中國外運股份有限公司
SINOTRANS LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0598)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

I. GROUP RESULTS

The board of directors (the "**Board**") of Sinotrans Limited (the "**Company**") is pleased to announce the condensed consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2013 together with the comparative figures in 2012, which have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standard 34 "Interim Financial Reporting" as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		For the six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**25,109,476**	23,160,007
Other income		**67,018**	107,942
Business tax and other surcharges		**(61,302)**	(144,696)
Transportation and related charges		**(21,254,287)**	(19,317,415)
Staff costs		**(1,358,175)**	(1,256,644)
Depreciation and amortisation		**(242,183)**	(237,033)
Repairs and maintenance		**(90,435)**	(75,887)
Fuel		**(655,901)**	(766,799)
Travel and promotional expenses		**(162,975)**	(160,292)
Office and communication expenses		**(87,294)**	(88,095)
Rental expenses		**(450,319)**	(523,825)
Other (losses)/gains, net		**(25,716)**	219
Other operating expenses		**(183,696)**	(204,383)
Operating profit	*4*	**604,211**	493,099
Finance income	*5*	**40,424**	79,784
Finance costs	*5*	**(155,369)**	(156,854)
		(114,945)	(77,070)
Share of profit of joint ventures		**240,626**	224,600
Share of profit of associates		**19,807**	22,067
Profit before income tax		**749,699**	662,696
Income tax expense	*6*	**(160,763)**	(162,699)
Profit for the period		**588,936**	499,997
Attributable to:			
– Owners of the Company		**449,789**	389,885
– Non-controlling interests		**139,147**	110,112
		588,936	499,997
Earnings per share, Basic (RMB)	*8*	**0.11**	0.09

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		For the six months ended 30 June	
		2013	2012
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Profit for the period		**588,936**	499,997
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Share of other comprehensive (losses)/income of joint ventures		**(210)**	246
Share of other comprehensive income/(losses) of associates		**5,139**	(1,564)
Fair value (losses)/gains on available-for-sale financial assets	*9(a)*	**(215,846)**	38,924
Currency translation differences		**(36,858)**	4,493
Income tax relating to components of other comprehensive income		**53,961**	(9,731)
Other comprehensive (losses)/income for the period, net of tax		**(193,814)**	32,368
Total comprehensive income for the period		**395,122**	532,365
Total comprehensive income attributable to:			
– Owners of the Company		**315,413**	411,629
– Non-controlling interests		**79,709**	120,736
		395,122	532,365

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	**30 June 2013** **RMB'000** **(Unaudited)**	31 December 2012 RMB'000 (Audited)
ASSETS			
Non-current assets			
Land use rights		**2,317,535**	2,352,796
Prepayments for acquisition of land use rights		**162,335**	73,700
Property, plant and equipment		**6,682,337**	6,367,384
Intangible assets		**103,134**	96,997
Investments in joint ventures		**2,010,516**	2,374,111
Investments in associates		**962,867**	973,655
Deferred income tax assets		**125,689**	103,119
Available-for-sale financial assets	*9*	**1,170,148**	1,407,204
Other non-current assets		**54,442**	21,172
		13,589,003	13,770,138
Current assets			
Prepayments and other current assets		**1,257,892**	1,072,874
Inventories		**104,906**	53,441
Trade and other receivables	*10*	**9,027,846**	8,019,438
Restricted cash		**237,395**	198,552
Term deposits with initial terms of over three months		**789,731**	579,332
Cash and cash equivalents		**5,233,705**	5,594,572
		16,651,475	15,518,209
Total assets		**30,240,478**	29,288,347
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,249,002**	4,249,002
Reserves		**6,301,216**	5,985,748
Proposed dividends	*7(b)*	**–**	127,470
		10,550,218	10,362,220
Non-controlling interests		**2,351,506**	2,365,492
Total equity		**12,901,724**	12,727,712

