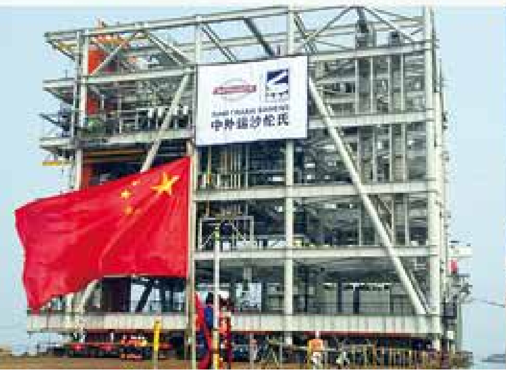
中國外運股份有限公司
SINOTRANS LIMITED

Stock code: 598

PROFESSIONAL & DEVOTED
《 COLLABORATION & WIN-WIN 》

ANNUAL REPORT
2015



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.

CONTENTS

CORPORATE INFORMATION

LEGAL NAME OF THE COMPANY:

SINOTRANS LIMITED

DATE OF COMMENCEMENT OF THE COMPANY'S REGISTRATION:

20 November 2002

REGISTERED ADDRESS AND HEADQUARTERS OF THE COMPANY:

Sinotrans Plaza A
A43, Xizhimen Beidajie
Haidian District
Beijing 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

AUDITORS:

International Auditor:

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

PRC Auditor:

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

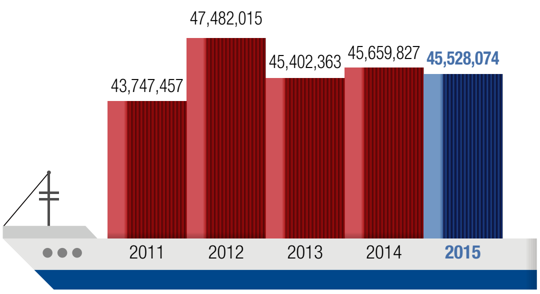
LEGAL ADVISERS:

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

FINANCIAL HIGHLIGHTS

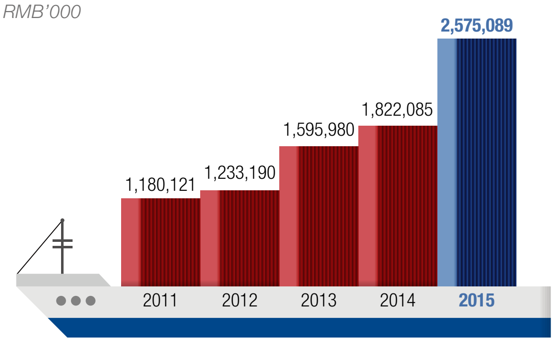
TURNOVER

RMB'000



PROFIT BEFORE INCOME TAX

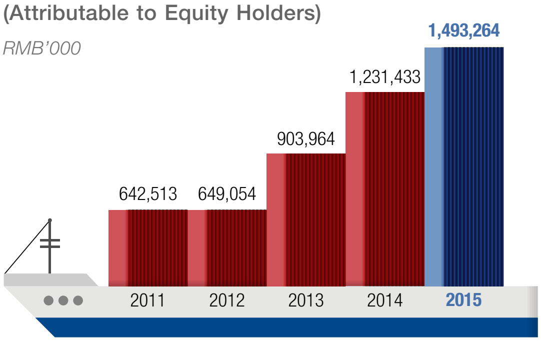
RMB'000



PROFIT FOR THE YEAR

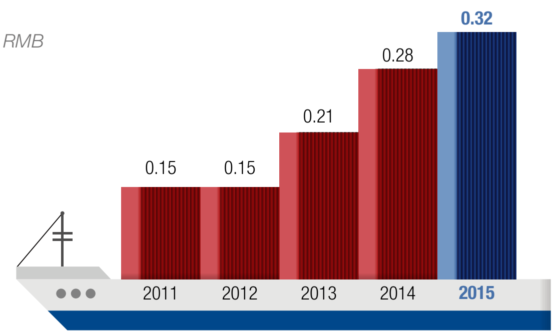
(Attributable to Equity Holders)

RMB'000



BASIC EARNINGS PER SHARE

RMB



As at 31 December	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
Total assets	**35,084,861**	32,709,339	30,950,761	30,441,757	26,802,292
Total liabilities	**16,625,058**	16,404,220	16,898,816	17,051,863	14,817,423
Non-controlling interests	**3,337,456**	2,882,626	2,515,909	2,386,022	2,200,154
Equity attributable to owners of the Company	**15,122,347**	13,422,493	11,536,036	11,003,872	9,784,715

Note 1: Basic earnings per share for the three years ended 31 December 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 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. Basic earnings per share for 2015 have been computed by dividing the profit attributable to owners of the Company by 4,606,483,200 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: During the period from April 2015 to May 2015, the Company disposed of an aggregate of 31,329,596 shares of Sinoair, representing approximately 3.46% of the total number of issued shares of Sinoair. Upon the completion of the disposal, the percentage of issued shares of Sinoair held by the Company decreased from 63.46% to 60.00%. During the period from July 2015 to September 2015, the Company disposed of an aggregate of 8,573,198 shares of Sinoair, representing approximately 0.95% of the total number of issued shares of Sinoair. Upon the completion of the disposal, the percentage of issued shares of Sinoair held by the Company increased from 60.00% to 60.95%.

Note 4: 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.

RERORMS INNOVATIONS BREAKTHROUGHS

The Company's profit has increased significantly and hit a record high; main business indicators achieved continuous growth in adversity; the capital management capabilities were steadily enhanced and cash flow was remarkably improved.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CHAIRMAN'S STATEMENT

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 2015 for your review.

Zhao Huxiang
Chairman

REVIEW OF OPERATING RESULTS

In 2015, global economy underwent in-depth adjustment. On the one hand, the developed countries saw instable economic recovery on the whole; despite significant economic growth momentum in the US, economy in the Eurozone and Japan was still gloomy. On the other hand, emerging economies showed significant differentiation pattern. The global imbalances on economic growth resulted in differentiation of monetary policies worldwide and significant fluctuation of international financial markets. As the Chinese economy entered "new normal", GDP growth continued to slide; fixed-asset investment growth decreased markedly and export growth turned into negative from positive on the back of insufficient momentum of the "three carriages" as the driving force for the economic growth. In 2015, China's GDP recorded a growth of 6.9% as compared with the corresponding period in 2014; total value of imports and exports decreased 8% year on year in US dollar, of which, exports fell 2.8% and imports was down by 14.1%.

In 2015, in response to the depressive macroeconomic situation and market environment, the Group made reforms and innovations and continued to achieve growths by unremitting efforts of the management and staff. In 2015, the Group achieved revenue from continuing operations of approximately RMB45,528.1 million, representing a mild decrease of 0.3% as compared with the corresponding period in 2014; operating profit from continuing operations increased by 34.4% as compared with the corresponding period in 2014. Profits attributable to owners of the Company increased by 21.3% as compared with the corresponding period in 2014. Earnings per share was RMB0.32 (corresponding period in 2014: RMB0.28).

DIVIDENDS

The Board of the Company (the "Board") has proposed to recommend the payment of a final dividend of RMB0.07 per share at the forthcoming Annual General Meeting to reward shareholders for their continuous support to the Group.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

We believe that active performance of social responsibilities represents an essential quality for a good 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 have 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 is given to significant environmental factors and effective control is exercised to minimize adverse impact on the environment. In 2015, the Company first issued the 2014 Environmental, Social and Governance Report.

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 deeply convinced that sustained and effective communications with investors will improve the management transparency and corporate governance standards, and add value for shareholders.

PROSPECTS

The world economy will remain chilly in 2016. First, as the US enters the rate hike cycle, emerging economies will come under pressure of increasingly serious capital outflow and some countries may face with financial and economic crises. Second, worse-than-expected impacts from geopolitics, terrorism and religious conflicts may give rise to twists and turns in the global economic upturn. Third, shrinkage in global investments and trades has not ended and, there is still no sign of continuous recovery in the major economies except the US. Fourth, according to the transfer law of several economic crises in history, the butterfly effects of the financial crisis extending from the financial sector in the center to real economy in the periphery are not over, and balance sheet adjustments of emerging economies have just begun. IMF projects the global economy to grow around 3.4% while China's economy growth rate slows to 6.3% in 2016. Against the backdrop of great downward pressure on China's economy, investment growth will taper off along with the continuous economic rebalancing. The forecast growth in China's overall demand for logistics services will cool down in 2016; domestic shipment by railway will decline and shipment by road may remain unchanged or inch down. In this context, the logistics fee will linger at low levels. In addition, the current logistics sector shows three new features: first, Internet gains wide application in the logistics sector, which will have a positive impact on integration of logistics resources, business collaboration and improvement in logistics efficiency; second, the franchise mode speeds up logistics enterprises' pace toward networked development, affecting the competitive landscape of the logistics sector; and third, e-commerce business will maintain a rapid development trend. It is projected that national strategies including relatively loose macro policies, One Belt and One Road, Beijing-Tianjin-Hebei integration and development of the Yangtze River economic belt will bring sustained logistics development opportunities, increasing the chance of mergers and acquisitions in domestic and foreign markets.

In 2016, despite the complicated international economic environment and slowing domestic economy, the Group will seize opportunities to advance against hardship and fulfil various duties:

1. Strengthen innovation-driven development. The Group will make breakthroughs in innovation, work out a sound top-level design, provide service-oriented products under an innovative business mode and intensify the application of IT, Internet and the Internet of things; 2. Effectively focus on two markets. By capitalizing on the opportunity from "One Belt and One Road", the Group will reinforce the development of project logistics and concentrate on expansion to overseas market so as to achieve international development; it will step up advancing e-commerce business and contract logistics in professional capability and business volume to better satisfy domestic consumption demand and form new growth drivers by proactively exploring domestic demand; 3. Further give play to the network strength. The Group will further adjust its structure, make plans for "establishing sites, connecting sites and forming network" synchronously, develop good products, build good platforms and channels, energetically promote the mode of regional company mode and compress the management chain to intensify operation management and control, so as to form the network strength of integrated operation; 4. Continuously integrate resources. The Group will continue to promote resource integration with the parent corporation.

At the end of 2015, upon approval by the State-owned Assets Supervision and Administration Commission of the State Council, Sinotrans & CSC Holdings Co., Ltd. (the "Sinotrans & CSC", collectively with its subsidiaries, the "Sinotrans & CSC Group"), the controlling shareholder of the Group carried out strategic reorganization with China Merchants Group based on the principle of "powerful combination, strength complementation, resource sharing and win-win cooperation". We believe the reorganization will contribute to the future development of the Group's comprehensive logistics business.

Regardless of how the external environment changes, we will keep to our original aspiration to develop ourselves into a China-leading and world-rate comprehensive logistics enterprise able to provide better logistics services for clients, help continuously reduce the cost of external logistics and share the fruits of reform and development with our staff based on market-oriented awareness and approaches.

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 and do its utmost to create more value in the long-term interests of shareholders.

Zhao Huxiang
Chairman

Beijing, the PRC
22 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

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.

Li Guanpeng
Executive Director and President

BUSINESS OVERVIEW

The group is a leading integrated logistics services 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 well-covered 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

The Group was under unprecedented pressure arising from the downtrend of the economy in 2015, but we adhered to the "One, Three, Five" strategy and deployed the annual work plan to overcome the market pressure and succeeded to achieve satisfactory operating results through reforms, innovations and breakthroughs. The Company's profit has increased significantly and hit a record high; main business indicators achieved continuous growth in adversity; the capital management capabilities were steadily enhanced and cash flow was remarkably improved. The Group has made great progress in all of the following aspects:

- The Company smoothly propelled the three major types of businesses and achieved innovations and development in its main businesses. The Company accelerated the transformation and upgrade of freight forwarding and related businesses, and achieved active growth. In respect of the logistics segment, significant achievements were attained in the development of the "One Belt, One Road" project, further enforced the overseas network, and further improved its industrialisation and professionalism. In respect of the e-commerce business segment, the Company got a clearer blueprint for the future development of such business and has made great breakthroughs in all aspects.

- The Company further enhanced the construction of the five channels and further strengthened the operational capability of the integrated networks. In respect of the shipping channel, the Company furthered the cooperation with internationally renowned shipping companies and continuously promoted the centralised procurement of carrying capacity. In respect of the land transport channel, the Company made a great breakthrough in the international train business in provinces including Guangdong, Gansu and Hunan. In respect of the air transport channel, the Company put great efforts in promoting the construction of special airlines for cross-border e-commerce business, and completed the layout of overseas warehouses in Dubai, Hong Kong and the United States. On the basis of survey and research, the Company completed the formulation of the construction plan for the trucking channel. In respect of the overseas channel, the Company established new overseas companies along the "One Belt, One Road" initiative, and enhanced its cooperation with overseas agencies in the meanwhile.

- The Company deepened the consolidation of resources and enhanced regional integrated operation. Guided by the principle of "Ports to Drive the Development of Inland", we furthered the consolidation work for regional integrated operation, and actively promoted the entities subject to the Entrusted Management Agreement to simplify organisation and revitalise assets to re-focus all their efforts on their principal businesses.

- Operation management capability is improved. The headquarters clarified its managing and controlling position in the business operation, deepened the function reform, established the Freight Management Division, Logistics Development Department, Landtrans Department and E-business Department through re-organisation, and completed the adjustment of the terms of reference. According to the requirements of "Five Capabilities" and "Five Drivers", the Company enhanced function construction and transformation and made positive progress.

Management Discussion and Analysis of Results of Operations and Financial Position

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	
	2015	2014
Freight forwarding		
Sea freight forwarding (in ten thousand TEUs)	**952.0**	928.5
Air freight forwarding (in million kilograms)	**522.6**	481.9
Shipping agency (in ten thousand TEUs)	**1,652.0**	1,602.1
Shipping agency (in million tonnes)	**208.6**	206.1
Logistics (in million tonnes)	**15.6**	14.2
Storage and terminal services		
Warehouse operating volume (in ten thousand TEUs)	**769.8**	899.0
Warehouse operating volume (in million tonnes)	**11.6**	14.0
Terminal throughput (in ten thousand TEUs)	**363.7**	362.3
Terminal throughput (in million tonnes)	**1.2**	2.2
Other services		
Trucking (in ten thousand TEUs)	**103.2**	88.6
Shipping (continuing operations, in ten thousand TEUs)	**214.9**	205.8
Shipping (discontinued operations, in ten thousand TEUs)	**0**	73.5
Express services (in ten thousand units)	**277.9**	202.0

OPERATING RESULTS

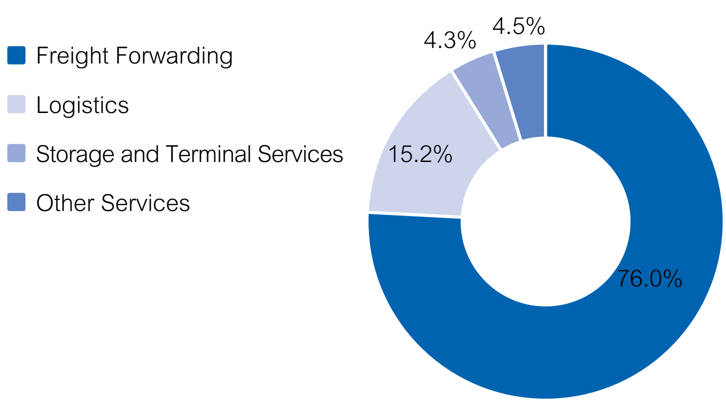
The table below sets forth the external revenue (in RMB million) of each of the major business segments in continuing operations of the Group and the percentages for the shares of total revenues for the years indicated:

	For the year ended 31 December			
	2015		2014	
Freight forwarding	**34,603.9**	**76.0%**	35,456.7	77.6%
Logistics	**6,921.0**	**15.2%**	6,243.9	13.7%
Storage and terminal services	**1,935.6**	**4.3%**	2,098.7	4.6%
Other services	**2,067.5**	**4.5%**	1,860.5	4.1%

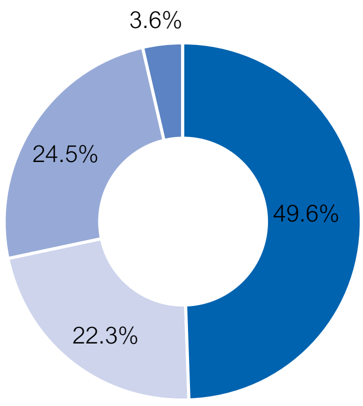
Management Discussion and Analysis of Results of Operations and Financial Position

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 2014. 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	
	2015	2014
Freight forwarding	**716.7**	713.4
Logistics	**322.2**	298.1
Storage and terminal services	**354.0**	375.0
Other services	**51.8**	12.4



Revenue Contribution in 1H 2015



Segment Contribution in 1H 2015

Management Discussion and Analysis of Results of Operations and Financial Position

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2015

Revenue

In 2015, the revenue from the Group's continuing operations amounted to RMB45,528.1 million, down slightly by 0.3% from RMB45,659.8 million in 2014.

Freight Forwarding

External revenue from the Group's freight forwarding services decreased by 2.4% to RMB34,603.9 million during 2015, compared to RMB35,456.7 million in 2014, which was mainly attributable to the decline of container shipping freight rates. Segment profit from the Group's freight forwarding services amounted to RMB716.7 million, up by 0.5% from RMB713.4 million in 2014, which was mainly attributable to the expansion of its business scale.

Volume of sea freight forwarding containers was 9.520 million TEUs in 2015, representing an increase of 2.5% from 9.285 million TEUs in 2014, which was mainly attributable to the steady growth in business volume with the Company's aggressive efforts to explore the markets despite unfavorable foreign trade environment. Cargo tonnage handled by the air freight forwarding services increased by 8.4% to 522,600 tonnes in 2015 from 481,900 tonnes in 2014, which was mainly attributable to the Company's efforts to strengthen market development and intensify charter flight business through stronger cooperation with major airlines. The number of containers handled by the shipping agency services rose by 3.1% to 16,520,000 TEUs in 2015 from 16,021,000 TEUs in 2014. The volume of bulk cargo handled by the shipping agency services increased by 1.2% to 208.60 million tonnes in 2015 from 206.10 million tonnes in 2014, which was mainly attributable to the Company's continuous efforts to strengthen the integrated marketing towards the shipping companies and the ship-cargo synergy .

Logistics

In 2015, external revenue from the Group's logistics services amounted to RMB6,921.0 million, representing an increase of 10.8% from RMB6,243.9 million in 2014, which was mainly attributable to the growth in business volume and the development of logistics finance. Segment profit from the Group's logistics services amounted to RMB322.2 million, representing an increase of 8.1% from RMB298.1 million in 2014, which was mainly attributable to the rapid development of logistics finance and less provision for bad debt loss.

The business volume handled by the Group's logistics services increased by 9.9% to 15.60 million tonnes in 2015 from 14.20 million tonnes in 2014, which was mainly attributable to the Company's continuous efforts to strengthen the facilitation of replicating of industrial experience and capability, and to further explore the business opportunities with the existing major clients.

Storage and Terminal Services

In 2015, external revenue from the Group's storage and terminal services amounted to RMB1,935.6 million, representing a decrease of 7.8% from RMB2,098.7 million in 2014. Segment profit from the Group's storage and terminal services amounted to RMB354.0 million, representing a decrease of 5.6% from RMB375.0 million in 2014, which was mainly attributable to the restructuring of the business of a certain subsidiary into a joint venture.

In 2015, the number of containers handled in the Group's warehouses decreased by 14.4% to 7.698 million TEUs from 8.990 million TEUs in 2014, which was mainly attributable to the effect of business restructuring of a certain subsidiary. The volume of bulk cargo handled in warehouses decreased by 17.1% to 11.60 million tonnes from 14.00 million tonnes in 2014, which was mainly attributable to the decline in bulk cargo handled at terminals and the relocation of individual warehouses. The number of containers handled through terminals increased by 0.4% to 3.637 million TEUs from 3.623 million TEUs in 2014, which was mainly attributable to the growth in business scale led by active efforts to expand the markets, with the impact of the bankruptcy and suspension of certain domestic shipping companies successfully overcame. The volume of bulk cargo handled at terminals decreased by 45.5% to 1.20 million tonnes from 2.20 million tonnes in 2014, which was mainly attributable to impact of the switch of the capacity of the existing terminals to the container business as a result of the Guangdong Port Administration's new policy to restrict vessels with a capacity of more than 15,000 tonnes from calling at tier II terminals.

