

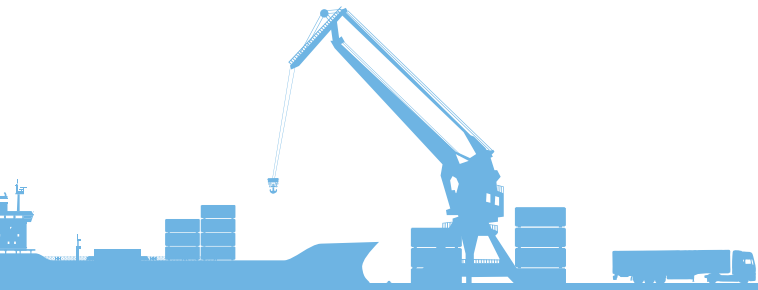


中國外運股份有限公司
SINOTRANS LIMITED

Stock Code : 598

2016
INTERIM REPORT





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Corporate Information

LEGAL NAME OF THE COMPANY:

SINOTRANS LIMITED

DATE OF COMMENCEMENT OF THE COMPANY'S REGISTRATION:

20 November 2002

REGISTERED ADDRESS AND HEADQUARTERS OF THE COMPANY:

Sinotrans Plaza A
A43, Xizhimen Beidajie
Haidian District
Beijing 100082
People's Republic of China

PLACE OF BUSINESS IN HONG KONG:

Room F&G, 20/F., MG Tower
133 Hoi Bun Road, Kwun Tong
Kowloon
Hong Kong

LEGAL REPRESENTATIVE OF THE COMPANY:

Mr. Zhao Huxiang

COMPANY SECRETARY:

Mr. Gao Wei

INVESTOR AND MEDIA RELATIONS:

Securities and Legal Affairs Department
Tel: (86) 10 5229-6667
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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 BANKER:

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

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	4	21,677,686	22,918,988
Other income		144,832	135,091
Business tax and other surcharges		(16,245)	(21,444)
Transportation and related charges		(18,675,456)	(20,042,869)
Staff costs		(1,668,249)	(1,532,287)
Depreciation and amortisation		(320,018)	(306,437)
Office and related expenses		(216,834)	(214,091)
Other gains and losses, net		185,952	401,439
Other operating expenses		(241,552)	(202,820)
Operating profit	5	870,116	1,135,570
Finance income		86,248	51,244
Finance costs		(95,975)	(134,234)
		860,389	1,052,580
Share of profit of joint ventures		467,847	497,436
Share of profit of associates		12,681	8,945
Profit before income tax		1,340,917	1,558,961
Income tax expense	6	(148,526)	(469,934)
Profit for the period		1,192,391	1,089,027
Attributable to:			
– Owners of the Company		967,097	875,429
– Non-controlling interests		225,294	213,598
		1,192,391	1,089,027
Earnings per share, basic (RMB)	8	0.21	0.19

The notes on pages 10 to 33 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	Note	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Profit for the period		1,192,391	1,089,027
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Share of other comprehensive income/(expense) of a joint venture and associates		8,565	(19,137)
Reclassification adjustments to profit or loss upon disposal of an associate		25,629	–
Fair value (losses)/gains on available-for-sale financial assets	10		
– (Losses)/gains arising during the period		(260,052)	1,309,281
– Reclassification adjustments to profit or loss during the period upon disposal		(33,441)	(19,780)
Currency translation differences		27,084	(4,867)
Income tax relating to components of other comprehensive income/(expense)		68,951	(322,375)
Other comprehensive (expense)/income for the period, net of tax		(163,264)	943,122
Total comprehensive income for the period		1,029,127	2,032,149
Total comprehensive income for the period attributable to:			
– Owners of the Company		889,029	1,441,118
– Non-controlling interests		140,098	591,031
		1,029,127	2,032,149

The notes on pages 10 to 33 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
ASSETS			
Non-current assets			
Land use rights		2,710,996	2,732,850
Prepayments for acquisition of land use rights		75,113	83,621
Property, plant and equipment	9	7,827,600	7,713,273
Investment properties		157,940	146,715
Intangible assets		116,437	125,899
Investments in joint ventures		3,592,456	3,171,423
Investments in associates		809,242	803,824
Deferred income tax assets		165,906	166,620
Available-for-sale financial assets	10	1,405,803	1,809,635
Other non-current assets		59,737	58,059
		16,921,230	16,811,919
Current assets			
Prepayments and other current assets		3,541,956	2,231,225
Inventories		151,782	148,706
Trade and other receivables	11	9,391,725	8,569,559
Restricted cash		269,663	260,212
Term deposits with initial terms of over three months		1,154,629	903,057
Cash and cash equivalents		6,322,254	6,133,308
		20,832,009	18,246,067
Asset classified as held for sale	12	-	26,875
		20,832,009	18,272,942
Total assets		37,753,239	35,084,861
EQUITY			
Equity attributable to owners of the Company			
Share capital		4,606,483	4,606,483
Reserves		11,081,572	10,515,864
		15,688,055	15,122,347
Non-controlling interests		3,238,921	3,337,456
Total equity		18,926,976	18,459,803

Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		54,624	123,664
Borrowings	15	67,000	40,000
Long-term bonds	13	1,996,264	996,418
Other non-current liabilities		333,133	356,583
		2,451,021	1,516,665
Current liabilities			
Trade payables	14	6,348,936	6,001,332
Other payables, accruals and other current liabilities		1,651,065	1,048,385
Receipts in advance from customers		2,106,300	1,948,603
Current income tax liabilities		264,465	439,308
Borrowings	15	409,968	524,568
Short-term bonds	13	1,516,986	2,042,008
Long-term bonds due within one year	13	2,997,499	1,999,858
Provisions	16	335,258	340,339
Salary and welfare payables		744,765	763,992
		16,375,242	15,108,393
Total liabilities		18,826,263	16,625,058
Total equity and liabilities		37,753,239	35,084,861
Net current assets		4,456,767	3,164,549
Total assets less current liabilities		21,377,997	19,976,468

The notes on pages 10 to 33 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	For the six months ended 30 June 2016 (Unaudited)								
	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Investment revaluation reserve	Exchange reserve	Retained earnings	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 1 January 2016	4,606,483	2,554,014	557,101	438,277	(121,323)	7,087,795	15,122,347	3,337,456	18,459,803
Profit for the period	-	-	-	-	-	967,097	967,097	225,294	1,192,391
Other comprehensive income/(expense) for the period	-	5,745	-	(136,858)	53,045	-	(78,068)	(85,196)	(163,264)
Total comprehensive income/(expense) for the period	-	5,745	-	(136,858)	53,045	967,097	889,029	140,098	1,029,127
Dividends recognised as distribution (Note 7(b))	-	-	-	-	-	(322,454)	(322,454)	-	(322,454)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(233,315)	(233,315)
Acquisition of additional equity interests in a subsidiary from non-controlling interests	-	(867)	-	-	-	-	(867)	(5,318)	(6,185)
Total transactions with owners	-	(867)	-	-	-	(322,454)	(323,321)	(238,633)	(561,954)
As at 30 June 2016	4,606,483	2,558,892	557,101	301,419	(68,278)	7,732,438	15,688,055	3,238,921	18,926,976

Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2016

	For the six months ended 30 June 2015 (Unaudited)								
	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Investment revaluation reserve	Exchange reserve	Retained earnings	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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 period	-	-	-	-	-	875,429	875,429	213,598	1,089,027
Other comprehensive (expense)/income for the period	-	(6,257)	-	588,557	(16,611)	-	565,689	377,433	943,122
Total comprehensive (expense)/income for the period	-	(6,257)	-	588,557	(16,611)	875,429	1,441,118	591,031	2,032,149
Dividends recognised as distribution (Note 7(b))	-	-	-	-	-	(299,421)	(299,421)	-	(299,421)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(44,229)	(44,229)
Capital injection from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	20,000	20,000
Deemed disposal of a subsidiary	-	(10)	-	-	-	-	(10)	(7,170)	(7,180)
Disposal of equity interests in a subsidiary to non-controlling interests	-	648,156	-	-	-	-	648,156	247,250	895,406
Acquisition of additional equity interests in a subsidiary from non-controlling interests	-	(19)	-	-	-	-	(19)	(704)	(723)
Acquisition of a subsidiary under common control	-	9,979	-	-	(8,803)	(2,137)	(961)	(553)	(1,514)
Total transactions with owners	-	658,106	-	-	(8,803)	(301,558)	347,745	214,594	562,339
As at 30 June 2015	4,606,483	2,657,265	434,455	960,693	(178,504)	6,730,964	15,211,356	3,688,251	18,899,607