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2013

	Notes	**30 June 2013** *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**3,406**	30,708
Provisions		**219,306**	198,028
Borrowings		**258,269**	300,617
Long-term bonds		**2,543,363**	2,544,287
Other non-current liabilities		**140,909**	173,617
		3,165,253	3,247,257
Current liabilities			
Trade payables	*11*	**6,215,233**	5,687,159
Other payables, accruals and other current liabilities		**2,011,924**	1,932,161
Receipts in advance from customers		**2,458,087**	2,179,360
Current income tax liabilities		**108,806**	147,063
Borrowings		**885,755**	809,514
Short-term bonds		**2,004,066**	2,022,534
Salary and welfare payables		**489,630**	535,587
		14,173,501	13,313,378
Total liabilities		**17,338,754**	16,560,635
Total equity and liabilities		**30,240,478**	29,288,347
Net current assets		**2,477,974**	2,204,831
Total assets less current liabilities		**16,066,977**	15,974,969

1. GENERAL INFORMATION

Sinotrans Limited (the "Company") was established in the People's Republic of China (the "PRC") on 20 November 2002 as a joint stock company with limited liability as a result of a group reorganisation of China National Foreign Trade Transportation (Group) Corporation ("Sinotrans Group Company") in preparation for the listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"). In 2009, the former Sinotrans Group Company changed its name to SINOTRANS & CSC 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, shipping agency, marine transportation, storage and terminal services, and other services such as truck transportation. The Group has operations mainly in the PRC.

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

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

Except as described below, the accounting policies and methods of computation used in these condensed consolidated financial statements are the same as those followed in the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised IFRSs that are relevant to the Group:

- IFRS 7 (Amendments) – Disclosures – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 1 (Amendments) – Presentation of Items of Other Comprehensive Income
- IAS 19 (Revised in 2011) – Employee Benefits

- IAS 27 (Revised in 2011) – Separate Financial Statements

- IAS 28 (Revised in 2011) – Investments in Associates and Joint Ventures

- IFRS 10 (Amendments), IFRS 11 (Amendments) and IFRS 12 (Amendments) – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

- Amendments to IFRSs – Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 10 – Consolidated Financial Statements

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

IFRS 11 – Joint Arrangements

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

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

IFRS 13 – Fair Value Measurement

The Group has applied IFRS 13 for the first time in the current interim period. IFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various IFRSs. Consequential amendments have been made to IAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

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

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

Except as described above, the application of the other new or revised 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.

3. SEGMENT INFORMATION

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

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

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

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

Sales between segments are charged at mutually agreed prices.

	Freight forwarding *RMB'000*	Shipping agency* *RMB'000*	Marine transportation *RMB'000*	Storage and terminal services *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2013 (Unaudited)								
Revenue – external	21,263,701	335,290	1,953,457	895,901	661,127	25,109,476	–	25,109,476
Revenue – inter-segment	1,007,226	24,882	311,955	80,052	118,028	1,542,143	(1,542,143)	–
Total revenue	22,270,927	360,172	2,265,412	975,953	779,155	26,651,619	(1,542,143)	25,109,476
Segment results	417,137	116,240	(35,097)	171,900	7,097	677,277	–	677,277
Other losses, net								(25,716)
Corporate expenses								(47,350)
Operating profit								604,211
Finance income								40,424
Finance costs								(155,369)
Share of profit of joint ventures	(15,419)	11,773	–	(24,782)	269,054	240,626	–	240,626
Share of profit of associates								19,807
Profit before income tax								749,699
Income tax expense								(160,763)
Profit for the period								588,936
As at 30 June 2013 (Unaudited)								
Segment assets	15,608,030	1,739,076	1,993,311	5,262,217	1,467,616	26,070,250	(1,878,448)	24,191,802

	Freight forwarding *RMB'000*	Shipping agency *RMB'000*	Marine transportation *RMB'000*	Storage and terminal services *RMB'000*	Others *RMB'000*	Segment total *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
For the six months ended 30 June 2012 (Unaudited)								
Revenue – external	19,255,349	357,809	1,969,379	927,843	649,627	23,160,007	–	23,160,007
Revenue – inter-segment	375,333	40,349	452,654	93,918	118,588	1,080,842	(1,080,842)	–
Total revenue	19,630,682	398,158	2,422,033	1,021,761	768,215	24,240,849	(1,080,842)	23,160,007
Segment results	358,266	142,354	(137,089)	169,480	5,056	538,067	–	538,067
Other gains, net								219
Corporate expenses								(45,187)
Operating profit								493,099
Finance income								79,784
Finance costs								(156,854)
Share of profit of joint ventures	9,742	10,238	–	18,775	185,845	224,600	–	224,600
Share of profit of associates								22,067
Profit before income tax								662,696
Income tax expense								(162,699)
Profit for the period								499,997
As at 31 December 2012 (Audited)								
Segment assets	14,686,444	1,621,025	1,925,612	5,202,472	1,216,400	24,651,953	(1,656,441)	22,995,512

