



中國外運股份有限公司 SINOTRANS LIMITED

Stock Code: 0598HK 601598SH



**CUSTOMERS' SUCCESS
OUR ACHIEVEMENT**

2020 ANNUAL REPORT

Important Notice

1. The Board and the Supervisory Committee of the Company and the Directors, Supervisors and members of the Senior Management warrant the truthfulness, accuracy and completeness of the contents in this Annual Report and confirm that there are no misrepresentations or misleading statements contained in or material omissions from this Annual Report, and accept several and joint legal responsibilities.

2. Absent Directors

Position of the absent Director	Name of the absent Director	Reason for the absence of the Director	Name of the proxy
Executive Director	Song Rong	Other business engagement	Li Guanpeng
Non-executive Director	Su Jian	Other business engagement	Xiong Xianliang

3. ShineWing Certified Public Accountants LLP has issued a standard auditors' report with unqualified opinions for the Company.

4. The Company's legal representative, Li Guanpeng; Chief Financial Officer, Wang Jiuyun; and the person in charge of the Financial Department ("person in charge of accounting"), Mai Lina, hereby make the statement that they warrant the financial statements contained in this Annual Report are true, accurate and complete.

5. Proposal for profit distribution or proposal for conversion of common reserve fund into share capital during the Reporting Period considered by the Board

The proposed annual dividend for 2020 is RMB1.2 per 10 shares (tax included) (i.e. RMB0.12 per share, tax included) to the total share capital base of 7,400,803,875 shares as at 31 December 2020. Total dividend allotment is RMB888,096,465.00 (tax included), and the remaining profits are recognized as retained earnings. The Company will not distribute shares or convert any reserve into shares this year. The proposal will be submitted to the general meeting of shareholders for approval.

6. Risk disclaimer of forward-looking statements

Applicable Not applicable

Forward-looking statements including future plans and development strategies in this Report do not constitute substantive commitments of the Company to investors. Investors should be aware of the investment risks.

7. Whether the controlling shareholder or its related parties has misappropriated the Company's funds for purposes other than for business

No

8. Whether the Company has provided external guarantees in violation of any prescribed decision-making procedures

No

9. Whether more than half of the Directors cannot ensure the truthfulness, accuracy and completeness of the Annual Report

No

10. Significant risk alert

The Company has described the potential risks in detail in this Report. Please refer to "Chapter 5 Management Discussion and Analysis of Business Performance (Report of the Board) – III. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY – (IV) Potential risks" in this Report.

11. Others

Applicable Not applicable

The Company's 2020 financial report has been prepared in accordance with Accounting Standards for Business Enterprises published by the Ministry of Finance of the People's Republic of China and related provisions. Unless otherwise specified, the reporting currency in this Report is Renminbi ("RMB").

Contents contained in this Report are prepared in compliance with all disclosure requirements of the SSE Listing Rules and SEHK Listing Rules. The Report is published in both Chinese and English versions in Mainland China and Hong Kong at the same time. Should there be any discrepancies between the Chinese and English versions of this Report, the Chinese version shall prevail.



Corporate Mission

Creating a logistics ecology system connecting the world to successfully promote industrial progress

Corporate Vision

Becoming a world-class intelligent logistics platform enterprise

The page features a decorative graphic on the left side. It includes a street scene with a house, a street lamp, and a blue sky with clouds. Overlaid on this are several curved, multi-colored lines in shades of blue, yellow, and red, which sweep across the page from the bottom left towards the top right.

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Performance Highlights and Major Events in 2020

Operating income

(RMB billion)

84.54

↑ **9%**

Earnings per share,

net of non-recurring gains or losses
(RMB per share)

0.32

↑ **12%**

Air freight business

(including air freight forwarding and cross-border e-commerce logistics)

Regular Charter

478 flights

Business volume

Air freight forwarding

532.3 thousand tons

↑ **6%**

Cross-border e-commerce logistics

269.86 million units

↑ **50%**

Total segment profit

↑ **218%**

Segment profit

Logistics

↑ **5%**

Forwarding and related business

↑ **19%**

E-commerce business

↑ **174%**

Business volume of China
Europe Railway Express

↑ **23%**

Business volume of
“Sinotrans E-LCL”

↑ **27%**

Core direct customers

Number **872**

Percentage of the
revenue contribution **34%**

Major Events in 2020

Performance Highlights and Major Events in 2020

Responding in no time, Sinotrans operated the emergency logistics platform of **"anti-pandemic material deliver"**. The "Volunteer Logistics Team of Emergency Deliver" was honored as "the National Exemplary Team of Fighting Against the Pandemic"

2020
January

2020
February

Being the first in the industry, Sinotrans launched the **first cargo plane modified from passenger plane**, and **resumed the Hangzhou- Liège charter plane** in no time to open the air channel between China and Europe

2020
June

Completing the **acquisition of 100% stake of KLG Group**, Sinotrans realized the breakthrough in grand operation network in Europe

2020
August

Launching the **"Bay Area"** Railway Express, Sinotrans continued to **solidify the cross-border railway express platforms** to build a strategic land channel to secure the stability of international supply chain

2020
September

Launching the **first overseas hub** in South-East Asia, "Sinotrans E-LCL" moved forward in the path of providing end-to-end full chain LCL service to customers globally

Signing the **first domestic block-chain technology backed digital NVOCC bill-of-lading**, Sinotrans further promoted the innovation of trust system in the circulation process, the sales channel, the business model, and the settlement of the sea freight forwarding industry

2020
September

2020
October

"Human-Machine Coordinated Digitalized Warehouse Solution" of Sinotrans was honored the first prize in the first China Digitalized Warehouse Solution Competition. By collaborating human-machine coordination solution with business application scenarios, Sinotrans **optimized business procedure and elevated the operational efficiency**. In 2020, the technology promoted the average handling capacity per capita to increase by more than 30% in the customs sharing center of Sinotrans, and also supported "Sinotrans E-LCL" operational efficiency to increase by more than 10%

2020
December

Investing in the equity of China Southern Airlines Logistics, Sinotrans further deepened the relationship with a strategic partner and provided help to the construction of efficient, convenient, stable and leading air transportation channel

2020
December

Implementing the **"science reform demonstration action"** in its subsidiary, **Y2T Technology Co., Ltd.**, completing the introducing of a strategic investor and the employee stock ownership plan, Sinotrans further stimulated the technology creativity ability

2021
Q1

Sinotrans started to **provide logistics service for anti COVID-19 vaccines**, and successfully completed the logistics service to Macao SAR and Djibouti

Chapter 1 Definitions

In this report, unless the context otherwise indicates, the following words have the following meanings:

Definition of frequently used terms

A Share(s)	the Domestic Share(s) of the Company with nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
Articles of Association	the Articles of Association of Sinotrans Limited
Board	the Board of Directors of the Company
CG Code	code provisions of Corporate Governance Code as set out in Appendix 14 to the SEHK Listing Rules
China Merchants	China Merchants Group Limited (招商局集團有限公司), a wholly state-owned enterprise established under the laws of the PRC under direct control of the State-owned Assets Supervision and Administration Commission of the State Council, the actual controller of the Company, which holds approximately 57.64% of the issued share capital of the Company at the date of this Report
China Merchants Group or CMG	China Merchants and its subsidiaries
Companies Ordinance	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
Company or Sinotrans	Sinotrans Limited (中國外運股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed on the SEHK and A Shares are listed on the SSE
Company Law	the Company Law of the People's Republic of China
CSRC	China Securities Regulatory Commission
Director(s)/Supervisor(s)	Director(s)/Supervisor(s) of the Company
Domestic Share(s)	shares issued by the Company under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in Renminbi
Finance Company	China Merchants Group Finance Co., Ltd. (招商局集團財務有限公司), a company owned as to 51% by China Merchants and 49% by Sinotrans & CSC at the date of this Report
Global E-commerce Logistics Company	Sinotrans Global E-commerce Logistics Co., Ltd. (中外運跨境電商物流有限公司)

Chapter 1 Definitions

Group	Sinotrans Limited and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
H Share(s)	overseas listed foreign invested Share(s) of RMB1.00 each in the issued share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in HK\$
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange/SEHK	The Stock Exchange of Hong Kong Limited
Innovation & Technology Company	Sinotrans Innovation & Technology Co., Ltd. (中外運創新科技有限公司)
KLG Group	the joint name of the seven European logistics companies of KLG Europe Holding B.V. acquired by the Company, which were wholly-owned subsidiaries of the Company as at the date of this Report
Listing Rules in Listing Places	the SEHK Listing Rules and SSE Listing Rules
Logistics Real Estate Company	Sinotrans Logistics Investment Holdings Co., Ltd. (中外運物流投資控股有限公司)
Loscam International	Loscam International Holdings Co., Ltd. (路凱國際控股有限公司) (formerly known as China Merchants Loscam International Holdings Co., Ltd.) (招商路凱國際控股有限公司), owned by the Company as to 45% at the date of this Report
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the SEHK Listing Rules
Overseas Company	Sinotrans Overseas Development Co., Ltd. (中國外運海外發展有限公司)
PRC	the People's Republic of China
PRC GAAP Standards	Accounting Standards for Business Enterprises issued by the Ministry of Finance and relevant regulations
Reporting Period	the period from 1 January 2020 to 31 December 2020
RMB	Renminbi, the lawful currency of the PRC

Chapter 1

Definitions

SASAC	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
SEHK Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Senior Management	the Group's major operating decision-makers
SFO	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	H Share(s) and A Share(s)
Shareholder(s)	holder(s) of the Shares
Sinoair	Sinotrans Air Transportation Development Co., Ltd. (中外運空運發展股份有限公司), a subsidiary of the Company
Sinotrans & CSC	Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司), a wholly state-owned enterprise established under the laws of the PRC, a wholly owned subsidiary of China Merchants, and the controlling shareholder of the Company which collectively holds 36.01% of the issued share capital of the Company at the date of this Report
Sinotrans & CSC Group	Sinotrans & CSC and its subsidiaries
Sinotrans Logistics	Sinotrans Logistics Co., Ltd. (中外運物流有限公司), formerly known as China Merchants Logistics Holding Group Co., Ltd. (招商局物流集團有限公司) ("China Merchants Logistics"), and changed its name in March 2019
SSE	Shanghai Stock Exchange
SSE Listing Rules	Listing Rules of Shanghai Stock Exchange
Subsidiary(ies)	has the meaning ascribed to it under the SEHK Listing Rules
Supervisory Committee	the Supervisory Committee of the Company

Chapter 2

General Company Information and Key Financial Indicators

I. COMPANY INFORMATION

Chinese name of the Company	中國外運股份有限公司
Chinese abbreviation of the Company	中國外運
Foreign name of the Company	SINOTRANS LIMITED
Foreign abbreviation of the Company	SINOTRANS
Legal representative of the Company	Li Guanpeng

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary of the Board	Representative of Securities Affairs
Name	Li Shichu	Lu Ronglei
Address	Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China	Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China
Tel.	8610 52295721	8610 52295721
Fax	8610 52296519	8610 52296519
Email	ir@sinotrans.com	ir@sinotrans.com

III. BASIC INFORMATION

Initial date of registration of the Company	20 November 2002
Registered address of the Company	Building A, Sinotrans Plaza, A43 Xizhimen Beidajie, Haidian District, Beijing, China
Postcode of the registered address of the Company	100082
Office address of the Company	Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China
Postcode of office address of the Company	100029
Company website	www.sinotrans.com
Email	ir@sinotrans.com

IV. INFORMATION DISCLOSURE AND PREPARATION LOCATIONS

Name of disclosure media selected by the Company	China Securities Journal, Securities Times
Website for publishing the Annual Report designated by CSRC	www.sse.com.cn
Website for publishing the Annual Report designated by SEHK	www.hkex.com.hk
Location for Annual Report stock	10/F, Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China

Chapter 2

General Company Information and Key Financial Indicators

V. OVERVIEW OF COMPANY STOCK

Class of share	Stock exchange	Stock abbreviation	Stock code
H-Share	SEHK	Sinotrans	0598
A-Share	SSE	Sinotrans	601598

