中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 598

Integrated
Logistics Platform

Leveraging on our comprehensive integrated logistics network to offer our customers multifaceted value-added services, empowering them to strengthen operational efficiency and enhance market competitiveness. Capitalising on our successful operations to create a consolidated platform for all our shareholders, customers and employees to drive and build greater success. Spearheading the growth in China's logistics industry with our corporate development and our dedication and commitment to "Green Logistics" through our community involvement in environmental protection.

Integrated Logistics Platform

CONTENTS

Corporate Information

LEGAL NAME OF THE COMPANY:
SINOTRANS LIMITED

DATE OF COMMENCEMENT OF THE COMPANY'S REGISTRATION:
20 November 2002

REGISTERED ADDRESS AND HEADQUARTERS OF THE COMPANY:
Sinotrans Plaza A
A43, Xizhimen Beidajie
Haidian District
Beijing 100044
People's Republic of China

PLACE OF BUSINESS IN HONG KONG:
Room F & G, 20/F., MG Tower
133 Hoi Bun Road, Kwun Tong
Kowloon
Hong Kong

LEGAL REPRESENTATIVE OF THE COMPANY:
Mr. Zhao Huxiang

COMPANY SECRETARY:
Mr. Gao Wei

INVESTOR AND MEDIA RELATIONS:
Securities and Legal Affairs Department
Tel: (86) 10 5229-6667
Fax: (86) 10 5229-6600
Email: ir@sinotrans.com
Website: www.sinotrans.com

HONG KONG SHARE REGISTRAR:
Computershare Hong Kong Investor Services Limited
17th Floor Hopewell Centre
183 Queen's Road East
Hong Kong

H SHARE LISTING:
The Stock Exchange of Hong Kong Limited

ABBREVIATION OF THE COMPANY'S SHARES:
中國外運(SINOTRANS)

STOCK CODE:
598

PRINCIPAL BANKERS:
Bank of China
1 Fuxingmennei Street
Xicheng District
Beijing 100818
People's Republic of China

Bank of Communications
33 Fuchengmenwai Financial Street
Xicheng District
Beijing 100032
People's Republic of China

AUDITORS:
International auditors:
Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

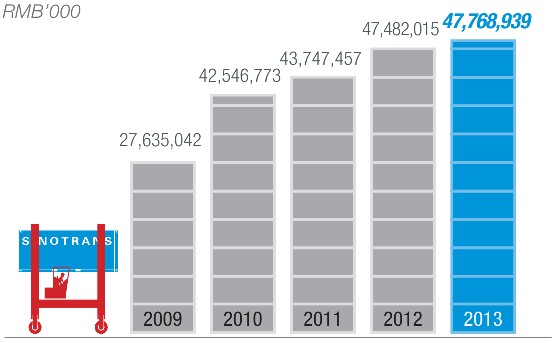
PRC auditors:
Deloitte Touche Tohmatsu
Certified Public Accountants LLP
30/F, Bund Center
222 Yan An East Road
Shanghai 200002
People's Republic of China

LEGAL ADVISERS:
Reed Smith Richards Butler
20th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Financial Highlights

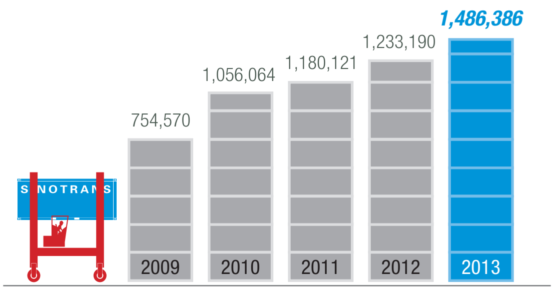
Turnover

RMB'000



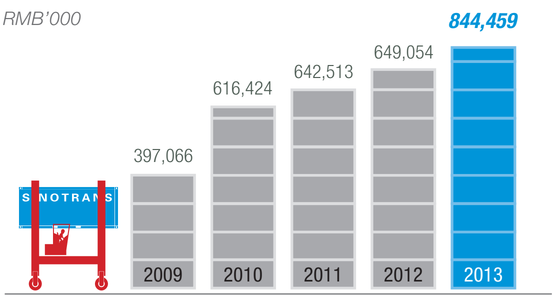
Profit Before Income Tax

RMB'000



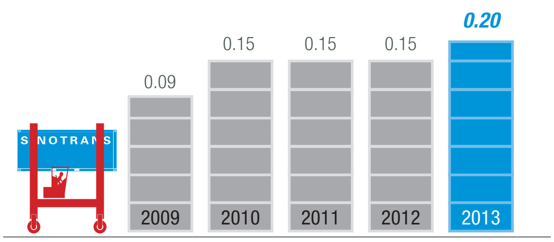
Profit For The Year (Attributable To Equity Holders)

RMB'000



Basic Earnings Per Share

RMB



As at 31 December	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
Total assets	**29,894,833**	29,288,347	26,802,292	25,094,623	21,718,532
Total liabilities	**16,477,134**	16,560,635	14,817,423	13,054,634	10,497,163
Non-controlling interests	**2,492,692**	2,365,492	2,200,154	2,281,131	2,057,690
Equity holders' equity	**10,925,007**	10,362,220	9,784,715	9,758,858	9,163,679

Note 1: Basic earnings per share for the five years ended 31 December 2009, 2010, 2011, 2012 and 2013 have been computed by dividing the profit attributabe to owners of the Company by, respectively, 4,249,002,200 shares, being the weighted average number of shares in issue during the year ended 31 December 2009, 2010, 2011, 2012 and 2013. As there are no potentially dilutive securities, diluted earnings per share is not presented.

Note 2: Sinotrans Air Transportation Development Company Limited ("Sinoair" stock code: 600270), one of the Company' subsidiaries, issued shares in its initial public offering on the Shanghai Stock Exchange in 2000. Sinoair received net cash proceeds of approximately RMB955,520,000 from the issuance. Following the issuance of shares to the public, the equity interest held by the Company decreased from 94.13% to 70.36%, while the Group's share of net assets of the subsidiary increased from approximately RMB385,333,000 to approximately RMB988,420,000, resulting in a gain of approximately RMB603,087,000. On 18 October 2006, Sinoair passed a share reform proposal, under which the equity interest held by the Company decreased from 70.36% to 63.46%. The capital reserves attributable to the equity holders of the Company decreased by RMB224,303,000 accordingly.


中国外运
SINOTRANS

Breakthrough
Growth

The GDP of China grew by 7.7% in 2013 compared with the corresponding period of 2012, and the total foreign trade value increased by 7.6%, among which, the export value increased by 7.9% and import value increased by 7.3%

Chairman's Statement

Zhao Huxiang
Executive Director
and Chairman

To: the shareholders

I am pleased to present the annual report of Sinotrans Limited (the "Company", collectively with its subsidiaries, the "Group") for the financial year ended 31 December 2013 for your review.

REVIEW OF OPERATING RESULTS

In 2013, the world economy sustained a fragile recovery under simulative policies. The overall landscape remained stable, yet the economic growth was meager as encumbered by the continuous downward spiral. According to International Monetary Fund ("IMF"), the global economy witnessed the slowest post-financial crisis growth in 2013. Meanwhile, developed economies have taken over their emerging counterparts to become the major drivers of the current recovery. In 2013, China's overall economy grew steadily with progress and optimistic outlook. China has entered into a critical stage in its economic development transformation, and the economy has gained traction while consolidating the foundation. In 2013, China's GDP grew by 7.7% as compared with the same period in 2012; and the total foreign trade value increased by 7.6%, among which, the export value increased by 7.9% and import value increased by 7.3%.

Chairman's Statement

In 2013, the Group maintained a steady progress, and fulfilled the annual budget target with concerted efforts from each of our Group members. In 2013, the Group achieved a revenue of approximately RMB47.769 billion, representing an increase of 0.6% as compared with the corresponding period in 2012; operating profit generated from its business operation increased by 50.6%. Profit attributable to owners of the Company increased by 30.1% as compared with the corresponding period in 2012. Earnings per share was RMB0.20 (corresponding period in 2012: RMB0.15).

DIVIDENDS

The Board has proposed to recommend the payment of a final dividend of RMB0.05 per share at the forthcoming Annual General Meeting to reward shareholders for their continuous support to the Group.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

We believe that active performance of social responsibilities represents an essential quality for any worthy company, which is very important in terms of both the community's future and the sustainable development of the Company.

Since the establishment of the ISO 9001:2008/ ISO 14001:2004/ OHSAS 18001:2007 quality and EHS (Environment, Health and Safety) management systems in 2007, the Group has formulated procedures for identifying, assessing and controlling environmental factors. Suitability assessment and tracking of relevant laws and regulations on safety and environment has been conducted and controllable environmental factors in the operating activities and relevant services of the Group that might have an impact were fully, adequately and effectively identified, assessed and updated. We have ensured that necessary attention be given to significant environmental factors and effective control be exercised to minimise adverse impact on the environment.

INVESTOR RELATIONS

With a strong emphasis on investor relations, the Group has always sought to ensure effective communications between investors and management. Latest updates on the Group's business development and operations are released in a timely manner through a variety of means, and accurate information disclosure is being conducted in accordance with corporate governance principles.

I am convinced that effective communications with investors will add value for shareholders by contributing towards better management transparency and higher corporate governance standards.

PROSPECTS

Looking into 2014, the prospects of the global economy are mixed. The overall economic recovery is expected to accelerate, and the development gap between developed and developing countries will continue to narrow. Stimulated by the easing policies implemented by different countries, the global economy is expected to further improve in 2014, accelerating the overall pace of recovery. As forecasted by the IMF, the global economy will rise by 3.7% in 2014, 0.7% faster than 2013. However, risks will linger still. The timing and the approach of the US government in quantitative easing exit are the most uncertain issues facing the recent world economy, and volatility in the market cannot be ruled out. In 2014, China's macro economic policies will highlight the quality and efficiency in economic growth, and the speed of economy growth is expected to be lower than that in 2013. It is China's stance to seek progress while maintaining stability, uphold reform and innovation, and conduct proper reform across each field and link of the social economic development.

In 2014, the Group will make utmost effort to create an consolidated platform for its integrated logistics service, push forward the consolidation of integrated logistics resources, and enhance the integrated operational capability. With great emphasis on the adjustment and optimisation of business structure, the Group will promote the coordinated development of specialisation and regionalisation, and strengthen the network operational capability. By conducting in-depth research on the trend of e-commerce, the Group will comprehensively promote business model innovation to fully leverage the e-commerce opportunities. The Group will also carry out corporate reform and institution innovation, while further promoting production safety awareness, consolidating fundamental management to improve system construction, and supervising safe production and risk management in a stringent manner.

We firmly believe that we are capable of further advancing the healthy development of the Group relying on the advantages in established network resources, talent pool, sound development strategies, management and operation experience, as well as strengths in operation, management and control, thus bringing lucrative returns for our shareholders, customers and staff.

Chairman's Statement

APPRECIATION

Shareholders, customers and employees are our valuable resources and fortunes, which lead to our success. In spite of fierce competition, the Group can still continue to develop and expand due to the endeavor and support by all staff and various parties. I would like to express my deepest gratitude to the continued support of shareholders, customers and others over the past years and to the extraordinary efforts made by all the directors, supervisors and staff in the last year. Your trust and support to our Group will drive us ever forward for greater success in the future.

Zhao Huxiang
Chairman

Beijing, the PRC
25 March 2014

Management Discussion
and Analysis of Results of Operations and Financial Position

Zhang Jianwei
Executive Director
and President

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the notes thereto of the Company and its subsidiaries (collectively the "Group") detailed in other sections of the annual report of the Company.

BUSINESS OVERVIEW

The Group is a leading logistics service provider in the People's Republic of China ("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).

The geographical areas covered by the Group's businesses operation include Guangdong, Fujian, Shanghai, Zhejiang, Jiangsu, Hubei, Lianyungang, Shandong, Tianjin, Liaoning, Anhui, Jiangxi, Sichuan, Chongqing and Hong Kong etc., being coastal regions and strategic locations under rapid growth in China. We also have an extensive domestic service network, as well as a large overseas agency network.

Management Discussion and Analysis of Results of Operations and Financial Position

With comprehensive service networks and the mode of integrated logistics services and professional capability, the Group is able to provide customers with all-rounded integrated logistics services and become our customers' professional collaborative partner in logistics, maintaining its leading position amidst market competition.

REVIEW OF OPERATION

In 2013, the Group continued to uphold and carry forward the philosophy of "truth-seeking and pragmatic, pioneering and innovative" to start up a new phase of flourishing development and facilitate the healthy and sustainable development of the Group. An analysis of the overall operations in 2013 shows that the Group's revenue didn't meet the expectation because the government replaced the business tax with value-added tax and freight rates of the container shipping market decreased when compared to the previous year, while the other indicators maintained high growth rates. As the Group's cost control was effective, the business profitability was improved, and the return on equity was increased, resulting in a higher quality of the overall operation of the Group. Of the Group's diversified businesses, its specialized logistics segments, such as contract logistics, project logistics, showed rapid growth and have become highlights of the operations. The marine transportation segment recorded significant reduction in losses. In 2013, the Group achieved the following results:

- we achieved favourable results in promoting resources consolidation. While facilitating logistics resources consolidation with the parent company, we implemented a variety of integration initiatives within the Group;

- we achieved a breakthrough in the development of logistics e-commerce. In 2013, the Group launched three major platforms for logistics e-commerce – air freight forwarding, shipping and y2t platform which integrates logistics, trading and financing;

- we further optimized domestic and overseas business networks. In terms of domestic business, we made a new step forward in integrated operation and specialized business development. The domestic container shipping business platform achieved rapid volume growth. The overseas network layout was further enhanced to gradually develop synergy from the integration of domestic and overseas networks. The operational capability of the integrated networks was further strengthened. Currently, the Group's overseas network has extended to 69 points which cover 74 countries and regions;

- we achieved remarkable results in marketing and strategic cooperation with major customers. By developing a list of strategic major customers and further deepening cooperation with major shipping companies, the Group continued to expand the cooperation scope from shipping to logistics; and

- we made solid initiatives in strategic investments and maintained flexibility to adopt various financing channels. The Group established a number of crucial logistics infrastructure facilities in the nation's key business points to secure healthy development in the future. On the premise of maintaining the Company's sound capital structure, corporate bonds were issued to secure capital expenditure and meet liquidity needs.

OPERATING STATISTICS

The table below sets forth certain operating statistics of the Group by business segments for the years indicated:

	For the year ended 31 December	
	2013	2012
Freight forwarding		
Sea freight forwarding		
Bulk cargo (in million tonnes)	**5.2**	3.5
Container cargo (in ten thousand TEUs)	**866.8**	823.7
Air freight forwarding (in million kilograms)	**396.1**	417.2
Rail freight forwarding		
Bulk cargo (in million tonnes)	**0.7**	0.9
Container cargo (in ten thousand TEUs)	**2.6**	3.4
Road freight forwarding		
Bulk cargo (in million tonnes)	**0.09**	0.15
Container cargo (in ten thousand TEUs)	**22.4**	30.2
Shipping agency		
Net registered tonnes (in million tonnes)	**692.5**	656.4
Vessel calls (number of times per vessel)	**60,965**	60,798
Containers (in million TEUs)	**14.06**	13.42
Bulk cargo (in million tonnes)	**204.5**	182.9
Storage and terminal services		
Warehouse operating volume		
Bulk cargo (in million tonnes)	**14.3**	14.6
Containers (in million TEUs)	**8.6**	8.5
Terminal throughput		
Bulk cargo (in million tonnes)	**2.3**	2.9
Containers (in ten thousand TEUs)	**312.8**	298.3
Marine transportation		
TEUs (in ten thousands)	**314.1**	282.6
Other services		
Trucking		
Containers (in ten thousand TEUs)	**81.1**	74.0
Express Service		
Documents and packages (in million units)	**1.77**	1.78

Management Discussion and Analysis of Results of Operations and Financial Position

OPERATING RESULTS

The table below presents selected financial information of the Group for the years indicated:

	For the year ended 31 December	
	2013 (In RMB million except for earnings per share and number of shares)	2012 (In RMB million except for earnings per share and number of shares)
Revenue	**47,768.9**	47,482.0
Other income	**161.1**	148.2
Business tax and other surcharges	**(102.1)**	(267.2)
Transportation and related charges	**(39,845.6)**	(39,625.1)
Depreciation and amortisation	**(512.9)**	(474.7)
Operating cost (excluding transportation and related charges, business tax and surcharges, depreciation and amortisation and other losses, net):		
– Staff costs	**(2,924.7)**	(2,724.7)
– Repairs and maintenance	**(196.8)**	(193.0)
– Fuel	**(1,341.0)**	(1,503.1)
– Travel and promotional expenses	**(362.7)**	(371.9)
– Office and communication expenses	**(184.0)**	(202.1)
– Rental expenses	**(908.2)**	(989.1)
– Other operating expenses	**(433.6)**	(577.8)
Other losses, net	**(90.0)**	(18.6)
Operating profit	**1,028.4**	682.9
Financial costs, net	**(195.9)**	(196.1)
Share of profit of joint ventures	**648.8**	704.1
Share of profit of associates	**5.1**	42.3
Profit before income tax	**1,486.4**	1,233.2
Income tax	**(335.7)**	(322.4)
Profit after income tax	**1,150.7**	910.8
Profit attributable to shareholders		
– Owners of the Company	**844.5**	649.0
– Non-controlling interests	**306.2**	261.8
Earnings per share, basic (RMB)	**0.20**	0.15
Weighted average number of shares during the year (in millions of shares)	**4,249.00**	4,249.00
Number of shares at the end of year (in millions of shares)	**4,249.00**	4,249.00

The table below sets out revenue from the Group's business segments before inter-segment elimination and the percentage for the share of total revenue before inter-segment elimination for the years indicated:

	Revenue by business segment (in million RMB) For the year ended 31 December			
	2013		2012	
Freight forwarding	**40,858.7**	**81.6%**	39,820.8	80.3%
Shipping agency	**728.9**	**1.4%**	1,126.5	2.3%
Storage and terminal services	**2,042.0**	**4.1%**	2,104.7	4.3%
Marine transportation	**4,737.7**	**9.5%**	4,919.4	9.9%
Other services	**1,681.7**	**3.4%**	1,599.8	3.2%

The table below sets forth the segment results (in million RMB) of the major business segments of the Group and comparative figures in 2012. The result of each segment is defined as the operating profit/(losses) of each segment excluding other losses, net and corporate expenses.

	For the year ended 31 December	
	2013	2012
Freight forwarding	**715.1**	568.2
Shipping agency	**277.2**	278.8
Storage and terminal services	**321.4**	339.2
Marine transportation	**(37.6)**	(257.5)
Other services	**14.5**	(3.6)

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2013

Revenue

In 2013, the Group's revenue amounted to RMB47,768.9 million, up by 0.6% from RMB47,482.0 million in 2012.

Freight Forwarding

Revenue from the Group's freight forwarding services increased by 2.6% to RMB40,858.7 million in 2013, compared to RMB39,820.8 million in 2012.

Volume of sea freight forwarding containers was 8.668 million TEUs in 2013, increasing by 5.2% from 8.237 million TEUs in 2012. Cargo tonnage of air freight forwarding services was 0.3961 million tonnes in 2013, dropping by 5.1% from 0.4172 million tonnes in 2012.

The fall in volume of air freight forwarding business in 2013 was mainly attributable to the sluggish export market performance in air freight forwarding services and the Company's active initiatives in business optimization to cut some of the low-profitability export business.

Management Discussion and Analysis of Results of Operations and Financial Position

Shipping Agency

In 2013, revenue from our shipping agency services was RMB728.9 million, representing a fall of 35.3% from RMB1,126.5 million in 2012.

Number of containers handled in shipping agency business of the Group was 14.06 million TEUs in 2013, representing a rise of 4.8% from 13.42 million TEUs in 2012. Volume of bulk cargo handled was 204.5 million tonnes in 2013, representing a rise of 11.8% when compared with 182.9 million tonnes in 2012. Net registered tonnage handled by the shipping agency services was 692.5 million tonnes in 2013, representing an increase of 5.5% from 656.4 million tonnes in 2012. Number of vessel calls increased by 0.3% to 60,965 times in 2013, compared with 60,798 times in 2012.

The decrease in revenue of shipping agency business was mainly due to adjustment in business restructure.

Storage and Terminal Services

In 2013, revenue from storage and terminal services amounted to RMB2,042.0 million, representing a 3.0% decrease from RMB2,104.7 million in 2012.

The Group's warehouses handled 14.30 million tonnes of bulk cargo in 2013, representing a 2.1% decrease from 14.60 million tonnes in 2012. Containers handled increased by 1.2% to 8.60 million TEUs from 8.50 million TEUs in 2012. The volume of bulk cargo handled at terminals decreased by 20.7% to 2.30 million tonnes from 2.90 million tonnes in 2012. Containers handled through terminals increased by 4.9% to 3.128 million TEUs from 2.983 million TEUs in 2012.

The decrease in the revenue of storage and terminal services was attributable to the change from business tax to value-added tax, which resulted in a change from a tax included in the price to a tax excluded in the price. In addition, the Company has expanded its domestic trade business substantially in recent years, which resulted in a decrease in the proportion of foreign trade business which had higher unit price.

Marine Transportation

Revenue from marine transportation of the Group in 2013 amounted to RMB4,737.7 million, down by 3.7% from RMB4,919.4 million in 2012.

The number of containers shipped by the Group rose to 3.141 million TEUs in 2013, up by 11.1% from 2.826 million TEUs in 2012.

The decrease in revenue of marine transportation was mainly attributable to the decrease in freight rates in the container shipping market. In 2013, China's export container freight rate index decreased by 7.6% compared with that of the previous year, while the export container freight rate index of Shanghai's port decreased by 14.0% compared with that of the previous year.

Other Services

Revenue from other services (mainly trucking and express services) in 2013 amounted to RMB1,681.7 million, representing an increase of 5.1% from RMB1,599.8 million in 2012.

Volume of containers handled by the Group's trucking services in 2013 was 0.811 million TEUs, representing a rise of 9.6% from 0.740 million TEUs in 2012. The number of documents and packages handled in express services decreased by 0.6% from 1.78 million units in 2012 to 1.77 million units in 2013.

Growth in the business volume of containers handled by the Group's trucking services was mainly due to the Group's stepped-up efforts in market expansion and enhanced standards in centralised operations of its trucking business.

Decrease in business volume of express services was mainly due to the establishment of self-operated agency networks by the Company's channel partners, which resulted in a decrease in the agency business of the Company's express services.

The Group's joint ventures recorded an investment gain of RMB660.5 million from the operations of express services, representing an 1.4% compared with that of the previous year. The business volume of international express services of the joint ventures was up by 17.1% from 16.85 million units in 2012 to 19.73 million units in 2013.

Transportation and Related Charges

Transportation and related charges were up by 0.6% to RMB39,845.6 million in 2013, compared with RMB39,625.1 million in 2012.

Depreciation and Amortisation

Depreciation and amortisation amounted to RMB512.9 million in 2013, representing an increase of 8.1% from RMB474.7 million in 2012, mainly as a result of the newly operated assets during the period.

Operating Costs (excluding transportation and related charges, business tax and surcharges, depreciation and amortisation and other losses, net)

The Group's operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and surcharges and other losses, net) were RMB6,350.9 million in 2013, representing a decrease of 3.2% from RMB6,561.8 million in 2012.

The decrease in operating costs (excluding transportation and related charges, depreciation and amortisation, business tax and surcharges, other losses, net) was mainly due to the decrease in fuel cost and rental cost.

The decrease in rental cost was mainly due to the decrease in the number of leased ships and the rent level.

Other Losses, Net

Other losses, net in 2012 was a loss of RMB18.6 million and a loss of RMB90.0 million in 2013, primarily due to the increase in provision for litigation.

Operating Profit

Operating profit was RMB1,028.4 million in 2013, representing an increase of 50.6% from RMB682.9 million in 2012. Operating profit as a percentage of total revenue increased to 2.2% in 2013 from 1.4% in 2012, or to 13.0% in 2013 from 8.7% in 2012 as a percentage of net revenue (total revenue less transportation and related charges), which was primarily due to the rapid development of the specialized logistics business and the Group's strengthened cost control, resulting in the decrease in fuel cost and rental cost.

Income Tax Expense

In 2013, income tax expense amounted to RMB335.7 million, representing an increase of 4.2% from RMB322.4 million in 2012. This was primarily attributable to the increase in profit before income tax compared with that in the corresponding period of the previous year. Income tax expense as a percentage of profit before income tax expense was 22.6% (2012: 26.1%)

PROFIT AFTER INCOME TAX EXPENSE

For the year ended 31 December 2013, the Group recorded profit after income tax expense of RMB1,150.7 million, representing an increase of 26.3% when compared with RMB910.8 million in 2012.

PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

In 2013, profit attributable to non-controlling interests amounted to RMB306.2 million, representing an increase of 17.0% as compared with RMB261.8 million in 2012, which was mainly due to the increase in profit of subsidiaries.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The Group's profit attributable to shareholders of the Company for the year ended 31 December 2013 amounted to RMB844.5 million, representing an increase of 30.1% from RMB649.0 million in 2012.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity of the Group is mainly derived from cash flow from its operations.

The following table summarises the Group's cash flows for each of the two years ended 31 December 2013 and 2012:

	For the year ended 31 December	
	2013 **RMB in millions**	2012 RMB in millions
Net cash generated from operating activities	**1,312.7**	381.4
Net cash used in investing activities	**(1,219.6)**	(1,190.4)
Net cash (used)/generated from financing activities	**(388.7)**	890.0
Exchange losses on cash and cash equivalents	**(23.1)**	(7.5)
Net (decrease)/increase in cash and cash equivalents	**(318.7)**	73.5
Cash and cash equivalents as at year end	**5,275.9**	5,594.6

Operating Activities

Net cash generated from operating activities in 2013 amounted to RMB 1,312.7 million, up by 244.2% compared with RMB381.4 million in 2012. The increase in net cash flow from operating activities was primarily attributable to the Company's profit attributable to equity holders of RMB844.5 million (2012: RMB649.1 million), a decrease in trade and other receivables of RMB178.7 million in 2013 (2012: increase of RMB1,388.3 million), and partly offset by an increase in trade payables of RMB163.5 million in 2013 (2012: increase of RMB844.6 million), and a decrease in prepayments and other current assets of RMB51.5 million (2012: decrease of RMB263.7 million). Average age of trade and other receivables for 2013 and 2012 were 60 days and 56 days respectively.

Investing Activities

For the year ended 31 December 2013, net cash used in investing activities amounted to RMB1,219.6 million, primarily comprising RMB1,387.4 million for the purchase of property, plant and equipment, RMB392.8 million for the acquisition of land use rights and intangible assets, RMB109.4 million paid for additional investments in joint ventures, RMB450.0 million for acquisition of available-for-sale financial assets, and an increase of RMB230.9 million in term deposits with initial terms of over three months, which were partially offset by RMB765.8 million dividends received from the associates and joint ventures, RMB58.1 million interest income received, and proceeds of RMB424.0 million from the disposal of available-for-sale financial assets and RMB64.0 million for proceeds from disposal of property, plant and equipment. For the year ended 31 December 2012, net cash used in investing activities amounted to RMB1,190.4 million, primarily comprising RMB1,316.3 million for the purchase of property, plant and equipment, RMB181.4 million for the acquisition of land use rights and intangible assets, RMB189.3 million for the investment cost paid to ultimate holding company, RMB526.5 million paid for additional investments in joint ventures, RMB180.0 million for acquisition of available-for-sale financial assets, and an increase of RMB160.9 million in term deposits with initial terms of over three months, which were partially offset by RMB569.8 million dividends received from the associates and joint ventures, RMB128.4 million interest income received, a decrease of RMB134.0 million in restricted cash, and proceeds of RMB311.6 million from the disposal of available-for-sale financial assets and RMB117.8 million for proceeds from disposal of property, plant and equipment.

Financing Activities

Net cash generated from the Group's financing activities amounted to RMB388.7 million in 2013, compared with that of RMB890.0 million in 2012.

Repayment of bank borrowings in 2013 amounted to RMB1,236.4 million (2012: RMB3,197.2 million), cash paid for repayment of short-term bonds amounted to RMB4,000.0 million (2012: RMB2,300.0 million), dividend payment of RMB243.2 million (2012: RMB152.3 million), interest paid for borrowings of RMB70.5 million (2012: RMB124.4 million), and interest paid for short-term bonds and long-term bonds of RMB228.3 million (2012: RMB194.7 million), partly offset by new bank borrowings of RMB1,326.9 million in 2013 (2012: new bank borrowings of RMB2,976.2 million), cash of RMB4,000.0 million (2012: RMB4,000.0 million) received from the issue of long-term bonds and short-term bonds, and amount received from the ultimate holding company and fellow subsidiaries of RMB91.5 million (2012: RMB1,300.0 million).

Capital Expenditure

In 2013, the Group's capital expenditure amounted to RMB1,791.8 million, consisting primarily of RMB1,387.4 million for purchase of property, plant and equipment, RMB13.9 million for purchase of intangible assets, RMB379.0 million for purchase of land use rights, among which RMB1,117.1 million was used for construction of terminals, warehouses, logistics centres and container yards, RMB604.3 million for purchase of vehicles and equipment and RMB52.1 million for IT investment and refurbishment and purchase of office equipment.

CONTINGENT LIABILITIES AND GUARANTEES

As at 31 December 2013, contingent liabilities mainly comprised outstanding lawsuits of the Group arising from its ordinary course of business amounting to RMB156.3 million (2012: RMB176.7 million).

As at 31 December 2013, the amount of guarantees provided by the Group in favour of its joint ventures was RMB233.7 million (2012: the amount of guarantees provided by the Group for its joint ventures was RMB143.7 million).

In addition, in the common business practice, certain subsidiaries of the Company issued related letters of guarantee to the Civil Aviation Administration of China to ensure some jointly controlled entities and the third party customers to obtain the operating licenses of air freight forwarding. Such letters of guarantee contain no specific amount, among which, the longest will terminate in 2015. For the above guarantees provided to the third party customers by the Company, a counter-guarantee of the total guarantee liability was provided by the shareholders of these customers.

BORROWINGS

As at 31 December 2013, the Group's total borrowings amounted to RMB1,200.6 million (as at 31 December 2012: RMB1,110.1 million), with RMB114.4 million denominated in Renminbi, RMB1,058.7 million in US dollars and RMB27.5 million in Hong Kong dollars. Of the total borrowings, RMB125.4 million was repayable within one to two years. The weighted average annual interest rate for the above borrowings was 2.95%.

SECURED AND GUARANTEED BORROWINGS

As at 31 December 2013, the Group pledged restricted cash amounting to approximately RMB104.7 million for borrowings. In addition, as at the same date, the Group also pledged property, plant and equipment (with net book value of approximately RMB515.5 million) and land use rights (with net book value of approximately RMB13.3 million) for borrowings.

GEARING RATIO

As at 31 December 2013, the gearing ratio of the Group was 55.1% (2012: 56.5%), which was calculated by dividing total liabilities by total assets of the Group as at 31 December 2013.

FOREIGN EXCHANGE RATE RISK

Since a substantial portion of the Group's revenue and transportation and related charges is denominated in US dollars, the Group's exposure to foreign exchange risk is mainly related to US dollars. There is no assurance that future fluctuations in Renminbi against the US dollars and other currencies would not adversely affect the Group's results and its financial position (including the ability to declare dividends).