* During the current interim period, the Group revisited the segment reporting and considered that the cargo space booking services are exposed to similar risks and generating similar rewards as freight forwarding services. Accordingly, from 1 January 2013 onwards, the Group reported the revenue related to cargo space booking services on gross basis. However, no restatement was made to the corresponding information for the six months ended 30 June 2012, as the cost to develop it would be excessive.

If the segment information for the current interim period is reported on the same basis for the six months ended 30 June 2012, total external revenue of freight forwarding segment and shipping agency segment would be approximately RMB17,980,848,000 and RMB406,752,000, respectively.

4. OPERATING PROFIT

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Crediting		
Rental income from		
– Buildings	**20,760**	14,512
– Plant and machinery	**2,471**	3,400
Gain on disposal of property, plant and equipment	**–**	1,032
Dividend income on available-for-sale financial assets	**4,499**	19,607
Charging		
Depreciation		
– Owned property, plant and equipment	**227,319**	221,807
– Owned property, plant and equipment leased out under operating leases	**4,537**	4,056
Losses on disposal of property, plant and equipment	**11,748**	–
Impairment losses of receivables	**16,537**	12,732
Operating lease charges		
– Land use rights	**30,529**	27,873
– Buildings	**88,653**	88,754
– Plant and equipment	**331,137**	407,198
Amortisation of intangible assets	**10,327**	11,170
Charges on property management and facilities	**52,725**	48,764
Other tax expenses	**29,681**	30,649
Charges on IT support	**20,207**	13,475
Provision for outstanding claims	**33,370**	–

5. FINANCE COSTS, NET

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income		
– Interest income on bank balances	**40,424**	79,784
Finance cost		
– Interest expenses		
Including: Borrowings	**(31,058)**	(40,388)
Bonds	**(109,237)**	(117,352)
– Exchange (losses)/gains, net	**(6,672)**	8,115
– Bank charges	**(8,402)**	(7,229)
	(155,369)	(156,854)
Finance costs, net	**(114,945)**	(77,070)

6. INCOME TAX EXPENSE

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong	**1,527**	–
– PRC enterprise income tax	**155,147**	158,405
Deferred PRC income tax	**4,089**	4,294
	160,763	162,699

Hong Kong profit tax has been provided at the rate of 16.5% (six months ended 30 June 2012: 16.5%) on the estimated assessable profit for the period.

The provision for PRC current income tax is based on the statutory rate of 25% (six months ended 30 June 2012: 25%) of the assessable income of each of the companies comprising the Group in the Mainland, China as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential rates ranging from 15% to 20% (six months ended 30 June 2012: 12.5% to 20%) based on the relevant PRC tax laws and regulations.

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 PRC accounting standards to a statutory surplus reserve until the balance reaches 50% of the registered share capital. Such reserve can be used to reduce any losses incurred and to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered share capital.

For the six months ended 30 June 2013, approximately RMB23,869,000 (six months ended 30 June 2012: RMB23,263,000), representing 10% of profit after tax (six months ended 30 June 2012: 10%) determined under the PRC accounting standards, has been appropriated to the statutory surplus reserve.

(b) Dividends

In June 2013, a final dividend of RMB0.03 per ordinary share totalling RMB127,470,000 in respect of the year ended 31 December 2012 (2012: RMB0.01 per ordinary share totalling RMB42,490,000 in respect of the year ended 31 December 2011) was approved by shareholders. As at 30 June 2013, such dividend was not yet paid and was included in "other payables, accruals and other current liabilities".

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(RMB'000)*	**449,789**	389,885
Number of ordinary shares in issue *(thousands)*	**4,249,002**	4,249,002
Earnings per share, Basic *(RMB)*	**0.11**	0.09

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

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Listed equity securities (a)	**782,028**	1,019,084
Unlisted equity investments, at cost less impairment (b)	**388,120**	388,120
Available-for-sale financial assets	**1,170,148**	1,407,204

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

	For the six months ended 30 June	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At beginning of period	**1,019,084**	1,004,046
Fair value (losses)/gains	**(215,846)**	38,924
Disposal	**(21,210)**	–
At end of period	**782,028**	1,042,970

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

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

As at 30 June 2013 and 31 December 2012, the entire available-for-sale financial assets were denominated in RMB and none of them were impaired or pledged.