VI. OTHER RELEVANT INFORMATION

Public certified accountants engaged by the Company (domestic)	Name	ShineWing Certified Public Accountants LLP (a recognised public interest entity auditor under the Financial Reporting Council Ordinance)
	Office address	9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing
	Name of signing public certified accountant	Dong Qinchuan, Yang Xingfang
Compliance legal counsel engaged by the Company (domestic)	Name	FenXun Partners
	Office address	Suite 3501, China World Office 2, No. 1 Jianguomenwai Avenue, Chaoyang District, Beijing
Compliance legal counsel engaged by the Company (overseas)	Name	Baker & McKenzie
	Office address	14/F One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Sponsors to continuously perform their supervisory function during the Reporting Period	Name	CITIC Securities Company Limited
	Office address	21st Floor, CITIC Securities Building, 48 Liangmaqiao Road, Chaoyang District, Beijing
	Name of signing Sponsor representatives	Deng Shufang, Zhang Yang
	Period of continuous supervisory	From 18 January 2019 to 31 December 2021
Sponsors to continuously perform their supervisory function during the Reporting Period	Name	China Merchants Securities Co., Ltd.
	Office address	26th Floor, CMS China Securities Plaza, No. 111 FuHua Rd, Futian District, Shenzhen, Guangdong Province
	Name of signing Sponsor representatives	Zhang Huanhuan, Cai Xiaodan
	Period of continuous supervisory	From 18 January 2019 to 31 December 2021

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General Company Information and Key Financial Indicators

A-Share registrar and transfer office of the Company	Name	China Securities Depository & Clearing Corp. Ltd. Shanghai Branch
	Office address	No. 188 YangGao South Road, Pudong New Area, Shanghai
H-Share registrar and transfer office of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Business address in Hong Kong	Office address	Room F and G, 20/F, MG Tower, No.133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Principal banker	Name	Bank of China
	Office address	No.1 Inner Street, Fuxingmen, Xicheng District, Beijing, China

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS FOR THE PAST FIVE YEARS

(I) Key Accounting Data

Unit: ten thousand Currency: RMB

Key accounting data	2020	2019		Change as compared to the corresponding period of last year (%)	2018		2017 (Restated)	2016 (Restated)
		Restated	Before restatement		Restated	Before restatement		
Operating income	8,453,684.14	7,765,510.50	7,765,009.13	8.86	7,731,834.51	7,731,183.65	7,316,328.99	6,025,658.19
Net profits attributable to shareholders of the Company	275,442.28	280,414.22	280,349.51	-1.77	270,462.08	270,410.64	230,458.86	225,373.99
Net profits net of non-recurring gains and losses attributable to shareholders of the Company	235,436.81	207,309.76	207,260.53	13.57	110,639.59	110,588.17	122,499.46	112,483.57
Net cash flows from operating activities	395,638.50	332,216.92	331,998.45	19.09	201,473.85	201,339.33	300,798.81	237,473.60

	As at the end of 2020	As at the end of 2019		Change as compared to the end of last year (%)	As at the end of 2018		As at the end of 2017 (Restated)	As at the end of 2016 (Restated)
		Restated	Before restatement		Restated	Before restatement		
Net assets attributable to shareholders of the Company	3,044,800.47	2,844,817.58	2,843,861.64	7.03	2,324,532.38	2,323,640.24	2,143,836.62	1,954,306.73
Total assets	6,581,869.87	6,190,528.70	6,188,640.79	6.32	6,151,363.21	6,149,422.16	6,234,616.43	5,785,673.66
Total liabilities	3,356,792.02	3,164,057.21	3,163,492.87	6.09	3,558,824.34	3,558,125.39	3,649,935.73	3,436,292.99

Chapter 2

General Company Information and Key Financial Indicators

(II) Key Financial Indicators

Key financial indicators	2020	2019		Change as compared to the corresponding period of last year (%)	2018		2017 (Restated)	2016 (Restated)
		Restated	Before restatement		Restated	Before restatement		
Basic earnings per share (RMB per share)	0.37	0.38	0.38	-3.27	0.45	0.45	0.38	0.37
Diluted earnings per share (RMB per share)	0.37	0.38	0.38	-3.27	0.45	0.45	0.38	0.37
Basic earnings per share, net of non-recurring gains or losses (RMB per share)	0.32	0.28	0.28	11.85	0.18	0.18	0.26	0.24
Weighted average return on equity (%)	9.35	10.29	10.29	Decrease by 0.94 percentage point	11.97	11.97	11.22	12.10
Weighted average return on equity, net of non-recurring gains or losses (%)	7.99	7.61	7.61	Increased by 0.38 percentage point	4.90	4.90	6.11	7.08

Explanations on the key accounting data and financial indicators of the Company for the last five years

✓ Applicable □ Not applicable

- In 2020, the Company completed the acquisition of 65% stake of Jiaying Gangyun Logistics Co., Ltd. (嘉興市港運物流有限公司) and 100% stake of Hunan Sinotrans Customs Clearance Co., Ltd. (湖南外運報關有限公司). As the acquisitions are business combinations under common control, the Company restated the financial data of previous years. Details are set out in Note VIII. to the financial statements.
- In 2020, the Company achieved operating revenue of RMB84.537 billion, representing a year-on-year growth of 8.86%, and net profits net of non-recurring gains and losses attributable to shareholders of the Company of RMB2.354 billion, representing a year-on-year growth of 13.57%, mainly benefiting from the Company's efforts in improving the efficiency of whole network operation, making early deployment on air freight channels while the strong demands in the air freight market drove the air freight rate hiking to an extraordinary level; strengthening the concentrated procurement of transportation capacity and actively promoting the growth of cross-border e-commerce logistics, air freight forwarding, railway express freight and other key businesses thus realizing the fast growth of profits. Besides the newly acquired KLG Group overcame the impact of the Pandemic and kept its profits from operation at the similar level with that in 2019. The net profits attributable to shareholders of the Company were RMB2.754 billion, representing a year-on-year decrease of 1.77%, mainly due to the large base of net profits attributable to the Company in 2019 resulting from the write-off of the previous year's large amount of income tax on stock disposal income in 2019 and there was no such matter in 2020.

Chapter 2

General Company Information and Key Financial Indicators

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

(I) Difference of net profits and net assets attributable to shareholders of the Company in the financial reports disclosed under IFRS and PRC GAAP Standards

Applicable Not applicable

(II) Difference of net profits and net assets attributable to shareholders of the Company in the financial report disclosed under the overseas accounting standards and PRC GAAP standards

Applicable Not applicable

(III) Explanation on the differences between domestic and overseas accounting standards

Applicable Not applicable

IX. KEY FINANCIAL INDICATORS OF 2020 BY QUARTER

	<i>Unit: Yuan Currency: RMB</i>			
	the First Quarter (January-March)	the Second Quarter (April-June)	the Third Quarter (July-September)	the Fourth Quarter (October-December)
Operating income	16,382,711,535.10	23,310,964,590.98	22,600,792,843.11	22,242,372,409.93
Net profits attributable to				
shareholders of the Company	242,231,989.51	973,118,172.36	866,452,480.01	672,620,168.96
Net profits net of non-recurring				
gains and losses attributable to				
shareholders of the Company	182,982,349.95	904,628,619.88	726,078,076.65	540,679,024.58
Net cash flows from operating				
activities	-966,647,927.07	1,486,210,981.25	488,349,974.49	2,948,471,986.33

Explanation on the differences between the quarterly data and the disclosed in Periodic Reports

Applicable Not applicable

- In 2020, the Company completed the acquisition of 65% stake of Jiaying Gangyun Logistics Co., Ltd. (嘉興市港運物流有限公司) and 100% stake of Hunan Sinotrans Customs Clearance Co., Ltd. (湖南外運報關有限公司). As the acquisitions are business combinations under common control, the Company restated the financial data of previous years. Details are set out in Note VIII. to the financial statements.
- The Company's net profit attributable to shareholders of the Company in the fourth quarter of 2020 decreased by RMB193 million compared with the third quarter, mainly because of the centralized accrual of bonuses in the fourth quarter resulting in an increase of RMB166 million of staff compensation and the provision of RMB54 million of impairment of goodwill.

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General Company Information and Key Financial Indicators

X. NON-RECURRING GAINS AND LOSSES ITEMS AND AMOUNTS

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Non-recurring gains and losses items	2020	Note (if applicable)	2019	2018
Gains and losses from disposal of non-current assets	36,872,665.25		203,048,696.02	693,786,460.93
Tax returns and abatement that are examined and approved beyond authority, or without official approval documents or occasional Government subsidies recognized in current profit or loss, except government subsidies which are closely related to the Company's normal business operations, which comply with national policies and can be obtained continuously based on a set of standards by fixed amount or fixed quantity	317,362,769.02		269,249,478.94	152,105,123.07
Capital occupation fees charged from the non-financial enterprises and counted into the current profits or losses of the Company	4,696,765.71		11,513,523.89	8,978,297.29
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the invested entity			43,242,304.47	
Gains and losses from exchange of non-monetary assets				
Gains and losses from entrusting others to invest or manage assets				
Asset impairment provisions due to force majeure factors such as natural disasters				
Gains and losses from debt restructuring	-912,478.58		15,487,084.02	
Enterprise restructuring costs such as staff settlement expenses and integration costs				
Gains and losses that exceeds the fair value in transactions with unfair price				
Current net profit or loss of subsidiaries from the merger of enterprise under common control from the beginning of the period to the date of the merger	767,861.96			
Gains and losses arising from contingencies irrelevant to the Company's normal business operations				
Gains and losses from changes in fair value arising from held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and investment income arising from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment other than effective hedging business related to the Company's normal business operations	-20,301,938.07		20,186,939.33	442,838,077.81
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	4,151,524.79		20,095,517.46	11,371,444.80
Gains and losses from external entrusted loans				
Gains and losses from changes in fair value of investment properties subsequently measured in the fair value model				

Chapter 2

General Company Information and Key Financial Indicators

Non-recurring gains and losses items	2020	Note (if applicable)	2019	2018
Impact on the current profits and losses by one-off adjustment according to laws and regulations related to tax and accounting				
Trusteeship fee income from entrusted operations	39,150,943.40		25,471,698.11	10,377,358.50
Other non-operating income and expenses other than the above items	96,064,534.33		-122,254,654.08	-249,262,816.86
Other gains and losses classified to non-recurring profits or losses	60,020,588.34	Additional VAT deduction	318,572,149.70	660,598,884.90
Impact on non-controlling interests	-12,528,926.86		-6,052,715.61	-15,792,966.65
Impact on income tax	-125,289,569.51		-67,515,400.08	-116,774,977.15
Total	400,054,739.78		731,044,622.17	1,598,224,886.64

XI. ITEMS MEASURED BY FAIR VALUE

Applicable Not applicable

Unit: Yuan Currency: RMB

Items	Balances at the beginning of the period	Balances at the end of the period	Current changes	Effect on current profit
Trading debt investment (note 1)	5,500,000.00	302,500,000.00	297,000,000.00	338,607.47
Investment in trading equity instruments (note 2)	141,228.80	792,565.44	651,336.64	-13,454.09
Other non-current financial assets (note 3)	692,424,249.35	871,156,840.33	178,732,590.98	-21,140,225.25
Investment in other equity instruments (note 4)	256,540,744.93	21,605,631.53	-234,935,113.40	768,133.80
Total	954,606,223.08	1,196,055,037.30	241,448,814.22	-20,046,938.07

Note 1: As at 31 December 2020, the Group held structural deposits of RMB300 million and ABN assets of RMB2.50 million.

Note 2: Investment in trading equity instruments mainly refers to the equity interest in the preference shares of China Merchants Port Holdings Company Limited and shares of ST Antong newly possessed held by the Group due to debt restriction.

Note 3: The Group increased investment in Southern Airlines Freight and Logistic (Guangzhou) Co., Ltd. (南方航空貨運物流(廣州)有限公司) at an amount of RMB223,636,365.50.

Note 4: As at 31 December 2020, investment in other equity instruments refers to the 2,884,597 shares of Air China Limited held by the Group, the fair value of which was RMB21,605,631.53 as at the end of the period; the 50,350,000 shares of BOE Technology Group Co., Ltd. held by the Group have been disposed of during the year.

XII. OTHERS

Applicable Not applicable

Chapter 3 Chairman's Statement



Li Guanpeng

Chairman

2020 was an extraordinary year. Facing the severe impact of the outbreak of the COVID-19 pandemic (the “Pandemic”), the Company overcame difficulties together with customers, made concerted efforts with employees, and thoroughly implemented the work policy of “leading the overall situation with strategy and ensuring quality and efficiency throughout”. The Company prevented and controlled the Pandemic, resumed work and production effectively and orderly, steadily increased income, continuously deepened the reform and development, and well fulfilled the task of the whole year.