CREDIT RISK

The Group's exposure to credit risk is represented by the aggregated balances of trade and other receivables, available-for-sale financial assets, restricted cash, term deposits with initial terms of over three months and financial guarantee. The maximum credit risk exposure in the event that other parties fail to perform their obligations under these financial instruments was the carrying values of these financial instruments.

EMPLOYEES

At the end of 2013, the Group had 28,302 (2012: 27,486) employees.

The Group has formed an integrated system comprising the job position regime, the remuneration regime and the performance management regime. These regimes have combined to form an incentive and check mechanism compatible with the strategic objectives and business characteristics of the Company to facilitate the Company's healthy and sustainable development. The Group has also attached greater importance to training and development of staff's integrated capabilities to assure opportunities for individual growth of employees.

At Sinotrans, we believe that people come first and that employees should be taken good care of. We endeavour to provide employees with a good working environment as well as opportunities for development, thereby enhancing team spirit and staff creativity to facilitate mutual development of the Company and its employees in harmony.

OUTLOOK OF BUSINESS DEVELOPMENT

In 2014, the world economy will continue to develop amid slow recovery. The possibility for external demand to show significant improvements is low. The domestic economy will still focus on structural adjustment, instead of following the old direction of making massive stimulus investments. Accordingly, there needs to be a period of time to release domestic demand. Looking forward, the major challenges facing the Group will be how to continue with development while maintaining our leading position in the relatively tight macroeconomic environment. We will face greater pressure and the mission to achieve development will become even more arduous.

Based on the analysis on macroeconomic dynamics in internal and external environments, the key ideas of the Group's work will be: to adhere to development, deepen reform and make all-out efforts to build an integrated comprehensive logistics platform.

Management Discussion and Analysis of Results of Operations and Financial Position

Business Development

- The Group will deepen the consolidation of logistics resources and enhance its capability in integrated operations. By promoting the entrusted management operation, the Group will seek to strengthen effectively its comprehensive business operational capability in logistics resources and logistics networks to further deepen consolidation of logistics resources;

- The Group will further advance the development of specialized logistics business. Based on the foundation of its rapid development in specialized logistics business over the past years, the Group will further promote synergies from specialization and regionalization, and accelerate the construction of the Company's integrated comprehensive logistics platform through model and institutional innovation, so as to strengthen consolidated capability in logistics businesses;

- The Group will capitalize on the opportunity of e-commerce to accelerate innovation in business models. The Group will continue to work vigorously at research and development of e-commerce related business and, during the process of the development, integrate construction of the platforms with resources consolidation in an orderly and well-planned manner;

- The Group will strengthen operation safety practices and risk management. The Group will continuously raise awareness of operation safety practices, further enhance fundamental management and improve construction of the system to carry out safe production and risk management during the year.

Resources Consolidation

On 10 February 2014, the Board announced that, the Company and SINOTRANS & CSC Holding Corporation Limited ("SINOTRANS & CSC"), and together with its subsidiaries, the "SINOTRANS & CSC Group" entered into an entrusted management agreement, pursuant to which the Company agreed to provide management services to SINOTRANS & CSC in two phases, in return for fixed management fees. SINOTRANS & CSC first entrusted the management of certain members of SINOTRANS & CSC Group to the Company for a term expiring on 31 December 2016. From 1 July 2014 to 31 December 2016, the Company will also be entrusted with the management of the other entrusted companies. For details of the entrusted management agreement, please refer to the announcement of the Company dated 10 February 2014.

On 25 March 2014, the Group agreed, subject to the fulfilment of certain conditions precedent, to sell the Group's marine transportation business to SINOTRANS & CSC Group through a series of transactions. If such transactions proceed, it will allow the Company to realise its investment in its loss making marine transportation business and further improve the liquidity of the Group. The Company can then focus both its resources and the cash proceeds of the disposal towards further develop its profitable core integrated logistic services business. For details of the transactions, please refer to the announcement of the Company dated 25 March 2014.

The Group will continue to negotiate with SINOTRANS & CSC Group regarding further reorganisation, with a view to facility appropriate consolidation of the core business operations and related assets into the Group, to reduce potential competition between the Group and the rest of the SINOTRANS & CSC Group and to expand the business coverage of the Group. The method and subject matter of any such further reorganisation is still under consideration, and may be implemented over a period of time. Such reorganisation, if implemented, will constitute connected transactions of the Company under the Listing Rules and the Company will comply with the disclosure and shareholders' approval requirements to the extent applicable under the Listing Rules. Such transactions may or may not proceed.

Report on Corporate Governance

Sound corporate governance represents a long-standing objective of the Company. Since its listing in February 2003, the Company has made huge efforts in enhancing its standards of corporate governance 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 "Listing Rules"), the Articles of Association of the Company and other relevant laws and regulations, as amended from time to time, and taking into consideration its own attributes and requirements, with a view to safeguarding investors' interests and enhancing its value.

CONTINUOUS IMPROVEMENT ON CORPORATE GOVERNANCE PRACTICES

The Company has reviewed and adopted the Code on Corporate Governance (the "CG Code") as set out in Appendix 14 to the Listing Rules as our code on corporate governance. The Company trusts that promoting sound corporate governance is very important to maintain the operation and performance of the Group. The Company has confirmed that it has complied with all the code provisions throughout the reporting period for 2013 except the deviation from Code Provision E.1.2 which provides that the chairman of the board should invite the chairmen of the audit committee, remuneration committee, nomination committee and corporate governance committee to attend the annual general meeting. The reason for the deviation is that the annual general meeting of the Company was held in Beijing and no H-share holders and/or representatives of the shareholders attended the meeting in person. Therefore, the Company did not invite the chairmen of these committees to attend the annual general meeting.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has formulated the guidelines for securities transactions by directors by adopting the Model Code for Securities Transactions by Directors (the "Model Code") contained in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Company's directors.

The Directors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code throughout the reporting period for 2013.

BOARD OF DIRECTORS

The Board is accountable to the general meetings under its commitment to pursue the best interests of the Company. Board members collectively and individually accept the responsibility for the management and control of the Company in the interests of shareholders and spare no efforts in the performance of their duties as a director.

Report on Corporate Governance

COMPOSITION OF THE BOARD OF DIRECTORS

The Company has uploaded the most updated list of the Board members with their role and position to the websites of the Stock Exchange and the Company, noticing whether they are independent non-executive directors or not. The biographical personal information of the Directors is set out in this annual report, under the section of "Directors, Supervisors & Senior Management". The Board members have a variety of appropriate experience, competence and skills relevant to the business of the Company. Amongst the Board members, there are experts in the transportation and logistics industries, as well as experts and senior academics in accounting, finance and law. The Board members' knowledge, experience and gender complement each other; and yet they retain their respective independence and diversity of points of view, which ensures that the decision-making process of the Board is scientific.

As at 31 December 2013, the Board of the Company comprised 11 Directors (which included 2 females), of whom 4 were executive directors, 3 were non-executive directors and 4 were independent non-executive directors, whose names are as follows:

Executive directors: Mr. Zhao Huxiang (Chairman), Mr. Zhang Jianwei (President), Ms. Tao Suyun and Mr. Li Jianzhang;

Non-executive directors: Mr. Wu Dongming, Ms. Liu Jinghua and Mr. Jerry Hsu;

Independent non-executive directors: Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Liu Kegu and Mr. Liu Junhai.

The Nomination Committee of the Board has assessed the independence of all the independent non-executive directors by taking into consideration (i) their annual Letter of the Independence submitted to the Stock Exchange in accordance with the Listing Rules, (ii) that they were not involved in the routine management of the Company, and (iii) that they had no any relationship or circumstances which would constitute intervention into their practice of providing independent judgments, and regards all independent non-executive directors of the Company as independent.

The number of independent non-executive director of the Board of Directors during the year meets the requirements of the Listing Rules that it must reach at least one-third of the number of the board members, which allows the Board to make more effective independent judgments.

Board Meeting

The Board of Directors meet regularly and hold at least four regular meetings a year. The dates of meeting are fixed at the beginning of the year. During regular meetings, the management of the Company will conduct regular monthly update reports to the Directors and other information about the Company and its operational activities and the development. If necessary, interim meetings of the Board of Directors will be held in conformity with the provisions of the rules of procedure of the Board. In addition, the Director may, where he considers necessary, at any time obtain information on the Company and independent professional advice, and recommend appropriate items be added to the Board of Directors meeting agenda.

In relation to regular meetings of the Board of Directors, the Directors generally receive written notice of the meeting 14 days in advance, and the Board papers not less than three days in advance. As regards the interim meetings of the Board of Directors, depending on the circumstances, the Company will as soon as possible provide the Board of Directors with reasonable and practicable notice and papers of the meeting. In accordance with the Company Law and the Articles of Association of the Company and a number of provisions of the Listing Rules, if a Director is connected with or is materially interested in any contract, transaction, arrangement or any other types of proposal to be considered by the Board, that Director will be refused to abstain from voting on the relevant resolutions.

The Company convened 8 Board meetings in 2013, respectively on 18 February 2013, 19 March 2013, 9 April 2013, 4 June 2013, 26 June 2013, 21 August 2013, 25 November 2013 and 20 December 2013, which are regarded as the 53rd to 60th Board meetings. The major issues discussed during the meetings included the Report of the Directors of 2012, Annual Report of 2012, Interim Report of 2013 and the appointment of the PRC and International external auditors and the report of the Executive Committee on the exercise of powers between sessions of the Board of Directors. The Company has prepared and properly kept detailed minutes for the matters discussed in Board meetings. All Directors have the right to inspect the records of the Board meeting and the relevant information.

Report on Corporate Governance

The attendance of Board meetings and general meetings by Directors during the term of their office in 2013 is set out below:

	Attendance/No. of meetings during the term of their office	
	Board meeting	**(Annual general meeting, class meeting and extraordinary general meeting)**
Current directors		
Mr. Zhao Huxiang	8/8	4[2]/5
Mr. Zhang Jianwei	8/8	1[3]/5
Ms. Tao Suyun	8/8	0/5
Mr. Li Jianzhang	8/8	0/5
Mr. Wu Dongming	8/8	0/5
Ms. Liu Jinghua	8/8	0/5
Mr. Jerry Hsu	7[1]/8	0/5
Mr. Guo Minjie	8/8	0/5
Mr. Lu Zhengfei	8/8	0/5
Mr. Liu Kegu	8/8	0/5
Mr. Liu Junhai	8/8	0/5

Notes:

1. Mr. Jerry Hsu was absent from the 59th Board meeting of the company which held on 25 October, 2013 due to business trip;

2. Mr. Zhao Huxiang attended the extraordinary general meeting held on 8 April 2013 and annual general meeting/H Shares/Domestic Shares class meeting held on 7 June 2013;

3. Mr. Zhang Jianwei attended the extraordinary general meeting held on 30 August 2013.

Delegation of power of the Board of Directors

The Board of Directors is the highest decision-making administrative authority. Board of Directors acts in the best interests of the Company and its shareholders. The main duties of the Board include determining the annual operating plans and investment proposals of the Company, convening general meetings and executing the resolutions passed at general meetings, formulating the Company's profit distribution proposals and formulating proposals of amending the Articles of Association of the Company. There are five committees under the Board of Directors: Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and the Executive Committee, which regulate and control the relevant aspects of the Company respectively.

The Board of Directors has authorized the management to fulfil a number of specific management and operation functions, and conducts periodic reviews to ensure that the arrangement remains in line with the needs of the Company. The main duties of the management include taking charge of the Company's operation and management and organizing the implementation of the resolutions of the Board, organizing the implementation of the Company's annual operating plans and investment proposals, drafting the Company's basic management system, formulating basic rules and regulations for the Company, and exercising other powers conferred by the Articles of Association and the Board. Within the scope of authority and power given by the Board, the management is responsible for day-to-day operations and make the decisions in a timely manner. Relating to matters are beyond the approved scope and authority, management will report to the Executive Committee and the Board in a timely manner in accordance with the relevant procedure.

The scope of authority of the Board and management is set out in the Articles of Association of the Company and Rule of Procedures of the Board.

Training and professional development of Directors

All Directors actively participate in continuing professional development to bring to date their knowledge and skills in order to ensure that he can contribute to the Board of Directors with up to date knowledge and meet its heeds.

The Company also took various measures to help and support the Directors in continuous professional development. The Company has prepared (and updates from time to time) a Performance Manual for Directors which covers the brief introduction of the Company, the profile of the Board, the statutory obligations of the directors under the laws of the PRC and listing regulations, the internal governance documents and guidelines of the Company. The management of the Company provides (a) Monthly Report on Finance, Operations and Information Disclosure of the Company and Updates on Regulations of Securities Regulatory Authorities to the Directors on a monthly basis so that the Directors can keep up with the latest changes in the operations of the Company and regulatory requirements. In addition, the Company supports the Directors to participate in the courses and seminars organized by the Stock Exchange and other professional organizations in relation to Securities and Futures Ordinance, Listing Rules and corporate governance practices in order to bring up to date and improve their relevant knowledge and skills. The company secretary also provides reading materials on latest amendments on applicable laws and rules and/or holds seminars to/for the directors to assist them to perform their duties.

Report on Corporate Governance

After specific enquiry by the Company and according to the records kept by the Company, the participation of all current directors in continuous professional development throughout the reporting period for 2013 is set out below:

Directors	Reading Performance Manual	Reviewing Monthly Report on Finance, Operations and Information Disclosure of the Company	Reviewing Updates on Regulations of Securities Regulatory Authorities	Interpretation of compliance requirements by company secretary at Board meetings	Training seminars organized by the Stock Exchange and other professional organizations
Mr. Zhao Huxiang	✓	✓	✓	✓	
Mr. Zhang Jianwei	✓	✓	✓	✓	
Ms. Tao Suyun	✓	✓	✓	✓	
Mr. Li Jianzhang	✓	✓	✓	✓	
Mr. Wu Dongming	✓	✓	✓	✓	
Ms. Liu Jinghua	✓	✓	✓	✓	✓
Mr. Jerry Hsu	✓	✓	✓	✓	
Mr. Guo Minjie	✓	✓	✓	✓	✓
Mr. Lu Zhengfei	✓	✓	✓	✓	
Mr. Liu Kegu	✓	✓	✓	✓	
Mr. Liu Junhai	✓	✓	✓	✓	

CHAIRMAN AND PRESIDENT

During the reporting period, Mr. Zhao Huxiang was the Chairman of the Board and Mr. Zhang Jianwei was the President of the Company. There is a clear division of power and authority between the Chairman and President. The Chairman is responsible for the management of the Board's operation and ensures that the Company formulates sound corporate governance practices and procedures, while the President is responsible for the business management of the Company. Details of their respective duties and responsibilities are set out in the Articles of Association of the Company.

So far as is known to the Company, there is no financial, business, family or other material relationships among the Board members and senior managers of the Company. Save as disclosed herein, there is no such relationship between the Chairman of the Board and President of the Company.

NON-EXECUTIVE DIRECTORS (INCLUDING INDEPENDENT NON-EXECUTIVE DIRECTORS)

In accordance with Article 94 of the Articles of Association of the Company, the directors of the Company are elected at general meetings of the Company. All directors including the non-executive directors are appointed for a term of office of three years and are eligible for re-election upon the expiry of such term.

Non-Executive Directors (including independent non-executive directors) constitute the majority seats on the Board of Directors, and have appropriate professional qualification and experience as well as the financial and the legal expertise, who can make corresponding judgment in an objective and professional way, which helps the management determine the Company's development strategies, and ensure that the Board of Directors will prepare the financial reports and the other mandatory reports to high standards, and maintain an appropriate system to protect the interests of shareholders and the Company.

The three-year term of office of the non-executive directors is set out below:

Non-executive directors	**Term of office**
Wu Dongming	From 7 June 2012 to 8 February 2014[1]
Liu Jinghua	From 7 June 2012 to 6 June 2015
Jerry Hsu	From 7 June 2012 to 6 June 2015

Independent non-Executive directors	**Term of office**
Guo Minjie	From 31 August 2012 to 30 August 2015
Lu Zhengfei	From 17 October 2013 to 16 October 2016
Liu Kegu	From 19 November 2011 to 18 November 2014
Liu Junhai	From 28 December 2012 to 27 December 2015

NOTE:

1. Since Mr. Wu Dongming was recommended to be appointed as a supervisor of the company, he has resigned as non-Executive Director of the Company, effective from February 8, 2014.

Board Committees

The Board has established five committees, namely the Audit Committee, Remuneration Committee, Nomination Committee, Corporate Governance Committee and Executive Committee. The main duties and rules of procedure of the Audit Committee, Remuneration Committee and Nomination Committee are published on the websites of the Stock Exchange and the Company, detailing their roles and the authorities delegated from the Board.

Report on Corporate Governance

Audit Committee

The principal terms of reference of the Company's Audit Committee include reviewing the Company financial information, monitoring the Company's financial reporting system, internal control procedures and the regime of risk management, making recommendations to the Board on the appointment, re-election and removal of external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditor; reviewing and monitoring the independence of the external auditors and effectiveness of the audit procedures according to the standard applied. The Audit Committee will discuss with the auditors about the nature and scope of the auditing and reporting obligations before the audit commences. The Audit Committee implements policy on the engagement of an external auditor to supply non-audit service and practices it. The Audit Committee should report to the Board, identifying any matter in respect of which it considers that action or improvement is needed, and making the recommendations respectively. The Audit Committee ensures that proper arrangement is in place for fair and independent investigation of internal reporting matters by the Company and for appropriate follow-up actions. The Audit Committee acts as the main delegate for overseeing the relation between the Company and the external auditors.

The Audit Committee comprises of Mr. Liu Kegu, Mr. Guo Minjie, Mr. Lu Zhengfei and Mr. Liu Junhai, being independent non-executive directors, and Ms. Liu Jinghua, being a non-executive director, with Mr. Liu Kegu as the chairman of the committee. The members of Audit Committee are professionals in the field of accounting, finance and transportation. Most of them possess appropriate professional qualifications and experience in finance. The Company has been in full compliance with the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee held 4 meetings in 2013, respectively on 15 March 2013, 15 July 2013, 19 August 2013 and 20 December 2013, reviewed the Company's financial statements, annual and interim financial reports, debriefing the report of internal audit, material lawsuits and guarantee of the Company, and discussing the candidates of external auditors for the year.

The attendance of meetings by members of Audit Committee during the term of their office is set out below:

	Attendance/No. of meetings during the term of their office
Mr. Liu Kegu	4/4
Mr. Guo Minjie	4/4
Mr. Lu Zhengfei	4/4
Mr. Liu Junhai	4/4
Ms. Liu Jinghua	4/4

The Group's annual results for the year ended 31 December 2013 have been reviewed by the Audit Committee.

Remuneration Committee

The principal terms of reference of the Company's Remuneration Committee include studying and formulating the remuneration policy and structure for the directors and senior management of the Company, formulating remuneration standards, reviewing and approving the remuneration proposal in respect of the directors and senior management of the Company, and conducting performance assessment of those directors and senior management. The Company has adopted the first model of Remuneration Committee described in code provision B.1.2(C) of CG Code, i.e. the Remuneration Committee is delegated from the Board the authority to determine the remuneration package of individual executive director and senior management.

The Remuneration Committee comprises of Mr. Lu Zhengfei, Mr. Guo Minjie, Mr. Liu Kegu and Mr. Liu Junhai, being independent non-executive directors, and Ms. Tao Suyun, being an executive director, with Mr. Lu Zhengfei as the chairman of the committee.

The Remuneration Committee held 1 meeting on 15 March 2013, reviewed the report by the executive director Mr. Zhang Jianwei and senior management about the situation on implementation in performance assessment and the payment of remuneration in 2012. The Remuneration Committee confirmed the method, items and results of the performance assessment, and agreed to submit the Report of Remuneration Committee to the Board of Directors for approval.

The attendance of meeting by members of Remuneration Committee during the term of their office is set out below:

	Attendance/No. of meetings during the term of their office
Mr. Lu Zhengfei	1/1
Mr. Guo Minjie	1/1
Mr. Liu Kegu	1/1
Mr. Liu Junhai	1/1
Ms. Tao Suyun	1/1

Report on Corporate Governance

Nomination Committee

On 21 March 2012, the 49th meeting of the Board approved to set up Nomination Committee under the Board of Directors. The principal terms of reference of the Nomination Committee include selecting and recommending individuals to become members of the board of directors, making recommendations to the Board on the appointment or re-appointment of directors and succession of directors, and assessing the independence of independent non-executive directors, etc.

The Nomination Committee comprises of Mr. Zhao Huxiang, being the Chairman, Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Liu Kegu and Mr. Liu Junhai, being independent non-executive directors, and Mr. Zhang Jianwei, being an executive director, with Mr. Zhao Huxiang as the chairman of the committee.

The Nomination Committee held 1 meeting on 19 March 2013, mainly review the structure, size and composition of the Board, and focus on the issues including the nomination procedures, process and criteria adopted by the Nomination Committee, the diversity of the composition of the Board of Directors; the qualifications and number of the independent non-executive directors and whether the its proportion on the Board is consistent with the requirements of the Listing Rules; succession plan of the Directors in 2013 was also discussed.

In assessing the diversity of the Board composition, the Nomination Committee would take into account various aspects. The Company recognizes the benefits of diversity in Board members and believes that Board diversity can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge and/or length of service. In forming the perspective on diversity, the Company will also consider its own business model and specific needs from time to time. All Board appointments will be based on merits and each candidate is considered against objective criteria.

The Nomination Committee will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. The Board will from time to time review one or more aspects of its diversity and measure progress accordingly.

The attendance of meetings by members of Nomination Committee during the term of their office is set out below:

	Attendance/No. of meetings during the term of their office
Mr. Zhao Huxiang	1/1
Mr. Zhang Jianwei	1/1
Mr. Guo Minjie	1/1
Mr. Lu Zhengfei	1/1
Mr. Liu Kegu	1/1
Mr. Liu Junhai	1/1

Corporate Governance Committee

On 21 March 2012, the 49th meeting of the Board approved to set up Corporate Governance Committee under the Board of Directors. The principal terms of reference of the Corporate Governance Committee include: a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the board; b) to review and monitor the training and continuous professional development of directors and senior management; c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, etc.

The Corporate Governance Committee comprises of Mr. Zhao Huxiang, being the Chairman, Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Liu Kegu and Mr. Liu Junhai, being independent non-executive directors, and Mr. Zhang Jianwei, being an executive director, with Mr. Zhao Huxiang as the chairman of the committee.

The Corporate Governance Committee held 1 meeting on March 19, 2013, mainly considered the annual corporate governance report in 2012, the performance manual of directors, and the training and continuous professional development of directors in 2012, and so on.

Report on Corporate Governance

	Attendance/No. of meetings during the term of their office
Mr. Zhao Huxiang	1/1
Mr. Zhang Jianwei	1/1
Mr. Guo Minjie	1/1
Mr. Lu Zhengfei	1/1
Mr. Liu Kegu	1/1
Mr. Liu Junhai	1/1

Executive Committee

On 15 April 2003, the 3rd meeting of the Board approved to set up Executive Committee. The Executive Committee is a standing organization under the Board which, with the authorization by plenary meeting of the Board, is able to exercise part of power and authority of the Board during the adjournment of Board meetings. The principal terms of reference of the Executive Committee include:

a) subject to laws, the Listing Rules and the Articles of Association, to decide on transactions relating to the core businesses of the Company, including but not limited to acquisition, merger, assets disposal and other external investments, with the amount involved in each transaction being no more than 5% of the Company's latest audited total assets, and authorize any executive director to execute the documents relating to such transaction on behalf of the Board;

b) to decide on the establishment, merger and dissolution of the subsidiaries and other branch organizations of the Company;

c) subject to laws, the Listing Rules and the Articles of Association, to issue general documents relating to the businesses of the Company which shall be signed by the Board or directors of the Company, including but not limited to letters of appointment or dismissal of relevant intermediaries, documents or letters to be submitted to the relevant government departments and regulatory authorities, and authorize any executive director to execute such documents;

d) within the limit of no more than 30% asset to interest-bearing liability ratio, to carry out external debt financing;

e) subject to laws, the Listing Rules and the Articles of Association, to authorize the Executive Committee of the Board to decide on the provision of guarantees by the Company to its subsidiaries, including but not limited to: (1) approving the Company to provide guarantees to its subsidiaries, including but not limited to financing guarantees, performance guarantees and payment guarantees; (2) subject to the approval of the above-mentioned guarantees by the Executive Committee of the Board, authorizing any executive director to execute the legal documents relating to the guarantee and deal with all other relevant matters.

The above-mentioned authorizations shall not apply in the following circumstances: (1) the aggregate amount of guarantees in one year exceeds 30% of the total assets of the Company; (2) the subsidiaries are connected persons of the Company; (3) any guarantee is provided after the total amount of external guarantees has exceeded 50% of the latest audited net assets of the Company; (4) the asset to liability ratios of the subsidiaries exceed 70%; and (5) the amount of a single guarantee exceeds 10% of the latest audited net assets of the Company; and (6) subject to applicable laws, the Articles of Association and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, other authorizations conferred by the Board. The Executive Committee shall report to the Board about the exercise of its rights at the next Board meeting.

During the period of the report, the Executive Committee comprises of Mr. Zhao Huxiang, being the Chairman, and Mr. Zhang Jianwei, Ms. Tao Suyun and Mr. Li Jianzhang, being executive directors, with Mr. Zhao Huxiang as the chairman of the committee.

Supervisory Committee

The Supervisory Committee is formed by three members, comprising one independent supervisor, one staff-representative supervisor and one shareholder-representative supervisor.

The Supervisory Committee is responsible for checking the financial affairs, supervising the Board and its members as well as the senior management, so as to safeguard the interests of the shareholders of the Company. By convening meetings of the Supervisory Committee and attending the meetings of the Board and committees under the Board, taking the investigation and check on the site of subsidiary company, the supervisors examined the Company's financial position and legal compliance of its operations and the performance of duties by its senior management, undertaking various duties in a proactive manner with diligence, prudence and integrity.

The Supervisory Committee held 2 meetings in 2013, respectively on 15 March 2013 and 19 August 2013, reviewed and approved the 2012 work report of the Supervisory Committee, the annual financial statements of 2012 and interim financial statements of 2013 and the proposal of profit assignment of 2013, and the summary of investigation by Supervisory Committee and the work plan for 2013.

Auditor's remuneration

At the annual general meeting held on 7 June 2013, a resolution was passed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the PRC and the international auditors of the Company for the year 2013 respectively, and to authorize the Board to fix their remuneration.

For the year ended 31 December 2013, the fees being paid to Deloitte and its members for audit and non-audit services amounted to RMB4,600,000 and RMB2,600,000 respectively. For more information, please see notes 10 to the financial statements on pages 110 in this Annual Report.

Report on Corporate Governance

Company Secretary

Mr. Gao Wei is the company secretary of the Company, whose biography is set out in section headed "Directors, Supervisors & Senior Management" of this annual report. Mr. Gao Wei has been in full compliance with the requirements of Rule 3.29 of the Listing Rules throughout the year of 2013.

Shareholders' Interests

The Company always attaches great importance to the protection of shareholders' interests with an ultimate goal to maximize shareholders' value. The Articles of Association of the Company provided for the procedures for shareholders to submit motions at the annual general meeting and to convene extraordinary general meetings or class meetings. Article 60 of the Articles of Association of the Company provides that, where the Company convenes an annual general meeting, shareholders holding 5 per cent or more of the total number of the Company's voting shares shall be entitled to submit new motions in writing to the Company. The Company shall put on the agenda of the meeting all items in the motions, that fall within the scope of the shareholders' general meeting. Article 79 of the Articles of Association of the Company provides that, two or more shareholders holding in aggregate 10 per cent or more of the shares with voting rights at a meeting may request the Board of Directors to convene an extraordinary general meeting or class meeting by signing and submitting to the Board of Directors one or more counterpart written request(s) to convene such a meeting. The written request must state the matters to be considered at that meeting. The Board of Directors shall convene the extraordinary general meeting or class meeting as soon as possible after receiving such written request(s). The shareholdings referred to above shall be calculated as at the date of delivery of the written request(s) submitted by the shareholders. If the Board of Directors fails to issue a notice to convene such a meeting within 30 days after receiving the written request(s) from the shareholders, the shareholders requesting the meeting may convene the meeting by themselves within 4 months from the date on which the Board of Directors received the written request(s). The procedure for convening such meeting shall, so far as is possible, be the same as the procedure of the Board of Directors to convene an extraordinary general meeting or class meeting. The Company shall be responsible for the reasonable fees incurred by the shareholders in convening an extraordinary general meeting or class meeting due to the failure of the Board of Directors to convene the meeting. The Company shall deduct such fees from the amount owed by the Company to the Directors who have neglected their duties.

Pursuant to Article 98 of the PRC Company Law, the shareholders of the Company have the right to inspect the Articles of Association, the share register, corporate bond certificates, minutes of general meetings, resolutions of Board meetings, resolutions of Supervisory Committee meetings as well as financial and accounting reports, and also have the right to make recommendations or enquiries in respect of the Company's operations. For details on shareholders' enquiry procedures, please refer to the shareholders communication policy published on the website of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

There is no amendment to the Articles of Association of the Company in 2013.

GENERAL MEETINGS

The Company held 5 general meetings in 2013, including 1 annual general meeting, 1 H Shares class meeting, 1 Domestic Shares class meeting, and 2 extraordinary general meetings.

1. The extraordinary general meeting was held on April 8, 2013 to examine and approve new mandates for the proposed issue of debt financing interests.

2. The annual general meeting held on 7 June 2013 was convened to review and approve the Report of the Board of Directors for the year ended 31 December 2012; to review and approve the Report of the supervisory committee for the year ended 31 December 2012; to review and consider the audited accounts of the Company and the auditors' report for the year ended 31 December 2012; to review and approve the profit distribution proposal and final dividend of the Company for the year ended 31 December 2012; to authorize the directors of the Company to decide on matters relating to the declaration, payment and recommendation of interim or special dividends for the year 2013; to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the PRC and the international auditors of the Company for the year 2013, and to authorize the Board of the Company to fix their remuneration; to approve a general mandate to issue shares; to approve a general mandate to repurchase H shares in the capital of the Company. H Shares and Domestic Shares class meeting of the Company held on the same day were convened to approve a general mandate to repurchase H Shares in the capital of the Company.

3. The extraordinary general meeting held on 30 August 2013 was convened to review and approve the appointment of Mr. Lu Zhengfei as an independent non-executive director of the Company; to authorize the board of directors of the Company to determine his remuneration.

The resolutions proposed in 2013 for shareholders' approval have all been duly passed. For more information, please see the voting results announcement of Company, published on the websites of the Hong Kong Stock Exchange and the Company on April 8, June 7 and August 30, 2013.

General meetings are extremely important to the Company. In any notice of general meeting to shareholders, the Company clearly sets forth the right of the shareholders to attend meetings and their rights, the agenda and voting procedures of the general meeting. All shareholders of the Company are encouraged to attend the general meeting. The Company will strive to make it an effective channel of communication through which the Board and the investors of the Company may engage in direct dialogue and foster positive relations.

Report on Corporate Governance

Financial Calendar

Announcement of 2013 annual results	25 March 2014
Announcement of 2014 interim results	20 August 2014

The Company will publish announcements on the aforesaid dates in accordance with the requirements of relevant regulations. The above dates are subject to change by the Company by way of formal notices.

As for the date of closure of register to determine entitlements for 2013 final dividend, payment of 2013 final dividend and Annual General Meeting of 2013, please refer to the section headed "Notice of Annual General Meeting" of this 2013 Annual Report for further details.

