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SINOTRANS&CSC

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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

I. GROUP RESULTS

The board of directors (the "Board") of Sinotrans Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 together with the comparative figures in 2013, which have been prepared in accordance with International Financial Reporting Standards as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	For the year ended 31 December 2014 RMB'000	2013 RMB'000 (Restated)
Continuing operations			
Revenue	*3*	**45,659,827**	45,402,363
Other income		**203,483**	163,021
Business tax and other surcharges		**(83,890)**	(100,987)
Transportation and related charges		**(39,890,331)**	(39,822,823)
Staff costs		**(3,079,964)**	(2,869,408)
Depreciation and amortisation		**(588,054)**	(563,820)
Office and other expenses		**(492,877)**	(541,222)
Other losses, net	*4*	**(13,077)**	(90,030)
Other operating expenses		**(491,951)**	(427,133)
Operating profit	*5*	**1,223,166**	1,149,961
Finance income	*6*	**105,380**	103,886
Finance costs	*6*	**(287,157)**	(311,696)
		1,041,389	942,151
Share of profit of joint ventures		**805,174**	648,783
Share of (loss)/profit of associates		**(24,478)**	5,046
Profit before income tax		**1,822,085**	1,595,980
Income tax expense	*7*	**(387,655)**	(348,922)
Profit for the year from continuing operations		**1,434,430**	1,247,058
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*8*	**81,036**	(34,216)
Profit for the year		**1,515,466**	1,212,842

		For the year ended 31 December	
		2014	2013
	Note	***RMB'000***	*RMB'000*
			(Restated)
Profit/(loss) for the year attributable to owners of the Company			
– from continuing operations		**1,150,397**	938,180
– from discontinued operations		**81,036**	(34,216)
		1,231,433	903,964
Profit for the year attributable to non-controlling interests			
– from continuing operations		**284,033**	308,878
– from discontinued operations		**–**	–
		284,033	308,878
		1,515,466	1,212,842
Earnings per share, basic (RMB)	*10*		
– from continuing and discontinued operations		**0.28**	0.21
– from continuing operations		**0.26**	0.22

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

		As at 31 December		As at 1 January
	Note	**2014**	2013	2013
		RMB'000	*RMB'000*	*RMB'000*
			(Restated)	(Restated)
ASSETS				
Non-current assets				
Land use rights		**2,608,588**	2,536,995	2,442,209
Prepayments for acquisition of land use rights		**180,382**	218,729	73,700
Property, plant and equipment		**7,364,729**	7,855,859	7,150,128
Intangible assets		**127,791**	124,291	112,260
Investments in joint ventures		**2,846,805**	2,398,520	2,374,111
Investments in associates		**842,707**	924,263	991,355
Deferred income tax assets		**128,918**	148,942	103,343
Available-for-sale financial assets	*11*	**1,731,060**	1,142,687	1,392,138
Other non-current assets		**203,110**	56,212	22,697
		16,034,090	15,406,498	14,661,941
Current assets				
Prepayments and other current assets		**1,553,205**	1,146,967	1,078,673
Inventories		**154,114**	60,828	53,953
Trade and other receivables	*12*	**8,523,449**	7,897,015	8,068,209
Restricted cash		**190,767**	195,204	198,552
Term deposits with initial terms of over three months		**921,600**	857,671	579,332
Cash and cash equivalents		**5,332,114**	5,386,578	5,801,097
		16,675,249	15,544,263	15,779,816
Total assets		**32,709,339**	30,950,761	30,441,757
EQUITY				
Equity attributable to owners of the Company				
Share capital		**4,606,483**	4,249,002	4,249,002
Reserves		**8,516,589**	7,074,584	6,627,400
Proposed final dividends	*9*	**299,421**	212,450	127,470
		13,422,493	11,536,036	11,003,872
Non-controlling interests		**2,882,626**	2,515,909	2,386,022
Total equity		**16,305,119**	14,051,945	13,389,894

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

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

The principal activities of the Group include freight forwarding, logistics, storage and terminal services, and other services. The Group has operations mainly in the PRC.

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

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

2A. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

During the current year, the Group disposed a very substantial portion of the national and international marine transportation operations (see Note 8). The consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2013 have been restated to re-present the international and national marine transportation operations as discontinued operations.