10. TRADE AND OTHER RECEIVABLES

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Trade receivables	**7,394,677**	7,163,167
Bills receivables	**250,569**	264,261
Other receivables	**563,324**	443,486
Due from related parties	**819,276**	148,524
	9,027,846	8,019,438

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Trade receivables	**7,463,862**	7,221,346
Less: Allowance for impairment of receivables	**(69,185)**	(58,179)
Trade receivables, net	**7,394,677**	7,163,167

The invoice dates at the end of each reporting period approximate the respective revenue recognition dates. Aging analysis of the above gross trade receivables is as follows:

	30 June 2013 *RMB'000* **(Unaudited)**	31 December 2012 *RMB'000* (Audited)
Within 6 months	**7,295,227**	7,029,889
Between 6 and 12 months	**95,597**	123,128
Between 1 and 2 years	**61,868**	50,821
Between 2 and 3 years	**8,457**	13,766
Over 3 years	**2,713**	3,742
	7,463,862	7,221,346

The aging of amounts due from related parties, which are trading in nature based on invoice date, is summarised as follows:

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**93,687**	69,959
Between 6 and 12 months	**190**	365
Between 1 and 2 years	**190**	126
	94,067	70,450

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.

11. 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 end of the reporting periods is as follows:

	30 June 2013	31 December 2012
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 6 months	**5,438,041**	5,174,421
Between 6 and 12 months	**382,696**	272,922
Between 1 and 2 years	**280,405**	138,029
Between 2 and 3 years	**62,587**	53,741
Over 3 years	**51,504**	48,046
	6,215,233	5,687,159

II. MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the consolidated results and the notes thereto of the Company and its subsidiaries (collectively the "Group") detailed in Section I of this announcement.

REVIEW OF OPERATING RESULTS

In the first half of 2013, China's economy maintained an overall stable development, with a slowdown in domestic economy. From January to June, Chinese total import and export grew by 8.6% compared to the same period of last year, of which, the growth rates of export and import were 10.4% and 6.7% respectively. In June, both Chinese import and export recorded decreases compared to the same period of last year, of which, the decrease rates of export and import were 3.1% and 0.7% respectively. The growth rates of import and export slowed down significantly in the second quarter, resulting in an overall slow growth of Chinese total import and export. At present, the Chinese foreign trade encountered serious challenges. In the first half of the year, foreign trade throughput of national ports above designated size increased by 8.3% compared to the same period of last year, of which, the growth rates of coastal ports and inland ports were 7.9% and 11.2% respectively. From the perspective of freight market, although the BDI index has increased in the second quarter compared to the first quarter, the performance of China's export container freight rate index in the second quarter was not as good as that in the first quarter, reflecting no significant improvement in the freight market. In the first half of the year, China's export container freight rate index decreased by 3.7% compared to the same period of last year, while the export container freight rate index in Shanghai decreased by 12.7% compared to the same period of last year.

In the first half of 2013, amid unfavorable external conditions, based on the principles "to optimize business structure, to enhance profitability and to achieve development through innovation", the Group stepped up efforts in various tasks by focusing on the work priorities raised at the beginning of the year. In the first half of the year, the Group has achieved overall satisfactory performance in all the tasks.

For the six months ended 30 June 2013, as compared against the corresponding period last year, the Group recorded an increase of 5.8% for the number of containers handled by sea freight forwarding services; a decrease of 3.3% for the business volume handled by air freight forwarding services; an increase of 6.3% for the number of containers handled by shipping agency business; an increase of 0.2% for the number of containers handled in terminal throughput; a similar business volume of containers handled at container yards; an increase of 7.8% for the number of containers transported by marine transportation business; a decrease of 2.1% for the number of containers handled by trucking business; and an increase of 1.2% for the business volume handled by air express services.

For the six months ended 30 June 2013, the Group achieved a revenue of approximately RMB25,109.5 million, representing an increase of 8.4% as compared to the corresponding period in 2012. Profit attributable to shareholders of the Company was RMB449.8 million, representing an increase of 15.4% as compared to the corresponding period in 2012 and earnings per share was RMB0.11 (corresponding period in 2012: RMB0.09).

