

RESULTS ANNOUNCEMENT 中期業績公佈



ZHANG BIN
Chairman

To the Shareholders:

Sinotrans Limited (the “Company”) opened a new chapter in its corporate history when its shares were listed on The Stock Exchange of Hong Kong Limited on 13 February 2003 with strong support and recognition from investors in the international capital markets. A year has lapsed since then and investors’ confidence in the Company’s operating strategies and models as well as its business prospects is nowhere more evidently reflected than in the solid performance of its shares.

REVIEW

China maintained strong economic growth in 2003 despite the adverse impact of events such as the SARS outbreak and the Iraqi War. In 2003, China’s GDP grew by 9.1% compared to 2002, underpinned by a 37.1% growth in foreign trade. The nation’s logistics and transportation market benefited from a thriving economy at home and continued to enjoy rapid growth.

As a leading provider of logistics services in China, the Group (the Company and its subsidiaries) remained committed to the pursuit of excellence in corporate governance subsequent to its public listing. Our decision-making process remained highly efficient, transparent and standardised, while management and decision-making standards were generally enhanced with the introduction and full implementation of the ORACLE financial management system. Major efforts were made to integrate internal resources, improve service networks, standardise business process and unify sales and marketing system. A unified performance appraisal system was introduced and the structure of human resources was optimised. We played an active role in the integration within China’s logistics and transportation market and swiftly expanded our market through a combination of organic growth and acquisitions.



In 2003, the Group consolidated and increased market share in its core services notwithstanding increased competition in a further liberalised market. Operating results improved and annual operating targets were achieved. In 2003, the Group earmarked revenues of approximately RMB17,373.9 million, representing a year-on-year growth of 28.2%. Operating profit amounted to approximately RMB1,118.7 million, 25.2% higher as compared to that of the previous year. Net profit increased by 23.2%, year-on-year, to approximately RMB705.0 million and earnings per share amounted to RMB0.17. All of the Group's three core services, namely freight forwarding, express services and shipping agency, managed to deliver solid results, with operating revenues increased by 19.1%, 52.9% and 9.6%, respectively, as compared to those of the previous year.

DIVIDENDS

In view of the Group's solid financial performance and its sound balance sheet, the Board of Directors recommended the payment of a final dividend of RMB0.030 per share, in addition to the interim dividend of RMB0.026 per share, to share with our investors the fruits of China's fast economic growth as well as the Company's robust development.

PROSPECTS

Further growth in the Company's business is expected in 2004 as China's economic growth continued to gain pace, underpinned by robust demand in the nation's logistics and transportation market. Fully aware of opportunities and challenges that await us, the Company will seek to enhance customers' competitiveness by facilitating cost reductions through a diverse range of value-added services on the back of our comprehensive, integrated logistics network. The smooth operation of the Company will create a platform that promises success and value enhancement for shareholders, employees and customers on a mutual basis, while the growth of the Company will be a driving force to the overall development of China's logistics and transportation industry.

APPRECIATION

We believe that service of the highest standard is only possible with such qualities as diligence, dedication, professionalism, experience and team spirit on the part of the employees, and only in this way can the Company assure sound and rapid growth of the Company. So I would like to pay tribute to our staff, for whom we will devote our best endeavours to provide attractive career development opportunities with a view to mutual growth for both the Company and the employees.

We are also privileged by the presence of the Independent Directors and Non-executive Directors, being representatives of our strategic partner, who brings with them a wealth of expertise and experience and for whose contributions to the Company during the past year I am deeply grateful.

Last but not least, may I express sincere appreciation to all shareholders and patrons for their concern and support and pledge that every effort will be made to ensure that all of you will benefit as China's economic growth continues.

Zhang Bin
Chairman

Hong Kong, 29 March 2004