中國外運股份有限公司
SINOTRANS LIMITED

Stock code: 598

ANNUAL REPORT • 2014

Innovation-oriented Development with Synergies

ALL-ROUND
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.

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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 100082
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
9-1Building, Chegongzhuang Street
Xicheng District
Beijing 100044
People's Republic of China

AUDITORS:

International Auditor:

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

PRC Auditor:

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

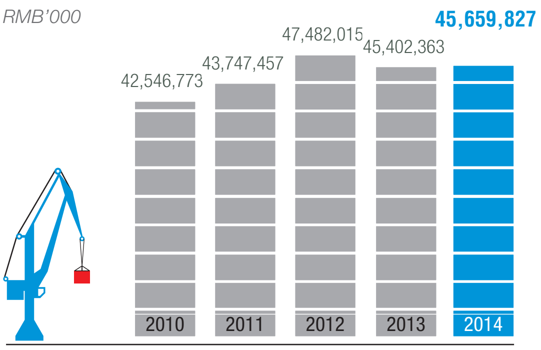
LEGAL ADVISERS:

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

FINANCIAL HIGHLIGHTS

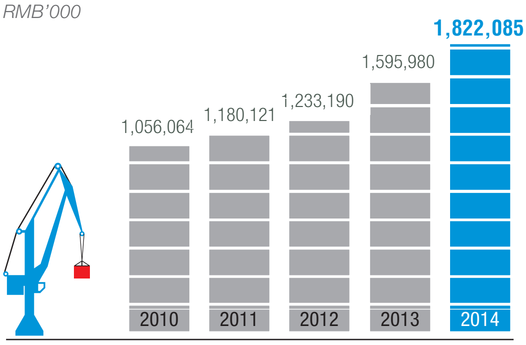
TURNOVER

RMB'000



PROFIT BEFORE INCOME TAX

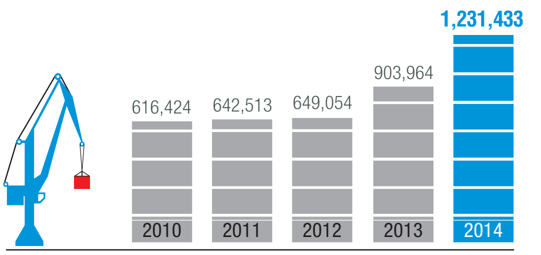
RMB'000



PROFIT FOR THE YEAR

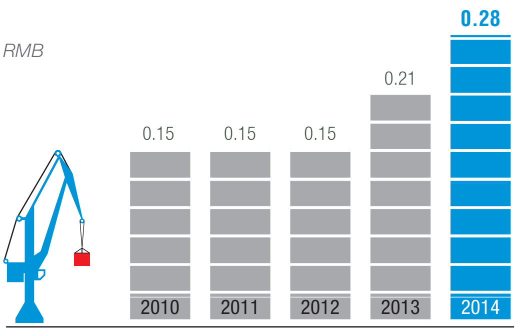
(Attributable to Equity Holders)

RMB'000



BASIC EARNINGS PER SHARE

RMB



As at 31 December	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
Total assets	**32,709,339**	30,950,761	30,441,757	26,802,292	25,094,623
Total liabilities	**16,404,220**	16,898,816	17,051,863	14,817,423	13,054,634
Non-controlling interests	**2,882,626**	2,515,909	2,386,022	2,200,154	2,281,131
Equity holders' equity	**13,422,493**	11,536,036	11,003,872	9,784,715	9,758,858

Note 1: Basic earnings per share for the four years ended 31 December 2010, 2011, 2012 and 2013 have been computed by dividing the profit attributable 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 2010, 2011, 2012 and 2013. In July 2014, an aggregate of 357,481,000 new H shares were allotted and issued by the Company. Upon completion, the total number of shares of the Company increased to 4,606,483,200 shares. Therefore, basic earnings per share for 2014 have been computed by dividing the profit attributable to owners of the Company by 4,405,706,200 shares, being the weighted average number of shares in issue. 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%.

Note 3: The figures in 2013 and 2012 have been restated as a result of acquisition of the equity interests of various entities from the ultimate holding company. The acquisition was accounted for as business combinations under common control and its consolidated financial statements were prepared by applying pooling of interest method.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BREAKTHROUGH GROWTH

The GDP of China grew by 7.4% in 2014 compared with the corresponding period of 2013, and the total foreign trade value increased by 3.4% year-on-year in terms of US dollar, among which, the export value increased by 6.1% and import value increased by 0.4%

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 2014 for your review.

REVIEW OF OPERATING RESULTS

In 2014, global economy remained in the stage of post-crisis recovery and economy recovery remained an arduous task as advanced economies saw deteriorated and unbalanced growth and sluggish consumption and the economic growth of the developing countries was slowing down. In the meantime, China stayed in a transitional period toward "new normal". Faced with the continuing downward pressure on the economy, the government rolled out targeted control measures and the macro economy generally ran smoothly, with key indicators falling within a reasonable range and in particular, structural optimization becoming more influential while economic growth declining steadily in a mild manner. In 2014, China's GDP booked a growth of 7.4% as compared with the corresponding period of 2013; total value of imports and exports grew by 3.4% year on year in terms of US dollar, of which, exports increased by 6.1% and imports increased by 0.4%.

Chairman's Statement

In 2014, while responding to economic slowdown and changing environment, the Group maintained a healthy growth momentum by unremitting efforts of the management and staffs and continued to achieve sound result growth. In 2014, the Group achieved revenue from continuing operations of approximately RMB45,659.8 million, representing an increase of 0.6% as compared with the corresponding period in 2013; operating profit from continuing operations increased by 6.4% as compared with the corresponding period in 2013. Profit attributable to owners of the Company increased by 36.2% as compared with the corresponding period in 2013. Earnings per share was RMB0.28 (corresponding period in 2013: RMB0.21).

DIVIDENDS

The board of the Company (the "Board") has proposed to recommend the payment of a final dividend of RMB0.065 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 ISO9001:2008/ISO14001:2004/OHSAS18001:2007 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. 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 minimize 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 2015, global economy is expected to grow at a slightly faster pace than in 2014. US economy is to get stronger, while European and Japanese economy is to remain weak and growth of emerging economies is to slow down. It is to see overall slumping demand. Bulk commodities, led by crude oil, are to experience more price fluctuations. Divergence in Euro zone may cause financial risk to rise again, and international geopolitics is to exert more influence. IMF forecasts that global economy will grow by around 3.5% in 2015. China's economy is entering into new normal stage, its GDP may grow at slower pace due to uncertainties in the economic development such as overcapacity, debt default risks and deflation pressure. In the meantime, it is projected that macro-economic policies in PRC is apt to be loose and fiscal policies is to become more proactive. It is probable that both interest rate and required reserve ratio will be revised down. The government will offer more support to logistics industry and direct more investment into economic structure adjustment. Overall demands in logistics and shipping markets will increase and downward oil price will be conducive to logistic cost control.

In 2015, the Group will further advance the integration of logistic resources, intensify business collaboration, and better the coordination and channel construction of all logistic modes. It will enhance and develop its capability in professional logistics, better marketing toward large clients, promote internationalized operation and improve logistic network landscape. The Group will deepen the business mode innovation of integrating traditional businesses with the Internet, pilot regional operation, improve system construction and intensify risk control.

The Group will make efforts to adapt to the "new normal" of economic development and react to various opportunities and challenges arising during the course of development. By leveraging on its advantages in network, resources and talents, applying prudent development strategies and capitalizing on extensive management and business operation experience as well as management control capability, the Group will strive for reform and innovation and continue to promote quality growth in the Company, thus generating rosy returns for shareholders, clients and staffs.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express sincere gratitude to all shareholders, partners and clients for their long-term care, support and help to the Group. Besides, I would like to express the deepest gratitude and respect to all directors, supervisors, management team and all the staff for their years of diligence and precious contribution. Sinotrans Limited will continue to reform and achieve breakthroughs, improve its unique comparative advantages, and make unswerving efforts to realize its commitment of being the preferred integrated logistics service provider for clients both domestic and abroad.

Zhao Huxiang
Chairman

Beijing, the PRC
24 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Li Guanpeng
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 integrated logistics service provider in the People's Republic of China ("PRC") whose principal businesses include freight forwarding, logistics, storage and terminal services, and other services mainly engaged in trucking, shipping and express services.

The geographical areas covered by the Group's businesses operation mainly include Guangdong, Fujian, Shanghai, Zhejiang, Jiangsu, Hubei, Shandong, Tianjin, Liaoning, Anhui, Jiangxi, Sichuan, Chongqing, Guangxi 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 network.

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.

Management Discussion and Analysis of Results of Operations and Financial Position

REVIEW OF OPERATION

In 2014, the Group has achieved sustained growth in the Company's performance in a market slowdown and a highly competitive and industry-changing environment with a principal policy that consists of six core directions: promoting resources consolidation, improving network layout, strengthening business synergies, restructuring operations, accelerating innovating process and expanding financing channels. An analysis of the overall operations in 2014 shows that the Group's revenue increased slightly and the other main indicators maintained good growth rates though the government replaced the business tax with value-added tax. As the air freight forwarding business showed a significant rebound and the logistics business maintained a relatively rapid development, the Group achieved a higher growth in shareholder returns with its risk control further enhanced. In 2014, the Group has achieved positive results in the following areas:

- The restructuring has proceeded smoothly, the resources have undergone a deepened consolidation and the entrusted management has completed in a well-regulated manner. The Group has completed the disposal of marine transportation business and the asset injection in integrated logistics services with Sinotrans & CSC Group. These enabled an optimized allocation in logistic resources and a restructured operation, enhancing the Group's overall risk control capabilities in its operation. The two-phase entrusted management of certain subsidiaries has also paved the path for the Group's direction in sustainable resources consolidation in future.

- We have gradually strengthened business collaboration and enhanced the performance of integrated operation. In the goal of forming a unified external marketing strategy, the Group promoted replication of industry experience and implemented a group mode for joint projects to facilitate the continuous improvement in the quality of integrated operation, and organized and supervised the consistent execution of business collaborations in multiple ways through improving system construction and strengthening coordination mechanisms.

- We made solid initiatives in innovating business models and achieved better results in marketing development. By adopting innovative models for traditional businesses, we have boosted driving forces in both supplier and customer sides. Other than focusing the logistics business on the target market, we have also achieved breakthroughs in internationalization and technology innovations, and comprehensively promoted e-commerce business. We will continue to strengthen the leading role of innovation and accelerate the application of new logistic technology, to strive for further improvements in the quality of our services and operations.

- Network layout is further enhanced and strategic investments are optimized. In 2014, the Group has set up a joint venture in Pakistan, a wholly-owned company in Congo (Brazzaville) and Bangladesh and a branch in Surabaya, Indonesia. Procedures have started for establishing wholly-owned companies in Iraq and Brazil as well. Currently, the Group has up to 69 overseas organizations. We continued to develop existing businesses in Japanese, Korean and European markets, and at the same time expanded networks in Africa, the Middle East, South Asia and Southeast Asia, hence further strengthened the network operational capability. For the infrastructure investments in the nation's business points, our main focus in 2014 was promoting the development and construction work of logistics infrastructure facilities in China's coastal areas and along the Yangtze River.

- We issued additional shares and optimized the capital structure. After comprehensive consideration of the Company's capital structure and financing needs, the Group provided financial support for the Company's sustainable development and further optimized capital structure through and has raised about HK$1.7 billion fund with non-public issue of additional H shares.

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	
	2014	2013 (Restated)
Freight Forwarding		
Sea freight forwarding (in ten thousand TEUs)	**928.5**	883.5
Air freight forwarding (in million kilograms)	**481.9**	399.4
Shipping agency (in ten thousand TEUs)	**1,602.1**	1,480.3
Shipping agency (in million tonnes)	**206.1**	209.4
Logistics (in million tonnes)	**14.2**	12.4
Storage and Terminal Services		
Warehouse operating volume (in ten thousand TEUs)	**899.0**	859.7
Warehouse operating volume (in million tonnes)	**14.0**	14.4
Terminal throughput (in ten thousand TEUs)	**362.3**	342.1
Terminal throughput (in million tonnes)	**2.2**	2.3
Other Services		
Trucking (in ten thousand TEUs)	**88.6**	81.1
Shipping (continuing operations, in ten thousand TEUs)	**205.8**	183.6
Shipping (discontinued operations, in ten thousand TEUs)	**73.5**	130.6
Express services (in ten thousand units)	**202.0**	179.0

Management Discussion and Analysis of Results of Operations and Financial Position

OPERATING RESULTS

The table below sets forth the external revenue (in RMB million) of each of the major business segments in continuing operations of the Group and the percentage for the share of total revenue for the year indicated:

	Revenue by business segment (in RMB million) For the year ended 31 December			
	2014		2013 (Restated)	
Freight forwarding	**35,456.7**	**77.6%**	35,967.2	79.2%
Logistics	**6,243.9**	**13.7%**	5,689.8	12.5%
Storage and terminal services	**2,098.7**	**4.6%**	2,015.7	4.5%
Other services	**1,860.5**	**4.1%**	1,729.7	3.8%

The table below sets forth the segment results (in RMB million) of each of the major business segments in continuing operations of the Group and comparative figures for the corresponding period in 2013. The result of each segment is defined as the profits/(losses) of each segment excluding other (losses), net and corporate expenses.

	For the year ended 31 December	
	2014	2013 (Restated)
Freight forwarding	**713.4**	712.2
Logistics	**298.1**	270.8
Storage and terminal services	**375.0**	396.5
Other services	**12.4**	32.5

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2014

During the year, the Group acquired part of the interests of Sinotrans & CSC and its subsidiaries ("Sinotrans & CSC Group"). Some of the companies involved in the aforesaid acquisition shall be treated as business combination under common control in accordance with relevant requirements of International Financial Reporting Standards, and relevant companies' data for 2014 together with comparative figures have been consolidated into the consolidated financial statements of the Group.

Data for 2014 and 2013 in the analysis below already include amounts of related companies that have been newly consolidated into the Group upon the business combinations under common control.

Revenue

In 2014, revenue from the Group's continuing operations amounted to RMB45,659.8 million, up by 0.6% from RMB45,402.4 million for 2013. The increase in revenue was mainly attributable to a year-on-year decrease of 1.4% in revenue from the freight forwarding segment, the largest contributor to revenue, due to the replacement of business tax by value added tax.

Freight Forwarding

Revenue from the Group's freight forwarding services decreased by 1.4% to RMB35,456.7 million during 2014, compared to RMB35,967.2 million for 2013.

Volume of sea freight forwarding containers was 9.285 million TEUs for 2014, representing an increase of 5.1% from 8.835 million TEUs for 2013. Cargo tonnage handled by air freight forwarding services was 481,900 tonnes for 2014, representing an increase of 20.7% from 399,400 tonnes for 2013. Number of containers handled by shipping agency services was 16.021 million TEUs for 2014, representing a rise of 8.2% from 14.803 million TEUs for 2013. Volume of bulk cargo handled by shipping agency services reached 206.10 million tonnes for 2014, representing an decrease of 1.6% from 209.40 million tonnes for 2013.

The decrease in revenue from freight forwarding services for 2014 was mainly attributable to a decrease in the agency revenue from sea freight due to the replacement of business tax by value- added tax.

Logistics

In 2014, external revenue from the Group's logistics services amounted to RMB6,243.9 million, up by 9.7% from RMB5,689.8 million for 2013.

Business volume handled by the Group's logistics services reached 14.20 million tonnes for 2014, representing an increase of 14.5% from 12.40 million tonnes for 2013.

The increase in revenue from logistics services was mainly attributable to the rapid growth in business volume, as a result of the Company's strengthened efforts in market expansion of logistics services.

Storage and Terminal Services

In 2014, external revenue from the Group's storage and terminal services amounted to RMB2,098.7 million, representing an increase of 4.1% from RMB2,015.7 million for the corresponding period in 2013.

In 2014, the number of containers handled in the Group's warehouses increased by 4.6% to 8.990 million TEUs compared to 8.597 million TEUs for 2013. The Group's warehouses handled 14.00 million tonnes of bulk cargo, representing a decrease of 2.8% from 14.40 million tonnes in 2013; the number of containers handled through terminals increased by 5.9% to 3.623 million TEUs from 3.421 million TEUs for 2013. The volume of bulk cargo handled at terminals was 2.20 million tonnes, down by 4.3% as compared to 2.30 million tonnes in 2013.

The increase in revenue from storage and terminal services was mainly attributable to the steady growth in the business volume of containers handled.

Management Discussion and Analysis of Results of Operations and Financial Position

Other Services

The Group's external revenue from other services in continuing operations (mainly from trucking transportation, shipping and express services) for 2014 amounted to RMB1,860.5 million, representing an increase of 7.6% from RMB1,729.7 million for 2013.

The volume of containers handled by the Group's trucking transportation for 2014 was 0.886 million TEUs, representing an increase of 9.2% from 0.811 million TEUs for 2013. The number of containers handled by shipping (in continuing operations) was 2.058 million TEUs, representing an increase of 12.1% from 1.836 million TEUs for 2013. The number of documents and packages handled in express services was up by 12.8% from 1.79 million units in 2013 to 2.02 million units for 2014.

The Group's joint ventures recorded an investment gain of RMB743.6 million from the operation of express services, representing an increase of 12.6% compared to last year. The business volume of international express services of the joint ventures was up by 9.2% from 19.73 million units for 2013 to 21.54 million units for 2014.

Transportation and Related Charges

Transportation and related charges from continuing operations were up by 0.2% to RMB39,890.3 million for 2014, compared with RMB39,822.8 million for 2013.

Staff Costs

Staff costs from continuing operations increased by 7.3% to RMB3,080.0 million for 2014, compared with RMB2,869.4 million for 2013, mainly attributable to the increase in employees performance bonus resulting from the enterprise benefits growth and the increase in social insurance and housing fund of staff.

Depreciation and Amortization

Depreciation and amortization from continuing operations amounted to RMB588.1 million for 2014, representing an increase of 4.3% from RMB563.8 million for 2013, mainly attributable to the newly operated assets.

Office and Related Expenses

In 2014, office and related expenses from continuing operations amounted to RMB492.9 million, representing a decrease of 8.9% from RMB541.2 million for 2013, mainly attributable to the strengthened cost control during the current year.

Other Losses, Net

Other losses, net from continuing operations for 2013 was RMB90 million of losses, while that for 2014 was RMB13.1 million of losses, which was mainly attributable to the decrease in provision for litigation for 2014 as compared with that of 2013.

Operating Profit

The Group's operating profit from continuing operations was RMB1,223.2 million for 2014, representing an increase of 6.4% from RMB1,150.0 million for 2013. Operating profit as a percentage of total revenue increased to 2.7% for 2014 from 2.5% for 2013, or increased to 20.5% for 2014 from 20.0% for 2013 as a percentage of net revenue (total revenue less transportation and related charges), which was primarily due to the decrease in "other losses, net" as compared with last year.

Share of Profit of Joint Ventures

The Group's share of profit of joint ventures in continuing operations was RMB805.2 million for 2014, representing a significant increase of 24.1% from RMB648.8 million for 2013. Such increase was due to a year-on-year increase in profit of DHL-Sinotrans International Air Courier Company Limited and less provision for litigation made by other joint ventures.

Income Tax

The income tax expense of the Group from continuing operations amounted to RMB387.7 million in 2014, representing an increase of 11.1% from RMB348.9 million in 2013, primarily due to a year-on-year increase in the profit before income tax. Income tax expense as a percentage of profit before tax was 21.3% (21.9% in 2013).

Profit After Tax From Continuing Operations

The Group's profit after tax from continuing operations was RMB1,434.4 million for the year ended 31 December 2014, representing an increase of 15.0% from RMB1,247.1 million for 2013.

Profit After Tax From Discontinued Operations

The Group's operating profit from discontinued operations, being the marine transportation business already disposed of in the year, was RMB81.0 million for the year ended 31 December 2014 (loss of RMB34.2 million in 2013), representing an increase of 336.8%. Profit after tax from discontinued operations for the year mainly comprises RMB74.5 million of gains on disposal of marine transportation business.

Profit After Tax

For 2014, the Group recorded profit after tax from continuing operations and discontinued operations of RMB1,515.5 million, representing an increase of 25.0% when compared with RMB1,212.8 million for 2013.

Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests decreased from RMB308.9 million in 2013 to RMB284.0 million in 2014, representing a decrease of 8.0%, which was mainly due to the decrease in current profit of non-wholly owned subsidiaries.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for the year ended 31 December 2014 amounted to RMB1,231.4 million, representing an increase of 36.2% from RMB904.0 million for 2013.

Liquidity and Capital Resources

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

The following table summarises the Group's cash flows for each of the two years ended 31 December 2014 and 2013:

	For the year ended 31 December	
	2014 In RMB million	2013 In RMB million (Restated)
Net cash generated from operating activities	**1,107.6**	1,491.3
Net cash used in investing activities	**(249.5)**	(1,365.8)
Net cash used in financing activities	**(918.7)**	(504.3)
Exchange gains/(losses) on cash and cash equivalents	**6.1**	(35.8)
Net decrease in cash and cash equivalents	**(54.5)**	(414.6)
Cash and cash equivalents as at year end	**5,332.1**	5,386.6

Operating Activities

Net cash inflows generated from operating activities decreased by 25.7% from RMB1,491.3 million in 2013 to RMB1,107.6 million in 2014, for the reason that the increase of RMB1,130.8 million in trade and other receivables (corresponding period of 2013: decrease of RMB195.7 million) and the increase of RMB338.3 million in prepayments and other current assets (corresponding period of 2013: decrease of RMB49.1 million) were partly offset by the increase of RMB805.0 million in trade payables (corresponding period of 2013: increase of RMB154.0 million), the increase of RMB148.3 million in receipts in advance from customers (corresponding period of 2013: decrease of RMB491.4 million). The average age of trade receivables for 2014 and 2013 was 55 days and 54 days respectively.

Investing Activities

For the year ended 31 December 2014, net cash used in investing activities amounted to RMB249.5 million and mainly comprised RMB1,160.3 million for purchase of property, plant and equipment, RMB372.8 million for additional investments in joint ventures, partly offset by RMB757.4 million of dividends received from joint ventures and RMB451.8 million of cash inflows from disposal of property, plant and equipment, intangible assets and land use rights.

For the year ended 31 December 2013, net cash used in investing activities amounted to RMB1,365.8 million and mainly comprised RMB1,501.3 million of the purchase of property, plant and equipment, RMB278.3 million of increase in term deposits with initial terms of over three months, RMB205.8 million for prepayments of land use rights, RMB109.4 million for additional investments in joint ventures, partly offset by RMB723.4 million of dividends received from joint ventures.

Financing Activities

Net cash used in financing activities for 2014 amounted to RMB918.7 million and mainly comprised RMB3,272.6 million of repayment of borrowings and interest, RMB550.0 million of cash paid for repayment of bonds, RMB467.6 million of dividend payments, RMB267.3 million of interest paid for medium-term notes, RMB692.1 million of acquisition of subsidiaries through business combinations under common control partly offset by RMB1,831.0 million of new bank borrowings in 2014, RMB1,000.0 million of cash received from issuance of corporate bonds, and RMB1,333.3 million of cash received from placing of H shares.

For the year ended 31 December 2013, net cash used in financing activities amounted to RMB504.3 million and mainly comprised RMB4,101.4 million of cash paid for repayment of the principal and interests of short-term bonds, RMB1,451.4 million of cash paid for repayment of borrowings and interests, RMB126.9 million of interest paid for medium-term notes, RMB254.0 million of dividend payment, partly offset by RMB4,000.0 million of cash received from short-term bonds and corporate bonds and RMB1,326.9 million of new bank borrowings.