COMPARISON AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Revenue

For the six months ended 30 June 2013, the Group's revenue amounted to RMB25,109.5 million, up by 8.4% from RMB23,160.0 million for the corresponding period in 2012. The increase in revenue was mainly attributable to steady growth momentum of key business indicators of the Group such as the number of containers handled by sea freight forwarding services, and the Group reported the revenue related to cargo space booking services on gross basis.

Freight Forwarding

Revenue from the Group's freight forwarding services increased by 13.4% to RMB22,270.9 million during the six months ended 30 June 2013, compared to RMB19,630.7 million for the corresponding period in 2012.

Volume of sea freight forwarding containers was 4.281 million TEUs for the first half of 2013, increasing by 5.8% from 4.048 million TEUs for the first half of 2012. Cargo tonnage of air freight forwarding services was 0.1944 million tonnes for the first half of 2013, decreasing by 3.3% from 0.2011 million tonnes for the first half of 2012.

The increase in revenue from freight forwarding service for the first half of 2013 was primarily attributable to steady growth momentum of business indicators such as the number of containers handled by sea freight forwarding services, and the Group reported the revenue related to cargo space booking services on gross basis (please see note 3 of the Financial Statements).

Shipping Agency

For the six months ended 30 June 2013, revenue from the Group's shipping agency services was RMB360.2 million, representing a decrease of 9.5% from RMB398.2 million for the corresponding period in 2012.

Number of containers handled in shipping agency business of the Group was 6.79 million TEUs for the first half of 2013, representing a rise of 6.3% from 6.39 million TEUs for the corresponding period in 2012. Net registered tonnage of vessels handled by the shipping agency services reached 333.7 million tonnes, representing an increase of 0.7% from 331.5 million tonnes for the corresponding period in 2012. Number of vessel calls dropped by 1.5% to 29,556 times for the first half of 2013, compared with 29,993 times for the corresponding period in 2012.

The decrease in revenue of shipping agency business was mainly due to the decrease in shipping agency fee and business restructuring arising from the marketing strategy of integrating ships and cargo.

Storage and Terminal Services

For the six months ended 30 June 2013, revenue from the Group's storage and terminal services amounted to RMB976 million, representing a decrease of 4.5% from RMB1,021.8 million for the corresponding period in 2012.

The Group's warehouses handled 7.3 million tonnes of bulk cargo in the first half of 2013, representing an increase of 2.8% from 7.1 million tonnes for the corresponding period in 2012. The number of containers handled was at similar level as 4.1 million TEUs recorded for the corresponding period in 2012. The volume of bulk cargo handled at terminals decreased by 29.4% to 1.20 million tonnes from 1.70 million tonnes for the corresponding period in 2012. The number of containers handled through terminals increased by 0.2% to 1.465 million TEUs from 1.462 million TEUs for the corresponding period in 2012.

The decrease in revenue of the storage and terminal services was mainly attributable to the decrease of the proportion of foreign trade business and the effect of the replacement of business tax by value added tax. The substantive decrease in the volume of bulk cargo handled at terminals was mainly due to the significant volume decrease in bulk cargo such as steel affected by the sluggish market.

Marine Transportation

Revenue from marine transportation of the Group for the six months ended 30 June 2013 amounted to RMB2,265.4 million, down by 6.5% from RMB2,422.0 million for the corresponding period in 2012.

Number of containers shipped by the Group rose to 1.450 million TEUs for the first half of 2013, up by 7.8% from 1.345 million TEUs for the corresponding period in 2012.

The decrease in revenue of marine transportation was primarily attributable to the decrease in freight rates of container shipping business. In the first half of 2013, China's export container freight rate index decreased by 3.7% compared to the same period of last year, while the export container freight rate index in Shanghai area decreased by 12.7% compared to the same period of last year.

Other Services

The Group's revenue from other services (mainly from trucking transportation and express services) for the six months ended 30 June 2013 amounted to RMB779.2 million, representing an increase of 1.4% from RMB768.2 million for the corresponding period in 2012.