INVESTOR RELATIONS

The Company places strong emphasis on communications as it believes that ongoing and open communications with investors will enhance their understanding of and confidence in the Company as well as improving its corporate governance standards. The Company has set up a dedicated Investor Relations Department to deal with investor relations. Through different channels, such as performance conference, analysts meeting, road show, reverse road show, investigation by investors and the website of the Company for investor's relationship and so on, the Company maintains close communications with investors and creates opportunities for investors and analysts to acknowledge the Company by local investigation. The investors may have a better understanding of the Company's management philosophy, operating environment and development strategies. As a result, the transparency of the Company will be improved and investors will have more in-depth knowledge of the Company.

The Company's website at www.sinotrans.com provides timely information on investor relations, corporate governance and other latest news of the Company and is updated on a regular basis.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries. Shareholders may send their enquiries to the following:

Address:	12/F, Sinotrans Plaza A, 43 Xizhimen North St, Haidian District, Beijing, PRC
Postal Code:	100044
Telephone:	0086-10-5229 6667/5122
Fax:	0086-10-5229 6600/6655--6667/5122
Email:	ir@sinotrans.com

FINANCIAL REPORT AND INTERNAL CONTROL

Through the customized internal control system, the Board oversees the Company's overall financial and operational conditions and legal compliance and manages any risks to avoid substantial losses due to failure in internal control. The directors have reviewed and confirmed that the internal control system of the Company is stable, proper and effective in order to safeguard the investment of the shareholders and the assets of the Company in 2013.

The Company has a well-defined organizational structure with clearly stated duties for each department. The Company has established a series of policies, rules and processes which are formulated by the management authorized by the Board in relation to financial management, operation and legal compliance, which are being monitored on a daily basis for ongoing improvements.

- Company management implements internal control responsibilities, the Company allocates adequate resources to accounting and financial reporting functions, the relevant staff has rich qualifications and experience. The Company has established a comprehensive accounting management system to facilitate the management with financial information and indicators for accurate and full assessment of the Company's financial position and operating performance, as well as any discloseable financial information. Management provides financial information and the production and operations status to the Directors every month, to make the Directors aware of which let directors to acknowledge the latest situation of the Company. Board of Directors and the Audit Committee monitor the preparation of the accounts for each financial period, ensuring accounts of the Company truly and fairly reflect the business situation, financial performance and cashflow position of the Company during the period. A statement of the independent auditors about their reporting responsibilities related to the financial statements is set out in the independent auditor's report of this annual report.

- The Company carries out internal audit and external audit and certification on the suitability, adequacy and effectiveness of its integrated management system based on the ISO9001:2008, ISO14001:2004 and OHSAS18001:2007 standards. The audit procedures monitor major items such as finance, operation and compliance based on respective procedural documents of the integrated management system, relevant law and regulation, and relevant contracts, covering all aspects of the comprehensive management system. According to the requirements of 25014001/OHSAS18001 EHS management system, the Company has formulated a control procedure for the identification and evaluation of environmental factors and hazards, to conduct suitability assessment and tracking of relevant laws and regulations on safety and environment. To ensure that necessary attention is given to significant environmental factors and hazards, and that they are effectively controlled the Company has also regularly identified and updated environmental factors and hazards list according to the relevant procedure documents.

Report on Corporate Governance

- The Internal Audit Department of the Company is established to monitor and assess the Company's operating activities and the suitability, compliance and effectiveness of its internal control system pursuant to the instruction of the management of Company, through the application of professional approaches that are independent, objective and systematic. The Internal Audit Department is responsible for independent examination and assessment of the Company's internal control mechanism and for providing recommendations on further improvement so as to ensure the effective implementation of the approaches, standards and management system formulated by the Company. The scope of an internal audit covers the Company's financial conditions, operations, compliance and risk management. In terms of audit items, audit should be focused on the operating entities and high risk areas. In terms of the substance of audit, the primary task is the audit of internal controls with in-depth investigations of business processes and management points sections. Based on internal control and operational management process with risk-oriented audit, special emphasis should be given to core business chain of operation together with key financial management and audit sections. Audit results will be reported to the Audit Committee and the management of the Company. The Company and its second level branches have established risk management and internal control management steering group and working group, which are responsible for risk management, risk assessment, establishment of internal control system and evaluation responsibilities.

- In addition, the Company further enhances its internal control system by strengthening risk management and providing more training to its management and staff so that they may gain better understanding and knowledge of risk management and internal control systems.

- With respect to the monitoring and disclosure of inside information, the Company has formulated the Guidelines on Disclosure of Inside Information of Sinotrans Limited in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules, with an aim to ensure that the Company performs its obligations to protect and disclose inside information relevant to the Company and its subsidiaries. These Guidelines apply to the Company, its subsidiaries and their respective directors, supervisors, chief executives and employees when they identify, control and disclose inside information.

Directors,
Supervisors & Senior Management

EXECUTIVE DIRECTOR

Zhao Huxiang, age 59, is the executive director and the chairman of the board of the Company. Mr. Zhao graduated with a MBA degree from University of Louisville, USA, and carries the professional title of "Senior Engineer". He used to work in the Marine Shipping Bureau of the Ministry of Communications, and successively served as Deputy General Manager and General Manager of Hoi Tung Marine Machinery Suppliers Limited, Director and General Manager, Vice Chairman of China Merchants Holdings (International) Company Limited, and President Assistant, Board Director and Vice President of China Merchants Group. In December 2005, Mr. Zhao became the Director and President of Sinotrans Group Company. In December 2008, Mr. Zhao became the Vice Chairman and president of SINOTRANS & CSC. From January 2011, Mr. Zhao was appointed the Chairman of SINOTRANS & CSC. Mr. Zhao is also the chairman of DHL-Sinotrans. Mr. Zhao was elected as the chairman of China International Freight Forwarders Association in February 2007, and was appointed Senior Vice Chairman of International Federation of Freight Forwarders Association (FIATA) in October 2013. In March 2006, Mr. Zhao was appointed Executive Director and the Chairman of the Company.

Zhang Jianwei, age 57, is the executive director of the Company. Mr. Zhang has been employed by Sinotrans Group Company since 1980 with experience in Sinotrans Group Company's Finance Department, Overseas Enterprises Management Department and Chartering Department. Mr. Zhang was seconded to China InterOcean Transport Inc. in the United States in 1988 to serve as president assistant. In 1993, Mr. Zhang became the Deputy General Manager of China National Chartering Corporation and later became its General Manager. In 1996, he was promoted to become the President Assistant of Sinotrans Group Company. Then in 1997, Mr. Zhang became Sinotrans Group Company's executive director and Vice President. Mr. Zhang was appointed as director of Sinotrans Group Company by the State-owned Asset Supervision and Administration Commission in October 2006. From December 2008, Mr. Zhang became the Director of SINOTRANS & CSC. Mr. Zhang is also the Chairman of Sinoair and Grandstar Cargo International Airlines Co., Ltd. at present, he is also the Vice Chairman of China Federation of Logistics & Purchasing (CFLP). Mr. Zhang graduated from University of International Business and Economics in 1980 and obtained his Master of Business Administration degree from China Europe International Business School in 1998. Mr. Zhang was appointed Executive Director of the Company in November 2002.

Tao Suyun, age 60, is the executive director of the Company. Ms. Tao has worked for Sinotrans Group Company since 1979 and became Deputy General Manager of the Europe Shipping Department in 1986. She was seconded to Sinorick Shipping Agency Co. in Hamburg, Germany from 1989 to 1993 to serve as General Manager. She later returned to work acted as Deputy General Manager and General Manager of Sinotrans Group Company's liner shipping division. In 1995, Ms. Tao was promoted to become President Assistant and served as Sinotrans Group Company's Vice President in 1997. From December 2008, Ms. Tao became the Vice President of SINOTRANS & CSC. At present, she is also the vice chairman of China Association To Customs and Vice President of Association for Shipping Exchanges across the Taiwan Strait. Ms. Tao graduated from University of International Business and Economics in 1979 and obtained her Master of Business Administration degree from China Europe International Business School in 2002. Ms. Tao was appointed Executive Director of the Company in November 2002.

Li Jianzhang, age 58, is the executive director of the Company. During Mr. Li's career, he has worked in various governmental departments. Mr. Li started working for Sinotrans Group Company in May 2001. Mr. Li was appointed as a supervisor of the Company from November 2002 to June 2003. Mr. Li graduated from Beijing Normal University in 1981. Mr. Li is also the Chairman of Hong Kong Solar Company Limited. Mr. Li was appointed Executive Director of the Company in June 2003.

Directors, Supervisors & Senior Management

NON-EXECUTIVE DIRECTOR

Wu Dongming, age 50, was the non-executive director of the Company. Mr. Wu began his career in the Sinotrans Group Company in 1986. From 1988 to 1990, he served in TNT Skypak-Sinotrans Company as the National Operation Manager and the General Assistant to General Manager. In 1990, Mr. Wu served as department manager in Sinoair and later became General Manager of Associated International Freight Forwarding Co., Ltd. in 1995. In 1997, Mr. Wu was appointed the Deputy Managing Director and then the Managing Director of DHL-Sinotrans Air Courier Co., Ltd. Mr. Wu was appointed Vice President of the Company in November 2002 and ceased in March 2012. Mr. Wu was appointed non-executive Director of the Company in June 2012 and Mr. Wu has resigned in February 2014.

Liu Jinghua, age 51, is the non-executive director of the Company. Ms. Liu joined Sinotrans Group Company in 1989 and worked in the Finance Department and Liner Department before she was seconded to DHL-Sinotrans Beijing to be its Finance Manager in 1992. Soon afterwards, she was promoted to be DHL-Sinotrans' National Chief Financial Officer and in 1999 became National Director of HR. Ms. Liu was appointed General Manager of the Finance Department of Sinotrans Group Company in October 2002. From January 2009, Ms. Liu became the General Manager of the Finance Department of SINOTRANS & CSC. Ms. Liu graduated from the Central University of Finance and Economics in 1987 and obtained her EMBA in Buffalo School of Management of State University of New York in 2000. Ms. Liu was appointed non-executive Director of the Company in June 2003.

Jerry Hsu*, age 63, is the non-executive director of the Company. Mr. Hsu is the CEO of DHL Express Asia Pacific and a member of the DHL Express Global Management Board. Based in Hong Kong, Mr. Hsu is responsible for China, Hong Kong, Taiwan, Japan, Korea, South East Asia, India and South Asia, Oceania and other markets and regions. Mr. Hsu's previous role in DHL Express was the Area Director responsible for Hong Kong, Singapore, Taiwan, South Korea, Mongolia and North Korea, a position he held until September 2002. Prior to joining DHL in January 2001, Mr. Hsu held various senior management positions in DaimlerChrysler Corporation. Mr. Hsu holds BA/MA degree in International Economics and Politics. Mr. Hsu also holds directorships in various companies within the DPWN Group. Mr. Hsu was appointed non-executive Director of the Company in June 2003.

* Mr. Jerry Hsu is representative nominated by our Strategic Investors pursuant to the strategic placing agreements entered into at the time of the Company's listing in February 2003 between the Company and DHL (the "Strategic Investors").

DHL Worldwide Express BV ("DHL") is a member of the Deutsche Post World Net Group ("DPWN Group") whose business operations are global mail, express delivery, logistics and financial services serving both in Europe and around the world. The DPWN Group's express delivery business operations in China are held through DHL, which formed a 50/50 joint venture with Sinoair in 1986. This joint venture has helped to establish a business relationship between our Group and the DPWN Group.

While, for the purposes of the Listing Rules, the Strategic Investors' nominee director above has 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), our Company has been and continues to carry on its business independently of and at arms length from, those businesses and through its joint ventures and cooperation arrangements with those Strategic Investors.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Guo Minjie, age 67, is the independent non-executive director of the Company, senior engineer. Mr. Guo Currently serves as president of Logistics Technology and Equipment Committee of China Communications and Transportation Association, executive vice president of Transport and Logistics Research Sub-association and consultant of Beijing Institute of China Communications and Transportation Association. Mr. Guo had experiences to be director of Urumqi railway sub-Bureau, director of Urumqi railway Bureau and director of Nanchang railway Bureau. From July 2003 to February 2006, Mr. Guo served as chairman and general manager of China Railway Container Transport Co., Ltd. and chairman of China Railway Tielong Container Logistics Co., Ltd. From March 2006 to November 2006, Mr. Guo worked as consultant of China Railway Container Transport Co., Ltd. Mr. Guo was elected as the representative of the 9th and 10th National People's Congress. Mr. Guo graduated from Xi'an Jiaotong University in 1970. Mr. Guo was appointed independent non-executive Director of the Company in August 2012.

Lu Zhengfei, age 51, is the independent non-executive director of the Company. Mr. Lu holds a doctorate degree in Economics. Mr. Lu is the Associate Dean of Guanghua School of Management and the Professor of Accounting in GSM of Peking University. Mr. Lu also holds several academic and social positions such as consulting expert for China Financial Accounting Standards Board of Ministry of Finance, member and executive director of China Accounting Association. Mr. Lu is also serving as independent non-executive directors for five other companies —Bank of China Limited (which is listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange), Sino Biopharmaceutical Limited, Sinoma (both of which are listed on the Hong Kong Stock Exchange), Lian Life Insurance Co., Ltd. and MIT Automobile Service Company Limited. Mr. Lu is also serving as an independent supervisor of PICC which is listed on the Hong Kong Stock Exchange. Mr. Lu obtained his Master degree in Accounting and Financial Management in the Renmin University in 1988, and then obtained his Ph.D. in Business Management in Nanjing University in 1996. Between 1997 and 1999, Mr. Lu undertook postdoctoral studies in Economy (Accounting) Postdoctoral Station in the Renmin University. Mr. Lu was appointed independent non-executive Director of the Company in September 2004.

Liu Kegu, age 67, is the independent non-executive director of the Company. Mr. Liu holds a doctorate degree in Financial Management. From March 1990 to October 1996, Mr. Liu served as deputy director in wealth tax system reforms department and director in tax policy department of Ministry of Finance of the People's Republic of China. From October 1996 to September 2002, Mr. Liu served as assistant to the governor of Liaoning Provincial Government, deputy governor. In September 2002, Mr. Liu served as vice president of China Development Bank. In March 2008, Mr. Liu was elected as the member of the 11th National Committee of the Chinese People's Political Consultative Conference and Economic Committee. In December 2008, Mr. Liu was appointed the consultant of China Development Bank. Mr. Liu graduated from the Renmin University of China in February 1982 and got his bachelor degree in political economics. Mr. Liu obtained his doctorate degree in Financial Management from Dongbei University of Finance and Economics in 2000. Mr. Liu was appointed independent non-executive Director of the Company in December 2011.

Directors, Supervisors & Senior Management

Liu Junhai, age 44, is the independent non-executive director of the Company. Mr. Liu holds a doctorate degree in civil law and commercial law. Now Mr. Liu is a professor and an academic supervisor for LL.D. candidates in the Law School of Renmin University of China, and also a post-doctoral supervisor of its post-doctoral program. Mr. Liu is the Director of the Business Law Center, Renmin University of China. Mr. Liu also holds several academic and social positions such as Vice Chairman of China Consumers' Association, Member of the Legal Affairs Advisory Council of All-China Federation of Trade Unions, Supervisor of Post-Doctoral program of Shenzhen Stock Exchange, Vice Chairman & Secretary General, China Consumers' Protection Law Society and adjunct Professor in China University of Political Science & Law and other universities in China. Mr. Liu obtained his Bachelor degree in Law from Hebei University in 1989, and obtained his Master degree in economic law from China University of Political Science and Law in 1992 and his doctorate degree in civil and commercial law from Graduate School of Chinese Academy of Social Sciences in 1995. Mr. Liu was appointed independent non-executive Director of the Company in December 2012.

SUPERVISOR

Jiang Jian, age 49, was the supervisor of the Company. Mr. Jiang joined Sinotrans Group Company 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. In October 2008, Mr. Jiang was appointed president assistant and General Manager of Human Resources Department of Sinotrans Group Company. From December 2008, Mr. Jiang became the President Assistant and General Manager of Human Resources Department of SINOTRANS & CSC. Mr. Jiang graduated from Dalian Maritime University in 1988 and got a doctorate degree from Dalian Maritime University in October 2007. Mr. Jiang was appointed supervisor of the Company in April 2009 and Mr. Jiang has resigned in February 2014. Mr. Jiang was appointed Vice President of the Company in February 2014.

Shen Xiaobin, age 41, was the supervisor of the Company. Mr. Shen joined the Audit Department of Sinotrans Group Company in 1995. Mr. Shen was pointed as General Manager of Audit Department of Sinotrans Limited in December 2002. Mr. Shen acted as Deputy General Manager of Investment Management Department in April 2006. Mr. Shen acted as General Manager of Securities & Legal Affairs Department in September 2013. Mr. Shen obtained his bachelor degree from accounting department of Xiamen University in 1995 and his MBA degree from Guanghua School of Management of Peking University in 2003. Mr. Shen was appointed supervisor of the Company in June 2008 and Mr Shen has resigned in January 2014.

Zhou Fangsheng, age 64, is the independent supervisor of the Company. Mr. Zhou obtained rich enterprise practice during his long-term service in enterprises. From 1991 to 1997, Mr. Zhou served as deputy division director and division director in the State-owned Assets Administration Bureau, and deputy director in the Stated-owned Assets Administration Research Institute. From 1997 to 2001, Mr. Zhou worked as deputy director in difficulty relief working office for stated-owned enterprises of the State Economic and Trade Commission. From 2001 to 2003, Mr. Zhou served as director in Stated-owned Assets Administration Research Section of Research Institute for Fiscal Science of Ministry of Finance. From 2003 to 2009, Mr. Zhou worked as Vice Counsel in the Enterprise Reform Bureau of the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zhou is now retired. Mr. Zhou graduated from Hunan University majoring in engineering management in 1985 and completed post graduate course from the Renmin University of China in Enterprise Management of Industrial Economics Department in 1996. Mr. Zhou was appointed independent supervisor of the Company in December 2011.

SENIOR MANAGEMENT

Li Guanpeng, age 47, is the President of the Company. Mr. Li joined Sinotrans Group Company in 1989, worked in Huangpu Company of Sinotrans Guangdong. Mr. Li served as the general manager of Zhuhai Shipping Agency Co., Limited and Guangdong Shipping Agency Co., Limited successively in 1994 and 1998. In September 1999, Mr. Li took the position of the vice general manager of Sinotrans Guangdong. From January 2009 to January 2010, Mr. Li was temporarily transferred to the Ministry of Transport and served as assistant to the director. In March 2010, Mr. Li was appointed to be the general manager of Sinotrans Guangdong. Mr. Li graduated from Sun Yat-sen University in 1989 and obtained his bachelor degree in English language and literature. Mr. Li is studying EMBA program in Lingnan (university) college of Sun Yat-sen University now. Mr. Li was appointed as the vice president of the Company in August 2013. Mr. Li has appointed as the president of the Company with effect from 8 February 2014.

Wang Lin, age 55, is the Vice President of the Company. Mr. Wang started his career with in the Sinotrans Group Company in 1983 by serving in the Ningbo branch of Sinotrans Zhejiang Company Limited. In 1996, Mr. Wang was promoted to the General Manager of Sinotrans Ningbo Group Company. In 1998, he became the General Manager of Sinotrans Zhejiang Company Limited which merged with Sinotrans Ningbo Company in the same year. In 1999, Mr. Wang became the General Manager of Sinotrans Jiangsu Company. Mr. Wang was appointed Vice President of the Company and the General Manager of Sinotrans Eastern Company Limited in 2002 and from March 2003, he also acted as Chairman of Sinotrans Eastern Company Limited. Mr. Wang was appointed Vice President of the Company in November 2002.

Ouyang Pu, age 60, is the Vice President of the Company. Mr. Ouyang joined Sinotrans Group Company in 1986. In 1988, Mr. Ouyang was appointed as the General Manager of China International Exhibition Transportation Company. Then he successively serviced as Deputy General Manager of the Marine Transportation Department II in 1992; Chief Representative of Italy Representative Office of Sinotrans Group Company in 1993; Vice President of China Interocean Transport Inc. in America in 1994; General Manager of Overseas Enterprises Management Department of Sinotrans Group Company in 1998 and General Manager of Sinotrans Beijing Company in 1999. Mr. Ouyang graduated from Beijing Institute of Iron and Steel Technology in 1983, with Bachelor degree in Engineering; from October 2002 to January 2004, Mr. Ouyang studied in senior managers' business management class at Tsinghua University. Mr. Ouyang was appointed Vice President of the Company in October 2006.

Yu Jianmin, age 48, is the Vice President of the Company. Mr. Yu began working in the Liner Department of Sinotrans Group Company in 1990 and was seconded to serve as the Chief Representative at Sinotrans Group Company's Italian representative office in 1993. In 1998, he returned to China to serve as Vice General Manager of Sinotrans Group Company's Investment Management Department. Since 1999, Mr. Yu served as the General Manager of Sinotrans Group Company's Logistics Development Department. Mr. Yu obtained his master degree from the Dalian Maritime University in 1990. He also obtained his Master of Business Administration degree from the China Europe International Business School in 2002. From November 2002 to September 2008, Mr. Yu was become Assistant President of the Company. Mr. Yu was appointed Vice President of the Company in October 2008.

Wu Xueming, age 50, is the Vice President of the Company. Mr. Wu has been employed by Sinotrans Group Company since 1987 with experience in vessel management department, chartering department, human resource department and liner shipping department. Mr. Wu has become general manager of JC SHIPPING Co. Ltd. in 1997. In April 2002, he served as deputy general manager of Sinotrans Marine Co. Ltd.. In October 2002, he served as general manager of China Marine Shipping Agency Co. Ltd. Mr. Wu graduated from Dalian Fisheries University in 1987, and obtained MBA from Cheung Kong Graduate School of Business in 2005. From April 2007 to July 2010, Mr. Wu became the Assistant President of the Company. Mr. Wu was appointed Vice President of the Company in August 2010.

Directors, Supervisors & Senior Management

Li Shichen, age 48, is the Vice President of the Company. Mr. Li joined Sinotrans Group Company in 1987. From March 1993 to October 2007, Mr. Li successively served as deputy director of the General Manager's Office of Sinotrans Group Company, deputy general manager of Manager Department of Sinotrans Hong Kong Group Co., Ltd., general manager of Customs Management Department of Sinotrans Group Company, and director of President Office of Sinotrans Limited. From October 2007 to December 2010, Mr. Li served in Sinotrans Fujian Co., Ltd. as general manager, then in Greating-Sinotrans Group Ltd. as executive director and general manager. From December 2010 till now, Mr. Li worked as general manager and executive director of Sinotrans Tianjin Co., Ltd. Mr. Li studied philosophy and graduated from Jilin University in 1987. He obtained his Master of Business Administration degree from the China Europe International Business School in September 2005. Mr. Li was appointed as the vice president of the Company in February 2014.

Zhang Kui, age 51, is the Chief Financial Officer of the Company. Ms. Zhang served as Finance Manager in Sinotrans Group Company' Hong Kong Eternal Way Company in 1987, and Ms. Zhang served as Finance Manager and Deputy General Manager in Sinotrans Group Company's Finance Department thereafter. Ms. Zhang began to serve as the Director, the Chief Financial Officer and Company Secretary of Sinoair in 1999, and served as General Manager in Sinotrans Group Company's Auditing Department since 2008. Ms. Zhang graduated from the First Campus of the Renmin University of China in 1985 and obtained her master of Business Administration degree from Asia (Macau) International Open University in 2001. Ms. Zhang was appointed chief financial officer of the Company in November 2009.

Gao Wei, age 47, is the Company Secretary and the General Legal Counsel of the Company, a senior fellow of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators (FCIS, FCS). Mr. Gao began his career in the Legal Department of Sinotrans Group Company in 1993. In 1997, Mr. Gao began working as the Vice General Manager of the Legal Department of Sinotrans Group Company. In the same year, he became the Deputy Manager in the Restructuring Office of the Sinotrans Group Company and became the Vice-General Manager of Sinotrans Group Company's Enterprise Management Department in 1999. During the same year, Mr. Gao began to serve as the Vice-General Manager of Sinoair and was later promoted to become Sinoair's General Manager in 2001. Mr. Gao obtained his Bachelor of Engineering degree from Beijing University of Science and Technology in 1989, and obtained his Master of Economics degree in the Central University of Finance and Economics in 1993 and his doctorate degree in laws in the University of International Business and Economics in 1999. Mr. Gao obtained Legal Professional Qualification in 1996. Mr. Gao was appointed Company Secretary of the Company in November 2002. Mr. Gao was appointed the General Legal Counsel of the Company in January 2010. Mr. Gao is also the director of Sinotrans Air Transportation Development Co., Ltd.. In January 2012, Mr. Gao was elected to be a council member of The Hong Kong Institute of Chartered Secretaries.

Liu Minsheng, age 58, is the Chief Information Officer of the Company. Mr. Liu joined Sinotrans Group Company in 1983 in the Human Resources Department. From 1985, Mr. Liu had been serving in Sinotrans Group Company's IT Centre and later acted as General Manager until February 1996 when he was appointed as Deputy Director of China International Electronic Commerce Centre of the Ministry of Foreign Trade and Economic Cooperation of the PRC. In November 1998, Mr. Liu began to work as Deputy Director of Commercial Network and Sites Development Centre of the National Domestic Trade Bureau of China. In January 2003, Mr. Liu resumed his service in Sinotrans. Mr. Liu has participated in and led many prominent domestic information technology projects and won national IT awards for times. Mr. Liu was appointed chief information officer of the Company in April 2003.

Report
of the Directors

The board of directors (the “Board”) is pleased to present its report and the audited financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2013.

BUSINESS OPERATIONS AND GEOGRAPHICAL LOCATION OF THE GROUP

The principal activities of the Group are freight forwarding, shipping agency, storage and terminal services, marine transportation, other services (mainly engaged in trucking and express services). There was no material change to the nature of the principal activities of the Group during the year.

An analysis of the Group’s operating results for the year by business is set out in Note 6 to the financial statements.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

Particulars of the subsidiaries, joint ventures and associated companies of the Company are set out in Notes 20, 21 and 22 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2013 are set out in the financial statements on pages 67 to 168. The summary of results and assets and liabilities of the Group for the preceding five years is set out on page 3.

FINAL DIVIDENDS AND BOOK CLOSURE PERIODS

The Board has recommended the payment of a final dividend of RMB 0.05 per share, subject to passing of the resolution authorizing the Board to propose, declare or pay the final dividend for 2013 by shareholders at the Annual General Meeting to be held on 16 May, 2014 (the “AGM”). The recommended final dividend will be paid on or before 11 July, 2014 to the shareholders as registered at the close of business on 27 May, 2014. Please refer to the “Notice of Annual General Meeting” for further details.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 16 April, 2014 to 16 May, 2014, both days inclusive. In order to be eligible to attend and vote at the AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 April, 2014, for registration.

Report of the Directors

The record date for the recommended final dividend is at the close of business on 27 May, 2014. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 22 May, 2014 to 27 May, 2014, both days inclusive. In order to qualify for the recommended final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 21 May, 2014, for registration.

Pursuant to the Articles of the Company, dividends payable to the holders of domestic shares of the Company will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares of the Company ("H Shares") will be paid in Hong Kong dollars ("HK$"). The exchange rate for dividends payable in HK$ is the mean average exchange rate of RMB to HK$ published by the People's Bank of China during the week (18 March 2014 to 25 March 2014) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = 0.7912. Accordingly, the amount of final dividend for each H Share of the Company is 0.0632.

In accordance to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which took effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at a tax rate of 10% on behalf of non-resident corporate shareholders on its H share register when making payments of dividend to these shareholders. Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees or other organizations or bodies shall be deemed as shares held by non-resident corporate shareholders. Such shareholders will receive their dividend net of the enterprise income tax.

The Company will withhold and pay on behalf of the individual holders of H Share the income tax in accordance with the tax regulations of the People's Republic of China (the "PRC"). Pursuant to the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to the issuers on 4 July 2011, for non-foreign investment companies of the Mainland which are listed in Hong Kong distributing dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10%. They do not have to make any applications for entitlement to the above-mentioned tax rate. However, for shareholders who are residents of other countries and whose home countries have reached an agreement with China on an applicable withholding tax rate higher or lower than 10%, they have to follow the bilateral tax agreement in paying tax in connection with dividends paid by Mainland companies listed in Hong Kong. When making payments of dividend, the Company acting like a withholding agent in general will withhold 10% of the dividend on behalf of the individual H shareholders as individual income tax. Unless otherwise specified by the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividend in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

BANK LOANS

Details of the bank loans of the Company and the Group are set out in Note 32 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2013, sales to the five largest customers and purchases from the five largest suppliers of the Group accounted for less than 30% of the Group's turnover and purchases respectively.

For the year ended 31 December 2013, none of the directors, supervisors, their associates and any shareholder (who to the knowledge of the Board owns more than 5% of the share capital of the Company) of the Company had any interests in the five largest customers or the five largest suppliers of the Group.

CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group for the year ended 31 December 2013 are disclosed in Note 46 to the financial statements.

Details of some of the said related party transactions, which also constitute continuing connected transactions under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited required to be disclosed in accordance with Chapter 14A of the Listing Rules, are as follows:

Revenue/(expenses)	*Note*	**2013** ***RMB'000***
Transactions with SINOTRANS & CSC and its subsidiaries	*1*	
Provision of transportation and logistics services		327,835
Services fees		329,745
Container leasing fees		82,196
Property leasing expenses		30,666
Maximum daily balance deposited with a subsidiary of SINOTRANS & CSC		199,978
– Including maximum daily balance deposited with a subsidiary of SINOTRANS & CSC by the Group's subsidiary, Sinoair		92,621
Transactions with Connected Non-Wholly-Owned Subsidiaries	*2*	
Provision of transportation and logistics services		92,457
Receipt of transportation and logistics services		15,255

Note 1: Transactions with SINOTRANS & CSC and its subsidiaries are considered as connected transactions as SINOTRANS & CSC is a controlling shareholder of the Company, and its subsidiaries are connected persons of the Company. Further details of such transactions are set out in the section headed "Material Contracts with SINOTRANS & CSC".

Note 2: Transactions with Connected Non-Wholly-Owned subsidiaries of the Company are considered as connected transactions as more than 10% equity interests of these Non-Wholly-Owned subsidiaries are held by the subsidiaries of SINOTRANS & CSC.

During the year, the Company has comprised with the disclosure requirement of chapter 14A of the Listing Rules in report of those research. In order to comply with the relevant requirements of the Listing Rules, these connected transactions together with the respective annual caps of connected transactions for each of 2012, 2013 and 2014 (to the extent any of the percentage ratios (other than the profits ratio) of the annual caps in respect of such connected transactions on an annual basis exceeds 5%) have been approved by the independent Shareholders at passed by the Extraordinary General Meetings held on 30 December 2011.

The independent non-executive directors of the Group have reviewed the continuing connected transactions and confirmed that the transactions were:

(a) entered into by members of the Group in the ordinary and usual course of its business;

(b) (i) on normal commercial terms; or

(ii) on terms no less favourable to the Company than those available to (or from) independent third parties; or

(iii) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and

(c) entered into in accordance with the relevant agreements governing them.

The auditor of the Company was engaged to conduct a limited assurance engagement on the Group's continuing connected transactions in accordance with International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The auditor has issued an unmodified letter containing their findings and conclusions in respect of the connected transactions by the Group above in accordance with Listing Rule 14A.38.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in Note 18 to the financial statements.

TAXATION

Details of taxation of the Group as at 31 December 2013 are set out in Note 12 to the financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year are set out in the financial statements on page 160 of this Annual Report and Note 40 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2013 amounted to approximately RMB135,949.