Other Services

In 2015, the Group's external revenue from other services (mainly from trucking, shipping and express services) amounted to RMB2,067.5 million, representing an increase of 11.1% from RMB1,860.5 million in 2014, which was mainly attributable to the increase of the volume of trucking and shipping business due to greater efforts in business marketing. Segment profit from the Group's other services amounted to RMB51.8 million, representing an increase of 317.7% from RMB12.4 million in 2014, which was mainly attributable to the sharp fall in fuel prices and the growth in business volume; also, for the corresponding period of the previous year, there were certain provisions for bad debts of the shipping services.

In 2015, the volume of containers handled by the Group's trucking services increased by 16.5% to 1,032,000 TEUs from 886,000 TEUs in 2014, which was mainly attributable to strengthen the establishment of regional capacity platform and increase the intensity of market development. The number of containers handled by shipping (in continuing operations) increased by 4.4% to 2.149 million TEUs from 2.058 million TEUs in 2014, which was mainly attributable to the increased efforts on the exploration of import and domestic trade business. The number of documents and parcels handled by the express services increased by 37.6% to 2,779,000 units from 2,020,000 units in 2014, which was mainly attributable to the significant growth in the business cooperation with Cainiao Logistics.

The Group's joint ventures recorded an investment gain of RMB888.6 million from the operation of express business, representing a year-on-year increase of 19.5%. The business volume of international express services of the joint ventures was up by 3.9% from 21.54 million units in 2014 to 22.39 million units in 2015.

Management Discussion and Analysis of Results of Operations and Financial Position

Transportation and Related Charges

Transportation and related charges were down by 0.5% to RMB39,680.3 million in 2015, as compared to RMB39,890.3 million in 2014. Such decrease was basically in line with the decrease in revenue, and mainly was attributable to the decline of container shipping freight rates.

Staff Costs

Staff costs increased by 8.7% to RMB3,349.4 million in 2015, as compared to RMB3,080.0 million in 2014. This was mainly attributable to the increase in salaries and remuneration driven by the enterprise profit growth, as well as the rigid increase in social insurance expenses.

Depreciation and Amortisation

Depreciation and amortisation increased by 6.3% to RMB625.3 million in 2015, as compared to RMB588.1 million in 2014, which was mainly attributable to the newly operated assets.

Office and Related Expenses

In 2015, office and related expenses amounted to RMB467.3 million, representing a decrease of 5.2% from RMB492.9 million in 2014, which was mainly attributable to continuous strengthening of daily cost control and strict economy practice.

Other Gains and Losses, Net

Other gains and losses, net turned from a loss of RMB13.1 million in 2014 into a gain of RMB378.3 million in 2015. This was mainly because gains from the transfer of the land in Sungang were recorded during the reporting period.

Operating Profit

The Group's operating profit was RMB1,644.4 million in 2015, representing an increase of 34.4% from RMB1,223.2 million in 2014. Operating profit as a percentage of total revenue increased to 3.6% in 2015 from 2.7% in 2014, or an increase of 26.4% in 2015 from 20.5% in 2014 as a percentage of net revenue (total revenue less transportation and related charges).

Share of Profit of Joint Ventures

The Group's share of profit of joint ventures was RMB962.1 million in 2015, representing an increase of 19.5% from RMB805.2 million in 2014. Such increase was mainly attributable to the increase in current profit of DHL-Sinotrans International Air Courier Ltd..

Income Tax Expense

The Group's income tax expense increased by 58.2% from RMB387.7 million in 2014 to RMB613.2 million in 2015, which was mainly attributable to the land appreciation tax related to the transfer of the land in Sungang provided in the reporting period. Taxation as a percentage of profit before tax was 23.8% (2014: 21.3%).

Profit after Tax from Continuing Operations

The Group's profit after tax from continuing operations was RMB1,961.9 million in the year ended 31 December 2015, representing an increase of 36.8% from RMB1,434.4 million in 2014.

Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests increased by 65.0% from RMB284.0 million in 2014 to RMB468.6 million in 2015. This was mainly attributable to the significant increase in current profit of a non-wholly owned subsidiary of the Group.

Profit Attributable to Shareholders of the Company

The Group's profit attributable to shareholders of the Company for the year ended 31 December 2015 amounted to RMB1,493.3 million, representing an increase of 21.3% from RMB1,231.4 million in 2014.

Liquidity and Capital Resources

Liquidity of the Group is mainly derived from cash from operating activities.

The following table summarises the Group's cash flows for each of the two years ended 31 December 2015 and 2014:

	For the year ended 31 December	
	2015	2014
	In RMB million	In RMB million
Net cash generated from operating activities	**2,433.6**	1,107.6
Net cash used in investing activities	**(905.5)**	(249.5)
Net cash used in financing activities	**(741.3)**	(918.7)
Exchange gains on cash and cash equivalents	**14.4**	6.1
Net increase/(decrease) in cash and cash equivalents	**801.2**	(54.5)
Cash and cash equivalents at end of the period	**6,133.3**	5,332.1

Operating Activities

Net cash inflows generated from operating activities increased by 119.7% from RMB1,107.6 million in 2014 to RMB2,433.6 million in 2015, which was mainly due to the increase of RMB79.1 million in trade and other receivables (corresponding period of 2014: increase of RMB1,130.8 million), the decrease of RMB199.9 million in prepayments and other current assets (corresponding period of 2014: increase of RMB338.3 million), the increase of RMB169.1 million in salaries and benefits payable (corresponding period of 2014: increase of RMB13.8 million), the increase of RMB134.3 million in provisions (corresponding period of 2014: decrease of 26.8 million), and the decrease of RMB4.9 million in inventory (corresponding period of 2014: increase of RMB104.8 million), partly offset by the increase of RMB154.8 million in trade payables (corresponding period of 2014: increase of RMB805.0 million).

The average age of trade receivables in 2015 and 2014 was 58 days and 55 days, respectively.

Management Discussion and Analysis of Results of Operations and Financial Position

Investing Activities

For the year ended 31 December 2015, net cash used in investing activities amounted to RMB905.5 million, and mainly comprised RMB1,496.3 million for purchase of property, plant and equipment, RMB157.6 million for acquisition of joint ventures and RMB132.7 million for purchase of land use rights, partly offset by RMB891.9 million of dividends received from joint ventures.

For the year ended 31 December 2014, net cash used in investing activities amounted to RMB249.5 million, and mainly comprised RMB1,131.9 million for the purchase of property, plant and equipment and 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 inflow from disposal of property, plant and equipment, intangible assets and land use rights.

Financing Activities

Net cash used in financing activities in 2015 amounted to RMB741.3 million, and mainly comprised RMB905.5 million of repayment of bank borrowings, RMB253.4 million of interest paid for medium-term notes and RMB196.7 million of cash outflow from business combinations under common control, partly offset by RMB527.2 million of new bank borrowings and RMB42.1 million of capital injection from non-controlling interests.

For the year ended 31 December 2014, net cash used in financing activities amounted to RMB918.7 million, and mainly comprised RMB3,272.6 million of repayment of borrowings and interests, RMB550.0 million of cash paid for repayment of bonds, RMB467.6 million of dividend payment, RMB267.3 million for payment of interests of medium-term notes and RMB692.1 million of cash outflow from 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 bond issuance and RMB1,333.3 million of cash received from the placing of H shares.

Capital Expenditure

In 2015, the Group's capital expenditure amounted to RMB1,653.0 million, consisting primarily of RMB1,496.3 million for purchase of property, plant and equipment, RMB4.7 million for purchase of intangible assets, RMB132.7 million for purchase of land use rights and RMB19.3 million for purchase of other non-current assets, among which RMB1,236.9 million were used for construction of terminals, warehouses, logistics centers and container yards, RMB222.9 million were used for purchase of vehicles, vessels, plant and equipment, RMB51.2 million were used for IT investment and refurbishment and purchase of office equipment, and RMB142.0 million were used for purchase of property and others.

Contingent Liabilities and Guarantees

As at 31 December 2015, contingent liabilities mainly comprised outstanding lawsuits of the Group arising from its ordinary course of business amounting to RMB241.7 million (2014: RMB361.1 million).

As at 31 December 2015, the amount of guarantees provided by the Group in favor of its joint ventures was RMB220.7 million (2014: the amount of guarantees provided by the Group in favor of its joint ventures was RMB197.8 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 joint ventures to obtain the operating licenses of air freight forwarding. Such letters of guarantee contained no specific amount and were terminated in 2015. For the above guarantees provided to the third party customers by the Group, a counter-guarantee of the total guarantee liability was provided by the shareholders of these customers.

The Group provided performance guarantee for a fellow subsidiary regarding to container services of national marine transportation. The letter of guarantee contains no specific amount and will terminate in 2016.

Borrowings

As at 31 December 2015, the Group's total borrowings amounted to RMB564.6 million (31 December 2014: RMB748.0 million), which comprised RMB224.5 million denominated in Renminbi, RMB296.0 million in US dollars and RMB44.0 million in Hong Kong dollars. Of the above bank borrowings, RMB524.6 million shall be payable within a year. For the year ended 31 December 2015, the details of the Group's borrowings and bonds are set out in Notes 30 and 31 to the financial statements.

Secured and Guaranteed Borrowings

As at 31 December 2015, the Group pledged restricted cash amounting to approximately RMB61.9 million for borrowings. In addition, as at the same date, the Group also pledged property, plant and equipment (with net book value of approximately RMB65.5 million) and land use rights (with net book value of approximately RMB18.8 million) for borrowings.

Debt-to-asset Ratio

As at 31 December 2015, the debt-to-asset ratio of the Group was 47.4% (2014: 50.2%), which was calculated by dividing total liabilities by total assets of the Group as at 31 December 2015.

Foreign Exchange Rate Risk

Since a portion of the Group's revenue and transportation and related charges is denominated in foreign currencies, the Group's exposure to foreign exchange risk is mainly related to the fluctuations in foreign currencies including US dollars, Hong Kong dollars and Japanese Yen. 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 2015, the Group had 27,150 (2014: 27,016) employees.

In order to establish an incentive and restraint mechanism in which salary is linked to position and performance of employees, the Group has established a series of rules for salary management, performance evaluation and award & punishment management system applicable for the headquarter and companies of the Group respectively, which not only complies with the national and local policies, but also ensures reasonable salary level that is competitive in the market. At the same time, the Group respects gender equality. In Sinotrans, the same salary level and structure are applied to male and female employees equally. Salaries of male and female employees are determined in the same manner to facilitate healthy and sustainable development. The Group has also attached greater importance to training and development of staff's integrated capabilities to ensure opportunities for individual growth of employees.

At Sinotrans, we believe that people come first and that employees should be taken good care of. We endeavor 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 2016, the world economy will continue to be sluggish and may hit the bottom for the second time. China will still be under great pressure from the slowing-down of its economy and have to continuously adjust for economic rebalance, and will have to face the impact arising from trade contraction worldwide and unusual fluctuations in global capital market. It is expected that China will continue to implement prudent monetary policies and positive fiscal policies and put further efforts on the reform of the capital market, that interest rates and exchange rates will see more frequent fluctuations, and that the growth in the overall demand for logistics services in China will be slowing down.

There will also be positive factors in 2016: firstly, the logistics segment market enjoys a vast development space, for instance, the volume of cross-border e-commerce business will increase along with the further increase in the projects related "One Belt, One Road" initiative; secondly, the downward adjustment of interest rates will contribute to further decrease in financial costs; thirdly, the downward adjustment of Renminbi exchange rates will be beneficial for export; fourthly, there will be increasing opportunities in the market for mergers and acquisitions; and fifthly, the measures for the reform of state-owned enterprises will be further defined, which will benefit the Group in terms of innovation to its institution and mechanism.

In 2016, the Group will follow the "13th Five-Year" Plan, take "integration, transformation and innovation" as the main theme, and focus on six key work aspects, namely to "explore the market, promote the upgrade, push-forward the transformation, propel the consolidation, adjust the mechanism and control the risk". The Group will propel external exploration and internal potential exploration, improve the quality of its business operations as a whole, cultivate core competitive strengths, and accelerate the achievement of sustainable and quality development.

- Explore the market: to seize the new opportunities brought by the international industrial transfer and national economy transformation, actively expand the projects related to the "One Belt One Road" initiative and further cultivate the overseas market; at the same time, actively explore the new growth points generated from domestic demand, greatly develop the e-commerce business;

- Promote the upgrade: advance the business model reform and the operation model innovation, accelerate the construction of production service, platform management and network operation;

- Push-forward the transformation: turn to the drivers of "customers, operation, technology, capital, employee and culture" concerning the development model. Further the effective employee training and incentive mechanism, enhance the capital operation capabilities including merges and acquisitions;

- Propel the consolidation: carry on the operation through entities concerning the secondary level subsidiaries, and deepen the integration of regional operation;

- Adjust the mechanism: focus on the reforms and adjustment of key system with the management innovation to be the guiding concept;

- Control the risks: enhance the internal control construction and overseas risk control management, strictly control the risks related to business practice, the account receivables and foreign exchange fluctuation, and do well to carry on the work of safety in production.

Resources Consolidation

The Group will continue to discuss with Sinotrans & CSC regarding further resources consolidation, with a view to consolidating appropriate core businesses and related assets into the Group, reducing potential competition between the Group and Sinotrans & CSC in logistics segment, and expanding business coverage of the Group. The method and subject matter of any such further reorganisation is still under consideration, and may be implemented over a period of time. Such reorganisation, if implemented, will constitute connected transactions of the Company under the Listing Rules. The Company will comply with the disclosure and shareholders' approval requirements to extent applicable under the Listing Rules. Such transactions may or may not proceed.

Strategic Reorganisation of Sinotrans & CSC with China Merchants

At the end of 2015, SASAC approved the strategic reorganisation of Sinotrans & CSC, the parent company of the Company, with China Merchants, according to which, Sinotrans & CSC will be administratively allocated (for no consideration) into, and become a wholly-owned subsidiary of, China Merchants, and therefore, the Company will become a listed subsidiary of China Merchants. Upon completion of the reorganisation, Sinotrans & CSC will no longer be directly supervised by SASAC, but Sinotrans & CSC will remain the controlling shareholder of the Company and SASAC will remain the ultimate controller of the Company. On the date the financial statement is approved by the Board of Directors, such reorganisation has not been completed yet.

As of the date of this report, the Company has received certain notices in succession, and China Merchants has been granted by the Securities and Futures Commission("SFC") the waiver from making a general offer for the shares of the Company and granted by China Securities Regulatory Commission the waiver from making a general offer for the shares of Sinotrans Air Transportation Development Co. Ltd., a subsidiary of the Company. For more information on the strategic reorganisation, please refer to the announcements published by the Company on the websites of the Hong Kong Stock Exchange Limited ("Stock Exchange") and the Company dated 15 November 2015, 20 November 2015, 18 December 2015, 29 December 2015, 19 January 2016 and 3 March 2016.

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 principles and code provisions of Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as the Company's code on corporate governance. The Company trusts that promoting sound corporate governance is very important to maintain the operation and performance of the Group. The Company has confirmed that it has applied all the principles and complied with all the code provisions of the CG Code throughout the reporting period for 2015.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted The Model Code for Securities Transactions by Directors (the"Model Code") contained in Appendix 10 to the Listing Rules as the code of conduct for securities transactions by the Directors and Supervisors of the Company.

The Directors and Supervisors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the code throughout the reporting period for 2015.

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 accept the responsibility for the management and control of the Company in the interests of shareholders and spare no efforts in the performance of their duties as a Director.

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, and identified the role of the independent non-executive directors in any corporate communications that disclose the names of the Director. The biographical personal information of the Directors, together with their titles and terms of office in other public companies or organizations are set out in this 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 yet they retain their respective independence and diversity of points of view, which ensures that the decision-making process of the Board is scientific.

As at 31 December 2015, the Board of the Company comprised 11 Directors, including the chairman, the vice chairman, four executive Directors, a non-executive Director and four independent non-executive Directors. As to the further information about the specific roles of the Directors, please refer to the section headed "Directors, Supervisors & Senior Management" of this 2015 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 Company 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 regards all independent non-executive Directors as independent. Pursuant to the CG Code, the company has also explained the independence of each Independent Non-executive Director who was eligible for re-election in the papers of the general meeting.

The number of Independent Non-executive Directors during the year of 2015 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, which could help the Board make independent judgements more effectively.

Training and Professional Development of Directors

All Directors of the Company 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. Each new Director has been provided a set of papers in relation to the duties and responsibilities as a Director. 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 a Monthly Report on Finance, Operations and Information Disclosure of the Company and Updates on Regulations of Securities Regulatory Authorities to the Directors on a monthly basis so that the Directors can keep up with the latest changes in the operations of the Company and regulatory requirements. In addition, the Company supported the Directors to participate in courses and seminars organized by the 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 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 2015 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	Interpretation of compliance requirements by Company Secretary at Board meetings	Training seminars organized by the Stock Exchange and other professional organizations
Mr. Zhao Huxiang	✓	✓	✓	✓	
Mr. Zhang Jianwei	✓	✓	✓	✓	
Mr. Li Guanpeng	✓	✓	✓	✓	
Mr. Wang Lin	✓	✓	✓	✓	✓
Mr. Yu Jianmin	✓	✓	✓	✓	
Mr. Wu Xueming	✓	✓	✓	✓	
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 meetings 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 performance of the Group and its operational activities and the development. If necessary, interim Board meetings will be held in conformity with the provisions of the Rules of Procedure of the Board. In addition, the Director may, where he or she considers necessary, at any time obtain information of the Group and independent professional advice, and recommend appropriate items be added to the Board meeting agenda.

In relation to regular meetings of the Board, the Director generally receive written notice of the meeting 14 days in advance, and the Board papers not less than three days in advance. As regard the interim meetings of the Board, depending on the circumstances, the Company would as soon as possible provide the Board with reasonable and practicable notice and papers of the meeting. In accordance with the Company Law, the Articles of Association of the Company and the Listing Rules, if a Director is connected with or is materially interested in any contract, transaction, arrangement or any other types of proposal to be considered by the Board, that Director will abstain from voting on the relevant resolutions. The Company has arranged appropriate insurance against the Director's possible involvement in the legal action.

The Company convened 5 Board meetings in 2015, respectively on 24 March 2015, 11 June 2015, 18 August 2015, 16 December 2015 and 28 December 2015, which are regarded as the 70th to 74th 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 the Director during the term of their office in 2015 is set out below:

	Number of meetings attended/Number of meetings during term of office	
	Board Meetings	**General Meetings**
Current Directors		
Mr. Zhao Huxiang	5/5	3[2]/3
Mr. Zhang Jianwei	5/5	3/3
Mr. Li Guanpeng	5/5	3/3
Mr. Wang Lin	5/5	0/3
Mr. Yu Jianmin	5/5	3/3
Mr. Wu Xueming	4[1]/4	0/0
Mr. Jerry Hsu	5/5	3/3
Mr. Guo Minjie	5/5	3/3
Mr. Lu Zhengfei	5/5	0/3
Mr. Han Xiaojing	5/5	0/3
Mr. Liu Junhai	5/5	0/3

	Number of meetings attended/Number of meetings during term of office	
	Board Meetings	General Meetings
Director Ceased to Act		
Ms. Tao Suyun	1[3]/1	0/0

Notes:

1. On 11 June 2015, Mr. Wu Xueming was appointed as the Director of the Company;

2. Mr. Zhao Huxiang attended and conducted the annual general meeting/class meeting for holders of H shares in the capital of the Company/class meeting for holders of Domestic shares in the capital of the Company held on 11 June 2015;

3. On 24 March 2015, Ms. Tao Suyun ceased to act as an executive Director of the Company;

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 convening general meetings and executing the resolutions passed at general meetings, formulating the annual financial budget plans of the Company, the issuance plan of corporate bonds, the Company's profit distribution proposals and 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 Group. 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, the 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 and Rule of Procedures of the Board of the Company.