In 2020, we went retrograde to fight the Pandemic. With priority given to people’s life safety and health, we resumed work and production and extended support to the Pandemic area as soon as possible. Under the severe situation where international and domestic transportation was suspended to some extent, we worked hard in “connections”, and lost no time in building the anti-Pandemic lifeline and the transportation line for resumption of work and production. 20,600 tons of emergency anti-Pandemic materials have been transported to the anti-Pandemic front lines at home and abroad, demonstrating Sinotrans’ fulfillment of

Chapter 3 Chairman's Statement

its corporate social responsibility “Emergency Delivery Volunteer Service Team” was honored as “National Advanced Group in Fighting the Pandemic”.

In 2020, we created value for our customers. At the time of the Pandemic crisis, we worked hard on “transportation” to actively resolve the pain points and difficulties of customers not being able to ship raw materials and products. By implementing innovative measures such as chartered cargo planes converted from passenger planes, additional trains, and special lines, we maintained the stability of customers’ production chains and the continuity of supply chains, effectively promoting the normal operation of social production, circulation and trade.

In 2020, we proactively integrated into the new development pattern. We launched 1,580 trains during the year with a new European train named the “Bay Area Express”. The volume reached 157.5 thousand TEUs, representing an increase of 21.7% year-on-year. We grasped regional development opportunities, and Shanghai Lingang Project, Beijing Logistics Park Project and Shenyang Railway Express platform have made positive progresses.

In 2020, we continued to make innovation of digital drives. With intelligent logistics as the direction and digital transformation as the main line, we strove to enhance our independent innovation capabilities. Our intelligent logistics project was selected into the “Pilot Project for Building Strong Transportation Network of China”. Our digital platform “Y2T.COM” was included in the list of “Science Reform Demonstration Action Enterprises”. And our “Human-Machine Coordinated Digitalized Warehouse Solution” won the first prize of the first China Digitalized Warehouse Solution Competition.

In 2020, we continued to reform and achieved success. Centering on the vision of “building a world-class intelligent logistics platform enterprise”, we maintained strategic determination and carried out continuous reforms. During the “13th Five Year” Plan period, we formed a development pattern of three major sectors including logistics, forwarding and related business, and e-commerce business. We have completed the operating layout of five major regions and five professional subsidiaries, completed the acquisition of KLG Group – the largest overseas acquisition in the Company’s history, and launched a human resources system and a culture of innovation, further condensing the endogenous driving force for development.

In 2020, we realized the growth of revenue scale and improvement of operation quality. We recognized operating income of RMB84.537 billion, representing a year-on-year increase of 8.86%. Net profits net of non-recurring gains or losses attributable to shareholders of the Company recorded RMB2.354 billion, representing a year-on-year increase of 13.57%. All the three major businesses developed continuously and recorded year-on-year increases in both segment profit and profit margin, among which, the segment profit of the logistics business, the forwarding and related business and the e-commerce business recorded a year-on-year increase of 5.35%, 19.42% and 173.94% respectively.

Chapter 3

Chairman's Statement

Struggle to create history, work hard to better the future. Currently the Pandemic is not over yet, and the changes are still evolving. We will continue to seek opportunities amidst crisis and open new paths amidst the changes. Embarking on the new journey of the “14th Five Year” Plan, Sinotrans will firmly promote the realization of being world-class, and strive to form a digital, networked and intelligent development model with data-driven as the core, platform-based ecology as the support, and entire network operation as the main line by 2025. It will initially develop into a world-class intelligent logistics platform enterprise.

We must work harder, as there is a long way to go and there will be many difficulties. 2021 is the first year of the “14th Five Year” Plan. Sinotrans will continue to maintain the spirit of “breakthrough”, the zeal of “innovation”, and the style of “struggling”, and will draw the blueprint of “building a world-class intelligent logistics platform enterprise”, to successfully promote industrial progress with logistics!

Li Guanpeng

Chairman

Beijing, China

30 March 2021



Chapter 4 Business Overview

I. DESCRIPTION OF THE PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD

(I) Principal Business of the Company and Its Business Model

The Group is a leading integrated logistics service provider and integrator in the PRC. Adhering to the mission of the enterprise of “creating a logistics ecology system connecting the world to successfully promote industrial progress”, leveraging on its comprehensive service network, abundant logistics resources, strong professional capabilities of logistics solutions, and leading supply chain logistics model, the Group provides customers with customized logistics solutions and integrated whole supply chain logistics services.

The Group’s principal businesses include logistics, forwarding and related business and e-commerce business. As the core business, logistics business focus on high-growth, high-value-added sub-industries and their upstream and downstream industries, so as to promote high-quality industrial development. As the cornerstone business, forwarding and related business provides support for the development of logistics business. As the innovative business, e-commerce business combine internet and logistics technology to promote the Company’s transformation and upgrading to a digital and intelligent logistics enterprise.

1. Logistics

Based on the different demands of customers, Sinotrans provides tailor-made integrated logistics solutions covering the entire value chain and ensures the smooth implementation of such solutions, including contract logistics, project logistics, chemical logistics, cold chain logistics and other logistics services.

Contract logistics is based on long-term cooperation relationship to provide customers with supply chain logistics management services, including procurement logistics, production logistics, sales logistics and reverse logistics, and also provide value-added services such as logistics solution design and consultation, supply chain optimization, and supply chain finance. The contract logistics service of the Company has been carried out cluster management according to the target industries and possess leading solution capabilities in multiple industries and fields, such as consumer products and retail, automobile and industrial manufacturing, electronics and high-tech products, medical and health, and buyer consolidation. The Company has established long-term cooperative relationship with many well-known enterprises at home and abroad. Contract logistics is affected by changes in macro-economy, domestic manufacturing industry, consumer market and other factors.

Project logistics mainly serves export projects and provides design and implementation of end-to-end one stop logistics solutions to export engineering equipments and materials from the PRC for Chinese international EPC enterprises in industries such as electric power, petrochemical, metallurgical mining, infrastructure and rail vehicles. The services include but are not limited to the provision of logistics solution design, arranging sea, air, and land transportation, warehousing, packaging, customs declaration and inspection, port transit, transportation of large items, import and export policy consultation, etc. The Company has operated many logistics projects in approximately 100 countries and regions around the world and has extensive project experience. Project logistics is mainly affected by factors such as China’s overseas contracting projects and the economic, political and security situation of various countries and regions in the world.

Chapter 4 Business Overview

Chemical logistics mainly serves refined chemical industry customers, and provides supply chain solutions and logistics services to customers, which mainly include warehousing, transportation and distribution, international freight forwarding and multimodal transportation of hazardous chemicals and ordinary packaged chemicals. The Company has a set of integrated service system for warehousing, transportation (including liquid tank container), freight forwarding, multimodal transport and tax declaration, coordinates in different regional subsidiaries in China, and forms resource network layout of five regions, namely Northeast China, North China, Central China, East China and South China. In addition to being affected by the prosperity of the chemical industry, chemical logistics is also closely related to industry policies and safety supervision measures.

Cold chain logistics mainly provides service to customers in brand catering, retailing and supermarkets, food processing and circulation industry, and import and export trade customers. We can provide one-stop end-to-end service including integrated storage, trunk-line transportation and distribution cold chain service, international cold-chain supply chain and exporting cold-chain management operation services. The Company has established national cold chain logistics network layout, and has strong overall solution service ability of warehousing, line-haul transportation and distribution, whole process cold chain temperature control, tracking, and the ability of design, investment construction and operation management of high standard cold storage. The cold chain industry is driven by consumption upgrade and technological improvement, and was supported by policies, which was generally positive.

The vision of the Company's logistics business is to extend the business to value chain consolidation. As the core business of the Company, logistics business will stick to the target of "customized solution, industrialized sale, consolidated service, and unified operation", let the solution lead the whole process, focus on selected target industries, deepen and refine industrial chain, vertically extend the business, and horizontally replicate experience, to forge expertise and advantage of scale in target industries.

2. **Forwarding and related business**

The forwarding and related business of Sinotrans mainly includes sea freight forwarding, air freight forwarding, railway freight forwarding, shipping agency, storage and terminal services and etc. Sinotrans is the largest freight forwarding company in China and has an extensive service system covering China and radiating the world.

In respect of **sea freight forwarding**, Sinotrans mainly provides customers with multi-link logistics services related to shipping such as booking space from shipping companies, arranging transportation, container delivery, container loading, storage, port collection and distribution, customs declaration and inspection, distribution and delivery. Sinotrans is one of the world's leading sea freight forwarding service providers, handling more than 10 million TEUs of containers each year, and is capable of providing whole supply chain logistics services from major ports in China to more than 70 major trading countries and regions.

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In respect of **air freight forwarding**, Sinotrans mainly provides professional air freight forwarding services such as pick-up and dispatch, customs declaration and inspection, warehousing, packaging, booking and handling, trunk air line freight forwarding and trucking transit services. As a leading air freight forwarding company in China, Sinotrans has accumulated extensive industrial experience and established stable strategic cooperative relationship with major domestic and international airlines (eg. China Southern Airlines, Deutsche Lufthansa AG, Emirates Airline, Air China, Korean Air Lines), core overseas agents and domestic logistics service providers. Through the layout of air transportation channels, Sinotrans has centrally controlled 38 routes including Asian routes, American routes, and European routes, and overseas channels, and is able to provide customers with full-process, visualized and standardized whole supply chain air related logistics services.

In terms of **railway freight forwarding**, Sinotrans is a leading railway freight forwarding service provider in China. It is able to provide customers with railway freight forwarding and information services in bulk cargo, containers and in a variety of ways, including integrated whole supply chain service like domestic railway freight forwarding, international railway freight forwarding (including transit railway freight forwarding) and sea-rail multi-modal transportation. So far, cross-border railway express self-operated platform of the Company has launched over 40 routes from Changsha, Dongguan, Shenzhen, Shenyang, Xinxiang, Weihai, Xi'an and other places (including 11 routes operating weekly), dispatched over 4,400 trips in total. At the same time, the Company also cooperates with other domestic train platforms to participate in the cross-border railway express business in the form of chartered cabins and chartered express.

In terms of **shipping agency**, Sinotrans is a leading shipping agency service company in China, with branches in more than 70 ports along the coast of China and the Yangtze River, and representative offices in Hong Kong SAR, Japan, Korea, Singapore, the United Kingdom, Germany and Thailand, providing shipping companies with services such as port arrival and departure, documentation, ship supplies and other ship related services at ports.

In terms of **storage and terminal services**, Sinotrans provides customers with services such as storage, container consolidating and devanning, cargo loading and unloading, dispatching and distribution, etc. Sinotrans has rich resources of warehouses and container yards, and 10 self-operated river terminals in Guangdong province and Guangxi province, which are important base for the Company to provide high-quality and efficient freight forwarding and integrated logistics services.

The Company's forwarding and related business is mainly affected by factors such as global trade situation, China's export container freight price, China's port container throughput capacity, air cargo and mail volume and market supply and demand.

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Forwarding and related business is the cornerstone of development of logistics segment, it will closely stick to the customers' requirement, emphasize on customer-driven, the valuation creation and model innovation, extend the service chain, mine the value of customers and suppliers, push forward the construction of platform and products, so that to gradually turn the service to whole supply chain logistics.

3. *E-commerce business*

Sinotrans' e-commerce business includes cross-border e-commerce logistics, logistics e-commerce platform and logistics equipment sharing platform. **The cross-border e-commerce logistics** business mainly refers to the whole-chain and partial chain professional logistics service provided to e-commerce customers. The products and services cover Europe, America, the Middle East, Japan, Korea, Southeast Asia and other regions. The scope of services includes door-to-door collection, domestic (bonded) warehouse management, import and export customs clearance, international transportation, overseas warehouse management, last mile distribution, etc. The cross-border e-commerce logistics business is mainly affected by factors such as the trading scale of cross-border e-commerce import and export, and customs policy. **Logistics e-commerce platform** refers to the provision of various public services by the Company to the platform customers through the unified online logistics e-commerce platform, namely Y2T, such as information services such as visualization and tracking, handling services, settlement agency services, freight factoring and technical services. Its products cover logistics services such as Sinotrans E-LCL, online freight (trucking transportation), customs service, air freight forwarding, railway and multimodal transport, and has launched a number of whole-chain products. **Logistics equipment sharing platform** refers to the Company providing logistics equipment leasing service, including containers and mobile fridge containers, tracking and monitoring services.

