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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF SHIPBUILDING CONTRACTS OF
TWO 1800-TEU CONTAINER VESSELS AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**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 10 of this circular and a letter of recommendation from China Merchants Securities, the independent financial adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 18 of this circular.

A notice convening 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 PRC (Post Code 100044) on 30 September, 2011 at 10:30 a.m. is set out on pages 27 to 28 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 Hong Kong registered office of the Company at 21st Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong as soon as possible and in any event not later than twenty-four (24) hours before the time appointed for holding the EGM or any adjournment thereof. 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.

15 August, 2011

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DEFINITIONS

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

“Board”	the board of Directors of the Company;
“China Merchants Securities”	China Merchants Securities (HK) Co., Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Shipbuilding Contracts and the transactions contemplated thereunder;
“Company”	中國外運股份有限公司 (Sinotrans Limited), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on The Stock Exchange of Hong Kong Limited;
“connected person”	the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“ECTEC”	The Foreign Economic & Technical Cooperation Co., of China Changjiang National Shipping Group, a wholly owned subsidiary of SINOTRANS & CSC Holding;
“EGM”	the extraordinary general meeting of the Company to be convened on on 30 September, 2011 at 10:30 a.m for the purposes of passing the relevant resolution for approving the transactions contemplated under the Shipbuilding Contracts;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	a board committee comprising the independent non-executive Directors constituted to make recommendations to the Independent Shareholders in respect of the transactions contemplated under the Shipbuilding Contracts;
“Independent Shareholder(s)”	the meanings ascribed to it under the Listing Rules;

DEFINITIONS

“Latest Practicable Date”	11 August, 2011, 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;
“PRC”	People’s Republic of China;
“Qingshan Shipyard”	Qingshan Shipyard of China Changjiang National Shipping Group, a wholly owned subsidiary of SINOTRANS & CSC Holding;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sellers”	ECTEC and Qingshan Shipyard;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	H Shares and Domestic Shares;
“Shareholders”	holder(s) of domestic invested share(s) of RMB1.00 (“Domestic Share(s)”) each and overseas listed foreign invested share(s) of RMB1.00 (“H Share(s)”) each in the share capital of the Company;
“Shipbuilding Contract(s)”	the two shipbuilding contracts signed by Sinotrans Sunny Express, ECTEC and Qingshan Shipyard on 2 August, 2011 in respect of the construction of two Vessels;
“Sinolines”	Sinotrans Container Lines Co., Ltd., a wholly-owned subsidiary of the Company;
“Sinotrans Sunny Express”	Sinotrans Sunny Express Co., Ltd., a wholly owned subsidiary of the Company;
“SINOTRANS & CSC Holding”	SINOTRANS & CSC Holding Corporation Limited, the controlling shareholder of the Company which directly and indirectly holds in aggregate 59.86% of issued share capital of the Company at the Latest Practicable Date;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	the meaning ascribed to it under the Listing Rules; and
“Vessel”	the 1800-TEU (twenty-foot equivalent unit) container vessel.



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 A
A43, Xizhimen Beidajie
Beijing
People's Republic of China
(Post Code 100044)

Non-Executive Directors:

Yang Yuntao
Liu Jinghua
Jerry Hsu
Mok Chi Ming Victor

*Principal Place of Business
in Hong Kong:*

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

Independent Non-Executive Directors:

Sun Shuyi
Lu Zhengfei
Miao Yuexin

15 August, 2011

To the Shareholders

Dear Sir and Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF SHIPBUILDING CONTRACTS OF
TWO 1800-TEU CONTAINER VESSELS**

INTRODUCTION

On 2 August, 2011, the Company announced that Sinotrans Sunny Express, a wholly owned subsidiary of the Company, entered into two Shipbuilding Contracts, as the Buyer, with ECTEC and Qingshan Shipyard, collectively as the Sellers, of regarding the construction of two 1800-TEU container vessels for a total consideration of RMB318,000,000 (approximately HK\$385,066,200).

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide you with further information in relation to the connected transactions contemplated under the Shipbuilding Contracts; (ii) to set out the opinions and recommendations of the Independent Board Committee and China Merchants Securities; and (iii) to give you notice of the EGM at which the ordinary resolution set out therein will be proposed. Each of SINOTRANS & CSC Holding and its associates, which holds an aggregate of 2,461,596,200 Domestic Shares and 81,812,000 H Shares as at the Latest Practicable Date, will abstain from voting on the relevant resolutions to be proposed at the EGM.

SHIPBUILDING CONTRACTS

Date

2 August, 2011

Parties

Buyer : Sinotrans Sunny Express

Sellers : (1) ECTEC; and
(2) Qingshan Shipyard

ECTEC's principal businesses are provision of services of seamen and other laborers to external customers; conducting economic and technical cooperation with external partners; exporting labor services for engineering, manufacturing and service segments; operating general goods and techniques importation and exportation excluding those 16 exportation goods and 14 importation goods that only open to government designated organizations; operating processing on order; and operating counter trade and transit trade.

Qingshan Shipyard's principal businesses are shipbuilding and maintenance; marine accessories manufacturing and equipment installation; ship recycling and steel restructuring; operating exportation of mechanical & electrical products, complete set of equipment and relative technologies; operating exportation of raw materials, mechanical equipments, instrumentation, spare parts and technique (excluding those 14 importation goods that only open to government designated organizations) that are needed for own production and research.