The notes on pages 10 to 33 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Notes	For the six months ended 30 June	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Net cash generated from operating activities		276,286	498,958
Net cash used in investing activities	17(a)	(1,356,612)	(1,522,393)
Net cash generated from financing activities	17(b)	1,255,111	708,105
Exchange gains/(losses) on cash and cash equivalents		14,161	(4,608)
Net increase/(decrease) in cash and cash equivalents		188,946	(319,938)
Cash and cash equivalents at 1 January		6,133,308	5,332,114
Cash and cash equivalents at 30 June		6,322,254	5,012,176

The notes on pages 10 to 33 form an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

1. GENERAL INFORMATION

Sinotrans Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 20 November 2002 as a joint stock company with limited liability as a result of a group reorganisation of China National Foreign Trade Transportation (Group) Corporation (“Sinotrans Group Company”) in preparation for the listing of the Company’s H shares on the Main Board of The Stock Exchange of Hong Kong Limited. In 2009, the former Sinotrans Group Company changed its name to SINOTRANS & CSC Holdings 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 condensed consolidated financial statements are presented in Renminbi (“RMB”), 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 (the “SASAC”) on 29 December 2015 that the PRC State Council has approved the reorganisation between SINOTRANS & CSC and China Merchants Group Limited (“China Merchants”). Such 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. As of the date of this report, the relevant legal procedures for such reorganisation have not been completed yet.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs") that are relevant for the preparation of the Group's condensed consolidated financial statements:

- IFRS 11 (Amendments) – Accounting for Acquisitions of Interests in Joint Operations
- IAS 1 (Amendments) – Disclosure Initiative
- IAS 16 (Amendments), IAS 38 (Amendments) – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 16 (Amendments), IAS 41 (Amendments) – Agriculture: Bearer Plants
- IFRS 10 (Amendments), IFRS 12 (Amendments) and IAS 28 (Amendments) – Investment Entities: Applying the Consolidation Exception
- Amendments to IFRSs – Annual Improvements to IFRSs 2012-2014 Cycle

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. 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 is set out below:

- Freight forwarding: primarily involves, 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION (CONTINUED)

- Logistics: primarily involves 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.

	Freight forwarding RMB'000	Logistics RMB'000	Storage and terminal services RMB'000	Other services RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Total RMB'000
For the six months ended 30 June 2016 (Unaudited)							
Revenue – external	15,906,491	3,825,732	929,498	1,015,965	21,677,686	-	21,677,686
Revenue – inter-segment	215,361	72,181	138,523	178,595	604,660	(604,660)	-
Total revenue	16,121,852	3,897,913	1,068,021	1,194,560	22,282,346	(604,660)	21,677,686
Segment results	381,367	198,837	145,205	31,595	757,004		757,004
Other gains and losses, net							185,952
Corporate expenses							(72,840)
Operating profit							870,116
Finance income							86,248
Finance costs							(95,975)
Share of profit of joint ventures	25,686	1,034	11,523	429,604	467,847		467,847
Share of profit of associates							12,681
Profit before income tax							1,340,917
Income tax expense							(148,526)
Profit for the period							1,192,391

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

4. SEGMENT INFORMATION (CONTINUED)

	Freight forwarding RMB'000	Logistics RMB'000	Storage and terminal services RMB'000	Other services RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Total RMB'000
For the six months ended 30 June 2015 (Unaudited)							
Revenue – external	17,527,782	3,453,564	962,855	974,787	22,918,988	–	22,918,988
Revenue – inter-segment	296,283	43,614	101,328	194,752	635,977	(635,977)	–
Total revenue	17,824,065	3,497,178	1,064,183	1,169,539	23,554,965	(635,977)	22,918,988
Segment results	380,955	190,128	203,550	30,990	805,623		805,623
Other gains and losses, net							401,439
Corporate expenses							(71,492)
Operating profit							1,135,570
Finance income							51,244
Finance costs							(134,234)
Share of profit of joint ventures	32,675	4,880	7,442	452,439	497,436		497,436
Share of profit of associates							8,945
Profit before income tax							1,558,961
Income tax expense							(469,934)
Profit for the period							1,089,027

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

5. OPERATING PROFIT

Operating profit is stated after charging and crediting the following items:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Charging		
Depreciation		
– Owned property, plant and equipment	297,912	288,472
– Owned property, plant and equipment leased out under operating leases	6,445	6,453
Amortisation of intangible assets	13,382	10,277
Operating lease charges on		
– Land use rights	34,755	32,292
– Buildings	117,240	105,041
– Plant and equipment	70,073	57,850
Impairment losses of receivables	39,580	3,047
Impairment losses of property, plant and equipment	2,334	–
Charges on property management and facilities	64,123	59,017
Charges on IT support	25,018	24,056
Other tax expenses	40,758	44,146
Crediting		
Rental income from		
– Buildings	20,813	29,066
– Plant and machinery	5,698	3,404
Gross rental income from investment properties	9,809	3,540
Less: Depreciation of investment properties	(2,279)	(1,235)
Net rental income from investment properties	7,530	2,305
Dividend income on available-for-sale financial assets	12,320	28,782
Government grants	84,116	45,827
Gains on disposal of property, plant and equipment and land use rights	21,643	474,513
Gains on disposal of available-for-sale financial assets	84,684	21,021
Gains on disposal of investment in an associate	82,518	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Current income tax		
– PRC	217,620	250,095
– Overseas	4,005	4,853
– Hong Kong	8,201	1,229
Deferred PRC income tax	625	(82)
	230,451	256,095
Land appreciation tax ("LAT")	(81,925)	213,839
	148,526	469,934

The provision for PRC current income tax is based on the statutory rate of 25% (six months ended 30 June 2015: 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% (six months ended 30 June 2015: 10% to 20%) based on the relevant PRC tax laws and regulations.

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

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. During the six months ended 30 June 2016, the Company reversed previously accrued LAT of RMB81,925,000 due to the final settlement of the LAT with tax authority is less than the amount accrued.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

7. PROFIT APPROPRIATIONS

(a) Statutory surplus reserve

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 relevant accounting principles and financial regulations applicable to enterprises registered in the PRC 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.

The amount represents the statutory surplus reserve appropriated by the Company. The statutory surplus reserve appropriated by the Company's domestic subsidiaries amounting to RMB1,706,054,000 as of 30 June 2016 (31 December 2015: RMB1,706,054,000) is included in retained earnings.

(b) Dividends

In May 2016, a final dividend of RMB0.07 per ordinary share totalling RMB322,454,000 in respect of the year ended 31 December 2015 (six months ended 30 June 2015: RMB0.065 per ordinary share totalling RMB299,421,000 in respect of the year ended 31 December 2014) was declared to the owners of the Company. As at 30 June 2016, such dividend was not yet paid and was included in "other payables, accruals and other current liabilities".

An interim dividend of RMB0.035 per ordinary share for 4,606,483,200 shares as at 23 August 2016, totalling RMB161,227,000 (six months ended 30 June 2015: RMB0.03 per ordinary share for 4,606,483,200 shares as at 18 August 2015, totalling RMB138,194,000), was declared to the owners of the Company on 23 August 2016.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six-month period.