Capital Expenditure

In 2014, the Group's capital expenditure amounted to RMB1,314.7 million, consisting primarily of RMB1,160.3 million for purchase of property, plant and equipment, RMB25.6 million for purchase of intangible assets, RMB116.1 million for purchase of land use rights, RMB12.7 million for purchase of other non-current assets among which RMB766.1 million was used for construction of terminals, warehouses, logistics centers and container yards, RMB288.3 million for purchase of vehicles, vessels, plant and equipment, RMB65.3 million for IT investment and refurbishment and purchase of office equipment, RMB195.0 million for purchase of property and others.

Contingent Liabilities and Guarantees

As at 31 December 2014, contingent liabilities mainly comprised outstanding lawsuits of the Group arising from its ordinary course of business amounting to RMB361.1 million (2013: RMB156.3 million).

As at 31 December 2014, the amount of guarantees provided by the Group in favour of its joint ventures was RMB197.8 million (2013: the amount of guarantees provided by the Group for its joint ventures was RMB233.7 million).

In addition, in the common business practice, certain subsidiaries of the Company issued related letters of guarantee to the China Air Transport Association to ensure some jointly 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.

Borrowings

As at 31 December 2014, the Group's total borrowings in continuing operations amounted to RMB748.0 million (as at 31 December 2013: RMB1,200.6 million), with RMB60.0 million denominated in Renminbi, RMB649.3 million in US dollars and RMB38.7 million in Hong Kong dollars, all of which shall be payable within a year.

Secured and Guaranteed Borrowings

As at 31 December 2014, the Group pledged restricted cash amounting to approximately RMB79.3 million for borrowings. In addition, as at the same date, the Group also pledged property, plant and equipment (with net book value of approximately RMB69.3 million) and land use rights (with net book value of approximately RMB19.3 million) for borrowings.

Debt-to-asset Ratio

As at 31 December 2014, the debt-to-asset ratio of the Group was 50.2% (2013: 54.6%), which was calculated by dividing total liabilities by total assets of the Group as at 31 December 2014.

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 2014, the Group had 27,016 (2013: 28,302) 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 Group to facilitate the Group'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 Group and its employees in harmony.

OUTLOOK OF BUSINESS DEVELOPMENT

In 2015, the world economy will continue to be complex and volatile and develop amid slow recovery. External demand has picked up to limited level, while a "new normal" for the domestic economy has emerged and continuous adjustments in industrial structure have been shown. Economic growth is driven more by consumption than foreign investments, and there has been growing pressure for the economy to go downward. Under the guidance of "One Belt One Road" strategy, Chinese enterprises are excited to go international and take part in global competition, actively exploring foreign markets. New industries, new business models and new products continue to emerge, and there has been an especially rapid development in e-commerce under catalytic integration of Internet information technology. The Group will still look for opportunities and development even when facing pressures and challenges in this regard.

Based on the analysis on macroeconomic dynamics in internal and external environments, the key ideas of the Group's development will be: one platform, three main segments and five channels.

One platform: Acting as a consolidating platform for logistic resources, the Group will take charge of the co-ordination of the management and development of logistic business, realizing an integrated operation.

Three main segments: The Group's integrated logistic business will be divided into three main segments, including specialized logistics, freight forwarding and related services (traditional businesses) and e-commerce services. This will form an echelon business portfolio which accelerates development in specialized logistics, consolidates traditional businesses and actively cultivates e-commerce services.

Five channels: To effectively support the development of the three main business segments, the Group will continue to consolidate existing resources and focus its efforts on the construction of overseas channel (network), land transport channel (rail and land bridge transport), trucking channel, air transport channel and shipping channel. We will further strengthen the operational capability of the integrated networks through closely integrated main-line channels and provincial networks.

Business Development

- We will further enhance the quality of operation and insist for "quality growth". We will improve our capital turnover ratio and push further in the sustainability of growth and the profitability of major businesses;

- The Group will deepen the consolidation of logistics resources and promote trial regional integrated operation. Based on synergies and improving with integration, the Group will also make advancements on the deep consolidation of entrusted management resources and carry out trial regional integrated operation, so as to strengthen consolidated capability in logistics businesses;

- We will innovate business models and promote synergies among the three main segments, namely, specialized logistics, freight forwarding and related business and e-commerce services. The general direction of innovation development of these three main business segments are: re-creating product value, restructuring business models and consolidating business resources;

- The Group will strengthen the operational capability of the integrated networks and methodically promote the construction of the five channels. Under the mindset of "to build, to share and to win together", we will complete the construction of the five channels so as to achieve connected, inter-flowing, orderly operations;

- The Group will strengthen operation safety practices and risk management. We will continuously raise awareness of and accountability on operation safety practices, further reduce risk cost and reinforce legal risk prevention. We will also improve the management on receivables and exchange rate risk.

Resources Consolidation

On 10 February 2014, the Board announced that, the Company and Sinotrans & CSC, entered into an entrusted management agreement, pursuant to which the Company agreed to provide entrusted management services to Sinotrans & CSC in two phases, in return for fixed management fees. Sinotrans & CSC entrusted the management of certain members of Sinotrans & CSC Group to the Company for a term expiring on 31 December 2016. For details of the entrusted management agreement, please refer to the announcement of the Company dated 10 February 2014.

On 25 March 2014, the Company entered into agreements with Sinotrans & CSC Group to dispose its entire shareholdings in Sinotrans Sunny Express Company Limited ("Sunny Express"), Sinotrans Container Lines Company Limited ("Container Lines"), and four wholly-owned subsidiaries (namely, Yunrong Shipping Company Limited, Yunhua Shipping Company Limited, Yunfu Shipping Company Limited and Yungui Shipping Company Limited, collectively "four wholly-owned subsidiaries") (collectively, the "Target Companies") directly or indirectly held by the Group. These Target Companies carried out most of the Group's marine transportation businesses. The transactions were approved by the shareholders at the extraordinary general meeting held on 16 May 2014. On 6 June 2014, the disposal of Sunny Express was completed. On 31 July 2014, the disposal of Container Lines and four wholly-owned subsidiaries was completed and the Group focused both its resources and the cash proceeds of the disposal towards developing its core integrated logistics services business. For details of the transactions, please refer to the announcement of the Company dated 25 March 2014.

On 8 July 2014, the Company entered into the Framework Acquisition Agreement with Sinotrans & CSC under which the Company agreed to acquire the interest of eleven companies owned by Sinotrans & CSC Group. The Framework Acquisition Agreement was approved by the shareholders at the extraordinary general meeting held on 1 September 2014. The transactions can further the Group's stated strategy to deepen the consolidation of logistics resources and enhance its capability in integrated operations. The acquisition transaction has been completed on 30 November 2014. For details of the Framework Acquisition Agreement, please refer to the announcement of the Company dated 8 July 2014.

The Group will continue to negotiate with Sinotrans & CSC regarding further reorganization, 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 reorganization is still under consideration, and may be implemented over a period of time. Such reorganization, 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.

CORPORATE GOVERNANCE REPORT

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 standard of corporate governance with reference to the Company Law of the People's Republic of China (the "Company Law"), 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 Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as our CG Code. 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 2014 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 holders of H-shares of the Company and/or their representatives 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 of the Company ("Directors") by adopting the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the 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 2014.

BOARD OF DIRECTORS

The 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 assume 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.

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 of Hong Kong Limited (the "Stock Exchange") and the Company. The biographical personal information of the Directors is set out in this 2014 Annual Report, under the section headed "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 and experience complement each other, and 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 2014, the Board of the Company comprised 11 Directors, including the chairman, the vice chairman, four executive Directors, a non-executive Directors and four independent non-executive Directors. As to the further information about composition of the Board and the roles of the 11 Directors, please refer to the section headed "Directors, Supervisors & Senior Management" of this 2014 Annual Report.

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 there were no circumstances which would constitute intervention into their practice of providing independent judgments, and regarded all independent non-executive Directors as independent.

On 30 May 2014, Mr. Liu Kegu ceased to serve as the independent non-executive Director of the Company. As a result, the Company had only three independent non-executive Directors, whose number did not meet the minimum number requirement of Rule 3.10A of the Listing Rules. On 24 October 2014, Mr. Han Xiaojing was appointed as an independent non-executive Director of the Company, filling the vacancy of the independent non-executive Director left by Mr. Liu Kegu and satisfying the requirement of Rule 3.10A of the Listing Rules. Save for the aforementioned, the number of independent non-executive Directors during the year of 2014 has met the requirements of the Listing Rules that the number of independent non-executive Directors must reach at least one-third of the number of the board members.

Training and Professional Development of Directors

All Directors actively participated in continuing professional development to update their knowledge and skills in order to ensure that each of them can contribute to the Board with up to date knowledge and meet its needs.

The Company also took various measures to help and support the Directors in continuous professional development. The Company has prepared (and updated 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 provided 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 supported the Directors to participate in courses and seminars organized by the Hong Kong Stock Exchange and other professional organizations in relation to the Securities and Futures Ordinance, the Listing Rules and corporate governance practices in order to update and improve their relevant knowledge and skills. The company secretary of the Company also provided reading materials on latest amendments on applicable laws and rules and/or held seminars to/for the directors to assist them to perform their duties.

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 2014 is set out below:

Current Directors	Reading Performance Manual	Reviewing Monthly Report on Finance, Operations and Information Disclosure of the Company	Reviewing Updates on Regulations of Securities Regulatory Authorities	Briefing 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 Guanpeng	✓	✓	✓	✓	
Mr. Wang Lin	✓	✓	✓	✓	✓
Ms. Yu Jianmin	✓	✓	✓	✓	
Mr. Jerry Hsu	✓	✓	✓	✓	
Mr. Guo Minjie	✓	✓	✓	✓	✓
Mr. Lu Zhengfei	✓	✓	✓	✓	✓
Mr. Han Xiaojing	✓	✓	✓	✓	
Mr. Liu Junhai	✓	✓	✓	✓	✓

Board Meeting

The Directors meet regularly and hold at least four regular Board meetings a year. The dates of meeting are fixed at the beginning of the year. Between 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 will be held in conformity with the provisions of the rules of procedure of the Board. In addition, the Director may, whenever he or she considers it necessary, obtain information of the Company and independent professional advice on the Company, and recommend appropriate items to be added to the Board meeting agenda.

In relation to regular meetings of the Board, 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, depending on the circumstances, the Company will provide the Board with reasonable and practicable notice and papers of the meeting as soon as possible. In accordance with the Company Law, the Articles of Association of the Company and the Listing Rules, if a Director is connected with or materially interested in any contract, transaction, arrangement or any other types of proposal to be considered by the Board, the Director will abstain from voting on the relevant resolutions.

The Company convened 9 Board meetings in 2014, respectively on 20 January 2014, 8 February 2014, 25 March 2014, 16 May 2014, 28 May 2014, 3 July 2014, 20 August 2014, 29 August 2014 and 31 October 2014, which are regarded as the 61st to 69th Board meetings. 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 meetings and other relevant information.

The attendance of Board meetings and general meetings by Directors during the term of their office in 2014 is set out below:

	Number of meetings attended/Number of meetings during term of office	
	Board Meetings	General Meetings
Current directors		
Mr. Zhao Huxiang	9/9	7[7]/8
Mr. Zhang Jianwei	9/9	0/8
Ms. Tao Suyun	9/9	0/8
Mr. Li Guanpeng	6[1]/6	1[8]/8
Mr. Wang Lin	6[1]/6	0/8
Mr. Yu Jianmin	6[1]/6	0/8
Mr. Jerry Hsu	8[2]/9	0/8
Mr. Guo Minjie	9/9	0/8
Mr. Lu Zhengfei	9/9	0/8
Mr. Han Xiaojing	1[3]/1	0/2
Mr. Liu Junhai	9/9	0/8

	Number of meetings attended/Number of meetings during term of office	
	Board Meetings	General Meetings
Directors Ceased to Act		
Mr. Li Jianzhang	2[4]/3	0/0
Mr. Wu Dongming	1[5]/1	0/0
Ms. Liu Jinghua	3[4]/3	0/0
Mr. Liu Kegu	5[6]/5	0/5

Notes:

1. On 31 March 2014, Mr. Li Guanpeng, Mr. Wang Lin and Mr. Yu Jianmin were appointed as Directors;

2. Mr. Jerry Hsu was absent from the 62nd Board meeting of the Company held on 8 February 2014 due to his business trip;

3. On 24 October 2014, Mr. Han Xiaojing was appointed as an independent non-executive Director;

4. Mr. Li Jianzhang was absent from the 63rd Board meeting of the Company held on 25 March 2014 due to his work. On 31 March 2014, Mr. Li Jianzhang ceased to act as an executive Director, and Ms. Liu Jinghua ceased to act as a non-executive Director;

5. On 8 February 2014, Mr. Wu Dongming ceased to act as a non-executive Director;

6. On 30 May 2014, Mr. Liu Kegu ceased to act as an independent non-executive Director;

7. Mr. Zhao Huxiang attended and conducted the extraordinary general meetings held on 31 March 2014, 16 May 2014, 24 October 2014 and 24 December 2014 and annual general meeting/H Shares/Domestic Shares class meeting held on 16 May 2014;

8. Commissioned by Mr. Zhao Huxiang, Chairman of the Company, Mr. Li Guanpeng attended and conducted the extraordinary general meeting held on 1 September 2014.

Delegation of Power of the Board

The Board is the highest decision-making administrative authority. The Board 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 and so on.

The Board 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 decisions in a timely manner. In relation to matters which 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.

CHAIRMAN AND PRESIDENT

During the reporting period, Mr. Zhao Huxiang was the Chairman of the Board. On 8 February 2014, upon the approval of the 62nd Board meeting, Mr. Zhang Jianwei ceased to serve as the President of the Company, and Mr. Li Guanpeng was appointed as the President of the Company on the same day. 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 Corporate Governance Code and Article 94 of the Articles of Association of the Company, the Directors 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 since their date of being appointed or re-appointed and are eligible for re-election upon the expiry of such term. Please refer to the section headed "Directors, Supervisors & Senior Management" of this 2014 Annual Report for further details.

The Company has a balanced composition of executive and non-executive Directors (including a non-executive Director and four independent non-executive Directors). The non-executive Directors (including independent non-executive Directors) 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, with sufficient calibre and number. Their views carry weight to the Board's decision, help the management determine the Company's development strategies, ensure that the Board 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.

COMMITTEES OF THE BOARD

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

Executive Committee

On 15 April 2003, the 3rd meeting of the Board approved to set up the 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 of the Company, 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 of the Company, 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 of the Company, 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%; (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 of the Company and the Listing Rules, 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.

As at 31 December 2014, the Executive Committee comprises of Mr. Zhao Huxiang, being the Chairman, Mr. Zhang Jianwei, being the Vice Chairman, Ms. Tao Suyun and Mr. Li Guanpeng, being executive Directors, with Mr. Zhao Huxiang as the chairman of the Executive Committee.

Audit Committee

The principal terms of reference of the Company's Audit Committee include reviewing the Company financial information, monitoring and reviewing the Company's financial reporting system, the risk management and internal control procedures, ensuring the effectiveness of the internal audit, 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.

Pursuant to Article 3 of the revised Rules of Procedure of Audit Committee of the Company, the Audit Committee of the Company is composed of all independent non-executive Directors. As at 31 December 2014, the Audit Committee comprises of Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing and Mr. Liu Junhai, being independent non-executive Directors, with Mr. Guo Minjie as the chairman of the Audit Committee. The members of Audit Committee are professionals in the field of accounting, finance, law 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 2014, on 21 March 2014, 3 July 2014, 15 August 2014 and 19 December 2014 respectively, and reviewed the Company's operating performance, financial statements, annual and interim financial reports, and debriefed the report of the internal and external audit, the report of material lawsuits and security situation of the Company. The Audit Committee also discussed the candidates of external auditors for the year.

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

	Number of meetings attended/Number of meetings during term of office
Current Members	
Mr. Guo Minjie	4/4
Mr. Lu Zhengfei	4/4
Mr. Han Xiaojing	1/1
Mr. Liu Junhai	4/4
Members Ceased to Act	
Mr. Liu Kegu	1/1
Ms. Liu Jinghua	1/1

The Group's annual results for the year ended 31 December 2014 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, approving the service contract of Directors and conducting performance assessment of those Directors and senior management. The Company has adopted the model described in the Code Provision B.1.2(c) of Corporate Governance 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.

As at 31 December 2014, Remuneration Committee comprises of Mr. Lu Zhengfei, Mr. Guo Minjie, Mr. Han Xiaojing 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 Remuneration Committee.

The Remuneration Committee held 1 meeting on 21 March 2014, and reviewed the report of the implementation of performance appraisal and the payment of remuneration of senior management of the Company in 2013. 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 number of meeting attended by members of Remuneration Committee during the term of their office is set out below:

	Number of meetings attended/Number of meetings during term of office
Current Members	
Mr. Lu Zhengfei	1/1
Mr. Guo Minjie	1/1
Mr. Han Xiaojing	0/0
Mr. Liu Junhai	1/1
Ms. Tao Suyun	1/1
Members Ceased to Act	
Mr. Liu Kegu	1/1

Nomination Committee

The principal terms of reference of the Nomination Committee include selecting and recommending individuals to become members of the Board, 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.

As at 31 December 2014, the Nomination Committee comprises of Mr. Zhao Huxiang, being the Chairman, Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing and Mr. Liu Junhai, being independent non-executive Directors, and Mr. Li Guanpeng, being an executive Director, with Mr. Zhao Huxiang as the chairman of the Nomination Committee.

The Nomination Committee held 4 meetings on 8 February 2014, 25 March 2014, 20 August 2014 and 29 August 2014, mainly reviewed and adjusted the structure, size and composition of the Board, and reviewed whether the qualification and number of the independent non-executive Directors is consistent with the requirements of the Listing Rules. The Nomination Commission also assessed the independence of the independent non-executive Directors, appointed new independent non-executive Director candidate and discussed the succession plan of the Directors in 2014.

To meet the latest regulatory requirements, Nomination Committee prepared The Diversity Policy of the Composition of the Board of Directors of Sinotrans Limited, setting out the criteria of supervision and assessment of the diversity of the composition of the board of directors of the Company.

In assessing the diversity of the Board composition, the Nomination Committee would take into account various aspects, 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 members' appointments will be based on merits and each candidate is considered against objective criteria.

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

	Number of meetings attended/Number of meetings during term of office
Current Members	
Mr. Zhao Huxiang	4/4
Mr. Guo Minjie	4/4
Mr. Lu Zhengfei	4/4
Mr. Han Xiaojing	0/0
Mr. Liu Junhai	4/4
Mr. Li Guanpeng	2/2
Members Ceased to Act	
Mr. Liu Kegu	2/2
Mr. Zhang Jianwei	2/2

Corporate Governance Committee

The principal terms of reference of the Corporate Governance Committee include: to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; to review and monitor the training and continuous professional development of directors and senior management; to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, etc.

As at 31 December 2014, the Corporate Governance Committee comprises of Mr. Zhao Huxiang, being the Chairman, Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing and Mr. Liu Junhai, being independent non-executive directors, and Mr. Li Guanpeng, being an executive director, with Mr. Zhao Huxiang as the chairman of the Corporate Governance Committee.

The Corporate Governance Committee held 2 meetings on 25 March 2014 and 20 August 2014, mainly considered the annual corporate governance report in 2013, and the training and continuous professional development of directors in 2013 and so on. The Corporate Governance Committee also approved Performance Manual of Directors of Sinotrans Limited (Revised Edition of 2014).

The number of meetings attended by members of Corporate Governance Committee during the term of their office is set out below:

	Number of meetings attended/Number of meetings during term of office
Current Members	
Mr. Zhao Huxiang	2/2
Mr. Guo Minjie	2/2
Mr. Lu Zhengfei	2/2
Mr. Han Xiaojing	0/0
Mr. Liu Junhai	2/2
Mr. Li Guanpeng	1/1
Members Ceased to Act	
Mr. Liu Kegu	1/1
Mr. Zhang Jianwei	1/1

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. The supervisors examined the Company's financial position and legal compliance of its operations and the performance of duties by its senior management, and undertook various duties in a proactive manner with diligence, prudence and integrity, including convening meetings of the Supervisory Committee and attending the meetings of the Board and committees under the Board.

The Supervisory Committee held 3 meetings in 2014, respectively on 8 February 2014, 21 March 2014 and 15 August 2014, reviewed and approved mainly change of the Chairman of the Supervisory Committee, the 2013 Work Report of the Supervisory Committee, the annual audited financial statements of 2013, the proposal of profit distribution of 2013, the interim report of 2014 and the proposal of re-appointment of the supervisor.

Auditor's Remuneration

At the annual general meeting of the Company held on 16 May 2014, a resolution was passed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu (collectively referred to as "Deloitte") as the PRC and the international auditors of the Company for the year 2014 respectively, and to authorize the Board to fix their remuneration.

For the year ended 31 December 2014, the fees paid to Deloitte for audit and non-audit services amounted to RMB 5,000,000 and RMB 2,800,000 respectively. As to non-audit services, the services provided by the auditor included review of interim financial information, issuing auditor's letter on continuing connected transactions under the Listing Rules and performance of agreed-upon procedures regarding preliminary announcements of annual results and so on.

Company Secretary

Mr. Gao Wei is the company secretary of the Company, whose biography is set out in the 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 2014.

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 to convene an extraordinary general meeting or class meeting by signing and submitting to the Board 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 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 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 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 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 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 97 of the PRC Company Law, the shareholders of the Company have the right to inspect the Articles of Association of the Company, 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. Any shareholder who wishes to put forward his/her/its proposals at general meetings, please submit a written notice of the proposal with his/her/its contact information to 12/F, Sinotrans Plaza A, A43, Xizhimen Beidajie, Haidian District, Beijing, China, email to ir@sinotrans.com or fax to (86)10-5229 6600/6655. For further details on shareholders' enquiry procedures or contact information of the Company, please refer to the website of the Company at http://www.sinotrans.com/col/col3980/index.html.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

After the extraordinary general meetings were convened on 31 March 2014 and 24 October 2014, the amendments to the Articles of Association of the Company were approved. The modified content is as follows:

By deleting article 93(b) of the Articles of Association of the Company, and replacing it with the following:

"The Board shall have a chairman and a vice chairman.";

By deleting article 94 of the Articles of Association of the Company, and replacing it with the following:

"The chairman and the vice chairman of the Board shall be elected or removed by a majority of the board directors. The chairman and the vice chairman shall serve a term of 3 years, and may serve consecutive terms if re-elected.";

By deleting article 20 of the Articles of Association of the Company, and replacing it with the following:

"Upon the approval of the examination and approval department authorized by the State Council, the Company may issue a total of 4,606,483,200 ordinary shares, and 2,624,087,200 shares are to be issued to the promoter upon its establishment. All those 2,624,087,200 shares shall be domestic shares.";

By deleting article 21 of the Articles of Association of the Company, and replacing it with the following:

"After its establishment, the Company shall issue 1,624,915,500 ordinary shares (including a not more than 15% over-allotment option). All those shares shall be foreign shares (H Shares). With the approval of China Securities Regulatory Commission in July 2014, the Company issued a total of 357,481,000 new ordinary shares, all of which are foreign shares (H Shares). The share capital structure of the Company after the above share issue shall be: not more than 4,606,483,200 ordinary shares, of which 2,461,596,200 domestic shares will be held by Sinotrans & CSC, representing approximately 53.44% of the total share capital of the Company, and 2,144,887,000 shares will be held by the holders of the overseas-listed foreign shares (H shares), representing approximately 46.56% of the total share capital of the Company.";

By deleting article 24 of the Articles of Association of the Company, and replacing it with the following:

"The registered capital of the Company shall be RMB 4,606,483,200. Upon the new issue, the registered capital of the Company will be adjusted correspondingly according to the actual number of shares in issue and the figure shall be filed at such corporate examination and approval authority and securities regulatory authority as authorized by the State Council."

GENERAL MEETINGS

The Company held 8 general meetings in 2014, including 1 annual general meeting, 1 H Shares class meeting, 1 Domestic Shares class meeting, and 5 extraordinary general meetings.