CHAIRMAN AND PRESIDENT

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

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

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

In accordance with 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 2015 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 Director (including the independent non-executive Director) 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. The Non-executive Directors were invited to serve as the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company, who are of sufficient calibre and number for their views to carry weight, which helps the management determine the Company's development strategies, and 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.

THE COMMITTEES OF THE BOARD

Until 31 December 2015, The Board has established four committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Nomination 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 Hong Kong Stock Exchange and the Company, detailing their roles and the authorities delegated from the Board. The committees of the Board report their decisions and suggestions to the Board on the Board meetings. Pursuant to the announcement released on 11 June 2015, the Corporate Governance Committee of the Company was dissolved, and the Board directly manage functions formerly delegated to that committee.

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 Executive Committee should report its exercise of power to the Board on the Board's meetings regularly. 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

f) subject to applicable laws, the Articles of Association of the Company and the Listing Rules, other authorizations conferred by the Board.

As at 31 December 2015, the Executive Committee comprises of Mr. Zhao Huxiang, being the Chairman, Mr. Zhang Jianwei, being the Vice-chairman, Mr. Li Guanpeng and Mr. Wang Lin, 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, monitoring and 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. The Company has provided sufficient resources for the Audit Committee to perform its duties.

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 the Independent Non-executive Directors of the Company. As at 31 December 2015, 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 2015, on 19 March 2015, 13 July 2015, 13 August 2015 and 16 December 2015 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 of the Company and the report of the audit work of the annual report. 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	4/4
Mr. Liu Junhai	4/4
Members Ceased to Act	
None	None

The Group's annual results for the year ended 31 December 2015 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 the 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. The Company has provided sufficient resources for the Remuneration Committee to perform its duties.

As at 31 December 2015, Remuneration Committee comprises of Mr. Lu Zhengfei, Mr. Guo Minjie, Mr. Han Xiaojing and Mr. Liu Junhai, being Independent Non-executive directors, and Mr. Wang Lin, being an Executive Director, with Mr. Lu Zhengfei as the Chairman of the Remuneration Committee.

The Remuneration Committee held 1 meeting on 19 March 2015, and reviewed the report of the implementation of performance appraisal and the payment of remuneration of senior management of the Company in 2014, and the establishment of indemnificatory salary programme under the item of basic salary at the headquarter of the Company. The Remuneration Committee confirmed the norm, method, items and assessment standards of the performance assessment, and agreed to submit the Report of Remuneration Committee to the Board 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	1/1
Mr. Liu Junhai	1/1
Mr. Wang Lin	0/0
Members Ceased to Act	
Ms. Tao Suyun	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. The Company has provided sufficient resources for the Nomination Committee to perform its duties.

As at 31 December 2015, 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 the Executive Director, with Mr. Zhao Huxiang as the Chairman of the Nomination Committee.

The Nomination Committee held 1 meeting on 24 March 2015, mainly reviewed and adjusted the structure, size and composition of the Board, the diversity policy of the Director of the Company, and whether the qualification, number and independence of the Independent Non-executive Directors is consistent with the governance requirements of the Listing Rules. The Nomination Commission also nominated Director candidate, revised the Rules of Procedure of the Executive Committee of the Board, and discussed the succession plan of the Directors of the Company in 2015.

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	1/1
Mr. Guo Minjie	1/1
Mr. Lu Zhengfei	1/1
Mr. Han Xiaojing	1/1
Mr. Liu Junhai	1/1
Mr. Li Guanpeng	1/1
Members Ceased to Act	
None	None

Corporate Governance Committee

The principal terms of reference of the Corporate Governance Committee include: a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; b) to review and monitor the training and continuous professional development of Directors and senior management; c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, etc. Pursuant to the announcement released on 11 June 2015, the Board has dissolved its Corporate Governance Committee and it shall directly exercise the functions previously carried out by such committee.

The Corporate Governance Committee held a meeting on 24 March 2015, which mainly reviewed the 2014 Corporate Governance Report of the Company, Directors' training and continuous professional development during the year of 2014. At that time, the Corporate Governance Committee comprised 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. All members of the Corporate Governance Committee attended this meeting.

SUPERVISORY COMMITTEE

The Supervisory Committee of the Company comprises of three members, including one Independent Supervisor, one Staff-representative Supervisor and one Shareholder-representative Supervisor.

The Supervisory Committee is responsible for reviewing 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 situation, legal compliance of its operations and the performance of duties by its senior management through convening meetings of the Supervisory Committee, attending the meetings of the Board and its committees, and undertaking investigation and checking on the site of subsidiaries. Each Supervisor undertook various duties in a proactive manner with diligence, prudence and integrity.

The Supervisory Committee held 2 meetings in 2015, respectively on 19 March 2015 and 13 August 2015, reviewed and approved mainly the 2014 Report of the Supervisory Committee, the annual audited financial statements of 2014, the proposal of profit distribution of 2014, the interim financial statements of 2015 and the interim dividend of 2015.

AUDITOR'S REMUNERATION

At the annual general meeting of the Company held on 11 June 2015, a resolution was passed to appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu as the PRC and the international auditors of the Company for the year 2015 respectively, and to authorize the Board to fix their remuneration.

For the year ended 31 December 2015, audit and non-audit service fees amounted to RMB 5,300,000 and RMB 2,820,000 respectively. As to non-audit services, the services provided by the auditor also include review of interim financial information, 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 2015.

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 provides 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

There is no amendment to the Articles of Association of the Company in 2015.

GENERAL MEETINGS

The Company held 3 general meetings in 2015, including 1 annual general meeting, 1 H Shares class meeting and 1 Domestic Shares class meeting.

The annual general meeting held on 11 June 2015 was convened to review and approve the Report of the Board of the Company for the year ended 31 December 2014, to review and approve the Report of the Supervisory Committee of the Company for the year ended 31 December 2014, to review and approve the audited accounts of the Company and the auditors' report for the year ended 31 December 2014, to review and approve the profit distribution proposal and final dividends of the Company for the year ended 31 December 2014, to authorize the Directors to decide on matters relating to the declaration, payment and recommendation of interim dividends for the year of 2015, to re-appoint Deloitte Touche Tohmatsu Certified Public Accountants LLP and Deloitte Touche Tohmatsu in Hong Kong as the PRC and the international auditors of the Company for the year of 2015, and to authorize the Board to fix their remuneration, to appoint and re-appoint the Directors of the Company and authorize the Board to fix their remuneration, to review and approve a general mandate to issue shares and 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 review and approve a general mandate to repurchase H Shares in the capital of the Company.

The Company's Chairman of the Board, Vice-chairman of the Board, 2 Executive Directors, 2 Non-executive Directors, external auditor attended the annual general meeting of 2015 and answered questions. The Chairman of this meeting (through the Company Secretary) explained the detailed voting procedure at the annual general meeting. The resolutions proposed in 2015 for shareholders' approval have all been duly passed. For more information, please refer to the voting results announcement of Company, published on the websites of the Hong Kong Stock Exchange and the Company on 11 June 2015.

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 2015 annual results	22 March 2016
Announcement of 2016 interim results	23 August 2016

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 2015 final dividend, payment of 2015 final dividend and Annual General Meeting of 2015, please refer to the notice of annual general meeting published on the websites of Hong Kong Stock Exchange and the Company 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 Team 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 know the Company by local investigation. The investors may have a better understanding of the Company's management philosophy, operating environment and development strategies. As a result, the transparency of the Company will be improved and investors will have more in-depth knowledge of the Company.

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

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

Address:	12/F, 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 2015, 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 qualifications and experience. The Board also ensures that there is enough training programmes budget for staff to get related training courses.

- 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 headquarter is in charge of the establishment and daily operation of the risk management and internal control system of the Company, while the subsidiaries implement. The headquarter would inspect and monitor the operating condition of the internal control system of the subsidiaries, and form a comprehensive management report.

- 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. The headquarter of the Company and its secondary subsidiaries have established their risk management institutions. The Company has recognized and set up its risk events database, which will be updated and revised every year. Each department of the headquarter of the Company would choose certain material risk events in its field every year and assess and grade the possibility of occurrence and influence of risk events to determine the scope of material risk of the year together with the management of the Company, the functional department and the operating personnel and management of the subsidiary where the risk event occur. Each functional department prepares counteractions to deal with material risks in its field and report the execution situation regularly. Every year, the results of the counteractions to deal with material risks should be summarized and evaluated. The main subsidiaries of the Company should also carry out their risk management work pursuant to the above procedure.

- The Company carries out the internal control management 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 order to safeguard the efficiency of the existing internal control system, the Company has carried out self-assessment work of the internal control system against the headquarter and 6 main subsidiaries during the year of 2015, in which no material management defect regarding the establishment and implementation of the current internal control system has been detected. Self-assessment, improvement actions and optimization of the internal control system would be annual routine tasks of the Company.

- 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 ("Guidelines") in accordance with the requirements of the Securities and Futures Ordinance and the Listing Rules, with an aim to ensure that the insiders abide by the confidentiality requirement and fulfill the disclosure obligation of the inside information. The Guidelines applies to the Company, its subsidiaries and their respective directors, supervisors, senior management and specific 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 and the Nomination Committee of the Company. 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, Managing Director 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 as 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 as the Chairman of International Federation of Freight Forwarders Association (FIATA) in September 2015. 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 a President Assistant. In 1993, Mr. Zhang became the Vice 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. From November 2002 to February 2014, Mr. Zhang served as the President of the Company. Mr. Zhang was appointed as a 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 Sinotrans Air Transportation Development Co,. Ltd.. At present, he is also the Vice Chairman of China Federation of Logistics & Purchasing (CFLP). Mr. Zhang graduated from University of International Business and Economics in 1980 and obtained his Master of Business Administration degree from China Europe International Business School in 1998. Mr. Zhang was appointed as a Director of the Company in November 2002. Mr. Zhang was appointed as the Vice-chairman of the Board of the Company in March 2014.

Directors, Supervisors & Senior Management

EXECUTIVE DIRECTOR

Li Guanpeng, age 49, is the President of the Company, and also the member of the Executive Committee and the Nomination 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 Deputy General Manager of Sinotrans Guangdong. From January 2009 to January 2010, Mr. Li was temporarily transferred to the Ministry of Transport and served as an 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. From August 2013 to January 2014, Mr. Li acted as Vice President of the Company. In February 2014, Mr. Li was appointed as the 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, and also the member of the Executive Committee and the Remuneration Committee of the Company. Mr. Wang started his career 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 as the 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 the Vice President of the Company in November 2002. Mr. Wang was appointed as a Director of the Company in March 2014.

Yu Jianmin, age 50, 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 Assistant President of the Company. Mr. Yu was appointed as the Vice President of the Company in October 2008. Mr. Yu was appointed as a Director of the Company in March 2014.

Wu Xueming, age 52, 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. In August 2010, Mr. Wu was appointed as the Vice President of the Company. Mr. Wu was appointed as a Director of the Company in June 2015.

NON-EXECUTIVE DIRECTOR

Jerry Hsu*, age 65, is the Advisor to Global Management Board of DHL Express. Mr. Hsu is responsible to provide management advice to the Global Management Board on strategic issues of DHL Express worldwide network. Mr. Hsu's previous role was CEO of DHL Express Asia Pacific and a member of the DHL Express Global Management Board. He was responsible for China, Hong Kong, Taiwan, Japan, Korea, South East Asia, India and South Asia, Oceania and other markets and regions, a position he held until December 2015. Before that, Mr. Hsu 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 as the 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 Investor's 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 69, is the Chairman of the Audit Committee and the member of the Remuneration Committee and the Nomination Committee of the Company, 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 a 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 and the Nomination Committee of the Company. Mr. Lu holds a doctorate degree in Economics. Mr. Lu is the professor of Accounting in Guanghua School of Management of Peking University and the Dean of Financial Analysis and Investments Research Center 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, Executive Director of China Accounting Association and Associate Director of Financial Management Academic Committee. Mr. Lu is also serving as an Independent Non-executive Director 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 as an Independent Non-executive Director of the Company in September 2004.

Han Xiaojing, age 60, is the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. 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 as an Independent Non-executive Director of the Company in October 2014.

Liu Junhai, age 46, is the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Liu holds a doctorate degree in Civil 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 Supervisor of Post-Doctoral program of Shenzhen Stock Exchange, Vice Chairman & Secretary General of China Consumers' Protection Law Society, 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 as an Independent Non-executive Director of the Company in December 2012.

SUPERVISOR

Wu Dongming, age 52, 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 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 as the Deputy Managing Director and then the Managing Director of DHL-Sinotrans Air Courier Co., Ltd. Mr. Wu was appointed as the Vice President of the Company in November 2002 and ceased in March 2012. Mr. Wu was appointed as the Non-executive Director of the Company in June 2012 and resigned in February 2014. Mr. Wu was appointed as the Supervisor of the Company in March 2014.

Zhou Fangsheng, age 66, 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 as the Independent Supervisor of the Company in December 2011.

Ren Dongxiao, age 50, is the Staff Representative Supervisor of the Company. Ms. Ren joined China National Foreign Trade Transportation (Group) Corporation in 1997, serving as the Deputy General Manager of Sinotrans International Trading Company. Ms. Ren was appointed as the 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 as the Supervisor of the Company in January 2014.

SENIOR MANAGEMENT

Song Rong, age 43, is the Vice President of the Company. Mr. Song jointed Sinotrans Group Company in 1995, serving in liner shipping department. In 2000, Mr. Song was appointed as the Manager of Siontrans Canada Company. In August 2006, Mr. Song served as Deputy General Manager of Sinotrans Container Lines Co., Ltd. In January 2008, Mr. Song served as General Manager of operation department of the Company. In June 2012, Mr. Song was appointed as the General Manager of Sinotrans Shandong Co.,Ltd. Mr Song graduated from University of International Business and Economics with a bachelor degree in Economics in 1995, and obtained MBA from Olin Business School of Washington University in December 2008. Mr. Song was appointed as the Vice President of the Company in December 2015.

Li Shichen, age 50, 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 the Executive Director and General Manager. From December 2010 till now, Mr. Li worked as the 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.

Gao Wei, age 49, 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. In 1999, Mr. Gao became the Vice-General Manager of Sinotrans Group Company's Enterprise Management Department and 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 Money and Banking degree in the Central University of Finance and Economics in 1993 and his doctorate degree in law in the University of International Business and Economics in 1999. Mr. Gao obtained Legal Professional Qualification in 1996. Mr. Gao was appointed as the Company Secretary of the Company in November 2002. Mr. Gao was appointed as the General Legal Counsel of the Company in January 2010. Mr. Gao has served as the director of Sinotrans Air Transportation Development Co., Ltd. since November of 2011, and was appointed as the General Manager of Sinotrans Air Transportation Development Co., Ltd. in January 2016. Mr. Gao is the Vice Chairman of Board Meeting Secretary Committee of China Association for Public Companies and the Vice-president and council member of The Hong Kong Institute of Chartered Secretaries (HKICS) and Vice Chairman of Professional Development Committee of HKICS.

Changes in Directors, Supervisors and Senior Management of the Company are set out in the Report of the Directors on page 52.

REPORT OF THE DIRECTORS

The Board of directors (the "Board") is pleased to present its report and the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

The discussion and analysis in accordance with the Schedule 5 of Companies Ordinance, including the discussion of fair review of the Company's business, a description of the principal risks and uncertainties facing the Company and the indication of likely future development in the Company's business have been set out in the Management Discussion and Analysis section of this annual report, which is a part of this report.

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 businesses 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 46, 47, 21 and 22 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the financial statements on pages 61 to 160. The summary of results and assets and liabilities of the Group for the preceding five years are set out on page 3.

FINAL DIVIDEND AND BOOK CLOSURE PERIODS

The Board has recommended the payment of a final dividend of RMB0.07 per share, subject to passing of the resolution authorising the Board to propose, declare or pay the final dividend for 2015 by shareholders at the Annual General Meeting to be held on 18 May 2016 (the "AGM"). The recommended final dividend will be paid on or before 22 July 2016 to the shareholders as registered at the close of business on 30 May 2016. Please refer to the "Notice of Annual General Meeting" for further details.

For determining the list of shareholders eligible to attend and vote at the AGM, the register of members of the Company will be closed from 18 April 2016 to 18 May 2016, 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 15 April 2016, for registration.

The record date for the recommended final dividend is at the close of business on 30 May 2016. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 25 May 2016 to 30 May 2016, 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 24 May 2016, 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 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 (15 March 2016 to 21 March 2016) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1=RMB0.8370. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0836.

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 organisations 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 PRC. Pursuant to the letter titled "Tax arrangements on dividends paid to Hong Kong residents by Mainland companies" issued by 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. If the relevant tax regulations and tax agreements have otherwise provisions, 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 30 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, sales to the top five customers and purchases from the top five suppliers of the Group accounted for less than 30% of the Group's revenue and purchases respectively.

For the year ended 31 December 2015, none of the directors, supervisors, their closely allied 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 top five customers or the top five suppliers of the Group.

CONNECTED TRANSACTIONS

Significant related party transactions entered by the Group for the year ended 31 December 2015 are disclosed in Note 45 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*	**2015** ***RMB'000***
Transactions with Sinotrans & CSC Group	1	
Provision of transportation and logistics services		1,100,385
Services fees		(1,257,669)
Property leasing expenses		(26,994)
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 2015 to 15 April 2015		498,620
– From 16 April 2015 to 31 December 2015		869,229
– Including receiving deposit services by the Company's subsidiary, Sinotrans Air Transportation Development Co., Ltd. ("Sinoair")		96,663
Receiving loan services – maximum daily balance		194,808
– Including receiving loan services by the Company's subsidiary, Sinoair		–
Transactions with Connected Non-Wholly-Owned Subsidiaries	3	
Provision of transportation and logistics services		78,782
Services fees		(26,595)

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

Note 2: According to the New Financial Services Agreement (the "Original Agreement") and the supplementary agreement concluded between the Company and the Finance Company on 14 November 2012 and 25 March 2014, respectively, as at 16 April 2015, the annual caps of maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with the Finance Company was RMB500 million. On 16 April 2015, the Company signed a New Financial Services Agreement with the Finance Company to replace the Original Agreement and expanded the annual caps of maximum daily outstanding balance of deposits (including accrued interests) placed by the Group with the Finance Company from RMB500 million to RMB900 million, including RMB100 million of the annual cap of the maximum daily outstanding balance of deposits (including accrued interests) placed by the Company's subsidiaries, Sinoair 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 requirements of chapter 14A of the Listing Rules in respect 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 2015, 2016 and 2017 (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 24 December 2014.

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 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) if there are no appropriate comparables for the independent non-executive Directors to confirm items b(i) or b(ii) above, then 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 (Revised) "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 the 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 18 to the financial statements.

TAXATION

Details of taxation of the Group as at 31 December 2015 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 159 of this Annual Report and Note 38 to the financial statements.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2015 amounted to approximately RMB969.55 million.

SHARE CAPITAL STRUCTURE

Share capital structure of the Company as at 31 December 2015 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%

ISSUE OF SHARES AND DEBENTURES

For the twelve months ended 31 December 2015, the Company did not issue any shares. Details about the debentures issued by the Company during the year are set out in Note 31 to the financial statements.

EQUITY-LINKED AGREEMENT

During the year ended 31 December 2015, as far as the directors of the Company were aware, the Company was not involved in any equity-linked agreement.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as the directors of the Company were aware, the interests or short positions of the following persons (other than directors, president(s) or supervisors) in the shares and underlying 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%	–
	106,683,000(L)	H shares	2.32%	4.97%
FIL Limited	127,741,000(L)	H shares	2.77%	5.96%
GIC Private Limited	107,459,000(L)	H shares	2.33%	5.01%

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

Note 1: Zhao Huxiang and Zhang Jianwei are directors or employees of Sinotrans & CSC which is the controlling shareholder of the Company. The 106,683,000 H Shares are held by Sinotrans (Hong Kong) Holdings Ltd., a wholly-owned subsidiary of Sinotrans & CSC.