	For the six months ended 30 June	
	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	967,097	875,429
Number of ordinary shares in issue (thousands)	4,606,483	4,606,483
Earnings per share, basic (RMB)	0.21	0.19

No diluted earnings per share is presented as the Company has no potential ordinary shares outstanding during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group paid approximately RMB273,813,000 (six months ended 30 June 2015: RMB448,350,000) for construction costs, RMB59,557,000 (six months ended 30 June 2015: RMB82,566,000) for acquisition of plant and machinery, and RMB31,570,000 (six months ended 30 June 2015: RMB45,183,000) for buildings.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Listed equity investments, at fair value (a)	1,126,005	1,436,245
Unlisted equity investments, at cost less impairment (b)	279,798	373,390
	1,405,803	1,809,635

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

	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
As at 1 January	1,436,245	1,357,670
Change in fair value	(260,052)	1,309,281
Disposal	(50,188)	(72,300)
As at 30 June	1,126,005	2,594,651

(b) During the current interim period, the Group disposed its entire 4% equity interest in Zhoushan Port Group Co., Ltd. to a third party for cash consideration of RMB146,096,000. Before the disposal, the investment was accounted for as an available-for-sale financial asset carried at cost. This transaction has resulted in the Group recognising a gain of RMB52,404,000 in the condensed consolidated statement of profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

11. TRADE AND OTHER RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade receivables	7,709,490	7,043,353
Bills receivables	350,621	372,658
Other receivables	1,022,078	864,151
Due from related parties	309,536	289,397
	9,391,725	8,569,559

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Trade receivables	7,867,678	7,164,127
Less: Allowance for impairment of receivables	(158,188)	(120,774)
Trade receivables, net	7,709,490	7,043,353

Aging analysis of the above trade receivables based on the invoice dates at the end of each reporting period, which approximated the respective revenue recognition dates is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 6 months	7,509,216	6,923,355
Between 6 and 12 months	153,707	78,640
Between 1 and 2 years	43,830	38,863
Between 2 and 3 years	2,484	2,192
Over 3 years	253	303
	7,709,490	7,043,353

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

The aging of 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:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 6 months	152,099	141,724
Between 6 and 12 months	1,249	4,388
Between 1 and 2 years	1,196	–
Between 2 and 3 years	–	–
Over 3 years	5	5
	154,549	146,117

The credit period of the Group's trade receivables generally ranges from 1 to 6 months. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers, both locally and internationally dispersed.

Bills receivables are bills of exchange with maturity dates of less than 6 months.

12. ASSET CLASSIFIED AS HELD FOR SALE

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
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 entire 35.26% shareholding in InterBulk Group plc ("InterBulk"). The directors of Sinotrans HKL had approved the transaction. On the same day, InterBulk and Den Hartogh Holding B.V. ("Den Hartogh") had 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 and the total consideration for disposal of the Group's 35.26% shareholding was approximately RMB135,022,000. The Group's interest in InterBulk was classified as an asset held for sale as at 31 December 2015.

The above transaction was completed on 1 April 2016. Upon completion of the transaction, cumulative exchange losses of RMB25,629,000 which was previously recognised in other comprehensive income was recycled in the condensed consolidated statement of profit or loss, and a gain on disposal of interest in an associate of RMB82,518,000 was recognised during the six months ended 30 June 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

13. BONDS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Non-current		
Corporate bonds (a)	1,996,264	996,418
Current		
Corporate bonds (b)	2,997,499	1,999,858
Short-term bonds (c)	1,516,986	2,042,008
	4,514,485	4,041,866

(a) On 21 October 2015, the Company received the approval from China Securities Regulatory Commission to issue the unsecured corporate bonds amounting to RMB3.5 billion by tranches. The issuance of the first tranche of corporate bonds with par value of RMB100 each totalling RMB2 billion was completed on 29 February 2016. The first tranche of corporate bonds are of 5-year term and with fixed annual coupon and effective interest rates of 3.20% and 3.25%, respectively.

(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. The bonds were fully settled in February 2016.

In January 2016, 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 RMB1.5billion. 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

14. TRADE PAYABLES

The normal credit period for trade payables generally ranges from 1 to 6 months. Aging analysis of trade payables (including amounts due to related parties of trading in nature) at the respective reporting periods end is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 6 months	5,666,342	5,491,240
Between 6 and 12 months	328,544	135,839
Between 1 and 2 years	188,372	171,062
Between 2 and 3 years	122,874	171,632
Over 3 years	42,804	31,559
	6,348,936	6,001,332

15. BORROWINGS

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Current		
Bank borrowings	409,968	329,760
Borrowings from SINOTRANS & CSC Finance Co., Ltd.	-	194,808
	409,968	524,568
Non-current		
Bank borrowings	67,000	40,000
	476,968	564,568

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

15. BORROWINGS (CONTINUED)

Movements in borrowings are analysed as follows:

	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
As at 1 January	564,568	747,988
New borrowings	770,218	531,637
Repayments of borrowings	(857,818)	(214,043)
As at 30 June	476,968	1,065,582

The weighted average effective interest rate of the borrowings as at 30 June 2016 is 3.05% (31 December 2015: 2.23%) per annum.

16. PROVISIONS

	One-off cash housing subsidies RMB'000	Guarantees and related provisions RMB'000	Outstanding claims RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2016	27,207	12,241	265,523	35,368	340,339
Addition	–	–	14,665	8,509	23,174
Settled during the period	(380)	–	(21,303)	(6,572)	(28,255)
As at 30 June 2016 (Unaudited)	26,827	12,241	258,885	37,305	335,258
As at 1 January 2015	27,984	40,544	129,239	36,546	234,313
(Reversed)/addition	–	(8,716)	173,262	34,550	199,096
Settled during the year	(777)	(19,587)	(36,978)	(35,728)	(93,070)
As at 31 December 2015 (Audited)	27,207	12,241	265,523	35,368	340,339

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

17. SUPPLEMENTARY INFORMATION TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major investing activities:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cash paid for capital injection/purchase of joint ventures	(6,567)	(78,862)
Cash paid for capital injection/purchase of associates	(1,960)	(4,280)
Government grants received for acquisition of non-current assets	19,605	–
Repayments of loans due from subsidiaries disposed in prior year	63,600	96,840
Net cash outflow from deemed disposal of subsidiaries	–	(8,591)
Cash received on disposal of investment in an associate	135,022	–
Proceeds from disposal of available-for-sale financial assets	225,854	235,327
Proceeds from disposal of property, plant and equipment, intangible assets and land use rights	46,221	417,579
Tax paid for disposal of land use rights	(164,768)	–
Purchase of property, plant and equipment	(447,688)	(654,848)
Purchase of intangible assets	(5,625)	(41)
Purchase of land use rights	(25,844)	(189)
Increase in other current assets	(1,074,500)	(1,530,000)
Purchase of other non-current assets	(9,318)	(6,046)
Prepayments for acquisition of land use rights	–	(101,653)
Increase in term deposits with initial terms of over three months	(251,572)	(388)
Interest income received	32,489	25,640
Dividends received from associates	13,663	2,262
Dividends received from joint ventures	82,456	87,172
Dividend income on available-for-sale financial assets	12,320	24,822
Loan guarantee paid for the benefit of a joint venture	–	(19,587)
Loan to a joint venture	–	(40,000)
Refund of deposit paid for acquisition of a subsidiary	–	30,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

17. SUPPLEMENTARY INFORMATION TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Major financing activities:

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Acquisition of subsidiaries through business combinations under common control	-	(196,644)
New bank borrowings	470,218	361,638
Repayments of bank borrowings	(363,010)	(214,043)
Cash received from short-term bonds issued	1,497,750	3,996,000
Repayments of short-term bonds	(2,000,000)	(2,000,000)
Repayments of medium-term notes	-	(2,000,000)
Cash received from long-term bonds issued	1,996,000	-
Advance from ultimate holding company and fellow subsidiaries	297,457	179,000
Repayments to ultimate holding company and fellow subsidiaries	(510,073)	(141,030)
Interest paid for borrowings	(11,178)	(14,162)
Interest paid for short-term bonds	(53,260)	(25,397)
Interest paid for long-term bonds	(22,580)	(116,924)
Dividends paid to non-controlling interests in subsidiaries	(40,028)	(35,016)
Contributions from non-controlling interests in subsidiaries	-	20,000
Proceeds from disposal of equity interests in a subsidiary to non-controlling interests	-	895,406
Acquisition of additional equity interests in subsidiaries from non-controlling interests	(6,185)	(723)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

18. CATEGORIES AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period are as follows:

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
<i>Loans and receivables</i>		
Other current assets	62,880	126,480
Trade and other receivables	9,391,725	8,569,559
Restricted cash	269,663	260,212
Cash and short term deposits	7,476,883	7,036,365
<i>Available-for-sale financial assets</i>		
Available-for-sale financial assets	1,405,803	1,809,635
Other current assets	2,104,500	1,030,000
<i>Financial liabilities at amortised cost</i>		
Trade payables	6,348,936	6,001,332
Other payables, accruals and other current liabilities	1,069,142	522,220
Borrowings	476,968	564,568
Bonds	6,510,749	5,038,284
Salary and welfare payables	744,765	763,992

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

18. CATEGORIES AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

Some of the Group's financial assets are measured at fair value on a recurring basis at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- 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.

