-Owned Companies”) on 4 February 2009 (each a “Master Services Agreement” and collectively the “Master Services Agreements”), a copy of each of which are produced to the meeting marked “A” to “F” and initialled by the chairman for the purpose of identification) and the annual caps for each of the three years ending 31 December 2009, 2010 and 2011 in respect of the provision and receipt of services by the Company and its subsidiaries to/from each of Sinotrans Group Company, the Connected JV Partners and the

NOTICE OF EGM

Connected Non Wholly-Owned Companies and their respective associates in accordance with the terms of the relevant Master Services Agreement as set out on pages 5 to 14 of the shareholders' circular dated 25 February 2009 issued by the Company be and are hereby approved; and

- (B) the directors of the Company be and are hereby authorised to take all actions and execute all documents which they deem necessary, desirable or appropriate in order to implement or give effect to the Master Services Agreements and transactions contemplated thereunder.”
2. “**THAT** Mr. Jiang Jian be elected as a supervisor of the Company and the board of directors of the Company be authorised to determine his remuneration.”

By order of the Board of
Sinotrans Limited
Gao Wei
Company Secretary

25 February 2009

Notes:

1. The register of members of the Company will be closed from 30 March 2009 to 30 April 2009, both days inclusive, during which period no share transfers will be registered. To qualify for attendance at the extraordinary general meeting, 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 27 March 2009, for registration.
2. Shareholders intending to attend the extraordinary general meeting shall give written notice of the same to the Company, which shall be lodged at the registered office of the Company on or before 4:00 p.m. on 10 April 2009.
3. Shareholders entitled to attend and vote at the extraordinary general meeting are entitled to appoint one or more persons (whether or not a shareholder of the Company) as their proxy to attend and vote on behalf of themselves.
4. In order to be valid, the form of proxy, together with a duly notarised power of attorney or other document of authority, if any, under which the form is signed must be deposited at the registered office of the Company not later than 24 hours before the time for holding the extraordinary general meeting.

NOTICE OF EGM

5. Set out below are the particulars of Mr. Jiang Jian, who is proposed to be elected as a supervisor of the Company:

Mr. Jiang Jian (江艦), age 44, joined Sinotrans Group in 1988, serving in Liaoning Shipping Agency Company. From June 1995 to May 1998, Mr. Jiang acted as Deputy Manager and General Manager of Liaoning Container Shipping Company. Mr. Jiang was appointed Deputy General Manager of Sinotrans Liaoning Company in June 1998. Mr. Jiang was promoted General Manager of Sinotrans Liaoning Company in September 2001 and General Manager of Sinotrans Liaoning Limited Company in December 2002. Since October 2008, Mr. Jiang was appointed assistant president and General Manager of Human Resources Department of Sinotrans Group Company. Mr. Jiang graduated from Dalian Maritime University in 1988 and got a doctorate degree from Dalian Maritime University in October 2007. He has not held any directorship in any other listed companies in the last three years.

In accordance with the Articles of Association of the Company, Mr. Jiang's appointment will be for three years with effect from Shareholders' approval at the EGM. Mr. Jiang is an eligible participant under the Company's share appreciation rights plan ("SARs Plan") which entitles him to cash payment in accordance with the terms and conditions of the SARs Plan. As at the Latest Practicable Date, Mr. Jiang held 240,000 rights under the Company's SARs Plan. Save as disclosed above, Mr. Jiang is not related to any director, senior management or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, he was not interested in shares of the Company within the meaning of Part XV of the SFO.

Mr. Jiang will not enter into any service contract with the Company and will not be entitled to any remuneration for his supervisor's service. There is no other information in relation to Mr. Jiang that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed herein, there are no other matters in relation to the appointment of Mr. Jiang that need to be brought to the attention of the Shareholders.

As at the date of this notice, 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.

** for the purpose of identification only*