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

2B. RESTATEMENTS

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

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

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

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

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

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

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

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

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

Impact on basic earnings per share from continuing and discontinued opearations

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

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

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

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

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

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

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

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

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

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9 are described as follows:

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

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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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 organised. Management has determined the operating segments based on these reports. No operating segments identified by the management have been aggregated in arriving at the reportable segments of the Group.

The Group's revenue is from rendering of services.

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

During the current year, the Group made a decision to dispose a very substantial portion of the national and international marine transportation operations, details are set out in Note 8, and changed its internal organisation structure. Accordingly, the composition of its operating segments has been revised and the segment information for the year ended 31 December 2013 has been restated to conform with current year's presentation.

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

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

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

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

Sales between segments are charged at mutually agreed prices.

The segment information reported on the next pages does not include any amounts for these discontinued operations which are described in more details in Note 8.

Segment revenue and results

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

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

Other segment information

Continuing operations

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

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

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

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

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

4. OTHER LOSSES, NET

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

Note: Part of the proceeds from the disposal of property, plant and equipment and land use rights were not yet received as at 31 December 2014, and the receivables amounting to RMB113,525,000 were included in trade and other receivables (Note 12).

5. OPERATING PROFIT

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

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

6. FINANCE COSTS, NET

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

7. INCOME TAX EXPENSE

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

Continuing operations

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

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

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year.

PRC enterprise income tax expense has been provided on the estimated assessable profit for the year according to the tax laws and regulations applicable to the PRC enterprises. The provision for PRC enterprise income tax is based on the statutory rate of 25% (2013: 25%) of the assessable income of each of the companies comprising the Group in the Mainland China as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential rates ranging from 10% to 20% (2013: 10% to 20%) based on the relevant PRC tax laws and regulations.

8. DISCONTINUED OPERATIONS

Disposal of national marine transportation operation

On 25 March 2014, the Company entered into a sales agreement to dispose of its 100% equity interest in Sinotrans Sunny Express Company Limited ("Sunny Express"), which carried out a very substantial portion of the Group's national marine transportation operation, to Sinotrans & CSC. The disposal of the national marine transportation operation is consistent with the Group's long-term policy to focus its activities on core integrated logistics services, e.g. freight forwarding, logistics, storage and terminal services. The disposal of Sunny Express was completed on 6 June 2014, on which date the Group lost control of Sunny Express, details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 14.

Disposal of international marine transportation operation

On 25 March 2014, the Company entered into sales agreements to dispose of its 100% equity interest in Sinotrans Container Lines Company Limited ("Container Lines") and four wholly-owned subsidiaries (namely, Yunrong Shipping Company Limited, Yunhua Shipping Company Limited, Yunfu Shipping Company Limited and Yungui Shipping Company Limited), which carried out a very substantial portion of the Group's international marine transportation operation, to Sinotrans & CSC and fellow subsidiaries. The disposal of the international marine transportation operation is consistent with the Group's long-term policy to focus its activities on core integrated logistics services, e.g. freight forwarding, logistics, storage and terminal services. The disposal of Container Lines and four wholly-owned subsidiaries were completed on 31 July 2014, on which date the Group lost control of Container Lines and four wholly-owned subsidiaries, details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 14.

Analysis of profit for the year from discontinued operations

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

	2014 *RMB'000*	2013 *RMB'000*
Profit for the year from discontinued operations		
Revenue	**1,511,514**	3,120,407
Transportation and related surcharges	**(1,373,282)**	(2,959,391)
Depreciation and amortisation	**(36,488)**	(40,776)
Others	**(95,231)**	(154,456)
Profit/(loss) before tax	**6,513**	(34,216)
Income tax expense	**–**	–
Profit/(loss) for the year	**6,513**	(34,216)
Gain on disposal of the national and international marine transportation operation *(Note 14)*	**74,523**	–
Profit/(loss) for the year from discontinued operations	**81,036**	(34,216)

Cash flows from discontinued operations

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

9. DIVIDENDS

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

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

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

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

10. EARNINGS PER SHARE

From continuing and discontinued operations

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

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

From continuing operations

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

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

From discontinued operations

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

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

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

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

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

As at 31 December 2014 and 2013, the entire available-for-sale financial assets were denominated in RMB and none of them were pledged.