Subject Matter

Sinotrans Sunny Express instructs ECTEC and Qingshan Shipyard to build the Vessels.

Principal specification of each Vessel is as follows:

Classification: China Classification Society (CCS)

LETTER FROM THE BOARD

Dimensions:	length overall — 179.9m, breadth — 27.60m, depth — 14.20m, draught (designed) — 9.8m, draught (scantling) — 10.2m
Deadweight in seawater (density: 1.025 tonne/cubic meter) at scantling draught:	28,400 tons
Design speed:	15.0 knots (on scantling draught in deep, calm sea with clean hull at continuous service rating with 10% sea margin)
Bunker consumption:	170.6 gram per kilowatt/hour + 5% tolerance at continuous service rating

Consideration

The price for each Vessel is RMB159,000,000 (approximately HK\$192,533,100), and the total consideration amounts to RMB318,000,000 (approximately HK\$385,066,200), subject to adjustments in accordance with the terms of the Shipbuilding Contracts. The consideration was agreed after arms-length negotiation amongst Sinotrans Sunny Express, ECTEC and Qingshan Shipyard with reference to the shipbuilding cost in the market and other sale and purchase of vessels of similar type in the market during the corresponding period. The consideration is in line with the prevailing market standard. It is expected that the consideration will be funded by internal resources of the Group and loans from commercial bank.

The consideration of each Vessel (RMB159,000,000) will be paid in 5 installments in RMB in the following manner:

- (1) After the Shipbuilding Contract becomes effective, RMB31,800,000 will be payable by Sinotrans Sunny Express to the Sellers within ten business days after Sinotrans Sunny Express having received a refund guarantee of advance payment issued by SINOTRANS & CSC Holding and the payment notification and the effective payment receipt from the Sellers;
- (2) After commencement of building of the Vessel, RMB31,800,000 will be payable by Sinotrans Sunny Express to the Sellers within ten business days after Sinotrans Sunny Express having received the payment notification and the effective payment receipt from the Sellers and a certificate signed by Classification Society and representative of ship owners (the signature of the representative from Classification Society shall prevail) confirming the commencement of the shipbuilding;
- (3) After keel-laying of the Vessel, RMB31,800,000 will be payable by Sinotrans Sunny Vessels to the Sellers within ten business days after Sinotrans Sunny Vessels having received the payment notification and the effective payment receipt from

LETTER FROM THE BOARD

the Sellers and a keel-laying certificate signed by Classification Society and the representative of ship owners (the signature of the representative from Classification Society shall prevail);

- (4) After launching of the Vessel, RMB31,800,000 will be payable by Sinotrans Sunny Vessels to the Sellers within ten business days after Sinotrans Sunny Vessels having received the payment notification and the effective payment receipt from the Sellers and a launching certificate signed by Classification Society and the representative of ship owners (the signature of the representative from Classification Society shall prevail);
- (5) RMB31,800,000 (to be adjusted in accordance with the terms of the Shipbuilding Contracts as further elaborated below) will be payable by Sinotrans Sunny Express to the Sellers on the date of delivery of the Vessel.

Adjustment of the Consideration

Sinotrans Sunny Express has the right to reduce the amount of consideration according to a detailed formula specified in the Shipbuilding Contracts in the following circumstances:

- (a) the Vessel cannot be delivered to Sinotrans Sunny Express for more than a certain period after the agreed delivery date;
- (b) the actual deadweight of the Vessel is less than the agreed and designed deadweight of the Vessel by a certain figure;
- (c) the actual speed of the Vessel is less than the agreed and designed speed of the Vessel by a certain amount;
- (d) the level of fuel consumption of the Vessel exceeds the agreed and designed fuel consumption of the Vessel by a certain percentage;

If Sinotrans Sunny Express delays the payment of any installments for an aggregate of over ten business days or delays the provision of payment guarantee the 2nd, 3rd, 4th installments for over one month, the schedule of delivery of the Vessel will be delayed accordingly. Sinotrans Sunny Express shall also pay an interest for the delayed payment at the prevailing interest rate for one-year loans as announced by the People's Bank of China.

Security for Refund, Payment Guarantee and Quality Guarantee

Within 20 business days after the Shipbuilding Contracts becoming effective, the Sellers shall provide Sinotrans Sunny Express with a refund guarantee of advance payment issued by SINOTRANS & CSC Holding to the satisfaction of Sinotrans Sunny Express to guarantee the Sellers' obligation to refund the first four installments under the Shipbuilding Contracts.

LETTER FROM THE BOARD

Within 10 business days after Sinotrans Sunny Express having received the above mentioned refund guarantee provided by the Sellers, Sinotrans Sunny Express shall provide the Sellers with an irrevocable payment guarantee issued by SINOTRANS & CSC Holding to the satisfaction of the Sellers to guarantee the payment of the 2nd, 3rd and 4th installments by Sinotrans Sunny Express under the Shipbuilding Contracts. If Sinotrans Sunny Express does not pay, the payment obligation shall be on the issuer of the payment guarantee, i.e. the parent company of Sinotrans Sunny Express.

When Sinotrans Sunny Express and the Sellers sign the agreement of delivery of the Vessel, the Sellers shall provide Sinotrans Sunny Express with a quality guarantee of RMB7,950,000, which will be valid for a period of 13 months after the delivery of the Vessel.