SHARE CAPITAL STRUCTURE

For the year ended 31 December 2013, there was no change to the share capital structure of the Company, which, was as follows:

Nature of shares	Number of Shares	As a % of Total Issued Share Capital
Domestic Shares	2,461,596,200	57.93%
H Shares	1,787,406,000	42.07%

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2013, so far as the directors of the Company were aware, the interests or short positions of the following persons (other than directors or supervisors) in the shares of the Company which were required to be disclosed to the Company pursuant to the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO'') or the interests or short positions recorded in the register kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Corporate Interests	Class of Shares	Percentage of the Company's Total Issued Share Capital	Percentage of the Company's Issued H Share Capital
SINOTRANS & CSC Holdings Co., Ltd. *(Note 1)*	2,461,596,200(L)	Domestic Shares	57.93%	–
	88,000,000(L)	H Shares	2.07%	4.92%
Deutsche Post AG *(Note 2)*	237,468,000(L)	H Shares	5.59%	13.30%
Brandes Investment Partners, L.P.	124,817,264(L)	H Shares	2.94%	6.98%

* *Notes: (L) Long Position, (S) Short Positions, (P) Lending Pool*

Note 1: Zhao Huxiang, Zhang Jianwei, Tao Suyun, Li Jianzhang and Liu Jinghua are directors or employees of SINOTRANS & CSC which is the controlling shareholder of the Company. The 88,000,000 H Shares are held by Sinotrans (Hong Kong) Holdings Ltd., a wholly-owned subsidiary of SINOTRANS & CSC.

Note 2: Note 2:This includes 201,852,000 Shares held by Deutsche Post Beteilgungen GmBH ("Deutsche GmBH") and 35,616,000 shares held by DHL Supply Chain (Hong Kong) Limited. Deutsche GmBH and DHL EXEL Supply Chain (Hong Kong) Limited are both 100% held by Deutsche Post AG.

Save as disclosed above, based on the register maintained by the Company as required under section 336 of the Securities and Futures Ordinance, as at 31 December 2013, so far as was known to the directors of the Company, there were no other person (other than a director or supervisor) who had any 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 Securities and Futures Ordinance.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

So far as was known to the directors of the Company, there was no purchase, sale or redemption of H Shares by any member of the Group during the year ended 31 December 2013.

DIRECTORS AND SUPERVISORS

As at 31 December 2013, the directors and supervisors of the Company were as follows:

Name	Date of Appointment
Executive directors:	
Zhao Huxiang	3 March 2006
Zhang Jianwei	19 November 2002
Tao Suyun	19 November 2002
Li Jianzhang	18 June 2003
Non-executive directors:	
Wu Dongming	7 June 2012
Liu Jinghua	18 June 2003
Jerry Hsu	18 June 2003
Independent non-executive directors:	
Guo Minjie	31 August 2012
Lu Zhengfei	27 September 2004
Liu Kegu	30 December 2011 (for a term of three years with effect from 19th November 2011).
Liu Junhai	28 December 2012
Supervisors:	
Jiang Jian	30 April 2009
Shen Xiaobin	12 June 2008
Independent Supervisor:	
Zhou Fangsheng	30 December 2011 (for a term of three years with effect from 19th November 2011)

Pursuant to the Articles of Association of the Company, all directors and supervisors are appointed for a term of office of three years and are eligible for re-election upon expiry of term of office.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes to directors and senior management of the Company were as follows:

Mr. Li Guanpeng was appointed as the Vice President of the Company on 21 August, 2013. Mr. Li has been appointed as the president of the Company with effect from 8 February 2014.

Mr. Lu Zhengfei was re-elected as an independent non-executive director of the Company on 30 August, 2013 and Mr. Lu's appointment will be for three years with effect from 18 October, 2013.

Mr. Shen Xiaobin ceased to act as the staff representative supervisor of the Company due to the change of his position in the Company with effect from 14 January 2014. The Board would like to take this opportunity to extend its appreciation to Mr. Shen for his valuable contribution to the Company during his tenure of office.

On 14 January 2014, Ms. Ren Dongxiao has been elected by the Company's staff as the staff representative of the supervisory committee.

Mr. Jiang Jian has resigned as the supervisor of the Company and the chairman of the supervisory committee of the Company due to the change of his position with effect from 8 February 2014.

Mr. Wu Dongming has resigned as the non-executive director of the Company due to the change of his position with effect from 8 February 2014.

Mr. Zhang Jianwei has resigned as the president of the Company due to the change of his position, but will remains an executive director of the Company with effect from 8 February 2014.

Mr. Jiang Jian and Mr. Li Shichen were appointed as vice-presidents of the Company with effect from 8 February 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of directors, supervisors and senior management are set out on pages 40 to 45.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS AND REMUNERATION

Each of the executive directors of the Company has entered into a service contract with the Company for a term of three years.

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any director or supervisor.

Details of the remuneration of the directors and the senior managements of the Company are set out in Note 7 to the financial statements.

Remuneration of the directors is determined based on the director's duties, responsibilities, experience and the Group's performance.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2013, none of the directors, chief executive, supervisors or their associates had any interests in any shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register kept by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

For the twelve months ended 31 December 2013, none of the directors or supervisors had any material interests in any contract of significance the Company to which the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries was a party.

During the year, no remuneration was paid by the Group to the directors or the five individuals with the highest emolument as an inducement to join or upon joining the Group or as compensation for loss of office.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESSES

Zhao Huxiang, Zhang Jianwei, Tao Suyun, Li Jianzhang and Liu Jinghua are directors or employees of Sinotrans & CSC which is the controlling shareholder of the Company. Certain subsidiaries of Sinotrans & CSC Group 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 Group and the Group and the non-competition agreement entered into between Sinotrans & CSC Group and the Company on 14 January 2003 are referred to in the section headed ''Relationship with Sinotans & CSC Group'' in the prospectus of the Company dated 29th January 2003.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the twelve months ended 31 December 2013 was the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries a party to any arrangement which would enable the Company's directors or supervisors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

MATERIAL CONTRACTS WITH SINOTRANS & CSC

SINOTRANS & CSC Holdings Co., Ltd. is the controlling shareholder of the Company. Since its listing, pursuant to the relevant requirements of the Listing Rules, the Company entered into written agreements with the controlling shareholder in respect of certain continuing connected transactions for a term of no more than three years, determining an annual cap for each connected transaction. On 1 November 2011, the Company renewed the Master Business Services Agreement and Property Lease Agreement with SINOTRANS & CSC Holdings Co., Ltd. in order to regulate the provision of transportation and logistics services by the Group to SINOTRANS & CSC Holdings Co., Ltd. and its subsidiaries and vice versa, as well as the Group's leasing from SINOTRANS & CSC Holdings Co., Ltd. and its subsidiaries certain office premises and other properties. Both of the Master Business Services Agreement and Property Lease Agreement are for a term of three years commencing on 1 January 2012 and ending on 31 December 2014.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MATERIAL LITIGATION AND CONTINGENT LIABILITIES

Details of the Group's litigation and contingent liabilities as at 31 December 2013 are set out in Note 42 to the financial statements.

PENSION SCHEMES

Details of the Group's pension schemes for the year ended 31 December 2013 are set out in Notes 3 and Note 8 to the financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any particulars of tax relief and exemption available to shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of the Company or the laws of the PRC.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, the directors acknowledge that, based on publicly available information and to the knowledge of the directors, the Company has sufficient public float as required under the Listing Rules.

Report of the Directors

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

The Company has reviewed and adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the period from 1 January 2013 to 31 December 2013 as our code on corporate governance, details of which are set out on page 22 to 39, Report on Corporate Governance in the Annual Report.

The Company has also adopted the Model Code set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry, all directors and supervisors of the Company confirmed that they have complied with the Model Code and its code of conduct regarding directors' securities transactions during the reporting period.

As of 31 December 2013, Mr.Guo Minjie, Mr. Lu Zhengfei, Mr. Liu Kegu and Mr. Liu Junhai were the independent non-executive directors of the Company. The Company has received the annual confirmation from each of the independent non-executive directors in respect of their independence and considered that the above independent non-executive directors are independent.

SIGNIFICANT POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in Note 48 to the financial statements.

AUDIT COMMITTEE

The principal functions of the audit committee include the appointment of external auditors, the review and supervision of the Group's financial reporting process and internal controls as well as the offer of advice and recommendations to the Board. As of 31 December 2013, the audit committee comprised of one non-executive director and four independent non-executive directors, namely Mr. Liu Kegu, Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Liu Junhai and Ms. Liu Jinghua with Mr. Liu Kegu as the chairman of the committee.

The Group's annual results for the year ended 31 December 2013 have been reviewed by the Audit Committee.

AUDITORS

Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP were the international and the PRC auditors of the Company respectively for the year ended 31 December 2013.

By Order of the Board

Zhao Huxiang
Chairman

Beijing, the PRC
25 March 2014

Report of the Supervisory Committee

Dear Shareholders,

During the year ended 31 December 2013, the Supervisory Committee (the "Committee") performed its duties, undertook various tasks in a proactive and diligent manner in the principle of due care and good faith and supervised the legal compliance of the operations of the Company in a legal and effective manner, so as to ensure that the Company complied with the Company Law of the People's Republic of China, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the ''Listing Rules''), the Articles of Association of the Company and other relevant laws and regulations, thereby safeguarding the lawful interests of the Company and the shareholders.

In 2013, the major duties of the Committee are to convene Supervisory Committee meeting; to attend Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meetings and Corporation Governance Committee Meetings; to conduct on-site supervision and inspection towards operating results of subsidiaries and to effectively supervise that the policies and decisions made by the Board are in compliance with the laws and regulations of the State, the Listing Rules and the Articles of Association of the Company and are in the interest of the shareholders.

The Committee is of the opinion that the Company had a normal and disciplined operation and the directors and the senior management had observed the laws and regulations as well as the Articles of Association of the Company in performing their duties, and that the report of the directors for the year ended 31 December 2013 reflected the true position of the Company. Charged by their accountability to shareholders, the Board and the senior management of the Company have discharged their respective duties in a diligent manner in diligence and with dedication, and have accomplished the mission entrusted by delivering satisfactory operating results and handsome returns to the shareholders through the implementation of a strategy of steady development in the context of global economic downturn and continuing difficult situation of the export-oriented enterprises. The Committee is satisfied with the performance and economic efficiency achieved by the Company for 2013 and is fully confident about the Company's future prospects and development.

The Committee has carefully reviewed the financial statements prepared in accordance with International Financial Reporting Standards as well as the Chinese Accounting Standard for Business Enterprises that the financial statements reflect a true and fair view of the financial position and results of operations of the Company.

In order to safeguard the lawful interests of the Company and the shareholders, the Committee will, as in the past, continue to perform its duties and put a stronger emphasis on supervision to realize a stable, healthy and sustainable development of the Company.

The Supervisory Committee

Beijing, the PRC
25 March, 2014

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the annual general meeting (the "Annual General Meeting") of Sinotrans Limited (the "Company") for the year 2013 will be held at the Meeting Room, 13th Floor, Sinotrans Plaza A, A43, Xizhimen Beidajie, Haidian District, Beijing 100044, the People's Republic of China on 16 May, 2014 at 9:30 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To review and approve the report of the board of directors for the year ended 31 December 2013.

2. To review and approve the report of the supervisory committee for the year ended 31 December 2013.

3. To review and consider the audited accounts of the Company and the auditors' report for the year ended 31 December 2013.

4. To review and approve the profit distribution proposal and final dividend of the Company for the year ended 31 December 2013.

5. To authorise the Board of directors of the Company to decide on matters relating to the declaration, payment and recommendation of interim or special dividends for the year 2014.

6. To Re-appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the RRC auditor and International auditor of the Company for the year 2014, and to authorise the board of directors of the Company to fix their remuneration.

SPECIAL RESOLUTIONS

To consider and, if thought fit, pass with or without amendments, the following resolutions as special resolutions:

7. "**THAT**:

   (a) subject to paragraph 7(c) below and compliance with all applicable laws and regulations of the People's Republic of China, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with additional H shares ("H Shares") or domestic shares ("Domestic Shares") in the capital of the Company in each case and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;

(b) the approval in paragraph 7(a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

(c) the aggregate nominal amount of H Share or domestic share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) in each case by the Directors pursuant to the approval in paragraph 7(a) above shall not exceed 20 per cent. of the aggregate nominal amount of each of the H Share or domestic share capital of the Company in issue in each case as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of next annual general meeting of the Company; or

(ii) the expiration of the 12-month period following the passing of this resolution; or

(iii) the revocation or variation of this resolution by a special resolution of the shareholders of the Company in general meeting."

8. "**THAT**:

(a) subject to (i) paragraph 8(b) below and compliance with all applicable laws and regulations of the People's Republic of China; and (ii) the passing of a special resolution by the holders of H Shares in a class meeting ("H Shares Class Meeting") and the passing of a special resolution by the holders of Domestic Shares in a class meeting ("Domestic Shares Class Meeting") to confer the authority to Directors contemplated in this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its H Shares be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of H shares in the capital of the Company to be purchased pursuant to the approval in paragraph 8(a) above shall not exceed 10 percent. of the aggregate nominal amount of the H shares in the capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

Notice of Annual General Meeting

(c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of next annual general meeting of the Company; or

(ii) the expiration of the 12-month period following the passing of this resolution; or

(iii) the revocation or variation of this resolution by a special resolution of the shareholders of the Company in general meeting."

By order of the Board
Sinotrans Limited
Gao Wei
Company Secretary

Beijing, China
31 March, 2014

Registered Office
Sinotrans Plaza A
A43, Xizhimen Beidajie
Beijing 100044, China

Notes:

1. The Register of Members of the Company will be closed from 16 April, 2014 to 16 May, 2014, both days inclusive, during which period no share transfers will be registered. To qualify for any of attendance at the Annual General Meeting, the H Shares Class Meeting and/or the Domestic Shares Class 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 April, 2014, for registration.

2. Shareholders intending to attend the Annual 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 4:30 p.m. on 26 April, 2014.

3. Shareholders entitled to attend and vote at the Annual 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 Annual General Meeting.

5. The board of directors of the Company has recommended the payment of a final dividend of RMB0.05 per share, subject to passing of the resolution authorizing the board of directors to propose, declare or pay the final dividend for 2013 by shareholders at the Annual General Meeting to be held in 2014. The recommended final dividend will be paid on or before 11 July, 2014 to the shareholders as registered at the close of business on 27 May, 2014. The record date for the recommended final dividend is at the close of business on 27 May, 2014. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 22 May, 2014 to 27 May, 2014, both days inclusive. In order to qualify for the recommended final dividend, all share 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 at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 21 May, 2014, for registration.

6. Pursuant to the Articles of the Company, dividends payable to the holders of Domestic Shares will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares will be paid in Hong Kong dollars ("HK$"). The exchange rate for dividends payable in HK$ is the mean average exchange rate of RMB to HK$ published by the People's Bank of China during the week (18 March 2014 to 25 March 2014) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7912. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0632.

7. In accordance to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which took effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at a tax rate of 10% on behalf of non-resident corporate shareholders on its H share register when making payments of final dividend to these shareholders. Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees or other organizations or bodies shall be deemed as shares held by non-resident corporate shareholders. Such shareholders will receive their dividend net of the enterprise income tax.

   The Company will withhold and pay on behalf of the Individual H Shareholders the income tax in accordance with the tax regulations of the People's Republic of China. Pursuant to the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by The Stock Exchange of Hong Kong Limited to the issuers on 4 July 2011, for non-foreign investment companies of the Mainland which are listed in Hong Kong distributing dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10%. They do not have to make any applications for entitlement to the above-mentioned tax rate. However, for shareholders who are residents of other countries and whose home countries have reached an agreement with China on an applicable withholding tax rate higher or lower than 10%, they have to follow the bilateral tax agreement in paying tax in connection with dividends paid by Mainland companies listed in Hong Kong. When making payments of dividend, the Company acting like a withholding agent in general will withhold 10% of the dividend on behalf of the individual H shareholders as individual income tax. Unless otherwise specified by the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividend in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

8. As at the date of this notice, Zhao Huxiang, Zhang Jianwei, Tao Suyun and Li Guanpeng are executive directors of the Company; Wang Lin, Yu Jianmin and Jerry Hsu are non-executive directors of the Company; and Guo Minjie, Lu Zhengfei, Liu Kegu and Liu Junhai are independent non-executive directors of the Company.

Notice of H Shares Class Meeting

NOTICE IS HEREBY GIVEN that a class meeting for holders of H shares in the capital of the Company (the "H Shares Class Meeting") of Sinotrans Limited (the "Company") will be held at the Meeting Room, 13th Floor, Sinotrans Plaza A, A43, Xizhimen Beidajie, Haidian District, Beijing 100044, the People's Republic of China on 16 May, 2014 at 10: 00 a.m. or immediately after the conclusion of the annual general meeting ("Annual General Meeting") of the Company to be held on the same day at 9: 30 a.m. for the following purposes:

SPECIAL RESOLUTION

To consider and, if thought fit, pass with or without amendments, the following resolution as special resolution:

"**THAT**:

(a) subject to (i) paragraph (b) below and compliance with all applicable laws and regulations of the People's Republic of China; and (ii) the passing of a special resolution by the shareholders of the Company at the Annual General Meeting and the passing of a special resolution by the holders of domestic shares ("Domestic Shares") in the capital of the Company in a class meeting ("Domestic Shares Class Meeting") to confer the authority to Directors contemplated in this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its H shares in the capital of the Company be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of H shares in the capital of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 percent. of the aggregate nominal amount of the H shares in the capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of next annual general meeting of the Company; or

(ii) the expiration of the 12-month period following the passing of this resolution; or

(iii) the revocation or variation of this resolution by a special resolution of the shareholders of the Company in general meeting."

By order of the Board
Sinotrans Limited
Gao Wei
Company Secretary

Beijing, China
31 March, 2014

Registered Office
Sinotrans Plaza A
A43, Xizhimen Beidajie
Beijing 100044, China

Notes:

1. The Register of Members of the Company will be closed from 16 April, 2014 to 16 May, 2014, both days inclusive, during which period no share transfers will be registered. To qualify for any attendance at the Annual General Meeting, the H Shares Class Meeting and/or the Domestic Shares Class 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 April, 2014, for registration.

2. Shareholders intending to attend the H Shares Class 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 4:30 p.m. on 26 April 2014.

3. Shareholders entitled to attend and vote at the H Shares Class 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 H Shares Class Meeting.

5. The board of directors of the Company has recommended the payment of a final dividend of RMB0.05 per share, subject to passing of the resolution authorizing the board of directors to propose, declare or pay the final dividend for 2013 by shareholders at the Annual General Meeting to be held in 2014. The recommended final dividend will be paid on or before 11 July, 2014 to the shareholders as registered at the close of business on 27 May, 2014. The record date for the recommended final dividend is at the close of business on 27 May, 2014. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 22 May, 2014 to 27 May, 2014, both days inclusive. In order to qualify for the recommended final dividend, all share 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 at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 21 May, 2014, for registration.

6. Pursuant to the Articles of the Company, dividends payable to the holders of Domestic Shares will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares will be paid in Hong Kong dollars ("HK$"). The exchange rate for dividends payable in HK$ is the mean average exchange rate of RMB to HK$ published by the People's Bank of China during the week (18 March 2014 to 25 March 2014) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7912. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0632.

7. In accordance to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which took effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at a tax rate of 10% on behalf of non-resident corporate shareholders on its H share register when making payments of final dividend to these shareholders. Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees or other organizations or bodies shall be deemed as shares held by non-resident corporate shareholders. Such shareholders will receive their dividend net of the enterprise income tax.

   The Company will withhold and pay on behalf of the Individual H Shareholders the income tax in accordance with the tax regulations of the People's Republic of China. Pursuant to the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by The Stock Exchange of Hong Kong Limited to the issuers on 4 July 2011, for non-foreign investment companies of the Mainland which are listed in Hong Kong distributing dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10%. They do not have to make any applications for entitlement to the above-mentioned tax rate. However, for shareholders who are residents of other countries and whose home countries have reached an agreement with China on an applicable withholding tax rate higher or lower than 10%, they have to follow the bilateral tax agreement in paying tax in connection with dividends paid by Mainland companies listed in Hong Kong. When making payments of dividend, the Company acting like a withholding agent in general will withhold 10% of the dividend on behalf of the individual H shareholders as individual income tax. Unless otherwise specified by the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividend in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

8. As at the date of this notice, Zhao Huxiang, Zhang Jianwei, Tao Suyun and Li Guanpeng are executive directors of the Company; Wang Lin, Yu Jianmin and Jerry Hsu are non-executive directors of the Company; and Guo Minjie, Lu Zhengfei, Liu Kegu and Liu Junhai are independent non-executive directors of the Company.

Notice of Domestic Shares Class Meeting

NOTICE IS HEREBY GIVEN that a class meeting for holders of Domestic Shares in the capital of the Company (the "Domestic Shares Class Meeting") of Sinotrans Limited (the "Company") will be held at the Meeting Room, 13th Floor, Sinotrans Plaza A, A43, Xizhimen Beidajie, Haidian District, Beijing 100044, the People's Republic of China on 16 May, 2014 at 10: 30 a.m. or immediately after the conclusion of the class meeting ("H Shares Class Meeting") for holders of H shares in the capital of the Company to be held on the same day at 10: 00 a.m. for the following purposes:

SPECIAL RESOLUTION

To consider and, if thought fit, pass with or without amendments, the following resolution as special resolution:

"**THAT**:

(a) subject to (i) paragraph (b) below and compliance with all applicable laws and regulations of the People's Republic of China; and (ii) the passing of a special resolution by the shareholders of the Company at the Annual General Meeting (the "Annual General Meeting") and the passing of a special resolution at the H Shares Class Meeting to confer the authority to Directors contemplated in this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its H shares in the capital of the Company be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of H shares in the capital of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10 percent. of the aggregate nominal amount of the H shares in the capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(c) for the purposes of this resolution:

"Relevant Period" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of next annual general meeting of the Company; or

(ii) the expiration of the 12-month period following the passing of this resolution; or

(iii) the revocation or variation of this resolution by a special resolution of the shareholders of the Company in general meeting."

By order of the Board
Sinotrans Limited
Gao Wei
Company Secretary

Beijing, China
31 March, 2014

Registered Office
Sinotrans Plaza A
A43, Xizhimen Beidajie
Beijing 100044, China

Notes:

1. The Register of Members of the Company will be closed from 16 April, 2014 to 16 May, 2014, both days inclusive, during which period no share transfers will be registered. To qualify for any of the final dividend, attendance at the Annual General Meeting, the H Shares Class Meeting and/or the Domestic Shares Class 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, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 April, 2014, for registration.

2. Shareholders intending to attend the Domestic Shares Class 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 4:30 p.m. on 26 April, 2014.

3. Shareholders entitled to attend and vote at the Domestic Shares Class 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 Domestic Shares Class Meeting.

5. The board of directors of the Company has recommended the payment of a final dividend of RMB0.05 per share, subject to passing of the resolution authorizing the board of directors to propose, declare or pay the final dividend for 2013 by shareholders at the Annual General Meeting to be held in 2014. The recommended final dividend will be paid on or before 11 July, 2014 to the shareholders as registered at the close of business on 27 May, 2014. The record date for the recommended final dividend is at the close of business on 27 May, 2014. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 22 May, 2014 to 27 May, 2014, both days inclusive. In order to qualify for the recommended final dividend, all share 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 at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 21 May, 2014, for registration.

6. Pursuant to the Articles of the Company, dividends payable to the holders of Domestic Shares will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares will be paid in Hong Kong dollars ("HK$"). The exchange rate for dividends payable in HK$ is the mean average exchange rate of RMB to HK$ published by the People's Bank of China during the week (18 March 2014 to 25 March 2014) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7912. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0632.

7. In accordance to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which took effect on 1 January 2008, the Company is obliged to withhold and pay enterprise income tax at a tax rate of 10% on behalf of non-resident corporate shareholders on its H share register when making payments of final dividend to these shareholders. Shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees or trustees or other organizations or bodies shall be deemed as shares held by non-resident corporate shareholders. Such shareholders will receive their dividend net of the enterprise income tax.

   The Company will withhold and pay on behalf of the Individual H Shareholders the income tax in accordance with the tax regulations of the People's Republic of China. Pursuant to the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by The Stock Exchange of Hong Kong Limited to the issuers on 4 July 2011, for non-foreign investment companies of the Mainland which are listed in Hong Kong distributing dividends to their shareholders, the individual shareholders in general will be subject to a withholding tax rate of 10%. They do not have to make any applications for entitlement to the above-mentioned tax rate. However, for shareholders who are residents of other countries and whose home countries have reached an agreement with China on an applicable withholding tax rate higher or lower than 10%, they have to follow the bilateral tax agreement in paying tax in connection with dividends paid by Mainland companies listed in Hong Kong. When making payments of dividend, the Company acting like a withholding agent in general will withhold 10% of the dividend on behalf of the individual H shareholders as individual income tax. Unless otherwise specified by the relevant tax regulations and tax agreements, in which case the Company will withhold individual income tax of such dividend in accordance with the tax rates and according to the relevant procedures as specified by the relevant regulations.

8. As at the date of this notice, Zhao Huxiang, Zhang Jianwei, Tao Suyun and Li Guanpeng are executive directors of the Company; Wang Lin, Yu Jianmin and Jerry Hsu are non-executive directors of the Company; and Guo Minjie, Lu Zhengfei, Liu Kegu and Liu Junhai are independent non-executive directors of the Company.

Independent Auditor's Report

Deloitte.
德勤

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway
Hong Kong

TO THE SHAREHOLDERS OF SINOTRANS LIMITED
(incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Sinotrans Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 168, which comprise the consolidated and Company's statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	Note	For the year ended 31 December 2013 RMB'000	2012 RMB'000
Revenue	6	47,768,939	47,482,015
Other income		161,079	148,154
Business tax and other surcharges		(102,136)	(267,167)
Transportation and related charges		(39,845,553)	(39,625,099)
Staff costs	8	(2,924,663)	(2,724,717)
Depreciation and amortisation		(512,931)	(474,707)
Repairs and maintenance		(196,764)	(193,037)
Fuel		(1,340,967)	(1,503,112)
Travel and promotional expenses		(362,663)	(371,931)
Office and communication expenses		(184,014)	(202,071)
Rental expenses		(908,240)	(989,075)
Other losses, net	9	(90,030)	(18,548)
Other operating expenses		(433,624)	(577,810)
Operating profit	10	1,028,433	682,895
Finance income	11	103,821	126,171
Finance costs	11	(299,697)	(322,335)
		832,557	486,731
Share of profit of joint ventures	21	648,783	704,141
Share of profit of associates	22	5,046	42,318
Profit before income tax		1,486,386	1,233,190
Income tax expense	12	(335,736)	(322,358)
Profit for the year		1,150,650	910,832
Profit attributable to			
– Owners of the Company		844,459	649,054
– Non-controlling interests		306,191	261,778
		1,150,650	910,832
Earnings per share, basic (RMB)	15	0.20	0.15

The notes on pages 77 to 168 are an integral part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	For the year ended 31 December 2013 RMB'000	2012 RMB'000
Profit for the year	1,150,650	910,832
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Share of other comprehensive (losses)/income of joint ventures	(224)	448
Share of other comprehensive losses of associates	(11,374)	(3,412)
Fair value (losses)/gains on available-for-sale financial assets, net of tax		
– (Losses)/gains arising during the year	(172,739)	11,279
– Less: reclassification adjustments for cumulative losses included in profit or loss upon disposal	1,606	–
Currency translation differences	(13,252)	3,894
Other comprehensive (losses)/income for the year, net of tax	(195,983)	12,209
Total comprehensive income for the year	954,667	923,041
Total comprehensive income attributable to		
– Owners of the Company	711,005	657,369
– Non-controlling interests	243,662	265,672
	954,667	923,041

The notes on pages 77 to 168 are an integral part of these consolidated financial statements.

Consolidated
Statement of Financial Position

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Land use rights	16	2,447,264	2,352,796
Prepayments for acquisition of land use rights	17	218,729	73,700
Property, plant and equipment	18	7,106,583	6,367,384
Intangible assets	19	109,835	96,997
Investments in joint ventures	21	2,398,520	2,374,111
Investments in associates	22	906,563	973,655
Deferred income tax assets	12	148,779	103,119
Available-for-sale financial assets	25	1,157,817	1,407,204
Other non-current assets		54,719	21,172
		14,548,809	13,770,138
Current assets			
Prepayments and other current assets	27	1,138,831	1,072,874
Inventories		60,276	53,441
Trade and other receivables	28	7,865,585	8,019,438
Restricted cash	29	195,204	198,552
Term deposits with initial terms of over three months	30	810,261	579,332
Cash and cash equivalents	31	5,275,867	5,594,572
		15,346,024	15,518,209
Total assets		29,894,833	29,288,347
EQUITY			
Equity attributable to owners of the Company			
Share capital	39	4,249,002	4,249,002
Reserves		6,463,555	5,985,748
Proposed final dividends	14	212,450	127,470
		10,925,007	10,362,220
Non-controlling interests		2,492,692	2,365,492
Total equity		13,417,699	12,727,712

Consolidated
Statement of Financial Position (continued)

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	12	3,294	30,708
Provisions	34	266,386	198,028
Borrowings	32	345,784	300,617
Long-term bonds	33	3,998,853	2,544,287
Other non-current liabilities	35	180,970	173,617
		4,795,287	3,247,257
Current liabilities			
Trade payables	36	5,841,263	5,687,159
Other payables, accruals and other current liabilities	37	2,013,901	1,932,161
Receipts in advance from customers	38	1,686,364	2,179,360
Current income tax liabilities		145,468	147,063
Borrowings	32	854,863	809,514
Short-term bonds	33	–	2,022,534
Long-term bonds due within one year	33	547,527	–
Salary and welfare payables		592,461	535,587
		11,681,847	13,313,378
Total liabilities		16,477,134	16,560,635
Total equity and liabilities		29,894,833	29,288,347
Net current assets		3,664,177	2,204,831
Total assets less current liabilities		18,212,986	15,974,969

The notes on pages 77 to 168 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 67 to 168 were approved by the Board of Directors on 25 March 2014 and were signed on its behalf by:

Zhao Huxiang *Chairman*	Zhang Jianwei *Director*
Zheng Kui *Financial controller*	Wang Jiuyun *Financial Manager*

Statement of Financial Position

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	53,294	70,082
Intangible assets	19	35,467	26,637
Investments in subsidiaries	20	6,901,541	6,901,541
Investments in joint ventures	21	242,221	151,973
Investments in associates	22	102,580	118,139
Available-for-sale financial assets	25	143,692	143,692
Loans to subsidiaries	26	1,911,477	1,485,185
		9,390,272	8,897,249
Current assets			
Prepayments and other current assets	27	28,992	37,605
Inventories		4,781	4,603
Trade and other receivables	28	4,736,833	4,541,824
Restricted cash	29	800	800
Cash and cash equivalents	31	744,339	1,183,209
		5,515,745	5,768,041
Total assets		14,906,017	14,665,290
EQUITY			
Equity attributable to owners of the Company			
Share capital	39	4,249,002	4,249,002
Reserves	40	3,318,069	2,972,517
Proposed final dividends	14	212,450	127,470
Total equity		7,779,521	7,348,989

Statement
of Financial Position (continued)

As at 31 December 2013

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
LIABILITIES			
Non-current liabilities			
Provisions	34	7,118	6,537
Long-term bonds	33	3,998,853	2,497,558
		4,005,971	2,504,095
Current liabilities			
Trade payables	36	283,617	316,068
Other payables, accruals and other current liabilities	37	1,992,092	2,189,280
Receipts in advance from customers		35,867	20,953
Borrowings	32	166,613	126,163
Short-term bonds	33	–	2,022,534
Long-term bonds due within one year	33	499,017	–
Salary and welfare payables		143,319	137,208
		3,120,525	4,812,206
Total liabilities		7,126,496	7,316,301
Total equity and liabilities		14,906,017	14,665,290
Net current assets		2,395,220	955,835
Total assets less current liabilities		11,785,492	9,853,084

The notes on pages 77 to 168 are an integral part of this financial statement.