The volume of containers handled by the Group's trucking services for the first half of 2013 was 0.373 million TEUs, representing a decrease of 2.1% from 0.381 million TEUs for the corresponding period in 2012. The number of documents and packages handled in express services was up by 1.2% from 0.84 million units in the first half of 2012 to 0.85 million units for the first half of 2013.

The increase in revenue of other services was primarily attributable to the increase in the average transportation distances of trucking services and the growth in the volume of express services.

The Group's joint ventures recorded an investment income of RMB269.2 million from the operation of express services, representing an increase of 7.25% compared to the same period of last year. The number of units handled by the joint ventures in their international express services increased by 8.2% from 8.08 million units for the first half of 2012 to 8.74 million units for the first half of 2013.

Transportation and Related Charges

Transportation and related charges were up by 10.0% to RMB21,254.3 million for the six months ended 30 June 2013, compared with RMB19,317.4 million for the corresponding period in 2012. Such increase in transportation and related charges was mainly due to the increase in business volume.

Depreciation and Amortization

Depreciation and amortization amounted to RMB242.2 million for the six months ended 30 June 2013, representing an increase of 2.2% from RMB237.0 million for the corresponding period in 2012. Such increase was mainly due to the increase in property, plant and equipment.

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

The Group's operating costs (excluding transportation and related charges, depreciation and amortization, business tax and surcharges and other (losses)/gains, net) were RMB2,988.8 million for the six months ended 30 June 2013, representing a decrease of 2.8% from RMB3,075.9 million for the corresponding period in 2012.

The decrease in operating costs (excluding transportation and related charges, depreciation and amortization, business tax and surcharges and other (losses)/gains, net) was mainly attributable to the decrease in fuel costs resulting from the year-on-year decline in international oil price.

Operating Profit

The Group's operating profit was RMB604.2 million for the six months ended 30 June 2013, representing an increase of 22.5% from RMB493.1 million for the corresponding period in 2012. Operating profit as a percentage of total revenue for the six months ended 30 June 2013 increased to 2.4% from 2.1% for the six months ended 30 June 2012, and to 15.4% from 12.5% as a percentage of net revenue (total revenue less transportation and related charges). The increase was primarily due to the significant decrease in the loss of marine transportation service as a result of the decline in fuel costs and rental expenses, which in turn enhanced the overall operating profit.

Income tax expense

For the six months ended 30 June 2013, taxation of the Group amounted to RMB160.8 million, representing a decline of 1.2% from RMB162.7 million for the corresponding period in 2012. Taxation as a percentage of profit before tax declined to 21.4% from 24.6% for the six months ended 30 June 2012, mainly attributable to the decrease of income tax as a percentage of total profit as a result of the significant decrease in the loss of marine transportation service compared to the corresponding period in 2012.

PROFIT AFTER INCOME TAX

For the six months ended 30 June 2013, the Group recorded profit after income tax of RMB588.9 million, representing an increase of 17.8% when compared with RMB500.0 million for the corresponding period in 2012.

NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

For the six months ended 30 June 2013, net profit attributable to non-controlling interests amounted to RMB139.1 million, representing an increase of 26.3% as compared with RMB110.1 million for the corresponding period in 2012.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The Group's profit attributable to shareholders of the Company for the six months ended 30 June 2013 amounted to RMB449.8 million, representing a rise of 15.4% from RMB389.9 million for the corresponding period in 2012.

LIQUIDITY AND CAPITAL RESOURCES

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

	For the six months ended 30 June (Unaudited)	
	2013	2012
	In RMB million	*In RMB million*
Net cash generated from operating activities	**1,057.6**	141.5
Net cash used in investing activities	**(1,176.7)**	(889.5)
Net cash (used in)/generated from financing activities	**(231.5)**	1,396.1
Exchange (losses)/gains on cash and cash equivalents	**(10.3)**	4.6
Net (decrease)/increase in cash and cash equivalents	**(360.9)**	652.7
Cash and cash equivalents at 30 June	**5,233.7**	6,173.8

Operating Activities

Net cash generated from the Group's operating activities for the six months ended 30 June 2013 amounted to RMB1,057.6 million (corresponding period in 2012: RMB141.5 million). For the six months ended 30 June 2013, net cash generated from operating activities was primarily achieved by summing up the profit attributable to shareholders of the Company of RMB449.8 million (corresponding period in 2012: RMB389.9 million), an increase of RMB530.7 million in trade payables (corresponding period in 2012: an increase of RMB993.7 million), an increase of RMB278.7 million in receipts in advance from customers (corresponding period in 2012: a decrease of RMB145.6 million), partially offset by an increase of RMB231.5 million in trade receivables (corresponding period in 2012: an increase of RMB1,363.6 million) and an increase of RMB54.8 million in prepayments and other current assets (corresponding period in 2012: a decrease of RMB140.0 million).

