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 2015

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 2015 together with the comparative figures in 2014, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
Continuing operations			
Revenue	3	**45,528,074**	45,659,827
Other income		**378,980**	203,483
Business tax and other surcharges		**(43,588)**	(83,890)
Transportation and related charges		**(39,680,332)**	(39,890,331)
Staff costs		**(3,349,355)**	(3,079,964)
Depreciation and amortisation		**(625,280)**	(588,054)
Office and other expenses		**(467,294)**	(492,877)
Other gains and losses, net	4	**378,345**	(13,077)
Other operating expenses		**(475,196)**	(491,951)
Operating profit	5	**1,644,354**	1,223,166
Finance income	6	**142,298**	105,380
Finance costs	6	**(204,377)**	(287,157)
		1,582,275	1,041,389
Share of profit of joint ventures		**962,088**	805,174
Share of profit/(loss) of associates		**30,726**	(24,478)
Profit before income tax		**2,575,089**	1,822,085
Income tax expense	7	**(613,201)**	(387,655)
Profit for the year from continuing operations		**1,961,888**	1,434,430
Discontinued operations			
Profit for the year from discontinued operations	8	**–**	81,036
Profit for the year		**1,961,888**	1,515,466

	Note	2015 RMB'000	2014 RMB'000
Profit for the year attributable to owners of the Company			
– from continuing operations		**1,493,264**	1,150,397
– from discontinued operations		**–**	81,036
		1,493,264	1,231,433
Profit for the year attributable to non-controlling interests			
– from continuing operations		**468,624**	284,033
		1,961,888	1,515,466
Earnings per share, basic (RMB)	*10*		
– from continuing and discontinued operations		**0.32**	0.28
– from continuing operations		**0.32**	0.26

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Land use rights		**2,732,850**	2,606,566
Prepayments for acquisition of land use rights		**83,621**	180,382
Property, plant and equipment		**7,713,273**	7,278,995
Investment properties		**146,715**	87,756
Intangible assets		**125,899**	127,791
Investments in joint ventures		**3,171,423**	2,846,805
Investments in associates		**803,824**	842,707
Deferred income tax assets		**166,620**	128,918
Available-for-sale financial assets	*11*	**1,809,635**	1,731,060
Other non-current assets		**58,059**	203,110
		16,811,919	16,034,090
Current assets			
Prepayments and other current assets		**2,231,225**	1,553,205
Inventories		**148,706**	154,114
Trade and other receivables	*12*	**8,569,559**	8,523,449
Restricted cash		**260,212**	190,767
Term deposits with initial terms of over three months		**903,057**	921,600
Cash and cash equivalents		**6,133,308**	5,332,114
		18,246,067	16,675,249
Asset classified as held for sale	*13*	**26,875**	–
		18,272,942	16,675,249
Total assets		**35,084,861**	32,709,339
EQUITY			
Equity attributable to owners of the Company			
Share capital		**4,606,483**	4,606,483
Reserves		**10,515,864**	8,816,010
		15,122,347	13,422,493
Non-controlling interests		**3,337,456**	2,882,626
Total equity		**18,459,803**	16,305,119

	Note	2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**123,664**	77,525
Borrowings		**40,000**	–
Long-term bonds		**996,418**	2,992,967
Other non-current liabilities		**356,583**	220,195
		1,516,665	3,290,687
Current liabilities			
Trade payables	*14*	**6,001,332**	5,862,084
Other payables, accruals and other current liabilities		**1,048,385**	1,660,371
Receipts in advance from customers		**1,948,603**	1,804,834
Current income tax liabilities		**439,308**	204,625
Borrowings		**524,568**	747,988
Short-term bonds		**2,042,008**	–
Long-term bonds due within one year		**1,999,858**	1,999,970
Provisions		**340,339**	234,313
Salary and welfare payables		**763,992**	599,348
		15,108,393	13,113,533
Total liabilities		**16,625,058**	16,404,220
Total equity and liabilities		**35,084,861**	32,709,339
Net current assets		**3,164,549**	3,561,716
Total assets less current liabilities		**19,976,468**	19,595,806

1. GENERAL INFORMATION

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

The principal activities of the Company and its subsidiaries (together, the "Group") include freight forwarding, logistics, storage and terminal services, and other services. The Group has operations mainly in the PRC.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated, which is the same as the functional currency of the Company.