The e-commerce business of the Company aims at turning into platform and building ecology system. We will grasp the two main streams of logistics e-commerce and e-commerce logistics, consolidate internal and external resources by innovation of technologies and business model. Based on fully promoting the digital operation of major business, we will intensify our efforts to develop the cross-border e-commerce logistics, actively explore logistics e-commerce platform model, strengthen scientific and technological innovation, promote the link with the industry, and form a "four streams into one" platform ecosystem.

(II) Industry Development

The logistics industry in China started relatively late. However, with the rapid development of the national economy, the logistics industry maintains a rapid growth, the logistics system is increasingly improved, and the logistics industry gradually tends to enter a relatively mature stage. Furthermore, the logistics industry is closely related to macroeconomic operation and thus will change with macro economic cycle. Impacted by COVID-19, 2020 saw the shrinking global economy and shrinking of trade. China took the lead in controlling the Pandemic, realized the positive growth of GDP and total foreign trade volume and kept the general stable logistics operation.

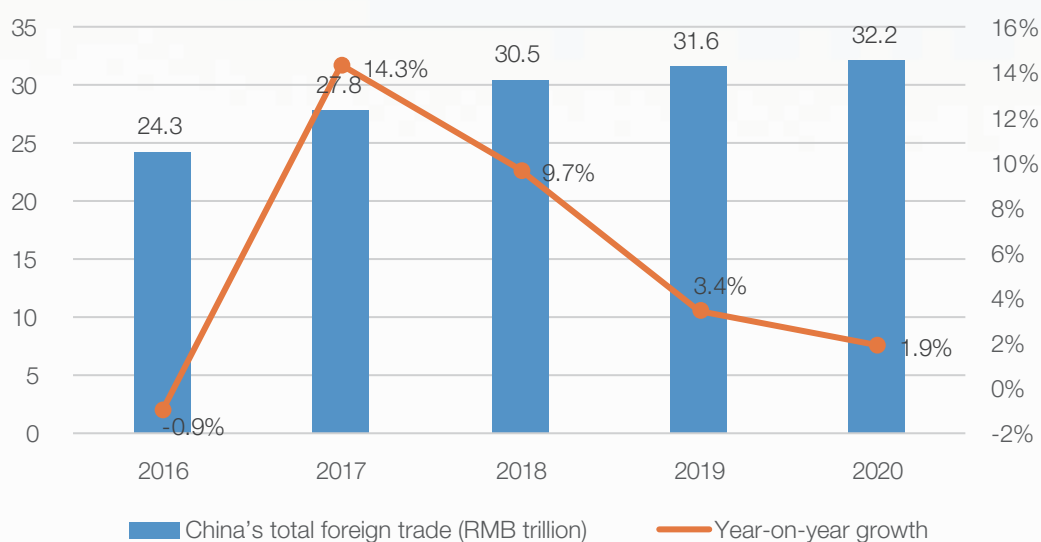
Chapter 4 Business Overview

1. Stable domestic economy with improvement amidst shrinking global economy

Clouded by Pandemic outbreak in early 2020, China's GDP reduced by 6.8% year-on-year in the first quarter; with the powerful and effective promotion of work resumption, from the second quarter to the fourth quarter, China's GDP recovered the year-on-year growth, and economic operation gradually returned to normal; the annual domestic GDP was RMB101.60 trillion, representing a year-on-year growth of 2.3% based on comparable price calculation and a decrease of 3.7 percentage points in growth rate as compared to the corresponding period of last year. In 2020, total import and export volume of goods trade of China was RMB32.16 trillion, representing a year-on-year growth of 1.9% and a decrease of 1.5 percentage points in growth rate as compared to the corresponding period of last year; among which, export volume was RMB17.93 trillion, representing a year-on-year growth of 4%; import volume was RMB14.23 trillion, representing a year-on-year decrease of 0.7%; the trade surplus was RMB3.7 trillion, representing a year-on-year growth of 27.4%.

As Pandemic broke out in the world, many countries took blockade, isolation and shutdown measures. After the decline in the first quarter, the world's major economies declined at a larger extent in the second quarter, reduced by nearly 10% and the downward trend continued to the fourth quarter. In the whole year, both the global economy and the trade declined year-on-year. Furthermore, due to the blockade of borders, restrictions on people's entry and exit, and stoppage of project sites, the progress of engineering projects was generally hindered.

Changes in China's total foreign trade from 2016 to 2020



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Business Overview

2. Continuous improvement of policy environment of logistics industry to promote the development of logistics industry

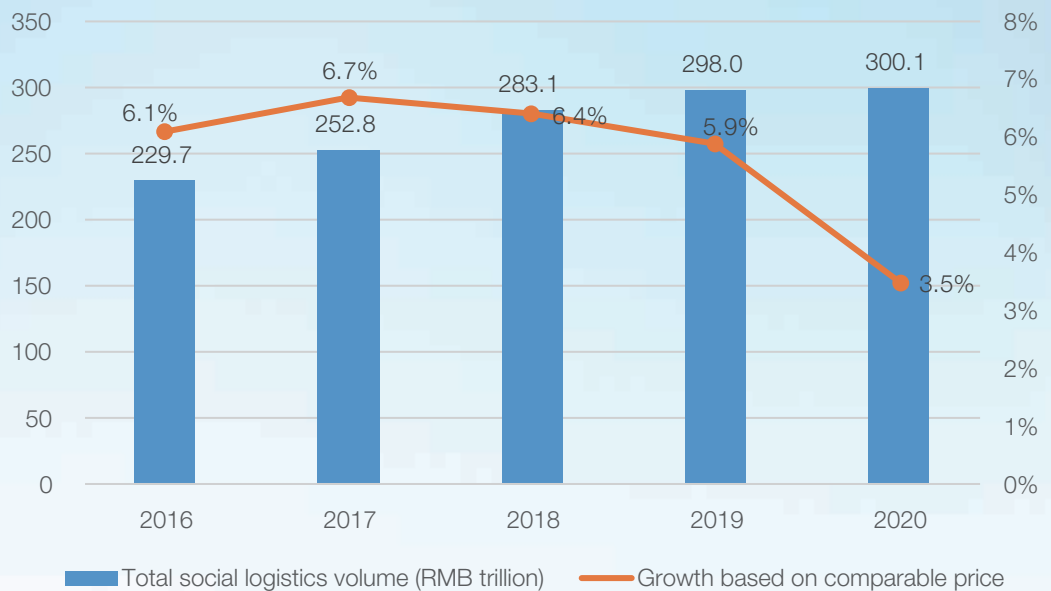
In 2020, Pandemic exacerbated the risk of global economy decoupling and chain breaking. The global industrial chain and supply chain were facing the impact of non-economic factor. In China, logistics hub and emergency response system, international air cargo and other fields were facing challenges in operation and supply. Logistics is the key force to resume work and production and ensure national industrial security. The government successively issued many documents, such as Implementation Opinions on Further Reducing Logistics Costs, Opinions on Promoting Hub Airport to Connect With Rail Transit, Notice on Further Innovation and Application Pilot of Supply Chain, and Implementation Opinions of the Ministry of Transport concerning Overall Promoting Pandemic Prevention and Control and Economic and Social Development of Transportation, proposed to cultivate backbone logistics enterprises, encouraged large logistics enterprises to merge and reorganize in the market, and improved the development level of modern supply chain.

3. Stable operation of logistics market and facilitation of logistics market to speed up transformation by Pandemic

In 2020, after the decline at the beginning of the year, the total social logistics volume in China increased steadily; the annual total social logistics volume in China was RMB300.1 trillion, representing a year-on-year growth of 3.5% based on comparable price calculation and a decrease of 2.4 percentage points in growth rate as compared to the corresponding period of last year. In 2020, total social logistics costs were RMB14.9 trillion, representing a year-on-year growth of 2.0%; the proportion of total social logistics costs to GDP was 14.7%, reduced by 1.3 percentage points compared with that in the “13th Five Year” Plan period, showing the obvious effect of logistics to reduce costs while increasing efficiency. From the perspective of structure, the logistics demand of agricultural products grew steadily, the industrial logistics demand stabilized and rebounded, and the logistics demand related to consumption, people’s livelihood and renewable resources recovered rapidly. From the perspective of international logistics, the import logistics volume increased by 8.9% year-on-year with an increase of 4.7 percentage points in growth rate as compared to the corresponding period of last year, and the growth rate of export logistics volume amounted to nearly 5%.

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Changes in total social logistics volume from 2016 to 2020

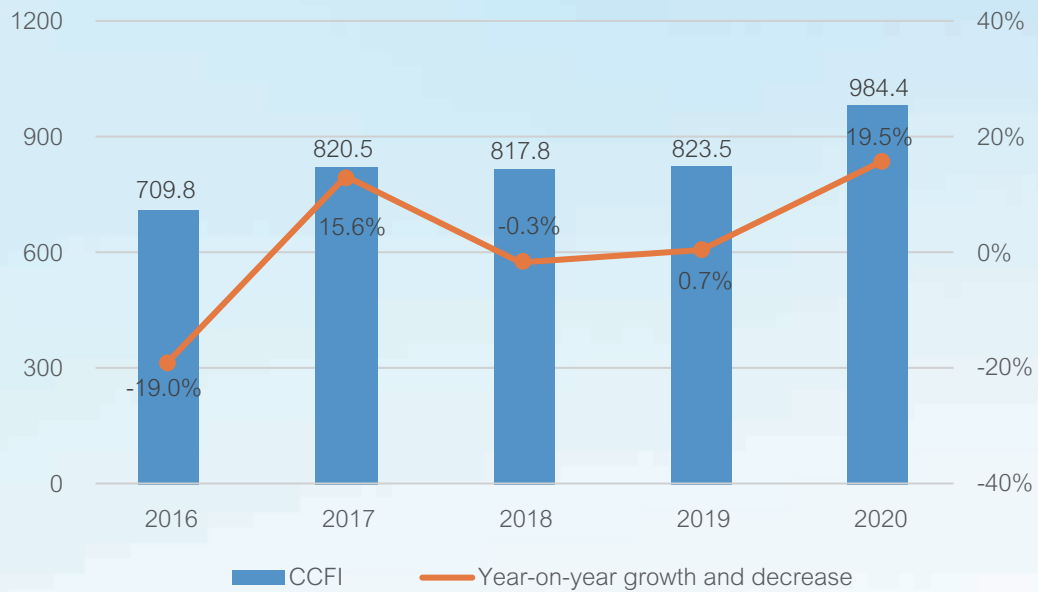


4. Shortage of sea transportation capacity and sustainable recovery of CCFI

In the first half of 2020, affected by traditional shipping off season and COVID-19, the trade activities were depressed and the cargo volume reduced. China Export Container Freight Index (CCFI) dropped to 836 in May from 939 in January, and shipping companies greatly reduced the transportation capacities and the container shipping market was in a downturn. Since June, with the gradual recovery of foreign trade, the transportation demand of China export container increased, the shortage of shipping space and the insufficient empty containers caused the shortage of shipping capacity and most shipping booking rates continued to rise. CCFI showed a rapid rise, up to 1446.08 in December. The annual CCFI was 984.42, representing a year-on-year growth of 19.54%. In 2020, China's port container throughput was 264 million TEUs, representing a year-on-year growth of 1.2%; China's port cargo throughput was 14.55 billion tons, representing a year-on-year growth of 4.3%.