Completion

In accordance with the Shipbuilding Contracts, one Vessel shall be delivered by the Sellers to Sinotrans Sunny Express on or before 31 October, 2012, and the other on or before 30 November, 2012. The Sellers have a grace period of 30 calendar days after the contracted delivery dates to deliver the Vessels.

Effective Date

The Shipbuilding Contracts will be effective upon obtaining approval from the Independent Shareholders at EGM.

REASONS FOR, AND BENEFITS OF, THE CONNECTED TRANSACTION

The Company is a leading logistics service provider in the PRC whose core businesses include freight forwarding and shipping agency, complemented by supporting businesses in storage and terminal services, marine transportation and other services (mainly engaged in trucking transportation and express services).

Sinotrans Sunny Express' principal businesses are international shipping services, domestic container liner service in coastal areas and areas along the middle and lower reaches of the Yangtze River and the Pearl River Delta, the feeders for international lines, the shipping charter and management. Sinotrans Sunny Express is a key part of the integrated logistics services platform of the Company. It provides capacity support and channel services for the container inner line of the Company, co-establishes the network of the container transportation of domestic logistics that covers the coastal regions and inner rivers, and facilitates the rapid development of the integrated logistics of the Group. According to the Company's positioning of Sinotrans Sunny Express, it will be devoted to be the container transportation platform of domestic logistics with integrated logistics services features. Given the continuing growth of Chinese domestic market demand and the ship price at a historic low point, the decision of building our own high tonnage container ship is in line with the development of container transportation of domestic logistics services and the business strategy of the Company and Sinotrans Sunny Express.

LETTER FROM THE BOARD

The Board (including independent non-executive Directors) is of the view that the terms of the Shipbuilding Contracts are fair and reasonable and are on normal commercial terms, and that the Shipbuilding Contracts and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As disclosed in the Company's announcement dated 20 June, 2011, Sinolines, a wholly owned subsidiary of the Company, entered into two Shipbuilding Contracts dated 20 June, 2011 with ECTEC and Qingshan Shipyard (collectively as the sellers) regarding the construction of two 1100-TEU container ships for a total consideration of US\$36,000,000 (approximately HK\$280,242,000). As one of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the transactions contemplated under the Shipbuilding Contracts when aggregated with the aforesaid shipbuilding contracts dated 20 June, 2011 pursuant to Rule 14A.25 of the Listing Rules is over 5%, the transactions contemplated under the Shipbuilding contracts constitute a discloseable transaction of the Company. As ECTEC and Qingshan Shipyard are wholly owned subsidiaries of SINOTRANS & CSC Holding, which is the controlling shareholder of the Company, ECTEC and Qingshan Shipyard are connected persons of the Company and accordingly the transactions contemplated under the two Shipbuilding Contracts constitute a connected transaction of the Company. The Shipbuilding Contracts are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

SINOTRANS & CSC Holding mainly engages in integrated logistics business and provides marine transportation services through its subsidiaries.

According to the Rule 14A.54 of the Listing Rules, SINOTRANS & CSC Holding and its associates are required to abstain from voting at the EGM in respect of the proposed resolution to approve the transactions contemplated under the Shipbuilding Contracts.

According to the requirements under Article 125 of the Company Law of the PRC, any director of a listed company who is affiliated with the enterprise involved in the matters discussed by the Board of Directors shall not exercise his own, or represent other directors to exercise, voting right for such matters. As Directors Mr. Zhao Huxiang, Mr. Zhang Jianwei, Ms. Tao Suyun, Mr. Li Jianzhang, Mr. Yang Yuntao, and Ms. Liu Jinghua hold positions in SINOTRANS & CSC Holding, they have abstained from voting in respect of the proposed resolution(s) to approve the Shipbuilding Contracts in accordance with the related regulations and laws. None of the other Directors had any material interest in the transactions contemplated under the Shipbuilding Contracts, and no such other Director has abstained or was required to abstain from voting on the Board resolution(s) approving the Shipbuilding Contracts and the transactions contemplated thereunder.

LETTER FROM THE BOARD

DIRECTORS' RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on page 10 of this circular which contains its recommendation to the Independent Shareholders in respect of the ordinary resolution set out in the notice of EGM set out on 27 to 28 of this circular to approve the transactions contemplated under the Shipbuilding Contracts. Each of SINOTRANS & CSC Holding and its associates will abstain from voting on the ordinary resolution to be proposed at the EGM to approve the transactions contemplated under the Shipbuilding Contracts.

The advice of China Merchants Securities to the Independent Board Committee and the Independent Shareholders as to whether the terms of Shipbuilding Contracts are fair and reasonable and the transactions contemplated under the Shipbuilding Contracts are in the interest of the Company and its Independent Shareholders as a whole is set out on pages 11 to 18 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

Beijing, 15 August, 2011



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)

To the Independent Shareholders

Dear Sir and Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF SHIPBUILDING CONTRACTS OF
TWO 1800-TEU CONTAINER VESSELS**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Sinotrans Limited (the “Company”) in respect of the resolution to approve the transactions contemplated under the Shipbuilding Contracts, 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 China Merchants Securities in its capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of whether (i) the terms of the Shipbuilding Contracts are on normal commercial terms, in the ordinary and usual course of business of the Group and fair and reasonable and (ii) the transactions contemplated under the Shipbuilding Contracts are in the interests of the Company and its Independent Shareholders as a whole, as set out in the “Letter from China Merchants Securities” 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 China Merchants Securities in relation thereto as stated in its letter, we consider the terms of the Shipbuilding Contracts and the transactions contemplated thereunder 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 favor of the ordinary resolution to be proposed at the EGM in respect of the transactions contemplated under the Shipbuilding Contracts.