12. TRADE AND OTHER RECEIVABLES

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables (a)	**7,203,571**	6,796,473
Bills receivables (b)	**278,807**	293,376
Other receivables (c)	**820,538**	566,398
Due from related parties (d)	**220,533**	240,768
	8,523,449	7,897,015

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
RMB	**6,859,168**	6,361,678
US$	**1,235,308**	1,103,684
HK$	**329,278**	318,457
Others	**99,695**	113,196
	8,523,449	7,897,015

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.

(a) Trade receivables

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**7,321,587**	6,866,401
Less: Allowance for impairment of receivables	**(118,016)**	(69,928)
Trade receivables, net	**7,203,571**	6,796,473

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Within 6 months	**6,975,852**	6,701,823
Between 6 and 12 months	**264,289**	95,772
Between 1 and 2 years	**64,509**	48,863
Between 2 and 3 years	**8,621**	13,714
Over 3 years	**8,316**	6,229
	7,321,587	6,866,401

(b) The Group has transferred bills receivables amounted to RMB201,397,000 (2013: RMB348,223,000) to its suppliers to settle its payables through endorsing the bills to its suppliers. The Group has derecognised these bills receivables and the payables to suppliers in their entirety, as in the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to the suppliers. The Group has limited exposure in respect of the settlement obligation of these bills receivables under relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considers the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant, and the issuing banks have never failed to settle the bills on maturity date.

The maximum exposure to loss, which is same as the amount payable by the Group to the suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date amounted to RMB201,397,000 (2013: RMB348,223,000).

All the bills receivables endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting period.

(c) Other receivables

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

(d) Due from related parties

The amounts due from related parties are analysed as follows:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables:		
Ultimate holding company and fellow subsidiaries	**104,257**	95,289
Joint ventures	**54,683**	44,247
Associates	**3,748**	13,889
	162,688	153,425
Less: Allowance for impairment of receivables	**–**	–
	162,688	153,425
Other receivables:		
Ultimate holding company and fellow subsidiaries	**27,117**	29,003
Joint ventures	**28,665**	54,510
Associates	**2,083**	3,850
	57,865	87,363
Less: Allowance for impairment of other receivables	**(20)**	(20)
	57,845	87,343
	220,533	240,768

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

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

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

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

13. TRADE PAYABLES

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Trade payables (a)	**5,693,511**	5,758,690
Due to related parties (b)	**168,573**	121,118
	5,862,084	5,879,808

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
RMB	**5,046,783**	4,672,412
US$	**611,672**	887,944
HK$	**92,319**	183,084
Others	**111,310**	136,368
	5,862,084	5,879,808

(a) Trade payables

The normal credit period for trade payables generally ranges from 1 to 6 months. Aging analysis of trade payables based on invoice date at the end of each reporting period is as follows:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Within 6 months	**5,209,115**	5,218,872
Between 6 and 12 months	**205,920**	246,871
Between 1 and 2 years	**198,988**	161,166
Between 2 and 3 years	**56,910**	88,013
Over 3 years	**22,578**	43,768
	5,693,511	5,758,690

(b) Due to related parties

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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Ultimate holding company and fellow subsidiaries	**159,574**	97,225
Joint ventures	**4,688**	21,017
Associates	**4,311**	2,876
	168,573	121,118

The normal credit period for trade payables due to related parties generally ranges from 1 to 6 months. The aging of these amounts due to the ultimate holding company and fellow subsidiaries, joint ventures, and associates based on invoice date is summarised as follows:

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Within 6 months	**165,572**	98,162
Between 6 and 12 months	**825**	9,957
Between 1 and 2 years	**979**	1,045
Between 2 and 3 years	**675**	1,020
Over 3 years	**522**	10,934
	168,573	121,118

14. DISPOSAL OF SUBSIDIARIES

As described in Note 8, the Group disposed of Sunny Express, Container Lines and four wholly-owned subsidiaries in the current year.