Consolidated
Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (Note 40)	Statutory surplus reserve RMB'000 (Note 40)	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2013	4,249,002	1,595,572	377,442	56,977	(38,692)	4,121,919	10,362,220	2,365,492	12,727,712
Profit for the year	–	–	–	–	–	844,459	844,459	306,191	1,150,650
Other comprehensive income									
– Fair value losses on available-for-sale financial assets, net of income tax	–	–	–	(108,604)	–	–	(108,604)	(62,529)	(171,133)
– Share of other comprehensive losses of joint ventures	–	(224)	–	–	–	–	(224)	–	(224)
– Share of other comprehensive income of associates	–	2,313	–	–	(13,687)	–	(11,374)	–	(11,374)
– Currency translation differences	–	–	–	–	(13,252)	–	(13,252)	–	(13,252)
Total other comprehensive income for the year	–	2,089	–	(108,604)	(26,939)	–	(133,454)	(62,529)	(195,983)
Total comprehensive income for the year	–	2,089	–	(108,604)	(26,939)	844,459	711,005	243,662	954,667
Transactions with owners									
– 2012 final dividends (Note 14)	–	–	–	–	–	(127,470)	(127,470)	–	(127,470)
– Dividends declared to non-controlling interests	–	–	–	–	–	–	–	(110,152)	(110,152)
– Capital injection from non-controlling interests of subsidiaries	–	20	–	–	–	–	20	42,922	42,942
– Acquisition of additional equity interests in subsidiaries from non-controlling interests (Note 20)	–	(20,768)	–	–	–	–	(20,768)	(49,232)	(70,000)
Total transactions with owners	–	(20,748)	–	–	–	(127,470)	(148,218)	(116,462)	(264,680)
Transfer to statutory reserve (Note 40)	–	–	57,013	–	–	(57,013)	–	–	–
As at 31 December 2013	4,249,002	1,576,913	434,455	(51,627)	(65,631)	4,781,895	10,925,007	2,492,692	13,417,699
Representing									
– Share capital and reserves	4,249,002	1,576,913	434,455	(51,627)	(65,631)	4,569,445	10,712,557	2,492,692	13,205,249
– 2013 proposed final dividends (Note 14)	–	–	–	–	–	212,450	212,450	–	212,450
As at 31 December 2013	4,249,002	1,576,913	434,455	(51,627)	(65,631)	4,781,895	10,925,007	2,492,692	13,417,699

Consolidated
Statement of Changes in Equity (continued)

For the year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Investment revaluation reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2012	4,249,002	1,632,946	352,532	49,819	(39,849)	3,540,265	9,784,715	2,200,154	11,984,869
Profit for the year	–	–	–	–	–	649,054	649,054	261,778	910,832
Other comprehensive income									
– Fair value gain on available-for-sale financial assets, net of income tax	–	–	–	7,158	–	–	7,158	4,121	11,279
– Share of other comprehensive income of joint ventures	–	–	–	–	448	–	448	–	448
– Share of other comprehensive losses of associates	–	–	–	–	(3,412)	–	(3,412)	–	(3,412)
– Currency translation differences	–	–	–	–	4,121	–	4,121	(227)	3,894
Total other comprehensive income for the year	–	–	–	7,158	1,157	–	8,315	3,894	12,209
Total comprehensive income for the year	–	–	–	7,158	1,157	649,054	657,369	265,672	923,041
Transactions with owners									
– 2011 final dividends (Note 14)	–	–	–	–	–	(42,490)	(42,490)	–	(42,490)
– Dividends declared to non-controlling interests	–	–	–	–	–	–	–	(114,045)	(114,045)
– Capital injection from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	40,996	40,996
– Acquisition of additional equity interests in subsidiaries from non-controlling interests	–	(2,917)	–	–	–	–	(2,917)	(27,285)	(30,202)
Total transactions with owners	–	(2,917)	–	–	–	(42,490)	(45,407)	(100,334)	(145,741)
Transfer to statutory reserve (Note 40)	–	–	24,910	–	–	(24,910)	–	–	–
Share of reserve of an associate	–	(34,457)	–	–	–	–	(34,457)	–	(34,457)
As at 31 December 2012	4,249,002	1,595,572	377,442	56,977	(38,692)	4,121,919	10,362,220	2,365,492	12,727,712
Representing									
– Share capital and reserves	4,249,002	1,595,572	377,442	56,977	(38,692)	3,994,449	10,234,750	2,365,492	12,600,242
– 2012 proposed final dividends (Note 14)	–	–	–	–	–	127,470	127,470	–	127,470
As at 31 December 2012	4,249,002	1,595,572	377,442	56,977	(38,692)	4,121,919	10,362,220	2,365,492	12,727,712

The notes on pages 77 to 168 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	For the year ended 31 December 2013 RMB'000	2012 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	41	1,664,912	690,432
Income tax paid		(352,214)	(309,056)
NET CASH FROM OPERATING ACTIVITIES		1,312,698	381,376
INVESTING ACTIVITIES			
Net cash outflow on acquisition of a subsidiary		–	(5,000)
Cash paid for capital injection/purchase of joint ventures		(109,434)	(526,530)
Cash paid for capital injection/purchase of associates		(1,537)	–
Government grants received for acquisition of non-current assets		23,002	77,495
Proceeds from liquidation/disposal of joint ventures		13,512	74,352
Proceeds from liquidation of associates		16,306	–
Proceeds from disposal of available-for-sale financial assets		424,047	311,558
Proceeds from disposal of financial assets at fair value through profit or loss		50,225	–
Proceeds from disposal of property, plant and equipment		64,027	117,832
Proceeds from disposal of intangible assets		823	–
Proceeds from disposal of land use rights		20,000	12,872
Purchase of property, plant and equipment		(1,387,424)	(1,316,309)
Purchase of intangible assets		(13,878)	(13,415)
Purchase of land use rights		(173,153)	(153,110)
Purchase of available-for-sale financial assets		(450,000)	(180,000)
Purchase of financial assets at fair value through profit or loss		(50,000)	–
Purchase of other non-current assets		(11,583)	(12,326)
Cash paid for acquisition of land use rights		(205,797)	(14,851)
Increase in term deposits with initial terms of over three months		(230,929)	(160,859)
Interest income received		58,111	128,361
Dividends received from associates		42,416	57,647
Dividends received from joint ventures		723,367	512,144
Dividend income on available-for-sale financial assets		8,328	10,905
Investment cost paid to ultimate holding company		–	(189,285)
Payment under guarantee arrangement for a joint venture		–	(55,877)
Decrease in restricted cash		–	134,000
Prepayments for acquisition of a subsidiary		(30,000)	–
NET CASH USED IN INVESTING ACTIVITIES		(1,219,571)	(1,190,396)

Consolidated
Statement of Cash Flows (continued)

For the year ended 31 December 2013

	Note	For the year ended 31 December 2013 RMB'000	2012 RMB'000
FINANCING ACTIVITIES			
New bank borrowings		1,326,875	2,976,246
Repayments of bank borrowings		(1,236,359)	(3,197,172)
Cash received from short-term bonds issued		2,000,000	2,000,000
Cash paid for issue costs of short-term bonds		–	(1,800)
Repayment of short-term bonds		(4,000,000)	(2,300,000)
Cash received from long-term bonds issued		2,000,000	2,000,000
Cash paid for issue costs of long-term bonds		(4,910)	(3,780)
Advance from ultimate holding company and fellow subsidiaries		91,454	1,300,000
Repayments to ultimate holding company and fellow subsidiaries		–	(1,440,000)
Interest paid for borrowings		(70,523)	(124,363)
Interest paid for short-term bonds		(101,441)	(136,620)
Interest paid for long-term bonds		(126,858)	(58,045)
Dividends paid to the Company's shareholders		(127,470)	(42,490)
Dividends paid to non-controlling shareholders of subsidiaries		(115,722)	(109,819)
Contributions from non-controlling shareholders of subsidiaries		42,942	40,996
Decrease in restricted cash		3,348	17,087
Acquisition of additional equity interests in subsidiaries from non-controlling shareholders		(70,000)	(30,202)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		(388,664)	890,038
Exchange losses on cash and cash equivalents		(23,168)	(7,491)
Net (decrease)/increase in cash and cash equivalents		(318,705)	73,527
Cash and cash equivalents as at 1 January		5,594,572	5,521,045
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	31	5,275,867	5,594,572

The notes on pages 77 to 168 are an integral part of these consolidated financial statements.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

1. GENERAL INFORMATION

Sinotrans Limited (the "Company") was established in the People's Republic of China (the "PRC") on 20 November 2002 as a joint stock company with limited liability as a result of a group reorganisation of China National Foreign Trade Transportation (Group) Corporation ("Sinotrans Group Company") in preparation for the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"). In 2009, the former Sinotrans Group Company changed its name to SINOTRANS & CSC Holding Co., Ltd. ("SINOTRANS & CSC") after it merged with China Changjiang National Shipping (Group) Corporation.

The principal activities of the Company and its subsidiaries (together, the "Group") include freight forwarding, shipping agency, marine transportation, storage and terminal services, and other services such as truck transportation. The Group has operations mainly in the PRC.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

The directors of the Company (the "Directors") regard SINOTRANS & CSC, an unlisted state-owned company established in the PRC, as the immediate and ultimate holding company of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied the following new and revised International Financial Reporting Standards ("IFRS") for the first time in the current year:

- IFRS 7 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 1 (Amendments) – Presentation of Items of Other Comprehensive Income
- IAS 19 (Revised in 2011) – Employee Benefits
- IAS 27 (Revised in 2011) – Separate Financial Statements
- IAS 28 (Revised in 2011) – Investments in Associates and Joint Ventures
- IFRS 10 (Amendments), IFRS 11 (Amendments) and IFRS 12 (Amendments) – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- Amendments to IFRSs – Annual Improvements to IFRSs 2009-2011 Cycle
- IAS 36 (Amendments) – Recoverable Amount Disclosures for Non-Financial Assets

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 7 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The amendments to IFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements, but has resulted in more disclosures relating to the group's offsetting arrangements, detailed disclosures are set out in note 47.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (Revised in 2011) Separate Financial Statements and IAS 28 (Revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to IFRS 10, IFRS 11 and IFRS 12 regarding transitional guidance.

The impact of the application of these standards is set out below.

IFRS 10 – Consolidated Financial Statements

IFRS 10 introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns. The Group re-assessed its involvement with its investees and concluded it has power to direct relevant activities of its subsidiaries to affect the amount of returns. The adoption of IFRS10 does not have any material impact on the financial position and financial results of the Group.

IFRS 11 – Joint Arrangements

IFRS 11 requires joint arrangements be classified as joint operations or joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

As a result of the adoption of IFRS 11, the Group re-assessed its involvement in its joint arrangements and concluded its investments in joint arrangements are joint ventures. The adoption of IFRS 11 does not have any material impact on the financial position and the financial result of the Group.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see Notes 20, 21 and 22).

IFRS 13 – Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement requirements prospectively. For disclosure purpose, comparative information has been provided for better understanding. Other than the additional disclosures, the application of IFRS13 does not have any material impact on the financial position and the financial result of the Group. Disclosures of fair value information are set out in Note 4.

IAS 1 (Amendments) – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, a "statement of comprehensive income" is renamed as a "statement of profit or loss and other comprehensive income" and an "income statement' is renamed as a "statement of profit or loss". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

IAS 36 (Amendments) – Recoverable Amount Disclosures for Non-Financial Assets

The Group has early applied the amendments to IAS 36 in the current year in advance of its effective date (annual period beginning on or after 1 January 2014).

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal. The Group has prepared relevant disclosures in accordance with the requirement of the amendments to this standard.

Except as described above, the application of the other new and revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards, interpretations and amendments to existing standards that are not yet effective and have not been early adopted by the Group

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 10 (Amendments), IFRS 12 (Amendments), and IAS 27 (Amendments) – Investment Entities[1]
- IAS 19 (Amendments) – Defined Benefit Plans: Employee Contributions[2]
- IFRS 9 (Amendments) and IFRS 7 (Amendments) – Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
- IAS 32 (Amendments) – Offsetting Financial Assets and Financial Liabilities[1]
- IAS 39 (Amendments) – Novation of Derivatives and Continuation of Hedge Accounting[1]
- Amendments to IFRSs – Annual Improvements to IFRSs 2010-2012 Cycle[4]
- Amendments to IFRSs – Annual Improvements to IFRSs 2011-2013 Cycle[2]
- IFRS 9 – Financial instruments[3]
- IFRS 14 – Regulatory Deferral Accounts[5]
- IFRS Interpretations Committee ("IFRIC") 21 – Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Available for application – the mandatory effective date will be determined when the outstanding phases of IFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[5] Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

The Group is in the process of making an assessment of the impact of these amendments to standards and new standards and interpretations. So far it has concluded that the adoption of them is unlikely to result in significant impact on the financial position and the financial result of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with IFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The preparation of consolidated financial statements under IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the company and its subsidiaries. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The Group uses the acquisition method of accounting to account for business combinations, except for common control combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsidiaries (continued)

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRSs.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in the Group losing control over the subsidiaries as transactions with equity owners of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The Company accounts for investments in subsidiaries at cost less impairment. Cost includes direct attributable costs of investment.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale is accounted for using the equity method.

Upon disposal or partial disposal of the Group's interest in an associate or a joint venture in which the Group lost significant influence or joint control and discontinued the use of equity method, any retained interest that is within the scope of IAS 39 is measured at fair value on that date, the difference between the carrying amount of the associate or joint venture at the date, and the proceeds from disposing of such interest (or partial interest) in the associate or joint venture and the fair value of the retained interest is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the Group lost significant influence or joint control over the investee.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement of the previously held interest or the retained interest to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

In the Company's statement of financial position, the investments in associates and joint ventures are stated at cost less provision for impairment losses. The results of associates and joint ventures are accounted for by the Company on the basis of dividends received and receivable.

Revenue recognition

Revenue comprises the fair value of charges for the sale of services in the ordinary course of the Group's activities net of disbursements made on behalf of customers. Revenue is shown net of returns, rebates and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues are recognised on the following bases:

Freight forwarding

Revenue is recognised when the freight forwarding services are rendered, which generally coincides with the date of departure for outward freight and the date of arrival for inward freight. Where the Group effectively acts as a principal in arranging transportation of goods for customers, revenue recognised generally includes the carrier's charges to the Group.

Shipping agency

Revenue from shipping agency services is recognised upon completion of services, which generally coincides with the date of departure of the relevant vessel from port.

Marine transportation

Freight revenues from the operation of the international shipping business are recognised on a percentage of completion basis, which are determined on the time proportion method of each individual vessel voyage. Revenue from feeder services is recognised upon completion of services.

Storage and terminal services

Revenue from the provision of storage and terminal services is recognised when the services are rendered.

Trucking

Revenue from the provision of trucking services is recognised when the services are rendered.

Rental income

Rental income under operating leases of warehouse and depots is recognised over the lease term on a straight-line basis.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Dividend income
Dividend income is recognised when the right to receive payment is established.

Advance payments and deposits received from customers prior to the provision of services and recognition of the related revenues are presented as current liabilities.

Land use rights

Land use rights are the rights to use the land on which various warehouses, container storage areas and buildings are situated for periods varying from 10 to 50 years. The payments made for the land use rights are amortised as operating lease charges over the period of the rights in profit or loss on a straight-line basis. When there is impairment, the impairment is expensed in profit or loss.

Property, plant and equipment

Property, plant and equipment (other than assets under construction) is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line basis to write off the cost of assets (other than assets under construction) less accumulated impairment losses to their residual values over their estimated useful lives as follows:

Buildings	20 – 50 years
Leasehold improvements	Over the shorter of the remaining term of the leases and the estimated useful lives
Port and rail facilities	20 – 40 years
Containers	8 – 15 years
Plant and machinery	5 – 10 years
Motor vehicles and vessels	5 – 18 years
Furniture and office equipment	3 – 6 years

Assets under construction represent buildings under construction and plant and equipment pending installation, and are stated at cost. Costs include construction and acquisition costs, and interest charges arising from borrowings used to finance the qualifying assets during the period of construction or installation and testing. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to appropriate category of property, plant and equipment and depreciated in accordance with the policy as stated above.

The estimated useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of value in use and fair value less costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/joint ventures/associates at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisition of joint ventures is included in "investments in joint ventures". Goodwill on acquisition of associates is included in "investments in associates". Goodwill included in investments in joint ventures and investments in associates is tested for impairment as part of the respective asset. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill of acquired subsidiary is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. If the cost of acquisition is less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised immediately in profit or loss.

Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire.

Impairment of investments in subsidiaries, joint ventures, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, the Group estimates the recoverable amount of the CGU to which the asset belongs when it is not possible to estimate the recoverable amount of an individual asset. Non-financial assets other than goodwill that suffered impairment are reviewed for indications for reversal of the impairment at the end of each reporting period.

Impairment testing of the investments in subsidiaries, joint ventures or associates is required upon receiving dividends from pre-acquisition profits of the subsidiaries, joint ventures or associates in the separate financial statements, where such dividends reduce the recoverable amount of the investment to below its carrying amount, impairment is recognised.

Financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Trading derivatives are classified as current assets or liabilities.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of each reporting period. These are classified as non-current assets. Loans and receivables comprise "trade and other receivables", "restricted cash", "term deposits with initial terms of over three months" and "cash and cash equivalents" in the consolidated statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months from the end of each reporting period.

Initial recognition, measurement and derecognition

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value, other than available for sale equity instruments whose fair value cannot be measured reliably, which is measured at cost less impairment. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of profit or loss within "other gains/(losses), net", in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss as "other gains/(losses), net". Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss as part of other income when the Group's right to receive payments is established.

Financial liabilities

Financial liabilities issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

The Group's financial liabilities are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Derecognition

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - adverse changes in the payment status of borrowers in the portfolio;
  - national or local economic conditions that correlate with defaults on the assets in the portfolio.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is reclassified from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on available-for-sale equity instruments are not reversed through profit or loss.

For available-for-sale equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The impairment loss cannot be reversed.

If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss is recognised in profit or loss, the impairment loss is reversed through profit or loss.

Operating leases

A group company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

A group company is the lessor

Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Inventories

Supplies, consumables and spare parts are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Interest costs on borrowings incurred to finance the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed as incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before income tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Pension obligations

The full-time employees of the Group are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans. Under these defined contribution plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are recognised as employee benefit expenses when they are due.

Termination benefits

The Group recognise a liability and expense for termination benefits at the earlier of the following dates: (a) when the entity can no longer withdraw the offer of those benefits; (b) and when the entity recognises costs for a restructuring that is within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits.

Housing benefits

The Group sold staff quarters to its employees, subject to a number of eligibility requirements, at preferential prices. When staff quarters were identified as being subject to sale under these arrangements, the carrying amount of the staff quarters was written down to the net recoverable amount. Upon sale, any difference between sales proceeds and the carrying amount of the staff quarters was charged to profit or loss.

Based on the relevant detailed local government regulations promulgated, certain entities within the Group have adopted cash housing subsidy plans. In accordance with these plans, for those eligible employees who had not been allocated with quarters at all or who had not been allocated with quarters up to the prescribed standards before the discounted quarters sale plans were terminated, the Group is required to pay them one-off cash housing subsidies based on their years of service, positions and other criteria. These cash housing subsidies were charged to profit or loss in the year in which it was determined that the payment of such subsidies is probable and the amounts can be reasonably estimated. In respect of certain entities which have not adopted any cash housing subsidiary plans, based on the available information and best estimate, the Group estimated the required provision for these cash housing subsidies.

Pursuant to the Reorganisation, the ultimate holding company agreed to bear any further one-off cash housing subsidies in excess of the amount provided for in the consolidated financial statements of the Group of RMB74,560,000 at the time of the Reorganisation. Employees joining the Group after the incorporation of the Company are not entitled to any one-off cash housing subsidies (Note 34).

In addition, all full-time employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss in the consolidated statement of profit or loss. Translation differences on non-monetary financial assets such as equity instruments classified as available-for-sale are included in the "investment revaluation reserve" in equity.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the date of the end of each reporting period;
- income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the exchange rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions) of each reporting period; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in a foreign operation are recognised in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Contingent liabilities and contingent assets (continued)

Contingent assets are not recognised but are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividend is approved by the Company's shareholders.

Profit distributions and dividends proposed or declared after the end of each reporting period are disclosed as a subsequent event and are not recognised as a liability at the end of each reporting period.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the management, which is chaired by the chief executive officer and consists of senior management of the Company who makes strategic decisions.

Related party transactions

Related parties include SINOTRANS & CSC and its subsidiaries, other entities and corporations in which the Company is able to control, jointly control or exercise significant influence in making financial and operating decisions, and key management personnel of the Company and SINOTRANS & CSC as well as their close family members.

The Group is part of a larger group of companies under SINOTRANS & CSC and has extensive transactions and relationships with members of SINOTRANS & CSC and its subsidiaries.

Financial guarantee contracts

Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with IAS 18 Revenue, or the best estimate of the amount of obligation under the guarantee contract determined under IAS 37 Provisions, Contingent Liabilities and Contingent Assets. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgment of management. Any increase in the liability relating to guarantees is reported in profit or loss.

Government grants

Grants from the government are recognised where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

4. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's and the Company's activities expose to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall financial risk management programme focuses on the unpredictability of financial markets, optimising the level of financial risks the Group and the Company can bear, and minimising any potential adverse effects on the financial performance of the Group and the Company.

Financial risk management is carried out by the Group's and the Company's Finance Department, following the overall directions determined by the Directors. The Finance Department identifies and evaluates financial risks in close co-operation with the Group's and the Company's operating units and makes decisions on portfolio of currencies and term of deposits. The Directors provides directions on overall risk management and makes key decisions on matters which may give rise to significant financial risks.

Foreign exchange risk

The Group and the Company have a portion of its revenue and transportation and related charges denominated in United States Dollar ("US$"). The Group and the Company also have certain borrowings in US$. Therefore, the Group and the Company are exposed to foreign exchange risk primarily with respect to the US$ arising from commercial transactions and borrowings.

The Group's and the Company's exposure to foreign exchange risk relates principally to their trade and other receivables, cash and cash equivalents, borrowings and trade payables denominated in foreign currencies, mainly US$. Analyses of these assets and liabilities by currency are disclosed in Note 28, Note 31, Note 32 and Note 36 respectively.

As at 31 December 2013, if RMB had strengthened/weakened by 5% against US$ with all other variables held constant, profit before income tax, attributable to equity holders of the Group for the year would have decreased/increased by approximately RMB13,389,000 (2012: RMB43,744,000).

As at 31 December 2013, if RMB had strengthened/weakened by 5% against US$ with all other variables held constant, profit before income tax of the Company for the year would have decreased/increased by RMB3,554,000 (2012: RMB4,288,000).

Price risk

The Group is exposed to equity securities price risk in respect of equity investments held by the Group classified on the consolidated statement of financial position as available-for-sale financial assets.

The Group has monitored the performance of the equity securities and reported regularly to the Directors. As at 31 December 2013, with all other variables held constant, if the average market price of equity securities goes by 10% higher/lower, the reserve attributable to equity holders of the Group will would have increased/decreased by RMB57,727,000 (2012: RMB76,431,000). A decrease in market price of equity securities may also lead to indicator of impairment losses.

Interest rate risk

The Group's and the Company's exposure to changes in interest rates is mainly attributable to term deposits with initial terms of over three months, borrowings and bonds. Borrowings at variable rates expose the Group and the Company to cash flow interest rate risks; borrowings and bonds at fixed rates expose the Group and the Company to fair value interest rate risk.

The Group's and the Company's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The cash flow interest rate risk of the Group and the Company is mainly concentrated on the fluctuation of loan interest published by the People's Bank of China and the London Interbank Offered Rate ("LIBOR") arising from the Group's and the Company's RMB and US dollar denominated borrowings.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

4. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Interest rate risk (continued)

The Group and the Company maintain a mixed portfolio of borrowings and bonds subject to variable and fixed interest rates. And if necessary, the Group and the Company also regularly analyses its interest rate exposure by considering alternative financing, etc. The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. Management of the Group and the Company did not consider it necessary to use interest rate swaps to hedge its exposure to interest rate risk.

With all other variables held constant, if the interest rate had increased/decreased by 50 basis-points, finance costs of the Group would have increased/decreased by RMB2,351,000 (2012: RMB1,754,000).

Credit risk

The aggregate carrying amounts of cash and cash equivalents, restricted cash, trade and other receivables, available-for-sale financial assets and term deposits with initial terms of over three months and financial guarantee disclosed in Note 43 represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets and other commitments.

Substantially all of the Group's and the Company's cash and cash equivalents, term deposits with initial terms of over three months and restricted cash are held in major financial institutions located in the PRC, which management believes are of high credit quality and expects insignificant credit risks in this aspect. These financial institutions mainly comprise Bank of China, China Construction Bank, Industrial and Commercial Bank of China, Bank of Communications, China Merchants Bank and certain foreign banks such as Hong Kong and Shanghai Banking Corporation Limited.

In general, the Group and the Company do not require collaterals from trade debtors, while the Group and the Company have policies in place to ensure that services are rendered to customers with appropriate credit history, and management of the Group and the Company monitor the credit risks on an on-going basis by reviewing the debtors' aging to minimise its exposure to credit risk. Credit terms are normally given to customers according to their credit quality individually. The credit period of the Group's and the Company's trade and other receivables generally range from 1 to 6 months. The Group and the Company have transactions with a large number of customers, both locally and internationally dispersed, so the Directors consider that the Group and the Company do not have a significant concentration of credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of its business, the Group and the Company ensure that it maintains flexibility by keeping sufficient cash generated from operations to meet the liquidity requirements.

Management monitors rolling forecasts of the Group's and the Company's liquidity reserve comprises cash and cash equivalents (Note 31) on the basis of expected cash flows. This is generally carried out at the operating companies' level in accordance with the practice and budget set by the Group and the Company. These budgets vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's and the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these; monitoring liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The maturity analysis of borrowings is disclosed in Note 32. Generally there is no uniform credit period granted by the suppliers but the related trade payables are normally expected to be settled within three months after rendering of services.

4. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Liquidity risk (continued)

The table below analyses the Group's and the Company's financial liabilities based on the remaining period from the end of the reporting period to the contractual maturity date. The spot rate as at the end of the reporting period is used for the cash flow calculation in relation to the amounts settled with foreign currencies. The interest rate as at the end of the reporting period is used for the cash flow calculation in relation to variable rate interest bearing financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts, as the impact of discounting is not significant.

The Group	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2013						
Borrowings	868,991	132,844	125,343	107,113	1,234,291	1,200,647
Long-term bonds	785,115	2,134,173	2,097,759	–	5,017,047	4,546,380
Salary and welfare payables	592,461	–	–	–	592,461	592,461
Trade and other payables*	7,464,408	–	–	–	7,464,408	7,464,408
Financial guarantee contracts**	233,736	–	–	–	233,736	68,949
As at 31 December 2012						
Borrowings	825,457	57,887	236,360	36,367	1,156,071	1,110,131
Short-term bonds	2,038,800	–	–	–	2,038,800	2,022,534
Long-term bonds	127,450	671,024	2,019,915	–	2,818,389	2,544,287
Salary and welfare payables	535,587	–	–	–	535,587	535,587
Trade and other payables*	7,195,955	–	–	–	7,195,955	7,195,955
Financial guarantee contracts**	143,675	–	–	–	143,675	68,949

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

4. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

Liquidity risk (continued)

The Company	On demand or less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2013						
Borrowings	168,382	–	–	–	168,382	166,613
Long-term bonds	732,524	2,134,173	2,097,759	–	4,964,456	4,497,870
Salary and welfare payables	143,319	–	–	–	143,319	143,319
Trade and other payables*	2,255,290	–	–	–	2,255,290	2,255,290
As at 31 December 2012						
Borrowings	127,591	–	–	–	127,591	126,163
Short-term bonds	2,038,800	–	–	–	2,038,800	2,022,534
Long-term bonds	124,350	618,442	2,019,915	–	2,762,707	2,497,558
Salary and welfare payables	137,208	–	–	–	137,208	137,208
Trade and other payables*	2,489,602	–	–	–	2,489,602	2,489,602

* The above trade and other payables comprise mainly trade payables, other payables, accruals and other current liabilities.

** The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that except for an amount of RMB68,949,000 (2012: RMB68,949,000) recognised as provision (Note 34), no additional amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

4. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation

The following table presents the Group's assets that are measured at fair value at 31 December 2013 and 2012.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
As at 31 December 2013							
Assets							
Available-for-sale financial assets							
– Equity securities	769,697	–	–	769,697	Quoted bid price in an active market.	N/A	N/A
– Other current assets*	–	–	150,000	150,000	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at a rate that reflect management's best estimation of the expected risk level.	Expected future cash flow Expected recovery date Discount rates that correspond to the expected risk level	The higher the future cash flows, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
	769,697	–	150,000	919,697			

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

4. FINANCIAL RISK MANAGEMENT (continued)

Fair value estimation (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
As at 31 December 2012							
Assets							
Available-for-sale financial assets							
– Equity securities	1,019,084	–	–	1,019,084	Quoted bid price in an active market.	N/A	N/A
– Other current assets*	–	–	80,000	80,000	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at a rate that reflect management's best estimation of the expected risk level.	Expected future cash flow Expected recovery date Discount rates that correspond to the expected risk level	The higher the future cash flows, the higher the fair value. The earlier the recovery date, the higher the fair value. The lower the discount rate, the higher the fair value.
	1,019,084	–	80,000	1,099,084			

* Other current assets are wealth management products issued by banks or trust companies (Note 27).

The following table presents reconciliation of Level 3 fair value measurements of available-for-sale financial assets.

	2013 RMB'000	2012 RMB'000
Opening balance	80,000	200,000
Purchase	3,950,000	180,000
Gains recognised in profit or loss	21,370	11,558
Settlements	(3,901,370)	(311,558)
	150,000	80,000

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

4. FINANCIAL RISK MANAGEMENT (continued)

Capital risk management (continued)

The Group monitors capital on the basis of maintaining the net debt cash position. The net debt position is calculated as total cash and cash equivalents as shown in the consolidated statement of financial position less total borrowings and bonds.

	As at 31 December	
	2013 RMB'000	2012 RMB'000
Cash and cash equivalents	5,275,867	5,594,572
Less: total borrowings	(1,200,647)	(1,110,131)
bonds	(4,546,380)	(4,566,821)
Net debt position	(471,160)	(82,380)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Useful lives and residual value of property, plant and equipment

The management determines the residual value, useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual residual value and useful lives of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and keen competitions from competitors. The Group will increase the depreciation charge where residual value or useful lives are less than previously estimated, or it will write-off or write-down technically obsolete assets.

Recognition of revenue and cost of marine transportation

Freight revenues and the related costs from the operation of the international shipping business are recognised on a percentage of completion basis, which are determined on the time proportion method of each individual vessel voyage. Estimates of revenue and cost are required in respect of voyages not completed at the end of each reporting period or for which the final invoices are not yet issued.