Yours faithfully,
Independent Board Committee
Sun Shuyi Lu Zhengfei Miao Yuexin
Independent Non-executive Directors

Beijing, 15 August, 2011

LETTER FROM CHINA MERCHANTS SECURITIES

The following is the text of a letter of advice from China Merchants Securities to the Independent Board Committee and the Independent Shareholders in respect of the Shipbuilding Contracts and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



48th Floor
One Exchange Square
Central
Hong Kong

15 August 2011

*To: The Independent Board Committee and the Independent Shareholders
of Sinotrans Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RESPECT OF SHIPBUILDING CONTRACTS OF TWO 1800-TEU CONTAINER VESSELS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the transaction in respect of entering into two shipbuilding contracts signed between (i) Sinotrans Sunny Express Co., Ltd., as a buyer, which is a wholly-owned subsidiary of the Company and (ii) The Foreign Economic & Technical Cooperation Co., and Qingshan Shipyard of China Changjiang National Shipping Group, as sellers, both of which are wholly-owned subsidiaries of SINOTRANS & CSC Holding Corporation Limited on 2 August 2011 in respect of the construction of two 1800-TEU container vessels (the “**Transaction**”) for a total consideration of RMB318,000,000 (equivalent to approximately HK\$385,066,200), details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular dated 15 August 2011 (the “**Circular**”) issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

As disclosed in the Company’s announcement dated 20 June 2011, Sinolines, a wholly-owned subsidiary of the Company, entered into two shipbuilding contracts dated 20 June 2011, with the Sellers regarding the construction of two 1100-TEU container ships for a total consideration of US\$36,000,000 (equivalent to approximately HK\$280,242,000). As one of the relevant applicable percentage ratios calculated in accordance with the Listing Rules in respect of the transactions contemplated under the Shipbuilding Contracts when aggregated with the aforesaid shipbuilding contracts dated 20 June 2011 pursuant to Rule 14A.25 of the Listing Rules is over 5%, the transactions contemplated under the Shipbuilding Contracts constitute a discloseable transaction of the Company. As ECTEC and Qingshan Shipyard are wholly-owned subsidiaries of SINOTRANS & CSC Holding,

which is the controlling shareholder of the Company, ECTEC and Qingshan Shipyard are connected persons of the Company and accordingly the transactions contemplated under the two Shipbuilding Contracts constitute a connected transaction of the Company. The Shipbuilding Contracts are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to the Rule 14A.54 of the Listing Rules, SINOTRANS & CSC Holding and its associates are required to abstain from voting at the EGM in respect of the proposed resolution to approve the transactions contemplated under the Shipbuilding Contracts.

According to the requirements under Article 125 of the Company Law of the PRC, any director of a listed company who is affiliated with the enterprise involved in the matters discussed by the Board of Directors shall not exercise his own, or represent other directors to exercise, voting right for such matters. As Directors Mr. Zhao Huxiang, Mr. Zhang Jianwei, Ms. Tao Suyun, Mr. Li Jianzhang, Mr. Yang Yuntao and Ms. Liu Jinghua hold positions in the SINOTRANS & CSC Holding, they have abstained from voting in respect of the proposed resolution(s) to approve the Shipbuilding Contracts in accordance with the related regulations and laws. None of the other Directors had any material interest in the transactions contemplated under the Shipbuilding Contracts, and no such other Director has abstained or was required to abstain from voting on the Board resolution(s) approving the Shipbuilding Contracts and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the three independent non-executive Directors of the Company, namely Mr. Sun Shuyi, Mr. Lu Zhengfei and Mr. Miao Yuexin, has been established to advise the Independent Shareholders in respect of the Shipbuilding Contracts and the transactions contemplated thereunder. We, China Merchants Securities, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our advice and opinion, we have relied on the accuracy of the information and representations contained in the Circular, which have been considered to be complete and relevant, and the information obtained from the public domain. We have assumed that all statements, information and representations made or referred to in the Circular, for which the Directors are solely responsible for, were true, accurate and complete in all material respects at the time when they were made and will continue to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were based on honestly held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company and we have been advised by the Directors and the management of the Company that no material fact has been omitted from the information and representations provided, and referred to, in the Circular. We have no reason to suspect that any material information has been withheld by the Directors or the management of the Company. We have not, however, carried out any independent verification of the information provided to us by the Directors and the management of the

Company and the information obtained from the public domain, nor have we conducted any independent investigation into the affairs, the business and financial positions and the future prospects of each member of the Group, SINOTRANS & CSC Holding, ECTEC and Qingshan Shipyard, and their respective shareholders, associates and business partners. Our opinion is based on the information and representations available to us as of the date of this letter. We have no obligation to update our advice and opinion to take into account circumstances and events occurring after the date of this letter. As a result, circumstances and events could occur prior to the approval of the Shipbuilding Contracts and the transactions contemplated thereunder that, if known to us at the time when we had rendered our advice and opinion, would have altered our advice and opinion.