Save as disclosed above, based on the register maintained by the Company as required under Section 336 of the SFO, as at 31 December 2015, so far as was known to the directors of the Company, there were no other person (other than a director, president 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 SFO.

PURCHASE, SALE OR 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 2015.

DIRECTORS AND SUPERVISORS

As at 31 December 2015, the directors and supervisors of the Company were as follows:

Name	Date of appointment
Directors:	
Zhao Huxiang *(Chairman)*	3 March 2006
Zhang Jianwei *(Vice-Chairman)*	19 November 2002
Li Guanpeng *(Executive Director)*	31 March 2014
Wang Lin *(Executive Director)*	31 March 2014
Yu Jianmin *(Executive Director)*	31 March 2014
Wu Xueming *(Executive Director)*	11 June 2015
Jerry Hsu *(Non-Executive Director)*	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

* 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:

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

On 24 March 2015, Mr. Wang Lin and Mr. Yu Jianmin were appointed as Executive Director of the Company. On 24 March 2015 Mr. Wang Lin was also appointed as a member of the Company's Executive Committee and Remuneration Committee.

Ms. Zhang Kui ceased to act as the Chief Financial Officer of the Company with effect from 1 April 2015 due to the change of her position in the Company.

On 11 June 2015, Mr. Zhao Huxiang, Mr. Jerry Hsu, Mr. Guo Minjie and Mr. Liu Junhai were re-elected as directors of the Company for a term of three years until the date in 2018 on which the annual general meeting of the Company will be held.

On 11 June 2015, Mr. Wu Xueming was elected as director of the Company for a term of three years until the date in 2018 on which the annual general meeting of the Company will be held.

Mr. Liu Minsheng, the Chief Information Officer of the Company, has reached the statutory age of retirement. Mr. Liu Minsheng retired on 23 December 2015.

Mr. Jiang Jian has resigned as Vice President of the Company with effect from 28 December 2015 due to change of position.

Mr. Song Rong was appointed as Vice President of the Company on 28 December 2015.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographies of directors, supervisors and senior management are set out on pages 39 to 44.

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 management 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, experiences and the Group's performance.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2015, none of the directors, president, supervisors or their associates had any interests in any shares, underlying shares or debentures 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 SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are considered 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 notifiable 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 TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

For the twelve months ended 31 December 2015, none of the directors or supervisors or any entities connected with such directors and supervisors had any material interests directly or indirectly in any new or existing transactions, arrangements or contracts of 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 and Zhang Jianwei are directors or employees of Sinotrans & CSC which is the controlling shareholder of the Company. Certain subsidiaries of Sinotrans & CSC Group are engaged in the Group's "core businesses" 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 entitled "Relationship with Sinotrans & CSC Group" in the prospectus of the Company dated 29 January 2003.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR BONDS

At no time during the twelve months ended 31 December 2015 was the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries a party to any arrangements or existing arrangements which would enable the Company's directors or supervisors to acquire benefits by means of the acquisition of shares in or bonds of the Company or any other body corporate.

MATERIAL CONTRACTS WITH SINOTRANS & CSC GROUP

Sinotrans & CSC Holdings Co., Ltd. is the controlling shareholder of the Company.

Master Business Services Agreement and Property Lease Agreement

Since its listing, pursuant to the relevant requirements of the Listing Rules, the Company has entered into written agreements with the controlling shareholder in respect of certain continuing connected transactions for a term of no more than three years, with an annual cap determined for each connected transaction. On 6 November 2014, the Company renewed the Master Business Services Agreement and Property Lease Agreement with Sinotrans & CSC in order to regulate the provision and receipt of transportation and logistics services by the Group to Sinotrans & CSC Group and vice versa, as well as the Group's leasing of various properties from Sinotrans & CSC Group. Both the Master Business Services Agreement and Property Lease Agreement are for a term of three years commencing on 1 January 2015 and ending on 31 December 2017. Please refer to the announcement of the Company dated 6 November, 2014 for details of such transaction.

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. Please refer to the announcement of the Company released on 10 February, 2014 for the details of such agreement.

Financial Services Agreement

On 14 November 2012, the Company and the Finance Company, a non-wholly-owned subsidiary of Sinotrans & CSC, entered into the New Financial Services Agreement (the "Original Agreement"). The Finance Company agreed to provide a series of financial services to the Group within the caps agreed under the Original 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 Original Agreement. The Company and the Finance Company entered into a new Financial Services Agreement on 16 April 2015 (to replace the Original Agreement), which shall be valid from 16 April 2015 to 31 December 2017. For the details of such agreement, please refer to the announcements of the Company dated 14 November 2014, 25 March 2014 and 16 April 2015.

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.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

The Group has set up a department in charge of documenting and updating the laws and regulations that have a significant impact on the Company, and continuously monitoring their compliance to ensure that the Group abides by such laws and regulations from time to time. Besides those general laws and regulations such as the Company Law of the PRC, the Listing Rules of Hong Kong Stock Exchange, the Group has also complied in all material respects with all the laws and regulations that have a significant impact on the business of the Group, including the Road Traffic Safety Law of the PRC, the Maritime Law of the PRC, etc..

MATERIAL LITIGATION AND CONTINGENT LIABILITIES

Details of the Group's litigation and contingent liabilities as at 31 December 2015 are set out in Note 41 to the financial statements.

PENSION SCHEMES

Details of the Group's pension schemes for the year ended 31 December 2015 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 for 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 confirm 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 2015 to 31 December 2015 as our code on corporate governance, details of which are set out in Report on Corporate Governance on pages 22 to 38 in the Annual Report. On 11 June 2015, the Board announced dissolution of the Corporate Governance Committee and it shall directly exercise the functions previously carried out by such committee.

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. After making specific enquiries, it was confirmed that all directors and supervisors of the Company have complied with the Model Code and its code of conduct regarding directors' securities transactions during the reporting period.

As at 31 December 2015, 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 is satisfied that the above independent non-executive directors are independent.

SIGNIFICANT POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are set out in Note 49 to the financial statements.

AUDIT COMMITTEE

The principal functions of the Audit Committee include the appointment of external auditors, the review and supervision of the Group's financial reporting process and internal control system, and offering advice and recommendations to the Board. As of 31 December 2015, the Audit Committee comprised 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 Audit Committee.

The Group's annual results for the year ended 31 December 2015 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 2015.

By Order of the Board

Zhao Huxiang
Chairman

Beijing, the PRC
22 March 2016

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the year ended 31 December 2015, the Supervisory Committee (the "Committee") performed its duties, undertook various tasks in a proactive and diligent manner in the principle of due care and good faith and supervised the legal compliance of the operations of the Company in a legal and effective manner, so as to ensure that the Company complied with the Company Law of the People's Republic of China, Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the ''Listing Rules''), the Articles of Association of the Company and other relevant laws and regulations, thereby safeguarding the lawful interests of the Company and the shareholders.

In 2015, the major duties of the Committee are to convene Supervisory Committee meeting; to attend Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting; to effectively supervise that the policies and decisions made by the Board are in compliance with the laws and regulations of the State, the Listing Rules and the Articles of Association of the Company and are in the interest of the shareholders.

The Committee is of the opinion that the Company had a normal and disciplined operation and the directors and the senior management had observed the laws and regulations as well as the Articles of Association of the Company in performing their duties, and that the report of the directors for the year ended 31 December 2015 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 deep change of global economy and the New Normal of China's economy. The Committee is satisfied with the performance and economic efficiency achieved by the Company for 2015 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.

Wu Dongming
Chiarman of the Supervisory Committee
Beijing, the PRC
17 March 2016

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 61 to 160, which comprise the consolidated statements of financial position as at 31 December 2015, 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 financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

22 March 2016

Consolidated Statement of Profit or Loss

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Continuing operations			
Revenue	6	45,528,074	45,659,827
Other income		378,980	203,483
Business tax and other surcharges		(43,588)	(83,890)
Transportation and related charges		(39,680,332)	(39,890,331)
Staff costs	8	(3,349,355)	(3,079,964)
Depreciation and amortisation		(625,280)	(588,054)
Office and other expenses		(467,294)	(492,877)
Other gains and losses, net	9	378,345	(13,077)
Other operating expenses		(475,196)	(491,951)
Operating profit	10	1,644,354	1,223,166
Finance income	11	142,298	105,380
Finance costs	11	(204,377)	(287,157)
		1,582,275	1,041,389
Share of profit of joint ventures	21	962,088	805,174
Share of profit/(loss) of associates	22	30,726	(24,478)
Profit before income tax		2,575,089	1,822,085
Income tax expense	12	(613,201)	(387,655)
Profit for the year from continuing operations		1,961,888	1,434,430
Discontinued operations			
Profit for the year from discontinued operations	13	–	81,036
Profit for the year		1,961,888	1,515,466
Profit for the year attributable to owners of the Company			
– from continuing operations		1,493,264	1,150,397
– from discontinued operations		–	81,036
		1,493,264	1,231,433
Profit for the year attributable to non-controlling interests			
– from continuing operations		468,624	284,033
		1,961,888	1,515,466
Earnings per share, basic (RMB)	15		
– from continuing and discontinued operations		0.32	0.28
– from continuing operations		0.32	0.26

The notes on pages 69 to 160 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 2015

	2015 RMB'000	2014 RMB'000
Profit for the year	1,961,888	1,515,466
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss:		
Share of other comprehensive expenses of joint ventures	(313)	(198)
Share of other comprehensive expenses of associates	(1,921)	(5,223)
Fair value gains/(losses) on available-for-sale financial assets		
– Gains arising during the year	226,749	629,797
– Reclassification adjustments to profit or loss during the year upon impairment	–	202,905
– Reclassification adjustments to profit or loss during the year upon disposal	(71,611)	(10,009)
Currency translation differences	40,089	9,810
Income tax relating to components of other comprehensive income	(45,133)	(154,947)
Other comprehensive income for the year, net of tax	147,860	672,135
Total comprehensive income for the year	2,109,748	2,187,601
Total comprehensive income attributable to		
– Owners of the Company	1,596,623	1,659,849
– Non-controlling interests	513,125	527,752
	2,109,748	2,187,601

The notes on pages 69 to 160 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Land use rights	16	2,732,850	2,606,566
Prepayments for acquisition of land use rights	17	83,621	180,382
Property, plant and equipment	18	7,713,273	7,278,995
Investment properties	19	146,715	87,756
Intangible assets	20	125,899	127,791
Investments in joint ventures	21	3,171,423	2,846,805
Investments in associates	22	803,824	842,707
Deferred income tax assets	12	166,620	128,918
Available-for-sale financial assets	23	1,809,635	1,731,060
Other non-current assets		58,059	203,110
		16,811,919	16,034,090
Current assets			
Prepayments and other current assets	24	2,231,225	1,553,205
Inventories		148,706	154,114
Trade and other receivables	25	8,569,559	8,523,449
Restricted cash	26	260,212	190,767
Term deposits with initial terms of over three months	27	903,057	921,600
Cash and cash equivalents	28	6,133,308	5,332,114
		18,246,067	16,675,249
Asset classified as held for sale	29	26,875	–
		18,272,942	16,675,249
Total assets		35,084,861	32,709,339
EQUITY			
Equity attributable to owners of the Company			
Share capital	37	4,606,483	4,606,483
Reserves	38	10,515,864	8,816,010
		15,122,347	13,422,493
Non-controlling interests		3,337,456	2,882,626
Total equity		18,459,803	16,305,119

Consolidated Statement of Financial Position (Continued)

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	12	123,664	77,525
Borrowings	30	40,000	–
Long-term bonds	31	996,418	2,992,967
Other non-current liabilities	33	356,583	220,195
		1,516,665	3,290,687
Current liabilities			
Trade payables	34	6,001,332	5,862,084
Other payables, accruals and other current liabilities	35	1,048,385	1,660,371
Receipts in advance from customers	36	1,948,603	1,804,834
Current income tax liabilities		439,308	204,625
Borrowings	30	524,568	747,988
Short-term bonds	31	2,042,008	–
Long-term bonds due within one year	31	1,999,858	1,999,970
Provisions	32	340,339	234,313
Salary and welfare payables		763,992	599,348
		15,108,393	13,113,533
Total liabilities		16,625,058	16,404,220
Total equity and liabilities		35,084,861	32,709,339
Net current assets		3,164,549	3,561,716
Total assets less current liabilities		19,976,468	19,595,806

The consolidated financial statements on pages 61 to 160 were approved and authorised for issue by the Board of Directors on 22 March 2016 and are signed on its behalf by:

Zhao Huxiang *Chairman*	Li Guanpeng *Executive Director and President*	Wang Jiuyun *Financial Manager*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (Note 38)	Statutory surplus reserve RMB'000 (Note 38)	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 2015	4,606,483	2,005,416	434,455	372,136	(153,090)	6,157,093	13,422,493	2,882,626	16,305,119
Profit for the year	–	–	–	–	–	1,493,264	1,493,264	468,624	1,961,888
Other comprehensive income	–	(3,352)	–	66,141	40,570	–	103,359	44,501	147,860
Total comprehensive income for the year	–	(3,352)	–	66,141	40,570	1,493,264	1,596,623	513,125	2,109,748
Dividends recognised as distribution (Note 14)	–	–	–	–	–	(437,615)	(437,615)	–	(437,615)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(202,439)	(202,439)
Capital injection from non-controlling interests of subsidiaries	–	–	–	–	–	–	–	42,100	42,100
Deemed disposal of subsidiaries	–	(10)	–	–	–	–	(10)	(70,368)	(70,378)
Disposal of equity interests in subsidiaries to non-controlling interests	–	648,156	–	–	–	–	648,156	247,250	895,406
Acquisition of additional equity interests in a subsidiary from non-controlling interests	–	(106,175)	–	–	–	(164)	(106,339)	(74,285)	(180,624)
Acquisition of a subsidiary under common control	–	9,979	–	–	(8,803)	(2,137)	(961)	(553)	(1,514)
Total transactions with owners	–	551,950	–	–	(8,803)	(439,916)	103,231	(58,295)	44,936
Transfer to statutory reserve (Note 38)	–	–	122,646	–	–	(122,646)	–	–	–
As at 31 December 2015	4,606,483	2,554,014	557,101	438,277	(121,323)	7,087,795	15,122,347	3,337,456	18,459,803

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2015

	Attributable to owners of the Company								
	Share capital RMB'000	Capital reserve RMB'000 (Note 38)	Statutory surplus reserve RMB'000 (Note 38)	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	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	–	(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
Dividends recognised as distribution (Note 14)	–	–	–	–	–	(304,580)	(304,580)	–	(304,580)
Dividends paid 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
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

The notes on pages 69 to 160 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	40	2,848,748	1,501,952
Income tax paid		(415,174)	(394,330)
NET CASH FROM OPERATING ACTIVITIES		2,433,574	1,107,622
INVESTING ACTIVITIES			
Cash paid for capital injection/purchase of joint ventures		(157,643)	(372,791)
Cash paid for capital injection/purchase of associates		(8,440)	(490)
Government grants received for acquisition of non-current assets		47,677	28,318
Repayments of loans due from disposed subsidiaries		129,360	309,771
Net cash outflow from deemed disposal of subsidiaries		(50,988)	–
Net cash outflow from disposal of subsidiaries		–	(236,375)
Proceeds from liquidation/disposal of joint ventures		3,657	–
Proceeds from disposal of available-for-sale financial assets		503,993	955,524
Proceeds from disposal of property, plant and equipment, intangible assets and land use rights		463,405	451,802
Purchase of property, plant and equipment		(1,496,285)	(1,131,874)
Purchase of intangible assets		(4,671)	(25,175)
Purchase of land use rights		(24,126)	(76,748)
Purchase of available-for-sale financial assets		(1,180,000)	(900,800)
Purchase of other non-current assets		(19,390)	(12,679)
Deposits paid for acquisition of land use rights		(108,564)	(39,401)
Decrease/(increase) in term deposits with initial terms of over three months		18,543	(63,929)
Interest income received		66,687	78,458
Dividends received from associates		20,135	50,533
Dividends received from joint ventures		891,889	757,413
Dividend income on available-for-sale financial assets		33,831	7,377
Loan guarantee paid for the benefit of a joint venture		(19,587)	(28,405)
Loan to a joint venture		(45,000)	–
Refund of deposit paid for acquisition of a subsidiary		30,000	–
NET CASH USED IN INVESTING ACTIVITIES		(905,517)	(249,471)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
FINANCING ACTIVITIES			
Acquisition of subsidiaries through business combinations under common control		(196,653)	(692,125)
New bank borrowings		527,248	1,830,991
Repayments of bank borrowings		(905,476)	(1,960,012)
Cash received from short-term bonds issued		3,996,000	–
Cash received from shares issued		–	1,333,301
Repayment of short-term bonds		(2,000,000)	–
Repayment of long-term bonds		(2,000,000)	(550,000)
Cash received from long-term bonds issued		–	992,853
Advance from ultimate holding company and fellow subsidiaries		382,230	161,000
Repayments to ultimate holding company and fellow subsidiaries		(331,228)	(1,257,781)
Interest paid for borrowings		(50,610)	(54,830)
Interest paid for short-term bonds		(25,397)	–
Interest paid for long-term bonds		(253,448)	(267,281)
Dividends paid to the Company's shareholders		(437,615)	(313,345)
Dividends paid to non-controlling shareholders of subsidiaries		(203,183)	(154,227)
Contributions from non-controlling shareholders of subsidiaries		42,100	13,681
Disposal of equity interests in subsidiaries to non-controlling interests		895,406	–
Acquisition of additional equity interests in subsidiaries from non-controlling interests		(180,624)	(906)
NET CASH USED IN FINANCING ACTIVITIES		(741,250)	(918,681)
Exchange gains on cash and cash equivalents		14,387	6,066
Net increase/(decrease) in cash and cash equivalents		801,194	(54,464)
Cash and cash equivalents as at 1 January		5,332,114	5,386,578
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	28	6,133,308	5,332,114

The notes on pages 69 to 160 are an integral part of these consolidated financial statements.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2015

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 shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "H shares") (the "2002 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, which is the same as the functional currency of the Company.

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.

The Company has been informed that Sinotrans & CSC has received a notice from the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") on 29 December 2015 that the PRC State Council has approved the reorganisation between Sinotrans & CSC and China Merchants Group Limited ("China Merchants") (the "China Merchants Reorganisation"). The China Merchants Reorganisation is a strategic reorganisation of the two groups by which Sinotrans & CSC will be administratively allocated (for no consideration) into, and become a wholly-owned subsidiary of, China Merchants, and therefore, the Company will become a listed subsidiary of China Merchants. On the date the financial statements are approved by the board of Directors, the above described reorganisation has not been completed.

2A. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

On 1 May 2015, the Group acquired 100% equity interests of China Interocean Transport Inc. ("CIT") from Sinotrans & CSC at a consideration of RMB4,967,500. The Directors consider that the Company and CIT are under the common control of Sinotrans & CSC before and after the acquisition.

Since the Directors consider that the financial impact on the Group from the acquisition of CIT was insignificant, CIT was consolidated by the Group from 1 January 2015 and comparative information presented in the consolidated financial statements have not been restated.

2B. 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:

- Amendments to IFRSs – Annual Improvements to IFRSs 2010-2012 Cycle
- Amendments to IFRSs – Annual Improvements to IFRSs 2011-2013 Cycle
- IAS 19 (Amendments) – Defined Benefit Plans: Employee Contributions

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.