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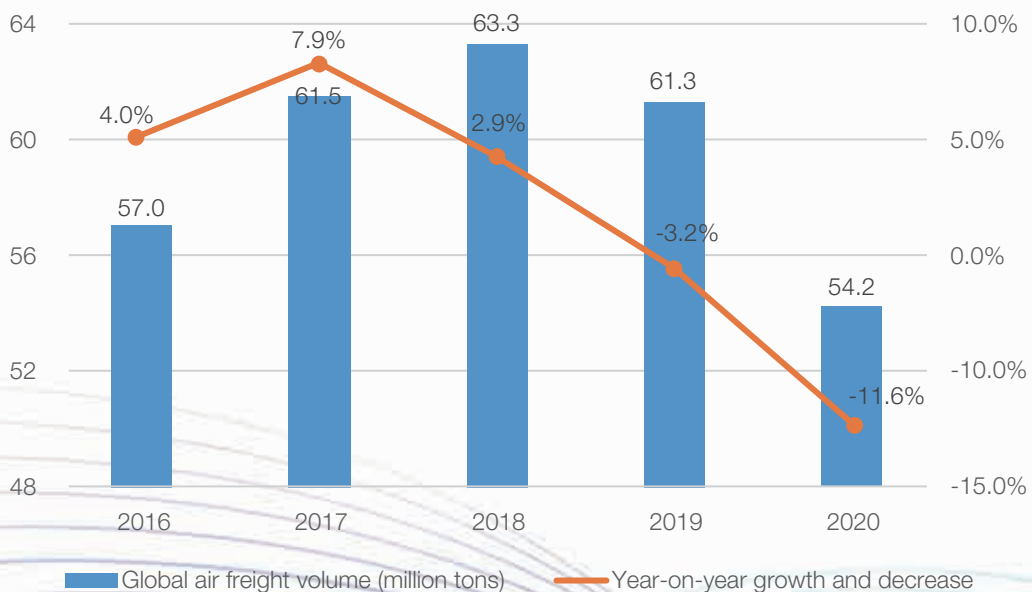
Changes in CCFI from 2016 to 2020



5. Reduction of global air freight capacity, leading to continuous high price

In 2020, Pandemic brought challenges to air freight industry globally. The International Air Transport Association (IATA) predicted that in 2020, global air freight volume would be 54.20 million tons, representing a year-on-year decrease of 11.58%. In respect of air freight income, the cargo transportation capacity of bellyhold reduced due to grounding of passenger plane; however, cargo plane and “passenger to cargo flight” made up for part of the capacity shortage. Besides, in whole 2020, freight prices were basically at a high level. IATA predicted that in 2020, the global freight income would increase to USD117.7 billion in 2020 from USD102.4 billion in 2019.

Changes in global air freight volume from 2016 to 2020



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6. Rapid growth of cross-border e-commerce increasing logistics demand

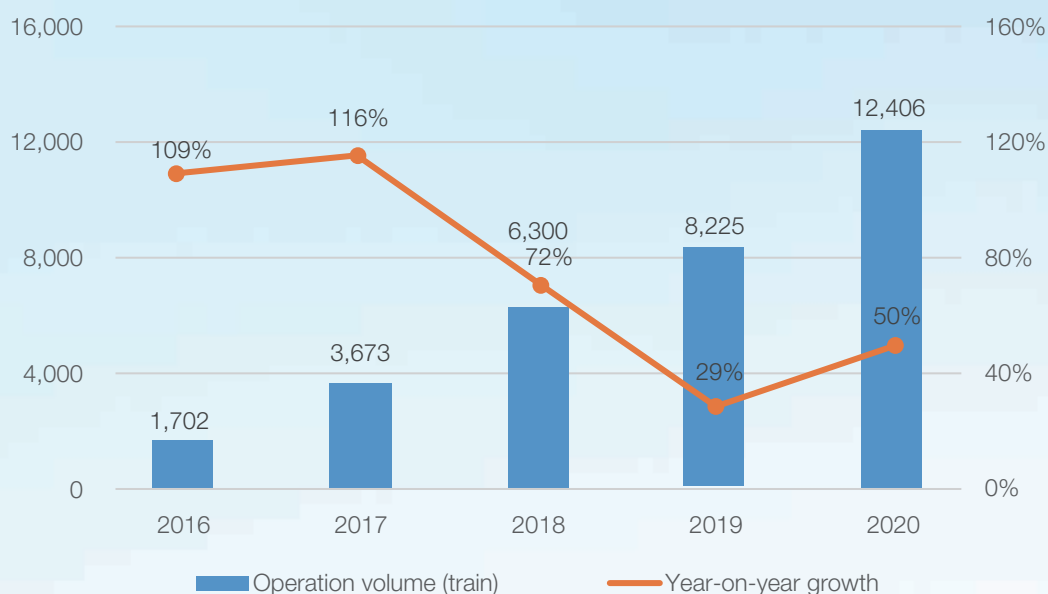
In 2020, affected by the Pandemic, online consumption increased, e-commerce penetration increased, and cross-border e-commerce import and export volume increased significantly. According to the preliminary statistics of the customs, in 2020, China's cross-border e-commerce import and export volume was RMB1.69 trillion, representing a year-on-year growth of 31.1%, among which the export volume was 1.12 trillion, representing a year-on-year growth of 40.1%, and the import volume was 0.57 trillion, representing a year-on-year growth of 16.5%. From the perspective of policy, cross-border e-commerce regulatory innovation was expanded from B2C to B2B field. In 2020, General Administration of Customs issued the matching customs clearance measures, added cross-border e-commerce B2B export regulatory code (9710 and 9810), and carried out the pilots in 22 customs checkpoints to further promote the facilitation of customs clearance in the cross-border e-commerce field and to improve the regulatory system; besides 59 comprehensive cross-border e-commerce pilot zones, the State Council has also set up 46 new comprehensive pilot zones. After expansion, there are 105 comprehensive pilot zones in 30 provinces and cities in China which will speed up the growth of cross-border e-commerce business and provide opportunities for cross-border e-commerce logistics.

7. Growth of China Europe Railway Express to stabilize the international supply chain and industry chain

In 2020, affected by COVID-19, in the case that international sea and air freight were blocked at different extents, China Europe Railway Express was developed against the trend and made contributions to jointly build the "Belt and Road" with high quality, stabilize the international supply chain and industry chain and help the world fight the Pandemic together through giving play to its unique advantages of international railway transport. In 2020, China Europe Railway Express operated 12,406 trains, representing a year-on-year growth of 50%; it broke through 10,000 trains for the first time, which was 7.3 times of that in 2016; China Europe Railway Express totally transported cargos of 1.135 million TEUs, accumulatively transported 9.31 million pieces and 76,000 tons of international cooperation Pandemic prevention materials. From the perspective of operation quality, China Europe Railway Express made great improvement in heavy load transportation, especially return heavy load transportation, with comprehensive heavy container rate up to 98.4%, representing a year-on-year growth of 4.6 percentage points, among which comprehensive heavy container rate of return increased by 9.3 percentage points year-on-year.

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China Europe Railway Express operation from 2016 to 2020



II. EXPLANATION ON MATERIAL CHANGES IN MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

Applicable Not applicable

Significant changes in major assets of the Company during the Reporting Period are detailed in “II. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (III) Analysis of Assets and Liabilities” under “Chapter 5 Management Discussion and Analysis of Business Performance (Report of the Board)” in this report.

Including: overseas assets RMB19,047,065,981.52, accounting for 28.94% of the total assets (2019: RMB17,935,457,444.17, accounting for 28.98%).

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

1. Well-established Service Network and Abundant Logistics Resources

The Group has an extensive and comprehensive domestic and overseas service network. The domestic service network covers 32 provinces, autonomous regions, municipalities and Hong Kong SAR in China. The Group has more than 10 million sq.m. of land in China, more than 4 million sq.m. of warehouses and 10 river terminals with more than 4,000 meters of coastal line, while leasing approximately 3 million sq.m. of warehouses for operation. The self-owned overseas network covers 34 countries and regions with 65 business outlets worldwide. The Group has abundant logistics resources such as logistics centers, container freight stations and terminals in coastal ports, key domestic cities and overseas regions. Meanwhile, the Group also implements industry-finance integration and enjoy the cross-industry synergies with China Merchants Group's financial, trading, industrial park development, shipping and port business segments around the world to provide customers with access to global logistics services.

2. Strong Logistics Solution Capabilities

Inheriting 70 years of deep cultivation and accumulation in the field of international freight forwarding and integrated logistics, the Company forms strong logistics resource integration, coordination and operation capabilities, as well as extensive operating experience in improving the deployment of cargo and equipment of all aspects of production, manufacturing and engineering projects of customers, the Company is able to deliver production resources scattered around the world to the designated locations as scheduled. For operations, the Company has experienced industry teams, and overseas teams familiar with the import and export policies of various countries. They can integrate and coordinate the logistics resources in various areas, and formulate customized and whole supply chain solutions which include all complicated logistics segments. The Company focuses on key industries, including consumer products and retail, automobile and industrial manufacturing, electronics and high-tech products, medical and health, buyer consolidation, engineering energy, chemical, and cold chain, and provides tailor-made integrated logistics solutions covering the entire value chain to such industry leaders and their upstream and downstream customers, and ensure the smooth implementation of such solutions. The Company has accumulated extensive industry-oriented service experience and has established industry-leading advantages in full-value chain logistics services.

3. Leading Supply Chain Logistics Service Model

Following the development trend of the industry and in response to the changes in customer demand, Sinotrans keeps innovating its logistics service model by the reorganisation of forwarding and related business products to improve product research, development and design capability. It focuses on six product systems, namely full container load, less than container load, railway express, air freight, bulk cargo logistics and carrier integrated logistics services, increases the construction channels of water, land and air freight channels, trucking and multimodal transport and is capable of providing end-to-end one-stop whole supply chain logistics service to domestic and international enterprises and satisfying comprehensive logistics demands of customers in a fast and high-efficient manner. Especially for air transportation channels, Sinotrans adapts various

Chapter 4

Business Overview

measures including charter planes and BSA (Block Space Agreement), and makes full use of the synergistic advantages of heavy cargo of air transportation and bulk cargo of e-commerce logistics to achieve the optimization of operational efficiency and profitability.

4. Leading Industry Position, Good Brand Image and Strong Supplier Resources

With 70 years of history and experience, the Group has established good brand awareness in the logistics industry at home and abroad and has been granted many important awards in the industry. As an AAAAA logistics enterprise rated by the China Federation of Logistics & Purchasing, Sinotrans has consecutively won the first prize of the Top 100 Logistics Enterprises in China and the first prize of the Top 100 International Freight Forwarding Logistics in China, and has been awarded as the “Most Competitive (Influential) Logistics Enterprises in China” for many times. As the largest third-party logistics service provider in China, the Company has good reputation and image in terms of both customers and suppliers. On the one hand, Sinotrans has established long-term and stable cooperative relationship with many well-known domestic enterprises and multinational corporations, and has been well recognized by customers. On the other hand, based on its own stable customer resources and strong logistics service capabilities, Sinotrans maintains good and stable partnership with many suppliers, such as internationally renowned shipping companies and airlines.

5. The All-scenario Application of Innovative Technology Takes the Lead in Intelligent Logistics

Relying on its extensive advantages of all scenarios and big data of comprehensive logistics, the Company actively implemented technology innovation activities based on scenario + technology, and customer + technology. The Company developed a digitalization plan, established an innovative technology subsidiary and an intelligent logistics technology center, and applied ABCDT (artificial intelligent, blockchain, cloud computing, big data and internet of things) and other intelligent technologies to all logistics scenarios, making notable breakthrough in the application of the above five key intelligent technologies. As of the end of the Reporting Period, the members of employees of the research and development team of the Company increased to 603. The Company declared 75 new invention patents and 185 software copyrights and received 16 awards for innovation granted by the government at all levels (above the provincial and ministerial level) and organizations in the industry.

Chapter 4 Business Overview

- (1) In the field of artificial intelligent, the intelligent document processing platform is capable of processing 2,700 document types under 5 categories, with a document processing capacity of over 5 million, of which, the RPA (Robotic process automation) technology has been applied to 119 business operation automatic processes; the intelligent loading algorithm has been promoted to the central warehouses of “Sinotrans E-LCL” in Shenzhen Pinghu and Qingdao, which resulted in a year-on-year increase of 10% approximately in container utilization and improved loading efficiency significantly; and the intelligent goods receipt and delivery system has been tentatively applied to the electronic communications industry, the chemical industry, the fast moving consumer products industry and automobile and industrial manufacturing industry, pursuant to which, the goods scanning and sorting efficiency may be improved by at least 2 times during the process of goods receipt and delivery of the warehouse and the overall identification accuracy may reach approximately 100%.
- (2) In the field of blockchain, the development of a blockchain-based supply chain financial service platform has been completed, which provided services to more than 100 enterprises and issued the first blockchain technology electronic NVOCC bill-of-lading) in China.
- (3) In the field of cloud computing, the basic structure of IaaS (Infrastructure as a Service) for Hybrid Cloud has been established. The implementation of the Hybrid Cloud strategy has reduced 40% cost of IT infrastructure construction, with service efficiency improved by 3 times, for the recent four years; the independently developed FROS (frontal routing of signals) framework fully supports the micro service structure and has been used in more than 50 applications.
- (4) In the field of big data & algorithm, it connects 115 internal and external data resources, covering more than 60 shipping companies, 120 airlines and 8 major ports in China; and the logistics control tower helped certain core customer to reduce nearly 70% old and obsolete stocks, almost 10% inactive stocks and approximately 30% redundant stocks.
- (5) In the field of Internet of Things, the hardware equipment of Internet of Things has been developed and upgraded and the solution to the integration of software and hardware of Internet of Things has been applied in more than 60 business projects of the Company.