	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 30 June 2016 (Unaudited)							
Assets							
Available-for-sale financial assets							
- Equity securities	1,126,005	-	-	1,126,005	Quoted bid price in an active market	N/A	N/A
- Other current assets*	-	-	2,104,500	2,104,500	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 Discount rates that correspond to the expected risk level	The higher the future cash flows, the higher the fair value. The lower the discount rate, the higher fair value.
	1,126,005	-	2,104,500	3,230,505			

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

18. CATEGORIES AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
As at 31 December 2015 (Audited)							
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 Discount rates that correspond to the expected risk level	The higher the future cash flows, the higher the fair value. The lower the discount rate, the higher fair value.
	1,436,245	-	1,030,000	2,466,245			

* Other current assets are wealth management products issued by banks.

There is no transfer between level 1 and level 2 during both periods.

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

	2016 RMB'000	2015 RMB'000
As at 1 January	1,030,000	150,000
Purchase	9,157,500	6,280,000
Income recognised in profit or loss	29,669	11,787
Settlements	(8,112,669)	(4,911,787)
As at 30 June (Unaudited)	2,104,500	1,530,000

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

19. CONTINGENT LIABILITIES

The Group has been named in a number of lawsuits and arbitration arising in its ordinary course of business. Where management can reasonably estimate the outcome of the lawsuits and arbitration taking into account of the legal advice, provisions have been made for the probable losses which are included in Note 16. Where management cannot reasonably estimate the outcome of the lawsuits and arbitration or believes that it is not probable to incur any loss, no provision has been made. As at 30 June 2016, the maximum exposure of such lawsuits and arbitration of the Group amounted to approximately RMB255,526,000 (31 December 2015: RMB241,663,000).

20. GUARANTEES

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Guarantee provided by the Group in respect of finance lease obligation of a joint venture	88,521	137,960
Loan guarantees provided by the Group for the benefit of a joint venture	63,157	82,764
	151,678	220,724

The Group provided performance guarantee for a fellow subsidiary regarding container services of national marine transportation. The letter of guarantee contains no specific amount and has been terminated on 31 March 2016.

21. CAPITAL COMMITMENTS

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

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Contracted for but not provided for	426,980	576,577

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

21. CAPITAL COMMITMENTS (CONTINUED)

An analysis of the above capital commitments by nature is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Construction commitments	350,519	480,181
Acquisition of property, plant and equipment	67,724	66,089
Investments in joint ventures/associates	5,951	29,536
Acquisition of land use rights	2,786	771
	426,980	576,577

22. 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. The Directors consider SINOTRANS & CSC as its ultimate holding company.

Related parties include SINOTRANS & CSC (including its subsidiaries, joint ventures and associates), other government-related entities, other entities and corporations in which the Company is able to control, jointly control, or exercise significant influence and key management personnel of the Company and SINOTRANS & CSC as well as their close family members.

During the current interim period, the Group had entered into various transactions with government-related entities, including deposit placements, borrowings and other bank facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. In view of the nature of these transactions, the Directors consider the following transactions are collectively significant for disclosure purpose.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<i>Transactions with ultimate holding company and fellow subsidiaries</i>		
Revenue		
From provision of services	469,143	528,095
Expenses		
Service fees	(652,973)	(765,955)
Rental expenses for office buildings, warehouses and depots	(17,917)	(18,722)
<i>Transactions with associates of the Group</i>		
Revenue		
From provision of services	28,527	36,160
Expenses		
Service fees	(35,836)	(35,557)
Rental expenses for office buildings, warehouses and depots	(542)	(546)
<i>Transactions with joint ventures of the Group</i>		
Revenue		
From provision of services	243,695	304,051
Expenses		
Service fees	(190,006)	(221,095)
Rental expenses for office buildings, warehouses and depots	(685)	(432)
<i>Transactions with other government-related entities</i>		
Interest income from bank deposits	69,909	47,620

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Balances with related parties

	30 June 2016	31 December 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
<i>Balances with ultimate holding company and fellow subsidiaries</i>		
Cash and cash equivalents	273,301	793,833
Term deposits with initial terms of over three months	10,051	69,171
Trade and other receivables	108,686	88,830
Prepayments and other current assets	69,856	127,622
Trade payables	157,956	137,518
Other payables, accruals and other current liabilities	378,597	182,101
Receipts in advance from customers	4,927	5,687
<i>Balances with joint ventures of the Group</i>		
Trade and other receivables	164,146	191,033
Prepayments and other current assets	5,180	7,303
Trade payables	9,808	9,281
Other payables, accruals and other current liabilities	15,699	15,233
Receipts in advance from customers	1,544	1,254
<i>Balances with associates of the Group</i>		
Trade and other receivables	36,704	9,554
Prepayments and other current assets	3,590	120
Trade payables	5,962	9,391
Other payables, accruals and other liabilities	780	784
Receipts in advance from customers	5,078	456
<i>Balances with other government-related entities</i>		
Restricted cash	216,544	207,112
Term deposits with initial terms of over three months	988,534	759,472
Cash and cash equivalents	5,012,007	5,009,656

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Borrowings

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<i>Borrowings from SINOTRANS & CSC Finance Co., Ltd.</i>		
At beginning of period	194,808	–
Proceeds from borrowings	300,000	170,000
Repayment of borrowings	(494,808)	–
At end of period	–	170,000
Interest charged	955	832
Interest paid	(955)	(832)

Sinotrans & CSC Finance Co., Ltd. is a fellow subsidiary of the company. As at 30 June 2016, the weighted average effective interest rate of the borrowings above was 2.35% (31 December 2015: 1.42%) per annum.

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
<i>Borrowings from other government-related entities</i>		
At beginning of period	332,340	300,552
Proceeds from borrowings	436,479	360,371
Repayment of borrowings	(325,578)	(194,463)
At end of period	443,241	466,460
Interest charged	5,535	5,770
Interest paid	(4,665)	(8,922)

As at 30 June 2016, the weighted average effective interest rate of the above bank borrowings above was 3.23% (31 December 2015: 2.96%) per annum.

During the six months ended 30 June 2016, the Group obtained another loan of RMB297,457,000 (six months ended 30 June 2015: RMB9,000,000) from SINOTRANS & CSC and repaid loan of RMB315,265,000 (six months ended 30 June 2015: RMB141,030,000) to SINOTRANS & CSC.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

22. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Guarantees

The guarantees provided and paid by the Group to related parties are disclosed in Notes 16 and 20.

(e) Key management personnel compensation

	For the six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Basic salaries, housing allowances and other allowances and benefits in kind	1,298	1,408
Discretionary bonuses	1,561	1,274
Contributions to pension plans	171	206

23. EVENTS AFTER THE REPORTING PERIOD

The following event took place subsequent to 30 June 2016:

On 21 October 2015, the Company received the approval from China Securities Regulatory Commission to issue the unsecured corporate bonds amounting to RMB3.5 billion by tranches. On 22 August 2016, the Company announced that the Company plan to issue the second tranche of the corporate bonds with par value of RMB100 each with the total amount up to RMB1.5 billion. The unsecured corporate bonds are of 5-year term and with fixed annual coupon.

Management Discussion and Analysis of Results of Operations and Financial Position

REVIEW OF OPERATING RESULTS

During the first half of 2016, the world economic recovery was weak, the growth rate of world trade decreased, the geopolitical risks were rising and the Brexit has brought in new and complex changes. The World Bank has further lowered the expected global economic growth in 2016 from 2.9% to 2.4%. The IMF also cut the forecast for the global economic growth from 3.4% to 3.1%. During the first half of the year, the gross value of China's import and export denominated in US dollar fell by 8.7% year-on-year, of which the export decreased by 7.7% and the import decreased by 10.2%, respectively. The total social logistics costs in China increased by 2.7% year-on-year, representing a drop of 1.8% in the growth rate as compared to the corresponding period of last year. The shipping market remained sluggish, while BDI continued to hit new lows at the beginning of this year and China Containerized Freight Index fell by 28.8% year-on-year. The container throughput of nationwide ports above designated size increased by 2.5% year-on-year, of which the container throughput of the coastal ports rose by 2.4%. Overall, China's economy maintained stable in general, but the domestic and international environment remained complex and grave.