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

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

2A. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The Group has applied the following new and revised IFRSs for the first time in the current year:

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

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

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

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

- IFRS 9 – Financial Instruments[1]
- IFRS 14 – Regulatory Deferral Accounts[2]
- IFRS 15 – Revenue from Contracts with Customers[1]
- IFRS 16 – Leases[3]
- IFRS 11 (Amendments) – Accounting for Acquisitions of Interests in Joint Operations[4]
- IAS 1 (Amendments) – Disclosure Initiative[4]
- IAS 16 (Amendments), IAS 38 (Amendments) – Clarification of Acceptable Methods of Depreciation and Amortisation[4]
- Amendments to IFRSs – Annual Improvements to IFRSs 2012-2014 Cycle[4]
- IAS 16 (Amendments), IAS 41 (Amendments) – Agriculture: Bearer Plants[4]

- IAS 27 (Amendments) – Equity Method in Separate Financial Statements[4]

- IFRS 10 (Amendments), IAS 28 (Amendments) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

- IFRS 10 (Amendments), IFRS 12 (Amendments), IAS 28 (Amendments) – Investment Entities: Applying the Consolidation Exception[4]

- IFRS 7 (Amendments) – Disclosure Initiative[6]

- IFRS 12 (Amendments) – Recognition of Deferred Tax Assets for Unrealised Losses[6]

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

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.

IFRS 16 Leases

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

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

The Directors will assess the impact of the application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detailed review.

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

3. SEGMENT INFORMATION

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

An analysis of the Group's reportable and operating segments from continuing operations is set out below:

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

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

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

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

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

Sales between segments are charged at mutually agreed prices.

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

Segment revenue and results

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

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

Other segment information

Continuing operations

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

	For the year ended 31 December 2014					
	Freight forwarding	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	125,492	115,921	247,782	65,008	10,027	564,230
Amortisation	5,571	2,030	1,000	1,134	14,089	23,824
Operating lease charges on land use rights	16,630	8,598	38,298	2,816	–	66,342
Provision for impairment loss of receivables	17,406	40,861	776	12,582	–	71,625
Impairment loss of available-for-sale financial assets	–	–	–	–	202,905	202,905

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

The Company is domiciled in the PRC. The result of the Group's revenue from continuing operations from external customers in Mainland China for the year ended 31 December 2015 is RMB40,284,277,000 (2014: RMB41,253,723,000), and the result of the Group's revenue from external customers from other regions is RMB5,243,797,000 (2014: RMB4,406,104,000).

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

4. OTHER GAINS AND LOSSES, NET

Continuing operations

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

5. OPERATING PROFIT

Operating profit from continuing operations has been arrived after charging:

	2015	2014
	RMB'000	*RMB'000*
Auditor's remuneration		
– Audit fee	**5,300**	5,000
– Audit-related and other services fee	**2,820**	2,800
Depreciation		
– Owned property, plant and equipment	**585,132**	552,728
– Owned property, plant and equipment leased out under operating leases	**13,620**	10,267
Amortisation of intangible assets	**24,005**	23,761
Operating lease charges on		
– Land use rights	**63,928**	66,279
– Buildings	**237,771**	197,586
– Plant and equipment	**116,575**	113,550
Impairment losses of receivables	**14,604**	71,625
Charges on property management and facilities	**129,375**	119,714
Charges on IT support	**69,434**	59,369
Other tax expenses	**82,723**	77,002

And after crediting

Rental income from		
– Buildings	**57,384**	51,246
– Plant and machinery	**10,055**	4,302
Gross rental income from investment properties	**3,844**	2,665
Less:		
Amortisation of investment properties	**(2,523)**	(1,298)
Net rental income from investment properties	**1,321**	1,367
Dividend income on available-for-sale financial assets	**33,831**	7,377
Government grants	**227,023**	96,808

6. FINANCE INCOME AND FINANCE COSTS

Continuing operations

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

7. TAXATION

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

Continuing operations

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

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

PRC enterprise income tax expense has been provided on the estimated assessable profit for the year according to the tax laws and regulations applicable to the PRC enterprises. The provision for PRC enterprise income tax is based on the statutory rate of 25% (2014: 25%) of the assessable income of each of the companies comprising the Group in the Mainland China as determined in accordance with the relevant PRC income tax rules and regulations, except for certain subsidiaries which are taxed at preferential rates ranging from 10% to 20% (2014: 10% to 20%) based on the relevant PRC tax laws and regulations.

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

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

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 and storage and terminal services. The disposal of Sunny Express was completed on 6 June 2014, on which date the Group lost control of Sunny Express, details of the assets and liabilities disposed of and the calculation of the profit or loss on disposal are disclosed in Note 15.