1. The extraordinary general meeting held on 31 March 2014 was convened to review and approve the appointment of Mr. Li Guanpeng, Mr. Wang Lin and Mr. Yu Jianmin as Directors, the appointment of Mr. Wu Dongming as a supervisor of the Company, authorization of the Board to determine remuneration of the Director and the supervisor and the amendments to the Articles of Association of the Company;

2. The extraordinary general meeting held on 16 May 2014 was convened to review and approve the transactions contemplated under the HK Acquisition Agreement, the SNL 51% Acquisition Agreement, the SNL 49% Acquisition Agreement, the Sinotrans Sunnyexpress Acquisition Agreement, the continuation of the Entrustment Loans and the Parent Undertaking in respect of the HK Acquisition Agreement and the SNL 49% Acquisition Agreement;

3. The annual general meeting held on 16 May 2014 was convened to review and approve the Report of the Board for the year ended 31 December 2013, to review and approve the Report of the Supervisory Committee for the year ended 31 December 2013, to review and approve the audited accounts of the Company and the auditors' report for the year ended 31 December 2013, to review and approve the profit distribution proposal and final dividend of the Company for the year ended 31 December 2013, to authorize the Directors to decide on matters relating to the declaration, payment and recommendation of interim or special dividends for the year 2014, 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 2014, and to authorize the Board to fix their remuneration, to review and approve a general mandate to issue shares, to review and 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.

4. The extraordinary general meeting held on 1 September 2014 was convened to review and approve the transactions contemplated under the Framework Acquisition Agreement;

5. The extraordinary general meeting held on 24 October 2014 was convened to review and approve the re-appointment of Mr. Zhang Jianwei and Ms. Tao Suyun as executive Directors, the appointment of Mr. Han Xiaojing as an independent non-executive Director, the re-appointment of Mr. Zhou Fangsheng as a supervisor of the Company, the authorization of the Board to determine the remuneration of the Director and the supervisor of the Company and the amendment to the Articles of Association of the Company.

6. The extraordinary general meeting held on 24 December 2014 was convened to review and approve the continuing connected transactions and related annual caps contemplated under the master services agreement dated 6 November 2014 entered into between the Company and Sinotrans & CSC Holdings Corporation Limited, Sinotrans Shandong Hongzhi Logistics Co., Ltd., Qingdao Jinyun Air Cargo Freight Forwardings Co., Ltd. and Qingdao Liantong Customs Co., Ltd. respectively for the three years ending 31 December 2017.

The resolutions proposed in 2014 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 Stock Exchange and the Company on 31 March 2014, 16 May 2014, 1 September 2014, 24 October 2014 and 24 December 2014.

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 general meetings. 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.

Financial Calendar

Announcement of 2014 annual results	24 March 2015
Announcement of 2015 interim results	18 August 2015

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 dates of closure of register to determine entitlements for 2014 final dividend, payment of 2014 final dividend and Annual General Meeting of 2014, please refer to the section headed "Notice of Annual General Meeting" of this 2014 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, which 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, Block A, Sinotrans Plaza, 43 Xizhimen North St, Haidian District, Beijing, PRC
Postal Code:	100082
Telephone:	0086-10-5229 6667/5122
Fax:	0086-10-5229 6600/6655--6667/5122
Email:	ir@sinotrans.com

FINANCIAL REPORT, RISK MANAGEMENT AND INTERNAL CONTROL

The management has performed its duty to have an effective overall risk management and internal control system in order to oversee the Company's overall financial and operational conditions and compliance controls and provide reasonable assurance against material misstatement or loss due to failure in risk management and internal control. Through the Audit Committee, the Board oversees the system on a going basis, ensuring that a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems have been conducted at least annually. During the year of 2014, the Audit Committee has reviewed and ensured the effectiveness of the Company's and its subsidiaries' risk management and internal control system. The management of the Company have confirmed the effectiveness of the overall risk management and internal control system and internal audit function.

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. The Board ensures the adequacy of resources in accounting, internal audit and financial reporting, and staff having rich experience and qualifications. The Board also ensures that there is enough training programmes budget for staff to get related training courses.

- Company management implements risk management and 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 financial information for disclosure. Management provides financial information and the production and operations status to the Directors every month, to make the Directors aware of the latest situation of the Company. The Board 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 cash flow position of the Company during the period. At the same time, external auditors also make a declaration to their reporting obligations in the financial 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. 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 a list of environmental factors and hazards according to the relevant procedure documents.

- The Company carries out the risk management work under guidelines of overall risk management made by State-owned Assets Supervision and Administration Commission of the State Council of PRC. With assistance of the counseling agency, the Company has recognized and set up a risk events database. Each department of the Company would choose certain material risk events in its field and assess and grade the possibility of occurrence and influence of risk events to determine the scope of material risk with the operating personnel and management of the Company and its subsidiaries. Each functional department prepares counteractions to deal with material risks in its field and report the execution situation regularly. The main subsidiaries of the Company also carry out their risk management work pursuant to the above procedure.

- The Company carries out the internal control work under regulations of internal control made by the Ministry of Finance of the PRC and other four ministries and commissions. The Company and all its main subsidiaries have established integrated internal control system managed by agencies and departments. In 2014, the Company collaborated with the independent agency to assess the internal control of 31 main independent accounting subsidiaries and issued the assessment report. During the assessing work, no material internal control defect has been detected, and following-up improvement actions have been reported by the subsidiaries with ordinary defect. Self-assessment, improvement actions and optimization of the internal control system would be annual routine tasks of the Company in the future.

- 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 risk management and 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 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 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.

- With respect to the monitoring and disclosure of inside information, the Company has formulated the Formalities Concerning Registration of Insiders of Inside Information of Sinotrans Limited and 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. The Guideline and the Formalities apply to the Company, its subsidiaries and their respective directors, supervisors, chief executives and employees when they identify, control or disclose inside information.

DIRECTORS, SUPERVISORS & SENIOR MANAGEMENT

CHAIRMAN OF THE BOARD

Zhao Huxiang, age 60, is the chairman of the Executive Committee, the Nomination Committee and Corporate Governance Committee of the Company, respectively. Mr. Zhao graduated with an 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 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. From August 2007 to November 2013, Mr. Zhao acted as the non-executive director and the chairman of Sinotrans Shipping Limited. 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 as a Director and the Chairman of the board of the Company.

VICE-CHAIRMAN OF THE BOARD

Zhang Jianwei, age 58, is the member of the Executive Committee 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. 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 as a Director of the Company in November 2002. And Mr. Zhang was appointed the vice-chairman of the board of the Company in March 2014.

EXECUTIVE DIRECTOR

Tao Suyun, age 61, was the member of the Executive Committee and the Remuneration Committee 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 to the end of December 2014, Ms. Tao acted as 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 as a Director of the Company in November 2002.

Li Guanpeng, age 49, is the President of the Company, and also the member of the Executive Committee, the Nomination Committee and Corporate Governance Committee of the Company. Mr. Li joined Sinotrans Group Company in 1989 and worked in Sinotrans Guangdong Company Limited Huangpu Branch. 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 as 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 currently studying the EMBA program in Lingnan (university) college of Sun Yat-sen University. From August 2013 to January 2014, Mr. Li acted as vice president of the Company. In February 2014, Mr. Li was appointed as President of the Company. Mr. Li was appointed as a Director of the Company in March 2014.

Wang Lin, age 56, 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 as Vice President of the Company in November 2002. Mr. Wang was appointed as a Director of the Company in March 2014.

Yu Jianmin, age 49, 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 become the Assistant President of the Company. Mr. Yu was appointed as Vice President of the Company in October 2008. Mr. Yu was appointed as a Director of the Company in March 2014.

NON-EXECUTIVE DIRECTOR

Jerry Hsu*, age 64, 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 68, is the Chairman of the Audit Committee and the member of the Remuneration Committee, the Nomination Committee and Corporate Governance Committee of the Company, respectively, and a 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 of being the 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 52, is,the Chairman of the Remuneration Committee and the member of the Audit Committee, the Nomination Committee and Corporate Governance Committee of the Company, respectively. 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.

Han Xiaojing, age 60, is the member of the Audit Committee, the Remuneration Committee, the Nomination Committee and Corporate Governance Committee of the Company, respectively. Mr. Han holds a master degree in law and is a practicing lawyer in PRC. Mr. Han is one of the founding partners of the Commerce & Finance Law Office of Beijing. Mr. Han Xiaojing obtained a bachelor degree in law from Zhongnan University of Economics and Law (formerly named Hubei Institute of Finance and Economics) in 1982. Mr. Han obtained a master degree in law from the China University of Political Science and Law in 1985. From 1985 to 1986, Mr. Han served as an instructor in the China University of Political Science and Law. From 1986 to 1992, Mr. Han served as a lawyer for the China Legal Services Centre. Mr. Han has been a partner of the Commerce & Finance Law Office since 1992, mainly engages in providing legal services in banking, project financing, securities, companies, foreign investments and real estate business. Mr. Han is also serving as an independent non-executive director in Sino-ocean Land Holdings Limited, Far East Horizon Limited (both of which are listed on the Hong Kong Stock Exchange), PingAn Bank Co. Limited and Beijing Sanju Environmental Protection & New Materials Co., Ltd. (both of which are listed on the Shen Zhen Stock Exchange). Mr. Han was appointed independent non-executive Director of the Company in October 2014.

Liu Junhai, age 45, is the member of the Audit Committee, the Remuneration Committee, the Nomination Committee and Corporate Governance Committee of the Company, respectively. 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 postdoctoral 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. From March 2014 to December 2014, Mr. Liu served as an independent non-executive director of China Solar Energy Holdings Limited. 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

Wu Dongming, age 51, is the chairman of the Supervisory Committee 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 resigned in February 2014. Mr. Wu was appointed the supervisor of the Company in March 2014.

Ren Dongxiao, age 49, is the staff representative supervisor of the Company. Ms. Ren joined China National Foreign Trade Transportation (Group) Corporation in 1997, serving as deputy general manager of Sinotrans International Trading Company. Ms. Ren was appointed as key account manager of Marketing Department of the Company in July 2008. Since September 2010, Ms. Ren has worked as the vice-chairman of Labor Union of the Company. From October 2010 till now, Ms. Ren acted as assistant general manager of President's Office, assistant general manager, deputy general manager of Party & Mass Affairs Department of the Company. Ms. Ren studied Japanese language and graduated from Dalian University of Foreign Languages in 1988. Ms. Ren was appointed supervisor of the Company in January 2014.

Zhou Fangsheng, age 65, 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. Since January 2013, Mr. Zhou is also an independent non-executive director of Hengan International Group Company Limited (a company listed in Hong Kong with stock code 01044). 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

Jiang Jian, age 50, is the Vice President 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. From April 2009 to February 2014, Mr. Jiang acted as the Chairman of the Supervisor Committee of the Company. Mr. Jiang was appointed Vice President of the Company in February 2014.

Wu Xueming, age 51, 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.

Li Shichen, age 49, 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 52, 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.

Directors, Supervisors & Senior Management

Gao Wei, age 48, 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. At present, Mr. Gao is the vice-president of the HKICS and vice chairman of Professional Development Committee and a member of HR Committee and Mainland China Focus Group.

Liu Minsheng, age 59, 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.

Changes in directors, supervisors and senior management of the Company are set out in the Report of the Directors on pages 55 to 56.

REPORT OF THE DIRECTORS

The board of directors (the "Board") is pleased to present its report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

BUSINESS OPERATIONS

The principal businesses of the Group include freight forwarding, logistics, storage and terminal services, and other services (mainly engaged in trucking, shipping 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 segment 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 21, 22 and 23 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2014 are set out in the financial statements on pages 75 to 188. 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 0.065 per share, subject to passing of the resolution authorizing the Board to propose, declare or pay the final dividend for 2014 by shareholders at the Annual General Meeting to be held on 4 June 2015 (the "AGM"). The recommended final dividend will be paid on or before 24 July 2015 to the shareholders as registered at the close of business on 15 June 2015. Please refer to the section headed "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 5 May 2015 to 4 June 2015, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m.on 4 May, 2015, for registration.

The record date for the recommended final dividend is at the close of business on 15 June 2015. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 10 June 2015 to 15 June 2015, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 9 June 2015, for registration.

Pursuant to the Articles of Association 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 (17 March 2015 to 24 March 2015) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7925. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0820.

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. 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 33 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, 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 2014, 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 2014 are disclosed in Note 48 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*	**2014** ***RMB'000***
Transactions with Sinotrans & CSC and its subsidiaries	*1*	
Provision of transportation and logistics services		1,106,192
Services fees		1,118,026
Container leasing fees		40,474
Property leasing expenses		31,299
Receiving services from Sinotrans & CSC Finance Co., Ltd. ("Finance Company") which is a subsidiary of Sinotrans & CSC.		
Receiving deposit services – maximum daily balance	*2*	
– *From 1 January 2014 to 24 March 2014*		142,043
– *From 25 March 2014 to 31 December 2014*		497,319
– Including receiving deposit services by the Company's subsidiary, Sinotrans Air Transportation Development Co., Ltd.		90,000
Receiving loan services – maximum daily balance		130,000
– Including receiving loan services by the Company's subsidiary, Sinotrans Air Transportation Development Co., Ltd.		–
Transactions with Connected Non-Wholly-Owned Subsidiaries	*3*	
Provision of transportation and logistics services		73,006
Services fees		40,889

Note 1: Transactions with Sinotrans & CSC and its subsidiaries are considered as connected transactions as Sinotrans & CSC is the 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".

On 30 November 2014, the Company acquired the equity interests of certain entities from Sinotrans & CSC or its subsidiaries, accordingly these entities became the Company's subsidiaries. The amounts of the connected party transactions set in the above table for the year ended 31 December 2014 include the amounts for transactions incurred between these entities with Sinotrans & CSC or its subsidiaries from 1 December 2014 to 31 December 2014.

Note 2: On 25 March 2014, the Company signed a supplementary agreement with the Finance Company to expand the annual caps of maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with the Finance Company from RMB200 million to RMB500 million effective from 25 March 2014, including RMB100 million of the annual cap of the maximum daily outstanding balance of deposits (including accrued interests) placed by the Company's subsidiary, Sinotrans Air Transportation Development Co., Ltd. with the Finance Company that remains unchanged.

Note 3: 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 complied with the disclosure requirement of chapter 14A of the Listing Rules in report of those transactions. 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 of the Company passed in the Extraordinary General Meeting held on 30 December 2011.

The independent non-executive directors of the Company 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.56.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year are set out in Note 19 to the financial statements.

TAXATION

Details of taxation of the Group as at 31 December 2014 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 177 of this Annual Report and Note 41 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2014 amounted to approximately RMB316.12 million.

SHARE CAPITAL STRUCTURE

Share capital structure of the Company as at 31 December 2014 was as follows:

Nature of Shares	Number of Shares	As a % of Total Issued Share Capital
Domestic Shares	2,461,596,200	53.44%
H Shares	2,144,887,000	46.56%

On 24 July 2014, an aggregate of 357,481,000 new H shares of RMB1.00 each at a placing price of HK$4.80 per share (a discount of approximately 11.60% to the closing price of HK$5.43 per share on 16 July 2014, being the date of the placing agreement) were allotted and issued by the Company to not less than 6 but no more than 10 placees who were independent professional, institutional and/or other investors. Upon completion, the total number of shares of the Company increased from 4,249,002,200 shares to 4,606,483,200 shares. The aggregate net proceeds from the placing were approximately HK$1,678 million (after deduction of the commissions and expenses) with a net price of approximately HK$4.69 per share. The net proceeds from the placing were used as the Company's general working capital to fund the Group's business development. The placing offered the Company a good opportunity to optimise its capital structure and financial structure for its business. Further, the Company would be able to enrich its shareholder base by attracting a number of high calibre investors to participate in the placing. Details are set out in the announcement of the Company dated 24 July 2014.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2014, 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	53.44%	–
	88,000,000(L)	H Shares	1.91%	4.10%
Deutsche Post AG *(Note 2)*	237,468,000(L)	H Shares	5.16%	11.07%
JPMorgan Chase & Co.	114,939,887(L)	H Shares	2.50%	5.36%
	60,000(S)	H Shares	0.00%	0.00%
	55,618,787(P)	H Shares	1.21%	2.59%
BlackRock, Inc.	108,788,946(L)	H Shares	2.36%	5.07%

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

Note 1: Zhao Huxiang, Zhang Jianwei and Tao Suyun 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: 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 2014, 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 2014.

DIRECTORS AND SUPERVISORS

As at 31 December 2014, the directors and supervisors of the Company were as follows:

Name	Date of Appointment
Directors:	
Zhao Hu xiang	3 March 2006
Zhang Jianwei	19 November 2002
Tao Suyun	19 November 2002
Li Guanpeng	31 March 2014
Wang Lin	31 March 2014
Yu Jianmin	31 March 2014
Jerry Hsu	18 June 2003
Guo Minjie*	31 August 2012
Lu Zhengfei*	27 September 2004
Han Xiaojing*	24 October 2014
Liu Junhai*	28 December 2012
Supervisors:	
Wu Dongming	31 March 2014
Ren Dongxiao	14 January 2014
Independent Supervisor:	
Zhou Fangsheng	30 December 2011 (for a term of three years with effect from 19 November 2011)

* These directors are Independent Non-executive Directors.

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 in directors, supervisors and senior management of the Company were as follows:

Mr. Ouyang Pu, the vice-president of the Company, has reached the statutory age of retirement. Mr. Ouyang retired on 1 January 2014.

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.

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. Wu Dongming was appointed as the supervisor and the chairman of the Supervisory Committee of the Company with effect from 31 March 2014.

Mr. Zhang Jianwei has resigned as the president of the Company due to the change of his position, but will remains the director and the member of the Executive Committee of the Company with effect from 8 February 2014. Mr. Zhang Jianwei was appointed as the vice-chairman of the Board of the Company with effect from 31 March 2014.

Mr. Li Guanpeng has been appointed as the president of the Company with effect from 8 February 2014, and Mr. Li Guanpeng was appointed as a director of the Company with effect from 31 March 2014.

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

Mr. Li Jianzhang's term of office as a director of the Company expired on 31 March 2014 without re-election.

Ms. Liu Jinghua's term of office as a non-executive director of the Company expired on 31 March 2014 without re-election.

Mr. Wang Lin and Mr. Yu Jianmin were appointed as directors of the Company with effect from 31 March 2014.

Mr. Liu Kegu has resigned as an independent non-executive director of the Company with effect from 30 May 2014 due to change of position.

Mr. Guo Minjie was appointed as the chairman of the Audit Committee of the Company with effect from 3 July 2014.

Mr. Han Xiaojing was appointed as the non-executive director of the Company on 24 October 2014 and Mr. Han's appointment will be for three years with effect from 24 October 2014.

Mr. Zhang Jianwei and Ms. Tao Suyun were re-elected as directors of the Company, and Mr. Zhou Fangsheng was re-elected as a supervisor of the Company, and their re-appointment will be for three years with effect from 19 November 2014.

Ms. Tao Suyun, the director of the Company, has reached the statutory age of retirement. Ms. Tao retired on 24 March 2015.

BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of directors, supervisors and senior management are set out on pages 42 to 48.

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 2014, none of the directors, president, 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 2014, 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 and Tao Suyun (retired as a Director on 24 March 2015) 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 Sinotrans & CSC Group" in the prospectus of the Company dated 29 January 2003.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the twelve months ended 31 December 2014 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.

Master Business Services Agreement

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.

In order to comply with the relevant requirements of the Listing Rules, the Company and Sinotrans & CSC entered into the Master Services Agreement (Sinotrans & CSC) in respect of the provision and receipt of the transportation and logistics services between members of the Group and Sinotrans & CSC Group and its associates on 6 November 2014. The Master Services Agreement is for a term of three years commencing on 1 January 2015 and ending on 31 December 2017.

Entrusted Management Agreement

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 as at 31 December 2016, in return for fixed management fees.

Supplementary Agreement to the New Financial Services Agreement

On 14 November 2012, the Company and Sinotrans & CSC Finance Co. Ltd. ("the Finance Company"), a non-wholly-owned subsidiary of the Sinotrans & CSC Group, entered into the New Financial Services Agreement. The Finance Company agreed to provide a series of financial services to the Group within the caps agreed under the New Financial Services Agreement for each of the three years ended on 31 December 2013, 2014 and 2015 respectively. The Company and the Finance Company entered into the Supplementary Agreement dated 25 March 2014 to supplement certain provisions in the New Financial Services Agreement.

Disposal of Marine Transportation Business Agreement

On 25 March 2014, the Company entered into agreements with Sinotrans & CSC and its subsidiaries respectively, to dispose its entire shareholdings in Sinotrans Sunny Express Company Limited. ("Sunny Express"), Sinotrans Container Lines Company Limited. ("Container Lines"), and four wholly-owned subsidiaries (namely, Yunrong Shipping Company Limited, Yunhua Shipping Company Limited, Yunfu Shipping Company Limited and Yungui Shipping Company Limited, collectively "four wholly-owned subsidiaries") directly or indirectly held by the Group. These Target Companies carried out most of the Group's marine transportation businesses. On 6 June 2014, the disposal of Sunny Express was completed. On 31 July 2014, the disposal of Container Lines and four wholly-owned subsidiaries was completed.

Framework Acquisition Agreement

On 8 July 2014, the Company entered into the Framework Acquisition Agreement with Sinotrans & CSC under which the Company conditionally agreed to acquire the interests of eleven companies owned by Sinotrans & CSC or its subsidiaries at an aggregate consideration of RMB901,041,300 (equivalent to HK$1,133,998,640). The acquisition transaction has been completed on 30 November 2014.

Underlying Assets Disposal Agreement

On 6 November 2014, Sinotrans Shenzhen Logistic Co., Ltd ("Sinotrans Shenzhen"), a wholly-owned subsidiary of the Company, entered into the Underlying Assets Disposal Agreement with Sinotrans & CSC and Sinotrans Group Shenzhen Company ("Shenzhen Company"), in respect of the transfer by Sinotrans Shenzhen to Sinotrans & CSC and the Shenzhen Company the Underlying Assets about Sinotrans Sungang Warehouse District at a total consideration of RMB541,009,300 (equivalent to approximately HK$676,261,625).

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 2014 are set out in Note 44 to the financial statements.

PENSION SCHEMES

Details of the Group's pension schemes for the year ended 31 December 2014 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 Association 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.

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 2014 to 31 December 2014 as our code on corporate governance, details of which are set out on page 22 to 41, 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 at 31 December 2014, Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing 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

There is no significant post balance sheet events.

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 2014, the audit committee comprised of four independent non-executive directors, namely Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing and Mr. Liu Junhai with Mr. Guo Minjie as the chairman of the committee.

The Group's annual results for the year ended 31 December 2014 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 2014.

By Order of the Board

Zhao Huxiang
Chairman

Beijing, the PRC
24 March 2015

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the year ended 31 December 2014, the Supervisory Committee of the Company (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 2014, 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 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 of the Company 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 2014 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 the moderate recovery of global economic. The Committee is satisfied with the performance and economic efficiency achieved by the Company for 2014 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 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.

Mr. Wu Dongming
Chairman of the Supervisory Committee

Beijing, the PRC
19 March 2015

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 2014 will be held at the Edinburgh & Gloucester Room, 2/F Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 4 June 2015 at 10:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To review and approve the report of the board of directors of the Company for the year ended 31 December 2014.

2. To review and approve the report of the supervisory committee of the Company for the year ended 31 December 2014.

3. To review and consider the audited financial statements of the Company and the auditors' report for the year ended 31 December 2014.

4. To review and approve the profit distribution proposal and final dividend of the Company for the year ended 31 December 2014.

5. To authorise the board of directors of the Company to decide on matters relating to the declaration, payment and recommendation of interim dividends for the year 2015.

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 2015 respectively, and to authorise the board of directors of the Company to fix their remuneration.