2B. 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 14 – Regulatory Deferral Accounts[2]
- IFRS 15 – Revenue from Contracts with Customers[1]
- IFRS 16 – Leases[3]
- IFRS 11 (Amendments) – Accounting for Acquisitions of Interests in Joint Operations[4]
- IAS 1 (Amendments) – Disclosure Initiative[4]
- IAS 16 (Amendments), IAS 38 (Amendments) – Clarification of Acceptable Methods of Depreciation and Amortisation[4]
- Amendments to IFRSs – Annual Improvements to IFRSs 2012-2014 Cycle[4]
- IAS 16 (Amendments), IAS 41 (Amendments) – Agriculture: Bearer Plants[4]
- IAS 27 (Amendments) – Equity Method in Separate Financial Statements[4]
- IFRS 10 (Amendments), IAS 28 (Amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
- IFRS 10 (Amendments), IFRS 12 (Amendments), IAS 28 (Amendments) – Investment Entities: Applying the Consolidation Exception[4]
- IFRS 7 (Amendments) – Disclosure Initiative[6]
- IFRS 12 (Amendments) – Recognition of Deferred Tax Assets for Unrealised Losses[6]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

2B. 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.

2B. 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.

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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 ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provision of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and director's reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with IFRSs. Accordingly the presentation and disclosure of information in consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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*.

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 principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate 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.

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 combination are measured initially at their fair values at the acquisition date. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

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.

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, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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

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

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 other similar allowances.

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

Revenues are recognised on the following bases:

Freight forwarding

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

Logistics

Revenue from logistics services 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 warehouses 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 shareholders' rights to receive payment have been 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.

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. Any impairment is expensed in profit or loss.

Property, plant and equipment

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties measured using the cost mode

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

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.

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest income is recognised on an effective interest basis.

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.

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 and 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 and 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

Assets classified as available-for-sale

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

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

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

Operating leases

A group company is the lessee

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

A group company is the lessor

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

Inventories

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

Cash and cash equivalents

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Pension obligations

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

Termination benefits

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

Housing benefits

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

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

Pursuant to the 2002 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 2002 Reorganisation. Employees joining the Group after the incorporation of the Company are not entitled to any one-off cash housing subsidies (Note 32).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (continued)

Group companies

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

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

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

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

Contingent liabilities and contingent assets

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

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

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

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 consolidated 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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For the year ended 31 December 2015

4. FINANCIAL INSTRUMENTS

4a. Categories of financial instruments

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

Financial assets	Loans and receivables RMB'000	Financial assets at fair value RMB'000	Financial assets at cost RMB'000	Total RMB'000
As at 31 December 2015				
Available-for-sale financial assets	–	2,466,245	373,390	2,839,635
Prepayments and other current assets	126,480	–	–	126,480
Trade and other receivables	8,569,559	–	–	8,569,559
Restricted cash	260,212	–	–	260,212
Term deposits with initial terms of over three months	903,057	–	–	903,057
Cash and cash equivalents	6,133,308	–	–	6,133,308
Total	15,992,616	2,466,245	373,390	18,832,251
As at 31 December 2014				
Available-for-sale financial assets	–	1,507,670	373,390	1,881,060
Other non-current assets	126,480	–	–	126,480
Prepayments and other current assets	129,360	–	–	129,360
Trade and other receivables	8,523,449	–	–	8,523,449
Restricted cash	190,767	–	–	190,767
Term deposits with initial terms of over three months	921,600	–	–	921,600
Cash and cash equivalents	5,332,114	–	–	5,332,114
Total	15,223,770	1,507,670	373,390	17,104,830

Financial liabilities	Measured at amortised cost RMB'000
As at 31 December 2015	
Trade payables	6,001,332
Other payables, accruals and other current liabilities	522,220
Salary and welfare payables	763,992
Borrowings	564,568
Short-term bonds	2,042,008
Long-term bonds	2,996,276
Total	12,890,396
As at 31 December 2014	
Trade payables	5,862,084
Other payables, accruals and other current liabilities	1,257,950
Salary and welfare payables	599,348
Borrowings	747,988
Long-term bonds	4,992,937
Total	13,460,307

4. FINANCIAL INSTRUMENTS (CONTINUED)

4b. Financial risk management objectives and policies

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

Financial risk management is carried out by the Group'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 operating units and makes decisions on portfolio of currencies and term of deposits. The Directors provide directions on overall risk management and make key decisions on matters which may give rise to significant financial risks.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

Currency risk

The Group has cash and cash equivalents, trade and other receivables, borrowings and trade payables which are denominated in foreign currencies. The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of reporting period are as follows:

	2015 RMB'000	2014 RMB'000
United States Dollar ("US$")		
Assets	2,803,076	2,617,300
Liabilities	944,675	1,261,004
Hong Kong Dollar ("HK$")		
Assets	534,109	831,008
Liabilities	156,810	130,975
Japan Yen ("JPY")		
Assets	95,961	93,535
Liabilities	72,808	65,383

Analyses of these assets and liabilities by currency are disclosed in Note 25, Note 28, Note 30 and Note 34, respectively.

4. FINANCIAL INSTRUMENTS (CONTINUED)

4b. Financial risk management objectives and policies (continued)

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the currencies of US$, HK$ and JPY.

The following table details the Group's sensitivity to a 5% (2014:5%) increase and decrease in RMB against US$, HK$ and JPY. 5% (2014:5%) is the sensitivity rate used when reporting foreign currency risk internally to the management and represents the management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts the translation at the year end for a 5% (2014:5%) change in foreign currency rates. A negative number below indicates a decrease in profit before tax where RMB strengthens 5% against US$, HK$ and JPY. For a 5% (2014:5%) weakening of RMB against US$, HK$ and JPY, there would be an equal and opposite impact on the profit or loss, and the balances below would be positive.

	2015 RMB'000	2014 RMB'000
Profit or loss related to US$	(92,920)	(67,815)
Profit or loss related to HK$	(18,865)	(35,002)
Profit or loss related to JPY	(1,158)	(2,815)

Equity price risk

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

Sensitivity analysis

The Group has monitored the performance of the equity securities and reported regularly to the Directors. As at 31 December 2015, with all other variables held constant, if the average market price of equity securities goes by 10% higher/lower, the Group's other comprehensive income after taxation would have increased/decreased by RMB107,718,000 (2014: RMB101,825,000). A decrease in market price of equity investments may also lead to indicator of impairment losses.

Interest rate risk

The Group'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 to cash flow interest rate risks; borrowings and bonds at fixed rates expose the Group to fair value interest rate risk.

4. FINANCIAL INSTRUMENTS (CONTINUED)

4b. Financial risk management objectives and policies (continued)

Market risk (continued)

Interest rate risk (continued)

The Group'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 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 RMB and US dollar denominated borrowings.

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

Sensitivity analysis
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 RMB687,000 (2014: RMB493,000).

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

Substantially all of the Group'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 the 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 do not require collaterals from trade debtors, while the Group have policies in place to ensure that services are rendered to customers with appropriate credit history, and the management of the Group 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 trade and other receivables generally range from 1 to 6 months. The Group have transactions with a large number of customers, both locally and internationally dispersed, so the Directors consider that the Group 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 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 liquidity reserve comprises cash and cash equivalents 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. These budgets vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group'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.

4. FINANCIAL INSTRUMENTS (CONTINUED)

4b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The maturity analysis of borrowings is disclosed in Note 30. 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 financial liabilities based on the remaining period from the end of the reporting period to the contractual maturity date. The spot rate as at the end of the reporting period is used for the cash flow calculation in relation to the amounts settled with foreign currencies. The interest rate as at the end of the reporting period is used for the cash flow calculation in relation to variable rate interest bearing financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months approximate their carrying amounts, as the impact of discounting is not significant.

The Group	Weighted Average interest rate	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 2015							
Borrowings	2.29%	527,995	480	1,440	46,720	576,635	564,568
Long-term bonds	5.30%	2,142,759	1,019,973	–	–	3,162,732	2,996,276
Salary and welfare payables		763,992	–	–	–	763,992	763,992
Short-term bonds	3.60%	2,042,008	–	–	–	2,042,008	2,042,008
Trade payables		6,001,332	–	–	–	6,001,332	6,001,332
Other payables, accruals and other current liabilities		522,220	–	–	–	522,220	522,220
Financial guarantee contracts*		220,724	–	–	–	220,724	12,241
As at 31 December 2014							
Borrowings	2.45%	761,619	–	–	–	761,619	747,988
Long-term bonds	5.07%	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 payables		5,862,084	–	–	–	5,862,084	5,862,084
Other payables, accruals and other current liabilities		1,257,950	–	–	–	1,257,950	1,257,950
Financial guarantee contracts*		197,795	–	–	–	197,795	40,544

* 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 RMB12,241,000 (2014: RMB40,544,000) recognised as provision (Note 32), 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.

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4. FINANCIAL INSTRUMENTS (CONTINUED)

4b. Financial risk management objectives and policies (continued)

Fair value measurements

The following table presents the Group's assets that are measured at fair value at 31 December 2015 and 2014.

	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 2015							
Assets							
Available-for-sale financial assets							
– Equity securities	1,436,245	–	–	1,436,245	Quoted bid price in an active market.	N/A	N/A
– Other current assets*	–	–	1,030,000	1,030,000	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	The higher the future cash flows, the higher the fair value.
						Expected recovery date	The earlier the recovery date, the higher the fair value.
						Discount rates that correspond to the expected risk level	The lower the discount rate, the higher the fair value.
	1,436,245	–	1,030,000	2,466,245			

	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	The higher the future cash flows, the higher the fair value.
						Expected recovery date	The earlier the recovery date, the higher the fair value.
						Discount rates that correspond to the expected risk level	The lower the discount rate, the higher the fair value.
	1,357,670	–	150,000	1,507,670			

* Other current assets are wealth management products issued by banks (Note 24).

4. FINANCIAL INSTRUMENTS (CONTINUED)

4b. Financial risk management objectives and policies (continued)

Fair value measurements (continued)

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

	2015 RMB'000	2014 RMB'000
Opening balance	150,000	150,000
Purchase	11,110,000	2,300,400
Gains recognised in profit or loss	47,552	20,528
Settlements	(10,277,552)	(2,320,928)
	1,030,000	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. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Note 30, bonds disclosed in Note 31, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group monitors capital on the basis of maintaining the net cash/debt 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.

	2015 RMB'000	2014 RMB'000
Cash and cash equivalents	6,133,308	5,332,114
Less: Total borrowings	(564,568)	(747,988)
Bonds	(5,038,284)	(4,992,937)
Net cash/(debt) position	530,456	(408,811)

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

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 logistics services not completed at the end of each reporting period or for which the final invoices are not yet issued.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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 property, 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.

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 25.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

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.

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 32.

Income Taxes

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arises, which would be recognised in profit or loss for the period in which such a reversal takes place.

6. SEGMENT INFORMATION

The Group's chief operating decision-maker (the "Management") reviews the Group's internal reporting in order to assess performance and allocate resources. The 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.

An analysis of the Group's reportable and operating segments from continuing operations 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 services 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.

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

Sales between segments are charged at mutually agreed prices.

An operating segment regarding the marine transportation operations was discontinued for the year ended 31 December 2014. The segment information reported below does not include any amounts for these discontinued operations.

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 2015							
Revenue – external	34,603,898	6,921,020	1,935,635	2,067,521	45,528,074	–	45,528,074
Revenue – inter-segment	407,701	146,408	269,936	392,023	1,216,068	(1,216,068)	–
Total revenue	35,011,599	7,067,428	2,205,571	2,459,544	46,744,142	(1,216,068)	45,528,074
Segment results	716,678	322,158	354,003	51,826	1,444,665	–	1,444,665
Other gains and losses, net							378,345
Corporate expenses							(178,656)
Operating profit							1,644,354
Finance income							142,298
Finance costs							(204,377)
Share of profit of joint ventures	65,787	(2,090)	10,150	888,241	962,088	–	962,088
Share of profit of associates							30,726
Profit before income tax							2,575,089
Income tax expense							(613,201)
Profit for the year from continuing operations							1,961,888

6. SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (continued)

	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 gains and losses, net							(13,077)
Corporate expenses							(162,564)
Operating profit							1,223,166
Finance income							105,380
Finance costs							(287,157)
Share of profit 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

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6. SEGMENT INFORMATION (CONTINUED)

Other segment information

Continuing operations

	For the year ended 31 December 2015					
	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*	633,793	443,920	465,716	86,050	23,557	1,653,036
Depreciation	128,512	120,011	286,533	55,931	10,225	601,212
Amortisation	5,502	1,828	2,149	1,395	13,194	24,068
Operating lease charges on land use rights	17,162	10,044	34,439	2,283	–	63,928
Provision for impairment loss of receivables	10,163	511	2,311	1,619	–	14,604
Impairment loss of property, plant and equipment	–	–	–	–	9,645	9,645

	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	125,492	115,921	247,782	65,008	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

* The capital expenditure represents the total cash paid for purchase of non-current assets for the year ended 31 December 2015 and 2014.

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 2015 is RMB40,284,277,000 (2014: RMB41,253,723,000), and the result of the Group's revenue from external customers from other regions is RMB5,243,797,000 (2014: RMB4,406,104,000).

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

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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:

	2015 RMB'000	2014 RMB'000
Directors:		
Fees	664	585
Other emoluments		
– Basic salaries, housing allowances, and other allowances	1,324	902
– Discretionary bonuses	3,153	2,465
– Contributions to pension plans	172	123
Supervisors:		
Fees	107	107
Other emoluments		
– Basic salaries, housing allowances, and other allowances	179	174
– Discretionary bonuses	277	194
– Contributions to pension plans	44	40

Directors' fees disclosed above include RMB664,000 (2014: RMB585,000) paid to independent non-executive Directors.

The emoluments of the Directors, supervisors and the chief executive for the year ended 31 December 2015 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 2015					
Current Directors					
Li Guanpeng(1)	–	349	1,108	44	1,501
Wang Lin(2)	–	317	366	40	723
Yu Jianmin(3)	–	329	905	44	1,278
Wu Xueming(3)	–	329	774	44	1,147
Guo Minjie	166	–	–	–	166
Lu Zhengfei	166	–	–	–	166
Liu Junhai	166	–	–	–	166
Han Xiaojing	166	–	–	–	166
As at 31 December 2015					
Current supervisors					
Zhou Fangsheng	107	–	–	–	107
Ren Dongxiao	–	179	277	44	500

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

Emoluments of Directors, supervisors and chief executive (continued)

(1) 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.

(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 2015.

(3) Yu Jianmin and Wu Xueming, Directors, are also deputy chief executives of the Company, and their emoluments disclosed above include those for services rendered by them as the deputy chief executives.

The emoluments of 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(4)	–	52	79	6	137
Li Guanpeng(4)	–	305	1,214	40	1,559
Wang Lin(5)	–	289	385	37	711
Yu Jianmin(6)	–	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

(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 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.

(5) 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 disclosed above is an advance payment made in 2014.

(6) 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.

No Directors, supervisors, or the chief executive of the Company waived any remuneration in 2015 (2014: Nil).

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

Emoluments of Directors, supervisors and chief executive (continued)

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

	2015 RMB'000	2014 RMB'000
Salaries and other employee benefits	4,251	5,200

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

	2015	2014
Above RMB1,000,000	3	1
RMB850,000 – 1,000,000	1	3
RMB700,000 – 850,000	–	1
RMB550,000 – 700,000	–	–
Below RMB550,000	–	1

Five highest paid individuals

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

	Number of individuals	
	2015	2014
Director	3	2
Senior management	2	3

The five individuals whose emoluments were the highest in the Group during the year include three (2014: two) 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:

	2015 RMB'000	2014 RMB'000
Basic salaries, housing allowances and other allowances	619	747
Discretionary bonuses	1,618	2,290
Contributions to pension plans	80	113

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 (2014: Nil).

8. STAFF COSTS

Continuing operations

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

	2015 RMB'000	2014 RMB'000
Wages and salaries	2,060,332	1,877,476
Housing benefits (a)	155,269	144,461
Contributions to pension plans (b)	248,655	234,783
Termination benefits	15,802	8,067
Welfare and other expenses	869,297	815,177
	3,349,355	3,079,964

(a) These include the Group's defined contributions to government sponsored housing funds at rates ranging from 5% to 12% (2014: 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% (2014: 5% to 22%), dependent upon the applicable local regulations, of the employees' basic salaries for the year. As at 31 December 2015, contributions totalling RMB5,080,000 (2014: RMB5,273,000) were payable to these plans.

9. OTHER GAINS AND LOSSES, NET

Continuing operations

	2015 RMB'000	2014 RMB'000
Gain on disposal of property, plant and equipment and land use rights	483,253	186,919
Gain on disposal of available-for-sale financial assets	79,878	18,838
Impairment loss of property, plant and equipment	(9,645)	–
Provision for claims from customers and losses on accident	(175,141)	(16,793)
Financial assets at fair value through profit or loss – fair value gains	–	864
Impairment loss of available-for-sale financial assets	–	(202,905)
	378,345	(13,077)

10. OPERATING PROFIT

Operating profit from continuing operations has been arrived after charging:

	2015 RMB'000	2014 RMB'000
Auditor's remuneration		
– Audit fee	5,300	5,000
– Audit-related and other services fee	2,820	2,800
Depreciation		
– Owned property, plant and equipment	585,132	552,728
– Owned property, plant and equipment leased out under operating leases	13,620	10,267
Amortisation of intangible assets	24,005	23,761
Operating lease charges on		
– Land use rights	63,928	66,279
– Buildings	237,771	197,586
– Plant and equipment	116,575	113,550
Impairment losses of receivables	14,604	71,625
Charges on property management and facilities	129,375	119,714
Charges on IT support	69,434	59,369
Other tax expenses	82,723	77,002
And after crediting		
Rental income from		
– Buildings	57,384	51,246
– Plant and machinery	10,055	4,302
Gross rental income from investment properties	3,844	2,665
Less: Amortisation of investment properties	(2,523)	(1,298)
Net rental income from investment properties	1,321	1,367
Dividend income on available-for-sale financial assets	33,831	7,377
Government grants	227,023	96,808

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11. FINANCE INCOME AND FINANCE COSTS

Continuing operations

	2015 RMB'000	2014 RMB'000
Finance income		
– Bank interest income	142,298	105,380
Finance costs		
– Interest expenses		
Including: Borrowings and amounts due to ultimate holding company and fellow subsidiaries	(33,168)	(9,246)
Bonds	(253,708)	(267,231)
– Exchange gains, net	97,510	3,544
– Bank charges	(15,011)	(14,224)
	(204,377)	(287,157)

12. TAXATION

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

Continuing operations

	2015 RMB'000	2014 RMB'000
Current income tax		
– PRC enterprise income tax	423,814	445,765
– Hong Kong	12,203	3,142
Deferred PRC income tax	(36,655)	(61,252)
	399,362	387,655
Land appreciation tax ("LAT")	213,839	–
	613,201	387,655

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.

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% (2014: 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% (2014: 10% to 20%) based on the relevant PRC tax laws and regulations.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for both years.

12. TAXATION (CONTINUED)

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable exemptions and deductions.

(a) The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 RMB'000	2014 RMB'000
Profit before income tax	2,575,089	1,822,085
Less/add: Share of (profit)/loss of associates	(30,726)	24,478
Less: Share of profit of joint ventures	(962,088)	(805,174)
	1,582,275	1,041,389
Tax calculated at the statutory tax rate of 25%	395,569	260,348
Tax effects of		
– Utilisation of tax losses previously not recognised	(43,931)	(28,931)
– Deferred income tax benefits arising from tax losses in certain entities not recognised	73,960	123,266
– Income not taxable for tax purposes	(536)	(653)
– Expenses not deductible for tax purposes	28,869	39,965
– Preferential tax rates on the income of certain subsidiaries	(1,109)	(6,340)
LAT	213,839	–
Tax effects of LAT	(53,460)	–
Income tax expense	613,201	387,655

The tax charge relating to components of other comprehensive income is as follows:

	2015 Before tax RMB'000	2015 Tax charge RMB'000	2015 After tax RMB'000	2014 Before tax RMB'000	2014 Tax charge RMB'000	2014 After tax RMB'000
Fair value gains on available-for-sale financial assets	155,138	(45,133)	110,005	822,693	(154,947)	667,746
Deferred tax		(45,133)			(154,947)	

12. TAXATION (CONTINUED)

(b) The following are the major deferred tax balances recognised and movements:

Deferred income tax assets

	2015 RMB'000	2014 RMB'000
At beginning of year	179,816	148,942
Credited to profit or loss	36,763	61,237
Charged to other comprehensive income	–	(29,834)
Other	41	(529)
At end of year	216,620	179,816
Provided for in respect of		
– Provision for impairment of receivables	11,935	11,560
– Provision for one-off cash housing subsidies	6,802	6,847
– Accrued salary	52,547	55,600
– Provision for claims	65,980	31,582
– Depreciation on property, plant and equipment	3,270	3,782
– Tax losses	46,707	41,606
– Other temporary differences	29,379	28,839
	216,620	179,816

	2015 RMB'000	2014 RMB'000
Temporary differences for which deferred income tax assets were not recognised		
– Tax losses in certain entities not recognised (Note)	1,912,421	1,981,467

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 2015, the Group did not recognise deferred income tax assets of RMB478,106,000 in respect of the above stated tax losses amounting to RMB1,912,421,000 which can be carried forward against future taxable income, and tax losses amounting to RMB352,237,000, RMB477,094,000, RMB294,186,000, RMB493,064,000, and RMB295,840,000 and would expire in 2016, 2017, 2018, 2019 and 2020, respectively.