Chapter 5

Management Discussion and Analysis of Business Performance (Report of the Board)



Song Rong
Executive Director and President

I. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) Overall Operations during the Reporting Period

Impacted by the Pandemic, 2020 saw the recession of global economy and shrinking of global trade. China took the lead in controlling the Pandemic and restoring the economic growth. The year-on-year GDP growth was 2.3%, and total foreign trade (denominated in RMB) increased by 1.9% year-on-year. After the outbreak of the Pandemic, Sinotrans actively fulfilled its social responsibilities, built a global anti-Pandemic life line and work-resumption transportation line, completed the task of ensuring the transportation of anti-Pandemic materials at home and abroad, completed the whole process logistics transportation services for the COVID-19 vaccine to Djibouti and Macao SAR. Confronted with the severe impact of the Pandemic, the Company thoroughly implemented its working policy of “strategy-driven, quality and efficiency-based approach”, and comprehensively promoted the Pandemic prevention and control as well as the operational development, realizing the continuous improvement of operation quality and the stable growth of revenue scale.

Chapter 5

Management Discussion and Analysis of Business Performance (Report of the Board)

1. **Continuous quality and efficiency enhancement to realize stable growth of revenue scale**

In 2020, although the external situation was becoming more and more complex, and the impact of the Pandemic made the situation even harder, the Company still continuously improved its operating quality, enhanced the integration of quality and efficiency enhancement. During the Reporting Period, the Company continuously enhanced the credit risk management, reduced the turnover days of accounts receivable by 2.6 days year-on-year, and practically prevented the liquidity risk. The net cash flow from operating activities increased by RMB634 million year-on-year.

In 2020, the Company achieved operating revenue of RMB84.537 billion, representing a year-on-year growth of 8.86%, and net profits net of non-recurring gains and losses attributable to shareholders of the Company of RMB2.354 billion, representing a year-on-year growth of 13.57%, mainly benefiting from the Company's efforts in improving the efficiency of whole network operation, making early deployment on air freight channels while the strong demands in the air freight market drove the air freight rate hiking to an extraordinary level; strengthening the concentrated procurement of transportation capacity and actively promoting the growth of cross-border e-commerce logistics, air freight forwarding, railway express and other key businesses thus realizing the fast growth of profits. Besides the newly acquired KLG Group overcame the impact of the Pandemic and kept its profits from operation at the similar level with that in 2019. The net profits attributable to shareholders of the Company were RMB2.754 billion, representing a year-on-year decrease of 1.77%, mainly due to the large base of net profits attributable to the Company in 2019 resulting from the write-off of the previous year's large amount of income tax on stock disposal income in 2019 and there was no such matter in 2020.

2. **Acceleration of the business transformation to create the strong product system and strong operation system**

(1) *Product system construction*

- 1) **In the logistics business**, the Company accelerated the integration and transformation to value chain and thoroughly cultivated key industries with high growth and high added value, such as consumer products and retail, automobile and industrial manufacturing, electronics and high-tech products, medical and health, and buyer consolidation to continuously improve its solution capability in the target industry. The Company established an integrated truck-cargo-warehouse operation platform, and explored to create the whole network operation capacity. During the Reporting Period, the Company formulated Guidance on Framework of Logistics Solution System; its businesses covered 50 business links in key industries and 258 service modules in segment markets; the Company formed the logistics solutions in consumption products and retail, automobile and industrial manufacturing, electronics and high-tech products and other industries; the Company implemented the new mode of trunk line FCL/trunk line LCL+ city distribution trucking transportation channel, developed the truck+ cargo + warehouse integrated operation, confirmed the unified truck transportation channel platform operation system and realized the 60% application coverage of transportation businesses.

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In 2020, the Company made positive progress in logistics key target industries: ① In the consumer goods and retail industry, the Company continuously optimized the business structure, persisted in key customer strategy, successfully renewed contracts with key customers, further deepened our long term partnerships, developed new large customers in fashion industry, initially formed the whole link solution of basic logistics + e-commerce sales, prepared analysis reports based on logistics control tower for core customers, and significantly reduced the long term inventory rate and inventory slack rate; ② In the automobile and industrial manufacturing industry, the Company focused on automotive segment market, and made the inbound and line side logistics, tyre industry, dangerous goods logistics, complete vehicle and Complete knocked Down(CKD), Semi-complete knocked Down(SKD) and other logistics solutions; ③ In the electronics and high-tech products industry, the Company expanded segmentation field from consumption electronics field to electronic component, semiconductor and intelligent electronic product field with high added value, and provided its self- developed “warehouse visual recognition automatic receiving and delivering system” for core customers which increased the single scanning success rate to 100%, increased the document entry efficiency by 30% and optimized the personal allocation by 30%; ④ In medical and health industry, the Company provided the whole chain services of medical devices ranging from procurement, production, sales to after-sales for Siemens, GE, Philips and other global leading brands, continued to develop Sinopharm, BeiYi Medicine and other pharmaceutical customers and expanded its service chain to upstream and downstream of medical and health industry; ⑤ In the buyers consolidation business, the Company accelerated to expand the emerging market, actively expanded business and optimized operation on the basis of signing contract with famous brands in retail industry in South America and realized the stable growth of revenue and profits; ⑥ In the chemical industry, the Company achieved breakthroughs in hazardous chemical logistics business, such as the new energy vehicle battery, and signed contracts with many customers for dangerous goods spare parts business. The successive kickoff and operation of the Company’s key projects, including the logistics center for hazardous chemicals in Shanghai and Nantong, laid an essential foundation for the development of the chemical logistics industry; ⑦ In the cold chain industry, despite the impact of the Pandemic, the Company actively developed Ningbo Kecheng, Mondelēz International, Beijing Capital Agribusiness Group and other customers to provide new value-added services such as import agency, strictly controlled costs and realized the 12% growth of gross profits.

- 2) In the forwarding and related business**, the Company accelerated its transformation to the whole supply chain, optimized the construction of sea, land and air channels, and gradually formed six product systems, namely FCL products, LCL products, railway express products, air freight products, bulk cargo logistics services, and carrier integrated logistics services.

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In respect of FCL products, in 2020, the Company developed FCL products in Southeast Asia line, and started to design the FCL products in the Middle East-India Pakistan line and the Europe-Mediterranean line; besides, the Company promoted the creation and launching of selected lines, focused on selected lines in South East Asia area and launched the products on Y2T.

In respect of LCL products, as the first national standardized product of the Company, “Sinotrans E-LCL” launched the first oversea central warehouse in South East Asia area in 2020, and established an integrated service network comprising 15 central warehouses and 30 satellite warehouses. In 2020, the Company realized a total business volume of 5.15 million cubic meters in “Sinotrans E-LCL”, representing a year-on-year increase of 27%.

In respect of railway express products, in 2020, the Company created three select railway lines, namely Shilong-Vorsino Line, Shenyang-Moscow Line and Changsha-Minsk Line, formed the diversified train products comprising public trains, customized trains and specialized trains. In 2020, the Company had 11 regular operation routes, which created the important logistics channels to ensure the stable international supply chain under the Pandemic situation. In 2020, the Company totally operated 1,580 trains with the transportation volume of 157 thousand TEUs, representing year-on-year growth rates of 25.6% and 21.7% respectively.

In respect of air freight products, in 2020, the Company strengthened its control of port operation, trunk line capacity, overseas service, etc., uniformly planned and designed the products and formed 43 air logistics products, 15 whole link products and 33 standardized whole link products. Confronted with the shortage of air freight capacity under the Pandemic situation, the Company actively responded, strengthened cooperation with airlines, ensured the transportation capacity through innovatory “cargo plane modified from passenger plane”, increasing the charter airplane lines, increasing the charter airplane operation density, etc., provided the powerful support and guarantee for transportation of the Pademic prevention materials and meeting the demands of key customers, and formed the cycle improvement of “promoting cargo by transportation capacity and promoting transportation capacity by cargo”. The revenue and profit from air freight business increased significantly. In 2020, the revenue from air freight forwarding business increased by 41% and segment profits increased by 1.5 times year-on-year.

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In respect of bulk cargo logistics service, in 2020, the Company initially formed a product portfolio composed of whole process products, land operation products and shipping agency products, focused on the construction of whole process product of subdivided cargoes, and launched shipping agency operation visualization service system phase I in 11 main ports in China, which effectively improved data quality and extraction efficiency, and enhanced customer satisfaction and stickiness.

In respect of carrier integrated logistics service, in 2020, the Company promoted the implementation of smart cargo station phase I (empty container) project in the whole country and started the phase II (Heavy Container) project. On the basis of unifying the inspection and repair information system of main container stations, the Company established the inspection and repair sharing center to gradually realize the whole network operation of stations and other businesses.

The Company continuously optimized the construction of sea, land and air transportation channels to form a resource agglomeration effect. As for shipping transportation channel, the Company centrally purchased part of the transportation capacity to improve its bargaining power, and focused on the promotion of the centralized procurement of transportation capacity of the Southeast Asian line, the Middle East-India Pakistan line and the Europe-Mediterranean line; as for land transportation channel, the Company enhanced the hub construction, added Shenzhen “Bay Area” China Europe Railway Express operation platform, operated 11 normal operation trains, and further consolidated its position in the market. In 2020, the Company centrally procured transportation capacity of 979 trains which strongly supported the transportation volume of cross-border railway express; as for air transportation channel, the Company completed the establishment of 4 regional operation and control centers, centrally managed the 38 air transportation lines including Asia Line, America Line and Europe Line, operated 11 regular charter airplane lines, created an operation control center (Frankfurt) in Western Europe, and comprehensively connected with KLG Group in the service such as customs clearance and delivery in Europe, the capability of air channel was significantly enhanced.

- 3) In the e-commerce business**, the Company built whole link products of cross-border e-commerce logistics, accelerated the transformation to platform and ecosystem, and constantly strengthened the link ability of the whole scenarios and the public aggregation ability.

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In respect of cross-border e-commerce logistics business, the Company continuously optimized its services, strengthened the marketing efforts for large e-commerce customers, promoted customer diversification, and realized the transformation from customized services to the standard whole link products. In 2020, the Company seized the opportunities in the market, deepened the strategic cooperation with key customers, and significantly increased the export business volume; further deployed the air transportation channel, greatly increased the controllable capacity in form of charter airplane, increased to 11 lines and developed up to 43 products starting from the single line of Hangzhou-Liège of 2019; enhanced the capacity construction of e-commerce ports, used Jiaxing distribution center and Dongguan distribution center, and further improved its sorting operation capability of e-commerce logistics hub; improved the function construction of cross-border e-commerce logistics system, carried out the iterative optimization of related existing structure, order management, declaration management and data connection of main systems, added the product management, pricing management, head-end operations, online services and other functions and completed the promotion and system deployment in Nanjing, Weihai, Wuhan, Hefei, Dubai and Hong Kong ports; created cross-border small package product, BC-in-1 warehousing and distribution product, B2B (code 9710 and code 9810) product, code 1210 import product, single link sorting service product, etc.

In respect of logistics e-commerce platform, the Company enhanced internal collaboration, developed and launched 5 whole link digital products, covering Europe-Asia, Southeast Asia, China-Japan-South Korea, South Asia and Asia-Africa, and 55 waterway-railway intermodal products covering Europe, Japan, South Korea and Southeast Asia. Furthermore, the Company built a logistics e-commerce public platform - Y2T platform with 8,650 monthly average active enterprises, 60,500 daily average page views, and RMB1.023 billion public transaction amount (excluding Sinotrans); Y2T network freight platform obtained the first batch of network freight license, and realized the year-on-year growth of 182% in transaction amount of transport business in 2020. Besides, the Company promoted the implementation of Y2T “science reform demonstration action” pilot scheme, and formulated first capital increase and share issue and employee stock ownership plan for Y2T to improve the development driving force of Y2T.