During the first half of 2016, with the theme of "integration, transformation and innovation" and the six key work aspects of "explore the market, promote the upgrade, push-forward the transformation, propel the consolidation, adjust the mechanism and control the risk" as measures, the Group propelled external exploration and internal potentials, as well as responded actively. In the tough market environment, most of our major operations achieved sustained growth in business volume, with a positive improvement in the business structure and the customer structure.

For the six months ended 30 June 2016, as compared to the corresponding period of last year, the Group recorded an increase of 8.3% in the number of containers handled by sea freight forwarding services; an increase of 2.3% in the business volume handled by air freight forwarding services; an increase of 0.8% in the number of containers handled by shipping agency; an increase of 15.9% in the cargo volume handled by shipping agency; an increase of 21.4% in the business volume handled by logistics business; a decrease of 5.1% in the number of containers handled in warehouses and yards; an increase of 15.7% in the bulk cargo volume operated in warehouses and yards; an increase of 1.9% in the number of containers handled in terminal business; a decrease of 21.9% in the number of containers handled by trucking service; an increase of 10.8% in the number of containers transported by shipping business; and an increase of 267.7% in the business volume handled by express services.

The Group achieved revenue of RMB21,677.7 million for the six months ended 30 June 2016, representing a decrease of 5.4% as compared to the corresponding period in 2015. Profit attributable to owners of the Company for the six months ended 30 June 2016 was RMB967.1 million, representing an increase of 10.5% as compared to the corresponding period in 2015 and earnings per share was RMB0.21 (corresponding period in 2015: RMB0.19).

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 periods indicated:

	For the six months ended 30 June	
	2016	2015
Freight Forwarding		
sea freight forwarding (in ten thousand TEUs)	502.4	464.1
air freight forwarding (in million kilograms)	274.3	268.1
shipping agency (in ten thousand TEUs)	811.5	805.4
shipping agency (in million tonnes)	120.1	103.6
Logistics (in million tonnes)	8.5	7.0
Storage and Terminal Services		
warehouse and yard operating volume (in ten thousand TEUs)	355.5	374.5
warehouse and yard operating volume (in million tonnes)	5.9	5.1
terminal throughput (in ten thousand TEUs)	180.0	176.6
Other Services		
trucking (in ten thousand TEUs)	40.7	52.1
shipping (in ten thousand TEUs)	119.9	108.2
express services (in ten thousand units)	308.9	84.0

Management Discussion and Analysis of Results of Operations and Financial Position

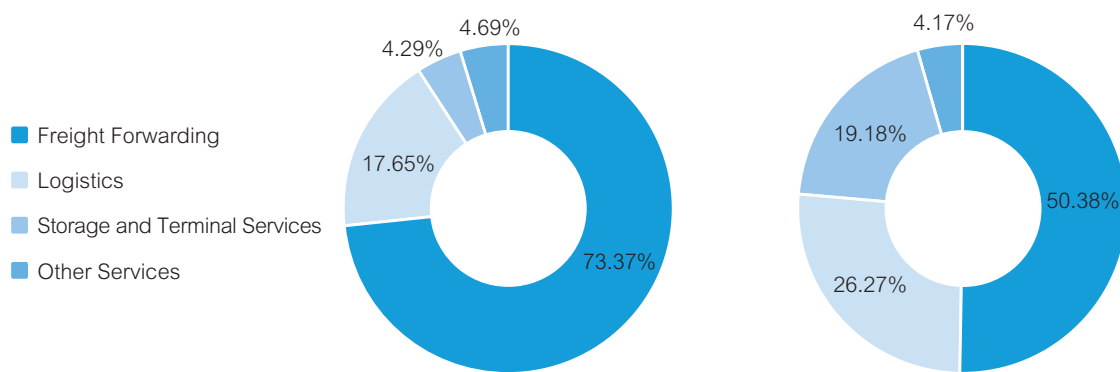
FINANCIAL STATISTICS

The table below sets out the unaudited external revenue (in RMB million) of each of the Group's major business segments and the contribution to total revenue for the periods indicated:

	For the six months ended 30 June(Unaudited)			
	2016		2015	
Freight Forwarding	15,906.5	73.37%	17,527.8	76.48%
Logistics	3,825.7	17.65%	3,453.6	15.07%
Storage and Terminal Services	929.5	4.29%	962.9	4.20%
Other Services	1,016.0	4.69%	974.8	4.25%

The table below sets forth the segment results (in RMB million) of each of the Group's major business segments and the contribution to total segment results for the periods indicated:

	For the six months ended 30 June(Unaudited)			
	2016		2015	
Freight Forwarding	381.4	50.38%	381.0	47.29%
Logistics	198.8	26.27%	190.1	23.60%
Storage and Terminal Services	145.2	19.18%	203.6	25.26%
Other Services	31.6	4.17%	31.0	3.85%



Revenue Contribution in 1H 2016

Segment Results Contribution in 1H 2016

Management Discussion and Analysis of Results of Operations and Financial Position

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Revenue

For the six months ended 30 June 2016, the Group's revenue amounted to RMB21,677.7 million, representing a decrease of 5.4% from RMB22,919.0 million for the corresponding period in 2015. The difference was mainly attributable to the decrease in the revenue of freight forwarding services which was caused by the sharp decline in sea freight rate.

Freight Forwarding

For the six months ended 30 June 2016, external revenue from the Group's freight forwarding services decreased by 9.2% to RMB15,906.5 million from RMB17,527.8 million for the corresponding period in 2015, mainly because of the substantial decline in sea freight rate in the first half of this year. Segment profit from the Group's freight forwarding services amounted to RMB381.4 million, which was flat compared with the corresponding period in 2015.

The volume of containers handled by the sea freight forwarding business increased by 8.3% to 5.024 million TEUs for the first half of 2016 from 4.641 million TEUs for corresponding period in 2015, mainly attributable to the vigorous development of international freight forwarding customers. Cargo tonnage handled by the air freight forwarding services increased by 2.3% to 274.3 million kilograms in the first half of 2016 from 268.1 million kilograms for the first half of 2015, mainly because of the strengthening of domestic business development. The number of containers handled by shipping agency services rose by 0.8% to 8.115 million TEUs for the first half of 2016 from 8.054 million TEUs for the first half of 2015, and the volume of bulk cargo handled by shipping agency services increased by 15.9% to 120.1 million tonnes in the first half of 2016 from 103.6 million tonnes for the first half of 2015, mainly due to the reinforced development in bulk commodity such as crude oil, iron ore and LNG, and the strengthened business cooperation with shipping companies, as well as the rapid growth in the scale of business model of general agent.

Logistics

For the six months ended 30 June 2016, external revenue from the Group's logistics services amounted to RMB3,825.7 million, representing an increase of 10.8% from RMB3,453.6 million for the corresponding period in 2015, mainly attributable to the further increased business scale of logistics services. Segment profit from logistics services amounted to RMB198.8 million, representing an increase of 4.6% from RMB190.1 million for the corresponding period in 2015. The rising business volume and revenue led to segment profit growth, while costs have increased, resulting in segment profit growth rate lower than the revenue growth.

The business volume handled by the Group's logistics services increased by 21.4% to 8.5 million tonnes for the first half of 2016 from 7.0 million tonnes for the first half of 2015, mainly attributable to the Group's active development of new customers, and continuous efforts to exploit international market.

Management Discussion and Analysis of Results of Operations and Financial Position

Storage and Terminal Services

For the six months ended 30 June 2016, external revenue from the Group's storage and terminal services amounted to RMB929.5 million, representing a decrease of 3.5% from RMB962.9 million for the corresponding period in 2015, mainly attributable to the restructuring of the business of a certain subsidiary into a joint venture. Segment profit from the Group's storage and terminal services amounted to RMB145.2 million, representing a decrease of 28.7% from RMB203.6 million for the corresponding period in 2015, mainly because of the dividends reduction in respect of individual terminal company, and also reasons including some of the storage and terminal business being in the cultivation period.