Estimated impairment of trade receivables

In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit history of the customers and the current market condition. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Management reassesses the adequacy of impairment on a regular basis. Where the actual cash flows are less than expected, a material impairment loss may arise. The movements of the impairment recognised during the year are set out in Note 28.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Provisions

The Group incurs a number of obligations arising in its ordinary course of business. Provisions are recognised based on management's best estimation of the probability and the amount of the outflow of resources necessary to settle the obligations. The provisions recognised during the year are set out in Note 34.

Impairment for non-current assets

If circumstances indicate that the net book value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36 Impairment of assets.

The carrying amounts of individual assets or the CGUs containing the non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. The assets or the CGUs are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use.

In determining the value in use, expected cash flows generated by individual assets or the CGUs are discounted to their present value, which requires significant judgment. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including discount rate, reasonable gross margins during the forecast period and the growth rate beyond the forecast rate.

6. SEGMENT INFORMATION

The chief operating decision-maker ("management") reviews the Group's internal reporting in order to assess performance and allocate resources. This is the basis upon which the Group is organised. Management has determined the operating segments based on these reports. No operating segments identified by the management have been aggregated in arriving at the reportable segments of the Group.

The Group's revenue is from rendering of services. Management considers the business from a service perspective and divides the business into the following business units which constitute the Group's operating segments: freight forwarding, shipping agency, marine transportation, storage and terminal services and other services.

Management assesses the performance of the operating segments based on segment profit/(loss). Segment profit/(loss) is the operating profit excluding the effects of other net gains/(losses), and corporate expenses.

The Group's segment assets exclude financial assets at fair value through profit or loss, investments in joint ventures and associates, available-for-sale financial assets, related dividend interest and investment income receivables, because the Group's entire investing activities are managed on a central basis as corporate assets. Deferred income tax assets and other corporate assets are also excluded. The assets of each reportable segment are before the inter-segment elimination adjustments related to receivables and payables. No information on segment liabilities is provided to the management, and accordingly, information on segment liabilities is not presented.

Sales between segments are charged at mutually agreed prices.

6. SEGMENT INFORMATION (continued)

Segment revenue and results

	Freight forwarding RMB'000	Shipping agency** RMB'000	Marine transportation RMB'000	Storage and terminal services RMB'000	Others RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Group RMB'000
For the year ended 31 December 2013								
Revenue – external	40,382,150	648,645	3,471,012	1,870,153	1,396,979	47,768,939	–	47,768,939
Revenue – inter-segment	476,544	80,267	1,266,671	171,889	284,710	2,280,081	(2,280,081)	–
Total revenue	40,858,694	728,912	4,737,683	2,042,042	1,681,689	50,049,020	(2,280,081)	47,768,939
Segment results	715,118	277,163	(37,641)	321,411	14,458	1,290,509	–	1,290,509
Other losses, net								(90,030)
Corporate expenses								(172,046)
Operating profit								1,028,433
Finance income								103,821
Finance costs								(299,697)
Share of profit/(loss) of joint ventures	(15,866)	26,239	–	(21,354)	659,764*	648,783	–	648,783
Share of profit of associates								5,046
Profit before income tax								1,486,386
Income tax expense								(335,736)
Profit for the year								1,150,650

* "Share of profit/(loss) of joint ventures – others" mainly includes share of profit of DHL-Sinotrans International Air Courier Company Limited ("DHL").

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

6. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

	Freight forwarding RMB'000	Shipping agency RMB'000	Marine transportation RMB'000	Storage and terminal services RMB'000	Others RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Group RMB'000
For the year ended 31 December 2012								
Revenue – external	39,449,387	1,017,907	3,808,703	1,897,863	1,308,155	47,482,015	–	47,482,015
Revenue – inter-segment	371,433	108,570	1,110,674	206,797	291,639	2,089,113	(2,089,113)	–
Total revenue	39,820,820	1,126,477	4,919,377	2,104,660	1,599,794	49,571,128	(2,089,113)	47,482,015
Segment results	568,230	278,803	(257,465)	339,155	(3,585)	925,138	–	925,138
Other losses, net								(18,548)
Corporate expenses								(223,695)
Operating profit								682,895
Finance income								126,171
Finance costs								(322,335)
Share of profit of joint ventures	7,731	22,026	–	29,114	645,270*	704,141	–	704,141
Share of profit of associates								42,318
Profit before income tax								1,233,190
Income tax expense								(322,358)
Profit for the year								910,832

** During the current year, the Group revisited the segment reporting and considered that the cargo space booking services are exposed to similar risks and generating similar rewards as freight forwarding services. Accordingly, from 1 January 2013 onwards, the Group reported the revenue related to cargo space booking services on gross basis. However, no restatement was made to the corresponding information for the year ended 31 December 2012, as the cost to develop it would be excessive.

If the segment information for the current year is reported on the same basis for the year ended 31 December 2012, total external revenue of freight forwarding segment and shipping agency segment would be approximately RMB35,184,082,000 and RMB1,060,644,000, respectively.

6. SEGMENT INFORMATION (continued)

Segment assets

	Freight forwarding RMB'000	Shipping agency RMB'000	Marine transportation RMB'000	Storage and terminal services RMB'000	Others RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Group RMB'000
As at 31 December 2013								
Segment assets	15,410,940	1,827,034	2,263,202	5,430,507	1,224,585	26,156,268	(1,679,275)	24,476,993
Investments in joint ventures	225,488	53,344	–	1,112,684	1,007,004	2,398,520	–	2,398,520
Investments in associates								906,563
Available-for-sale financial assets								1,157,817
Deferred income tax assets								148,779
Interests and dividends receivable								57,325
Corporate assets								748,836
Total assets								29,894,833
As at 31 December 2012								
Segment assets	14,686,444	1,621,025	1,925,612	5,202,472	1,216,400	24,651,953	(1,656,441)	22,995,512
Investments in joint ventures	241,084	48,019	–	1,069,326	1,015,682	2,374,111	–	2,374,111
Investments in associates								973,655
Available-for-sale financial assets								1,407,204
Deferred income tax assets								103,119
Interests and dividends receivable								54,417
Corporate assets								1,380,329
Total assets								29,288,347

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

6. SEGMENT INFORMATION (continued)

Other segment information

	For the year ended 31 December 2013						
	Freight forwarding RMB'000	Shipping agency RMB'000	Marine transportation RMB'000	Storage and terminal services RMB'000	Others RMB'000	Corporate RMB'000	Group RMB'000
Capital expenditure***	662,608	6,208	382,127	523,459	144,117	73,316	1,791,835
Depreciation	189,873	11,572	55,260	157,414	62,343	12,554	489,016
Amortisation	5,624	460	785	1,642	1,203	14,201	23,915
Operating lease charges on land use rights	19,018	–	65	36,940	1,506	5,419	62,948
Provision for impairment loss of receivables	5,887	1,619	272	1,476	237	8,781	18,272

	For the year ended 31 December 2012						
	Freight forwarding RMB'000	Shipping agency RMB'000	Marine transportation RMB'000	Storage and terminal services RMB'000	Others RMB'000	Corporate RMB'000	Group RMB'000
Capital expenditure***	646,127	16,718	241,561	485,330	79,227	41,048	1,510,011
Depreciation	177,115	9,280	47,462	146,729	48,923	26,209	455,718
Amortisation	3,688	459	459	1,237	891	12,255	18,989
Operating lease charges on land use rights	15,623	63	65	38,766	1,177	494	56,188
Provision for impairment loss of receivables	10,628	328	568	432	3,690	6,671	22,317
Impairment of property, plant and equipment	–	–	33,396	–	–	–	33,396

*** The capital expenditure represents the total cash paid for purchase of non-current assets for the year ended 31 December 2013 and 2012.

The Company is domiciled in the PRC. The result of the Group's revenue from external customers in Mainland China for the year ended 31 December 2013 is RMB43,250,826,000 (2012: RMB44,833,878,000), and the result of the Group's revenue from external customers from other regions is RMB4,518,113,000 (2012: RMB2,648,137,000).

As at 31 December 2013, the total non-current assets other than financial instruments and deferred tax assets located in Mainland China is RMB12,881,095,000 (2012: RMB11,920,368,000), and the total of these non-current assets located in other regions is RMB361,118,000 (2012: RMB339,447,000).

No major customers contributed over 10% of the total revenue of the Group during both years.

7. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS

Emoluments of Directors, supervisors and chief executive

The aggregate amounts of the emoluments paid and payable to the Directors, supervisors and the chief executive of the Company by the Group during the year are as follows:

	2013 RMB'000	2012 RMB'000
Directors:		
Fees	664	491
Other emoluments		
– Basic salaries, housing allowances and other allowances	312	343
– Discretionary bonuses	1,127	1,025
– Contributions to pension plans	37	33
Supervisors:		
Fees	107	107
Other emoluments		
– Basic salaries, housing allowances and other allowances	172	148
– Discretionary bonuses	152	152
– Contributions to pension plans	37	33

Directors' fees disclosed above include RMB664,000 (2012: RMB491,000) paid to independent non-executive Directors.

The emoluments of the Directors, supervisors and the chief executive for the year ended 31 December 2013 are as follows:

	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Total RMB'000
As at 31 December 2013					
Current Directors					
Zhang Jianwei**	–	312	1,127	37	1,476
Guo Minjie	166	–	–	–	166
Lu Zhengfei	166	–	–	–	166
Liu Kegu	166	–	–	–	166
Liu Junhai	166	–	–	–	166
As at 31 December 2013					
Current supervisors					
Zhou Fangsheng	107	–	–	–	107
Shen Xiaobin	–	172	152	37	361

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

7. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

Emoluments of Directors, supervisors and chief executive (continued)

The emoluments of Directors, supervisors and the chief executive for the year ended 31 December 2012 are as follows:

	Fees RMB'000	Basic salaries and allowances RMB'000	Discretionary bonuses RMB'000	Contributions to pension plans RMB'000	Total RMB'000
As at 31 December 2012					
Current Directors					
Zhang Jianwei**	–	288	1,025	33	1,346
Tao Suyun*	–	55	–	–	55
Guo Minjie	37	–	–	–	37
Lu Zhengfei	166	–	–	–	166
Liu Kegu	166	–	–	–	166
Retired director					
Sun Shuyi	122	–	–	–	122
As at 31 December 2012					
Current supervisors					
Zhou Fangsheng	107	–	–	–	107
Shen Xiaobin	–	148	152	33	333

* Tao Suyun, Director, was also a Vice President of SINOTRANS & CSC, which was responsible for determining, approving and paying the amount of her discretionary bonus.

** Zhang Jianwei, Director, is also chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

No Directors, supervisors, or the chief executive of the Company waived any remuneration in 2013 (2012: Nil).

Compensation of senior management personnel other than Directors, supervisors and the chief executive is as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other employee benefits	6,722	5,371

7. DIRECTORS', CHIEF EXECUTIVE'S AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

Emoluments of Directors, supervisors and chief executive (continued)

The number of senior management personnel other than Directors, supervisors and the chief executive whose compensation fell within the following bands is as follows:

	2013	2012
Above RMB1,000,000	3	–
RMB850,000 – 1,000,000	3	5
RMB700,000 – 850,000	–	1
RMB550,000 – 700,000	1	–
Below RMB550,000	1	–

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year are as follows:

	Number of individuals	
	2013	2012
Director	1	1
Senior management	4	4

The five individuals whose emoluments were the highest in the Group during the year include one (2012: one) director who is also the chief executive of the Company whose emoluments are reflected in the analysis presented above. Details of remuneration of members of senior management amongst the five highest paid individuals are as follows:

	2013 RMB'000	2012 RMB'000
Basic salaries, housing allowances and other allowances	986	891
Discretionary bonuses	3,005	2,732
Contributions to pension plans	146	131

During the year, no remuneration was paid by the Group to the five individuals with the highest emoluments in the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2012: Nil).

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

8. STAFF COSTS

Staff costs which include remuneration to Directors, supervisors, chief executive and senior management of the Company are as follows:

	2013 RMB'000	2012 RMB'000
Wages and salaries	1,745,505	1,661,305
Housing benefits (a)	139,770	127,633
Contributions to pension plans (b)	226,820	201,138
Termination benefits	8,598	10,551
Welfare and other expenses	803,970	724,090
	2,924,663	2,724,717

(a) These include the Group's defined contributions to government sponsored housing funds at rates ranging from 5% to 25% (2012: 5% to 25%) of the employees' basic salaries and cash housing subsidies paid and payable to its employees.

(b) The employees of the Group participate in various pension plans organised by the relevant municipal and provincial governments under which the Group is required to make monthly defined contributions to these plans at rates ranging from 5% to 22% (2012: 5% to 22%), dependent upon the applicable local regulations, of the employees' basic salaries for the year. As at 31 December 2013, contributions totalling RMB5,405,000 (2012: RMB5,085,000) were payable to these plans.

9. OTHER LOSSES, NET

	2013 RMB'000	2012 RMB'000
Financial assets at fair value through profit or loss – fair value gains	225	–
Gains on disposal of available-for-sale financial assets	9,307	11,558
Provision for claims from customers and losses on accident	(99,562)	(30,325)
Change in fair values of Share Appreciation Rights ("SAR")	–	219
	(90,030)	(18,548)

10. OPERATING PROFIT

Operating profit is stated after crediting and charging the following:

	2013 RMB'000	2012 RMB'000
Crediting		
Rental income from		
– buildings	49,271	32,712
– plant and machinery	4,267	6,186
Dividend income on available-for-sale financial assets	8,328	10,905
Government grants	87,405	93,861
Charging		
Depreciation		
– Owned property, plant and equipment	479,200	447,245
– Owned property, plant and equipment leased out under operating leases	9,816	8,473
Losses on disposal of property, plant and equipment	2,984	22,491
Auditor's remuneration		
– Audit fee	4,600	4,400
– Audit-related and other services fee	2,600	2,600
Impairment losses of property, plant and equipment	–	33,396
Impairment losses of receivables	18,272	22,317
Operating lease charges on		
– Land use rights	62,948	56,188
– Buildings	183,270	177,715
– Plant and equipment	662,023	755,172
Amortisation of intangible assets	23,915	18,989
Charges on property management and facilities	112,639	108,423
Charges on IT support	56,674	46,634
Other tax expenses	66,216	61,569
Provision for onerous contracts	1,967	2,989
Provision for guarantees	12,309	121,693

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

11. FINANCE COSTS, NET

	2013 RMB'000	2012 RMB'000
Finance income		
– Interest income on bank balances	103,821	126,171
Finance cost		
– Interest expenses wholly repayable within five years		
Including: Borrowings and amount due to ultimate holding company and fellow subsidiaries	(53,582)	(66,487)
Bonds	(229,474)	(234,565)
– Interest expenses not wholly repayable within five years		
Including: Borrowings	(1,703)	(176)
– Exchange gains/(losses), net	924	(1,961)
– Bank charges	(15,862)	(19,146)
	(299,697)	(322,335)
Finance costs, net	(195,876)	(196,164)

12. TAXATION

Income tax expense in the consolidated statement of profit or loss represents:

	2013 RMB'000	2012 RMB'000
Current income tax		
– Hong Kong	3,464	1,867
– PRC enterprise income tax	348,405	332,611
Deferred PRC income tax	(16,133)	(12,120)
	335,736	322,358

The Group provides for current income tax on the basis of its profit for financial reporting purposes, adjusted for income and expense items that are not assessable or deductible for income tax purposes.

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

PRC enterprise income tax expense has been provided on the estimated assessable profit for the year according to the tax laws and regulations applicable to the PRC enterprises. The provision for PRC enterprise income tax is based on the statutory rate of 25% (2012: 25%) of the assessable income of each of the companies comprising the Group in the Mainland China as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential rates ranging from 10% to 20% (2012: 12.5% to 20%) based on the relevant PRC tax laws and regulations.

12. TAXATION (continued)

(a) The reconciliation between the Group's actual income tax expense and the amount which is calculated based on the statutory PRC enterprise income tax rate 25% (2012: 25%) is as follows:

	2013 RMB'000	2012 RMB'000
Profit before income tax	1,486,386	1,233,190
Less: Share of profit of associates	(5,046)	(42,318)
Share of profit of joint ventures	(648,783)	(704,141)
	832,557	486,731
Tax calculated at the statutory tax rate of 25%	208,139	121,683
Tax effects of		
– Utilisation of prior year unrecognised tax losses	(552)	(927)
– Deferred income tax benefits arising from tax losses in certain entities not recognised	99,812	164,026
– Non-taxable income	(979)	(1,236)
– Expenses not deductible for tax purposes	34,673	47,367
– Preferential tax rates on the income of certain subsidiaries	(5,357)	(8,555)
Income tax expense	335,736	322,358

The tax credit/(charge) relating to components of other comprehensive income is as follows:

	2013			2012		
	Before tax RMB'000	Tax credit RMB'000	After tax RMB'000	Before tax RMB'000	Tax charge RMB'000	After tax RMB'000
Fair value (losses)/gains on available-for-sale financial assets	(228,177)	57,044	(171,133)	15,038	(3,759)	11,279
Share of other comprehensive losses of associates and joint ventures	(11,598)	–	(11,598)	(2,964)	–	(2,964)
Currency translation differences	(13,798)	–	(13,798)	3,894	–	3,894
Deferred tax		57,044			(3,759)	

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

12. TAXATION (continued)

(b) As at 31 December 2013 and 2012, none of the Group's deferred income tax assets and deferred income tax liabilities could be offset and their movements are as follows:

Deferred income tax assets

	The Group	
	2013 RMB'000	2012 RMB'000
At beginning of year	103,119	91,130
Credited to profit or loss	15,929	11,989
Credited to other comprehensive income	29,834	–
Other	(103)	–
At end of year	148,779	103,119
Provided for in respect of		
– Provision for impairment of receivables	8,618	8,809
– Provision for one-off cash housing subsidies	6,926	7,254
– Accrued salary	51,184	44,859
– Provision for claims	20,125	14,426
– Depreciation on property, plant and equipment	4,966	2,866
– Tax losses	2,334	1,159
– Change in fair values of available-for-sale financial assets	29,834	–
– Other temporary differences	24,792	23,746
	148,779	103,119

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Temporary differences for which deferred income tax assets were not recognised – Tax losses (Note (i))	2,311,752	2,504,948	–	–

(i) Deferred income tax assets are recognised for tax loss carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2013, the Group did not recognise deferred income tax assets of RMB577,938,000 in respect of the above stated tax losses amounting to RMB2,311,752,000 which can be carried forward against future taxable income, and tax losses amounting to RMB170,540,000, RMB511,560,000, RMB574,300,000, RMB656,104,000 and RMB399,248,000 would expire in 2014, 2015, 2016, 2017 and 2018 respectively. As at 31 December 2012, the Group did not recognise deferred income tax assets of RMB626,237,000 in respect of the above stated tax losses amounting to RMB2,504,948,000 which can be carried forward against future taxable income, and tax losses amounting to RMB592,444,000, RMB170,540,000, RMB511,560,000, RMB574,300,000 and RMB656,104,000 would expire in 2013, 2014, 2015, 2016 and 2017 respectively.

12. TAXATION (continued)

(b) As at 31 December 2013 and 2012, none of the Group's deferred income tax assets and deferred income tax liabilities could be offset and their movements are as follows:– continued

Deferred income tax liabilities

	The Group	
	2013 RMB'000	2012 RMB'000
At beginning of year	30,708	27,080
Credited to profit or loss	(204)	(131)
(Charged)/credited to other comprehensive income	(27,210)	3,759
At end of year	3,294	30,708
Provided for in respect of		
– Change in fair values of available-for-sale financial assets	–	27,210
– Operating lease charges on land use rights	2,342	2,523
– Other temporary differences	952	975
	3,294	30,708

The temporary differences associated with the Group's underlying investments in subsidiaries for which deferred income tax liabilities have not been recognised, amounted to RMB543,944,000 as at 31 December 2013 (2012: RMB543,944,000), which was a gain arising from deemed disposal of the Company's share of net assets of Sinotrans Air Transportation Development Co., Ltd. ("Sinoair") after the issuance of shares by the latter in connection with its initial public offering on the Shanghai Stock Exchange in 2000.

13. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB558,002,000 (2012: RMB238,422,000).

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

14. DIVIDENDS

	The Company	
	2013 RMB'000	2012 RMB'000
Dividends recognised as distribution during the year: – 2012 Final, paid, of RMB0.03 (2011 Final, paid: RMB0.01) per ordinary share	127,470	42,490

At the Board of Directors' meeting held on 25 March 2014, the Directors proposed a final dividend of RMB0.05 per ordinary share totaling RMB212,450,000. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements for the year ended 31 December 2013, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2014.

At the Board of Directors' meeting held on 19 March 2013, the Directors proposed a final dividend of RMB0.03 per ordinary share totaling RMB127,470,000 for the year ended 31 December 2013. Such dividends were approved at the annual general meeting of the shareholders on 7 June 2013.

15. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the number of ordinary shares in issue during the year.

	The Group	
	2013	2012
Profit attributable to owners of the Company (RMB'000)	844,459	649,054
Number of ordinary shares in issue (thousands)	4,249,002	4,249,002
Basic earnings per share (RMB per share)	0.20	0.15

As the Company has no potential ordinary shares outstanding, no diluted earnings per share is presented.

16. LAND USE RIGHTS

	The Group 2013 RMB'000	2012 RMB'000
At beginning of year	2,352,796	2,155,885
Additions	172,062	255,936
Transfer from prepayments for acquisition of land use rights	11,259	10,000
Transfer from assets under construction	38,197	–
Disposal	(64,102)	(12,837)
Charged to profit or loss	(62,948)	(56,188)
At end of year	2,447,264	2,352,796

All of the Group's land use rights are located outside Hong Kong and are mainly in the Mainland China. All of the Group's land use rights are held under operating leases between 10 to 50 years (2012: 10 to 50 years).

Land use rights pledged as security for bank borrowings are disclosed in Note 32(c).

17. PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

	The Group 2013 RMB'000	2012 RMB'000
At beginning of year	73,700	68,849
Additions	156,288	14,851
Transfer to land use rights	(11,259)	(10,000)
At end of year	218,729	73,700

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Leasehold improvements RMB'000	Port and rail facilities RMB'000	Containers RMB'000	Plant and machinery RMB'000	Motor vehicles and vessels RMB'000	Furniture and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
2013									
Cost									
At 1 January 2013	3,803,070	12,156	855,399	56,370	1,444,196	1,432,388	495,878	1,388,241	9,487,698
Exchange differences	(813)	(44)	–	(64)	(29)	(2,835)	(311)	–	(4,096)
Additions	13,300	115	860	3,737	125,063	98,284	37,508	1,097,609	1,376,476
Disposals/write-offs	(51,541)	(59)	–	(225)	(57,050)	(169,962)	(38,974)	–	(317,811)
Transfer upon completion	774,283	167	29,253	–	17,981	825,796	15,905	(1,663,385)	–
Transfer to intangible assets	–	–	–	–	–	–	–	(23,024)	(23,024)
Transfer to land use rights	–	–	–	–	–	–	–	(38,197)	(38,197)
At 31 December 2013	4,538,299	12,335	885,512	59,818	1,530,161	2,183,671	510,006	761,244	10,481,046
Accumulated depreciation and impairment losses									
At 1 January 2013	(923,728)	(3,621)	(289,045)	(22,369)	(729,220)	(795,399)	(351,500)	(5,432)	(3,120,314)
Exchange differences	419	10	–	58	124	1,710	102	–	2,423
Depreciation charge	(143,155)	(2,459)	(34,866)	(3,439)	(126,435)	(133,099)	(45,563)	–	(489,016)
Disposals/write-offs	13,640	10	–	215	44,319	134,697	34,131	5,432	232,444
At 31 December 2013	(1,052,824)	(6,060)	(323,911)	(25,535)	(811,212)	(792,091)	(362,830)	–	(3,374,463)
Net book value									
At 31 December 2013	3,485,475	6,275	561,601	34,283	718,949	1,391,580	147,176	761,244	7,106,583
At 1 January 2013	2,879,342	8,535	566,354	34,001	714,976	636,989	144,378	1,382,809	6,367,384

18. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Buildings RMB'000	Leasehold improvements RMB'000	Port and rail facilities RMB'000	Containers RMB'000	Plant and machinery RMB'000	Motor vehicles and vessels RMB'000	Furniture and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
2012									
Cost									
At 1 January 2012	3,418,102	5,134	844,554	56,343	1,360,546	1,497,952	480,579	865,262	8,528,472
Exchange differences	990	–	–	90	160	(217)	(12)	–	1,011
Additions	167,173	3,824	798	328	132,053	118,580	41,337	913,219	1,377,312
Disposals/write-offs	(103,730)	(99)	(1,450)	(391)	(52,285)	(230,622)	(30,520)	–	(419,097)
Transfer upon completion	320,535	3,297	11,497	–	3,722	46,695	4,494	(390,240)	–
At 31 December 2012	3,803,070	12,156	855,399	56,370	1,444,196	1,432,388	495,878	1,388,241	9,487,698
Accumulated depreciation and impairment losses									
At 1 January 2012	(845,644)	(2,068)	(256,141)	(19,208)	(656,872)	(794,966)	(331,116)	–	(2,906,015)
Impairment losses recognised in profit and loss	–	–	–	–	–	(27,964)	–	(5,432)	(33,396)
Exchange differences	(981)	–	–	(74)	(139)	84	10	–	(1,100)
Depreciation charge	(122,764)	(1,608)	(34,196)	(3,091)	(116,508)	(129,939)	(47,612)	–	(455,718)
Disposals/write-offs	45,661	55	1,292	4	44,299	157,386	27,218	–	275,915
At 31 December 2012	(923,728)	(3,621)	(289,045)	(22,369)	(729,220)	(795,399)	(351,500)	(5,432)	(3,120,314)
Net book value									
At 31 December 2012	2,879,342	8,535	566,354	34,001	714,976	636,989	144,378	1,382,809	6,367,384
At 1 January 2012	2,572,458	3,066	588,413	37,135	703,674	702,986	149,463	865,262	5,622,457

Property, plant and equipment pledged as security for bank borrowings are disclosed in Note 32(c).

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

18. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles and vessels RMB'000	Furniture and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
2013						
Cost						
At 1 January 2013	6,360	5,431	14,911	129,705	29,294	185,701
Additions	2,321	44	–	1,648	16,333	20,346
Disposals	–	(338)	(805)	(648)	–	(1,791)
Transfer upon completion	–	–	–	15,023	(15,023)	–
Transfer to intangible assets	–	–	–	–	(23,024)	(23,024)
At 31 December 2013	8,681	5,137	14,106	145,728	7,580	181,232
Accumulated depreciation						
At 1 January 2013	(4,129)	(2,842)	(6,574)	(102,074)	–	(115,619)
Depreciation	(2,933)	(485)	(565)	(8,571)	–	(12,554)
Disposals	–	–	–	235	–	235
At 31 December 2013	(7,062)	(3,327)	(7,139)	(110,410)	–	(127,938)
Net book value						
At 31 December 2013	1,619	1,810	6,967	35,318	7,580	53,294
At 1 January 2013	2,231	2,589	8,337	27,631	29,294	70,082

18. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles and vessels RMB'000	Furniture and office equipment RMB'000	Assets under construction RMB'000	Total RMB'000
2012						
Cost						
At 1 January 2012	5,618	9,615	13,912	121,800	19,496	170,441
Additions	742	1,804	3,544	4,165	13,555	23,810
Disposals	–	(5,988)	(2,545)	(17)	–	(8,550)
Transfer upon completion	–	–	–	3,757	(3,757)	–
At 31 December 2012	6,360	5,431	14,911	129,705	29,294	185,701
Accumulated depreciation						
At 1 January 2012	(3,121)	(3,462)	(6,378)	(94,286)	–	(107,247)
Depreciation	(1,008)	(210)	(2,557)	(7,791)	–	(11,566)
Disposals	–	830	2,361	3	–	3,194
At 31 December 2012	(4,129)	(2,842)	(6,574)	(102,074)	–	(115,619)
Net book value						
At 31 December 2012	2,231	2,589	8,337	27,631	29,294	70,082
At 1 January 2012	2,497	6,153	7,534	27,514	19,496	63,194

The Group's and Company's buildings are mainly located in the Mainland China.

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

19. INTANGIBLE ASSETS

	The Group			
	Software RMB'000	Goodwill RMB'000	Others RMB'000	Total RMB'000
2013				
Cost				
At beginning of year	232,102	39,387	6,000	277,489
Additions	14,552	–	–	14,552
Transfer from assets under construction	23,024	–	–	23,024
Disposals	(1,501)	–	(700)	(2,201)
At end of year	268,177	39,387	5,300	312,864
Accumulated amortisation				
At beginning of year	(178,092)	–	(2,400)	(180,492)
Amortisation	(23,315)	–	(600)	(23,915)
Disposals	1,378	–	–	1,378
At end of year	(200,029)	–	(3,000)	(203,029)
Net book value				
At end of year	68,148	39,387	2,300	109,835
At beginning of year	54,010	39,387	3,600	96,997

19. INTANGIBLE ASSETS (continued)

	The Group			
	Software RMB'000	Goodwill RMB'000	Others RMB'000	Total RMB'000
2012				
Cost				
At beginning of year	211,639	39,387	6,000	257,026
Additions	20,463	–	–	20,463
At end of year	232,102	39,387	6,000	277,489
Accumulated amortisation				
At beginning of year	(159,703)	–	(1,800)	(161,503)
Amortisation	(18,389)	–	(600)	(18,989)
At end of year	(178,092)	–	(2,400)	(180,492)
Net book value				
At end of year	54,010	39,387	3,600	96,997
At beginning of year	51,936	39,387	4,200	95,523

For the purpose of impairment testing, goodwill has been allocated to seven CGUs, representing seven subsidiaries mainly in the freight forwarding and shipping agency segments.

The recoverable amount is determined based on value-in-use calculations. The recoverable amount of each CGU is based on certain similar key assumptions. Value-in-use calculations use cash flow projections based on financial forecasts approved by management covering a 5-year (2012: 5-year) period, and a discount rate of 8% (2012: 8%). Cash flow projections during the forecast period for the CGUs are based on the expected gross margins during the forecast period. Forecast gross margins have been determined based on past performance and management's expectations for the market development. Cash flows beyond the 5-year (2012: 5-year) period are extrapolated using a 3% (2012: 3%) growth rate.

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

19. INTANGIBLE ASSETS (continued)

As at 31 December 2013, management of the Group was of the view that there was no impairment of goodwill.

	The Company	
	2013 Software RMB'000	2012 Software RMB'000
Cost		
At beginning of year	142,687	133,227
Additions	7	9,460
Transfer from assets under construction	23,024	–
At end of year	165,718	142,687
Accumulated amortisation		
At beginning of year	(116,050)	(102,586)
Amortisation	(14,201)	(13,464)
At end of year	(130,251)	(116,050)
Net book value		
At end of year	35,467	26,637
At beginning of year	26,637	30,641

20. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013 RMB'000	2012 RMB'000
Investments at cost		
– Unlisted equity interests	5,913,519	5,913,519
– Shares in a company listed in the PRC	988,022	988,022
	6,901,541	6,901,541
The Company's portion of market value of Shares in a company listed in the PRC	5,855,517	4,074,153

Shares in a company listed in the PRC represent a 63.46% equity interest in Sinoair, a company listed on the Shanghai Stock Exchange.

