

Corporate Governance

The Company believes that the incessant upgrading of the standard of corporate governance is the underlying cornerstone for safeguarding the interests of investors and enhancing corporate value. Since its listing in February 2003, the Company, with reference to the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Articles of Association of the Company and other relevant laws and regulations, and taking into considerations of its own characteristics and requirements, has made huge efforts in enhancing the standard of corporate governance.

BOARD OF DIRECTORS

As at 31 December 2004, the board of directors of the Company comprises 12 directors, 4 of which are executive directors, 5 are non-executive directors and 3 are independent non-executive directors. The members are as follows:

Chairman: Mr. Zhang Bin

Executive directors: Mr. Zhang Bin, Mr. Zhang Jianwei, Ms. Tao Suyun, Mr. Li Jianzhang

Non-executive directors: Mr. Yang Yuntao, Ms. Liu Jinghua, Mr. Jerry Hsu, Mr. Ken Torok, Mr. Lee Chong Kwee

Independent non-executive directors: Mr. Koo Kou Hwa*, Mr. Sun Shuyi, Mr. Lu Zhengfei

* Mr. Koo Kou Hwa passed away with illness on 21 January 2005.

The board of directors shall be accountable to the general meeting. Its main duties include: determining the operating plans and investment proposals of the Company; convening general meetings and executing the resolutions of general meetings, etc. Shareholders' and the Company's interest is the primary concern for every member of the Board. Directors shall perform their duties in accordance with relevant laws and regulations in due diligence manner.

The independent directors of the Company, who are appointed from the finance and sea freight sectors and who also have extensive experience in accounting or financial management and other professional areas, shall act in due diligence manner to uphold the interests of the Company and the shareholders by maintaining their independence of their opinions given with respect to their review of the Company's connected transactions and significant events, and by providing professional advice on the stable and disciplined operation and long-term development of the Company. Due to the passing away of Mr. Koo Kou Hwa, an independent director, the Company has only 2 independent non-executive directors in the Board at present, resulting in the Company failing to comply with the requirements under Rule 3.10 of the Listing Rules. The Company will approve the relevant nomination and proceed to the appointment procedures for the election of an additional independent director as soon as possible.

The executive directors (including independent non-executive directors) of the Company are appointed for a term of office of three years and are eligible for re-election upon the expiry of their terms.

As at 31 December 2004, the Company has held a total of 4 board meetings, with an average attendance rate of 90%. The Company keeps detailed minutes for the business transacted in the meetings.

The primary duties of the Audit Committee under the Board are (among others) to review and supervise the financial reporting system and the internal control mechanism of the Company, to effectively monitor and manage the board of directors, to ensure that the Board is to be held accountable to the Company and to the shareholders and to propose and to engage external auditors. As at 31 December 2004, the Audit Committee, chaired by Mr. Sun Shuyi, had a total of three members, namely Mr. Koo Kou Hwa, Ms. Tao Suyun and Mr. Sun Shuyi. The Audit Committee had 2 meetings in 2004, with an average attendance rate of 100%.

The Company has also set up a Remuneration Committee under the Board which is to be responsible for reviewing the remuneration policies of the Company, assessing the performance of the directors and senior management of the Company and determining policies in respect to their remuneration packages. The Committee performs its duties in accordance with established rules and regulations.

SUPERVISORY COMMITTEE

The Supervisory Committee comprises 3 members, one of whom is the independent supervisor while another one is the supervisor representing the staff. The Supervisory Committee is responsible for supervising the Board and its members as well as the senior management, so as to safeguard the interests of the shareholders of the Company. In 2004, the Supervisory Committee examined the financial position and the legal compliance of the operations of the Company and conducted the due diligence review of the senior management through convening Supervisory Committee's meetings and attending the Board meetings, the meeting of Audit Committee and General Meetings, and undertook various duties in a proactive and diligent manner under the principle of due care and good faith.

GENERAL MEETINGS

The general meeting is the highest authority of the Company. The Company convened 2 general meetings in 2004 to review, consider and approve the resolutions relating to the report of the directors, the report of the supervisory committee, the profit distribution proposal, the appointment of additional directors and the amendments to the Articles of Association of the Company. The Company highly values the functions of the general meetings, and therefore encourages all shareholders to attend the general meeting, which can serve as a direct and effective communication channel between the Board and the investors of the Company.

corporate governance

FINANCIAL CALENDAR

Announcement of 2004 final results	23 March 2005
Book close date of 2004 annual dividend	5 May 2005 to 3 June 2005
Payment of 2004 annual dividend	30 June 2005 or before
2004 annual general meeting	6 June 2005
Proposed date of announcement of 2005 interim results	August 2005

The Company will publish a notice in a reasonable manner in accordance with relevant provisions. Should there be any changes to the above, the dates as formally notified by the Company prevail.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

In respect of any disclosable and significant event, the Company shall make accurate and complete disclosure in a timely manner in the newspapers and websites as specified by the relevant supervisory authorities for information disclosure pursuant to the disclosure requirements under the Listing Rules. This is to ensure the right to information and participation of the shareholders.

The Company places strong emphasis on its communications with investors, and considers that maintaining an on-going and open communications with investors can promote investors' understanding and confidence in the Company. The Company has set up an Investor Relations Department which is responsible for investor relations. Management of the Company maintains close communications with investors by means of road shows, conferences and one-on-one meetings to enhance their understanding of the Company.

The Company's website, www.sinotrans.com, provides information of the Company such as investor relations, corporate governance and other latest news regarding the Company in a timely manner and is updated regularly.