During the first half of 2016, the number of containers handled in the Group's warehouses and yards decreased by 5.1% to 3.555 million TEUs from 3.745 million TEUs for the first half of 2015, mainly attributable to the impact of some of the shipping company customers' cessation of container lines. The Group's warehouses and yards handled 5.9 million tonnes of bulk cargo, representing an increase of 15.7% from 5.1 million tonnes for the first half of 2015, mainly because the Group strengthened the development of the bulk commodity market. The number of containers handled through terminals increased by 1.9% to 1.800 million TEUs from 1.766 million TEUs for the first half of 2015, mainly attributable to the further deepening of the business cooperation with the shipping companies, hub ports and other core customers.

Other Services

For the six months ended 30 June 2016, the Group's external revenue from other services (mainly involves trucking, shipping and express services) amounted to RMB1,016.0 million, representing an increase of 4.2% from RMB974.8 million for the corresponding period in 2015, mainly attributable to the increase of business scale caused by growing business volume of the express services and shipping business. Segment profit from the Group's other services amounted to RMB31.6 million for the first half of 2016, representing an increase of 2.0% from RMB31.0 million for the corresponding period in 2015, mainly attributable to the rise in the profit of shipping business.

During the first half of 2016, the volume of containers handled by the Group's trucking service decreased by 21.9% to 407,000 TEUs for the first half of 2016 from 521,000 TEUs for the first half of 2015, mainly because the Group changed from self-operating to outsourcing model in some trucking service. The number of containers handled by shipping business increased by 10.8% to 1.199 million TEUs from 1.082 million TEUs for the first half of 2015, mainly attributable to the continuous efforts to optimize the route setting and the reinforcement of the business cooperation with the trunk shipping companies. The number of documents and parcels handled in the express services increased by 267.7% to 3.089 million pieces from 0.84 million pieces for the first half of 2015, mainly attributable to the substantial growth in business cooperation with Cainiao Logistics.

The Group's joint ventures recorded an investment gain of RMB431.6 million from the operation of express services, representing a decrease of 5.3% compared to the corresponding period of last year. The business volume of international express services of the joint ventures was up by 5.3% from 10.75 million units for the first half in 2015 to 11.32 million units for the first half of 2016.

Management Discussion and Analysis of Results of Operations and Financial Position

Transportation and Related Charges

Transportation and related charges was down by 6.8% to RMB18,675.5 million for the six months ended 30 June 2016, compared with RMB20,042.9 million for the corresponding period in 2015. Such decrease was mainly because of the drop in freight cost caused by the decline of sea freight rate.

Depreciation and Amortization

Depreciation and amortization amounted to RMB320.0 million for the six months ended 30 June 2016, representing an increase of 4.4% from RMB306.4 million for the corresponding period in 2015, mainly as a result of the increase in depreciation of newly acquired fixed assets.

Office and Related Expenses

Office and related expenses amounted to RMB216.8 million for the six months ended 30 June 2016, representing an increase of 1.3% from RMB214.1 million for the corresponding period in 2015.

Other Gains and Losses, Net

Other gains and losses, net decreased from RMB401.4 million for the six months ended 30 June 2015 to RMB186.0 million for the reporting period, primarily due to the one-off pre-tax gains for the disposal of Sungang land being recorded for the corresponding period in 2015.

Operating Profit

The Group's operating profit was RMB870.1 million for the six months ended 30 June 2016, representing a decrease of 23.4% from RMB1,135.6 million for the corresponding period in 2015. Operating profit as a percentage of total revenue decreased to 4.0% for the six months ended 30 June 2016 from 4.9% for the six months ended 30 June 2015, or decreased to 27.6% for the six months ended 30 June 2016 from 37.7% for the six months ended 30 June 2015 as a percentage of net revenue (total revenue less transportation and related charges), primarily due to the one-off pre-tax gains for the disposal of Sungang land included in the operating profit for the corresponding period in 2015.

Share of Profit of Joint Ventures

The Group's share of profit of joint ventures was RMB467.8 million for the six months ended 30 June 2016, representing a decrease of 5.9% from RMB497.4 million for the corresponding period in 2015. Such decrease was mainly due to the drop of profit of DHL-Sinotrans International Air Courier Ltd. for the reporting period.

Management Discussion and Analysis of Results of Operations and Financial Position

Income Tax Expense

For the six months ended 30 June 2016, income tax expense of the Group amounted to RMB148.5 million, representing a decrease of 68.4% from RMB469.9 million for the corresponding period in 2015. Income tax expense as a percentage of profit before income tax for the six months ended 30 June 2016 declined to 11.1% from 30.1% for the six months ended 30 June 2015. Such decrease was mainly because the provision of land appreciation tax caused by the disposal of Sungang land for the corresponding period in 2015, while there was no such issue for the reporting period; also the actual amount of tax paid in that regard was lower than the provision so that the difference was released to the reporting period.

Profit for the Period

The Group's profit for the six months ended 30 June 2016 was RMB1,192.4 million, representing an increase of 9.5% from RMB1,089.0 million for the corresponding period in 2015.

Profit Attributable to Non-controlling Interests

For the six months ended 30 June 2016, profit attributable to non-controlling interests amounted to RMB225.3 million, representing an increase of 5.5% as compared with RMB213.6 million for the corresponding period in 2015, which was mainly due to the increase in profit of non-wholly owned subsidiaries of the Group for the reporting period.

Profit Attributable to Owners of the Company

The Group's profit attributable to owners of the Company for the six months ended 30 June 2016 amounted to RMB967.1 million, representing an increase of 10.5% from RMB875.4 million for the corresponding period in 2015.

Liquidity and Capital Resources

The following table summarizes the Group's cash flows for the periods indicated:

	For the six months ended 30 June	
	2016 In RMB million (Unaudited)	2015 In RMB million (Unaudited)
Net cash generated from operating activities	276.3	499.0
Net cash used in investing activities	(1,356.6)	(1,522.4)
Net cash generated from financing activities	1,255.1	708.1
Exchange gains/(losses) on cash and cash equivalents	14.2	(4.6)
Net increase/(decrease) in cash and cash equivalents	188.9	(319.9)
Cash and cash equivalents at 30 June	6,322.3	5,012.2

Management Discussion and Analysis of Results of Operations and Financial Position

Operating Activities

Net cash inflows generated from the Group's operating activities for the six months ended 30 June 2016 amounted to RMB276.3 million, representing a decrease of 44.6% from RMB499.0 million for the corresponding period in 2015. Such decrease was primarily attributable to an increase in trade and other receivables of RMB882.8 million (corresponding period in 2015: an increase of RMB448.5 million), and a drop in provision of RMB5.1 million (corresponding period in 2015: an increase of RMB92.8 million), partially offset by an increase in advances from clients of RMB157.7 million (corresponding period in 2015: an increase of RMB26.0 million), as well as an increase in inventory of RMB3.1 million (corresponding period in 2015: an increase of RMB134.6 million).

For the six months ended 30 June 2016, the average age of trade receivables was 64 days, as compared to 60 days for the corresponding period in 2015.

Investing Activities

For the six months ended 30 June 2016, net cash used in investing activities amounted to RMB1,356.6 million, primarily comprising RMB1,074.5 million used for the purchase of available-for-sale financial assets and RMB447.7 million used for the purchase of property, machinery and equipment, as well as an increase in over-three-month time deposit of RMB251.6 million, partially offset by RMB225.9 million received from the disposal of available-for-sale financial assets, RMB135.0 million received from the disposal of associates, and RMB82.5 million received from the dividend of joint ventures. For the six months ended 30 June 2015, net cash used for investing activities amounted to RMB1,522.4 million, primarily comprising RMB1,294.7 million used for the purchase of available-for-sale financial assets and RMB654.8 million used for the purchase of property, machinery and equipment, partially offset by RMB417.5 million received from the disposal of property, machinery and equipment, and land use rights.

Financing Activities

Net cash generated from the Group's financing activities for the six months ended 30 June 2016 amounted to RMB1,255.1 million, compared with net cash generated from financing activities of RMB708.1 million for the corresponding period in 2015.