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

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

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

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

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

Gain on disposal of subsidiaries

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

The gain on disposal of Sunny Express, Container Lines and four wholly-owned subsidiaries are included in the profit for the year from discontinued operations (see Note 8).

Net cash outflow on disposal of subsidiaries

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

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

II. MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

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

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

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

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

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

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

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

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

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

Revenue

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

Freight Forwarding

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

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

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

Logistics

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

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

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

Storage and Terminal Services

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

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

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

Other Services

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

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

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

Transportation and Related Charges

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

Staff Costs

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

Depreciation and Amortization

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

Office and Related Expenses

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

Other Losses, Net

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

Operating Profit

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

Share of Profit of Joint Ventures

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

Income Tax Expenses

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

Profit After Tax From Continuing Operations

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

Profit After Tax From Discontinued Operations

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

Profit After Tax

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

Profit Attributable to Non-controlling Interests

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

Profit Attributable to Owners of the Company

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

Liquidity and Capital Resources

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

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

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

Operating Activities

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

Investing Activities

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

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

Financing Activities

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

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

Capital Expenditure

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

Contingent Liabilities and Guarantees

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

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

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

Borrowings

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

Secured and Guaranteed Borrowings

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

Debt-to-asset Ratio

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

Foreign Exchange Rate Risk

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

Credit Risk

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

Employees

At the end of 2014, the Group had 27,016 (2013: 28,302) employees.

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

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

III. OUTLOOK OF BUSINESS DEVELOPMENT

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

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

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

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

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

Business Development

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

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

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

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

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

Resources Consolidation

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

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

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

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

IV. FINAL DIVIDEND AND BOOK CLOSURE PERIODS

The Board has recommended the payment of a final dividend of RMB 0.065 per share, subject to passing of the resolution authorizing the Board to propose, declare or pay the final dividend for 2014 by shareholders at the Annual General Meeting to be held on 4 June 2015 (the "AGM"). The recommended final dividend will be paid on or before 24 July 2015 to the shareholders as registered at the close of business on 15 June 2015. Please refer to the section headed "Notice of Annual General Meeting" for further details.

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 5 May 2015 to 4 June 2015, both days inclusive. In order to be eligible to attend and vote at the AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m.on 4 May, 2015, for registration.

The record date for the recommended final dividend is at the close of business on 15 June 2015. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 10 June 2015 to 15 June 2015, both days inclusive. In order to qualify for the recommended final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 9 June 2015, for registration.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of domestic shares of the Company will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares of the Company ("H Shares") will be paid in Hong Kong dollars ("HK$"). The exchange rate for dividends payable in HK$ is the mean average exchange rate of RMB to HK$ published by the People's Bank of China during the week (17 March 2015 to 24 March 2015) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.7925. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0820.

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

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

V. REVIEW OF AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2014.

VI. CORPORATE GOVERNANCE

Sound corporate governance represents a longstanding objective of the Company. Since its listing in February 2003, the Company has made huge efforts in enhancing its standard of corporate governance with reference to the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Articles of Association of the Company and other relevant laws and regulations, as amended from time to time, and taking into consideration its own attributes and requirements, with a view to safeguarding investors' interests and enhancing its value.

The Company has reviewed and adopted the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules on as our code on corporate governance practices. The Company confirmed that it has complied with all the code provisions throughout the reporting period for 2014 except the deviation from Code Provision E.1.2 which provides that the chairman of the board should invite the chairmen of the audit committee, the remuneration committee, the nomination committee and the corporate governance committee to attend the annual general meeting. The reason for the deviation is that the annual general meeting of the Company was held in Beijing and no H-share holders and/or representatives of the shareholders attended the meeting in person. Therefore, the Company did not invite the chairmen of these committees to attend the aforesaid annual general meeting.

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 of conduct for securities transactions by the Company's directors.

The directors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code throughout the reporting period for 2014.

VIII. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

So far as was known to the directors of the Company, there was no purchase, sale or redemption of H Shares by any member of the Group during the year ended 31 December 2014.

IX. PUBLICATION OF ANNUAL RESULTS AND 2014 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinotrans.com). The 2014 Annual 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 of
Sinotrans Limited
Gao Wei
Company Secretary

Beijing, 24 March 2015

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