BACKGROUND INFORMATION OF THE GROUP, SINOTRANS & CSC HOLDING, ECTEC AND QINGSHAN SHIPYARD

The Group

The Company is a leading logistics service provider in the PRC whose core businesses include freight forwarding and shipping agency, complemented by supporting businesses in storage and terminal services, marine transportation and other services (mainly engaged in trucking transportation and express services).

Sinotrans Sunny Express is a wholly-owned subsidiary of the Company, which is principally engaged in international shipping services, domestic container liner service in coastal areas and areas along the middle and lower reaches of the Yangtze River and the Pearl River Delta, the feeders for international lines, the shipping charter and management. Sinotrans Sunny Express is a key part of the integrated logistics services platform of the Company. It provides capacity support and channel services for the container inner line of the Company, co-establishes the network of the container transportation of domestic logistics that covers the coastal regions and inner rivers, and facilitates the rapid development of the integrated logistics of the Group.

SINOTRANS & CSC Holding

SINOTRANS & CSC Holding is the controlling shareholder of the Company, which directly and indirectly holds in aggregate 59.86% of issued share capital of the Company as at the Latest Practicable Date. It mainly engages in integrated logistics business and provides marine transportation services through its subsidiaries.

ECTEC

ECTEC, a wholly-owned subsidiary of SINOTRANS & CSC Holding, is principally engaged in provision of services of seamen and other laborers to external customers; conducting economic and technical cooperation with external partners; exporting labor services for engineering, manufacturing and service segments; operating general goods and techniques importation and exportation excluding those 16 exportation goods and 14 importation goods that only open to government designated organizations; operating processing on order; and operating counter trade and transit trade.

Qingshan Shipyard

Qingshan Shipyard, a wholly-owned subsidiary of SINOTRANS & CSC Holding, is principally engaged in shipbuilding and maintenance; marine accessories manufacturing and equipment installation; ship recycling and steel restructuring; operating exportation of mechanical and electrical products, complete set of equipment and relative technologies; operating exportation of raw materials, mechanical equipments, instrumentation, spare parts and technique (excluding those 14 importation goods that only open to government designated organizations) that are needed for own production and research.

PRINCIPAL FACTORS CONSIDERED

In formulating and giving our independent advice to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the reasons for and benefits of the Transaction, the key terms of the Shipbuilding Contracts and the possible financial effects of the Transaction to the Group.

Reasons for and benefits of the Transaction

The Company is a leading logistics service provider in the PRC providing various logistics services, principally including freight forwarding and shipping agency, to its clients. As mentioned in the paragraph headed “Background information” in this letter, Sinotrans Sunny Express forms the key part of its integrated logistics services platform to offer domestic container transportation services.

As discussed with the management of the Company, the Group intends to designate the Vessels to carry out domestic container transportation business of the Group. According to the annual report of the Company for the year ended 31 December 2010, we note that the Group recorded significant growth in its marine transportation business, which included domestic container transportation business, in 2010 when compared to those of the previous year. The revenue generated from marine transportation business of the Group increased by approximately 44.7% from approximately RMB2,993.0 million in 2009 to approximately RMB4,330.8 million in 2010 and the number of containers shipped by the Group rose from 1,847,000 TEUs in 2009 to 2,210,000 TEUs in 2010, representing an increase of approximately 19.7% as compared to the previous year. As advised by the Company, revenue generated from domestic container transportation business of the Group also increased by approximately 85.0% from approximately RMB107.0 million in 2009 to RMB197.9million in 2010.

We also understand from the Directors that based on their experience and expertise in logistic industry, they expect that the demand for logistic services, including domestic container transportation services, in the PRC will increase continuously in the coming few years taking into account the growth in the PRC economy and the performance of the Group in the past few years. Guided by the Five-year Plan of the Group beginning in 2011, the Group targets to increase its domestic container transportation capacity by over 150.0% (in term of TEUs) by 2014 and the overall domestic container vessel ownership ratio from 45.0% in 2012 to 54.0% in 2014.

LETTER FROM CHINA MERCHANTS SECURITIES

As stated in the Letter from the Board of this Circular, the ship price is at a historic low point recently. We note that the Newbuilding Price Index (the “**Index**”), which is the index reflecting the level of the building price of new vessels, issued in April 2011 by Clarkson Research Services Limited (“**Clarkson Research**”), an independent industry research house, decreased from its historical high of approximately 190 in the second half of 2008 to approximately 140 in March 2011, representing a decrease of approximately 26.3%. It shows that building price of new vessels is at a relatively low level recently.

We understand from the management of the Company that they selected shipbuilders to construct the Vessels with reference to factors including the quoted prices and reputation, operational and financial background, know-how and capacity of shipyards. Having considered that (i) Qingshan Shipyard is a well-equipped shipyard with integrated capacity and good track record for the manufacturing of various types of ships; (ii) the construction prices for each Vessel quoted by the Sellers are the lowest amongst those quotations obtained from shipbuilders who are independent third parties to the Group; and (iii) the delivery dates of the Vessels quoted by the Sellers are able to meet the Group’s schedule, the Group decided to commission the Sellers to construct the Vessels.

In view of (i) the expected demand for the Group’s domestic container transportation services and the Five-year Plan of the Company; (ii) the new ship price maintained at a relatively low level recently; (iii) the quoted price of the Vessels offered by the Sellers is the lowest amongst various bidders; and (iv) the capability of the Sellers, we concur with the Directors’ views that the entering into of the Shipbuilding Contracts is in line with the development of domestic container transportation services and the business strategy of the Group and hence, is in the interests of the Company and the Independent Shareholders as a whole.