7. To consider and, if thought fit, approve, with or without modifications, each of the following separate ordinary resolutions in relation to appointment and re-appointment of directors of the Company:

   "(a) **THAT** the re-appointment of Mr. Zhao Huxiang as a director of the Company be and is hereby approved;"

   "(b) **THAT** the re-appointment of Mr. Jerry Hsu as a director of the Company be and is hereby approved;"

   "(c) **THAT** the re-appointment of Mr. Guo Minjie as an independent non-executive director of the Company be and is hereby approved;"

   "(d) **THAT** the re-appointment of Mr. Liu Junhai as an independent non-executive director of the Company be and is hereby approved;"

   "(e) **THAT** the appointment of Mr. Wu Xueming as a director of the Company be and is hereby approved."

8. To authorise the board of directors of the Company to determine the remuneration of the directors of the Company.

SPECIAL RESOLUTIONS

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

9. "**THAT**:

   (a) subject to paragraph 9(c) below and compliance with all applicable laws and regulations of the People's Republic of China, the exercise by the directors of the Company ("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 9(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 9(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."

Notice of Annual General Meeting

10. "**THAT**:

(a) subject to (i) paragraph 10(b) below and compliance with all applicable laws and regulations 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") and The Codes on Share Buy-backs; 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 10(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
15 April 2015

Registered Office
Sinotrans Plaza A
A43, Xizhimen Beidajie
Beijing 100082, China

Notice of Annual General Meeting

Notes:

1. The register of members of the Company will be closed from 5 May 2015 to 4 June 2015, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 4 May 2015, for registration.

2. Shareholders intending to attend the Annual General Meeting shall give written notice to the Company, which shall be lodged at the registered office of the Company on or before 4:30 p.m. on 15 May 2015.

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 has recommended the payment of a final dividend of RMB0.065 per share, subject to passing of the resolution authorizing the board of Directors to propose, declare or pay the final dividend for 2014 by shareholders at the Annual General Meeting to be held in 2015. The recommended final dividend will be paid on or before 24 July 2015 to the shareholders as registered at the close of business on 15 June 2015. The record date for the recommended final dividend is at the close of business on 15 June 2015. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 10 June 2015 to 15 June 2015, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 9 June 2015 for registration.

   Pursuant to the articles of association 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 (17 March 2015 to 24 March 2015) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7925. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0820.

   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 those 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.

Notice of Annual General Meeting

6. Zhao Huxiang, age 60, is the chairman of the Board, the chairman of the Executive Committee, the Nomination Committee and Corporate Governance Committee of the Company respectively. Mr. Zhao graduated with an MBA degree from the 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 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 China National Foreign Trade Transportation (Group) Corporation. 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 International Air Courier Company Limited. From August 2007 to November 2013, Mr. Zhao acted as the non-executive director and chairman of Sinotrans Shipping Limited. 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 as Director and the chairman of the board of Directors. Save as disclosed above, he has not held any directorship in any other listed companies in the last three years.

   In accordance with the articles of association of the Company, Mr. Zhao's appointment will be for a term of three years with effect from 11 June 2015 to the date of the Annual General Meeting of the Company held in 2018 subject to approval of shareholders of the Company ("Shareholders") being obtained at the Annual General Meeting. Mr. Zhao is not related to any Director, senior management or substantial or controlling shareholders of the Company. As at the date of this notice, he was not interested in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"). Mr. Zhao will enter into a service contract with the Company for a term of three years. He has not received any remuneration nor bonus payments as a Director for the year ended 31 December 2014 and he is not entitled to receive any remuneration or bonus payments as a Director. Save as disclosed above, there is no other information relating to the re-appointment of Mr. Zhao that is required to be disclosed pursuant to Rule 13.51(2) (h) to (w) of the Listing Rules. There are no other matters that need to be brought to the attention of the Shareholders.

   Jerry Hsu*, age 64, is a non-executive director of the Company, and Mr. Hsu is the chief executive officer of DHL Express Asia Pacific and a member of the DHL Express Global Management Board. Whilst Mr. Hsu is based in Hong Kong, he was 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 had been holding 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 as a non-executive Director in June 2003. Save as disclosed above, he has not held any directorship in any other listed companies in the last three years.

   In accordance with the articles of association of the Company, Mr. Hsu's appointment will be for a term of three years with effect from 11 June 2015 to the date of the Annual General Meeting of the Company held in 2018 subject to Shareholders' approval being obtained at the Annual General Meeting. Mr. Hsu is not related to any Director, senior management or substantial or controlling shareholders of the Company. As at the date of this notice, he was not interested in any shares of the Company within the meaning of Part XV of the SFO. No service contract is intended to be entered into between the Company and Mr. Hsu. He has not received any remuneration nor bonus payments as a Director for the year ended 31 December 2014 and he is not entitled to receive any remuneration or bonus payments as a Director. Save as disclosed above, there is no other information relating to the re-appointment of Mr. Hsu that is required to be disclosed pursuant to Rule 13.51(2) (h) to (w) of the Listing Rules. There are no other matters that need to be brought to the attention of the Shareholders.

   * For details of Mr. Hsu's interests in competing businesses of the Company, please refer to the section headed "Directors, Supervisors & Senior Management" in the annual report of the Company for the year ended 31 December 2014.

   Guo Minjie, age 68, is an independent non-executive director of the Company, the chairman of the Audit Committee and the member of the Remuneration Committee, the Nomination Committee and Corporate Governance Committee of the Company respectively. Mr. Guo is a senior engineer. Mr. Guo currently serves as the 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 been a director of Urumqi railway sub-Bureau, a director of Urumqi railway Bureau and a director of Nanchang railway Bureau. From July 2003 to February 2006, Mr. Guo served as the chairman and general manager of China Railway Container Transport Co., Ltd. and the 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 as an independent non-executive Director in August 2012. Save as disclosed above, he has not held any directorship in any other listed companies in the last three years.

In accordance with the articles of association of the Company, Mr. Guo's appointment will be for three years with effect from 31 August 2015 to the date of the Annual General Meeting of the Company held in 2018 subject to Shareholders' approval being obtained at the Annual General Meeting. Mr. Guo is not related to any Director, senior management or substantial or controlling shareholders of the Company. As at the date of this notice, Mr. Guo was not interested in any shares of the Company within the meaning of Part XV of the SFO. No service contract is intended to be entered into between Mr. Guo and the Company. He will be entitled to a director's fee based on his actual service provided to the Company. Mr. Guo will not be entitled to any bonus payments. Save as disclosed herein, there are no other matters required to be disclosed under Rule 13.51(2)(h) to (w) of the Listing of Rules and there are no other matters that need to be brought to the attention of the Shareholders in respect of his re-appointment.

Liu Junhai, age 45, is an independent non-executive director, the member of the Audit Committee, the Remuneration Committee, the Nomination Committee and Corporate Governance Committee of the Company respectively. 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 postdoctoral 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 member of steering committee of China Youth Entrepreneurs 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. From March 2014 to December 2014, Mr. Liu served as an independent non-executive director of China Solar Energy Holdings Limited. Mr. Liu was appointed independent non-executive Director of the Company in December 2012. Save as disclosed above, he has not held any directorship in any other listed companies in the last three years.

In accordance with the Articles of Association of the Company, Mr. Liu's appointment will be for three years with effect from 28 December 2015 to the date of the Annual General Meeting held in 2018 subject to Shareholders' approval being obtained at the AGM. Mr. Liu is not related to any director, senior management or substantial or controlling shareholders of the Company. As at the date of this notice, Mr. Liu was not interested in any shares of the Company within the meaning of Part XV of the SFO. Mr. Liu will not enter into any service contract with the Company. He will be entitled to a director's fee based on his actual service provided to the Company. Mr. Liu will not be entitled to any bonus payments. Save as disclosed herein, there are no other matters required to be disclosed under Rule 13.51(2)(h) to (w) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and there are no other matters that need to be brought to the attention of the Company's shareholders in respect of his re-appointment.

Wu Xueming, age 51, 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. Save as disclosed above, he has not held any directorship in any other listed companies in the last three years.

In accordance with the articles of association of the Company, Mr. Wu's appointment as a director will be for three years with effect from the date of obtaining approval at the Annual General Meeting held in 2015 to the date of Annual General Meeting of the Company held in 2018. Save as disclosed in this notice, Mr. Wu did not hold any positions in any group members of the Company. The amount of Mr. Wu's emoluments will be determined by the board of Directors from time to time based on his scope of work and performance. Mr. Wu is not related to any Director, senior management or substantial or controlling shareholders of the Company. As at the date of the notice, he was not interested in any shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, there are no other matters in respect of the appointment of Mr. Wu that is required to be disclosed under Rule 13.51(2)(h) to (w) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

9. As at the date of this notice, the board of directors of the Company comprises: Zhao Huxiang (Chairman), Zhang Jianwei (Vice-chairman), Li Guanpeng (executive director), Wang Lin (executive director), Yu Jianmin (executive director), Jerry Hsu (non-executive director), and four independent non-executive directors, namely Guo Minjie, Lu Zhengfei, Han Xiaojing and Liu Junhai.

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 Edinburgh & Gloucester Room, 2/F Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 4 June 2015 at 11: 00 a.m. or immediately after the conclusion or adjournment of the annual general meeting ("Annual General Meeting") of the Company to be held at the same place and 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 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 of the Company ("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
15 April 2015

Registered Office
Sinotrans Plaza A
A43, Xizhimen Beidajie
Beijing 100082, China

Notice of H Shares Class Meeting

Notes:

1. The register of members of the Company will be closed from 5 May 2015 to 4 June 2015, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 4 May 2015, 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 15 May 2015.

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 has recommended the payment of a final dividend of RMB0.065 per share, subject to passing of the resolution authorizing the board of directors to propose, declare or pay the final dividend for 2014 by shareholders at the Annual General Meeting to be held in 2015. The recommended final dividend will be paid on or before 24 July, 2015 to the shareholders as registered at the close of business on 15 June, 2015. The record date for the recommended final dividend is at the close of business on 15 June, 2015. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 10 June, 2015 to 15 June, 2015, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 9 June, 2015 for registration.

   Pursuant to the articles of association 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 (17 March 2015 to 24 March 2015) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7925. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0820.

   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 those 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.

6. As at the date of this notice, the board of directors of the Company comprises: Zhao Huxiang (Chairman), Zhang Jianwei (Vice-chairman), Li Guanpeng (executive director), Wang Lin (executive director), Yu Jianmin (executive director), Jerry Hsu (non-executive director), and four independent non-executive directors, namely Guo Minjie, Lu Zhengfei, Han Xiaojing and Liu Junhai.

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 Edinburgh & Gloucester Room, 2/F Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong on 4 June 2015 at 11: 30 a.m. or immediately after the conclusion or adjournment of the class meeting ("H Shares Class Meeting") for holders of H shares in the capital of the Company to be held at the same place and on the same day at 11: 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 of the Company ("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
15 April 2015

Registered Office
Sinotrans Plaza A
A43, Xizhimen Beidajie
Beijing 100082, China

Notice of Domestic Shares Class Meeting

Notes:

1. The register of members of the Company will be closed from 5 May 2015 to 4 June 2015, both days inclusive, during which period no share transfers will be registered. To qualify for 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 4 May 2015, 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 15 May 2015.

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 has recommended the payment of a final dividend of RMB0.065 per share, subject to passing of the resolution authorizing the board of Directors to propose, declare or pay the final dividend for 2014 by shareholders at the Annual General Meeting to be held in 2015. The recommended final dividend will be paid on or before 24 July 2015 to the shareholders as registered at the close of business on 15 June 2015. The record date for the recommended final dividend is at the close of business on 15 June 2015. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 10 June 2015 to 15 June 2015, 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 9 June 2015 for registration.

   Pursuant to the articles of association 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 (17 March 2015 to 24 March 2015) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7925. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0820.

   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 those 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.

6. As at the date of this notice, the board of directors of the Company comprises: Zhao Huxiang (Chairman), Zhang Jianwei (Vice-chairman), Li Guanpeng (executive director), Wang Lin (executive director), Yu Jianmin (executive director), Jerry Hsu (non-executive director), and four independent non-executive directors, namely Guo Minjie, Lu Zhengfei, Han Xiaojing and Liu Junhai.

Independent Auditor's Report

Deloitte.
德勤

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 75 to 188, which comprise the consolidated and Company's statements of financial position as at 31 December 2014, 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.

Independent Auditor's Report

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 2014, 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

24 March 2015

Consolidated Statement of Profit or Loss

For the year ended 31 December 2014

	Note	For the year ended 31 December 2014 RMB'000	2013 RMB'000 (Restated)
Continuing operations			
Revenue	6	45,659,827	45,402,363
Other income		203,483	163,021
Business tax and other surcharges		(83,890)	(100,987)
Transportation and related charges		(39,890,331)	(39,822,823)
Staff costs	8	(3,079,964)	(2,869,408)
Depreciation and amortisation		(588,054)	(563,820)
Office and other expenses		(492,877)	(541,222)
Other losses, net	9	(13,077)	(90,030)
Other operating expenses		(491,951)	(427,133)
Operating profit	10	1,223,166	1,149,961
Finance income	11	105,380	103,886
Finance costs	11	(287,157)	(311,696)
		1,041,389	942,151
Share of profit of joint ventures	22	805,174	648,783
Share of (loss)/profit of associates	23	(24,478)	5,046
Profit before income tax		1,822,085	1,595,980
Income tax expense	12	(387,655)	(348,922)
Profit for the year from continuing operations		1,434,430	1,247,058
Discontinued operations			
Profit/(loss) for the year from discontinued operations	14	81,036	(34,216)
Profit for the year		1,515,466	1,212,842
Profit/(loss) for the year attributable to owners of the Company			
– from continuing operations		1,150,397	938,180
– from discontinued operations		81,036	(34,216)
		1,231,433	903,964
Profit for the year attributable to non-controlling interests			
– from continuing operations		284,033	308,878
– from discontinued operations		–	–
		284,033	308,878
		1,515,466	1,212,842
Earnings per share, basic (RMB)	16		
– from continuing and discontinued operations		0.28	0.21
– from continuing operations		0.26	0.22

The notes on pages 85 to 188 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 2014

	For the year ended 31 December 2014 RMB'000	For the year ended 31 December 2013 RMB'000 (Restated)
Profit for the year	1,515,466	1,212,842
Other comprehensive income/(losses)		
Items that may be subsequently reclassified to profit or loss:		
Share of other comprehensive losses of joint ventures	(198)	(224)
Share of other comprehensive losses of associates	(5,223)	(11,374)
Fair value gains/(losses) on available-for-sale financial assets		
– Gains/(losses) arising during the year	629,797	(229,783)
– Reclassification adjustments to profit or loss during the year upon impairment	202,905	–
– Reclassification adjustments to profit or loss during the year upon disposal	(10,009)	1,606
Currency translation differences	9,810	(29,924)
Income tax relating to components of other comprehensive income	(154,947)	57,044
Other comprehensive income/(losses) for the year, net of tax	672,135	(212,655)
Total comprehensive income for the year	2,187,601	1,000,187
Total comprehensive income attributable to		
– Owners of the Company	1,659,849	753,838
– Non-controlling interests	527,752	246,349
	2,187,601	1,000,187

The notes on pages 85 to 188 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

For the year ended 31 December 2014

	Note	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000 (Restated)	As at 1 January 2013 RMB'000 (Restated)
ASSETS				
Non-current assets				
Land use rights	17	2,608,588	2,536,995	2,442,209
Prepayments for acquisition of land use rights	18	180,382	218,729	73,700
Property, plant and equipment	19	7,364,729	7,855,859	7,150,128
Intangible assets	20	127,791	124,291	112,260
Investments in joint ventures	22	2,846,805	2,398,520	2,374,111
Investments in associates	23	842,707	924,263	991,355
Deferred income tax assets	12	128,918	148,942	103,343
Available-for-sale financial assets	26	1,731,060	1,142,687	1,392,138
Other non-current assets	28(a)	203,110	56,212	22,697
		16,034,090	15,406,498	14,661,941
Current assets				
Prepayments and other current assets	28	1,553,205	1,146,967	1,078,673
Inventories		154,114	60,828	53,953
Trade and other receivables	29	8,523,449	7,897,015	8,068,209
Restricted cash	30	190,767	195,204	198,552
Term deposits with initial terms of over three months	31	921,600	857,671	579,332
Cash and cash equivalents	32	5,332,114	5,386,578	5,801,097
		16,675,249	15,544,263	15,779,816
Total assets		32,709,339	30,950,761	30,441,757
EQUITY				
Equity attributable to owners of the Company				
Share capital	40	4,606,483	4,249,002	4,249,002
Reserves		8,516,589	7,074,584	6,627,400
Proposed final dividends	15	299,421	212,450	127,470
		13,422,493	11,536,036	11,003,872
Non-controlling interests		2,882,626	2,515,909	2,386,022
Total equity		16,305,119	14,051,945	13,389,894

Consolidated Statement of Financial Position (Continued)

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000 (Restated)	As at 1 January 2013 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	12	77,525	3,325	30,729
Borrowings	33	–	345,784	300,617
Long-term bonds	34	2,992,967	3,998,853	2,544,287
Other non-current liabilities	36	220,195	214,884	391,567
		3,290,687	4,562,846	3,267,200
Current liabilities				
Trade payables	37	5,862,084	5,879,808	5,735,214
Other payables, accruals and other current liabilities	38	1,660,371	2,343,442	2,136,319
Receipts in advance from customers	39	1,804,834	1,695,709	2,187,117
Current income tax liabilities		204,625	150,048	154,050
Borrowings	33	747,988	854,863	809,514
Short-term bonds	34	–	–	2,022,534
Long-term bonds due within one year	34	1,999,970	547,527	–
Provisions	35	234,313	266,386	198,028
Salary and welfare payables		599,348	598,187	541,887
		13,113,533	12,335,970	13,784,663
Total liabilities		16,404,220	16,898,816	17,051,863
Total equity and liabilities		32,709,339	30,950,761	30,441,757
Net current assets		3,561,716	3,208,293	1,995,153
Total assets less current liabilities		19,595,806	18,614,791	16,657,094

The consolidated financial statements on pages 75 to 188 were approved by the Board of Directors on 24 March 2015 and were signed on its behalf by:

Zhao Huxiang
Chairman

Li Guanpeng
Director

Zhang Kui
Financial Controller

Wang Jiuyun
Financial Manager

The notes on pages 85 to 188 are an integral part of these consolidated financial statements.

Statement of Financial Position

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	19	42,666	53,294
Intangible assets	20	41,903	35,467
Investments in subsidiaries	21	6,814,630	6,901,541
Investments in joint ventures	22	487,083	242,221
Investments in associates	23	102,540	102,580
Available-for-sale financial assets	26	143,692	143,692
Loans to subsidiaries	27	1,393,022	1,911,477
Other non-current assets	28(a)	126,480	–
		9,152,016	9,390,272
Current assets			
Prepayments and other current assets	28	156,133	28,992
Inventories		4,747	4,781
Trade and other receivables	29	5,131,816	4,736,833
Restricted cash	30	–	800
Cash and cash equivalents	32	980,198	744,339
		6,272,894	5,515,745
Total assets		15,424,910	14,906,017
EQUITY			
Equity attributable to owners of the Company			
Share capital	40	4,606,483	4,249,002
Reserves	41	3,333,530	3,318,069
Proposed final dividends	15	299,421	212,450
Total equity		8,239,434	7,779,521

Statement of Financial Position (Continued)

As at 31 December 2014

	Note	As at 31 December 2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Long-term bonds	34	1,998,850	3,998,853
Current liabilities			
Trade payables	37	397,924	283,617
Other payables, accruals and other current liabilities	38	2,484,635	1,992,092
Receipts in advance from customers		18,316	35,867
Borrowings	33	141,486	166,613
Long-term bonds due within one year	34	1,999,970	499,017
Provisions	35	7,045	7,118
Salary and welfare payables		137,250	143,319
		5,186,626	3,127,643
Total liabilities		7,185,476	7,126,496
Total equity and liabilities		15,424,910	14,906,017
Net current assets		1,086,268	2,388,102
Total assets less current liabilities		10,238,284	11,778,374

The notes on pages 85 to 188 are an integral part of this financial statement.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (Note 41)	Statutory surplus reserve RMB'000 (Note 41)	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 2014, as restated	4,249,002	1,826,047	434,455	(51,627)	(160,846)	5,239,005	11,536,036	2,515,909	14,051,945
Profit for the year	–	–	–	–	–	1,231,433	1,231,433	284,033	1,515,466
Other comprehensive income									
– Fair value gains on available-for-sale financial assets, net of income tax	–	–	–	423,763	–	–	423,763	243,983	667,746
– Share of other comprehensive losses of joint ventures	–	(198)	–	–	–	–	(198)	–	(198)
– Share of other comprehensive losses of associates	–	(2,905)	–	–	(2,318)	–	(5,223)	–	(5,223)
– Currency translation differences	–	–	–	–	10,074	–	10,074	(264)	9,810
Total other comprehensive income for the year	–	(3,103)	–	423,763	7,756	–	428,416	243,719	672,135
Total comprehensive income for the year	–	(3,103)	–	423,763	7,756	1,231,433	1,659,849	527,752	2,187,601
Transactions with owners									
– 2013 final and 2014 interim dividends (Note 15)	–	–	–	–	–	(304,580)	(304,580)	–	(304,580)
– Dividends declared to non-controlling interests	–	–	–	–	–	–	–	(148,517)	(148,517)
– Capital injection from non-controlling interests of subsidiaries	–	(975)	–	–	–	–	(975)	14,656	13,681
– Disposal of equity interests in subsidiaries to non-controlling interests	–	20,744	–	–	–	–	20,744	(20,744)	–
– Acquisition of additional equity interests in subsidiaries from non-controlling interests	–	(153)	–	–	–	–	(153)	(753)	(906)
– Consideration for acquisition of subsidiaries under common control	–	(883,802)	–	–	–	–	(883,802)	–	(883,802)
– Contribution from then shareholders of subsidiaries acquired through business combinations under common control	–	70,838	–	–	–	–	70,838	–	70,838
– Dividends declared by subsidiaries acquired through business combinations under common control	–	–	–	–	–	(8,765)	(8,765)	–	(8,765)
– Shares issued	357,481	975,820	–	–	–	–	1,333,301	–	1,333,301
– Disposal of subsidiaries	–	–	–	–	–	–	–	(5,677)	(5,677)
Total transactions with owners	357,481	182,472	–	–	–	(313,345)	226,608	(161,035)	65,573
Transfer to statutory reserve (Note 41)	–	–	–	–	–	–	–	–	–
As at 31 December 2014	4,606,483	2,005,416	434,455	372,136	(153,090)	6,157,093	13,422,493	2,882,626	16,305,119
Representing									
– Share capital and reserves	4,606,483	2,005,416	434,455	372,136	(153,090)	5,857,672	13,123,072	2,882,626	16,005,698
– 2014 proposed final dividends (Note 15)	–	–	–	–	–	299,421	299,421	–	299,421
As at 31 December 2014	4,606,483	2,005,416	434,455	372,136	(153,090)	6,157,093	13,422,493	2,882,626	16,305,119