20. INVESTMENTS IN SUBSIDIARIES (continued)

The following is a list of the principal subsidiaries as at 31 December 2013:

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2013 Company	2013 Group	2012 Company	2012 Group	Principal activities
Sinotrans Guangdong Company Limited	Guangzhou, the PRC Limited liability company	RMB1,249,668,932	93.8%	100%	93.8%	100%	Freight forwarding, shipping agency and express services
Sinotrans Eastern Company Limited	Shanghai, the PRC Limited liability company	RMB1,120,503,439	96.33%	100%	96.33%	100%	Freight forwarding, shipping agency and express services
Sinoair	Beijing, the PRC Joint stock company with limited liability	RMB905,481,720	63.46%	63.46%	63.46%	63.46%	Air freight forwarding and express services
Sinotrans Changjiang Company Limited	Nanjing, the PRC Limited liability company	RMB650,000,000	100%	100%	100%	100%	Freight forwarding, shipping agency and express services
Sinotrans Shandong Company Limited	Qingdao, the PRC Limited liability company	RMB645,339,942	97.5%	100%	97.5%	100%	Freight forwarding, shipping agency and express services
Sinotrans Container Lines Company Limited	Shanghai, the PRC Limited liability company	RMB400,000,000	100%	100%	100%	100%	Marine transportation
Sinotrans Fujian Company Limited	Xiamen, the PRC Limited liability company	RMB394,632,126	90%	100%	90%	100%	Freight forwarding, shipping agency, express services and non-vessel operating common carrier
Sinotrans Sunny Express Company Limited	Shanghai, the PRC Limited liability company	RMB380,000,000	100%	100%	100%	100%	Marine transportation
Trade Sky International Limited	Hong Kong, the PRC Limited liability company	HK$161,100,000	100%	100%	100%	100%	Investment holding
Sinotrans Logistics Development Company Limited	Beijing, the PRC Limited liability company	RMB120,000,000	99.18%	100%	99.18%	100%	Freight forwarding
Sinotrans Heavy-lift Logistics Company Limited	Jinan, the PRC Limited liability company	RMB103,600,000	100%	100%	100%	100%	Hoisting and transporting
Sinotrans Hubei Company Limited	Wuhan, the PRC Limited liability company	RMB70,000,000	100%	100%	100%	100%	Freight forwarding

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

20. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group: 2013 Company	2013 Group	2012 Company	2012 Group	Principal activities
Sinotrans Landbridge Transportation Company Limited	Lianyungang, the PRC Limited liability company	RMB59,382,238	90%	100%	90%	100%	Freight forwarding, shipping agency and express services
Sinotrans Tianjin Company Limited	Tianjin, the PRC Limited liability company	RMB57,363,906	90%	100%	90%	100%	Freight forwarding, shipping agency and express services
Sinotrans Liaoning Company Limited	Dalian, the PRC Limited liability company	RMB48,966,940	90%	100%	90%	100%	Freight forwarding, shipping agency and express services
China Marine Shipping Agency Company Limited	Beijing, the PRC Limited liability company	RMB30,000,000	80%	100%	80%	100%	Shipping agency
Sinotrans Chongqing Company Limited	Chongqing, the PRC Limited liability company	RMB15,869,000	100%	100%	100%	100%	Freight forwarding
Sinotrans (Hong Kong) Logistics Company Limited	Hong Kong, the PRC Limited liability company	HK$500,000	100%	100%	100%	100%	Freight forwarding, shipping agency

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affect the results of the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length. The names of certain subsidiaries referred to as above represent management's translation of the Chinese names of these companies as no English names have been registered.

In the opinion of the Directors, Sinoair (together with its subsidiaries), a non-wholly owned subsidiary of the Group, has material non-controlling interests. The proportion of ownership interest and voting right held by the non-controlling interest is 36.54% as at 31 December 2013 and 2012. Information is set out below:

	Profit allocated to non-controlling interests 2013 RMB'000	2012 RMB'000	Accumulated non-controlling interests 2013 RMB'000	2012 RMB'000
Sinoair*	248,862	208,329	2,070,757	1,937,756
Individually immaterial subsidiaries with non-controlling interests	57,329	53,449	421,935	427,736
Total	306,191	261,778	2,492,692	2,365,492

20. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information in respect of Sinoair (together with its subsidiaries) is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2013 RMB'000	2012 RMB'000
Current assets	3,354,443	2,895,241
Non-current assets	3,094,570	3,147,305
Current liabilities	(774,881)	(650,244)
Non-current liabilities	(68,949)	(96,160)
Total equity	5,605,183	5,296,142

	2013 RMB'000	2012 RMB'000
Revenue	3,901,412	3,961,618
Expenses	(3,220,493)	(3,392,217)
Profit for the year	680,919	569,401
Other comprehensive (losses)/income for the year	(172,563)	10,657
Total comprehensive income for the year	508,356	580,058
Dividends paid to non-controlling interests	312	528
Net cash inflow/(outflow) from operating activities	32,939	(53,571)
Net cash inflow from investing activities	389,765	564,944
Net cash outflow from financing activities	(149,979)	(204,027)
Net cash inflow	271,333	306,073

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

20. INVESTMENTS IN SUBSIDIARIES (continued)

Acquisition of additional equity interests in subsidiaries from non-controlling interests

During the year, the Group acquired 40% of additional interests in Jiangmen Waihai Company Limited and Jiangmen Cangma Company Limited, respectively. The Group' interests in these two companies increased to 100%. The consideration of RMB70,000,000 has been paid in cash. The difference between the considerations paid of RMB70,000,000 and the carrying amounts of non-controlling interests of RMB49,232,000 (being the proportionate share of the carrying amounts of the net assets of Jiangmen Waihai Company Limited and Jiangmen Cangma Company Limited) has been recorded to capital reserve.

21. INVESTMENTS IN JOINT VENTURES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
At beginning of year	2,374,111	1,766,972	151,973	11,973
Acquisition of joint ventures	102,669	378,784	97,898	–
Transfer from subsidiary	–	140,000	–	140,000
Additional investment	6,765	1,942	–	–
Share of profit of joint ventures				
– profit before income tax	865,044	954,010	–	–
– income tax expense	(216,261)	(249,869)	–	–
	648,783	704,141	–	–
Share of other comprehensive (losses)/income	(224)	448	–	–
Disposals	(15,538)	(71,813)	(7,650)	–
Dividends declared	(718,046)	(546,363)	–	–
At end of year	2,398,520	2,374,111	242,221	151,973

21. INVESTMENTS IN JOINT VENTURES (continued)

The following is a list of the principal joint ventures as at 31 December 2013, which are held by the Company directly and indirectly through its subsidiaries.

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2013 Company	2013 Group	2012 Company	2012 Group	Principal activities
Dongguan Humen Container. Terminals Port Co., Ltd. ("Dongguan Humen")	Guangdong, the PRC joint venture	RMB500,000,000	–	49%**	–	49%**	Terminal management
New Land Bridge (Lianyungang) Terminal Company limited ("New Land Bridge")	Lianyungang, the PRC Sino-foreign equity joint venture	RMB375,000,000	1%	42%**	1%	42%**	Terminal development and management, freight forwarding
Wuhu Sanshan Port Co., Ltd.	Anhui, the PRC Sino-foreign equity joint venture	RMB280,000,000	50%	50%	50%	50%	Construction and operation of ports and ancillary facilities, storage, haulage and international freight forwarding business
Sinotrans Logistics Suzhou Co., Ltd.	Suzhou, the PRC joint venture	RMB175,000,000	51%	51%**	–	–	Freight forwarding, warehousing
Chengdu Bonded Logistics Investment Co., Ltd.	Chengdu, the PRC limited liability company	RMB175,000,000	–	54.29%*	–	54.29%*	Industrial facilities construction, export& import, freight forwarding
Sinotrans Hi-Tech Logistics Suzhou Co., Ltd.	Suzhou, the PRC joint venture	US$19,570,000	–	60%**	–	60%**	Freight transportation, storage and package
DHL	Beijing, the PRC Sino-foreign equity joint venture	US$14,500,000	–	50%*	–	50%*	Express services
Shanghai Huasing International Container Freight Transportation Co., Ltd.	Shanghai, the PRC Sino-foreign equity joint venture	US$12,000,000	–	60%**	–	60%**	Container freight transportation
Ningbo Dagang Container Co., Ltd.	Ningbo, the PRC Sino-foreign equity joint venture	RMB72,000,000	–	50%	–	50%	Freight transportation, storage and package
Wuhan Sinoport Logistics Company Limited	Wuhan, the PRC joint venture	RMB68,000,000	–	45%**	–	45%**	Freight forwarding, transportation, storage and loading&unloading

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

21. INVESTMENTS IN JOINT VENTURES (continued)

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2013 Company	2013 Group	2012 Company	2012 Group	Principal activities
Shanghai Express International Company Limited	Shanghai, the PRC Sino-foreign equity joint venture	US$4,000,000	20%	51%**	20%	51%**	Freight forwarding, warehousing and trucking
Rex International Forwarding Company Limited	Beijing, the PRC Sino-foreign equity joint venture	US$2,200,000	–	50%*	–	50%*	Air freight forwarding
Maxx Logistics FZCO	Dubai, the United Arab Emirates Sino-foreign equity joint venture	AED1,000,000	–	40%**	–	40%**	Freight forwarding, warehousing

The above table lists the joint ventures of the Group which, in the opinion of the Directors, principally affect the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length. The names of certain joint ventures referred to as above represent management's translation of the Chinese names of these companies as no English names have been registered.

* These companies are joint ventures of Sinoair, and Sinoair has joint control over these joint ventures.

** According to the relevant articles and shareholders' agreements, the Group together with the other shareholders exercise joint control and none of the shareholders has unilateral control over these companies.

21. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's consolidated financial statements prepared in accordance with IFRSs.

Dongguan Humen

	2013 RMB'000	2012 RMB'000
Current assets	129,080	135,669
Non-current assets	1,499,846	1,275,865
Current liabilities	(126,563)	(257,846)
Non-current liabilities	(1,088,233)	(667,344)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	25,717	51,825
Current financial liabilities (excluding trade and other payables and provision)	(95,325)	(213,095)
Non-current financial liabilities (excluding trade and other payables and provision)	(1,088,233)	(667,444)

	2013 RMB'000	2012 RMB'000
Revenue	143,555	64,830
Loss and total comprehensive losses for the year	(72,281)	(92,693)

The above loss for the year includes the following:

	2013 RMB'000	2012 RMB'000
Depreciation and amortisation	(52,411)	(42,183)
Interest expense	(64,944)	(56,956)

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

21. INVESTMENTS IN JOINT VENTURES (continued)

Dongguan Humen (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Dongguan Humen recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of Dongguan Humen	414,130	486,344
Proportion of the Group's ownership interest in Dongguan Humen	49%	49%
Goodwill	37,017	37,017
Effect of fair value adjustment at acquisition	59,435	59,757
Carrying amount of the Group's interest in Dongguan Humen	299,375	335,083

New Land Bridge

	2013 RMB'000	2012 RMB'000
Current assets	188,488	208,573
Non-current assets	492,753	484,133
Current liabilities	(123,800)	(192,596)
Non-current liabilities	(2,108)	–
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	52,559	80,985
Current financial liabilities (excluding trade and other payables and provision)	(50,000)	(146,659)
Non-current financial liabilities (excluding trade and other payables and provision)	(2,108)	–

	2013 RMB'000	2012 RMB'000
Revenue	418,786	475,426
Profit and total comprehensive income for the year	122,143	96,578
Dividends received from the joint venture during the year	(28,107)	(25,428)

21. INVESTMENTS IN JOINT VENTURES (continued)

New Land Bridge (continued)

The above profit for the year includes the following:

	2013 RMB'000	2012 RMB'000
Depreciation and amortisation	(33,271)	(31,624)
Income tax expense	(18,443)	(14,000)

Reconciliation of the above summarised financial information to the carrying amount of the interest in New Land Bridge recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of New Land Bridge	555,333	500,110
Proportion of the Group's ownership interest in New land bridge	42%	42%
Carrying amount of the Group's interest in New land bridge	233,239	210,046

DHL

	2013 RMB'000	2012 RMB'000
Current assets	2,932,521	3,068,423
Non-current assets	838,969	687,228
Current liabilities	(1,866,934)	(1,862,495)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,464,799	1,637,561
Current financial liabilities (excluding trade and other payables and provision)	(282,176)	(328,658)

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

21. INVESTMENTS IN JOINT VENTURES (continued)

DHL (continued)

	2013 RMB'000	2012 RMB'000
Revenue	8,737,738	7,971,124
Profit and total comprehensive income for the year	1,332,206	1,315,476
Dividends received from the joint venture during the year	(660,403)	(480,878)

The above profit for the year includes the following:

	2013 RMB'000	2012 RMB'000
Depreciation and amortisation	(356,216)	(368,435)
Income tax expense	(446,487)	(452,872)

Reconciliation of the above summarised financial information to the carrying amount of the interest in DHL recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of DHL	1,904,556	1,893,156
Proportion of the Group's ownership interest in DHL	50%	50%
Carrying amount of the Group's interest in DHL	952,278	946,578

Aggregate information of joint ventures that are not individually material

	2013 RMB'000	2012 RMB'000
The Group's share of (losses)/profit	(33,202)	30,090
The Group's share of other comprehensive (losses)/income	(224)	448
The Group's share of total comprehensive (losses)/income	(33,426)	30,538

Investments in joint ventures as at 31 December 2013 include goodwill of RMB39,789,000 (2012: RMB42,741,000).

21. INVESTMENTS IN JOINT VENTURES (continued)

The operating lease commitments related to the Group's share of the joint ventures are as below:

Operating lease commitments – as lessee

	2013 RMB'000	2012 RMB'000
Land and buildings		
– Not later than one year	50,613	43,052
– Later than one year but not later than five years	86,762	73,767
Vessels, containers and other equipment		
– Not later than one year	406	–
– Later than one year but not later than five years	399	–
	138,180	116,819

Operating lease commitments – as lessor

	2013 RMB'000	2012 RMB'000
Land and buildings		
– Not later than one year	162	119
– Later than one year but not later than five years	66	128
	228	247

The Group's share of the capital commitments made jointly with other investors with joint control over the joint ventures, is as follows:

	2013 RMB'000	2012 RMB'000
Authorised and contracted for but not provided for	146,227	147,470
An analysis of the above capital commitments by nature is as follows		
– Construction commitments	146,028	147,470
– Acquisition of land use right	199	–
	146,227	147,470

Other unrecognised commitments provided by the Group to its joint ventures are disclosed in note 44.

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

22. INVESTMENTS IN ASSOCIATES

	The Group 2013 RMB'000	The Group 2012 RMB'000	The Company 2013 RMB'000	The Company 2012 RMB'000
Investment in associates				
– Listed outside Hong Kong	150,688	207,630	–	–
– Unlisted	755,875	766,025	102,580	118,139
	906,563	973,655	102,580	118,139

	The Group 2013 RMB'000	The Group 2012 RMB'000	The Company 2013 RMB'000	The Company 2012 RMB'000
At beginning of year	973,655	1,015,603	118,139	106,139
Additions	1,537	–	1,137	12,000
Share of profit of associates				
– profit before income tax	6,728	58,792	–	–
– income tax expense	(1,682)	(16,474)	–	–
	5,046	42,318	–	–
Share of other comprehensive losses	(11,374)	(3,412)	–	–
Share of other reserve	–	(34,457)	–	–
Disposals	(17,526)	–	(16,696)	–
Currency translation differences of an associate	–	8,321	–	–
Dividends declared	(44,775)	(54,718)	–	–
At end of year	906,563	973,655	102,580	118,139

Investments in associates as at 31 December 2013 include goodwill of RMB301,542,000 (2012: RMB352,717,000).

22. INVESTMENTS IN ASSOCIATES (continued)

The following is a list of the principal associates as at 31 December 2013:

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership and voting rights held by the Group 2013 Company	2013 Group	2012 Company	2012 Group	Principal activities
InterBulk Group plc ("InterBulk") *	London, the U.K. Public limited company	£ 46,789,000	-	35.26%	-	35.26%	Intermodal logistics services
Wuhan Port Container Company Limited	Wuhan, the PRC Limited liability company	RMB400,000,000	-	30%	-	30%	Container loading and freight forwarding
Shenzhen Haixing Harbour Development Company Limited ("Shenzhen Haixing")	Guangdong, the PRC Sino-foreign equity joint venture	US$15,151,500	-	33%	-	33%	Storage and terminal services
Weihai Weidong Ferry Company Limited ("Weihai Weidong")	Shandong, the PRC Sino-foreign equity joint venture	US$15,000,000	-	30%	-	30%	International marine transportation
Jiangsu Jiangyin Port Company Limited	Jiangyin, the PRC Limited liability company	RMB87,750,000	20%	20%	20%	20%	Storage and terminal services
Ma'anshan Tianshun Port Company Limited	Ma'anshan, the PRC Limited liability company	RMB70,000,000	21%	21%	21%	21%	Storage and terminal services
AMS Global Transportation Company Limited	Beijing, the PRC Sino-foreign equity	US$1,980,000	-	20%	-	20%	Air freight forwarding
Shanghai Haihui International Container Repair Company Limited	Shanghai, the PRC Sino-foreign equity joint venture	US$1,420,000	-	35%	-	35%	International container piling and storage, container repair
Changshu Nissin Sinotrans Transportation Company Limited	Jiangsu, the PRC Sino-foreign equity joint venture	US$1,400,000	-	30%	-	30%	Freight forwarding

* The financial year end date for InterBulk is 30 September. For the purpose of applying the equity method of accounting, the consolidated financial statements of InterBulk for the year ended 30 September 2013 have been used as the Group considers that it is impracticable for InterBulk to prepare a separate set of financial statements as of 31 December 2013. After taking into account the effect of transactions between 30 September 2013 and 31 December 2013, in the Directors' opinion, it's appropriate that no adjustment is required.

The above table lists the associates of the Group which, in the opinion of the Directors, principally affect the results of the year or form a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length. The names of certain associates referred to as above represent management's translation of the Chinese names of these companies as no English names have been registered.

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

22. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

InterBulk

	30 September 2013 RMB'000	30 September 2012 RMB'000
Current assets	585,548	633,016
Non-current assets	1,616,518	1,772,116
Current liabilities	(696,129)	(1,385,161)
Non-current liabilities	(766,809)	(140,558)
Market price quoted on Alternative Investment Market exchange	99,550	119,456

	Year ended 30 September 2013 RMB'000	Year ended 30 September 2012 RMB'000
Revenue	2,744,801	2,786,252
(Loss)/profit for the year	(137,332)	43,064
Other comprehensive income/(loss) for the year	6,136	(9,817)
Total comprehensive (loss)/income for the year	(131,196)	33,247

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	30 September 2013 RMB'000	30 September 2012 RMB'000
Net assets of InterBulk	739,128	879,413
Proportion of the Group's ownership interest in InterBulk	35.26%	35.26%
Goodwill	288,927	340,102
Effect of fair value adjustment at acquisition	(398,856)	(442,554)
Carrying amount of the Group's interest in InterBulk	150,688	207,629

22. INVESTMENTS IN ASSOCIATES (continued)

During the current year, as the result of performance of InterBulk didn't meet the expectation, the Group carried out a review of the recoverable amount of its investment in InterBulk. The recoverable amount is determined based on value-in-use calculations and is based on certain key assumptions. Value-in-use calculations use cash flow projections based on financial forecasts approved by management of InterBulk covering a 10-year period, and a discount rate of 8.79%. Cash flow projections during the forecast period are based on the expected gross margins during the forecast period. Forecast gross margins have been determined based on past performance and management's expectations for the market development. Cash flows beyond the 10-year period are extrapolated using a 0% growth rate.

The review led to the recognition of an impairment loss of RMB51,175,000 (2012: Nil), which has been recognised in "share of profit of associates" in the consolidated statement of profit or loss.

Weihai Weidong

	2013 RMB'000	2012 RMB'000
Current assets	238,516	233,881
Non-current assets	160,954	152,731
Current liabilities	(43,233)	(46,252)

	2013 RMB'000	2012 RMB'000
Revenue	102,939	101,641
Profit and total comprehensive income for the year	6,312	3,264
Dividends received from the associate during the year	(5,526)	(8,593)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of Weihai Weidong	356,237	340,360
Proportion of the Group's ownership interest in Weihai Weidong	30%	30%
Effect of fair value adjustment at acquisition	65,999	66,862
Carrying amount of the Group's interest in Weihai Weidong	172,870	168,970

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

22. INVESTMENTS IN ASSOCIATES (continued)

Shenzhen Haixing

	2013 RMB'000	2012 RMB'000
Current assets	123,265	84,329
Non-current assets	502,669	535,228
Current liabilities	(215,302)	(248,191)
Non-current liabilities	(19,966)	(4,098)

	2013 RMB'000	2012 RMB'000
Revenue	377,780	347,607
Profit and total comprehensive income for the year	92,165	71,267
Dividends received from the associate during the year	(23,092)	(33,047)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2013 RMB'000	2012 RMB'000
Net assets of Shenzhen Haixing	390,666	367,268
Proportion of the Group's ownership interest in Shenzhen Haixing	33%	33%
Effect of fair value adjustment at acquisition	194,609	199,713
Carrying amount of the Group's interest in Shenzhen Haixing	323,529	320,911

Aggregate information of associates that are not individually material

	2013 RMB'000	2012 RMB'000
The Group's share of profit/(loss)	15,478	5,903
The Group's share of other comprehensive income/(loss)	–	–
The Group's share of total comprehensive income/(loss)	15,478	5,903
Aggregate carrying amount of the Group's interest in these associates	259,476	276,145

23. FINANCIAL INSTRUMENTS BY CATEGORY

The classification of the financial instruments of the Group and the Company is set out below:

The Group	Loans and receivables RMB'000	At fair value through profit or loss RMB'000	Available-for-sale at fair value RMB'000	Available-for-sale at cost RMB'000	Total RMB'000
Financial assets as per consolidated statement of financial position					
As at 31 December 2013					
Available-for-sale financial assets (Notes 25, 27)	–	–	919,697	388,120	1,307,817
Trade and other receivables (Note 28)	7,865,585	–	–	–	7,865,585
Restricted cash (Note 29)	195,204	–	–	–	195,204
Term deposits with initial terms of over three months (Note 30)	810,261	–	–	–	810,261
Cash and cash equivalents (Note 31)	5,275,867	–	–	–	5,275,867
Total	14,146,917	–	919,697	388,120	15,454,734
As at 31 December 2012					
Available-for-sale financial assets (Notes 25, 27)	–	–	1,099,084	388,120	1,487,204
Trade and other receivables (Note 28)	8,019,438	–	–	–	8,019,438
Restricted cash (Note 29)	198,552	–	–	–	198,552
Term deposits with initial terms of over three months (Note 30)	579,332	–	–	–	579,332
Cash and cash equivalents (Note 31)	5,594,572	–	–	–	5,594,572
Total	14,391,894	–	1,099,084	388,120	15,879,098

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

23. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Company	Loans and receivables RMB'000	At fair value through profit or loss RMB'000	Available-for sale at fair value RMB'000	Available-for sale at cost RMB'000	Total RMB'000
Financial assets as per statement of financial position					
As at 31 December 2013					
Available-for-sale financial assets (Note 25)	–	–	–	143,692	143,692
Loans to subsidiaries (Note 26)	1,911,477	–	–	–	1,911,477
Trade and other receivables (Note 28)	4,736,833	–	–	–	4,736,833
Restricted cash (Note 29)	800	–	–	–	800
Cash and cash equivalents (Note 31)	744,339	–	–	–	744,339
Total	7,393,449	–	–	143,692	7,537,141
As at 31 December 2012					
Available-for-sale financial assets (Note 25)	–	–	–	143,692	143,692
Loans to subsidiaries (Note 26)	1,485,185	–	–	–	1,485,185
Trade and other receivables (Note 28)	4,541,824	–	–	–	4,541,824
Restricted cash (Note 29)	800	–	–	–	800
Cash and cash equivalents (Note 31)	1,183,209	–	–	–	1,183,209
Total	7,211,018	–	–	143,692	7,354,710

23. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Group	Measured at amortised cost RMB'000
Financial liabilities as per consolidated statement of financial position	
As at 31 December 2013	
Trade payables (Note 36)	5,841,263
Other payables, accruals and other current liabilities (Note 37)	1,623,145
Salary and welfare payables	592,461
Borrowings (Note 32)	1,200,647
Long-term bonds (Note 33)	4,546,380
Total	13,803,896
As at 31 December 2012	
Trade payables (Note 36)	5,687,159
Other payables, accruals and other current liabilities (Note 37)	1,508,796
Salary and welfare payables	535,587
Borrowings (Note 32)	1,110,131
Short-term bonds (Note 33)	2,022,534
Long-term bonds (Note 33)	2,544,287
Total	13,408,494

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

23. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The Company	Measured at amortised cost RMB'000
Financial liabilities as per statement of financial position	
As at 31 December 2013	
Trade payables (Note 36)	283,617
Other payables, accruals and other current liabilities (Note 37)	1,971,673
Salary and welfare payables	143,319
Borrowings (Note 32)	166,613
Long-term bonds (Note 33)	4,497,870
Total	7,063,092
As at 31 December 2012	
Trade payables (Note 36)	316,068
Other payables, accruals and other current liabilities (Note 37)	2,173,534
Salary and welfare payables	137,208
Borrowings (Note 32)	126,163
Short-term bonds (Note 33)	2,022,534
Long-term bonds (Note 33)	2,497,558
Total	7,273,065

At the end of each reporting period, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at cost or amortised cost in the financial statements approximate their fair values.

24. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the nature of counterparties and the historical information about counterparty default rates.

(a) Trade and other receivables

As at 31 December 2013, the Group's trade and other receivables of RMB7,613,551,000 (2012: RMB7,783,253,000) and the Company's trade and other receivables of RMB4,697,300,000 (2012: RMB4,453,792,000) were due from customers with good credit history and low default rate. Trade and other receivables that were either past due or impaired were disclosed in Note 28.

(b) Cash at bank, short-term bank deposits, restricted cash and term deposits with initial terms over three months

As at 31 December 2013 and 2012, substantially all of the Group's and the Company's cash at bank, short-term bank deposits, restricted cash and term deposits with initial terms over three months were held in major banks located in the PRC, which are of high credit quality with good credit history without any default records.

25. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Listed equity securities (a)	769,697	1,019,084	–	–
Unlisted equity investments, at cost less impairment (b)	388,120	388,120	143,692	143,692
Available-for-sale financial assets	1,157,817	1,407,204	143,692	143,692

(a) Movements in listed equity investment are analysed as follows:

	The Group	
	2013 RMB'000	2012 RMB'000
At beginning of year	1,019,084	1,004,046
Fair value (losses)/gains	(230,319)	15,038
Disposal	(19,068)	–
At end of year	769,697	1,019,084
Market value of listed securities	769,697	1,019,084

Listed equity investments include the ordinary shares of Air China Limited ("Air China") and China Eastern Airlines Corporation Limited ("China Eastern") listed on the Shanghai Stock Exchange and BOE Technology Group Co., Ltd. ("BOE") listed on the Shenzhen Stock Exchange. Air China and China Eastern were incorporated in the PRC whose principal activities are air transportation. BOE was incorporated in the PRC whose principal activities are electronic device manufacturing and sales.

(b) Unlisted equity investments comprise equity interests in entities which are engaged in logistics, freight forwarding operations and other financing activities. There is no open market for these instruments and the Directors consider that the marketability of the Group's shareholdings in these instruments is low. In light of the non-controlling shareholdings held by the Group, the probabilities of the range of possible fair values of these investments cannot be reliably assessed. These investments are therefore stated at cost less impairment. The Group makes assessment when there is objective evidence that the available-for-sale financial assets are impaired in accordance with the guidelines in IAS 39 Financial Instruments: Recognition and Measurement. The assessment requires the Directors to make judgments. In making these judgments, the Group has assessed various factors, such as financial operation of the investees, prospect of their operations in short to medium terms, as well as the prospect of the industries the investees operate in, and changes in their operating environment.

As at 31 December 2013 and 2012, the entire available-for-sale financial assets were denominated in RMB and none of them were impaired or pledged.

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

26. LOANS TO SUBSIDIARIES

The loans to subsidiaries are of 2 to 17 years term, unsecured, interest-bearing and denominated in RMB.

27. PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Prepayments on behalf of customers	815,701	936,242	26,105	31,710
Prepaid expenses	98,262	49,171	1,229	2,763
Due from related parties	2,185	6,581	1,637	3,111
Available-for-sale financial assets*	150,000	80,000	–	–
Deductible value added tax	72,061	–	–	–
Others	622	880	21	21
	1,138,831	1,072,874	28,992	37,605

The amounts due from related parties are generally unsecured, non-interest bearing and repayable on demand (Note 46(b))

* Available-for-sale financial assets are wealth management products issued by banks or trust companies.

As at 31 December 2013:

– China Construction Bank product with principal amount of RMB150,000,000, 52-day term starting from December 2013, and expected annual yield rate of 6.35%.

As at 31 December 2012:

– Ding Xin No. 55 trust product with principal amount of RMB80,000,000, 12-month term starting from June 2012, and expected annual yield rate of 9.8%.

28. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Trade receivables (a)	6,806,510	7,163,167	472,250	499,206
Bills receivables (b)	293,076	264,261	12,240	19,400
Other receivables (c)	551,787	443,486	24,924	19,557
Due from related parties (d)	214,212	148,524	4,227,419	4,003,661
	7,865,585	8,019,438	4,736,833	4,541,824

28. TRADE AND OTHER RECEIVABLES

The carrying amounts of the Group's and the Company's trade and other receivables are denominated in the following currencies:

	The Group 2013 RMB'000	The Group 2012 RMB'000	The Company 2013 RMB'000	The Company 2012 RMB'000
RMB	6,421,041	6,035,884	4,643,470	4,370,051
US$	1,071,593	1,532,824	93,323	171,773
HK$	318,457	376,331	–	–
Others	54,494	74,399	40	–
	7,865,585	8,019,438	4,736,833	4,541,824

The credit period of the Group's and the Company's trade receivables generally ranges from 1 to 6 months.

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, both locally and internationally dispersed.

As at 31 December 2013 and 2012, the following trade and other receivables were impaired. The factors considered by management in determining the impairment are described in Note 3. The aging of these receivables is as follows:

	The Group 2013 RMB'000	The Group 2012 RMB'000	The Company 2013 RMB'000	The Company 2012 RMB'000
Within 6 months	2,522	3,238	545	1,789
Between 6 and 12 months	86,339	123,452	32,427	66,145
Between 1 and 2 years	50,346	51,022	21,890	26,737
Between 2 and 3 years	14,302	14,297	6,362	6,599
Over 3 years	11,962	9,294	1,579	1,944
	165,471	201,303	62,803	103,214
Less: Provision for impairment of receivables	(77,587)	(64,478)	(31,588)	(22,807)
	87,884	136,825	31,215	80,407

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

28. TRADE AND OTHER RECEIVABLES (continued)

As at 31 December 2013 and 2012, the following trade and other receivables were past due but not impaired, because there has not been a significant change in credit quality and the amount are still considered recoverable. The aging analysis of these receivables is as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Within 6 months	150,346	87,126	8,318	5,296
Between 6 and 12 months	8,611	6,363	–	1,053
Between 1 and 2 years	5,193	5,871	–	1,276
	164,150	99,360	8,318	7,625

Movements on the provision for impairment of trade and other receivables are as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
At beginning of year	(64,478)	(50,815)	(22,807)	(16,190)
Allowance for impairment, net	(18,272)	(22,317)	(8,781)	(6,617)
Receivables written off as uncollectible	5,163	8,654	–	–
At end of year	(77,587)	(64,478)	(31,588)	(22,807)

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

(a) Trade receivables

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Trade receivables	6,875,927	7,221,346	503,838	522,013
Less: Allowance for impairment of receivables	(69,417)	(58,179)	(31,588)	(22,807)
Trade receivables, net	6,806,510	7,163,167	472,250	499,206

28. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The invoice dates at the end of each reporting period approximate the respective revenue recognition dates. Aging analysis of the above gross trade receivables is as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Within 6 months	6,721,280	7,029,889	441,581	421,143
Between 6 and 12 months	85,891	123,128	32,426	65,590
Between 1 and 2 years	48,863	50,821	21,890	26,737
Between 2 and 3 years	13,687	13,766	6,362	6,599
Over 3 years	6,206	3,742	1,579	1,944
	6,875,927	7,221,346	503,838	522,013

(b) The Group has transferred bills receivables amounted to RMB348,223,000 (2012: RMB174,271,000) to its suppliers to settle its payables through endorsing the bills to its suppliers. The Group has derecognised these bills receivables and the payables to suppliers in their entirety, as in the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to the suppliers. The Group has limited exposure in respect of the settlement obligation of these bills receivables under relevant PRC rules and regulations should the issuing banks failed to settle the bills on maturity date. The Group considers the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant, and the issuing banks have never failed to settle the bills on maturity date.