For the six months ended 30 June 2013, the average age of trade receivables was 53 days, as compared to 51 days for the corresponding period in 2012.

Investing Activities

For the six months ended 30 June 2013, net cash used in investing activities amounted to RMB1,176.7 million, primarily comprising RMB666.9 million for the purchase of property, plant and equipment, RMB97.9 million for the investment in joint ventures, RMB113.4 million for the purchase of intangible assets and land use rights and the prepayments for the acquisition of land use rights, an increase of RMB210.4 million in term deposits with maturity of over three months, RMB300.0 million for the acquisition of financial products, and RMB116.7 million received from the disposal of financial products. For the six months ended 30 June 2012, net cash used in investing activities amounted to RMB889.5 million, primarily comprising RMB706.6 million for the purchase of property, plant and equipment, RMB347.3 million for the investment in joint ventures, RMB82.8 million for the purchase of intangible assets and land use rights and the prepayments for the acquisition of land use rights, an increase of RMB79.0 million in term deposits with maturity of over three months, RMB180.0 million for the acquisition of financial products, partially offset by RMB311.6 million received from the disposal of financial products.

Financing Activities

Net cash used in the Group's financing activities for the six months ended 30 June 2013 amounted to RMB231.5 million, compared with net cash generated from financing activities of RMB1,396.1 million for the corresponding period in 2012.

Net cash used in financing activities for the six months ended 30 June 2013 primarily comprised dividend payment of RMB94.8 million to non-controlling interests of subsidiaries, repayments of bank borrowings of RMB937.0 million, cash paid for repayment of short-term bonds of RMB2,000.0 million, interest paid for short-term bonds and long-term bonds of RMB156.4 million, and increase in restricted cash of RMB38.8 million, partially offset by new bank borrowings of RMB970.9 million, cash of RMB2,000 million received from short-term bonds issued, and loan from SINOTRANS & CSC of RMB92.7 million. Net cash generated from financing activities for the six months ended 30 June 2012 primarily comprised new bank borrowings of RMB1,045.0 million, loan from SINOTRANS & CSC of RMB660.0 million, RMB2,000.0 million received from the issuance of long-term bonds, partially offset by dividend payment of RMB99.8 million to non-controlling interests of subsidiaries, repayments of bank borrowings of RMB1,039.8 million, repayments of entrusted loan from SINOTRANS & CSC of RMB1,000.0 million, and increase in restricted cash of RMB80.5 million.

Capital Expenditure

For the six months ended 30 June 2013, the Group's capital expenditure amounted to RMB788.8 million, primarily comprising RMB666.9 million for the acquisition of property, plant and equipment, RMB110.4 million for the purchase of land use rights and RMB3.0 million for the acquisition of intangible assets, among which, RMB577.0 million was used for the renovation and construction of terminals, warehouses, logistics centers and container yards, RMB172.3 million for the purchase of vehicles, vessels, plant and equipment and RMB36.2 million for IT investment and refurbishment and purchase of office equipment.

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2013, the Group's contingent liabilities mainly comprised outstanding lawsuits of RMB222.5 million (31 December 2012: RMB176.7 million).

As at 30 June 2013, the amount of guarantees provided by the Group in favor of its joint ventures was RMB247.1 million (31 December 2012: RMB143.7 million).

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

BORROWINGS

As at 30 June 2013, the Group's total borrowings amounted to RMB1,144.0 million (31 December 2012: RMB1,110.1 million), which comprised bank borrowings of RMB1,144.0 million denominated as to RMB132.5 million in Renminbi, RMB983.6 million in US dollars, and RMB27.9 million in Hong Kong dollars. The weighted average interest rate for the above bank borrowings was 3.86% per annum.