Net cash generated from financing activities for the six months ended 30 June 2016 primarily comprised RMB1,497.8 million received from the issuance of short-term bonds, RMB1,996.0 million received from the issuance of corporate bonds and RMB767.7 million received from loans, partially offset by RMB2,000 million of repayment of short-term bonds in cash, RMB873.1 million paid in cash for the repayment of borrowings, and RMB87.0 million for the payment of interest. Net cash generated from financing activities for the six months ended 30 June 2015 primarily comprised RMB4,000 million received from the issuance of short-term bonds, RMB895.4 million received from disposal of equity interests in a non-wholly owned subsidiary, partially offset by RMB2,000 million paid in cash for the redemption of short-term bonds, RMB2,000 million paid in cash for the redemption of corporate bonds, RMB196.6 million paid for the acquisition of subsidiaries.

Management Discussion and Analysis of Results of Operations and Financial Position

Capital Expenditure

For the six months ended 30 June 2016, the Group's capital expenditure amounted to RMB488.5 million, primarily comprising RMB447.7 million for acquisition of property, plant and equipment, RMB25.8 million for purchase of land use rights, RMB9.3 million for acquisition of other non-current assets, and RMB5.6 million for acquisition of intangible assets, among which, RMB314.6 million was used for renovation and construction of terminals, warehouses, logistics centers and container yards, RMB102.1 million for purchase of vehicles, vessels, plant and equipment, RMB51.3 million for purchase of property and others, and RMB20.5 million for IT investment and refurbishment and purchase of office equipment.

Contingent Liabilities and Guarantees

As at 30 June 2016, the Group's contingent liabilities mainly comprised outstanding lawsuits of RMB255.5 million (31 December 2015: RMB241.7 million).

As at 30 June 2016, the amount of guarantees provided by the Group in favor of its joint ventures was RMB151.7 million (31 December 2015: RMB220.7 million).

Borrowings

As at 30 June 2016, the Group's total borrowings amounted to RMB477.0 million (31 December 2015: RMB564.6 million), all being bank borrowings which comprised 266.6 million denominated in RMB, 168.5 million in US dollars, and 41.9 million in Hong Kong dollars. The weighted average interest rate for the above bank borrowings was 3.05% per annum.

Secured and Guaranteed Borrowings

As at 30 June 2016, the Group pledged property, plant and equipment (with net book value of approximately RMB63.6 million) and land use rights (with net book value of approximately RMB18.6 million) for borrowings.

Debt-to-Asset Ratio

As at 30 June 2016, the debt-to-asset ratio of the Group was 49.9% (31 December 2015: 47.4%), which was arrived at dividing the total liabilities by the total assets of the Group as at 30 June 2016.

Foreign Exchange Risk

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

Management Discussion and Analysis of Results of Operations and Financial Position

Credit Risk

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

Employees

As at 30 June 2016, the number of employees of the Group was 26,413 (31 December 2015: 27,150). Details of our remuneration policies and staff development were approximately the same as those disclosed in the 2015 Annual Report with no significant changes.

BUSINESS DEVELOPMENT AND OUTLOOK

Business Development

Looking into the second half of 2016, the economic recovery will continue to slow down, the monetary policy and geopolitical risks spawned uncertainties and the global trade barriers and disputes continue to ferment. In the environment where the global economy is facing serious challenges, China will continue to promote market-oriented reforms and structural adjustments, while the economic downward pressure is still heavy. However, with the deepening of China's structural reforms, the logistics demand structure will be further optimized, which is in line with the increasing growth of logistics demand in areas of innovation drives, industrial upgrades and model innovations. The implementation of "One Belt and One Road" strategies and the free trade zone policies shall hopefully lead the growth of China's import and export trade. Overall, the Group faces challenges and opportunities at the same time.

We will effectively incorporate the trend of change, innovation and integration, as well as go all out to promote the works in the second half of the year. We will focus on the implementation of the 13th "Five-Year-plan" and aim to achieve results, with major breakthrough in the construction of the "Five Channels", to pull and drive the in-depth enforcement of the planning. We will develop the customer base, expand the market and maintain growth to strengthen the external expansion, the internal potentials and the business collaboration. We will focus on production, transform the mode, and promote the industrial upgrade, while pushing the transformation of the freight forwarding and related business to the entire supply chain management, propelling the transformation of logistics to the value chain integration, as well as advancing the transformation of e-business to build up platform and ecosystem. We will focus on the operations, control the costs, increase efficiency and enhance the overall abilities on operational management and control according to the requirements of "benchmarking traction, innovation-driven and self-management". We will focus on the integration, gather resources and enhance efficiency, to strengthen the efforts of internal resources sharing and external resources integration. We will focus on the mechanism, control the risks and ensure safety, in order to innovate and improve the working mechanism, implement the refined management, further control the operating risks and ensure safe production. The Group will see the implementation of the 13th "Five-Year-plan" as our main concern. In order to strive to achieve the goal of becoming the world-class logistics enterprise, we will explore actively and enhance our implementation through reformation and innovation.

Management Discussion and Analysis of Results of Operations and Financial Position

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, eliminating 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 shall 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, the SASAC approved the strategic reorganisation of Sinotrans & CSC, the parent company of the Company, with China Merchants Group Limited ("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 the SASAC, but Sinotrans & CSC will remain the controlling shareholder of the Company and SASAC will remain the ultimate controller of the Company. As of the date of this report, the relevant legal procedures for the reorganisation have not been completed yet.

Interim Dividends

The Board has declared an interim dividend of RMB0.035 per share for the six months ended 30 June 2016. Shareholders at the annual general meeting of the Company for the year 2015 authorized the Board of the Company to decide on matters relating to the recommendation, declaration and payment of the interim dividends for the year 2016.

It is expected that the interim dividend will be paid on or before Wednesday, 23 November 2016 to shareholders whose names appear on the register of members on Monday, 12 September 2016. The register of members of the Company will be closed from Wednesday, 7 September 2016 to Monday, 12 September 2016 (both days inclusive), during which no transfers will be registered for the purposes of ascertaining entitlements to the Company's 2016 interim dividend.

In order to qualify for the interim dividend, holders of H Shares whose transfers have not been registered are requested to lodge their instruments of transfer together with the relevant share certificates with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 6 September 2016, for registration.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of Domestic Shares will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares will be paid in Hong Kong dollars ("HK\$"). The exchange rate for dividends payable in HK\$ is the average of middle rates of RMB to HK\$ published by the People's Bank of China during the week (16 August 2016 to 22 August 2016) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK\$ for the said week was HK\$1 = RMB0.8550. Accordingly, the amount of interim dividend for each H Share of the Company is HK\$0.0409.

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

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

Other Information

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTEREST IN SHARES

As at 30 June 2016, so far as the Directors of the Company were aware, none of the Directors, Supervisors, chief executive 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 Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register kept by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

SHARE CAPITAL

Share capital of the Company as at 30 June 2016 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%
Total Shares	4,606,483,200	100.00%

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, so far as the Directors of the Company were aware, the interests or short positions of the following persons (other than Directors, Supervisors or chief executive) in the shares of the Company which were required to be disclosed to the Company pursuant to the provisions in Divisions 2 and 3 of Part XV of the 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 (Note 1)	2,461,596,200(L)	Domestic Shares	53.44%	—
	107,183,000 (L)	H Shares	2.33%	4.997%
Citigroup Inc. (Note 2)	182,857,644(L)		3.97%	8.52%
	171,062(S)	H Shares	0.00%	0.00%
	182,685,644(P)		3.97%	8.51%
GIC Private Limited (Note 3)	171,863,000(L)	H Shares	3.73%	8.01%
BlackRock, Inc. (Note 4)	110,260,366(L)	H Shares	2.39%	5.14%

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

Notes:

- The Company's Chairman Mr. Zhao Huxiang and Vice-chairman Mr. Zhang Jianwei are Directors of SINOTRANS & CSC which is the controlling shareholder of the Company. The 2,461,596,200 Domestic Shares were directly owned by SINOTRANS & CSC and the 107,183,000 H Shares were indirectly held by SINOTRANS & CSC through a wholly owned subsidiary, Sinotrans (Hong Kong) Holdings Ltd..
- According to the disclosure of interests form filed by Citigroup Inc. on 20 June 2016, Citigroup Inc. was (i) interested in 172,000 H Shares held in long position through its directly or indirectly wholly-owned corporations; (ii) interested in 182,685,644 H Shares held in long position through its directly or indirectly wholly-owned corporations in the capacity of "custodian corporation/ approved lending agent"; and (iii) interested in the 171,062 H Shares held in short position through its directly or indirectly wholly-owned corporations.
- According to the disclosure of interests form filed by GIC Private Limited on 23 June 2016, 171,863,000 H Shares were held by GIC Private Limited in the capacity of "investment manager".
- According to the disclosure of interests form filed by BlackRock Inc. on 26 May 2016, BlackRock Inc. held 110,260,366 H Shares through the controlled corporations, among which: (i) 65,680,649 H Shares were held through its indirectly wholly-owned subsidiaries; (ii) 5,830,154 H Shares were held indirectly by BR Jersey International Holdings L.P. ("BR Jersey"), a 86% owned subsidiary of BlackRock Inc.; (iii) 157,607 H Shares were held indirectly through a company indirectly owned as to 99.9% by BR Jersey; (iv) 38,591,956 H Shares were held indirectly by BlackRock Group Limited, a 90% owned subsidiary of BR Jersey. Of the 110,260,366 H Shares held by BlackRock Inc., 1,930,000 H Shares were cash-settled unlisted derivatives.