As at 31 December 2014, the Group did not recognise deferred income tax assets of RMB495,367,000 in respect of the above stated tax losses amounting to RMB1,981,467,000 which can be carried forward against future taxable income, and tax losses amounting to RMB364,886,000, RMB352,237,000, RMB477,094,000, RMB294,186,000, and RMB493,064,000 and would expire in 2015, 2016, 2017, 2018 and 2019, respectively.

12. TAXATION (CONTINUED)

(b) The following are the major deferred tax balances recognised and movements: (continued)

Deferred income tax liabilities

	2015 RMB'000	2014 RMB'000
At beginning of year	128,423	3,325
Charged/(credited) to profit or loss	108	(15)
Charged to other comprehensive income	45,133	125,113
At end of year	173,664	128,423
Provided for in respect of		
– Change in fair values of available-for-sale financial assets	170,246	125,113
– Operating lease charges on land use rights	2,325	2,163
– Other temporary differences	1,093	1,147
	173,664	128,423

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:

	2015 RMB'000	2014 RMB'000
Deferred income tax assets	166,620	128,918
Deferred income tax liabilities	(123,664)	(77,525)

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 2015 (2014: 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 Sinoair in connection with its initial public offering on the Shanghai Stock Exchange in 2000.

13. 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 services, e.g. freight forwarding, logistics and 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 39.

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, "Four wholly-owned subsidiaries"), 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 services, 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 39.

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 2014 are set out below.

Profit for the year from discontinued operations

	2014 RMB'000
Revenue	1,511,514
Transportation and related surcharges	(1,373,282)
Depreciation and amortisation	(36,488)
Others	(95,231)
Profit before tax	6,513
Income tax expense	–
Profit for the year	6,513
Gain on disposal of the national and international marine transportation operation (Note 39)	74,523
Profit for the year from discontinued operations	81,036

13. DISCONTINUED OPERATIONS (CONTINUED)

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

Cash flows from discontinued operations

	2014 RMB'000
Net cash inflows from operating activities	93,794
Net cash outflows from investing activities	(1,479)
Net cash outflows from financing activities	(137,986)
Exchange gains on cash and cash equivalents	2,200
Net cash outflows	(43,471)

14. DIVIDENDS

	The Company	
	2015 RMB'000	2014 RMB'000
Dividends recognised as distribution during the year:		
– 2014 Final, paid, of RMB0.065 (2013 Final, paid: RMB0.05) per ordinary share	299,421	212,450
– 2015 Interim, paid, of RMB0.03 (2014 Interim, paid: RMB0.02) per ordinary share	138,194	92,130
	437,615	304,580

At the Board of Directors' meeting held on 22 March 2016, the Directors proposed a final dividend of RMB0.07 per ordinary share totalling RMB322,454,000. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements for the year ended 31 December 2015, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2016.

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 for the year ended 31 December 2014. Such dividends were approved at the annual general meeting of the shareholders of the Company on 11 June 2015.

An interim dividend of RMB0.03 per ordinary share for 4,606,483,200 shares as at 18 August 2015, totalling RMB138,194,000 for the period ended 30 June 2015, was declared to the owners of the Company on 18 August 2015.

15. 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.

	2015	2014
Profit attributable to owners of the Company (RMB'000)	1,493,264	1,231,433
Weighted average number of ordinary shares in issue (thousands)	4,606,483	4,405,706
Earnings per share, Basic (RMB)	0.32	0.28

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.

	2015	2014
Profit attributable to owners of the Company (RMB'000)	1,493,264	1,231,433
Less:		
Profit for the year from discontinued operations	–	81,036
Earnings for the purpose of basic earnings per share from continuing operations	1,493,264	1,150,397
Weighted average number of ordinary shares in issue (thousands)	4,606,483	4,405,706
Earnings per share, Basic (RMB)	0.32	0.26

From discontinued operations

During 2014, basic earnings per share from discontinued operations is RMB0.02 per share, based on the profit for the year from discontinued operations of RMB81,036,000 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.

16. LAND USE RIGHTS

	2015 RMB'000	2014 RMB'000
At beginning of year	2,606,566	2,535,397
Additions	22,890	106,136
Transfer from prepayments for acquisition of land use rights	205,325	97,857
Transfer from assets under construction	1,235	–
Disposals	(13,835)	(66,545)
Deemed disposal of subsidiaries	(25,403)	–
Charged to profit or loss	(63,928)	(66,279)
At end of year	2,732,850	2,606,566

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. (2014: 10 to 50 years)

Land use rights pledged as security for bank borrowings are disclosed in Note 30(c).

17. PREPAYMENTS FOR ACQUISITION OF LAND USE RIGHTS

	2015 RMB'000	2014 RMB'000
At beginning of year	180,382	218,729
Additions	108,564	59,510
Transfer to land use rights	(205,325)	(97,857)
At end of year	83,621	180,382

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18. PROPERTY, PLANT AND EQUIPMENT

	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
2015									
Cost									
At 1 January 2015	4,800,052	13,990	1,263,454	955,750	1,735,943	973,206	518,789	1,018,272	11,279,456
Additions	53,657	2,674	2,122	83,552	159,674	63,245	46,500	835,259	1,246,683
Acquisition of a subsidiary	–	–	–	–	–	1,132	3,007	–	4,139
Disposal	(70,318)	(493)	(44)	(60,229)	(132,810)	(80,891)	(35,519)	–	(380,304)
Deemed disposal of subsidiaries	(1,334)	–	–	–	(15)	(4,619)	(1,278)	(96,345)	(103,591)
Transfer to investment properties	(77,161)	–	–	–	–	–	–	–	(77,161)
Transfer to intangible assets/land use right	–	–	–	–	–	–	–	(5,130)	(5,130)
Transfer upon completion	836,536	86	69,681	–	13,536	–	749	(920,588)	–
Exchange adjustments	1,905	13	–	55,016	202	1,108	360	–	58,604
At 31 December 2015	5,543,337	16,270	1,335,213	1,034,089	1,776,530	953,181	532,608	831,468	12,022,696
Accumulated depreciation and impairment losses									
At 1 January 2015	(1,185,067)	(8,068)	(375,091)	(522,451)	(930,673)	(599,167)	(379,944)	–	(4,000,461)
Depreciation charge	(180,404)	(2,661)	(47,282)	(86,571)	(147,310)	(89,336)	(45,188)	–	(598,752)
Acquisition of a subsidiary	–	–	–	–	–	(1,132)	(3,004)	–	(4,136)
Disposal	49,414	27	–	54,686	108,244	60,707	33,649	–	306,727
Deemed disposal of subsidiaries	462	–	–	–	5	3,548	422	–	4,437
Transfer to investment properties	15,992	–	–	–	–	–	–	–	15,992
Exchange adjustments	(869)	(5)	–	(31,419)	(154)	(469)	(314)	–	(33,230)
At 31 December 2015	(1,300,472)	(10,707)	(422,373)	(585,755)	(969,888)	(625,849)	(394,379)	–	(4,309,423)
Net book value									
At 31 December 2015	4,242,865	5,563	912,840	448,334	806,642	327,332	138,229	831,468	7,713,273
At 1 January 2015	3,614,985	5,922	888,363	433,299	805,270	374,039	138,845	1,018,272	7,278,995

18. PROPERTY, PLANT AND EQUIPMENT (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
2014									
Cost									
At 1 January 2014	4,611,847	12,335	931,454	935,867	1,619,097	2,189,814	524,162	933,072	11,757,648
Additions	63,103	1,403	795	64,427	187,962	101,595	40,011	670,877	1,130,173
Transfer from investment properties	10,615	–	–	–	–	–	–	–	10,615
Disposal of subsidiaries (Note 39)	–	–	–	–	(1,759)	(1,091,873)	(19,843)	(590)	(1,114,065)
Disposals	(93,811)	(137)	(3,694)	(47,685)	(93,322)	(226,712)	(28,211)	–	(493,572)
Transfer to investment properties	(6,497)	–	–	–	–	–	–	–	(6,497)
Transfer to intangible assets	–	–	–	–	–	–	–	(7,583)	(7,583)
Transfer upon completion	214,968	414	334,899	–	24,311	–	2,912	(577,504)	–
Exchange adjustments	(173)	(25)	–	3,141	(346)	382	(242)	–	2,737
At 31 December 2014	4,800,052	13,990	1,263,454	955,750	1,735,943	973,206	518,789	1,018,272	11,279,456
Accumulated depreciation and impairment losses									
At 1 January 2014	(1,081,324)	(6,060)	(339,293)	(481,750)	(849,081)	(796,277)	(372,501)	–	(3,926,286)
Depreciation charge	(159,185)	(2,076)	(39,020)	(81,438)	(138,173)	(132,951)	(46,349)	–	(599,192)
Transfer from investment properties	(3,512)	–	–	–	–	–	–	–	(3,512)
Disposal of subsidiaries (Note 39)	–	–	–	–	503	140,471	13,139	–	154,113
Disposals	57,362	57	3,222	42,414	56,029	189,600	25,741	–	374,425
Transfer to investment properties	1,512	–	–	–	–	–	–	–	1,512
Exchange adjustments	80	11	–	(1,677)	49	(10)	26	–	(1,521)
At 31 December 2014	(1,185,067)	(8,068)	(375,091)	(522,451)	(930,673)	(599,167)	(379,944)	–	(4,000,461)
Net book value									
At 31 December 2014	3,614,985	5,922	888,363	433,299	805,270	374,039	138,845	1,018,272	7,278,995
At 1 January 2014	3,530,523	6,275	592,161	454,117	770,016	1,393,537	151,661	933,072	7,831,362

Property, plant and equipment pledged as security for bank borrowings are disclosed in Note 30(c).

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

19. INVESTMENT PROPERTIES

	RMB'000
Cost	
At 1 January 2014	49,476
Additions	64,902
Transfer from property, plant and equipment	6,497
Transfer to property, plant and equipment	(10,615)
Exchange adjustments	319
At 31 December 2014	110,579
Transfer from property, plant and equipment	77,161
Exchange adjustments	1,027
At 31 December 2015	188,767
Depreciation and impairment	
At 1 January 2014	(23,380)
Provided for the year	(1,298)
Transfer from property, plant and equipment	(1,512)
Transfer to property, plant and equipment	3,512
Exchange adjustments	(145)
At 31 December 2014	(22,823)
Provided for the year	(2,523)
Transfer from property, plant and equipment	(15,992)
Exchange adjustments	(714)
At 31 December 2015	(42,052)
Net book value	
At 31 December 2015	146,715
At 31 December 2014	87,756

The Group's investment properties are mainly located in the PRC.

The above investment properties are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	over the term of the lease of 40 years
Buildings	over the term of the lease of 20-40 years

20. INTANGIBLE ASSETS

	Software RMB'000	Goodwill RMB'000	Others RMB'000	Total RMB'000
2015				
Cost				
At beginning of year	312,165	39,387	5,780	357,332
Additions	32,455	–	–	32,455
Transfer from assets under construction	3,895	–	–	3,895
Disposals	(17,613)	–	–	(17,613)
Deemed disposal of subsidiaries	(70)	–	–	(70)
At end of year	330,832	39,387	5,780	375,999
Accumulated amortisation				
At beginning of year	(225,808)	–	(3,733)	(229,541)
Amortisation	(23,245)	–	(760)	(24,005)
Disposals	3,421	–	–	3,421
Deemed disposal of subsidiaries	25	–	–	25
At end of year	(245,607)	–	(4,493)	(250,100)
Net book value				
At end of year	85,225	39,387	1,287	125,899
At beginning of year	86,357	39,387	2,047	127,791

	Software RMB'000	Goodwill RMB'000	Others RMB'000	Total RMB'000
2014				
Cost				
At beginning of year	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 39)	(2,975)	–	–	(2,975)
Disposals	(1,673)	–	–	(1,673)
At end of year	312,165	39,387	5,780	357,332
Accumulated amortisation				
At beginning of year	(205,757)	–	(3,000)	(208,757)
Amortisation	(23,382)	–	(733)	(24,115)
Disposals of subsidiaries (Note 39)	1,676	–	–	1,676
Disposals	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	82,604	39,387	2,300	124,291

20. INTANGIBLE ASSETS (CONTINUED)

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

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 (2014: 5-year) period, and a discount rate of 8% (2014: 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 (2014: 5-year) period are extrapolated using a 3% (2014: 3%) growth rate.

In 2015 and 2014, the management of the Group was of the view that there was no impairment of goodwill.

21. INVESTMENTS IN JOINT VENTURES

Details of the Group's investment in joint ventures are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of year	2,846,805	2,398,520
Acquisition of joint ventures	80,881	257,462
Addition due to deemed disposal of subsidiaries	135,762	–
Additional investments	45,900	146,191
Share of profit of joint ventures		
– profit before income tax	1,282,784	1,073,565
– income tax expense	(320,696)	(268,391)
	962,088	805,174
Share of other comprehensive losses	(313)	(198)
Disposals	(3,657)	–
Dividends declared	(896,043)	(760,344)
At end of year	3,171,423	2,846,805

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21. INVESTMENTS IN JOINT VENTURES (CONTINUED)

The following is a list of the principal joint ventures as at 31 December 2015.

Name	Country/place of operation &incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2015	2014	Principal activities
Dongguan Humen Container. Terminals Port Co., Ltd. ("Dongguan Humen")	Dongguan, the PRC joint venture	RMB670,000,000	49%	49%	Terminal management
New Land Bridge (Lianyungang) Terminal Company limited ("New Land Bridge")	Lianyungang, the PRC Sino-foreign equity joint venture	RMB395,000,000	42%	42%	Terminal development and management, freight forwarding
Wuhu Sanshan Port Co., Ltd.	Wuhu, the PRC Sino-foreign equity joint venture	RMB280,000,000	50%	50%	Construction and operation of ports and ancillary facilities, storage, haulage and international freight forwarding business
Sinotrans Logistics Suzhou Co., Ltd.	Suzhou, the PRC joint venture	RMB175,000,000	51%	51%	Freight forwarding, warehousing
Chengdu Bonded Logistics Investment Co., Ltd.	Chengdu, the PRC limited liability company	RMB175,000,000	54.29%*	54.29%*	Industrial facilities construction, export&import, freight forwarding
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$18,900,000	60%	60%	Container freight transportation
Sinotrans Luzhou Port Bonded Logistics Co., Ltd.	Luzhou, the PRC Limited company	RMB160,000,000	60%*	60%	Freight forwarding, transportation, storage and loading and unloading
China United Tally Co., Ltd.	Beijing, the PRC joint venture	RMB46,000,000	32%	32%	Tally business, quarantine
Sinotrans PFS Company Limited	Shanghai, the PRC Sino-foreign equity joint venture	US$46,240,000	30%	30%	Cold chain transport and storage

* These companies are joint ventures of Sinoair. Sinoair together with the other shareholders exercise 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.

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.

21. INVESTMENTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of the Group's 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

	2015 RMB'000	2014 RMB'000
Current assets	158,320	180,207
Non-current assets	1,542,809	1,568,143
Current liabilities	(68,666)	(35,420)
Non-current liabilities	(1,004,428)	(1,049,440)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	31,233	72,935
Current financial liabilities (excluding trade and other payables and provisions)	(21,000)	(8,174)
Non-current financial liabilities (excluding trade and other payables and provisions)	(809,884)	(826,604)

	2015 RMB'000	2014 RMB'000
Revenue	189,840	190,327
Loss and total comprehensive expenses for the year	(35,455)	(41,936)
The above loss for the year includes the following:		
Depreciation and amortisation	(55,428)	(54,668)
Interest expense	(57,872)	(67,175)

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

	2015 RMB'000	2014 RMB'000
Net assets of Dongguan Humen	628,035	663,490
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	344,754	362,127

21. INVESTMENTS IN JOINT VENTURES (CONTINUED)

New Land Bridge

	2015 RMB'000	2014 RMB'000
Current assets	145,803	192,634
Non-current assets	433,373	464,814
Current liabilities	(76,267)	(115,096)
Non-current liabilities	(14,608)	(2,156)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	77,083	69,773
Current financial liabilities (excluding trade and other payables and provisions)	(5,792)	(26,578)

	2015 RMB'000	2014 RMB'000
Revenue	252,384	346,012
Profit and total comprehensive income for the year	34,875	96,411
Dividends received from the joint venture during the year	36,443	46,850
The above profit for the year includes the following:		
Depreciation and amortisation	(34,961)	(32,835)
Income tax expense	(17,194)	(13,905)

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

	2015 RMB'000	2014 RMB'000
Net assets of New Land Bridge	488,301	540,196
Proportion of the Group's ownership interest in New Land Bridge	42%	42%
Carrying amount of the Group's interest in New Land Bridge	205,086	226,882

21. INVESTMENTS IN JOINT VENTURES (CONTINUED)

DHL

	2015 RMB'000	2014 RMB'000
Current assets	3,096,932	2,802,875
Non-current assets	884,022	916,097
Current liabilities	(1,662,668)	(1,578,900)
Non-current liabilities	(66,114)	(65,411)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,470,050	1,122,985
Current financial liabilities (excluding trade and other payables and provisions)	(180,382)	(180,382)

	2015 RMB'000	2014 RMB'000
Revenue	10,223,874	10,234,044
Profit and total comprehensive income for the year	1,775,243	1,493,426
Dividends received from the joint venture during the year	798,867	661,661
The above profit for the year includes the following:		
Depreciation and amortisation	170,682	(173,419)
Income tax expense	(596,805)	(507,718)

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

	2015 RMB'000	2014 RMB'000
Net assets of DHL	2,252,172	2,074,661
Proportion of the Group's ownership interest in DHL	50%	50%
Carrying amount of the Group's interest in DHL	1,126,086	1,037,330

Aggregate information of joint ventures that are not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of profit	77,192	38,517
The Group's share of other comprehensive expenses	(313)	(198)
The Group's share of total comprehensive income	76,879	38,319

Investments in joint ventures as at 31 December 2015 include goodwill of RMB39,789,000 (2014: RMB39,789,000).

21. INVESTMENTS IN JOINT VENTURES (CONTINUED)

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

Operating lease commitments – as lessee

	2015 RMB'000	2014 RMB'000
Land and buildings		
– Not later than one year	60,599	55,112
– Later than one year but not later than five years	93,398	100,645
– Later than five years	1,111	69
Vessels, containers and other equipment		
– Not later than one year	98	473
– Later than one year but not later than five years	–	214
	155,206	156,513

Operating lease commitments – as lessor

	2015 RMB'000	2014 RMB'000
Land and buildings		
– Not later than one year	118	160
– Later than one year but not later than five years	28	49
	146	209

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

	2015 RMB'000	2014 RMB'000
Authorised and contracted for but not provided for	149,381	240,733
An analysis of the above capital commitments by nature is as follows:		
– Acquisition of property, plant and equipment	21,482	1,321
– Construction commitments	127,899	239,412
	149,381	240,733

Other unrecognised capital commitments provided by the Group to its joint ventures are disclosed in Note 43.