SECURED AND GUARANTEED BORROWINGS

As at 30 June 2013, the Group pledged restricted cash amounting to approximately RMB115.9 million for borrowings. In addition, as at the same date, the Group also pledged property, plant and equipment (with net book value of approximately RMB393.8 million) and land use rights (with net book value of approximately RMB20.0 million) for borrowings.

DEBT-TO-ASSET RATIO

As at 30 June 2013, the debt-to-asset ratio of the Group was 57.3% (31 December 2012: 56.5%), which was arrived at dividing the total liabilities by the total assets of the Group as at 30 June 2013.

FOREIGN EXCHANGE RISK

Since a substantial portion of the Group's turnover 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).

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 carrying values of these financial instruments.

EMPLOYEES

As at 30 June 2013, the Group had 27,336 (31 December 2012: 27,486) employees. Details of our remuneration policies and staff development were substantially the same as those disclosed in the 2012 Annual Report with no significant changes.

ACQUISITION AND DISPOSAL

For the six months ended 30 June 2013, the Group acquired 51% equity interest of SuZhou Wusong River International Container Port Co., Ltd. (renamed to "Sinotrans Suzhou Logistics Center Co., Ltd." as at 30 June 2013) which is mainly engaged in international freight forwarding and warehousing services. The total cash consideration paid for the acquisition in the current interim period amounted to RMB97,898,000.

III. PROSPECTS AND OUTLOOK

Business Development

In the second half of 2013, both the global and China's domestic economic situations do not seem promising. In general, due to the continuous downturn of the world economy, the demands from overseas markets in the following months could be even more sluggish than the first eight months of the year. Meanwhile, the trading environment is still facing various uncertain and unstable factors, resulting in challenging foreign trade situations. China's domestic economic situation is even more complicated with both favorable and unfavorable factors, bringing about growth momentum as well as downward pressure. Overcapacity remains a major concern to the marine transportation market. Affected by the slowdown in demands and intensified price competition, the outlook of the global marine transportation industry remains challenging in the second half of the year.

Given the complicated economic environments, in the second half of the year, the Group will adequately assess and analyze the current situation, capitalize on the favorable opportunities and overcome the negative factors in the macroeconomic situation based on the yearly work plan, in an effort to complete the tasks for the full-year as planned. The Group will continue to push forward the integration of logistics resources and improve the construction of logistics network, with an aim to enhance market competitiveness. In the effort to carry out the "Key Customers" strategy, the Group will establish marketing coordination mechanisms to maximize the marketing results. In addition to pushing forward the transformation of traditional logistics business, the Group will promote the rapid development of domestic trade logistics and specialized logistics business, as well as strive to develop air freight forwarding business. Meanwhile, attention will be made to the changes of emerging industry trends in logistics market, in order to promote the development of logistics E-business. The Group will seek to enhance the allocation of resources and improve the risks prevention and control standards. In order to adapt to the ever-changing market demand, the Group will seek to promote upgrades for our services and products. The Group will strive to achieve the healthy and stable development and create greater value for our shareholders by enhancing profitability and core competitive edge, as well as maintaining stable growth of business results.

Resources consolidation

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

IV. INTERIM DIVIDENDS

During the period, the Board determined not to declare any interim dividend (six months ended 30 June 2012: Nil).

V. REVIEW OF THE INTERIM RESULTS

Deloitte Touche Tohmatsu, the Company's auditors, and the Audit Committee of the Company have reviewed the condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2013.

VI. CORPORATE GOVERNANCE

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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited as the code on corporate governance of the Company. The Company has complied with all the code provisions in effect as set out in the CG Code throughout the six months ended 30 June 2013.

VII. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 for conducting securities transactions by the Company's directors.

The directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the period from 1 January to 30 June 2013.

VIII. 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 2013.

IX. PUBLICATION OF INTERIM RESULTS AND 2013 INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews. hk) and the Company (www.sinotrans.com). The 2013 Interim Report will be dispatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Sinotrans Limited
Gao Wei
Company Secretary

Beijing, 21 August 2013

As at the date of this announcement, Zhao Huxiang, Zhang Jianwei, Tao Suyun and Li Jianzhang are executive directors of the Company; Wu Dongming, Liu Jinghua and Jerry Hsu are non-executive directors of the Company; and Guo Minjie, Lu Zhengfei, Liu Kegu and Liu Junhai are independent non-executive directors of the Company.