Key terms of the Shipbuilding Contracts

According to the Letter from the Board, on 2 August 2011, Sinotrans Sunny Express has commissioned the Sellers to construct two Vessels for an aggregate consideration of RMB318,000,000 (equivalent to approximately HK\$385,066,200), of which each Vessel costs RMB159,000,000 (equivalent to approximately HK\$192,533,100), subject to adjustments in accordance with the terms of the Shipbuilding Contracts. One Vessel shall be delivered by the Sellers to Sinotrans Sunny Express on or before 31 October 2012, and the other on or before 30 November 2012. The Sellers have a grace period of 30 calendar days after the contracted delivery dates to deliver the Vessels.

Please refer to the section headed “Shipbuilding Contracts” set out in the Letter from the Board for the detailed terms of the Shipbuilding Contracts.

Purchase prices and payment terms

Pursuant to the Shipbuilding Contracts, the purchase price for each Vessel is RMB159,000,000 (equivalent to approximately HK\$192,533,100), subject to adjustments in accordance with the terms of the Shipbuilding Contracts (the “**Purchase Price**”). The purchase price was agreed after arm’s length negotiation amongst Sinotrans Sunny Express, ECTEC and Qingshan Shipyard with reference to the shipbuilding cost in the market and other sale and purchase of vessels of similar type in the market during the corresponding period. The Directors considered that the purchase price for each Vessel is in line with the prevailing market standard.

The Purchase Price under each of the Shipbuilding Contracts is payable by five instalments in accordance with the construction progress of the Vessels. Pursuant to the Shipbuilding Contracts, the purchase price per Vessel is subject to downward adjustments that could arise from delay deliveries and/or deviations from documented specifications for each Vessel.

In assessing the fairness and reasonableness of the Purchase Prices, we have reviewed the quoted construction prices from the independent shipbuilders provided by the Company. We note that the construction price for each Vessel quoted by the Sellers is the lowest amongst those quotations obtained from shipbuilders who are independent third parties to the Group.

We also review the market information collated by Clarkson Research, an independent industry research house and an independent industry agent on the recent market prices of newly build vessels of similar tonnage and sizes as those to be built under the Shipbuilding Contracts published on its reports or website and also the press articles reporting the prices of newly built vessels. We have reviewed the profile of Clarkson Research and aforesaid industry agent. Clarkson Research is an independent global research houses specified in provision of intelligence on the shipping and offshore industries and the independent industry agent is based in the PRC to provide an e-business platform for world ship trading and shipping related market information. In view of the profile of those information providers and they are independent third parties to the Group, we consider that the information prepared by them could be relied on by us as a reference. Based on information reviewed, we note that the Purchase Price for each Vessel is lower than the market prices of recent shipbuilding orders for vessels of similar types and comparable TEU as those under the Shipbuilding Contracts.

In addition, we note that the consideration for each comparable transaction was payable in instalments in accordance with the construction progress of the vessels. We have, to the best of our effort, identified twelve transactions announced by companies listed on the main board of the Stock Exchange involving the construction of various types of vessels from 1 August 2010 to the Latest Practicable Date (the “**Comparable Transactions**”). We note that the vessels being built pursuant to the Comparable Transactions were not directly

comparable to the Vessels in terms of the type, tonnage and size. Hence, we focus to evaluate the payment terms and adjustment clauses to the Purchase Price of the Shipbuilding Contracts with reference to the relevant terms of the Comparable Transactions. We notice that the consideration for each comparable transaction was payable in instalments in accordance with the construction progress of the vessels.

Adjustment to the Purchase Prices

Pursuant to the Shipbuilding Contracts, Sinotrans Sunny Express has the right to reduce the amount of the Purchase Price per vessel according to a detailed formula specified in the Shipbuilding Contracts, which may principally arise from delay deliveries or deviations from specifications relating to speed, deadweight and fuel consumption.

The Directors advised that the adjustments to the Purchase Price are in line with normal market practice and are based on normal commercial terms adopted in the shipbuilding industry. We have reviewed an independent shipbuilding contract entered into by a member of the Group in April 2011 with an independent shipyard and noted that the adjustment items stated therein are comparable with those contained in the Shipbuilding Contracts. We also note that similar adjustments to the purchase price of vessels arise from delay deliveries or deviations from specifications relating to speed, deadweight and fuel consumption were adopted in some of the Comparable Transactions. In view of the above, we concur with the Directors' view that the bases for adjustments to the Purchase Prices under the Shipbuilding Contracts are in line with normal market practice and the adjustment clauses under the Shipbuilding Contracts are fair and reasonable.

Having considered the above, we concur with the views of the Directors that the terms of the Shipbuilding Contracts are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Possible financial effects

The Directors intend that the consideration payable under the Shipbuilding Contracts of approximately RMB318,000,000 (equivalent to approximately HK\$385,066,200) will be principally financed as to about 80.0% by the loans from commercial bank(s) and the remaining balance by internal resources of the Group. We noted that as at 31 December 2010, the Group had cash and bank balances of approximately RMB5,202.5 million. Given that the total consideration under the Shipbuilding Contracts will be payable in accordance with the progress of construction of the Vessels to be spanned over the next year and the cash position of the Group as at 31 December 2010, the Directors consider that the entering into of the Shipbuilding Contracts will not have a material adverse impact on the Group's financial position.