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2014

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (Note 41)	Statutory surplus reserve RMB'000 (Note 41)	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 31 December 2012, as previously reported	4,249,002	1,595,572	377,442	56,977	(38,692)	4,121,919	10,362,220	2,365,492	12,727,712
Effect of business combinations under common control	–	312,967	–	–	(78,543)	407,228	641,652	20,530	662,182
As at 1 January 2013, as restated	4,249,002	1,908,539	377,442	56,977	(117,235)	4,529,147	11,003,872	2,386,022	13,389,894
Profit for the year, as restated	–	–	–	–	–	903,964	903,964	308,878	1,212,842
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/(losses) of associates	–	2,313	–	–	(13,687)	–	(11,374)	–	(11,374)
– Currency translation differences, as restated	–	–	–	–	(29,924)	–	(29,924)	–	(29,924)
Total other comprehensive income for the year, as restated	–	2,089	–	(108,604)	(43,611)	–	(150,126)	(62,529)	(212,655)
Total comprehensive income for the year, as restated	–	2,089	–	(108,604)	(43,611)	903,964	753,838	246,349	1,000,187
Transactions with owners									
– 2012 final dividends (Note 15)	–	–	–	–	–	(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	–	(20,768)	–	–	–	–	(20,768)	(49,232)	(70,000)
– Deemed distributions paid by subsidiaries acquired through business combinations under common control	–	(63,833)	–	–	–	–	(63,833)	–	(63,833)
– Dividends declared by subsidiaries acquired through business combinations under common control	–	–	–	–	–	(9,623)	(9,623)	–	(9,623)
Total transactions with owners	–	(84,581)	–	–	–	(137,093)	(221,674)	(116,462)	(338,136)
Transfer to statutory reserve (Note 41)	–	–	57,013	–	–	(57,013)	–	–	–
As at 31 December 2013, as restated	4,249,002	1,826,047	434,455	(51,627)	(160,846)	5,239,005	11,536,036	2,515,909	14,051,945
Representing									
– Share capital and reserves, as restated	4,249,002	1,826,047	434,455	(51,627)	(160,846)	5,026,555	11,323,586	2,515,909	13,839,495
– 2013 proposed final dividends (Note 15)	–	–	–	–	–	212,450	212,450	–	212,450
As at 31 December 2013, as restated	4,249,002	1,826,047	434,455	(51,627)	(160,846)	5,239,005	11,536,036	2,515,909	14,051,945

The notes on pages 85 to 188 are an integral part of this financial statement.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	For the year ended 31 December 2014 RMB'000	2013 RMB'000 (Restated)
OPERATING ACTIVITIES			
Cash generated from operations	43	1,501,952	1,860,315
Income tax paid		(394,330)	(368,970)
NET CASH FROM OPERATING ACTIVITIES		1,107,622	1,491,345
INVESTING ACTIVITIES			
Cash paid for capital injection/purchase of joint ventures		(372,791)	(109,434)
Cash paid for capital injection/purchase of associates		(490)	(1,537)
Government grants received for acquisition of non-current assets		28,318	23,002
Repayments of loans due from subsidiaries disposed of		309,771	–
Net cash outflow from disposal of subsidiaries		(236,375)	–
Proceeds from liquidation/disposal of joint ventures		–	13,512
Proceeds from liquidation of associates		–	16,306
Proceeds from disposal of available-for-sale financial assets		955,524	424,111
Proceeds from disposal of property, plant and equipment, intangible assets, and land use rights		451,802	101,515
Purchase of property, plant and equipment		(1,160,279)	(1,501,332)
Purchase of intangible assets		(25,612)	(13,878)
Purchase of land use rights		(76,748)	(175,056)
Purchase of available-for-sale financial assets		(900,800)	(450,000)
Purchase of other non-current assets		(12,679)	(11,583)
Deposits paid for acquisition of land use rights		(39,401)	(205,797)
Increase in term deposits with initial terms of over three months		(63,929)	(278,339)
Interest income received		78,458	58,561
Dividends received from associates		50,533	42,416
Dividends received from joint ventures		757,413	723,367
Dividend income on available-for-sale financial assets		7,377	8,328
Decrease in restricted cash		437	–
Prepayment for acquisition of a subsidiary		–	(30,000)
NET CASH USED IN INVESTING ACTIVITIES		(249,471)	(1,365,838)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2014

	Note	For the year ended 31 December 2014 RMB'000	2013 RMB'000 (Restated)
FINANCING ACTIVITIES			
Acquisition of subsidiaries through business combinations under common control		(692,125)	–
New bank borrowings		1,830,991	1,326,875
Repayments of bank borrowings		(1,960,012)	(1,236,359)
Cash received from short-term bonds issued		–	2,000,000
Cash received from shares issued		1,333,301	–
Repayment of short-term bonds		–	(4,000,000)
Repayment of long-term bonds		(550,000)	–
Cash received from long-term bonds issued		1,000,000	2,000,000
Cash paid for issue costs of long-term bonds		(7,147)	(4,910)
Advance from ultimate holding company and fellow subsidiaries		161,000	131,154
Repayments to ultimate holding company and fellow subsidiaries		(1,257,781)	(144,452)
Interest paid for borrowings		(54,830)	(70,583)
Interest paid for short-term bonds		–	(101,441)
Interest paid for long-term bonds		(267,281)	(126,858)
Dividends paid to the Company's shareholders		(313,345)	(138,260)
Dividends paid to non-controlling shareholders of subsidiaries		(154,227)	(115,722)
Contributions from non-controlling shareholders of subsidiaries		13,681	42,942
Decrease in restricted cash		–	3,348
Acquisition of additional equity interests in subsidiaries from non-controlling interests		(906)	(70,000)
NET CASH USED IN FINANCING ACTIVITIES		(918,681)	(504,266)
Exchange gains/(losses) on cash and cash equivalents		6,066	(35,760)
Net decrease in cash and cash equivalents		(54,464)	(414,519)
Cash and cash equivalents as at 1 January		5,386,578	5,801,097
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	32	5,332,114	5,386,578

The notes on pages 85 to 188 are an integral part of this financial statement.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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, logistics, storage and terminal services, and other services. 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.

2A. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

On 30 November 2014, the Group acquired the equity interests of various entities from Sinotrans & CSC or its subsidiaries at an aggregate consideration of RMB 797,226,000, including (i) 100% equity interest in Fujian Ningde Sinotrans Company Limited, Wide Shine Development Limited, International Cargo Rental Company Limited, Jiangsu Fuchang Sinotrans Logistics Company Limited, Jiangsu Jinmao Storage Company Limited, Sinotrans Japan Company Limited and Sinotrans Korea Shipping Company Limited; (ii) 70% equity interest in Guangxi Wuzhou Sinotrans Storage Company Limited.

On 31 December 2014, the Group acquired 100% equity interests of SC (Hong Kong) Logistics Investment Limited from Sinotrans & CSC at a consideration of US$14,120,000.

Since the Directors consider that the Company and the acquirees above are under the common control of Sinotrans & CSC before and after the acquisitions, these transactions were accounted for as business combinations involving entities under common control.

The principles of merger accounting for business combinations under common control have therefore been applied, pursuant to which the consolidated financial statements of the Group have been prepared as if the above entities had been subsidiaries of the Group since the beginning of year 2013. 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 2013 have been restated to include the operating results and cash flows as if the acquirees above had been subsidiaries of the Group throughout the years ended 31 December 2013 and 2014. The consolidated statements of financial position of the Group as at 1 January 2013 and 31 December 2013 have been restated to include the assets and liabilities of the companies now comprising the Group. Respective notes to the consolidated financial statements have also been restated. All significant intra-group transactions, balances, income and expenses are eliminated on combination.

During the current year, the Group disposed a very substantial portion of the national and international marine transportation operations (see Note 14). The consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013 have been restated to re-present the international and national marine transportation operations as discontinued operations.

The impact of the restatements above is set out in Note 2B.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

2B. RESTATEMENTS

The effects of business combinations involving entities under common control and discontinued operations, together with certain reclassification adjustments on the result of the Group for the year ended 31 December 2013, are summarized below:

	2013 RMB'000 (Previously reported)	Add: Business combinations involving entities under common control RMB'000	Less: Discontinued operations RMB'000	Add: Reclassification RMB'000	2013 RMB'000 (Restated)
Revenue	47,768,939	753,831	3,120,407	–	45,402,363
Other income	161,079	2,749	807	–	163,021
Business tax and other surcharges	(102,136)	(1,289)	(2,438)	–	(100,987)
Transportation and related charges	(39,845,553)	(480,084)	(1,542,600)	(1,039,786)	(39,822,823)
Staff costs	(2,924,663)	(66,704)	(121,959)	–	(2,869,408)
Depreciation and amortisation	(512,931)	(91,665)	(40,776)	–	(563,820)
Repairs and maintenance	(196,764)	(2,829)	(17,242)	182,351	–
Fuel	(1,340,967)	(2,842)	(814,066)	529,743	–
Travel and promotional expenses	(362,663)	(8,790)	(13,291)	358,162	–
Office and communication expenses	(184,014)	(4,011)	(4,965)	183,060	–
Rental expenses	(908,240)	(4,935)	(585,483)	327,692	–
Office and other expenses	–	–	–	(541,222)	(541,222)
Other losses, net	(90,030)	–	–	–	(90,030)
Other operating expenses	(433,624)	(11,110)	(17,601)	–	(427,133)
Operating profit	1,028,433	82,321	(39,207)	–	1,149,961
Finance income	103,821	1,261	1,196	–	103,886
Finance costs	(299,697)	(8,204)	3,795	–	(311,696)
	832,557	75,378	(34,216)	–	942,151
Share of profit of joint ventures	648,783	–	–	–	648,783
Share of profit of associates	5,046	–	–	–	5,046
Profit before income tax	1,486,386	75,378	(34,216)	–	1,595,980
Income tax expense	(335,736)	(13,186)	–	–	(348,922)
Profit for the year from continuing operations	1,150,650	62,192	(34,216)	–	1,247,058
Discontinued operations					
Loss for the year from discontinued operations	–	–		–	(34,216)
Profit for the year	1,150,650	62,192		–	1,212,842
Profit attributable to					
Owners of the Company	844,459	59,505		–	903,964
Non-controlling interests	306,191	2,687		–	308,878
	1,150,650	62,192		–	1,212,842

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

2B. RESTATEMENTS (CONTINUED)

The effects of business combinations involving entities under common control, together with certain reclassification adjustments as at 31 December 2013, are summarized below:

	31 December 2013 RMB'000 (Previously reported)	Business combinations involving entities under common control RMB'000	Reclassification RMB'000	31 December 2013 RMB'000 (Restated)
ASSETS				
Non-current assets				
Land use rights	2,447,264	89,731	–	2,536,995
Prepayments for acquisition of land use rights	218,729	–	–	218,729
Property, plant and equipment	7,106,583	749,276	–	7,855,859
Intangible assets	109,835	14,456	–	124,291
Investments in joint ventures	2,398,520	–	–	2,398,520
Investments in associates	906,563	(300)	18,000	924,263
Deferred income tax assets	148,779	163	–	148,942
Available-for-sale financial assets	1,157,817	2,870	(18,000)	1,142,687
Other non-current assets	54,719	1,493	–	56,212
	14,548,809	857,689	–	15,406,498
Current assets				
Prepayments and other current assets	1,138,831	8,136	–	1,146,967
Inventories	60,276	552	–	60,828
Trade and other receivables	7,865,585	31,430	–	7,897,015
Restricted cash	195,204	–	–	195,204
Term deposits with initial terms of over three months	810,261	47,410	–	857,671
Cash and cash equivalents	5,275,867	110,711	–	5,386,578
	15,346,024	198,239	–	15,544,263
Total assets	29,894,833	1,055,928	–	30,950,761
EQUITY				
Equity attributable to owners of the Company				
Share capital	4,249,002	–	–	4,249,002
Reserves	6,463,555	611,029	–	7,074,584
Proposed final dividends	212,450	–	–	212,450
	10,925,007	611,029	–	11,536,036
Non-controlling interests	2,492,692	23,217	–	2,515,909
Total equity	13,417,699	634,246	–	14,051,945

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

2B. RESTATEMENTS (CONTINUED)

The effects of business combinations involving entities under common control, together with certain reclassification adjustments as at 31 December 2013, are summarized below: (continued)

	31 December 2013 RMB'000 (Previously reported)	Business combinations involving entities under common control RMB'000	Reclassification RMB'000	31 December 2013 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	3,294	31	–	3,325
Borrowings	345,784	–	–	345,784
Provisions	266,386	–	(266,386)	–
Long-term bonds	3,998,853	–	–	3,998,853
Other non-current liabilities	180,970	33,914	–	214,884
	4,795,287	33,945	(266,386)	4,562,846
Current liabilities				
Trade payables	5,841,263	38,545	–	5,879,808
Other payables, accruals and other current liabilities	2,013,901	329,541	–	2,343,442
Receipts in advance from customers	1,686,364	9,345	–	1,695,709
Current income tax liabilities	145,468	4,580	–	150,048
Borrowings	854,863	–	–	854,863
Long-term bonds due within one year	547,527	–	–	547,527
Provisions	–	–	266,386	266,386
Salary and welfare payables	592,461	5,726	–	598,187
	11,681,847	387,737	266,386	12,335,970
Total liabilities	16,477,134	421,682	–	16,898,816
Total equity and liabilities	29,894,833	1,055,928	–	30,950,761
Net current assets	3,664,177	(189,498)	(266,386)	3,208,293
Total assets less current liabilities	18,212,986	668,191	(266,386)	18,614,791

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

2B. RESTATEMENTS (CONTINUED)

The effects of business combinations involving entities under common control, together with certain reclassification adjustments as at 1 January 2013, are summarized below:

	1 January 2013 RMB'000 (Previously reported)	Business combinations involving entities under common control RMB'000	Reclassification RMB'000	1 January 2013 RMB'000 (Restated)
ASSETS				
Non-current assets				
Land use rights	2,352,796	89,413	–	2,442,209
Prepayments for acquisition of land use rights	73,700	–	–	73,700
Property, plant and equipment	6,367,384	782,744	–	7,150,128
Intangible assets	96,997	15,263	–	112,260
Investments in joint ventures	2,374,111	–	–	2,374,111
Investments in associates	973,655	(300)	18,000	991,355
Deferred income tax assets	103,119	224	–	103,343
Available-for-sale financial assets	1,407,204	2,934	(18,000)	1,392,138
Other non-current assets	21,172	1,525	–	22,697
	13,770,138	891,803	–	14,661,941
Current assets				
Prepayments and other current assets	1,072,874	5,799	–	1,078,673
Inventories	53,441	512	–	53,953
Trade and other receivables	8,019,438	48,771	–	8,068,209
Restricted cash	198,552	–	–	198,552
Term deposits with initial terms of over three months	579,332	–	–	579,332
Cash and cash equivalents	5,594,572	206,525	–	5,801,097
	15,518,209	261,607	–	15,779,816
Total assets	29,288,347	1,153,410	–	30,441,757
EQUITY				
Equity attributable to owners of the Company				
Share capital	4,249,002	–	–	4,249,002
Reserves	5,985,748	641,652	–	6,627,400
Proposed final dividends	127,470	–	–	127,470
	10,362,220	641,652	–	11,003,872
Non-controlling interests	2,365,492	20,530	–	2,386,022
Total equity	12,727,712	662,182	–	13,389,894

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

2B. RESTATEMENTS (CONTINUED)

The effects of business combinations involving entities under common control, together with certain reclassification adjustments as at 1 January 2013, are summarized below: (continued)

	1 January 2013 RMB'000 (Previously reported)	Business combinations involving entities under common control RMB'000	Reclassification RMB'000	1 January 2013 RMB'000 (Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	30,708	21	–	30,729
Borrowings	300,617	–	–	300,617
Provisions	198,028	–	(198,028)	–
Long-term bonds	2,544,287	–	–	2,544,287
Other non-current liabilities	173,617	217,950	–	391,567
	3,247,257	217,971	(198,028)	3,267,200
Current liabilities				
Trade payables	5,687,159	48,055	–	5,735,214
Other payables, accruals and other current liabilities	1,932,161	204,158	–	2,136,319
Receipts in advance from customers	2,179,360	7,757	–	2,187,117
Current income tax liabilities	147,063	6,987	–	154,050
Borrowings	809,514	–	–	809,514
Short-term bonds	2,022,534	–	–	2,022,534
Provisions	–	–	198,028	198,028
Salary and welfare payables	535,587	6,300	–	541,887
	13,313,378	273,257	198,028	13,784,663
Total liabilities	16,560,635	491,228	–	17,051,863
Total equity and liabilities	29,288,347	1,153,410	–	30,441,757
Net current assets	2,204,831	(11,650)	(198,028)	1,995,153
Total assets less current liabilities	15,974,969	880,153	(198,028)	16,657,094

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

2B. RESTATEMENTS (CONTINUED)

The effects of the above business combinations involving entities under common control on the Group's basic earnings per share for the current and prior year are as follows:

Impact on basic earnings per share from continuing and discontinued opearations

	2013 RMB
Figures before adjustments	0.20
Effect arising from business combinations involving entities under common control	0.01
Figures after adjustments	0.21

2C. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

- IFRS 10 (Amendments), IFRS 12 (Amendments), and IAS 27 (Amendments) – Investment Entities
- IAS 32 (Amendments) – Offsetting Financial Assets and Financial Liabilities
- IAS 39 (Amendments) – Novation of Derivatives and Continuation of Hedge Accounting
- IFRS Interpretations Committee ("IFRIC") 21 – Levies

The application of the 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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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

Standards 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 9 – Financial Instruments[1]
- IFRS 15 – Revenue from Contracts with Customers [2]
- IFRS 11 (Amendments) – Accounting for Acquisitions of Interests in Joint Operations[3]
- IAS 1 (Amendments) – Disclosure Initiative[3]
- IAS 16 (Amendments), IAS 38 (Amendments) – Clarification of Acceptable Methods of Depreciation and Amortisation[3]
- Amendments to IFRSs – Annual Improvements to IFRSs 2010-2012 Cycle[5]
- Amendments to IFRSs – Annual Improvements to IFRSs 2011-2013 Cycle[4]
- Amendments to IFRSs – Annual Improvements to IFRSs 2012-2014 Cycle[3]
- IAS 16 (Amendments), IAS 41 (Amendments) – Agriculture: Bearer Plants[3]
- IAS 19 (Amendments) – Defined Benefit Plans: Employee Contributions[4]
- IAS 27 (Amendments) – Equity Method in Separate Financial Statements[3]
- IFRS 10 (Amendments), IAS 28 (Amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
- IFRS 10 (Amendments), IFRS 12 (Amendments), IAS 28 (Amendments) – Investment Entities: Applying the Consolidation Exception[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 July 2014
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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

IFRS 15 Revenue from Contracts with Customers

In year 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group is in the process of making an assessment of the impact of the above and other amendments to standards and new standards.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Group 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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

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 combinations 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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsidiaries (continued)

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. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. 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.

Business combinations involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever the shorter.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

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.

Logistics

Revenue from logistics is recognised on a percentage of completion basis at the end of each reporting period, the percentage of completion is determined on the proportion of services rendered to date relative to the total services.

Storage and terminal services

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

Marine transportation

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

Other services

Revenue from other services, such as trucking and express 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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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 subsidiaries/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 subsidiaries is allocated to cash-generating units ("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 combinations 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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

Initial recognition, measurement and derecognition (continued)

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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The Group first assesses whether objective evidence of impairment exists.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax (continued)

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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

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 35).

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 make strategic decisions.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Notes to The Consolidated Financial Statements

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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 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 29, Note 32, Note 33 and Note 37 respectively.

As at 31 December 2014, 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 RMB67,815,000 (2013: RMB15,357,000).

As at 31 December 2014, 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 RMB4,435,000(2013: RMB3,554,000).

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

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 2014, 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 RMB101,825,000 (2013: RMB57,727,000). 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 exposures 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.

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 RMB493,000 (2013: RMB2,351,000).

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 45 represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets and other commitments.

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

Credit risk (continued)

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 32) 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 necessary level of liquid assets; monitoring liquidity ratios against internal and external regulatory requirements; and maintaining debt financing plans.

The maturity analysis of borrowings is disclosed in Note 33. 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.

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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (continued)

Liquidity risk (continued)

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 2014						
Borrowings	761,619	–	–	–	761,619	747,988
Long-term bonds	2,179,173	2,142,882	1,019,849	–	5,341,904	4,992,937
Salary and welfare payables	599,348	–	–	–	599,348	599,348
Trade and other payables*	7,120,034	–	–	–	7,120,034	7,120,034
Financial guarantee contracts**	197,795	–	–	–	197,795	40,544
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	598,187	–	–	–	598,187	598,187
Trade and other payables*	7,828,321	–	–	–	7,828,321	7,828,321
Financial guarantee contracts**	233,736	–	–	–	233,736	68,949

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 2014						
Borrowings	144,576	–	–	–	144,576	141,486
Long-term bonds	2,134,173	2,097,759	–	–	4,231,932	3,998,820
Salary and welfare payables	137,250	–	–	–	137,250	137,250
Trade and other payables*	2,869,057	–	–	–	2,869,057	2,869,057
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

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

** The amounts included in the above 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 RMB40,544,000 (2013: RMB68,949,000) recognised as provision (Note 35), 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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurements

The following table presents the Group's assets that are measured at fair value at 31 December 2014 and 2013.

	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 2014							
Assets							
Available-for-sale financial assets							
– Equity securities	1,357,670	–	–	1,357,670	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.
	1,357,670	–	150,000	1,507,670			

	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 the higher the recovery date, fair value. The lower the discount rate, the higher the fair value.
	769,697	–	150,000	919,697			

* Other current assets are wealth management products issued by banks (Note 28).

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

4. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value measurements (continued)

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

	2014 RMB'000	2013 RMB'000
Opening balance	150,000	80,000
Purchase	2,300,400	3,950,000
Gains recognised in profit or loss	20,528	21,370
Settlements	(2,320,928)	(3,901,370)
	150,000	150,000

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.

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.

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	
	2014 RMB'000	2013 RMB'000
Cash and cash equivalents	5,332,114	5,386,578
Less: total borrowings	(747,988)	(1,200,647)
bonds	(4,992,937)	(4,546,380)
Net debt position	(408,811)	(360,449)

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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 logistics

Revenue and the related costs from logistics are recognised on a percentage of completion basis at the end of each reporting period. The percentage of completion is determined on the proportion of services rendered to date relative to the total services. Estimates of revenue and cost are required in respect of services 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 29.

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 35.

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 period.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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.

Before 2014, the Group presented its operating segments based on its internal organisation structure as follows: freight forwarding, shipping agency, marine transportation, storage and terminal services and other services.

During the current year, the Group made a decision to dispose a very substantial portion of the national and international marine transportation operations, details are set out in Note 14, and changed its internal organisation structure. Accordingly, the composition of its operating segments has been revised and the segment information for the year ended 31 December 2013 has been restated to conform with current year's presentation.

An analysis of the Group's reportable and operating segments from continuing operations based on the revised internal organisation structure is set out below:

– Freight forwarding: primarily involve, at the instruction of its customers, arranging transportation of goods to designated consignees at other locations within specified time limits, including the shipping agency services to shipping companies related to the freight forwarding services.

– Logistics: primarily involve providing customised and professional integrated logistics to its customers.

– Storage and terminal services: primarily involve providing services of warehousing, container yards, container freight stations and terminals.

– Other services: mainly involve providing services of trucking, shipping and express 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.

Sales between segments are charged at mutually agreed prices.

The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more detail in Note 14.