Save as disclosed above, based on the register maintained by the Company as required under Section 336 of the SFO, as at 30 June 2016, so far as was known to the Directors of the Company, there was no other person (other than Director, Supervisor or chief executive) 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.

Other Information

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of the listed securities of the Company by any members of the Group during the six months ended 30 June 2016.

SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions undertaken by the Group during the six months ended 30 June 2016 are set out in Note 22 to the unaudited condensed consolidated interim financial statements.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices

The Company is committed to high standards of corporate governance and has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing of the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) issued by the Stock Exchange of Hong Kong Limited. The Company has confirmed that it has complied with all the code provisions in effect as set out in the CG Code throughout the six months ended 30 June 2016 except the deviation from Code Provision A.6.7 which provides that independent non-executive directors should attend general meetings, and Code Provision E.1.2 which provides that the chairman of the board should invite the chairmen of the audit committee, remuneration committee and nomination committee to attend the annual general meeting. As the 2015 annual general meeting of the Company was held in Beijing and no holders of H Shares of the Company and/or their representatives attended the meeting in person, the Company did not invite the chairmen of these committees to attend the annual general meeting, and independent non-executive directors of the Company did not attend the annual general meeting.

Board of Directors

As at 30 June 2016, the Board of Directors of the Company comprised of 11 Directors. The members were as follows:

Chairman: Mr. Zhao Huxiang

Vice Chairman: Mr. Zhang Jianwei

Executive Directors: Mr. Li Guanpeng, Mr. Wang Lin, Mr. Yu Jianmin, Mr. Wu Xueming

Non-executive Director: Mr. Jerry Hsu

Independent Non-executive Directors: Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing, Mr. Liu Junhai

The Company has published the latest list of the Board members with their roles and positions on the websites of the Stock Exchange and the Company, in which it was specified the Independent Non-executive Directors. Every Director of the Company acknowledges his responsibilities as a Director and is aware of the Company’s operation procedure, business activities and development. Each of the Directors has the ability to expend sufficient time and energy to attend to the Company’s matters.

Changes in Biography of Directors, Supervisors and Senior Management

Pursuant to the applicable disclosure requirement of the Listing Rules 13.51B, the changes in biography of Directors, Supervisors and Senior Management of the Company as at 30 June 2016 are set out below:

Name of Director	Details of Changes
Zhao Huxiang	Appointed as the Deputy Chairman of the Board of China Merchants Group Limited in March 2016
Zhang Jianwei	Appointed as Deputy Chairman of the Board of Sinotrans & CSC Holdings Co., Ltd. in June 2016
Li Guanpeng	Appointed as Director of Sinotrans Air Transportation Development Co., Ltd. in April 2016
Wu Xueming	Appointed as Executive Director and legal representative of Sinotrans Land Bridge Transport Co., Ltd. in February 2016
Lu Zhengfei	Appointed as Independent Non-executive Director of Zhejiang Tailong Commercial Bank in March 2016
Li Junhai	Appointed as Independent Director of Sound Environmental Resources Co., Ltd. in October 2015
	Appointed as Director of Land Ocean Energy Services Co., Ltd. in December 2015
	Appointed as Independent Director of China Investment Securities in March 2016

Name of Supervisor	Details of Changes
Zhou Fangsheng	Appointed as Independent Director of Beijing BDStar Navigation Co., Ltd. in January 2012

Name of Senior Management	Details of Changes
Li Shichen	Ceased to act as Vice President of Sinotrans Limited in April 2016

There is no other change in biography of Director, Supervisor and Senior Management of the Company need to be disclosed pursuant to the rule except for the above information.

Other Information

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 the power and authority of the Board during the adjournment of Board meetings. The principal terms of reference of the Executive Committee include: a) subject to laws, the Listing Rules and the Articles of Association, to decide on transactions relating to the core businesses of the Company, including but not limited to acquisition, merger, assets disposal and other external investments, with the amount involved in each transaction being no more than 5% of the Company's latest audited total assets, and authorize any executive Director to execute the documents relating to such transaction on behalf of the Board; b) to decide on the establishment, merger and dissolution of the subsidiaries and other branch organizations of the Company; c) subject to laws, the Listing Rules and the Articles of Association, to issue general documents relating to the businesses of the Company which shall be signed by the Board or Directors of the Company, including but not limited to letters of appointment or dismissal of relevant intermediaries, documents or letters to be submitted to the relevant government departments and regulatory authorities, and authorize any executive Director to execute such documents; d) within the limit of no more than 30% asset to interest-bearing liability ratio, to carry out external debt financing; e) subject to laws, the Listing Rules and the Articles of Association, to authorize the executive committee of the Board to decide on the provision of guarantees by the Company to its subsidiaries etc.

The executive committee comprises of Mr. Zhao Huxiang (Chairman), Mr. Zhang Jianwei (Vice Chairman), and Mr. Li Guanpeng and Mr. Wang Lin, being executive Directors, with Mr. Zhao Huxiang as the Chairman of the committee.

Audit Committee

The principal functions of the audit committee include the appointment of external auditors, review and supervision of the Group's financial reporting process and internal controls as well as offering advice and recommendations to the Board of Directors. The current committee members are Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing and Mr. Liu Junhai with Mr. Guo Minjie acting as the Chairman of the audit committee.

Deloitte Touche Tohmatsu, the Company's auditor and the audit committee of the Company have reviewed the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries for the six months ended 30 June 2016.

Remuneration Committee

The principal functions of the remuneration committee include reviewing the remuneration policies of the Company, assessing the performance of the Directors and senior management of the Company and determining policies in respect of their remuneration packages. The current committee members are Mr. Lu Zhengfei, Mr. Guo Minjie, Mr. Han Xiaojing, Mr. Liu Junhai and Mr. Wang Lin, with Mr. Lu Zhengfei acting as the Chairman of the remuneration committee.

Nomination Committee

The principal functions of the nomination committee include selecting and recommending individuals to become members of the Board, making recommendations to the Board on the appointment or reappointment of Directors and succession of Directors and assessing the independence of independent non-executive Directors, and determining and implementing the member of the Board diversity policy, etc. The nomination committee shall be comprised of the Chairman of the Board, all independent non-executive Directors and the President of the Company. The current committee members are Mr. Zhao Huxiang, Mr. Guo Minjie, Mr. Lu Zhengfei, Mr. Han Xiaojing, Mr. Liu Junhai and Mr. Li Guanpeng, with Mr. Zhao Huxiang acting as the Chairman of the nomination committee.

Other Information

Supervisory Committee

The supervisory committee is formed by three members, comprising one independent Supervisor, one staff-representative Supervisor and one shareholder-representative Supervisor.

The supervisory committee is responsible for checking the financial affairs of the Company, supervising the Board and its members as well as the senior management, so as to safeguard the interests of the shareholders of the Company. By convening meetings of the supervisory committee and attending Board meetings, meetings of the audit committee, meetings of the remuneration committee, and taking the on-site investigation and research in subsidiaries, the Supervisors examined the Company's financial position and legal compliance of its operations and the performance of duties by its senior management, undertaking various duties in a proactive manner with diligence, prudence and integrity.

MODEL CODE FOR 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 Company's Directors and Supervisors.

The Directors and Supervisors have confirmed, following specific enquiry made by the Company that they have complied with the required standards set out in the Model Code throughout the reporting period from 1 January 2016 to 30 June 2016.