(2) *Establishment of operation system*

During the Reporting Period, the Company continued to improve the development of its operation system in order to promote the systematic management of customers and suppliers, optimize management procedure and further empower the frontline.

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In respect of procedures, in 2020, the Company issued the Draft Standard Operating Procedures Manual (2020) and the Draft Business Management Procedures (2020), in a bid to lay a foundation for standardization through established procedures and data standards. As of the end of 2020, the Company initially built the big data management and analysis platform with order pool as the source and settlement management as the core control points to realize the closed-loop management of business orders. The Company also issued the rules of collaboration with some sub-business lines to support the network-based operation.

In respect of system, in 2020, the Company issued the Framework Solution to Product Systems to identify the components of products and solutions and accelerate the establishment of product systems. The Company also promoted the systematization and digitalization of customer management through classified customer management, information management and customer satisfaction survey. In addition, the Implementation Rules on Procurement Management (2020) has been established to continuously improve the procurement management organization and optimize procedures to intensify the system protection for supplier and procurement management.

3. Seizing the opportunity and deepening the overseas network layout and asset layout

(1) *In respect of overseas network layout*

In 2020, the Company constantly improved its overseas network layout and committed to becoming a modern logistics enterprise with international competitiveness. In 2020, the Company completed the acquisition of 100% equity of KLG Group, deepened the network construction in Europe, and increased collaboration and integration with existing business. In 2020, KLG Group overcame the adverse effects of the Pandemic in Europe, realized the revenue of approximately RMB1.58 billion, and the profit generated from operation was approximately RMB180 million, which were of the similar level with 2019, showing high business resilience and quality. In 2020, the Company established four overseas institutions respectively in Mongolia, Uzbekistan, Ethiopia and UAE; started the integration of its institutions in Japan, South Korea and Australia; completed the reconstruction of the overseas warehouses of approximately 20,000 sq.m. in Dubai, and improved the cross border e-commerce logistics operation capability.

(2) *In respect of asset layout*

In 2020, the Company took Sinotrans Logistics Investment Holdings Co., Ltd. as the unified investment mainbody of strategic logistics resources and new logistics facilities to gradually implement the “light and heavy asset separation”. And the projects including Shanghai Lingang Project and Beijing Logistics Park Projects have made positive progresses.

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4. *Persisting in the innovation guidance, and speeding up the digital transformation*

In 2020, the Company thoroughly initiated the digital transformation, set a digital transformation office, focused on domestic end, trunk line end, overseas end, truck-cargo-warehouse integration, online transaction-delivery-payment platform, and mainly built the digital intelligent operation system.

During the Reporting Period, the Company increased its investment in technology research and development, and gradually increased the technology application scenarios. The Company launched intelligent order services which can match with intelligent order reviewing services on the order intelligent processing platform to increase the per capita business processing capacity of customs sharing center by more than 30%, and increase the operation efficiency of “Sinotrans E-LCL” business by more than 10%; the financing scale of blockchain + supply chain financial service business increased by more than 22 times; the Company successfully issued the first NVOCC electronic bill-of-lading based on blockchain technology in China and further promoted the transformation of trust system, sales channel, transaction mode and payment system in the circulation of sea freight forwarding industry; completed the establishment of the middle-platform for customers and suppliers which realized integration of customer relationship management system and master data management system certification; applied the intelligent scheduling algorithm in logistics solutions for chemical, consumption products and retail, electronics and high-tech product, cold chain and other industries and adopted the intelligent loading algorithm to realize single cabinet orderly loading services.

During the Reporting Period, the Company completed the research, development and production of the receiving and sending identification sorting system with independent intellectual property rights; the system has been used in chemical logistics and “Sinotrans E-LCL” Pudong storage and transportation automatic warehouse; the Company has declared for 59 intellectual property rights, among which “man machine cooperation digital warehouse solution”, “intelligent cargo receipt and delivery system”, “intelligent storage platform” and many other projects won great industrial awards.

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(II) Highlights of the Business

1. *Centralized purchase of shipping capacity to push forward refined operation “Sinotrans E-LCL” stepped out to form international layout*

In 2020, to enhance the service stability and increase profitability, the Company launched the centralized purchase of shipping capacity in South-East Asia route and started actual operation. The Company also initiated the centralized purchase of shipping capacity in Middle East Asia-India-Pakistan route and Europe-Mediterranean route as well. As the first standardized national product of the Company, “Sinotrans E-LCL” launched the first overseas hub in 2020, and formed the unified service network of 15 hubs+30 satellite warehouses, with the support of intelligent logistics system and hardware, the operational capability of “Sinotrans E-LCL” was further improved. In 2020, “Sinotrans E-LCL” achieved the business volume of 5.15 million cubic-meter, representing a 27% year-on-year growth, and continued to maintain the leading position in its niche market.

2. *Increased controllable capacity and optimized cargo loading Promoted virtuous circle with scale effect*

In 2020, Sinotrans continued to build up the air transportation trunk line capacity. Backed by the existing air transportation channel, Sinotrans adapted various measures including transforming the passenger planes to cargo plane, charting planes and blocking spaces. Sinotrans managed to improve the loading utility rate and profitability by balancing the heavy cargo and bulk cargo resources so that to further solidify the leading position in air related logistics market. Sinotrans executed 478 regular charter flights and 280 temporary charter flights in total in 2020. The air channel of Sinotrans handled 532 thousand tons cargo in 2020, the aggregated segment profit of air freight related segments increased by 218%. Presently, Sinotrans operates 57 charter flights per week, such capacity help to meet the demand of clients, and also secure the stability and safety of supply chain to the most extend.

3. *Built up business volume in railway express to promote the development of cross-border e-commerce logistics*

In 2020, the railway express service of Sinotrans launched 7 new routes. The Company operates more than 40 cross-border railway express routes, among which, 11 are regular routes, which provide China Europe Railway Express as a new channel for business like cross-border e-commerce logistics, and we newly launched “Bay Area” train platform. In 2020, the aggregate volume of cross-border railway of Sinotrans amounted to 1,580 trains, and 157 thousand TEUs which representing a year-on-year increase of 21.7%; among which, the China Europe Railway Express volume was 1,388 trains and 134 thousand TEUs which representing a year-on-year increase of 22.5%, and ranking No. 4 in China.

4. *Focusing on both self-owned and agency network, to support the modern logistics enterprise with international competitiveness*

Committing to becoming a modern logistics enterprise with international competitiveness, Sinotrans accelerated the construction of overseas network. The Company continued refining the overseas agency network, at the same time strengthened the intensive management of overseas agencies. In 2020, the Company selected out 8 major overseas agencies and started to concentrate business to such agencies. Sinotrans also completed the acquisition of 100% stake of KLG Group in 2020, who has successfully initiated business coordination with existing business including contract logistics, cross-border e-commerce logistics and railway express. In the future, KLG Group will act as the operation core of Sinotrans in European area and generate synergies in providing extending service to domestic customer, developing new customers and markets, etc.

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(III) Business Segments and Segment Profit (in which, the segment profit is the operating profit of the segment deducting the impact of investment income in associates and joint ventures)

Logistics

In 2020, external revenue from the Group's logistics business amounted to RMB19,585 million, representing a decrease of 1.28% from RMB19,839 million of last year, because affected by the global outbreak of the Pandemic, many overseas projects came to suspension, thus the revenue of the Company's project logistics largely decreased by approximately RMB600 million year-on-year; and the segment profit amounted to RMB715 million, representing an increase of 5.35% from RMB679 million of last year, which was mainly attributable to the contribution of RMB131 million by the newly consolidated KLG Group.

Forwarding and related business

In 2020, external revenue from the Group's forwarding and related business amounted to RMB57,776 million, representing an increase of 5.37% from RMB54,833 million of last year; and the segment profit amounted to RMB1,863 million, representing an increase of 19.42% from RMB1,560 million for the corresponding period of last year, because the increase of air freight rates and the Company locked certain airline space in advance, which led to significant increase in the profitability of air freight forwarding business.

E-commerce business

In 2020, external revenue from the Group's e-commerce business amounted to RMB7,176 million, representing an increase of 140.55% from RMB2,983 million of last year; and the segment profit amounted to RMB196 million, representing an increase of 173.94% from RMB71 million of last year, because benefiting from the air transportation channel construction, the Company locked certain airline space in advance and expanded the corporation with key clients in 2020, the revenue of cross-border e-commerce logistics doubled to over RMB 7 billion while its segment profit reached RMB 167 million, increasing by 4.4 times year-on-year.

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(IV) Operation Statistics of Principal Business

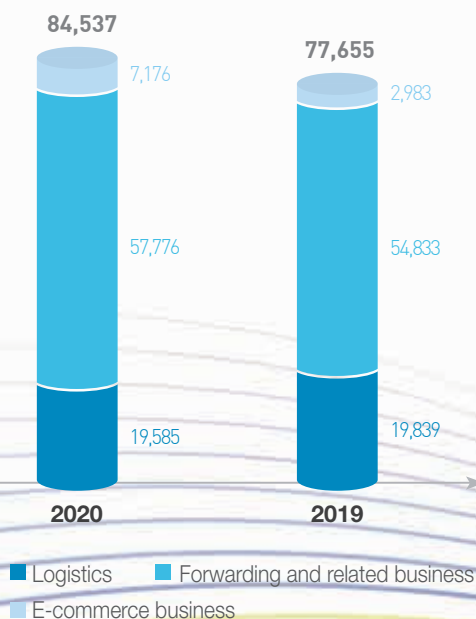
	For the year ended 31 December	
	2020	2019
Logistics (in million tonnes)		
Contract Logistics*	33.1	38.0
Project Logistics	5.2	6.2
Chemical Logistics	3.2	3.3
Cold Chain Logistics	1.0	1.3
Forwarding and related business		
Sea Freight Forwarding (in ten thousand TEUs)	1,308.8	1,313.4
Air Freight Forwarding (in million kilograms) **	532.3	502.0
Rail Freight Forwarding (in ten thousand TEUs)	19.1	11.2
Shipping Agency (in ten thousand TEUs)	2,317.7	2,674.9
Warehouse and Yard Service (in million tons)	19.1	16.0
E-commerce business		
Cross-border e-commerce logistics (in ten thousand units)	26,985.5	17,979.5
Cross-border e-commerce logistics (in ten thousand tons)	2.7	0.8
Logistics equipment sharing platform (ten thousand TEUs/day)	8.0	8.2
Logistics e-commerce platform (in ten thousand TEUs)	46.1	4.7

* Does not include the business volume of KLG Group

** The business volume of 2020 includes the trunk line transportation of 27 thousand tons for cross-border e-commerce customers; the business volume of 2019 includes the trunk line transportation of 8 thousand tons for cross-border e-commerce customers.