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22. INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Investments in associates		
– Listed outside Hong Kong	26,875	34,142
– Unlisted	803,824	808,565
	830,699	842,707
Reclassified to asset classified as held for sale (Note 29)	(26,875)	–
	803,824	842,707

	2015 RMB'000	2014 RMB'000
At beginning of year	842,707	924,263
Additions	8,440	450
Share of profit/(loss) of associates		
– profit/(loss) before income tax	40,968	(24,478)
– income tax expense	(10,242)	–
	30,726	(24,478)
Share of other comprehensive losses	(1,921)	(5,223)
Disposals	(2,251)	–
Dividends declared	(47,002)	(52,305)
	(51,174)	(57,528)
Reclassified to asset classified as held for sale	(26,875)	–
At end of year	803,824	842,707

Investments in associates as at 31 December 2015 include goodwill of RMB190,664,000 (2014: RMB190,664,000).

22. INVESTMENTS IN ASSOCIATES (CONTINUED)

The following is a list of the principal associates as at 31 December 2015:

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2015	2014	Principal activities
InterBulk Group plc ("InterBulk")*	London, the U.K. Public limited company	£46,789,204	35.26%	35.26%	Logistics services
Wuhan Port Container Company Limited ("Wuhan Port")	Wuhan, the PRC limited liability company	RMB400,000,000	30%	30%	Container loading and freight forwarding
Shenzhen Haixing Harbour Development Company Limited ("Shenzhen Haixing")	Shenzhen, the PRC Sino-foreign equity joint venture	US$15,151,500	33%	33%	Storage and terminal services
Weihai Weidong Ferry Company Limited ("Weihai Weidong")	Weihai, 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%	Storage and terminal services
Ma'anshan Tianshun Port Company Limited	Ma'anshan, the PRC limited liability company	RMB150,000,000	14%	14%	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
Qingdao Airport Logistics Zone (Huasheng) Company Limited	Qingdao, the PRC Sino-foreign equity joint venture	RMB100,000,000	18%	18%	Freight forwarding
Shanghai Sinhan Shipping Agent Company Limited	Shanghai, The PRC Sino-foreign equity joint venture	RMB5,000,000	51%	51%	Shipping agency

* 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 2015 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 2015. After taking into account the effect of transactions between 30 September 2015 and 31 December 2015, in the Directors' opinion, it's appropriate that no adjustment is required.

At the end of year, the Company reclassified the investment to asset classified as held for sale which is disclosed in Note 29.

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.

22. INVESTMENTS IN ASSOCIATES (CONTINUED)

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

Wuhan Port

	2015 RMB'000	2014 RMB'000
Current assets	95,797	114,672
Non-current assets	912,803	954,896
Current liabilities	(170,438)	(115,606)
Non-current liabilities	(411,017)	(540,909)

	2015 RMB'000	2014 RMB'000
Revenue	130,381	113,731
Profit and total comprehensive income for the year	14,091	144,154

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

	2015 RMB'000	2014 RMB'000
Net assets of Wuhan Port	427,145	413,053
Proportion of the Group's ownership interest in Wuhan Port	30%	30%
Carrying amount of the Group's interest in Wuhan Port	128,144	123,916

Weihai Weidong

	2015 RMB'000	2014 RMB'000
Current assets	311,252	287,474
Non-current assets	329,812	335,957
Current liabilities	(31,750)	(56,207)

	2015 RMB'000	2014 RMB'000
Revenue	569,196	643,592
Profit for the year	41,333	30,023
Other comprehensive income/(expenses) for the year	19,356	(10,908)
Total comprehensive income for the year	60,689	19,115
Dividends received from the associate during the year	5,580	8,438

22. INVESTMENTS IN ASSOCIATES (CONTINUED)

Weihai Weidong (continued)

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

	2015 RMB'000	2014 RMB'000
Net assets of Weihai Weidong	609,314	567,224
Proportion of the Group's ownership interest in Weihai Weidong	30%	30%
Carrying amount of the Group's interest in Weihai Weidong	182,794	170,167

Shenzhen Haixing

	2015 RMB'000	2014 RMB'000
Current assets	91,996	125,900
Non-current assets	1,055,690	1,092,591
Current liabilities	(269,356)	(259,120)
Non-current liabilities	(3,966)	(3,966)

	2015 RMB'000	2014 RMB'000
Revenue	230,202	333,343
Profit and total comprehensive income for the year	9,827	65,882
Dividends received from the associate during the year	29,986	29,986

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

	2015 RMB'000	2014 RMB'000
Net assets of Shenzhen Haixing	874,364	955,405
Proportion of the Group's ownership interest in Shenzhen Haixing	33%	33%
Carrying amount of the Group's interest in Shenzhen Haixing	288,540	315,283

22. INVESTMENTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material

	2015 RMB'000	2014 RMB'000
The Group's share of profit/(loss)	10,856	(98,472)
The Group's share of other comprehensive expenses	(7,728)	(1,951)
The Group's share of total comprehensive income/(expenses)	3,128	(100,423)
Aggregate carrying amount of the Group's interest in these associates	231,221	233,341
Reclassified to asset classified as held for sale	(26,875)	–
At end of year	204,346	233,341

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 RMB'000	2014 RMB'000
Listed equity investments (a)	1,436,245	1,357,670
Unlisted equity investments, at cost less impairment (b)	373,390	373,390
	1,809,635	1,731,060

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

	2015 RMB'000	2014 RMB'000
At beginning of year	1,357,670	769,697
Change in fair value	226,749	629,797
Disposal	(148,174)	(41,824)
At end of year	1,436,245	1,357,670
Market value of listed equity investments	1,436,245	1,357,670

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.

23. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

(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 2015 and 2014, the entire available-for-sale financial assets were denominated in RMB and none of them were impaired or pledged.

24. PREPAYMENTS AND OTHER CURRENT ASSETS

	2015 RMB'000	2014 RMB'000
Due from related parties		
– Loan to a fellow subsidiary (a)	126,480	129,360
– Other amounts due from related parties (b)	8,565	11,662
	135,045	141,022
Prepayments on behalf of customers	870,057	1,103,965
Available-for-sale financial assets (c)	1,030,000	150,000
Deductible value added tax	145,276	110,476
Prepaid expenses	49,844	45,772
Others	1,003	1,970
	2,231,225	1,553,205

(a) Loan to a fellow subsidiary

Loan to a fellow subsidiary is a loan amounted to RMB126,480,000 provided to Sunny Express which is a fellow subsidiary of the Company since 6 June 2014 (Note 39). This loan is of 1 years term, unsecured, interest-bearing and denominated in RMB.

As of 31 December 2015, the current portion of the loan was amounted to RMB126,480,000 (2014: 129,360,000); the non-current portion of the loan was nil (2014: 126,480,000), 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 settled on demand (Note 45(b)).

24. PREPAYMENTS AND OTHER CURRENT ASSETS (CONTINUED)

(c) Available-for-sale financial assets

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

As at 31 December 2015:

- Agricultural Bank of China product with principal amount of RMB400,000,000, 90-day term starting from October 2015, with expected annual yield rate of 3.60%.
- Bank of China product with principal amount of RMB250,000,000, no fixed period starting from December 2015, with expected annual yield rate of 2.60%.
- Bank of China product with principal amount of RMB200,000,000, no fixed period starting from December 2015, with expected annual yield rate of 2.60%.
- Bank of Beijing product with principal amount of RMB150,000,000, 58-day term starting from December 2015, with expected annual yield rate of 3.40%.
- Bank of China product with principal amount of RMB30,000,000, no fixed period starting from November 2015, with expected annual yield rate of 2.60%.

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%.

25. TRADE AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables (a)	7,043,353	7,203,571
Bills receivables (b)	372,658	278,807
Other receivables (c)	864,151	820,538
Due from related parties (d)	289,397	220,533
	8,569,559	8,523,449

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

	2015 RMB'000	2014 RMB'000
RMB	7,048,775	6,859,168
US$	1,028,597	1,235,308
HK$	355,180	329,278
JPY	44,977	41,860
Others	92,030	57,835
	8,569,559	8,523,449

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

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

As at 31 December 2015 and 2014, the following trade and other receivables were impaired. The factors considered by the management in determining the impairment are described in Note 3. The aging of these receivables is as follows:

	2015 RMB'000	2014 RMB'000
Within 6 months	28,001	19,640
Between 6 and 12 months	104,315	264,357
Between 1 and 2 years	68,469	64,545
Between 2 and 3 years	49,278	8,643
Over 3 years	10,885	14,127
	260,948	371,312
Less: Provision for impairment of receivables	(140,950)	(138,804)
	119,998	232,508

As at 31 December 2015 and 2014, 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:

	2015 RMB'000	2014 RMB'000
Within 6 months	228,941	179,332
Between 6 and 12 months	5,267	3,472
Between 1 and 2 years	1,148	10,430
	235,356	193,234

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

	2015 RMB'000	2014 RMB'000
At beginning of year	138,804	78,581
Allowance for impairment	14,604	71,625
Receivables written off as uncollectible	(12,458)	(11,402)
At end of year	140,950	138,804

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.

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

	2015 RMB'000	2014 RMB'000
Trade receivables	7,164,127	7,321,587
Less: Allowance for impairment of receivables	(120,774)	(118,016)
Trade receivables, net	7,043,353	7,203,571

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:

	2015 RMB'000	2014 RMB'000
Within 6 months	6,950,922	6,975,852
Between 6 and 12 months	102,957	264,289
Between 1 and 2 years	68,439	64,509
Between 2 and 3 years	34,954	8,621
Over 3 years	6,855	8,316
	7,164,127	7,321,587

(b) The Group has transferred bills receivables amounted to RMB329,765,000 (2014: RMB201,397,000) 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 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 RMB329,765,000 (2014: RMB201,397,000).

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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25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Other receivables

	2015 RMB'000	2014 RMB'000
Deposits receivables	312,686	316,462
Receivables from payments on behalf of customers	388,892	283,488
Proceed receivables from the disposal of property, plant and equipment and land use rights	113,525	113,525
Compensation receivables	12,983	5,673
Interest receivables	10,641	27,684
Others	45,580	94,474
	884,307	841,306
Less: Allowance for impairment of other receivables	(20,156)	(20,768)
	864,151	820,538

(d) Due from related parties

The amounts due from related parties are analysed as follows:

	2015 RMB'000	2014 RMB'000
Trade receivables:		
Ultimate holding company and fellow subsidiaries	70,397	104,257
Joint ventures	72,207	54,683
Associates	3,513	3,748
	146,117	162,688
Other receivables:		
Ultimate holding company and fellow subsidiaries	18,433	27,117
Joint ventures	118,826	28,665
Associates	6,041	2,083
	143,300	57,865
Less: Allowance for impairment of other receivables	(20)	(20)
	143,280	57,845
	289,397	220,533

25. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Due from related parties (continued)

The aging of these amounts due from ultimate holding company and fellow subsidiaries, joint ventures and associates, which are trading in nature based on invoice date, is summarised as follows:

	2015 RMB'000	2014 RMB'000
Within 6 months	141,724	160,201
Between 6 and 12 months	4,388	2,469
Between 1 and 2 years	–	–
Between 2 and 3 years	–	5
Over 3 years	5	13
	146,117	162,688

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

The amounts due from related parties are described in Note 45(b).

26. RESTRICTED CASH

	2015 RMB'000	2014 RMB'000
Deposits denominated in RMB in banks restricted for		
– bank borrowings	61,948	79,271
– other purposes	198,264	111,496
	260,212	190,767

The maximum exposure to credit risk at the reporting dates is the carrying amounts of the Group's restricted cash mentioned above.

The weighted average effective interest rates of the Group on restricted cash was 0.83% (2014: 1.18%) as at 31 December 2015.

27. 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 the management believes are of high credit quality and does not expect high credit risks in this aspect. As at 31 December 2015 and 2014, the Group's cash and cash equivalents are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	782,254	921,474
US$	120,000	–
HK$	251	126
Others	552	–
	903,057	921,600

As at 31 December 2015, the weighted average effective interest rates on term deposits with initial terms of over three months of the Group was 2.39% (2014: 3.14%) 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.

28. CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at bank and in hand	5,514,710	4,973,625
Short-term bank deposits	618,598	358,489
	6,133,308	5,332,114

(a) As at 31 December 2015 and 2014, the Group's cash and cash equivalents are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	4,181,467	3,301,346
US$	1,654,479	1,381,992
HK$	178,678	501,730
JPY	50,984	51,675
Others	67,700	95,371
	6,133,308	5,332,114

(b) The weighted average effective interest rates of the Group on short term bank deposits was 1.64% (2014: 2.04%) per annum respectively as at 31 December 2015.

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29. ASSET CLASSIFIED AS HELD FOR SALE

	2015 RMB'000	2014 RMB'000
Asset classified as held for sale	26,875	–

On 23 December 2015, the Company announced Sinotrans (Hong Kong) Logistics Limited ("Sinotrans HKL"), a wholly owned subsidiary of the Company, had given irrevocable undertakings to dispose the 35.26% shareholding in InterBulk. The Directors of Sinotrans HKL had approved the transaction. On the same day, InterBulk and Den Hartogh Holding B.V. ("Den Hartogh") have reached an agreement on terms of a recommended cash acquisition by Den Hartogh of the entire issued share capital of InterBulk at 9 pence per share.

The investment in InterBulk was acquired in 2011 and was accounted for as an equity method investment prior to 23 December 2015. The investment in InterBulk, which is expected to be sold within twelve months, has been classified as an asset held for sale and is presented separately in the consolidated statement of financial position. The net proceeds of the disposal are expected to exceed the net carrying amount of the investment in InterBulk, no impairment loss has been recognised during the year.

30. BORROWINGS

(a) Borrowings represent bank borrowings and borrowings from Sinotrans & CSC Finance Co., Ltd., which are analysed as follows:

	2015 RMB'000	2014 RMB'000
Current		
Bank borrowings denominated in		
– RMB		
Fixed interest rate	154,547	–
Floating interest rate	30,000	60,000
– US$		
Fixed interest rate	37,862	649,332
Floating interest rate	63,375	–
– HK$		
Floating interest rate	43,976	38,656
Borrowings from Sinotrans & CSC Finance Co., Ltd.		
– Denominated in US$		
Fixed interest rate	194,808	–
	524,568	747,988
Non-current		
Bank borrowings repayable 5 years or more		
– Denominated in RMB		
Fixed interest rate	40,000	–
Total fixed rate borrowings	427,217	649,332
Total floating rate borrowings	137,351	98,656
Total borrowings	564,568	747,988

30. BORROWINGS (CONTINUED)

(a) Borrowings represent bank borrowings and borrowings from Sinotrans & CSC Finance Co., Ltd., which are analysed as follows: (continued)

	2015 RMB'000	2014 RMB'000
Borrowings		
– Secured	50,924	116,524
– Unsecured		
– Bank borrowings	318,836	569,816
– Borrowings from Sinotrans & CSC Finance Co., Ltd. (Note 45(d))	194,808	–
– Guaranteed	–	61,648
	564,568	747,988

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 2.53% (2014: 6.10%) for bank borrowings denominated in RMB, 2.14% (2014: 2.12%) for bank borrowings denominated in US$, 1.97% (2014: 2.23%) for bank borrowings denominated in HK$ for the year ended 31 December 2015.

(c) Securities and guarantees

	2015 RMB'000	2014 RMB'000
Restricted cash pledged	61,948	79,271
Carrying amount of property, plant and equipment pledged	65,540	69,331
Carrying amount of land use rights pledged	18,841	19,313

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31. BONDS

	2015 RMB'000	2014 RMB'000
Non-current		
Corporate bonds (b)	996,418	2,992,967
	996,418	2,992,967
Current		
Medium-term notes (a)	–	1,999,970
Corporate bonds (b)	1,999,858	–
Short-term bonds (c)	2,042,008	–
	4,041,866	1,999,970

(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. The notes were paid when due in 2015.

(b) 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.

(c) In May 2015, the Company received the approval from the National Association of Financial Market Institutional Investors to issue short-term bonds with par value of RMB100 each totalling RMB2 billion. The short-term bonds are of 270-day term and with fixed annual coupon and effective interest rates of 3.60% and 3.81%, respectively.

32. PROVISIONS

	One-off cash housing subsidies RMB'000 (a)	Guarantees and related provisions RMB'000 (Note 42)	Outstanding claims RMB'000 (b)	Onerous contracts RMB'000	Others RMB'000	Total RMB'000
2015						
As at 1 January 2015	27,984	40,544	129,239	–	36,546	234,313
Additional/reversed provision	–	(8,716)	173,262	–	34,550	199,096
Paid during the year	(777)	(19,587)	(36,978)	–	(35,728)	(93,070)
As at 31 December 2015	27,207	12,241	265,523	–	35,368	340,339
2014						
As at 1 January 2014	28,493	68,949	124,125	1,967	42,852	266,386
Additional/reversed 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

(a) One-off cash housing subsidies represent the Group's provision made prior to the 2002 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 2002 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.

33. OTHER NON-CURRENT LIABILITIES

	2015 RMB'000	2014 RMB'000
Government Grants (a)	255,755	216,593
Due to related parties (b)	97,226	–
Long-term payables	3,602	3,602
	356,583	220,195

(a) As at 31 December 2015 and 2014, 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.

(b) Among the amounts due to related parties, RMB54,696,000 are loans to Sinotrans & CSC and fellow subsidiaries, and the loans are unsecured with weighted average effective interest rates per annum of 4.43%.

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34. TRADE PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables (a)	5,845,142	5,693,511
Due to related parties (b)	156,190	168,573
	6,001,332	5,862,084

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

	2015 RMB'000	2014 RMB'000
RMB	5,120,267	5,046,783
US$	648,630	611,672
HK$	112,834	92,319
Others	119,601	111,310
	6,001,332	5,862,084

(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:

	2015 RMB'000	2014 RMB'000
Within 6 months	5,337,064	5,209,115
Between 6 and 12 months	135,241	205,920
Between 1 and 2 years	170,368	198,988
Between 2 and 3 years	171,297	56,910
Over 3 years	31,172	22,578
	5,845,142	5,693,511

34. TRADE PAYABLES (CONTINUED)

(b) Due to related parties

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

	2015 RMB'000	2014 RMB'000
Ultimate holding company and fellow subsidiaries	137,518	159,574
Associates	9,391	4,311
Joint ventures	9,281	4,688
	156,190	168,573

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:

	2015 RMB'000	2014 RMB'000
Within 6 months	154,176	165,572
Between 6 and 12 months	598	825
Between 1 and 2 years	694	979
Between 2 and 3 years	335	675
Over 3 years	387	522
	156,190	168,573

The amounts due to related parties are described in Note 45(b).

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35. OTHER PAYABLES, ACCRUALS AND OTHER CURRENT LIABILITIES

	2015 RMB'000	2014 RMB'000
Other payables and accruals (a)	850,267	862,108
Due to related parties (b)	198,118	798,263
	1,048,385	1,660,371

(a) Other payables and accruals

	2015 RMB'000	2014 RMB'000
Payables for property, plant and equipment	157,755	164,309
Customers' deposits	410,792	359,133
Accrued expenses	59,354	64,181
Interest payable	19,907	111,323
Dividends payable to non-controlling shareholders of subsidiaries	12,798	12,054
Temporary receipts	42,244	74,177
Other tax liabilities	115,373	43,288
Others	32,044	33,643
	850,267	862,108

(b) Due to related parties

The amounts due to related parties are analysed as follows:

	2015 RMB'000	2014 RMB'000
Ultimate holding company and fellow subsidiaries*	182,101	781,791
Joint ventures	15,233	15,833
Associates	784	639
	198,118	798,263

* Among the amounts due to ultimate holding company and fellow subsidiaries, RMB14,569,000 (2014: RMB213,071,000) are unsecured and repayable in 12 months with weighted average effective interest rates per annum of 1.52% (2014: 4.96%).

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

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36. RECEIPTS IN ADVANCE FROM CUSTOMERS

	2015 RMB'000	2014 RMB'000
Receipts in advance from customers	786,729	630,370
Collection and payment on behalf of others	1,161,874	1,174,464
	1,948,603	1,804,834

The amounts of receipts in advance from related parties are described in Note 45(b).