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For the year ended 31 December 2014

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

	Freight forwarding RMB'000	Logistics RMB'000	Storage and terminal services RMB'000	Other services RMB'000	Segment total RMB'000	Inter-elimination RMB'000	Total RMB'000
Continuing operations							
For the year ended 31 December 2014							
Revenue – external	35,456,749	6,243,862	2,098,717	1,860,499	45,659,827	–	45,659,827
Revenue – inter-segment	392,653	112,135	206,118	425,747	1,136,653	(1,136,653)	–
Total revenue	35,849,402	6,355,997	2,304,835	2,286,246	46,796,480	(1,136,653)	45,659,827
Segment results	713,381	298,093	374,971	12,362	1,398,807	–	1,398,807
Other losses, net							(13,077)
Corporate expenses							(162,564)
Operating profit							1,223,166
Finance income							105,380
Finance costs							(287,157)
Share of profit/(loss) of joint ventures	39,365	(11,488)	33,393	743,904	805,174	–	805,174
Share of loss of associates							(24,478)
Profit before income tax							1,822,085
Income tax expense							(387,655)
Profit for the year from continuing operations							1,434,430

	Freight forwarding RMB'000	Logistics RMB'000	Storage and terminal services RMB'000	Other services RMB'000	Segment total RMB'000	Inter-elimination RMB'000	Total RMB'000
Continuing operations							
For the year ended 31 December 2013, as restated							
Revenue – external	35,967,192	5,689,814	2,015,693	1,729,664	45,402,363	–	45,402,363
Revenue – inter-segment	405,640	111,781	202,137	456,366	1,175,924	(1,175,924)	–
Total revenue	36,372,832	5,801,595	2,217,830	2,186,030	46,578,287	(1,175,924)	45,402,363
Segment results	712,184	270,768	396,545	32,541	1,412,038	–	1,412,038
Other losses, net							(90,030)
Corporate expenses							(172,047)
Operating profit							1,149,961
Finance income							103,886
Finance costs							(311,696)
Share of profit/(loss) of joint ventures	8,824	3,038	(12,663)	649,584	648,783	–	648,783
Share of profit of associates							5,046
Profit before income tax							1,595,980
Income tax expense							(348,922)
Profit for the year from continuing operations							1,247,058

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

6. SEGMENT INFORMATION (CONTINUED)

Other segment information

Continuing operations

	For the year ended 31 December 2014					
	Freight forwarding RMB'000	Logistics RMB'000	Storage and terminal services RMB'000	Other services RMB'000	Corporate RMB'000	Group RMB'000
Capital expenditure*	400,521	214,659	556,898	96,426	46,215	1,314,719
Depreciation	123,880	114,107	243,905	72,311	10,027	564,230
Amortisation	5,571	2,030	1,000	1,134	14,089	23,824
Operating lease charges on land use rights	16,630	8,598	38,298	2,816	–	66,342
Provision for impairment loss of receivables	17,406	40,861	776	12,582	–	71,625
Impairment loss of available-for-sale financial assets	–	–	–	–	202,905	202,905

	For the year ended 31 December 2013, as restated					
	Freight forwarding RMB'000	Logistics RMB'000	Storage and terminal services RMB'000	Other services RMB'000	Corporate RMB'000	Group RMB'000
Capital expenditure*	611,340	302,478	751,501	169,011	73,316	1,907,646
Depreciation	177,323	66,414	193,243	93,207	9,637	539,824
Amortisation	5,086	1,243	2,148	1,360	14,159	23,996
Operating lease charges on land use rights	14,986	6,347	41,440	1,759	–	64,532
Provision for impairment loss of receivables	5,857	10,341	1,497	506	–	18,201

* The capital expenditure represents the total cash paid for purchase of non-current assets for the year ended 31 December 2014 and 2013.

The Company is domiciled in the PRC. The result of the Group's revenue from continuing operations from external customers in Mainland China for the year ended 31 December 2014 is RMB41,253,723,000 (2013: RMB41,785,045,000), and the result of the Group's revenue from external customers from other regions is RMB4,406,104,000 (2013: RMB3,617,318,000).

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

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

7. DIRECTORS', SUPERVISORS', 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:

	2014 RMB'000	2013 RMB'000
Directors:		
Fees	585	664
Other emoluments		
– Basic salaries, housing allowances, and other allowances	902	312
– Discretionary bonuses	2,465	1,127
– Contributions to pension plans	123	37
Supervisors:		
Fees	107	107
Other emoluments		
– Basic salaries, housing allowances, and other allowances	174	172
– Discretionary bonuses	194	152
– Contributions to pension plans	40	37

Directors' fees disclosed above include RMB585,000 (2013: RMB664,000) paid to independent non-executive Directors.

The emoluments of the Directors, supervisors and the chief executive for the year ended 31 December 2014 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 2014					
Current Directors:					
Zhang Jianwei (1)	–	52	79	6	137
Li Guanpeng (1)	–	305	1,214	40	1,559
Wang Lin (2)	–	289	385	37	711
Yu Jianmin (3)	–	256	787	40	1,083
Guo Minjie	166	–	–	–	166
Lu Zhengfei	166	–	–	–	166
Liu Junhai	166	–	–	–	166
Han Xiaojing	24	–	–	–	24
Resigned Director:					
Liu Kegu	63	–	–	–	63
As at 31 December 2014					
Current supervisors:					
Zhou Fangsheng	107	–	–	–	107
Ren Dongxiao	–	174	194	40	408

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

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

Emoluments of Directors, supervisors and chief executive (continued)

(1) Zhang Jianwei, Director, was also chief executive of the Company, and his emoluments disclosed above include those for services rendered by him as the chief executive from January to February in 2014.

Li Guanpeng, Director, is also chief executive of the Company, and his emoluments disclosed above include those for services rendered by him as the chief executive from March to December in 2014.

(2) Wang Lin, Director, deputy chief executive of the Company, is also Chairman of Sinotrans Eastern Company Limited, a wholly owned subsidiary of the Company. The specific amount of his discretionary bonus has not yet been determined, and the discretionary bonus disclosed above is an advance payment made in 2014.

(3) Yu Jianmin, Director, is also deputy chief executive of the Company, and his emoluments disclosed above include those for services rendered by him as the deputy chief executive.

The emoluments of 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 (4)	–	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

(4) Zhang Jianwei, Director, was also chief executive of the Company, and his emoluments disclosed above include those for services rendered by him as the chief executive in 2013.

No Directors, supervisors, or the chief executive of the Company waived any remuneration in 2014 (2013: Nil).

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For the year ended 31 December 2014

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

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

	2014 RMB'000	2013 RMB'000
Salaries and other employee benefits	5,200	6,722

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

	2014	2013
Above RMB1,000,000	1	3
RMB850,000 – 1,000,000	3	3
RMB700,000 – 850,000	1	–
RMB550,000 – 700,000	–	1
Below RMB550,000	1	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	
	2014	2013
Director	2	1
Senior management	3	4

The five individuals whose emoluments were the highest in the Group during the year include two (2013: one) directors who are also the chief executive or the deputy 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:

	2014 RMB'000	2013 RMB'000
Basic salaries, housing allowances and other allowances	747	986
Discretionary bonuses	2,290	3,005
Contributions to pension plans	113	146

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 (2013: Nil).

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

8. STAFF COSTS

Continuing operations

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

	2014 RMB'000	2013 RMB'000
Wages and salaries	1,877,476	1,721,877
Housing benefits (a)	144,461	131,809
Contributions to pension plans (b)	234,783	217,147
Termination benefits	8,067	8,653
Welfare and other expenses	815,177	789,922
	3,079,964	2,869,408

(a) These include the Group's defined contributions to government sponsored housing funds at rates ranging from 5% to 12% (2013: 5% to 12%) 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% (2013: 5% to 22%), dependent upon the applicable local regulations, of the employees' basic salaries for the year. As at 31 December 2014, contributions totalling RMB5,273,000 (2013: RMB5,583,000) were payable to these plans.

9. OTHER LOSSES, NET

	2014 RMB'000	2013 RMB'000
Continuing operations		
Financial assets at fair value through profit or loss – fair value gains	864	225
Impairment loss of available-for-sale financial assets	(202,905)	–
Gains on disposal of property, plant and equipment and land use rights (Note)	186,919	–
Gains on disposal of available-for-sale financial assets	18,838	9,307
Provision for claims from customers and losses on accident	(16,793)	(99,562)
	(13,077)	(90,030)

Note: Part of the proceeds from the disposal of property, plant and equipment and land use rights were not yet received as at 31 December 2014, and the receivables amounting to RMB113,525,000 were included in trade and other receivables (Note 29).

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

10. OPERATING PROFIT

Operating profit from continuing operations is arrived at after crediting and charging the following:

	2014 RMB'000	2013 RMB'000
Crediting		
Rental income from		
– Buildings	53,911	44,322
– Plant and machinery	4,302	4,267
Dividend income on available-for-sale financial assets	7,377	8,328
Government grants	96,808	87,969
Charging		
Depreciation		
– Owned property, plant and equipment	553,963	530,008
– Owned property, plant and equipment leased out under operating leases	10,267	9,816
Auditor's remuneration		
– Audit fee	5,000	4,600
– Audit-related and other services fee	2,800	2,600
Impairment losses of receivables	71,625	18,201
Operating lease charges on		
– Land use rights	66,342	64,532
– Buildings	197,586	176,523
– Plant and equipment	113,550	86,637
Amortisation of intangible assets	23,824	23,996
Charges on property management and facilities	119,714	111,957
Charges on IT support	59,369	55,909
Other tax expenses	77,002	65,177
Provision for guarantees	–	12,309

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

11. FINANCE COSTS, NET

	2014 RMB'000	2013 RMB'000
Continuing operations		
Finance income		
– Interest income on bank balances	105,380	103,886
Finance costs		
– Interest expenses wholly repayable within five years		
Including: Borrowings and amounts due to ultimate holding company and fellow subsidiaries	(2,993)	(43,173)
Bonds	(267,231)	(229,474)
– Interest expenses not wholly repayable within five years		
Including: Borrowings	(6,253)	(5,833)
– Exchange gains/(losses), net	3,544	(17,641)
– Bank charges	(14,224)	(15,575)
	(287,157)	(311,696)
Finance costs, net	(181,777)	(207,810)

12. TAXATION

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

Continuing operations

	2014 RMB'000	2013 RMB'000
Current income tax		
– Hong Kong	3,142	3,464
– PRC enterprise income tax	445,765	361,520
Deferred PRC income tax	(61,252)	(16,062)
	387,655	348,922

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% (2013: 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% (2013: 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% (2013: 10% 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% (2013: 25%) is as follows:

	2014 RMB'000	2013 RMB'000
Profit before income tax	1,822,085	1,595,980
Add/less: Share of loss/(profit) of associates	24,478	(5,046)
Less: Share of profit of joint ventures	(805,174)	(648,783)
	1,041,389	942,151
Tax calculated at the statutory tax rate of 25%	260,348	235,538
Tax effects of		
– Utilisation of prior year unrecognised tax losses	(28,931)	(678)
– Deferred income tax benefits arising from tax losses in certain entities not recognised	123,266	93,393
– Non-taxable income	(653)	(979)
– Expenses not deductible for tax purposes	39,965	27,005
– Preferential tax rates on the income of certain subsidiaries	(6,340)	(5,357)
Income tax expense	387,655	348,922

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

	2014			2013		
	Before tax RMB'000	Tax charge RMB'000	After tax RMB'000	Before tax RMB'000	Tax credit RMB'000	After tax RMB'000
Fair value gains/(losses) on available-for-sale financial assets	822,693	(154,947)	667,746	(228,177)	57,044	(171,133)
Share of other comprehensive losses of associates and joint ventures	(5,421)	–	(5,421)	(11,598)	–	(11,598)
Currency translation differences	9,810	–	9,810	(29,924)	–	(29,924)
Deferred tax		(154,947)			57,044	

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

12. TAXATION (CONTINUED)

(b) The following are the major deferred tax balances recognised and movements thereon during the current and prior years:

Deferred income tax assets

	The Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	148,942	103,343
Credited to profit or loss	61,237	15,868
(Charged)/credited to other comprehensive income	(29,834)	29,834
Other	(529)	(103)
At end of year	179,816	148,942
Provided for in respect of		
– Provision for impairment of receivables	11,560	8,781
– Provision for one-off cash housing subsidies	6,847	6,926
– Accrued salary	55,600	51,184
– Provision for claims	31,582	20,125
– Depreciation on property, plant and equipment	3,782	4,966
– Tax losses	41,606	2,334
– Change in fair values of available-for-sale financial assets	–	29,834
– Other temporary differences	28,839	24,792
	179,816	148,942

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Temporary differences for which deferred income tax assets were not recognised – Tax losses (Note)	2,608,601	2,286,077	–	–

Note 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 2014, the Group did not recognise deferred income tax assets of RMB652,150,000 in respect of the above stated tax losses amounting to RMB2,608,601,000 which can be carried forward against future taxable income, and tax losses amounting to RMB511,560,000, RMB574,300,000, RMB656,104,000, RMB373,573,000, and RMB493,064,000 and would expire in 2015, 2016, 2017, 2018 and 2019 respectively. As at 31 December 2013, the Group did not recognise deferred income tax assets of RMB571,519,000 in respect of the above stated tax losses amounting to RMB2,286,077,000 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 RMB373,573,000 would expire in 2014, 2015, 2016, 2017 and 2018 respectively.

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12. TAXATION (CONTINUED)

(b) The following are the major deferred tax balances recognised and movements thereon during the current and prior years: (continued)

Deferred income tax liabilities

	The Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	3,325	30,729
Credited to profit or loss	(15)	(194)
Charged/(credited) to other comprehensive income	125,113	(27,210)
At end of year	128,423	3,325
Provided for in respect of		
– Change in fair values of available-for-sale financial assets	125,114	–
– Operating lease charges on land use rights	2,162	2,342
– Other temporary differences	1,147	983
	128,423	3,325

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	The Group	
	2014 RMB'000	2013 RMB'000
Deferred income tax assets	128,918	148,942
Deferred income tax liabilities	(77,525)	(3,325)
	51,393	145,617

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 2014 (2013: 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 loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of RMB568,808,000 (2013: profit of RMB558,002,000).

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14. DISCONTINUED OPERATIONS

Disposal of national marine transportation operation

On 25 March 2014, the Company entered into a sales agreement to dispose of its 100% equity interest in Sinotrans Sunny Express Company Limited ("Sunny Express"), which carried out a very substantial portion of the Group's national marine transportation operation, to Sinotrans & CSC. The disposal of the national marine transportation operation is consistent with the Group's long-term policy to focus its activities on core integrated logistics, e.g. freight forwarding, logistics, storage and terminal services. The disposal of Sunny Express was completed on 6 June 2014, on which date the Group lost control of Sunny Express, details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 42.

Disposal of international marine transportation operation

On 25 March 2014, the Company entered into sales agreements to dispose of its 100% equity interest in Sinotrans Container Lines Company Limited ("Container Lines") and four wholly-owned subsidiaries (namely, Yunrong Shipping Company Limited, Yunhua Shipping Company Limited, Yunfu Shipping Company Limited and Yungui Shipping Company Limited), which carried out a very substantial portion of the Group's international marine transportation operation, to Sinotrans & CSC and fellow subsidiaries. The disposal of the international marine transportation operation is consistent with the Group's long-term policy to focus its activities on core integrated logistics, e.g. freight forwarding, logistics, storage and terminal services. The disposal of Container Lines and four wholly-owned subsidiaries were completed on 31 July 2014, on which date the Group lost control of Container Lines and four wholly-owned subsidiaries, details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 42.

Analysis of profit for the year from discontinued operations

The combined results of the discontinued national and international marine transportation operations of Sunny Express, Container Lines and four wholly-owned subsidiaries included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued operations in the current year.

	2014 RMB'000	2013 RMB'000
Profit for the year from discontinued operations		
Revenue	1,511,514	3,120,407
Transportation and related surcharges	(1,373,282)	(2,959,391)
Depreciation and amortisation	(36,488)	(40,776)
Others	(95,231)	(154,456)
Profit/(loss) before tax	6,513	(34,216)
Income tax expense	–	–
Profit/(loss) for the year	6,513	(34,216)
Gain on disposal of the national and international marine transportation operation (Note 42)	74,523	–
Profit/(loss) for the year from discontinued operations	81,036	(34,216)

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

14. DISCONTINUED OPERATIONS (CONTINUED)

Analysis of profit for the year from discontinued operations (continued)

	2014 RMB'000	2013 RMB'000
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	93,794	(105,694)
Net cash outflows from investing activities	(1,479)	(175,395)
Net cash (outflows)/inflows from financing activities	(137,986)	323,226
Exchange gains/(losses) on cash and cash equivalents	2,200	(6,598)
Net cash (outflows)/inflows	(43,471)	35,539

15. DIVIDENDS

	The Company	
	2014 RMB'000	2013 RMB'000
Dividends recognised as distribution during the year:		
– 2013 Final, paid, of RMB0.05 (2012 Final, paid: RMB0.03) per ordinary share	212,450	127,470
– 2014 Interim, paid, of RMB0.02 (2013 Interim, paid: RMB Nil) per ordinary share	92,130	–
	304,580	127,470

At the Board of Directors' meeting held on 24 March 2015, the Directors proposed a final dividend of RMB0.065 per ordinary share totalling RMB299,421,000. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements for the year ended 31 December 2014, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2015.

At the Board of Directors' meeting held on 25 March 2014, the Directors proposed a final dividend of RMB0.05 per ordinary share totalling RMB212,450,000 for the year ended 31 December 2013. Such dividends were approved at the annual general meeting of the shareholders of the Company on 16 May 2014.

An interim dividend of RMB0.02 per ordinary share for 4,606,483,200 shares as at 20 August 2014, totalling RMB92,130,000, was declared to the owners of the Company on 20 August 2014.

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16. EARNINGS PER SHARE

From continuing and discontinued operations

Basic earnings per share from continuing and discontinued operations is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	The Group	
	2014	2013
Profit attributable to owners of the Company (RMB'000)	1,231,433	903,964
Weighted average number of ordinary shares in issue (thousands)	4,405,706	4,249,002
Earnings per share, Basic (RMB)	0.28	0.21

From continuing operations

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

	The Group	
	2014	2013
Profit attributable to owners of the Company (RMB'000)	1,231,433	903,964
Less/(add):		
Profit/(losses) for the year from discontinued operations	81,036	(34,216)
Earnings for the purpose of basic earnings per share from continuing operations	1,150,397	938,180
Weighted average number of ordinary shares in issue (thousands)	4,405,706	4,249,002
Earnings per share, Basic (RMB)	0.26	0.22

From discontinued operations

Basic earnings per share from discontinued operations is RMB0.018 per share (2013: basic loss per share of RMB 0.008), based on the profit for the year from discontinued operations of RMB81,036,000 (2013: losses of RMB34,216,000) and the denominators detailed above for basic earnings per share from continuing operations.

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

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17. LAND USE RIGHTS

	The Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	2,536,995	2,442,209
Additions	106,136	173,964
Transfer from prepayments for acquisition of land use rights	97,857	11,259
Transfer from assets under construction	–	38,197
Disposals	(66,058)	(64,102)
Charged to profit or loss	(66,342)	(64,532)
At end of year	2,608,588	2,536,995

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 (2013: 10 to 50 years).

Land use rights pledged as security for bank borrowings are disclosed in Note 33(c).

18. PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

	The Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	218,729	73,700
Additions	59,510	156,288
Transfer to land use rights	(97,857)	(11,259)
At end of year	180,382	218,729

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19. 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
2014									
Cost									
At 1 January 2014, as restated	4,658,535	12,335	931,454	935,867	1,619,097	2,189,814	524,162	933,072	11,804,336
Exchange differences	(110)	(25)	–	3,141	(346)	382	(242)	–	2,800
Additions	145,374	1,403	795	64,427	187,962	101,595	40,011	670,877	1,212,444
Disposal of subsidiaries (Note 42)	–	–	–	–	(1,759)	(1,091,873)	(19,843)	(590)	(1,114,065)
Other disposals/write-offs	(110,923)	(137)	(3,694)	(47,685)	(93,322)	(226,712)	(28,211)	–	(510,684)
Transfer upon completion	214,968	414	334,899	–	24,311	–	2,912	(577,504)	–
Transfer to intangible assets	–	–	–	–	–	–	–	(7,583)	(7,583)
At 31 December 2014	4,907,844	13,990	1,263,454	955,750	1,735,943	973,206	518,789	1,018,272	11,387,248
Accumulated depreciation and impairment losses									
At 1 January 2014, as restated	(1,103,515)	(6,060)	(339,293)	(481,750)	(849,081)	(796,277)	(372,501)	–	(3,948,477)
Exchange differences	64	11	–	(1,677)	49	(10)	26	–	(1,537)
Depreciation charge	(160,420)	(2,076)	(39,020)	(81,438)	(138,173)	(132,951)	(46,349)	–	(600,427)
Disposal of subsidiaries (Note 42)	–	–	–	–	503	140,471	13,139	–	154,113
Other disposals/write-offs	56,746	57	3,222	42,414	56,029	189,600	25,741	–	373,809
At 31 December 2014	(1,207,125)	(8,068)	(375,091)	(522,451)	(930,673)	(599,167)	(379,944)	–	(4,022,519)
Net book value									
At 31 December 2014	3,700,719	5,922	888,363	433,299	805,270	374,039	138,845	1,018,272	7,364,729
At 1 January 2014, as restated	3,555,020	6,275	592,161	454,117	770,016	1,393,537	151,661	933,072	7,855,859

19. 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
2013									
Cost									
At 1 January 2013, as previously reported	3,803,070	12,156	855,399	56,370	1,444,196	1,432,388	495,878	1,388,241	9,487,698
Effect of business combinations under common control	118,635	–	45,742	910,213	70,140	6,815	13,552	122,819	1,287,916
At 1 January 2013, as restated	3,921,705	12,156	901,141	966,583	1,514,336	1,439,203	509,430	1,511,060	10,775,614
Exchange differences	(2,049)	(44)	–	(64)	(29)	(3,167)	(569)	–	(5,922)
Additions	13,300	115	860	3,737	125,161	98,654	38,561	1,170,357	1,450,745
Disposals/write-offs	(51,541)	(59)	–	(34,389)	(58,992)	(170,734)	(39,165)	–	(354,880)
Transfer upon completion	777,120	167	29,453	–	38,621	825,858	15,905	(1,687,124)	–
Transfer to intangible assets	–	–	–	–	–	–	–	(23,024)	(23,024)
Transfer to land use rights	–	–	–	–	–	–	–	(38,197)	(38,197)
At 31 December 2013, as restated	4,658,535	12,335	931,454	935,867	1,619,097	2,189,814	524,162	933,072	11,804,336
Accumulated depreciation and impairment losses									
At 1 January 2013, as previously reported	(923,728)	(3,621)	(289,045)	(22,369)	(729,220)	(795,399)	(351,500)	(5,432)	(3,120,314)
Effect of business combinations under common control	(47,880)	–	(13,603)	(396,302)	(34,243)	(4,421)	(8,723)	–	(505,172)
At 1 January 2013, as restated	(971,608)	(3,621)	(302,648)	(418,671)	(763,463)	(799,820)	(360,223)	(5,432)	(3,625,486)
Exchange differences	1,056	10	–	58	124	1,931	197	–	3,376
Depreciation charge	(146,679)	(2,459)	(36,645)	(82,372)	(131,580)	(133,798)	(46,403)	–	(579,936)
Disposals/write-offs	13,716	10	–	19,235	45,838	135,410	33,928	5,432	253,569
At 31 December 2013, as restated	(1,103,515)	(6,060)	(339,293)	(481,750)	(849,081)	(796,277)	(372,501)	–	(3,948,477)
Net book value									
At 31 December 2013, as restated	3,555,020	6,275	592,161	454,117	770,016	1,393,537	151,661	933,072	7,855,859
At 1 January 2013, as restated	2,950,097	8,535	598,493	547,912	750,873	639,383	149,207	1,505,628	7,150,128

Property, plant and equipment pledged as security for bank borrowings are disclosed in Note 33(c).

