

Chairman's Statement

To the Shareholders,

On behalf of the Board of Directors and all our staff members, I am pleased to present to the shareholders the annual results of Sinotrans Limited (the "Company") for the year ended 31 December 2002.

REORGANISATION AND LISTING OF THE COMPANY

The year 2002 was a significant one in the history of the Company. On 20 November 2002, the Company was established pursuant to a group reorganisation of China National Foreign Trade Transportation (Group) Corporation ("Sinotrans Group Company"). Sinotrans Group Company, which as the sole promoter, transferred to the Company a substantial portion of its businesses located in the fast-growing coastal regions of China as well as in certain other strategic regions throughout China, making the Company and its subsidiaries (collectively the "Group") a leading provider of logistics services in China.

The Company was successfully listed on The Stock Exchange of Hong Kong on 13 February 2003. With the successful listing of the Company, our corporate governance

framework and standard, our management model and quality, as well as our operating strategies and performance have undergone a close scrutiny by the international capital markets and are well recognised. The listing would also provide further growth potential for the Group's development in the future.

REVIEW OF OPERATIONS

The Chinese economy continued its upward trend in the year 2002. Compared with the corresponding period in 2001, the GDP in 2002 was up by 8%, foreign trade up by 21.8% and foreign direct investment up by 12.5%. This sustained economic growth had accelerated the development of the logistics and transportation industry in China.

The Group is a leading provider of logistics services in China. Opportunity was taken during the reorganisation in preparation for listing in 2002 to maximise the utilisation of our resources and expertise, competitive strengths and profound experience. The robust economy and the strong development of the logistics and transportation industry in China provided an ideal business environment. Our competitive edges were greatly enhanced through the concerted efforts of all our employees, improvement of service networks,

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further standardisation of business processes and renewal and upgrade of information technology. This process was further assisted through more effective internal control by way of firmer budgetary and management controls as well as credit management, and the introduction and implementation of the ORACLE ERP financial system. As a result, we were able to raise our competitiveness and elevate the market position of our various operations, thereby bringing in satisfactory operating results to realise our profit target.

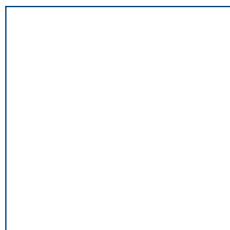
Turnover of the Group for the year 2002 was RMB13.55 billion, an increase of 22.6% over the same period last year. Profit for the year was RMB572 million, an increase of 26.5% over the same period last year. Rapid growth was witnessed in the volume, revenue and profit in the various core operations of the Group.

BUSINESS AND PROSPECTS

We believe that the Chinese economy will maintain a growth rate of 7% or higher in 2003. This in turn will spur further expansion in the transportation and logistics industry.

2003 will see the Group operating independently for the first complete financial year. We are fully aware of the opportunities and challenges ahead. We, together with all our colleagues, will set the pursuit of shareholders' interest as our prime objective. We will concentrate on ensuring growth, effectiveness, efficiency and return on investment for the Group as well as to achieve regulated, effective and transparent corporate governance. In terms of development strategies, we will endeavour:

- to strengthen the overall business mix, to further standardise business processes, to enhance the competitiveness of our



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products, and to achieve a steady growth in operating results;

- to integrate asset and capital operations, to improve business network and to raise the overall service capability;
- to fully implement the ORACLE ERP financial system, to establish a uniform financial management and control system and to raise the standard of financial risk management; and
- to set up a uniform human resources and performance appraisal system, to improve the framework of human resources and to foster a corporate culture based on people and their competence, exploration and innovation.

We will strive to offer our utmost efforts in achieving an overall satisfactory performance for the operation of the Group to fulfill our commitment to the shareholders.

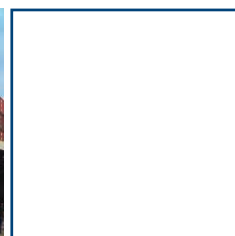
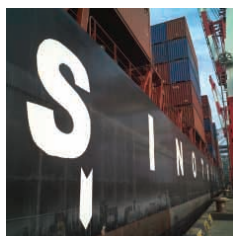
I would like to take this opportunity to express our most sincere appreciation to all our shareholders and customers for their sustained trust and support. I look forward to their continued support in the future.

On behalf of the Board, I would also like to thank all our staff members who are key to our success.

Zhang Bin

Chairman

15 April 2003



With our well-established service network and integrated service strategy and competence, together with our experienced management team, strong customer base and customer handling experience, as well as our firm and sound financial policies and healthy financial position, our management is full of confidence in the business prospects in 2003.