Disposal of international marine transportation operation

On 25 March 2014, the Company entered into sales agreements to dispose of its 100% equity interest in Sinotrans Container Lines Company Limited ("Container Lines") and four wholly-owned subsidiaries (namely, Yunrong Shipping Company Limited, Yunhua Shipping Company Limited, Yunfu Shipping Company Limited and Yungui Shipping Company Limited, "Four wholly-owned subsidiaries"), which carried out a very substantial portion of the Group's international marine transportation operation, to Sinotrans & CSC and fellow subsidiaries. The disposal of the international marine transportation operation is consistent with the Group's long-term policy to focus its activities on core integrated logistics services, e.g. freight forwarding, logistics, storage and terminal services. The disposal of Container Lines and four wholly-owned subsidiaries were completed on 31 July 2014, on which date the Group lost control of Container Lines and four wholly-owned subsidiaries, details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 15.

Analysis of profit for the year from discontinued operations

The combined results of the discontinued national and international marine transportation operations of Sunny Express, Container Lines and Four wholly-owned subsidiaries included in the profit for 2014 are set out below.

Profit for the year from discontinued operations

	2014
	RMB'000
Revenue	1,511,514
Transportation and related surcharges	(1,373,282)
Depreciation and amortisation	(36,488)
Others	(95,231)
Profit before tax	6,513
Income tax expense	–
Profit for the year	6,513
Gain on disposal of the national and international marine transportation operation *(Note 15)*	74,523
Profit for the year from discontinued operations	81,036

Cash flows from discontinued operations

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

9. DIVIDENDS

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

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

At the Board of Directors' meeting held on 24 March 2015, the Directors proposed a final dividend of RMB0.065 per ordinary share totalling RMB299,421,000 for the year ended 31 December 2014. Such dividends were approved at the annual general meeting of the shareholders of the Company on 11 June 2015.

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

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.

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

From continuing operations

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

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

From discontinued operations

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

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

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

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

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

As at 31 December 2015 and 2014, the entire available-for-sale financial assets were denominated in RMB and none of them were pledged.

12. TRADE AND OTHER RECEIVABLES

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

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

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

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

(a) Trade receivables

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

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

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

(b) The Group has transferred bills receivables amounted to RMB329,765,000 (2014: RMB201,397,000) to its suppliers to settle its payables through endorsing the bills to its suppliers. The Group has derecognised these bills receivables and the payables to suppliers entirety, as in the opinion of the Directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to the suppliers. The Group has limited exposure in respect of the settlement obligation of these bills receivables under relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considers the issuing banks of the bills are of good credit quality and the risk of non-settlement by the issuing banks on maturity is insignificant, and the issuing banks have never fail to settle the bills on maturity date.

The maximum exposure to loss, which is same as the amount payable by the Group to the suppliers in respect of the endorsed bills, should the issuing banks fail to settle the bills on maturity date amounted to RMB329,765,000 (2014: RMB201,397,000).

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

(c) Other receivables

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

(d) Due from related parties

The amounts due from related parties are analysed as follows:

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

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

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

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

13. ASSET CLASSIFIED AS HELD FOR SALE

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

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

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

14. TRADE PAYABLES

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

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

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

(a) Trade payables

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

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

(b) Due to related parties

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

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

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

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

15. DISPOSAL OF SUBSIDIARIES

As described in Note 8, the Group disposed of Sunny Express, Container Lines and four wholly-owned subsidiaries in 2014.

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

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

The gain on disposal of Sunny Express, Container Lines and four wholly-owned subsidiaries are included in the profit for the year from discontinued operations for the year ended 31 December 2014 (see Note 8).

Net cash outflow on disposal of subsidiaries

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

For the year ended 31 December 2015, the Company received statement of loan from the above subsidiaries disposed in prior year amounted to RMB129,360,000 (2014: RMB309,771,000) due to the Company.