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19. 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
2014						
Cost						
At 1 January 2014	8,681	5,137	14,106	145,728	7,580	181,232
Additions	–	152	1,823	4,793	2,794	9,562
Disposals	–	–	(1,136)	(120)	–	(1,256)
Transfer upon completion	–	–	–	654	(654)	–
Transfer to intangible assets	–	–	–	–	(7,583)	(7,583)
At 31 December 2014	8,681	5,289	14,793	151,055	2,137	181,955
Accumulated depreciation						
At 1 January 2014	(7,062)	(3,327)	(7,139)	(110,410)	–	(127,938)
Depreciation	(892)	(281)	(2,113)	(9,025)	–	(12,311)
Disposals	–	–	927	33	–	960
At 31 December 2014	(7,954)	(3,608)	(8,325)	(119,402)	–	(139,289)
Net book value						
At 31 December 2014	727	1,681	6,468	31,653	2,137	42,666
At 1 January 2014	1,619	1,810	6,967	35,318	7,580	53,294
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

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

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20. INTANGIBLE ASSETS

	The Group			
	Software RMB'000	Goodwill RMB'000	Others RMB'000	Total RMB'000
2014				
Cost				
At beginning of year, as restated	288,361	39,387	5,300	333,048
Additions	20,869	–	480	21,349
Transfer from assets under construction	7,583	–	–	7,583
Disposals of subsidiaries (Note 42)	(2,975)	–	–	(2,975)
Other disposals/write-offs	(1,673)	–	–	(1,673)
At end of year	312,165	39,387	5,780	357,332
Accumulated amortisation				
At beginning of year, as restated	(205,757)	–	(3,000)	(208,757)
Amortisation	(23,382)	–	(733)	(24,115)
Disposals of subsidiaries (Note 42)	1,676	–	–	1,676
Other disposals/write-offs	1,655	–	–	1,655
At end of year	(225,808)	–	(3,733)	(229,541)
Net book value				
At end of year	86,357	39,387	2,047	127,791
At beginning of year, as restated	82,604	39,387	2,300	124,291

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For the year ended 31 December 2014

20. INTANGIBLE ASSETS (CONTINUED)

	The Group			
	Software RMB'000	Goodwill RMB'000	Others RMB'000	Total RMB'000
2013				
Cost				
At beginning of year, as previously reported	232,102	39,387	6,000	277,489
Effect of business combinations under common control	20,644	–	–	20,644
At beginning of year, as restated	252,746	39,387	6,000	298,133
Additions	14,552	–	–	14,552
Transfer from assets under construction	23,024	–	–	23,024
Disposals	(1,961)	–	(700)	(2,661)
At end of year, as restated	288,361	39,387	5,300	333,048
Accumulated amortisation				
At beginning of year, as previously reported	(178,092)	–	(2,400)	(180,492)
Effect of business combinations under common control	(5,381)	–	–	(5,381)
At beginning of year, as restated	(183,473)	–	(2,400)	(185,873)
Amortisation	(24,060)	–	(600)	(24,660)
Disposals	1,776	–	–	1,776
At end of year, as restated	(205,757)	–	(3,000)	(208,757)
Net book value				
At end of year, as restated	82,604	39,387	2,300	124,291
At beginning of year, as restated	69,273	39,387	3,600	112,260

For the purpose of impairment testing, goodwill has been allocated to seven CGUs, representing seven subsidiaries mainly in the freight forwarding 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 (2013: 5-year) period, and a discount rate of 8% (2013: 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 (2013: 5-year) period are extrapolated using a 3% (2013: 3%) growth rate.

As at 31 December 2014, management of the Group was of the view that there was no impairment of goodwill.

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20. INTANGIBLE ASSETS (CONTINUED)

	The Company	
	2014 Software RMB'000	2013 Software RMB'000
Cost		
At beginning of year	165,718	142,687
Additions	12,985	7
Transfer from assets under construction	7,583	23,024
At end of year	186,286	165,718
Accumulated amortisation		
At beginning of year	(130,251)	(116,050)
Amortisation	(14,132)	(14,201)
At end of year	(144,383)	(130,251)
Net book value		
At end of year	41,903	35,467
At beginning of year	35,467	26,637

21. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014 RMB'000	2013 RMB'000
Investments at cost		
– Unlisted equity interests	5,826,608	5,913,519
– Shares in a company listed in the PRC	988,022	988,022
	6,814,630	6,901,541
Fair value of listed investment	9,395,261	5,855,517

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

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21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following is a list of the principal subsidiaries as at 31 December 2014:

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2014 Company	2014 Group	2013 Company	2013 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, logistics, storage and terminal services
Sinotrans Eastern Company Limited	Shanghai, the PRC Limited liability company	RMB1,120,503,439	96.33%	100%	96.33%	100%	Freight forwarding, logistics, storage and terminal 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 and logistics
Sinotrans Shandong Company Limited	Qingdao, the PRC Limited liability company	RMB645,339,942	97.5%	100%	97.5%	100%	Freight forwarding, trucking, storage and terminal services, logistics and express services
Sinotrans Fujian Company Limited	Xiamen, the PRC Limited liability company	RMB394,632,126	90%	100%	90%	100%	Freight forwarding, trucking, storage and terminal and non-vessel operating common carrier
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%	Logistics
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 and logistics
Sinotrans Landbridge Transportation Company Limited	Lianyungang, the PRC Limited liability company	RMB59,382,238	90%	100%	90%	100%	Freight forwarding
Sinotrans Tianjin Company Limited	Tianjin, the PRC Limited liability company	RMB57,363,906	90%	100%	90%	100%	Freight forwarding
Sinotrans Liaoning Company Limited	Dalian, the PRC Limited liability company	RMB48,966,940	90%	100%	90%	100%	Freight forwarding and logistics

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21. 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 2014 Company	2014 Group	2013 Company	2013 Group	Principal activities
China Marine Shipping Agency Company Limited	Beijing, the PRC Limited liability company	RMB30,000,000	80%	100%	80%	100%	Freight forwarding
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 and logistics
Wide Shine Development Limited (Note)	Hong Kong, the PRC Limited liability company	HK$5,000,000	100%	100%	–	–	Container leasing
International Cargo Rental Company Limited (Note)	Beijing, the PRC Limited liability company	US$1,500,000	55%	100%	–	–	Container leasing
Sinotrans Japan Company Limited (Note)	Tokyo,Japan Limited liability company	JPY50,000,000	100%	100%	–	–	Freight forwarding
Sinotrans Korea Shipping Company Limited (Note)	Seoul, South Korea Limited liability company	KRW 300,000,000	100%	100%	–	–	Freight forwarding

Note: On 30 November 2014, the Company acquired the equity interests of these entities from Sinotrans & CSC or its subsidiaries. See Note 2A for details.

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.

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21. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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 2014 and 2013. Information is set out below:

	Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Sinoair*	224,824	250,840	2,418,914	2,071,869
Individually immaterial subsidiaries with non-controlling interests	59,209	58,038	463,712	444,040
Total	284,033	308,878	2,882,626	2,515,909

* 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.

	2014 RMB'000	2013 RMB'000
Current assets	3,557,715	3,382,633
Non-current assets	4,059,673	3,098,747
Current liabilities	(942,266)	(804,207)
Non-current liabilities	(115,760)	(68,949)
Total equity	6,559,362	5,608,224

	2014 RMB'000	2013 RMB'000
Revenue	4,171,131	3,984,662
Expenses	(3,554,480)	(3,298,329)
Profit for the year	616,651	686,333
Other comprehensive income/(losses) for the year	667,033	(172,563)
Total comprehensive income for the year	1,283,684	513,770
Dividends paid to non-controlling interests	438	312
Net cash inflow from operating activities	34,477	38,255
Net cash inflow from investing activities	336,208	401,976
Net cash outflow from financing activities	(313,657)	(165,944)
Net cash inflow	55,229	272,895

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22. INVESTMENTS IN JOINT VENTURES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
At beginning of year	2,398,520	2,374,111	242,221	151,973
Acquisition of joint ventures	257,462	102,669	244,862	97,898
Additional investments	146,191	6,765	–	–
Share of profit of joint ventures				
– profit before income tax	1,073,565	865,044	–	–
– income tax expense	(268,391)	(216,261)	–	–
	805,174	648,783	–	–
Share of other comprehensive losses	(198)	(224)	–	–
Disposals	–	(15,538)	–	(7,650)
Dividends declared	(760,344)	(718,046)	–	–
At end of year	2,846,805	2,398,520	487,083	242,221

The following is a list of the principal joint ventures as at 31 December 2014, 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 2014		2013		Principal activities
			Company	Group	Company	Group	
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%**	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

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22. 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 2014		2013		Principal activities
			Company	Group	Company	Group	
DHL-Sinotrans International Air Courier Company Limited ("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
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 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.

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22. 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

	2014 RMB'000	2013 RMB'000
Current assets	180,207	129,080
Non-current assets	1,568,143	1,621,142
Current liabilities	(35,420)	(126,563)
Non-current liabilities	(1,049,440)	(1,088,233)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	72,935	25,717
Current financial liabilities (excluding trade and other payables and provisions)	(8,174)	(86,400)
Non-current financial liabilities (excluding trade and other payables and provisions)	(826,604)	(838,224)

	2014 RMB'000	2013 RMB'000
Revenue	190,327	143,555
Loss and total comprehensive loss for the year	(41,936)	(72,873)

The above loss for the year includes the following:

	2014 RMB'000	2013 RMB'000
Depreciation and amortisation	(54,668)	(52,411)
Interest expense	(67,175)	(64,944)

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

	2014 RMB'000	2013 RMB'000
Net assets of Dongguan Humen	663,490	535,426
Proportion of the Group's ownership interest in Dongguan Humen	49%	49%
Goodwill	37,017	37,017
Carrying amount of the Group's interest in Dongguan Humen	362,127	299,375

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22. INVESTMENTS IN JOINT VENTURES (CONTINUED)

New Land Bridge

	2014 RMB'000	2013 RMB'000
Current assets	192,634	188,488
Non-current assets	464,814	492,753
Current liabilities	(115,096)	(123,800)
Non-current liabilities	(2,156)	(2,108)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	69,773	52,559
Current financial liabilities (excluding trade and other payables and provisions)	(26,578)	(50,089)
Non-current financial liabilities (excluding trade and other payables and provisions)	–	(2,108)

	2014 RMB'000	2013 RMB'000
Revenue	346,012	418,786
Profit and total comprehensive income for the year	96,411	122,143
Dividends received from the joint venture during the year	(46,850)	(28,107)

The above profit for the year includes the following:

	2014 RMB'000	2013 RMB'000
Depreciation and amortisation	(32,835)	(33,271)
Income tax expense	(13,905)	(18,443)

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

	2014 RMB'000	2013 RMB'000
Net assets of New Land Bridge	540,196	555,333
Proportion of the Group's ownership interest in New Land Bridge	42%	42%
Carrying amount of the Group's interest in New Land Bridge	226,882	233,239

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22. INVESTMENTS IN JOINT VENTURES (CONTINUED)

DHL

	2014 RMB'000	2013 RMB'000
Current assets	2,802,875	2,932,521
Non-current assets	916,097	838,969
Current liabilities	(1,578,900)	(1,856,704)
Non-current liabilities	(65,411)	(10,230)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,122,985	1,464,799
Current financial liabilities (excluding trade and other payables and provisions)	(180,382)	(152,505)

	2014 RMB'000	2013 RMB'000
Revenue	10,234,044	8,737,738
Profit and total comprehensive income for the year	1,493,426	1,332,206
Dividends received from the joint venture during the year	(661,661)	(660,403)

The above profit for the year includes the following:

	2014 RMB'000	2013 RMB'000
Depreciation and amortisation	(173,419)	(119,740)
Income tax expense	(507,718)	(446,487)

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

	2014 RMB'000	2013 RMB'000
Net assets of DHL	2,074,661	1,904,556
Proportion of the Group's ownership interest in DHL	50%	50%
Carrying amount of the Group's interest in DHL	1,037,330	952,278

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22. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Aggregate information of joint ventures that are not individually material

	2014 RMB'000	2013 RMB'000
The Group's share of profit/(losses)	38,517	(32,912)
The Group's share of other comprehensive losses	(198)	(224)
The Group's share of total comprehensive income/(losses)	38,319	(33,136)

Investments in joint ventures as at 31 December 2014 include goodwill of RMB39,789,000 (2013: RMB39,789,000).

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

Operating lease commitments – as lessee

	2014 RMB'000	2013 RMB'000
Land and buildings		
– Not later than one year	55,112	50,613
– Later than one year but not later than five years	100,645	86,762
– Later than five years	69	–
Vessels, containers and other equipment		
– Not later than one year	473	406
– Later than one year but not later than five years	214	399
	156,513	138,180

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22. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Operating lease commitments – as lessor

	2014 RMB'000	2013 RMB'000
Land and buildings		
– Not later than one year	160	162
– Later than one year but not later than five years	49	66
	209	228

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

	2014 RMB'000	2013 RMB'000
Authorised and contracted for but not provided for	240,733	146,227
Authorised but not contracted for	42,108	–
	282,841	146,227
An analysis of the above capital commitments by nature is as follows:		
– Acquisition of property, plant and equipment	43,429	–
– Construction commitments	239,412	146,028
– Acquisition of land use right	–	199
	282,841	146,227

Other unrecognised capital commitments provided by the Group to its joint ventures are disclosed in Note 46.

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23. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Investments in associates				
– Listed outside Hong Kong	34,142	150,688	–	–
– Unlisted	808,565	773,575	102,540	102,580
	842,707	924,263	102,540	102,580

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
At beginning of year	924,263	991,355	102,580	118,139
Additions	450	1,537	(40)	1,137
Share of (loss)/profit of associates				
– (loss)/profit before income tax	(24,478)	6,728	–	–
– income tax expense	–	(1,682)	–	–
	(24,478)	5,046	–	–
Share of other comprehensive losses	(5,223)	(11,374)	–	–
Disposals	–	(17,526)	–	(16,696)
Dividends declared	(52,305)	(44,775)	–	–
At end of year	842,707	924,263	102,540	102,580

Investments in associates as at 31 December 2014 include goodwill of RMB190,664,000 (2013: RMB301,542,000).

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23. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following is a list of the principal associates as at 31 December 2014:

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2014 Company	2014 Group	2013 Company	2013 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	14%	14%	21%	21%	Storage and terminal services
AMS Global Transportation Company Limited	Beijing, the PRC Sino-foreign equity joint venture	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 2014 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 2014. After taking into account the effect of transactions between 30 September 2014 and 31 December 2014, 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.

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.

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23. INVESTMENTS IN ASSOCIATES (CONTINUED)

InterBulk

	30 September 2014 RMB'000	30 September 2013 RMB'000
Current assets	542,272	585,548
Non-current assets	388,458	485,333
Current liabilities	(700,437)	(696,129)
Non-current liabilities	(638,424)	(766,809)

	Year ended 30 September 2014 RMB'000	Year ended 30 September 2013 RMB'000
Revenue	2,553,282	2,744,801
Loss for the year	(325,002)	(134,879)
Other comprehensive loss for the year	(5,533)	(26,614)
Total comprehensive loss for the year	(330,535)	(161,493)

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 2014 RMB'000	30 September 2013 RMB'000
Net assets of InterBulk	(408,131)	(392,057)
Proportion of the Group's ownership interest in InterBulk	35.26%	35.26%
Goodwill	178,049	288,927
Carrying amount of the Group's interest in InterBulk	34,142	150,688

	30 September 2014 RMB'000	30 September 2013 RMB'000
Market price quoted on Alternative Investment Market	72,099	99,550

During the current year, as the result of performance of InterBulk did not 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 (2013: 10-year) period, and a discount rate of 8.79% (2013: 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 (2013: 10-year) period are extrapolated using a 0% (2013: 0%) growth rate.

The review led to the recognition of an impairment loss of RMB110,878,000 (2013: RMB51,175,000), which has been recognised in "share of (loss)/profit of associates" in the consolidated statement of profit or loss.

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For the year ended 31 December 2014

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

Weihai Weidong

	2014 RMB'000	2013 RMB'000
Current assets	287,474	238,516
Non-current assets	335,957	383,761
Current liabilities	(56,207)	(46,043)

	2014 RMB'000	2013 RMB'000
Revenue	643,592	647,027
Profit for the year	30,023	38,053
Other comprehensive loss for the year	(10,908)	(6,633)
Total comprehensive income for the year	19,115	31,420
Dividends received from the associate during the year	(8,438)	(5,526)

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

	2014 RMB'000	2013 RMB'000
Net assets of Weihai Weidong	567,224	576,234
Proportion of the Group's ownership interest in Weihai Weidong	30%	30%
Carrying amount of the Group's interest in Weihai Weidong	170,167	172,870

Shenzhen Haixing

	2014 RMB'000	2013 RMB'000
Current assets	125,900	123,265
Non-current assets	1,092,591	1,092,393
Current liabilities	(259,120)	(215,302)
Non-current liabilities	(3,966)	(19,966)

	2014 RMB'000	2013 RMB'000
Revenue	333,343	377,780
Profit and total comprehensive income for the year	65,882	77,908
Dividends received from the associate during the year	(29,986)	(23,092)

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23. INVESTMENTS IN ASSOCIATES (CONTINUED)

Shenzhen Haixing (continued)

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

	2014 RMB'000	2013 RMB'000
Net assets of Shenzhen Haixing	955,405	980,390
Proportion of the Group's ownership interest in Shenzhen Haixing	33%	33%
Carrying amount of the Group's interest in Shenzhen Haixing	315,283	323,529

Aggregate information of associates that are not individually material

	2014 RMB'000	2013 RMB'000
The Group's share of profit	59,370	15,478
The Group's share of total comprehensive income	59,370	15,478
Aggregate carrying amount of the Group's interest in these associates	323,115	277,176

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24. 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 2014					
Available-for-sale financial assets (Notes 26, 28)	–	–	1,507,670	373,390	1,881,060
Other non-current assets (Note 28)	126,480	–	–	–	126,480
Prepayments and other current assets (Note 28)	129,360	–	–	–	129,360
Trade and other receivables (Note 29)	8,523,449	–	–	–	8,523,449
Restricted cash (Note 30)	190,767	–	–	–	190,767
Term deposits with initial terms of over three months (Note 31)	921,600	–	–	–	921,600
Cash and cash equivalents (Note 32)	5,332,114	–	–	–	5,332,114
Total	15,223,770	–	1,507,670	373,390	17,104,830
As at 31 December 2013					
Available-for-sale financial assets (Notes 26, 28)	–	–	919,697	372,990	1,292,687
Trade and other receivables (Note 29)	7,897,015	–	–	–	7,897,015
Restricted cash (Note 30)	195,204	–	–	–	195,204
Term deposits with initial terms of over three months (Note 31)	857,671	–	–	–	857,671
Cash and cash equivalents (Note 32)	5,386,578	–	–	–	5,386,578
Total	14,336,468	–	919,697	372,990	15,629,155

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24. 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 2014					
Available-for-sale financial assets (Note 26)	–	–	–	143,692	143,692
Loans to subsidiaries (Note 27)	1,393,022	–	–	–	1,393,022
Other non-current assets (Note 28)	126,480	–	–	–	126,480
Prepayments and other current assets (Note 28)	129,360	–	–	–	129,360
Trade and other receivables (Note 29)	5,131,816	–	–	–	5,131,816
Restricted cash (Note 30)	–	–	–	–	–
Cash and cash equivalents (Note 32)	980,198	–	–	–	980,198
Total	7,760,876	–	–	143,692	7,904,568
As at 31 December 2013					
Available-for-sale financial assets (Note 26)	–	–	–	143,692	143,692
Loans to subsidiaries (Note 27)	1,911,477	–	–	–	1,911,477
Trade and other receivables (Note 29)	4,736,833	–	–	–	4,736,833
Restricted cash (Note 30)	800	–	–	–	800
Cash and cash equivalents (Note 32)	744,339	–	–	–	744,339
Total	7,393,449	–	–	143,692	7,537,141

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24. 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 2014	
Trade payables (Note 37)	5,862,084
Other payables, accruals and other current liabilities (Note 38)	1,257,950
Salary and welfare payables	599,348
Borrowings (Note 33)	747,988
Long-term bonds (Note 34)	4,992,937
Total	13,460,307
As at 31 December 2013	
Trade payables (Note 37)	5,879,808
Other payables, accruals and other current liabilities (Note 38)	1,948,513
Salary and welfare payables	598,187
Borrowings (Note 33)	1,200,647
Long-term bonds (Note 34)	4,546,380
Total	14,173,535

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24. 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 2014	
Trade payables (Note 37)	397,924
Other payables, accruals and other current liabilities (Note 38)	2,471,133
Salary and welfare payables	137,250
Borrowings (Note 33)	141,486
Long-term bonds (Note 34)	3,998,820
Total	7,146,613
As at 31 December 2013	
Trade payables (Note 37)	283,617
Other payables, accruals and other current liabilities (Note 38)	1,971,673
Salary and welfare payables	143,319
Borrowings (Note 33)	166,613
Long-term bonds (Note 34)	4,497,870
Total	7,063,092

25. 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 2014, the Group's trade and other receivables of RMB8,097,707,000 (2013: RMB7,608,660,000) and the Company's trade and other receivables of RMB4,985,885,000 (2013: RMB4,697,300,000) 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 29.

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

As at 31 December 2014 and 2013, 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.

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26. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Listed equity investments (a)	1,357,670	769,697	–	–
Unlisted equity investments, at cost less impairment (b)	373,390	372,990	143,692	143,692
Available-for-sale financial assets	1,731,060	1,142,687	143,692	143,692

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

	The Group	
	2014 RMB'000	2013 RMB'000
At beginning of year	769,697	1,019,084
Fair value gains/(losses)	629,797	(229,783)
Disposal	(41,824)	(19,604)
At end of year	1,357,670	769,697
Market value of listed investments	1,357,670	769,697

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.

During the six months ended 30 June 2014, the investment in China Eastern was impaired as there was a significant decline in the fair value of China Eastern below its acquisition cost. As a result, the cumulative loss amounted to RMB202,905,000, measured as the difference between the acquisition cost and the fair value as of 30 June 2014, was reclassified from investment revaluation reserve and recognised in profit or loss.

(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 investments and the Directors consider that the marketability of the Group's shareholdings in these investments 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 2014 and 2013, the entire available-for-sale financial assets were denominated in RMB and none of them were pledged.

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27. LOANS TO SUBSIDIARIES

The loans to subsidiaries are of 2 to 16 years term (2013: 2 to 17 years term), unsecured, interest-bearing and denominated in RMB.

28. PREPAYMENTS AND OTHER CURRENT ASSETS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Due from related parties				
– Loan to a fellow subsidiary (a)	129,360	–	129,360	–
– Other amounts due from related parties (b)	11,662	2,185	6,807	1,637
Prepayments on behalf of customers	1,103,965	822,213	14,437	26,105
Available-for-sale financial assets (c)	150,000	150,000	–	–
Deductible value added tax	110,476	73,123	–	–
Prepaid expenses	45,772	98,498	5,529	1,229
Others	1,970	948	–	21
	1,553,205	1,146,967	156,133	28,992

(a) Loan to a fellow subsidiary

Loan to a fellow subsidiary is a loan amounted to RMB 255,840,000 provided to Sunny Express which is a fellow subsidiary of the Company since 6 June 2014 (Note 42). This loan is of 1 to 2 years term, unsecured, interest-bearing and denominated in RMB.

As of 31 December 2014, the current portion of the loan was amounted to RMB 129,360,000 (2013: Nil); the non-current portion of the loan was amounted to RMB 126,480,000 (2013: Nil), and included in "other non-current assets".

(b) Other amounts due from related parties

The amounts due from related parties are unsecured, non-interest bearing and repayable on demand (Note 48(b)).

(c) Available-for-sale financial assets

Available-for-sale financial assets are wealth management products issued by banks.

As at 31 December 2014:

– Bank of Tianjin product with principal amount of RMB150,000,000, 90-day term starting from December 2014, with expected annual yield rate of 5.10%.

As at 31 December 2013:

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

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29. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade receivables (a)	7,203,571	6,796,473	502,708	472,250
Bills receivables (b)	278,807	293,376	15,390	12,240
Other receivables (c)	820,538	566,398	21,176	24,924
Due from related parties (d)	220,533	240,768	4,592,542	4,227,419
	8,523,449	7,897,015	5,131,816	4,736,833

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

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
RMB	6,859,168	6,361,678	5,000,714	4,643,470
US$	1,235,308	1,103,684	131,067	93,323
HK$	329,278	318,457	–	–
Others	99,695	113,196	35	40
	8,523,449	7,897,015	5,131,816	4,736,833

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 2014 and 2013, 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		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 6 months	19,640	3,011	–	545
Between 6 and 12 months	264,357	96,221	174,657	32,427
Between 1 and 2 years	64,545	50,346	30,558	21,890
Between 2 and 3 years	8,643	14,329	1,243	6,362
Over 3 years	14,127	12,466	889	1,579
	371,312	176,373	207,347	62,803
Less: Provision for impairment of receivables	(138,804)	(78,581)	(65,664)	(31,588)
	232,508	97,792	141,683	31,215

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29. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2014 and 2013, 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	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 6 months	179,332	176,759	4,248	8,318
Between 6 and 12 months	3,472	8,611	–	–
Between 1 and 2 years	10,430	5,193	–	–
	193,234	190,563	4,248	8,318

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

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
At beginning of year	(78,581)	(67,040)	(31,588)	(22,807)
Allowance for impairment, net	(71,625)	(18,212)	(34,076)	(8,781)
Receivables written off as uncollectible	11,402	6,671	–	–
At end of year	(138,804)	(78,581)	(65,664)	(31,588)

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.