LETTER FROM CHINA MERCHANTS SECURITIES

Following delivery of the Vessels, the Group's fixed assets will increase whilst current assets will decrease and long-term liabilities will increase depending on the proportion of the purchase price funded from internal resources and external finance. The Company believes that the construction of the Vessels will have a positive effect on the earnings of the Group subsequent to the delivery of the Vessels, although the quantum cannot be ascertained at present, which will depend on the conditions of the shipping market at the time of delivery of Vessels.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we consider that the entering into of the Shipbuilding Contracts is in the interests of the Company and the Independent Shareholders as a whole, in the ordinary and usual course of business of the Company and that the terms thereof are of normal commercial terms and are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the transactions contemplated under the Shipbuilding Contracts.

Yours faithfully,
For and on behalf of
China Merchants Securities (HK) Co., Limited
Christine Au
Executive Director
Investment Banking Department

1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

I. Interests of Directors

As at the Latest Practicable Date, none of the Directors or supervisor of the Company has interests and short positions in the Shares, underlying Shares or debentures of the Company or 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 SFO, 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:

(a) Interests in the Shares

Name of Shareholder	Number of Shares held (Class of Shares) — Long position — Lending pool		Nature of Interest	Approximate%	Approximate%	Approximate%
				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
中國外運長航集團有限公司 SINOTRANS & CSC Holding Corporation Limited (Note 1)	2,461,596,200		Beneficial owner	100%		57.93%
	(Domestic Shares)					
	81,812,000 (L)		Controlled		4.58%	1.93%
	(H Shares)		corporation			

Name of Shareholder	Number of Shares held (Class of Shares)		Nature of Interest	Approximate% of the Company's issued total domestic share capital	Approximate% of the Company's total issued H share capital	Approximate% of the Company's total issued share capital
	— Long position	— Lending pool				
Deutsche Post AG (<i>Note 2</i>)	237,468,000 (L) (H Shares)		Controlled corporation		13.30%	5.59%
The Bank of New York Mellon Corporation (<i>Note 3</i>)	161,059,722 (L) (H Shares)		Controlled corporation		9.01%	3.79%
		91,852,522 (P) (H Shares)			5.14%	2.16%
Franklin Templeton Investments Corp.	157,230,536 (L) (H Shares)		Investment Manager		8.80%	3.70%
Brandes Investment Partners, L.P.	143,410,364 (L) (H Shares)		Investment Manager		8.02%	3.37%
JPMorgan Chase & Co. (<i>Note 4</i>)	128,790,900 (L) (H Shares)		Controlled corporation		7.21%	3.03%
		126,479,900 (P) (H Shares)	Custodian		7.08%	2.98%
Templeton Asset Management Limited.	107,132,850 (L) (H Shares)		Investment Manager		5.99%	2.52%
Templeton Investment Counsel, LLC	93,443,000 (L) (H Shares)		Investment Manager		5.23%	2.20%

Notes:

1. Zhao Huxiang, Zhang Jianwei, Tao Suyun, Li Jianzhang, Yang Yuntao and LiuJinghua are directors or employees of SINOTRANS & CSC Holding which is the controlling shareholder of the Company. The 81,812,000 H Shares are held by SINOTRANS (HONGKONG) HOLDINGS LTD., a wholly-owned subsidiary of SINOTRANS & CSC Holding.
2. This includes 201,852,000 H Shares held by Deutsche Post Beteiligungen GmbH (“Deutsche GmBH”) and 35,616,000 shares held by DHL Supply Chain (Hong Kong) Limited. Deutsche GmBH and DHL Supply Chain (Hong Kong) Limited are both 100% held by Deutsche Post AG.
3. These Shares are directly held by The Bank of New York Mellon, a wholly-owned subsidiary of The Bank of New York Mellon Corporation.
4. This includes 126,479,900 H Shares held by JPMorgan Chase Bank, N.A. and 2,311,000 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.

(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
濟南大運物流有限公司 (Jnan Da Yun Logistics Co., Ltd.)	20%	中國外運大件物流有限公司 (Sinotrans Heavy-lift Logistics)
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.)
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.)
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.)
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)