The maximum exposure to loss, which is same as the amount payable by the Group to the suppliers in respect of the endorsed bills, should the issuing banks failed to settle the bills on maturity date amounted to RMB348,223,000 (2012: RMB174,271,000).

All the bills receivables endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

(c) Other receivables

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Deposits receivables	300,206	215,383	16,729	13,427
Receivables from payments on behalf of customers	160,931	153,160	–	–
Compensation receivables	7,192	5,545	–	–
Interest receivable	24,051	16,924	63	–
Others	67,557	58,753	8,132	6,130
	559,937	449,765	24,924	19,557
Less: Allowance for impairment of other receivables	(8,150)	(6,279)	–	–
	551,787	443,486	24,924	19,557

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

28. TRADE AND OTHER RECEIVABLES (continued)

(d) Due from related parties

The amounts due from related parties are analysed as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Trade receivables:				
Ultimate holding company and fellow subsidiaries	68,877	23,702	5,389	756
Subsidiaries	–	–	1,433	1,607
Joint ventures	44,247	23,666	–	–
Associates	13,889	23,082	–	–
	127,013	70,450	6,822	2,363
Less: Allowance for impairment of receivables	–	–	–	–
	127,013	70,450	6,822	2,363
Other receivables:				
Ultimate holding company and fellow subsidiaries	28,859	25,540	1,060	5,713
Subsidiaries	–	–	4,218,956	3,994,430
Joint ventures	54,510	50,888	452	1,046
Associates	3,850	1,666	129	109
	87,219	78,094	4,220,597	4,001,298
Less: Allowance for impairment of other receivables	(20)	(20)	–	–
	87,199	78,074	4,220,597	4,001,298
	214,212	148,524	4,227,419	4,003,661

The credit period of the Group's and the Company's trade receivables due from related parties generally ranges from 1 to 6 months.

28. TRADE AND OTHER RECEIVABLES (continued)

(d) Due from related parties (continued)

The aging of these amounts due from ultimate holding company and fellow subsidiaries, subsidiaries, joint ventures and associates, which are trading in nature based on invoice date, is summarised as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Within 6 months	126,432	69,959	6,822	808
Between 6 and 12 months	466	365	–	555
Between 1 and 2 years	102	126	–	1,000
Between 2 and 3 years	13	–	–	–
	127,013	70,450	6,822	2,363

Other receivables due from related parties are generally unsecured and repayable on demand.

The amounts due from related parties are described in Note 46(b).

29. RESTRICTED CASH

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Deposits denominated in RMB in banks restricted for				
– bank borrowings	104,733	162,260	–	–
– other purposes	90,471	36,292	800	800
	195,204	198,552	800	800

The maximum exposure to credit risk at the reporting dates is the carrying amounts of the Group's and the Company's restricted cash mentioned above.

The weighted average effective interest rates of the Group and the Company on restricted cash were 1.61% (2012: 2.25%) per annum and 3.94% (2012: 3.70%) per annum respectively as at 31 December 2013.

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

30. TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

The Group's term deposits with initial terms of over three months are deposited in banks in the PRC, which management believes are of high credit quality and does not expect high credit risks in this aspect. The Group's term deposits with initial terms of over three months are denominated in RMB:

	The Group	
	2013 RMB'000	2012 RMB'000
Term deposits with initial terms of over three months	810,261	579,332

As at 31 December 2013, the weighted average effective interest rates on term deposits with initial terms of over three months of the Group was 3.03% (2012: 2.94%) per annum.

The maximum exposure to credit risk at the reporting dates is the carrying amounts of the Group's term deposits with initial terms of over three months mentioned above.

31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Cash at bank and in hand	4,851,160	4,775,768	744,339	943,209
Short-term bank deposits	424,707	818,804	–	240,000
	5,275,867	5,594,572	744,339	1,183,209

(a) As at 31 December 2013 and 2012, the Group's and the Company's cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
RMB	3,950,946	4,271,330	524,119	1,056,903
US$	1,134,989	1,092,894	201,992	108,247
HK$	89,338	88,701	40	52
Japanese Yen ("JPY")	27,980	16,903	–	10
Others	72,614	124,744	18,188	17,997
	5,275,867	5,594,572	744,339	1,183,209

(b) The weighted average effective interest rates of the Group on short term bank deposits was 2.80% (2012: 2.60%) per annum respectively as at 31 December 2013.

32. BORROWINGS

(a) Borrowings represent bank borrowings, which are analysed as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Current				
Bank borrowings denominated in				
– RMB				
Fixed interest rate	13,362	39,063	–	–
Floating interest rate	50,000	–	–	–
– US$				
Fixed interest rate	689,600	691,839	166,613	126,163
– HK$				
Fixed interest rate	27,517	28,378	–	–
Current portion of non-current bank borrowings				
– Denominated in RMB				
Floating interest rate	–	12,000	–	–
– Denominated in US$				
Floating interest rate	74,384	38,234	–	–
	854,863	809,514	166,613	126,163

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

32. BORROWINGS (continued)

(a) Borrowings represent bank borrowings, which are analysed as follows: (continued)

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Non-current				
Bank borrowings repayable between 1 to 2 years				
– Denominated in RMB				
Floating interest rate	51,051	–	–	–
– Denominated in US$				
Floating interest rate	74,384	46,930	–	–
Bank borrowings repayable between 2 to 5 years				
– Denominated in RMB				
Floating interest rate	–	151,051	–	–
– Denominated in US$				
Floating interest rate	116,081	67,201	–	–
Bank borrowings repayable 5 years or more				
– Denominated in US$				
Floating interest rate	104,268	35,435	–	–
	345,784	300,617	–	–
Total fixed rate borrowings	730,479	759,280	166,613	126,163
Total floating rate borrowings	470,168	350,851	–	–
Total borrowings	1,200,647	1,110,131	166,613	126,163
Borrowings				
– Unsecured	236,745	149,042	166,613	126,163
– Guaranteed	586,889	697,752	–	–
– Secured	377,013	263,337	–	–
	1,200,647	1,110,131	166,613	126,163

The floating interest rate above is based on the loan interest rate published by the People's Bank of China or LIBOR.

32. BORROWINGS (continued)

(b) The weighted average effective interest rates per annum of the borrowings for the Group were 6.21% (2012: 5.00%) for bank borrowings denominated in RMB, 2.05% (2012: 2.59%) for bank borrowings denominated in US$, 2.40% (2012: 2.87%) for bank borrowings denominated in HK$ as at 31 December 2013.

The weighted average effective interest rates per annum of the borrowings for the Company were 2.34% (2012: 3.39%) for bank borrowings denominated in US$ as at 31 December 2013.

(c) Securities and guarantees

	The Group	
	2013 RMB'000	2012 RMB'000
Restricted cash pledged	104,733	162,260
Carrying amount of property, plant and equipment pledged	515,451	275,023
Carrying amount of land use rights pledged	13,348	27,285

33. BONDS

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Non-current				
Medium-term notes (a)	1,999,334	2,497,558	1,999,334	2,497,558
Collective bonds (b)	–	46,729	–	–
Corporate bonds (c)	1,999,519	–	1,999,519	–
Long-term bonds	3,998,853	2,544,287	3,998,853	2,497,558
Current				
Medium-term notes (a)	499,017	–	499,017	–
Collective bonds (b)	48,510	–	–	–
Long-term bonds due within one year	547,527	–	499,017	–
Short-term bonds	–	2,022,534	–	2,022,534

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

33. BONDS (continued)

(a) On 5 September 2011, the Company received the approval from the National Association of Financial Market Institutional Investors to issue the unsecured medium-term notes amounting to RMB2.5 billion by tranches. The issuance of the first tranche of medium-term notes with par value of RMB100 each totalling RMB0.5 billion was completed on 21 October 2011. The issuance of the second tranche of medium-term notes with par value of RMB100 each totalling RMB2 billion was completed on 19 March 2012. The first tranche of medium-term notes are of 3-year term with fixed annual coupon and effective interest rates of 5.99% and 6.23%, respectively. The second tranche of medium-term notes are of 3-year term with fixed annual coupon and effective interest rates of 4.72% and 4.94%, respectively.

(b) In November 2011, a subsidiary of the Company issued collective bonds with par value of RMB100 each totalling RMB50 million. The bonds are guaranteed by China Bond Insurance Co., Ltd. and are of 3-year term with fixed annual coupon and effective interest rates of 6.20% and 9.18%, respectively.

(c) On 8 November 2013, the Company received the approval from China Securities Regulatory Commission to issue the unsecured corporate bonds amounting to RMB4 billion by tranches. The issuance of the first tranche of corporate bonds with par value of RMB100 each totalling RMB2 billion was completed on 8 November 2013. The first tranche of corporate bonds are of 3-year term and with fixed annual coupon and effective interest rates of 5.70% and 5.71%, respectively.

34. PROVISIONS

	The Group					
	One-off cash housing subsidies RMB'000 (a)	Guarantees and related provisions RMB'000 (Note 43)	Outstanding claims RMB'000 (b)	Onerous contracts RMB'000	Others RMB'000	Total RMB'000
2013						
As at 1 January 2013	29,016	68,949	53,360	2,989	43,714	198,028
Additional provision	–	–	83,140	1,967	42,034	127,141
Paid during the year	(523)	–	(12,375)	(2,989)	(42,896)	(58,783)
As at 31 December 2013	28,493	68,949	124,125	1,967	42,852	266,386
2012						
As at 1 January 2012	29,820	3,133	28,586	11,174	40,209	112,922
Additional provision	–	121,693	28,805	2,989	42,896	196,383
Paid during the year	(804)	(55,877)	(4,031)	(11,174)	(39,391)	(111,277)
As at 31 December 2012	29,016	68,949	53,360	2,989	43,714	198,028

34. PROVISIONS (continued)

(a) One-off cash housing subsidies represent the Group's provision made prior to the Reorganisation. SINOTRANS & CSC agreed to bear any further one-off cash housing subsidies in the excess of the amount of RMB74,560,000 provided for in the Group's consolidated financial statements at the time of the Reorganisation.

(b) The outstanding claims provision as at the end of each reporting periods relates to certain legal claims brought against the Group by customers.

	The Company	
	2013 RMB'000	2012 RMB'000
As at 1 January	6,537	6,419
Additional provision	1,100	760
Paid during the year	(519)	(642)
As at 31 December	7,118	6,537

35. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities mainly consist of deferred income arising from government grants.

36. TRADE PAYABLES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Trade payables (a)	5,717,840	5,577,073	226,654	251,671
Due to related parties (b)	123,423	110,086	56,963	64,397
	5,841,263	5,687,159	283,617	316,068

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

36. TRADE PAYABLES (continued)

The carrying amounts of the Group's and the Company's trade payables are denominated in the following currencies:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
RMB	4,749,654	4,655,711	225,751	247,539
US$	880,075	871,191	57,632	68,107
HK$	183,083	107,529	–	87
Others	28,451	52,728	234	335
	5,841,263	5,687,159	283,617	316,068

(a) Trade payables

The normal credit period for trade payables generally ranges from 1 to 6 months. Aging analysis of trade payables based on invoice date at the end of each reporting period is as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Within 6 months	5,202,699	5,079,844	201,261	194,896
Between 6 and 12 months	222,198	270,774	2,011	27,702
Between 1 and 2 years	161,162	136,537	14,127	21,512
Between 2 and 3 years	88,013	52,549	5,763	3,088
Over 3 years	43,768	37,369	3,492	4,473
	5,717,840	5,577,073	226,654	251,671

(b) Due to related parties

The amounts due to related parties, which are trading in nature, are analysed as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Ultimate holding company and fellow subsidiaries	99,530	89,564	43,226	64,397
Joint ventures	21,017	8,766	13,737	–
Associates	2,876	11,756	–	–
	123,423	110,086	56,963	64,397

36. TRADE PAYABLES (continued)

(b) Due to related parties (continued)

The normal credit period for trade payables due to related parties generally ranges from 1 to 6 months. The aging of these amounts due to the ultimate holding company and fellow subsidiaries, joint ventures, and associates based on invoice date is summarised as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Within 6 months	100,467	94,577	50,557	58,777
Between 6 and 12 months	9,957	2,148	2,692	4,218
Between 1 and 2 years	1,045	1,492	2,965	365
Between 2 and 3 years	1,020	1,192	363	998
Over 3 years	10,934	10,677	386	39
	123,423	110,086	56,963	64,397

The amounts due to related parties are described in Note 46(b).

37. OTHER PAYABLES, ACCRUALS AND OTHER CURRENT LIABILITIES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Other payables and accruals (a)	774,493	771,846	130,661	132,111
Due to related parties (b)	1,239,408	1,160,315	1,861,431	2,057,169
	2,013,901	1,932,161	1,992,092	2,189,280

(a) Other payables and accruals

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Payables for property, plant and equipment	144,595	159,159	34	1,790
Customers' deposits	350,403	417,500	17,099	14,355
Accrued expenses	50,932	60,098	7,336	19,703
Interest payable	107,633	90,798	99,106	82,067
Dividends payable to non-controlling shareholders of subsidiaries	12,837	18,407	–	–
Temporary receipts	22,131	1,086	3,348	12,565
Other tax liabilities	40,353	5,865	3,320	1,391
Others	45,609	18,933	418	240
	774,493	771,846	130,661	132,111

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

37. OTHER PAYABLES, ACCRUALS AND OTHER CURRENT LIABILITIES (continued)

(b) Due to related parties

The amounts due to related parties are analysed as follows:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Ultimate holding company and fellow subsidiaries*	1,223,570	1,139,740	702	12
Subsidiaries	–	–	1,860,729	2,057,157
Joint ventures	15,288	19,939	–	–
Associates	550	636	–	–
	1,239,408	1,160,315	1,861,431	2,057,169

* Among the amounts due to ultimate holding company and fellow subsidiaries, RMB1,051,195,500 (2012: RMB959,742,000) are unsecured and repayable within 6-12 months with weighted average effective interest rates per annum of 4.19% (2012: 4.31%).

Other amounts due to related parties are generally unsecured, non-interest bearing, and without fixed repayment terms.

38. RECEIPTS IN ADVANCE FROM CUSTOMERS

	The Group	
	2013 RMB'000	2012 RMB'000
Receipts in advance from customers	623,850	897,852
Collection and payment on behalf of others	1,062,514	1,281,508
	1,686,364	2,179,360

The amounts of receipts in advance from related parties are described in Note 46(b).

39. SHARE CAPITAL

	The Group and The Company	
	2013 RMB'000	2012 RMB'000
Registered, issued and fully paid		
– Domestic shares of RMB1.00 each	2,461,596	2,461,596
– H shares of RMB1.00 each	1,787,406	1,787,406
	4,249,002	4,249,002

39. SHARE CAPITAL (continued)

As at 31 December 2013 and 2012, the registered and issued share capital comprises 2,461,596,200 domestic shares and 1,787,406,000 H shares, representing 57.9% and 42.1% of the issued capital, respectively.

All the domestic state-owned ordinary shares and H shares rank pari passu in all material respects except that the dividends to holders of H shares are declared in RMB but paid in HK$.

40. RESERVES

(a) Equity of the Company

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
As at 1 January 2013	4,249,002	1,918,080	365,921	815,986	7,348,989
Profit and total comprehensive income for the year	–	–	–	558,002	558,002
Transactions with owners					
– 2012 final dividends	–	–	–	(127,470)	(127,470)
Total transactions with owners	–	–	–	(127,470)	(127,470)
Transfer to statutory reserve	–	–	57,013	(57,013)	–
As at 31 December 2013	4,249,002	1,918,080	422,934	1,189,505	7,779,521
Representing					
– Share capital and reserves	4,249,002	1,918,080	422,934	977,055	7,567,071
– 2013 proposed final dividends	–	–	–	212,450	212,450
As at 31 December 2013	4,249,002	1,918,080	422,934	1,189,505	7,779,521

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

40. RESERVES (continued)

(a) Equity of the Company (continued)

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
As at 1 January 2012	4,249,002	1,918,080	341,011	644,964	7,153,057
Profit and total comprehensive income for the year	–	–	–	238,422	238,422
Transactions with owners					
– 2011 final dividends	–	–	–	(42,490)	(42,490)
Total transactions with owners	–	–	–	(42,490)	(42,490)
Transfer to statutory reserve	–	–	24,910	(24,910)	–
As at 31 December 2012	4,249,002	1,918,080	365,921	815,986	7,348,989
Representing					
– Share capital and reserves	4,249,002	1,918,080	365,921	688,516	7,221,519
– 2012 proposed final dividends	–	–	–	127,470	127,470
As at 31 December 2012	4,249,002	1,918,080	365,921	815,986	7,348,989

(b) Reserves

Capital reserve of the Group and the Company mainly represent premium received from issuance of shares and revaluation surplus during the privatization in 2002 and 2007.

In accordance with the relevant PRC regulations and the Articles of Association of the Company, every year the Company is required to transfer 10% of the profit after taxation determined in accordance with the PRC accounting standards to a statutory surplus reserve until the balance reaches 50% of the registered share capital. Such reserve can be used to reduce any losses incurred and to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered share capital.

For the year ended 31 December 2013, the Company transferred 10% of the Company's profit after tax determined under the PRC accounting standards, of RMB57,013,000 (2012: RMB24,910,000) to the statutory surplus reserve.

As at 31 December 2013, the Company's retained earnings available for distribution was approximately RMB1,359,486,000 (2012: RMB945,647,000), being the amount determined in accordance with the PRC accounting standards.

41. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the year to cash generated from operations:

	The Group	
	2013 RMB'000	2012 RMB'000
Profit before income tax	1,486,386	1,233,190
Interest income	(65,238)	(84,293)
Interest expenses	284,759	301,228
Losses on disposal of property, plant and equipment and land use rights	9,538	22,491
Impairment loss of receivables	18,272	22,317
Impairment of property, plant and equipment	–	33,396
Depreciation of property, plant and equipment	489,016	455,718
Amortisation of intangible assets	23,915	18,989
Operating lease charges on other non-current assets	7,582	8,189
Operating lease charges on land use rights	62,948	56,188
Share of profit of associates, net of taxation	(5,046)	(42,318)
Share of profit of joint ventures, net of taxation	(648,783)	(704,141)
Dividend income on available-for-sale financial assets	(8,328)	(10,905)
Losses/(gains) on liquidation/disposal of joint ventures	2,026	(12,704)
Losses on disposal of associates	1,220	–
Gains on disposal of available-for-sale financial assets	(22,837)	(11,558)
Fair value gains on financial assets at fair value through profit or loss	(225)	–
Fair value gains on SAR	–	(219)
Written off of trade payable	(9,369)	(11,145)
Deferred income arising from government grants	(24,399)	(14,990)
Exchange losses	11,280	3,047
Operating profit before working capital changes	1,612,717	1,262,480
Decrease in prepayments and other current assets	51,472	263,679
(Increase)/decrease in inventories	(6,835)	29,741
Decrease/(increase) in trade and other receivables	178,737	(1,388,343)
Increase in provisions	68,358	85,106
Increase in trade payables	163,473	844,592
Increase in other payables, accruals and other current liabilities	26,815	32,920
Increase in other non-current liabilities	7,567	–
Decrease in receipts in advance from customers	(492,996)	(471,459)
Increase in salary and welfare payables	55,604	31,716
Cash generated from operations	1,664,912	690,432

42. CONTINGENT LIABILITIES

The Group has been named in a number of lawsuits arising in its ordinary course of business. Where management can reasonably estimate the outcome of the lawsuits taking into account of the legal advice, provisions have been made for the probable losses which are included in Note 34. Where management cannot reasonably estimate the outcome of the lawsuits or believe the probability of loss is remote, no provision has been made. As at 31 December 2013, the maximum exposure of such lawsuits of the Group amounted to approximately RMB156,308,000 (2012: RMB176,738,000).

Notes
to the Consolidated Financial Statements

For the year ended 31 December 2013

43. GUARANTEES

The following is a summary of the Group's significant guarantees:

	The Group	
	2013 RMB'000	2012 RMB'000
Loan guarantees provided by Group for the benefit of a joint venture (note (a))	116,136	143,675
Guarantee provided by the group in respect of finance lease obligation of a joint venture	117,600	–

Note:

(a) A provision of RMB68,949,000 (2012: RMB68,949,000) has been recognised in respect of loan guarantees provided to a joint venture (Detail are set out in notes 4 and 34).

(b) In addition, in the common business practice, certain subsidiaries of the Company issued related letters of guarantee to the Civil Aviation Administration of China to ensure some joint ventures and the third party customers to obtain the operating licenses of air freight forwarding. Such letters of guarantee contain no specific amount, among which, the longest will terminate in 2015. For the above guarantees provided to the third party customers by the Company, a counter-guarantee of the total guarantee liability was provided by the shareholders of these customers.

44. CAPITAL COMMITMENTS

At the end of the reporting period, the Group and the Company have the following outstanding capital commitments not provided for in the consolidated financial statements:

	The Group	
	2013 RMB'000	2012 RMB'000
Authorised and contracted for but not provided	826,608	1,374,884
Authorised but not contracted for	383,195	304,121
	1,209,803	1,679,005
An analysis of the above capital commitments by nature is as follows		
– Acquisition of property, plant and equipment	162,704	593,562
– Construction commitments	906,470	978,026
– Investments in joint ventures/associates	130,000	97,900
– Acquisition of land use right	10,629	9,517
	1,209,803	1,679,005

	The Company	
	2013 RMB'000	2012 RMB'000
Authorised and contracted for but not provided		
– Investments in joint ventures/associates	90,000	97,900

45. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

The Group leases various land and buildings, vessels, containers and other equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The lease expenditure charged to the consolidated statement of profit or loss during the year is disclosed in Note 10.

The Group and the Company have commitments to make the following future minimum lease payments under non-cancellable operating leases:

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Land and buildings				
– Not later than one year	195,410	83,848	8,462	8,195
– Later than one year but not later than five years	274,827	100,858	–	–
– Later than five years	54,051	42,510	–	–
Plant and equipment				
– Not later than one year	343,210	162,948	–	–
– Later than one year but not later than five years	58,478	77,672	–	–
– Later than five years	1,696	6,208	–	–
	927,672	474,044	8,462	8,195

(b) The Group as lessor

The Group has contracted with customers for the following future minimum lease receivables under non-cancellable operating leases as follows:

	The Group	
	2013 RMB'000	2012 RMB'000
Buildings		
– Not later than one year	22,534	19,142
– Later than one year but not later than five years	13,650	17,190
– Later than five years	3,596	7,044
Plant and machinery		
– Not later than one year	5,284	73
	45,064	43,449

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

46. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("government-related entities"). In addition, the Group itself is part of a larger group of companies under SINOTRANS & CSC, which is controlled by the PRC government.

Related parties include SINOTRANS & CSC (including its subsidiaries, joint ventures and associates), other government-related entities, other entities and corporations in which the Company is able to control, jointly control, or exercise significant influence and key management personnel of the Company and SINOTRANS & CSC as well as their close family members.

On 1 November 2011, the Group entered into a business service agreement with SINOTRANS & CSC, which regulates the provision of transportation and logistics services and ancillary services. The business service agreement contemplates that the relevant members of the Group and SINOTRANS & CSC (including its subsidiaries, joint ventures and associates) will enter into contracts for specific services and when necessary, in compliance with the terms of the business service agreement.

In addition, on 1 November 2011, the Group entered into a master lease agreement with SINOTRANS & CSC (including its subsidiaries, joint ventures and associates) providing for the lease of certain office premises, warehouses, container yards, freight stations and other properties for a term of 3 years.

On 14 November 2012, the Group entered into a financial service agreement with Sinotrans & CSC Finance Co., Ltd. a subsidiary of SINOTRANS & CSC, which provides a series of financial services including deposit services, loan services and other financial services to the Group.

For the purpose of the related party transaction disclosures, the Directors believe that meaningful information in respect of related party transactions has been adequately disclosed.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of other significant related party transactions entered into in the ordinary course of business between the Group and its related parties and the balances arising from related party transactions and such transactions are carried out on similar terms that are applied to all customers.

(a) Transactions with related parties

	The Group	
	2013 RMB'000	2012 RMB'000
Transactions with ultimate holding company and fellow subsidiaries		
Revenue from provision of transportation and logistics services	327,835	243,213
Expenses – Service fees	(329,745)	(354,185)
Expenses – Rental expenses for office buildings, warehouses and depots	(30,666)	(38,625)
Expenses – Rental expenses for containers	(82,196)	(91,815)
Expenses – Rental expenses for vessels	–	(25,236)
Acquisition of additional interest in a subsidiary	–	(30,202)
Transactions with associates of the Group		
Revenue from provision of transportation and logistics services	101,718	103,863
Expenses – Service fees	(83,009)	(89,064)
Transactions with joint ventures of the Group		
Revenue from provision of transportation and logistics services	351,544	149,658
Expenses – Service fees	(340,125)	(342,533)
Transactions with other government-related entities		
Interest income from bank deposits	95,111	115,067

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Balances with related parties

	The Group 2013 RMB'000	The Group 2012 RMB'000
Balances with the ultimate holding company and fellow subsidiaries		
Cash and cash equivalents	61,699	–
Term deposits with initial terms of over three months	50,770	–
Trade and other receivables	97,736	49,242
Prepayments and other current assets	1,761	4,771
Trade payables	99,530	89,564
Other payables, accruals and other current liabilities	1,223,570	1,139,740
Receipts in advance from customers	2,930	3,385
Balances with joint ventures of the Group		
Trade and other receivables	98,737	74,534
Prepayments and other current assets	293	1,457
Trade payables	21,017	8,766
Other payables, accruals and other current liabilities	15,288	19,939
Receipts in advance from customers	5,970	6,911
Balances with associates of the Group		
Trade and other receivables	17,739	24,748
Prepayments and other current assets	131	353
Trade payables	2,876	11,756
Other payables, accruals and other current liabilities	550	636
Receipts in advance from customers	19	19
Balances with other government-related entities		
Restricted cash	195,104	142,603
Terms deposits with initial terms of over three months	771,564	542,627
Cash and cash equivalents	4,792,568	5,189,255

(c) Operating lease commitment with related parties

The operating lease commitments with related parties are included in Note 45.

(d) Borrowings

	The Group 2013 RMB'000	The Group 2012 RMB'000
Entrusted loans payable to SINOTRANS & CSC and fellow subsidiaries		
At beginning of year	–	1,000,000
Proceeds from borrowings	–	–
Repayment of borrowings	–	(1,000,000)
At end of year	–	–
Interest charged	–	2,617
Interest paid	–	(27,995)

Notes
to the Consolidated Financial Statements
For the year ended 31 December 2013

46. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(d) Borrowings (continued)

For the year ended 31 December 2013, the Group obtained another loan of RMB91,454,000 from SINOTRANS & CSC and fellow subsidiaries (2012: RMB860,000,000) (Note 37(b)). For the year ended 31 December 2013, the interest expense in respect of those loans was RMB38,767,000 (2012: RMB39,974,000).

	The Group	
	2013 RMB'000	2012 RMB'000
Borrowings from Sinotrans& CSC Finance Co., Ltd.		
At beginning of year	–	–
Proceeds from borrowings	–	440,000
Repayment of borrowings	–	(440,000)
At end of year	–	–
Interest charged	–	805
Interest paid	–	(805)

	The Group	
	2013 RMB'000	2012 RMB'000
Borrowings from other government-related entities		
At beginning of year	902,886	1,194,314
Proceeds from borrowings	932,055	2,781,843
Repayment of borrowings	(1,098,643)	(3,073,271)
At end of year	736,298	902,886
Interest charged	21,402	35,587
Interest paid	(21,973)	(69,436)

As at 31 December 2013, the weighted average effective interest rate of the bank borrowings above was 4.29% (2012: 3.88%) per annum.

(e) Key management compensation

Key management includes executive Directors, senior management and supervisors. The compensation paid or payable to key management for employee services is shown below:

	The Group	
	2013 RMB'000	2012 RMB'000
Basic salaries, housing allowances and other allowances	2,253	1,787
Discretionary bonuses	5,971	5,054
Contributions to pension plans	335	264

47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's consolidated statement of financial position.

The Group entered into agreements with certain banks. Under such agreements, the banks paid the agency fee and freight expenses to the suppliers on behalf of the Group in US$, which are accounted for as borrowings of the Group. On the same date, the Group deposited equivalent fixed-term deposits in RMB or US$ in the banks as collateral. For the RMB deposits, a contract with the bank was signed such that the RMB deposits are converted at a fixed exchange rate to US$ upon maturity. The borrowings and deposits have the same maturity date which is less than 1 year, and the deposits must be used to settle the borrowings according to the agreements. The Directors are of the opinion that the profit is ascertained upon signing the agreements, and the Group has not been exposed to any foreign exchange risk under such agreements.

The Directors considered that the US$ denominated borrowings and the fixed-term RMB deposits (which effectively converted to US$ denominated deposits) or US$ deposits are able to meet the criteria for offsetting in the consolidated statement of financial position, because the Group has legally enforceable rights to set off the amounts pursuant to the terms of the above agreements and it intends to settle the borrowings and the deposits on a net basis upon maturity.

	Gross amount of recognised financial assets – restricted cash RMB'000	Gross amount of recognised financial liabilities – borrowings set off in the consolidated statement of financial position RMB'000	Net amounts of financial assets presented in the consolidated statement of financial position RMB'000
31 December 2013	471,099	(471,099)	–
31 December 2012	181,000	(181,000)	–

48. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to 31 December 2013:

On 10 February 2014, the Company and SINOTRANS & CSC entered into the Entrusted Management Agreement, pursuant to which the Company agreed to provide the Entrusted Management Services to SINOTRANS & CSC in two phases,in return for fixed management fees. SINOTRANS & CSC will initially entrust the management of the Phase 1 Entrusted Companies to the Company for a term expiring on 31 December 2016. From 1 July 2014 to 31 December 2016, the Company will also be entrusted with the management of the Phase 2 Entrusted Companies.

On 25 March 2014, the Group agreed, subject to the fulfilment of certain conditions precedent, to sell the Group's marine transportation business to SINOTRANS & CSC through a series of transactions.

On 25 March 2014, the Group entered into a supplemented agreement to the financial service agreement with SINOTRANS & CSC finance Co., Ltd. In respect of an expansion of the annual caps of the financial service provided by SINOTRANS & CSC finance Co., Ltd to the Group.

2013

www.sinotrans.com