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29. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade receivables	7,321,587	6,866,401	568,372	503,838
Less: Allowance for impairment of receivables	(118,016)	(69,928)	(65,664)	(31,588)
Trade receivables, net	7,203,571	6,796,473	502,708	472,250

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	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 6 months	6,975,852	6,701,823	361,026	441,581
Between 6 and 12 months	264,289	95,772	174,656	32,426
Between 1 and 2 years	64,509	48,863	30,558	21,890
Between 2 and 3 years	8,621	13,714	1,243	6,362
Over 3 years	8,316	6,229	889	1,579
	7,321,587	6,866,401	568,372	503,838

(b) The Group has transferred bills receivables amounted to RMB201,397,000 (2013: RMB348,223,000) 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 fail 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 fail 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 fail to settle the bills on maturity date amounted to RMB201,397,000 (2013: RMB348,223,000).

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.

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29. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Other receivables

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Deposits receivables	316,462	302,665	19,389	16,729
Receivables from payments on behalf of customers	283,488	172,763	–	–
Proceeds from the disposal of property, plant and equipment and land use rights	113,525	–	–	–
Compensation receivables	5,673	7,192	–	–
Interest receivables	27,684	24,262	–	63
Others	94,474	68,149	1,787	8,132
	841,306	575,031	21,176	24,924
Less: Allowance for impairment of other receivables	(20,768)	(8,633)	–	–
	820,538	566,398	21,176	24,924

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29. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Due from related parties

The amounts due from related parties are analysed as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade receivables:				
Ultimate holding company and fellow subsidiaries	104,257	95,289	1,263	5,389
Subsidiaries	–	–	–	1,433
Joint ventures	54,683	44,247	–	–
Associates	3,748	13,889	–	–
	162,688	153,425	1,263	6,822
Less: Allowance for impairment of receivables	–	–	–	–
	162,688	153,425	1,263	6,822
Other receivables:				
Ultimate holding company and fellow subsidiaries	27,117	29,003	2,814	1,060
Subsidiaries	–	–	4,586,660	4,218,956
Joint ventures	28,665	54,510	1,805	452
Associates	2,083	3,850	–	129
	57,865	87,363	4,591,279	4,220,597
Less: Allowance for impairment of other receivables	(20)	(20)	–	–
	57,845	87,343	4,591,279	4,220,597
	220,533	240,768	4,592,542	4,227,419

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

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29. 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	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 6 months	160,201	152,844	1,263	6,822
Between 6 and 12 months	2,469	466	–	–
Between 1 and 2 years	–	102	–	–
Between 2 and 3 years	5	13	–	–
Over 3 years	13	–	–	–
	162,688	153,425	1,263	6,822

Other receivables due from related parties are generally unsecured and repayable on demand.

The amounts due from related parties are described in Note 48(b).

30. RESTRICTED CASH

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Deposits denominated in RMB in banks restricted for				
– bank borrowings	79,271	104,733	–	–
– other purposes	111,496	90,471	–	800
	190,767	195,204	–	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 on restricted cash were 1.18% (2013: 1.61%) per annum as at 31 December 2014.

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31. 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	
	2014 RMB'000	2013 RMB'000
Term deposits with initial terms of over three months	921,600	857,671

As at 31 December 2014, the weighted average effective interest rates on term deposits with initial terms of over three months of the Group was 3.14% (2013: 3.03%) 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.

32. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Cash at bank and in hand	4,973,625	4,958,369	980,198	744,339
Short-term bank deposits	358,489	428,209	–	–
	5,332,114	5,386,578	980,198	744,339

(a) As at 31 December 2014 and 2013, the Group's and the Company's cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
RMB	3,301,346	3,984,516	428,933	524,119
US$	1,381,992	1,150,122	111,729	201,992
HK$	501,730	91,860	439,473	40
JPY	51,675	87,304	–	–
Others	95,371	72,776	63	18,188
	5,332,114	5,386,578	980,198	744,339

(b) The weighted average effective interest rates of the Group on short term bank deposits was 2.04% (2013: 2.80%) per annum respectively as at 31 December 2014.

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33. BORROWINGS

(a) Borrowings represent bank borrowings, which are analysed as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Current				
Bank borrowings denominated in				
– RMB				
Fixed interest rate	–	13,362	–	–
Floating interest rate	60,000	50,000	–	–
– US$				
Fixed interest rate	649,332	689,600	141,486	166,613
– HK$				
Fixed interest rate	–	27,517	–	–
Floating interest rate	38,656	–	–	–
Current portion of non-current bank borrowings				
– Denominated in US$				
Floating interest rate	–	74,384	–	–
	747,988	854,863	141,486	166,613
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	–	–
Bank borrowings repayable between 2 to 5 years				
– Denominated in US$				
Floating interest rate	–	116,081	–	–
Bank borrowings repayable 5 years or more				
– Denominated in US$				
Floating interest rate	–	104,268	–	–
	–	345,784	–	–
Total fixed rate borrowings	649,332	730,479	141,486	166,613
Total floating rate borrowings	98,656	470,168	–	–
Total borrowings	747,988	1,200,647	141,486	166,613

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

33. BORROWINGS (CONTINUED)

(a) Borrowings represent bank borrowings, which are analysed as follows: (continued)

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Borrowings				
– Unsecured	569,816	236,745	141,486	166,613
– Guaranteed	61,648	586,889	–	–
– Secured	116,524	377,013	–	–
	747,988	1,200,647	141,486	166,613

The floating interest rate above is based on the loan interest rate published by the People's Bank of China or LIBOR.

(b) The weighted average effective interest rates per annum of the borrowings for the Group were 6.10% (2013: 6.21%) for bank borrowings denominated in RMB, 2.12% (2013: 2.05%) for bank borrowings denominated in US$, 2.23% (2013: 2.40%) for bank borrowings denominated in HK$ as at 31 December 2014.

The weighted average effective interest rates per annum of the borrowings for the Company were 2.59% (2013: 2.34%) for bank borrowings denominated in US$ as at 31 December 2014.

(c) Securities and guarantees

	The Group	
	2014 RMB'000	2013 RMB'000
Restricted cash pledged	79,271	104,733
Carrying amount of property, plant and equipment pledged	69,331	515,451
Carrying amount of land use rights pledged	19,313	13,348

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34. BONDS

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Non-current				
Medium-term notes (a)	–	1,999,334	–	1,999,334
Corporate bonds (c)	2,992,967	1,999,519	1,998,850	1,999,519
Long-term bonds	2,992,967	3,998,853	1,998,850	3,998,853
Current				
Medium-term notes (a)	1,999,970	499,017	1,999,970	499,017
Collective bonds (b)	–	48,510	–	–
Long-term bonds due within one year	1,999,970	547,527	1,999,970	499,017

(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.

In June 2014, a subsidiary of the Company issued unsecured offshore corporate bonds with par value of RMB100 each totalling RMB1 billion. The corporate bonds are of 3-year term and with fixed annual coupon and effective interest rates of 4.50% and 4.76%, respectively.

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35. PROVISIONS

The Group

	One-off cash housing subsidies RMB'000 (a)	Guarantees and related provision RMB'000 (Note 45)	Outstanding claims RMB'000 (b)	Onerous contracts RMB'000	Others RMB'000	Total RMB'000
2014						
As at 1 January 2014	28,493	68,949	124,125	1,967	42,852	266,386
Additional provision	–	–	14,671	–	35,728	50,399
Paid during the year	(509)	(28,405)	(9,557)	(1,967)	(42,034)	(82,472)
As at 31 December 2014	27,984	40,544	129,239	–	36,546	234,313
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

(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

	2014 RMB'000	2013 RMB'000
As at 1 January	7,118	6,537
Additional provision	9	1,100
Paid during the year	(82)	(519)
As at 31 December	7,045	7,118

36. OTHER NON-CURRENT LIABILITIES

As at 31 December 2014 and 2013, other non-current liabilities mainly consist of deferred income arising from government grants.

Such government grants mainly represent the grants from government for the development of logistics related assets. There is no unfulfilled condition relating to those grants. In addition, such grants are deferred and released to profit or loss in accordance with the useful lives of the related assets.

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37. TRADE PAYABLES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Trade payables (a)	5,693,511	5,758,690	361,433	226,654
Due to related parties (b)	168,573	121,118	36,491	56,963
	5,862,084	5,879,808	397,924	283,617

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

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
RMB	5,046,783	4,672,412	385,179	225,751
US$	611,672	887,944	12,618	57,632
HK$	92,319	183,084	–	–
Others	111,310	136,368	127	234
	5,862,084	5,879,808	397,924	283,617

(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	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 6 months	5,209,115	5,218,872	354,484	201,261
Between 6 and 12 months	205,920	246,871	1,259	2,011
Between 1 and 2 years	198,988	161,166	1,573	14,127
Between 2 and 3 years	56,910	88,013	607	5,763
Over 3 years	22,578	43,768	3,510	3,492
	5,693,511	5,758,690	361,433	226,654

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37. TRADE PAYABLES (CONTINUED)

(b) Due to related parties

The amounts due to related parties, which are trading in nature, are analysed as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Ultimate holding company and fellow subsidiaries	159,574	97,225	36,480	43,226
Joint ventures	4,688	21,017	11	13,737
Associates	4,311	2,876	–	–
	168,573	121,118	36,491	56,963

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	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Within 6 months	165,572	98,162	33,759	50,557
Between 6 and 12 months	825	9,957	441	2,692
Between 1 and 2 years	979	1,045	1,627	2,965
Between 2 and 3 years	675	1,020	170	363
Over 3 years	522	10,934	494	386
	168,573	121,118	36,491	56,963

The amounts due to related parties are described in Note 48(b).

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38. OTHER PAYABLES, ACCRUALS AND OTHER CURRENT LIABILITIES

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Other payables and accruals (a)	862,108	787,716	117,033	130,661
Due to related parties (b)	798,263	1,555,726	2,367,602	1,861,431
	1,660,371	2,343,442	2,484,635	1,992,092

(a) Other payables and accruals

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Payables for property, plant and equipment	164,309	146,638	35	34
Customers' deposits	359,133	354,178	4,105	17,099
Accrued expenses	64,181	53,509	4,120	7,336
Interest payable	111,323	108,460	–	99,106
Dividends payable to non-controlling shareholders of subsidiaries	12,054	12,837	–	–
Temporary receipts	74,177	25,734	3,904	3,348
Other tax liabilities	43,288	40,751	9,397	3,320
Others	33,643	45,609	95,472	418
	862,108	787,716	117,033	130,661

(b) Due to related parties

The amounts due to related parties are analysed as follows:

	The Group		The Company	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Ultimate holding company and fellow subsidiaries*	781,791	1,539,888	189,238	702
Subsidiaries	–	–	2,178,364	1,860,729
Joint ventures	15,833	15,288	–	–
Associates	639	550	–	–
	798,263	1,555,726	2,367,602	1,861,431

* Among the amounts due to ultimate holding company and fellow subsidiaries, RMB 213,071,000 (2013: RMB1,275,814,000) are unsecured and repayable in 12 months with weighted average effective interest rates per annum of 4.96% (2013: 4.61%).

Other amounts due to related parties are generally unsecured, non-interest bearing, and without fixed repayment terms.

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39. RECEIPTS IN ADVANCE FROM CUSTOMERS

	The Group	
	2014 RMB'000	2013 RMB'000
Receipts in advance from customers	630,370	627,765
Collection and payment on behalf of others	1,174,464	1,067,944
	1,804,834	1,695,709

The amounts of receipts in advance from related parties are described in Note 48(b).

40. SHARE CAPITAL

	The Group and The Company	
	2014 RMB'000	2013 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	2,144,887	1,787,406
	4,606,483	4,249,002

As at 31 December 2013, the registered and issued share capital comprises 2,461,596,200 domestic shares and 1,787,406,000 H shares, representing 57.93% and 42.07% of the issued capital, respectively.

On 24 July 2014, an aggregate of 357,481,000 H shares of RMB1.00 each at an issue price of HK$4.80 per share were allotted and issued by the Company. Upon completion, the total number of shares of the Company increased from 4,249,002,200 shares to 4,606,483,200 shares.

As at 31 December 2014, the registered and issued share capital comprises 2,461,596,200 domestic shares and 2,144,887,000 H shares, representing 53.44% and 46.56% 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$.

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41. 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 2014	4,249,002	1,918,080	422,934	1,189,505	7,779,521
Loss and total comprehensive loss for the year	–	–	–	(568,808)	(568,808)
Transactions with owners					
– 2013 final dividends	–	–	–	(212,450)	(212,450)
– 2014 interim dividends	–	–	–	(92,130)	(92,130)
– Shares issued	357,481	975,820	–	–	1,333,301
Total transactions with owners	357,481	975,820	–	(304,580)	1,028,721
Transfer to statutory reserve	–	–	–	–	–
As at 31 December 2014	4,606,483	2,893,900	422,934	316,117	8,239,434
Representing					
– Share capital and reserves	4,606,483	2,893,900	422,934	16,696	7,940,013
– 2014 proposed final dividends	–	–	–	299,421	299,421
As at 31 December 2014	4,606,483	2,893,900	422,934	316,117	8,239,434

	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

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41. RESERVES (CONTINUED)

(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 RMB 57,013,000 (2014: Nil) to the statutory surplus reserve.

42. DISPOSAL OF SUBSIDIARIES

As described in Note 14, the Group disposed of Sunny Express, Container Lines and four wholly-owned subsidiaries in the current year.

	2014 RMB'000
Consideration received in cash and cash equivalents	49,042
Consideration receivable as at 31 December 2014	–
Total consideration	49,042

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42. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Analysis of asset and liabilities over which control was lost – Sunny Express

	6 June 2014 RMB'000
Non-current assets	
Property, plant and equipment	493,646
Intangible assets	1,299
Current assets	
Prepayments and other current assets	5,599
Inventories	11,473
Trade and other receivables	74,819
Restricted cash	4,000
Cash and cash equivalents	138,622
Non-current liabilities	
Borrowings	47,040
Amount due to the Company	361,242
Current liabilities	
Trade payables	128,411
Other payables, accruals and other current liabilities	129,105
Receipts in advance from customers	8,474
Provisions	5,271
Salary and welfare payables	4,117
Net assets disposed of	45,798

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42. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Analysis of asset and liabilities over which control was lost – Container Lines and four wholly-owned subsidiaries

	31 July 2014 RMB'000
Non-current assets	
Property, plant and equipment	466,306
Current assets	
Prepayments and other current assets	5,959
Trade and other receivables	511,766
Cash and cash equivalents	151,150
Non-current liabilities	
Borrowings	276,598
Current liabilities	
Trade payables	670,522
Other payables, accruals and other current liabilities	220,156
Receipts in advance from customers	30,696
Salary and welfare payables	8,488
Net liabilities disposed of	(71,279)

Gain on disposal of subsidiaries

	RMB'000
Consideration received from disposal of Sunny Express, Container Lines and four wholly-owned subsidiaries	49,042
Less: net liabilities disposed of from Sunny Express, Container Lines and four wholly-owned subsidiaries	(25,481)
Gain on disposal of Sunny Express, Container Lines and four wholly-owned subsidiaries	74,523
Others	9,503
	84,026

The gain on disposal of Sunny Express, Container Lines and four wholly-owned subsidiaries are included in the profit for the year from discontinued operations (see Note 14).

Net cash outflow on disposal of subsidiaries

	RMB'000
Consideration received from disposal of Sunny Express, Container Lines and four wholly-owned subsidiaries	49,042
Less: cash and cash equivalents disposed of from Sunny Express, Container Lines and four wholly-owned subsidiaries	289,772
	(240,730)
Others	4,355
	(236,375)

For the year ended 31 December 2014, the above subsidiaries disposed of settled the loan amounted to RMB 309,771,000 due to the Company.

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43. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the year to cash generated from operations:

	The Group	
	2014 RMB'000	2013 RMB'000
Profit before income tax	1,903,121	1,561,764
Interest income	(76,465)	(65,679)
Interest expenses	290,533	285,490
(Gains)/losses on disposal of property, plant and equipment and land use rights	(187,791)	8,612
Impairment loss of receivables	71,625	18,212
Depreciation of property, plant and equipment	600,427	579,936
Amortisation of intangible assets	24,115	24,660
Operating lease charges on other non-current assets	11,301	7,699
Operating lease charges on land use rights	66,342	64,532
Share of losses/(profit) of associates, net of taxation	24,478	(5,046)
Share of profit of joint ventures, net of taxation	(805,174)	(648,783)
Dividend income on available-for-sale financial assets	(7,377)	(8,328)
(Gains)/losses on liquidation/disposal of joint ventures	(461)	2,026
Losses on disposal of associates	–	1,220
Gains on disposal of subsidiaries	(84,026)	–
Gains on disposal of available-for-sale financial assets	(20,104)	(22,837)
Fair value gains on financial assets at fair value through profit or loss	(864)	(225)
Impairment loss of available-for-sale financial assets	202,905	–
Written off of trade payable	(14,022)	(9,369)
Deferred income arising from government grants	(4,388)	(24,399)
Exchange (gains)/losses	(6,066)	11,280
Operating profit before working capital changes	1,988,109	1,780,765
(Increase)/decrease in prepayments and other current assets	(338,253)	49,137
Increase in inventories	(104,759)	(6,875)
(Increase)/decrease in trade and other receivables	(1,130,812)	195,709
(Decrease)/increase in provisions	(26,802)	68,358
Increase in trade payables	805,041	153,963
Increase in other payables, accruals and other current liabilities	143,943	48,067
Increase in other non-current liabilities	3,424	7,567
Increase/(decrease) in receipts in advance from customers	148,295	(491,408)
Increase in salary and welfare payables	13,766	55,032
Cash generated from operations	1,501,952	1,860,315

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44. 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 35. 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 2014, the maximum exposure of such lawsuits of the Group amounted to approximately RMB361,108,000 (2013: RMB156,308,000).

45. GUARANTEES

The following is a summary of the Group's significant guarantees:

	The Group	
	2014 RMB'000	2013 RMB'000
Loan guarantees provided by Group for the benefit of a joint venture (note (a))	93,246	116,136
Guarantee provided by the group in respect of finance lease obligation of a joint venture	104,549	117,600

Notes:

(a) A provision of RMB40,544,000 (2013: RMB 68,949,000) has been recognised in respect of loan guarantees provided to a joint venture (Details are set out in Notes 4 and 35).

(b) In addition, in the common business practice, certain subsidiaries of the Company issued related letters of guarantee to the China Air Transport Association 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.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

46. 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	
	2014 RMB'000	2013 RMB'000
Authorised and contracted for but not provided	575,974	826,608
Authorised but not contracted for	707,137	383,195
	1,283,111	1,209,803
An analysis of the above capital commitments by nature is as follows:		
– Acquisition of property, plant and equipment	162,967	162,704
– Construction commitments	1,068,975	906,470
– Investments in joint ventures/associates	45,900	130,000
– Acquisition of land use rights	5,269	10,629
	1,283,111	1,209,803

	The Company	
	2014 RMB'000	2013 RMB'000
Authorised and contracted for but not provided		
– Investments in joint ventures/associates	–	90,000

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

47. 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	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
Land and buildings				
– Not later than one year	173,701	195,862	8,462	8,462
– Later than one year but not later than five years	265,704	275,057	–	–
– Later than five years	41,262	54,051	–	–
Plant and equipment				
– Not later than one year	69,515	343,210	–	–
– Later than one year but not later than five years	1,581	58,478	–	–
– Later than five years	1,140	1,696	–	–
	552,903	928,354	8,462	8,462

(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	
	2014 RMB'000	2013 RMB'000
Buildings		
– Not later than one year	25,116	23,012
– Later than one year but not later than five years	27,625	13,888
– Later than five years	2,201	3,596
Plant and machinery		
– Not later than one year	100,863	121,521
– Later than one year but not later than five years	186,437	211,817
– Later than five years	11,473	6,270
	353,715	380,104

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For the year ended 31 December 2014

48. 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 services agreement with Sinotrans & CSC Finance Co., Ltd., a subsidary of Sinotrans & CSC, which provides a series of financial services including deposit services, loan services and other financial services.

The information includes related party transactions and balances incurred by those entities which are disclosed under discontinued operations with details set out in Note 14.

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.

(a) Transactions with related parties

	The Group	
	2014 RMB'000	2013 RMB'000
Transactions with ultimate holding company and fellow subsidiaries		
Revenue from provision of transportation and logistics services	895,174	339,032
Expenses – Service fees	(1,358,479)	(320,156)
Expenses – Rental expenses for office buildings, warehouses and depots	(31,299)	(30,666)
Transactions with associates of the Group		
Revenue from provision of transportation and logistics services	106,175	101,718
Expenses – Service fees	(71,311)	(83,009)
Transactions with joint ventures of the Group		
Revenue from provision of transportation and logistics services	350,598	351,544
Expenses – Service fees	(424,365)	(340,125)
Transactions with other government-related entities		
Interest income from bank deposits	93,859	95,511

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

48. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	The Group	
	2014 RMB'000	2013 RMB'000
Balances with the ultimate holding company and fellow subsidiaries		
Cash and cash equivalents	435,186	87,252
Term deposits with initial terms of over three months	62,133	62,521
Trade and other receivables	131,374	124,292
Prepayments and other current assets	134,763	1,761
Other non-current assets	126,480	–
Trade payables	159,574	97,225
Other payables, accruals and other current liabilities	781,791	1,539,888
Receipts in advance from customers	1,220	2,735
Balances with joint ventures of the Group		
Trade and other receivables	83,348	98,757
Prepayments and other current assets	6,259	293
Trade payables	4,688	21,017
Other payables, accruals and other current liabilities	15,833	15,288
Receipts in advance from customers	7,493	5,970
Balances with associates of the Group		
Trade and other receivables	5,831	17,739
Prepayments and other current assets	–	131
Trade payables	4,311	2,876
Other payables, accruals and other current liabilities	639	550
Receipts in advance from customers	27	19
Balances with other government-related entities		
Restricted cash	147,667	195,104
Terms deposits with initial terms of over three months	828,421	774,760
Cash and cash equivalents	4,711,695	4,850,676

(c) Operating lease commitment with related parties

The operating lease commitments with related parties are included in Note 47.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2014

48. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Borrowings

For the year ended 31 December 2014, the Group obtained another loan of RMB31,000,000 and repaid RMB1,127,781,000 to Sinotrans & CSC and fellow subsidiaries (2013: obtained another loan of RMB131,154,000 and repaid RMB144,452,000) (Note 38(b)).

	The Group	
	2014 RMB'000	2013 RMB'000
Borrowings from Sinotrans& CSC Finance Co., Ltd.		
At beginning of year	–	–
Proceeds from borrowings	130,000	–
Repayments of borrowings	(130,000)	–
At end of year	–	–
Interest charged	64	–
Interest paid	(64)	–

	The Group	
	2014 RMB'000	2013 RMB'000
Borrowings from other government-related entities		
At beginning of year	736,298	902,886
Proceeds from borrowings	1,259,003	932,055
Repayments of borrowings	(1,623,368)	(1,098,643)
Disposals of subsidiaries	(71,381)	–
At end of year	300,552	736,298
Interest charged	19,251	21,402
Interest paid	(10,914)	(21,973)

As at 31 December 2014, the weighted average effective interest rate of the bank borrowings above was 3.79% (2013: 4.29%) per annum.

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For the year ended 31 December 2014

48. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(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	
	2014 RMB'000	2013 RMB'000
Basic salaries, housing allowances and other allowances	2,387	2,253
Discretionary bonuses	6,340	5,971
Contributions to pension plans	370	335

49. 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 2014	362,402	(362,402)	–
31 December 2013	471,099	(471,099)	–


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