Name of entities holding 10% or more interest in a member of the Group	Interest in relevant company	Name of subsidiary of the Company
	27%	寧波保稅區太平倉儲有限公司 (Ningbo Free Trade Zone Taiping Warehouse Co., Ltd.)
蘇州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.)
蘇州高新區經濟發展集團總公司 (Suzhou New District Economy Development (Group) Corporation)	25%	蘇州新區報關有限公司 (Suzhou New District Customs Broker Co., Ltd.)
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)
阿聯船務代理(香港)有限公司 (Alian Shipping Agency (Hong Kong) Company Limited)	49%	上海中外運阿聯船舶代理有限公司 (Sinotrans Shanghai Alian Shipping Agency Company Limited)
	49%	寧波中外運阿聯船舶代理有限公司 (Sinotrans Ningbo Alian Shipping Agency Company Limited)
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%	佛山中外運倉碼有限公司 (Sinotrans Foshan Company Limited)
廣東省南海食品進出口有限公司 (Guangdong Nanhai Foodstuffs Company Limited)	25%	佛山中外運倉碼有限公司 (Sinotrans Foshan Warehousing & Terminal 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.)	40.546%	中山中外運倉碼有限公司 (Sinotrans Zhongshan Warehousing & Terminal Corp., Ltd.)
東莞市石龍鎮工業總公司 (Dongguan Shilong Town Industry Co., Ltd.)	20%	東莞中外運物流有限公司 (Sinotrans Dongguan Logistics Co., Ltd.)
大新華輪船(煙臺)有限公司 (Grand China Shipping (Yantai) Co. Ltd.)	49%	青島中外運大新華國際集裝箱倉儲有限公司 (Sinotrans Qingdao Yanhai International Container and Storage Company Limited)
香港遠升有限公司 (Lailon Enterprises 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.)
	25%	青島金運航空貨運代理有限公司 (Qingdao Jinyun Air Cargo Freight Forwarding 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
日本東海運株式會社 (Azuma Shipping Co., Ltd.)	30%	青島遠東儲運有限公司 (Qingdao Sinotrans-Azuma Logistics Co., Ltd.)
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)
福州市國有資產經營公司 (Fuzhou City State-owned Assets Management Company)	30%	福州中外運大裕保稅倉儲有限公司 (Fuzhou Davu Bonded Storage Company Limited)
韓進海運株式會社 (Hanjin Shipping Company Limited)	49%	上海星瀚船務代理有限公司 (Shanghai Shenhan Shipping Agency 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有限公司 (Dalian JD Cargo International Co., Ltd.)
成都高新投資集團有限公司 (Chengdu New District Investment Group Corporation)	45.71%	成都保稅物流投資有限公司 (Chengdu Bonded Logistics Investment Company Limited)

Save as disclosed above, the Directors 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 was, 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, 2010 (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

Jerry Hsu (a non-executive Director) and Mok Chiming Victor (a non-executive Director) 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 representatives nominated by DHL Worldwide Express BV and DHL Supply Chain (Hong Kong) Limited (collectively "DHL Entities") respectively, the Strategic Investors of the Company (the "Strategic Investors").

Each of the DHL Entities 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.

While, for the purposes of the Listing Rules, Jerry Hsu and Mok Chiming Victor are considered to have interests (by way of minority equity interests or stock options or directorships) in competing businesses (i.e. those of the Strategic Investor, 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 the Strategic Investor.

Zhao Huxiang, Zhang Jianwei, Tao Suyun, Li Jianzhang, Yang Yuntao and Liu Jinghua are directors or employees of SINOTRANS & CSC Holding which is the controlling shareholder of the Company. Certain subsidiaries of SINOTRANS & CSC Holding engage in the Group's "core businesses" (namely freight forwarding 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 & CSC Holding and the Group and the non-competition agreement entered into between SINOTRANS & CSC Holding and the Company on 14 January, 2003 are referred to in the section headed "Relationship with SINOTRANS & CSC Holding" in the prospectus of the Company dated 29 January, 2003.

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 is likely to 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, 2010, being the date up to which the latest published audited consolidated financial statements of the Group were made up.

5. EXPERT

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

Name	Qualification
China Merchants Securities	a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, China Merchants Securities did not have:

- (a) any direct or indirect interest in any assets which have since 31 December 2010 (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 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.

China Merchants Securities has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which they respectively appear.

6. MISCELLANEOUS

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

7. DOCUMENTS AVAILABLE FOR INSPECTION

The copy of the Shipbuilding Contracts will be available for inspection during normal business hours on any weekday (except public holidays) at the office of Reed Smith Richards Butler at 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong from the date of this circular, for a period of 14 days.



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 the extraordinary general meeting (the “EGM”) 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 (Post Code 100044) on 30 September, 2011 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (A) the transactions contemplated under the two Shipbuilding Contracts (the “Shipbuilding Contracts”, a copy of which is produced to the meeting marked “A” and initialled by the chairman for the purpose of identification) entered into by Sinotrans Sunny Express Co., Ltd., a wholly-owned subsidiary of the Company (as buyer), Foreign Economic & Technical Cooperation Co. of China Changjiang National Shipping Group and Qingshan Shipyard of China Changjiang National Shipping Group (collectively as sellers) on 2 August, 2011 in respect of the construction of two 1800-TEU container vessels for a total consideration of RMB318,000,000 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 Shipbuilding Contracts and transactions regarding the construction of vessels contemplated thereunder.”

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

Beijing, 15 August, 2011

NOTICE OF EGM

Notes:

1. The register of members of the Company will be closed from 30 August, 2011 to 30 September, 2011, both days inclusive, during which period no share transfers will be registered. The purpose of the book closure is to allow the Company to determine who shall qualify to attend and vote at the EGM. The record date for the purpose of such determination shall be 30 September, 2011. To qualify for attendance at the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 29 August, 2011, for registration.
2. Shareholders intending to attend the EGM shall give written notice of the same to the Company, which shall be lodged at the registered office of the Company on or before 4:30 p.m. on 9 September, 2011.
3. Shareholders entitled to attend and vote at the EGM 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 notarized 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 EGM.
5. As at the date of this announcement, Zhao Huxiang, Zhang Jianwei, Tao Suyun and Li Jianzhang are executive directors of the Company; Yang Yuntao, Liu Jinghua, Jerry Hsu and Mok Chi Ming Victor are non-executive directors of the Company; and Sun Shuyi, Lu Zhengfei and Miao Yuexin are independent non-executive directors of the Company.