16. EVENTS AFTER THE REPORTING PERIOD

The following events took place subsequent to 31 December 2015:

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

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

II. MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATION

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

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

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

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

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

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

Revenue

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

Freight Forwarding

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

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

Logistics

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

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

Storage and Terminal Services

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

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

Other Services

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

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

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

Transportation and Related Charges

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

Staff Costs

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

Depreciation and Amortisation

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

Office and Related Expenses

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

Other Gains and Losses, Net

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

Operating Profit

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

Share of Profit of Joint Ventures

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

Income Tax Expense

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

Profit after Tax from Continuing Operations

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

Profit Attributable to Non-controlling Interests

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

Profit Attributable to Shareholders of the Company

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

Liquidity and Capital Resources

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

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

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

Operating Activities

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

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

Investing Activities

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

For the year ended 31 December 2014, net cash used in investing activities amounted to RMB249.5 million, and mainly comprised RMB1,131.9 million for the purchase of property, plant and equipment and RMB372.8 million for additional investments in joint ventures, partly offset by RMB757.4 million of dividends received from joint ventures and RMB451.8 million of cash inflow from disposal of property, plant and equipment, intangible assets and land use rights.

Financing Activities

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

For the year ended 31 December 2014, net cash used in financing activities amounted to RMB918.7 million, and mainly comprised RMB3,272.6 million of repayment of borrowings and interests, RMB550.0 million of cash paid for repayment of bonds, RMB467.6 million of dividend payment, RMB267.3 million for payment of interests of medium-term notes and RMB692.1 million of cash outflow from business combinations under common control, partly offset by RMB1,831.0 million of new bank borrowings in 2014, RMB1,000.0 million of cash received from bond issuance and RMB1,333.3 million of cash received from the placing of H shares.

Capital Expenditure

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

Contingent Liabilities and Guarantees

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

As at 31 December 2015, the amount of guarantees provided by the Group in favor of its joint ventures was RMB220.7 million (2014: the amount of guarantees provided by the Group in favor of its joint ventures was RMB197.8 million).

In addition, in the common business practice, certain subsidiaries of the Company issued related letters of guarantee to the China Air Transport Association to ensure some joint ventures to obtain the operating licenses of air freight forwarding. Such letters of guarantee contained no specific amount and were terminated in 2015. For the above guarantees provided to the third party customers by the Group, a counter-guarantee of the total guarantee liability was provided by the shareholders of these customers.

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

Borrowings

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

Secured and Guaranteed Borrowings

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

Debt-to-asset Ratio

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

Foreign Exchange Rate Risk

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

Credit Risk

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

Employees

At the end of 2015, the Group had 27,150 (2014: 27,016) employees.

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

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

III. OUTLOOK OF BUSINESS DEVELOPMENT

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

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

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

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

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

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

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

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

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

Resources Consolidation

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

Strategic Reorganisation of Sinotrans & CSC with China Merchants

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

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

IV. FINAL DIVIDEND AND BOOK CLOSURE PERIODS

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

For determining the list of shareholders eligible to attend and vote at the AGM, the register of members of the Company will be closed from 18 April 2016 to 18 May 2016, both days inclusive. In order to be eligible to attend and vote at the AGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 15 April 2016, for registration.

The record date for the recommended final dividend is at the close of business on 30 May 2016. For determining the entitlement to the recommended final dividend, the register of members of the Company will be closed from 25 May 2016 to 30 May 2016, both days inclusive. In order to qualify for the recommended final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 24 May 2016, for registration.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of domestic shares of the Company will be paid in Renminbi ("RMB"), and dividends payable to the holders of H Shares of the Company will be paid in Hong Kong dollars ("HK$"). The exchange rate for dividends payable in HK$ is the mean average exchange rate of RMB to HK$ published by the People's Bank of China during the week (15 March 2016 to 21 March 2016) preceding the date of declaration of the dividend. The average exchange rate of RMB to HK$ for the said week was HK$1 = RMB0.8370. Accordingly, the amount of final dividend for each H Share of the Company is HK$0.0836.

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

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

V. REVIEW OF AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2015.

VI. CORPORATE GOVERNANCE

Sound corporate governance represents a long-standing objective of the Company. Since its listing in February 2003, the Company has made huge efforts in enhancing its standard of corporate governance with reference to the Company Law of the People's Republic of China, the 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 principles and provisions of 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 trusts that promoting sound corporate governance is very important to maintain the operation and performance of the Company. The Company confirmed that it has applied all the principles and complied with all the code provisions of the CG Code throughout the reporting period for 2015.

VII. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

The directors and supervisors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code throughout the reporting period for 2015.

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 2015.

IX. PUBLICATION OF ANNUAL RESULTS AND 2015 ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinotrans.com). The 2015 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, 22 March 2016

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), Wu Xueming(executive director), Jerry Hsu (non-executive director), and four independent non-executive directors, namely Guo Minjie, Lu Zhengfei, Han Xiaojing and Liu Junhai.