37. SHARE CAPITAL

	2015 RMB'000	2014 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	2,144,887
	4,606,483	4,606,483

As at 31 December 2015 and 31 December 2014, the registered and issued share capital comprises 2,461,596,200 the domestic state-owned ordinary shares ("domestic shares") and 2,144,887,000 H shares, representing 53.44% and 46.56% of the issued capital, respectively.

All domestic 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$.

38. RESERVES

Capital reserve of the Group mainly represents:

(a) Premium received from issuance of shares and revaluation surplus during the privatisation in 2002 and 2007.

(b) Consideration of transactions accounted for as business combinations involving entities under common control that the Group acquired the equity interests of various entities from Sinotrans & CSC or its subsidiaries in 2014.

(c) Consideration of share issuance that 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 in 2014.

(d) Gain or loss on equity transaction with non-controlling shareholders for disposal and acquisition of shares in Sinoair.

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 2015, the Company transferred 10% of the Company's profit after tax determined under the PRC accounting standards, of RMB122,646,000 (2014: Nil) to the statutory surplus reserve fund.

39. DISPOSAL OF SUBSIDIARIES

As described in Note 13, the Group disposed of Sunny Express, Container Lines and four wholly-owned subsidiaries in 2014.

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

Analysis of assets 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

39. DISPOSAL OF SUBSIDIARIES (CONTINUED)

Analysis of assets 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 for the year ended 31 December 2014 (see Note 13).

39. DISPOSAL OF SUBSIDIARIES (CONTINUED)

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 2015, the Company received settlement of loan from the above subsidiaries disposed in prior year amounted to RMB129,360,000 (2014: RMB309,771,000) due to the Company.

40. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2015 RMB'000	2014 RMB'000
Profit before income tax	2,575,089	1,903,121
Interest income	(49,809)	(76,465)
Interest expenses	287,187	290,533
Gains on disposal of property, plant and equipment and land use rights	(483,253)	(187,791)
Impairment loss of receivables	14,604	71,625
Impairment loss of property, plant and equipment	9,645	–
Impairment loss of inventory	530	–
Depreciation of property, plant and equipment	598,752	599,192
Depreciation of investment properties	2,523	1,298
Amortisation of intangible assets	24,005	24,115
Operating lease charges on other non-current assets	16,573	11,301
Operating lease charges on land use rights	63,928	66,279
Share of (profit)/loss of associates, net of tax	(30,726)	24,478
Share of profit of joint ventures, net of tax	(962,088)	(805,174)
Dividend income on available-for-sale financial assets	(33,831)	(7,377)
Reversal of provision for the loan guarantee to a joint venture	(8,716)	–
Disposal gains of joint ventures/gains on liquidation	–	(461)
Losses on disposal of associates	69	–
Gains on deemed disposal of subsidiaries	(14,438)	–
Gains on disposal of subsidiaries	–	(84,026)
Gains on disposal of available-for-sale financial assets	(127,430)	(20,104)
Fair value gains on financial assets at fair value through profit or loss	–	(864)
Impairment loss of available-for-sale financial assets	–	202,905
Write off of trade payable	(2,925)	(14,022)
Deferred income arising from government grants	(4,896)	(4,388)
Exchange losses/(gains)	405	(6,066)
Operating profit before working capital changes	1,875,198	1,988,109

40. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

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

	2015 RMB'000	2014 RMB'000
Decrease/(increase) in prepayments and other current assets	199,894	(338,253)
Decrease/(increase) in inventories	4,878	(104,759)
Increase in trade and other receivables	(79,117)	(1,130,812)
Increase/(decrease) in provisions	134,329	(26,802)
Increase in trade payables	154,763	805,041
Increase in other payables, accruals and other current liabilities	245,901	143,943
Increase in other non-current liabilities	–	3,424
Increase in receipts in advance from customers	143,769	148,295
Increase in salary and welfare payables	169,133	13,766
Cash generated from operations	2,848,748	1,501,952

41. CONTINGENT LIABILITIES

The Group has been named in a number of lawsuits arising in its ordinary course of business. Where the management can reasonably estimate the outcome of the lawsuits taking into account of the legal advices, provisions have been made for the probable losses which are included in Note 32. Where the 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 2015, the maximum exposure of such lawsuits of the Group amounted to approximately RMB241,663,000 (2014: RMB361,108,000).

42. GUARANTEES

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

	2015 RMB'000	2014 RMB'000
Loan guarantees provided by the Group for the benefit of a joint venture (Note (a))	82,764	93,246
Guarantee provided by the Group in respect of finance lease obligation of a joint venture	137,960	104,549

Notes:

(a) A provision of RMB12,241,000 (2014: RMB40,544,000) has been recognised in respect of loan guarantees provided to a joint venture (Details are set out in Note 4 and Note 32).

(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 to obtain the operating licenses of air freight forwarding. Such letters of guarantee contained no specific amount and were terminated in 2015. For the above guarantees provided to the third party customers by the Group, a counter-guarantee of the total guarantee liability was provided by the shareholders of these customers.

(c) The Group provided performance guarantee for a fellow subsidiary regarding to container services of national marine transportation. The letter of guarantee contains no specific amount and will terminate in 2016.

43. CAPITAL COMMITMENTS

At the end of the reporting period, the Group has the following contractual capital commitments not provided for in the consolidated financial statements:

	2015 RMB'000	2014 RMB'000
Contracted for but not provided	576,577	575,974
An analysis of the above capital commitments by nature is as follows:		
– Acquisition of property, plant and equipment	66,089	57,746
– Construction commitments	480,181	470,889
– Investments in joint ventures/associates	29,536	45,900
– Acquisition of land use rights	771	1,439
	576,577	575,974

44. 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 has commitments to make the following future minimum lease payments under non-cancellable operating leases:

	2015 RMB'000	2014 RMB'000
Land use right and buildings		
– Not later than one year	204,604	173,701
– Later than one year but not later than five years	407,429	265,704
– Later than five years	172,108	41,262
Plant and equipment		
– Not later than one year	153,678	69,515
– Later than one year but not later than five years	2,122	1,581
– Later than five years	–	1,140
	939,941	552,903

44. OPERATING LEASE COMMITMENTS (CONTINUED)

(b) The Group as lessor

The Group has contracted with customers for the following future minimum lease receivables under non-cancellable operating leases:

	2015 RMB'000	2014 RMB'000
Land use right and buildings		
– Not later than one year	33,117	25,116
– Later than one year but not later than five years	38,252	27,625
– Later than five years	3,616	2,201
Plant and equipment		
– Not later than one year	91,938	100,863
– Later than one year but not later than five years	160,379	186,437
– Later than five years	9,302	11,473
	336,604	353,715

45. 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 Group is able to control, jointly control, or exercise significant influence and key management personnel of the Group and Sinotrans & CSC as well as their close family members.

On 6 November 2014, 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. The business service agreement is for 3 years, commencing on 1 January 2015 and ending on 31 December 2017.

In addition, on 6 November 2014, 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. The lease agreement is for 3 years, commencing on 1 January 2015 and ending on 31 December 2017.

On 14 November 2012, the Group entered into a financial services agreement with Sinotrans & CSC Finance Co., Ltd., a subsidiary of Sinotrans & CSC, which provides a series of financial services including deposit services, loan services and other financial services. The financial services agreement was effective on 1 January 2013 with a term of three years. On 16 April 2015, the Group entered into a new financial services agreement with Sinotrans & CSC Finance Co., Ltd., which replaced the former agreement. The new financial services agreement commenced on 16 April 2015 and will end on 31 December 2017.

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

The information for the year ended 31 December 2014 included related party transactions and balances incurred by those entities which are disclosed under discontinued operations with details set out in Note 13.

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) Significant transactions with related parties

	2015 RMB'000	2014 RMB'000
Transactions with ultimate holding company and fellow subsidiaries		
Revenue from provision of transportation and logistics services	1,100,385	895,174
Expenses – Service fees	(1,257,669)	(1,358,479)
Expenses – Rental expenses for office buildings, warehouses and depots	(26,994)	(31,299)
Gains on disposal of property, plant and equipment and land use rights (Note)	473,693	–
Transactions with associates of the Group		
Revenue from provision of transportation and logistics services	68,250	106,175
Expenses – Service fees	(77,666)	(71,311)
Transactions with joint ventures of the Group		
Revenue from provision of transportation and logistics services	560,924	350,598
Expenses – Service fees	(409,091)	(424,365)
Transactions with other government-related entities		
Interest income from bank deposits	129,377	93,859

Note: During the year, the Group disposed a piece of land and properties to the fellow subsidiaries of the ultimate holding company.

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	2015 RMB'000	2014 RMB'000
Balances with the ultimate holding company and fellow subsidiaries		
Cash and cash equivalents	793,833	435,186
Term deposits with initial terms of over three months	69,171	62,133
Trade and other receivables	88,830	131,374
Prepayments and other current assets	127,622	134,763
Other non-current assets	–	126,480
Trade payables	137,518	159,574
Other payables, accruals and other current liabilities	182,101	781,791
Receipts in advance from customers	5,687	1,220
Balances with joint ventures of the Group		
Trade and other receivables	191,033	83,348
Prepayments and other current assets	7,303	6,259
Trade payables	9,281	4,688
Other payables, accruals and other current liabilities	15,233	15,833
Receipts in advance from customers	1,254	7,493
Balances with associates of the Group		
Trade and other receivables	9,554	5,831
Prepayments and other current assets	120	–
Trade payables	9,391	4,311
Other payables, accruals and other current liabilities	784	639
Receipts in advance from customers	456	27
Balances with other government-related entities		
Restricted cash	207,112	147,667
Terms deposits with initial terms of over three months	828,643	828,421
Cash and cash equivalents	5,803,489	4,711,695

(c) Operating lease commitment with related parties

The operating lease commitments with related parties are included in Note 44.

(d) Borrowings

For the year ended 31 December 2015, the Group obtained another loan of RMB17,422,000 and repaid RMB161,228,000 to Sinotrans & CSC and fellow subsidiaries (2014: obtained another loan of RMB31,000,000 and repaid RMB1,127,781,000)(Note 33(b) and 35(b)).

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Borrowings (continued)

	2015 RMB'000	2014 RMB'000
Borrowings from Sinotrans& CSC Finance Co., Ltd.		
At beginning of year	–	–
Proceeds from borrowings	364,808	130,000
Repayments of borrowings	(170,000)	(130,000)
At end of year	194,808	–
Interest charged	2,284	64
Interest paid	(2,284)	(64)

Sinotrans & CSC Finance Co., Ltd. is a fellow subsidiary of the Company. As at 31 December 2015, the weighted average effective interest rate of the borrowings above was 1.42% (2014: 5.40%) per annum.

	2015 RMB'000	2014 RMB'000
Borrowings from other government-related entities		
At beginning of the year	300,552	736,298
Proceeds from borrowings	489,723	1,259,003
Repayments of borrowings	(457,935)	(1,623,368)
Disposals of subsidiaries	–	(71,381)
At end of the year	332,340	300,552
Interest charged	8,316	19,251
Interest paid	(24,275)	(10,914)

As at 31 December 2015, the weighted average effective interest rate of the bank borrowings above was 2.96% (2014: 3.79%) per annum.

(e) Key management compensation

Key management includes executive directors, senior management and supervisors. The compensation paid or payable to key management for employee services is shown below:

	2015 RMB'000	2014 RMB'000
Basic salaries, housing allowances and other allowances	2,682	2,387
Discretionary bonuses	6,332	6,340
Contributions to pension plans	386	370

Notes to The Consolidated Financial Statements

For the year ended 31 December 2015

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries as at 31 December 2015:

Name	Country/place of operation & incorporation/ legal status	Issued share/ paid up capital	Proportion of ownership interest and voting rights held by the Group 2015	2014	Principal activities
Sinotrans Guangdong Company Limited	Guangzhou, the PRC Limited liability company	RMB1,249,668,932	100%	100%	Freight forwarding, logistics, storage and terminal services
Sinotrans Eastern Company Limited	Shanghai, the PRC Limited liability company	RMB1,120,503,439	100%	100%	Freight forwarding, logistics, storage and terminal services
Sinoair	Beijing, the PRC Joint stock company with limited liability	RMB905,481,720	60.95%	63.46%	Air freight forwarding, logistics and express services
Sinotrans Changjiang Company Limited	Nanjing, the PRC Limited liability company	RMB650,000,000	100%	100%	Freight forwarding, and logistics
Sinotrans Shandong Company Limited	Qingdao, the PRC Limited liability company	RMB645,339,942	100%	100%	Freight forwarding, trucking, storage and terminal services, and logistics
Sinotrans Fujian Company Limited	Xiamen, the PRC Limited liability company	RMB223,257,966	100%	100%	Freight forwarding, trucking and storage and terminal services
Trade Sky International Limited	Hong Kong, the PRC Limited liability company	HK$161,100,000	100%	100%	Investment holding
Sinotrans Logistics Development Company Limited	Beijing, the PRC Limited liability company	RMB120,000,000	100%	100%	Logistics
Sinotrans Heavy-lift Logistics Company Limited	Jinan, the PRC Limited liability company	RMB103,600,000	100%	100%	Hoisting and transporting
Sinotrans Hubei Company Limited	Wuhan, the PRC Limited liability company	RMB70,000,000	100%	100%	Freight forwarding and logistics
Sinotrans Landbridge Transportation Company Limited	Lianyungang, the PRC Limited liability company	RMB59,382,238	100%	100%	Freight forwarding
Sinotrans Tianjin Company Limited	Tianjin, the PRC Limited liability company	RMB57,363,906	100%	100%	Freight forwarding
Sinotrans Liaoning Company Limited	Dalian, the PRC Limited liability company	RMB48,966,940	100%	100%	Freight forwarding and logistics
China Marine Shipping Agency Company Limited	Beijing, the PRC Limited liability company	RMB30,000,000	100%	100%	Freight forwarding
Sinotrans Chongqing Company Limited	Chongqing, the PRC Limited liability company	RMB15,869,000	100%	100%	Freight forwarding
Sinotrans HKL	Hong Kong, the PRC Limited liability company	HK$500,000	100%	100%	Freight forwarding and logistics
Wide Shine Development Limited (Note)	Hong Kong, the PRC Limited liability company	HK$1,000,000	100%	100%	Container leasing
International Cargo Rental Company Limited	Beijing, the PRC Limited liability company	US$1,500,000	100%	100%	Container leasing
Sinotrans Japan Company Limited	Tokyo, Japan Limited liability company	JPY50,000,000	100%	100%	Freight forwarding
Sinotrans Korea Shipping Company Limited	Seoul, South Korea Limited liability company	Korea Won300,000,000	100%	100%	Freight forwarding

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

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.

None of the subsidiaries had issued any debt securities at the end of the year except for Sinotrans HKL which had issued unsecured offshore corporate bonds with par value of RMB100 each totalling RMB1 billion in 2014 to external investors (Note 31 (b)).

47. DETAIL OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

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 39.05% as at 31 December 2015 (36.54% as at 31 December 2014). Detailed information is set out below:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Sinoair*	Beijing, the PRC	39.05%	36.54%	388,998	224,824	2,850,146	2,418,914
Individually immaterial subsidiaries with non-controlling interests						487,310	463,712
						3,337,456	2,882,626

* 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.

	2015 RMB'000	2014 RMB'000
Sinoair		
Current assets	3,850,268	3,557,715
Non-current assets	4,571,516	4,059,673
Current liabilities	(1,007,506)	(942,266)
Non-current liabilities	(125,247)	(115,760)
Equity attributable to owners of Sinoair	7,282,831	6,524,500
Non-controlling interests	6,200	34,862

47. DETAIL OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

	2015 RMB'000	2014 RMB'000
Revenue	4,352,795	4,171,131
Expenses	(3,342,900)	(3,554,480)
Profit attributable to owners of Sinoair	1,010,290	617,439
Loss attributable to the non-controlling interests	(395)	(788)
Profit for the year	1,009,895	616,651
Other comprehensive income attributable to owners of Sinoair	111,578	667,033
Other comprehensive income attributable to the non-controlling interests	–	–
Other comprehensive income for the year	111,578	667,033
Total comprehensive income attributable to owners of Sinoair	1,121,868	1,284,472
Total comprehensive expense attributable to the non-controlling interests	(395)	(788)
Total comprehensive income for the year	1,121,473	1,283,684
Dividends paid to non-controlling interests	–	438
Net cash inflow from operating activities	54,316	34,477
Net cash inflow from investing activities	681,845	336,208
Net cash outflow from financing activities	(336,811)	(313,657)
Net cash inflow	404,110	55,229

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 RMB'000	2014 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,306	42,666
Intangible assets	46,646	41,903
Investments in subsidiaries	6,936,955	6,814,630
Investments in joint ventures	490,979	487,083
Investments in associates	96,391	102,540
Available-for-sale financial assets	143,692	143,692
Loans to subsidiaries	1,472,957	1,393,022
Other non-current assets	–	126,480
	9,220,926	9,152,016
Current assets		
Prepayments and other current assets	1,288,499	156,133
Inventories	3,686	4,747
Trade and other receivables	4,700,943	5,131,816
Cash and cash equivalents	941,611	980,198
	6,934,739	6,272,894
Total assets	16,155,665	15,424,910
EQUITY		
Equity attributable to owners of the Company		
Share capital	4,606,483	4,606,483
Reserves	4,409,741	3,632,951
Total equity	9,016,224	8,239,434

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

	2015 RMB'000	2014 RMB'000
LIABILITIES		
Non-current liabilities		
Long-term bonds	–	1,998,850
Borrowings	40,000	–
	40,000	1,998,850
Current liabilities		
Trade payables	326,066	397,924
Other payables, accruals and other current liabilities	2,339,170	2,484,635
Receipts in advance from customers	20,630	18,316
Borrowings	196,051	141,486
Short-term bonds	2,042,008	–
Long-term bonds due within one year	1,999,858	1,999,970
Provisions	7,026	7,045
Salary and welfare payables	168,632	137,250
	7,099,441	5,186,626
Total liabilities	7,139,441	7,185,476
Total equity and liabilities	16,155,665	15,424,910
Net current assets	(164,702)	1,086,268
Total assets less current liabilities	9,056,224	10,238,284

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 22 March 2016 and is signed on its behalf by:

Zhao Huxiang *Chairman*	Li Guanpeng *Executive Director and President*	Wang Jiuyun *Financial Manager*

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Movement in the Company's reserves

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
As at 1 January 2015	4,606,483	2,893,900	422,934	–	316,117	8,239,434
Profit for the year	–	–	–	–	1,213,695	1,213,695
Other comprehensive income	–	–	–	710	–	710
Total comprehensive income for the year	–	–	–	710	1,213,695	1,214,405
Transactions with owners						
– 2014 final dividends	–	–	–	–	(299,421)	(299,421)
– 2015 interim dividends	–	–	–	–	(138,194)	(138,194)
Total transactions with owners	–	–	–	–	(437,615)	(437,615)
Transfer to statutory reserve	–	–	122,646	–	(122,646)	–
As at 31 December 2015	4,606,483	2,893,900	545,580	710	969,551	9,016,224

	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Exchange 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 expenses 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

48. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Capital reserve of the Company mainly represents:

(a) Premium received from issuance of shares and revaluation surplus during the privatisation in 2002 and 2007.

(b) Consideration of share issuance that 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 in 2014.

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 2015, the Company transferred 10% of the Company's profit after tax determined under the PRC accounting standards, of RMB122,646,000 (2014: Nil) to the statutory surplus reserve fund.

49. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to 31 December 2015:

On 13 January 2016, the Company issued short-term bonds with par value of RMB100 each totalling RMB1.5 billion. The short-term bonds are of 270-day term and with fixed annual coupon and effective interest rates of 2.60% and 2.81%, respectively.

On 3 March 2016, the Company issued the unsecured corporate bonds with par value of RMB100 each totalling RMB2 billion. The unsecured corporate bonds are of 5-year term and with fixed annual coupon and effective interest rates of 3.20% and 3.25%, respectively.

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