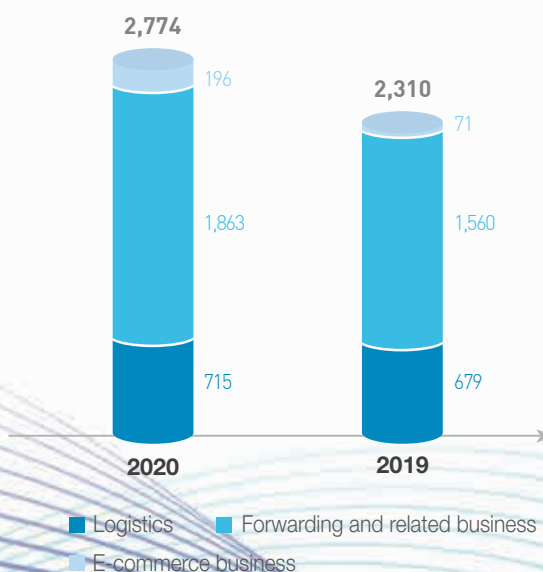
External Revenue

(RMB million)



Segment Profit

(RMB million)

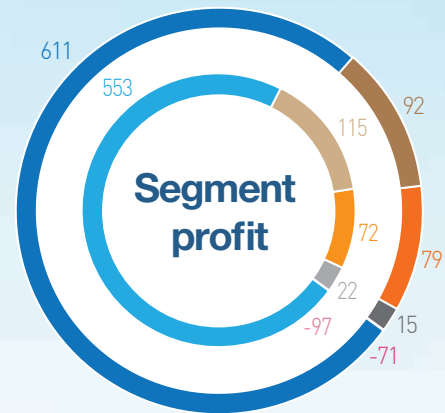
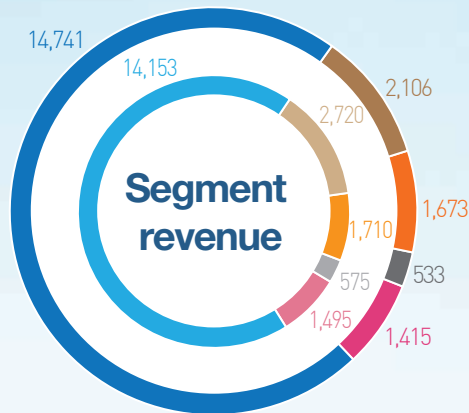


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Key Segment Revenue and Profit

Logistics

(RMB million)



2020

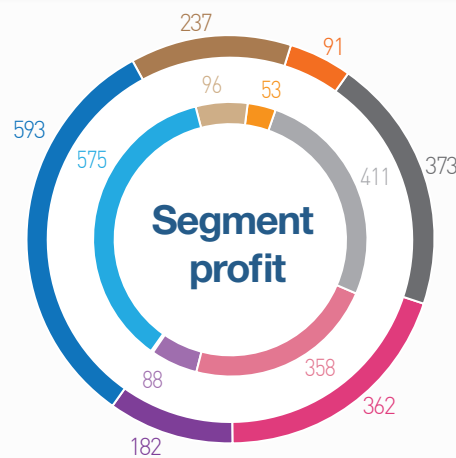
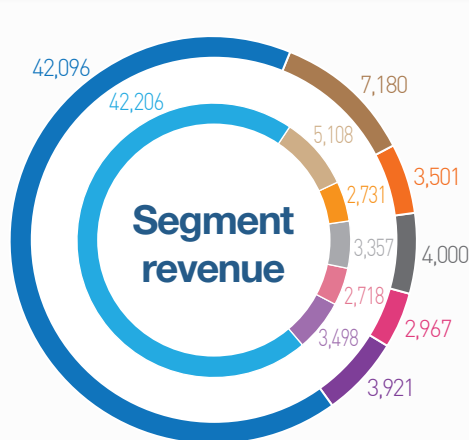
- Contract logistics
- Cold-chain logistics
- Project logistics
- Other services
- Chemical logistics

2019

- Contract logistics
- Cold-chain logistics
- Project logistics
- Other services
- Chemical logistics

Forwarding and related business

(RMB million)



2020

- Sea Freight Forwarding
- Shipping Agency
- Air Freight Forwarding
- Storage and Terminal Services
- Rail Freight Forwarding
- Others Services

2019

- Sea Freight Forwarding
- Shipping Agency
- Air Freight Forwarding
- Storage and Terminal Services
- Rail Freight Forwarding
- Others Services

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II. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

1. Analysis Statement of Changes to Relevant Items in Statements of Income and Cash Flow

Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Change (%)	Analysis of reason for changes
Operating income	84,536,841,379.12	77,655,104,976.98	8.86	In 2020, affected by the Pandemic, the online consumption demand further expanded and led to a significant increase in the cross-border e-commerce logistics business volume; the strong demand in the air freight market and the rising freight rate led to a significant increase in the income from the air freight forwarding business; and the newly acquired KLG Group was consolidated into the financial statement.
Operating cost	79,595,940,834.17	73,425,097,330.63	8.40	Costs increased as a result of the increase in both of the air freight forwarding and cross-border e-commerce logistics business.
Selling expenses	806,339,597.85	851,739,192.62	-5.33	Affected by the Pandemic, the business entertainment fees and traveling expenses decreased for the Reporting Period.
Administrative expenses	2,735,273,675.53	2,596,298,000.77	5.35	The newly acquired KLG Group was consolidated into financial statement, resulting in the increase of administrative expenses.
R&D expenses	149,205,749.71	73,437,937.69	103.17	The Company increased the investment in research and development in order to accelerate the digitalization construction.
Finance cost	625,170,299.30	288,775,817.70	116.49	During the Reporting Period, the Company's subsidiaries recorded foreign exchange losses due to the significant depreciation of the Belarusian Ruble; and recorded foreign exchange losses in respect of assets held in US dollars due to the significant appreciation of Renminbi.

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Unit: Yuan Currency: RMB

Item	Amount for the current period	Amount for the same period of last year	Change (%)	Analysis of reason for changes
Net cash flows from operating activities	3,956,385,015.00	3,322,169,198.10	19.09	The change was due to the combined effect of increased business volume, faster account receivables turnover and good receivables collection performance during the period.
Net cash flows from investment activities	-1,341,620,965.80	-2,054,978,249.70	N/A	The change was due to the effect of the acquisition of KLG Group, and 80% of the consideration was paid in 2019 and the remaining 20% was paid in 2020.
Net cash flows from financing activities	-1,548,921,167.75	-6,336,246,978.17	N/A	The repayment of various borrowings caused a larger amount of cash outflows in 2019, which didn't occur in 2020.

2. Income and Cost Analysis

✓Applicable Not applicable

(1). Principal Businesses by Sector and Product

Unit: Yuan Currency: RMB

Principal businesses by sector

By sector	Operating income	Operating cost	Gross margin(%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross margin over last year (%)
Logistics industry	84,536,841,379.12	79,595,940,834.17	5.84	8.86	8.40	Increase by 0.4 percentage point

Principal businesses by product

By product	Operating income	Operating cost	Gross margin(%)	Increase/ decrease in operating income over last year (%)	Increase/ decrease in operating cost over last year (%)	Increase/ decrease in gross margin over last year (%)
Logistics	19,585,303,438.15	17,576,824,014.17	10.26	-1.28	-1.97	Increase by 0.63 percentage point
Forwarding and related business	57,775,688,360.16	55,129,259,034.68	4.58	5.37	4.69	Increase by 0.62 percentage point
E-commerce business	7,175,849,580.81	6,889,857,785.32	3.99	140.55	143.06	Decrease by 0.99 percentage points

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Description of Principal Businesses by Sector and by Product

- Income and cost items for current and last year are taken from operating income and operating cost.
- Operating income and operating cost from the e-commerce business recorded year-on-year increases, primarily attributable to the increase in both volume and price of the cross-border e-commerce logistics business as a result of the effect of, among others, the COVID-19 pandemic.

(2). *Analysis Statement of Production and Sales*

Applicable Not applicable

(3). *Statement of Cost Analysis*

Unit: Yuan Currency: RMB

By sector

By sector	Cost components	Amount for the current period	Percentage of total cost for current period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	Change in percentage of the amount as compared with the corresponding period last year (%)
Logistics industry	Transportation and relevant expense	72,472,732,387.14	91.05	66,790,886,460.75	90.96	8.51
Logistics industry	Labor cost	3,598,711,554.05	4.52	3,356,004,904.45	4.57	7.23
Logistics industry	Depreciation and amortization	1,371,172,983.74	1.72	1,144,044,137.97	1.56	19.85
Logistics industry	Rental cost	405,423,202.15	0.51	399,171,233.94	0.54	1.57
Logistics industry	Fuel expense	361,146,231.85	0.45	429,123,812.40	0.58	-15.84
Logistics industry	Repair and maintenance expense	95,318,285.86	0.12	80,119,553.69	0.11	18.97
Logistics industry	Safe production expense	76,011,388.15	0.10	57,814,903.91	0.08	31.47
Logistics industry	Other operating expenses	1,215,424,801.23	1.53	1,167,932,323.52	1.59	4.07

By product

By product	Cost components	Amount for the current period	Percentage of total cost for current period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	Change in percentage of the amount as compared with the corresponding period last year (%)
Logistics		17,576,824,014.17	22.08	17,930,300,886.48	24.42	-1.97
Forwarding and related business		55,129,259,034.68	69.26	52,660,160,516.04	71.72	4.69
E-commerce business		6,889,857,785.32	8.66	2,834,635,928.11	3.86	143.06

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- (4). *Key customers and Key Suppliers*
 Applicable Not applicable

Unit: ten thousand Currency: RMB

Sales to top five customers amounted to RMB12.99 billion, accounting for 15.36% of the total sales in the year; Among the sales to top five customers, the sales to related parties amounted to RMB0, accounting for 0% of the total sales in the year.

Unit: ten thousand Currency: RMB

Customer	Total sales	Percentage of total sales of the year	Related party or not
Customer 1	545,006.16	6.45%	No
Customer 2	287,356.00	3.40%	No
Customer 3	210,083.99	2.49%	No
Customer 4	139,400.08	1.65%	No
Customer 5	117,018.81	1.38%	No
Total	1,298,865.02	15.36%	/

Purchases from top five suppliers amounted to RMB15.40 billion, accounting for 19.34% of the total purchases in the year; Among the purchases from top five suppliers, the purchases from the related parties amounted to RMB0, accounting for 0% of the total purchases in the year.

Unit: ten thousand Currency: RMB

Supplier	Total purchases	Percentage of total purchases of the year	Related party or not
Supplier 1	364,854.85	4.58%	No
Supplier 2	347,797.41	4.37%	No
Supplier 3	319,094.88	4.01%	No
Supplier 4	301,385.45	3.79%	No
Supplier 5	206,578.05	2.60%	No
Total	1,539,710.64	19.34%	/

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Other Matters

(i) During the year ended 31 December 2020, none of the Directors, Supervisors, their close associates and any shareholders (who to the knowledge of the Board owns more than 5% of the share capital of the Company) of the Company had any interests in the top five customers or the top five suppliers of the Group.

(ii) Relationship with Customers

The Group maintains long-standing, healthy and cooperative relationships with the Company's major customers, follow the general commercial terms and shares consistent credit terms with other customers. The Group settles its major customers in accordance with the contract payment terms, combining judgment on amount of account receivables, adopts provision for bad debts of receivables that are specifically classified by similar credit risk. The Group monitors and assesses the information of major customers on an on-going and timely basis, to promote the communication and relationship with major customers.

(iii) Relationship with Suppliers

In selecting suppliers to purchase from, the Group has been applying a standard of high quality and high integrity, and has established relevant systems to ensure that the purchase process remains open, fair and just. Aiming to improve purchase quality, critical assessment and guidelines are utilized by the Group to measure the sustainability of the suppliers in terms of labor, health and safety and environmental influences. Relevant departments of the Group conduct performance assessments to the suppliers on a regular basis in order to manage the suppliers in a more efficient manner and reduce potential risks in supplier, which promote the communication and relationship with the suppliers.

3. Expense

Applicable Not applicable

For details, please refer to "(I) Analysis on Principal Businesses 1. Analysis Statement of Changes to Relevant Items in Statements of Income and Cash Flow" under "II. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD" in this chapter.

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4. R&D investment

(1). Statement of research and development (R&D) investment

Applicable Not applicable

Unit: Yuan Currency: RMB

Expensed R&D investment for the Reporting Period	149,205,749.71
Capitalized R&D investment for the Reporting Period	78,327,906.31
Total R&D investment	227,533,656.02
Total R&D investment as a percentage of operating income (%)	0.27
Number of R&D employees in the Company (person)	603
R&D employees as a percentage of total employees of the Company (%)	1.74
Capitalized R&D investment as a percentage of total R&D investment (%)	34.42

(2). Description

Applicable Not applicable

5. Cash Flow

Applicable Not applicable

	For the year ended 31 December	
	2020 RMB million	2019 RMB million
Net cash generated from operating activities	3,956.39	3,322.17
Net cash generated from investment activities	-1,341.62	-2,054.98
Net cash generated from financing activities	-1,548.92	-6,336.25
Effect of foreign exchange rate changes	-163.32	139.35
Net increase in cash and cash equivalents	902.53	-4,929.71
Cash and cash equivalents at the end of the Reporting Period	11,292.44	10,389.91

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Operating Activities

During the year ended 31 December 2020, the Group's net cash inflow generated from the operating activities increased by RMB634 million or 19.09% from the corresponding period last year to RMB3,956 million, which was mainly due to the following factors, as the account receivables turnover got higher, the Group received cash for the sale of products and provision of services of approximately 84,212 million (2019: RMB78,523 million), and it paid cash for the purchase of goods and receipt of services of RMB73,728 million (2019: RMB68,352 million), so the net cash was RMB10,484 million (corresponding period of last year: RMB10,170 million), representing an increase of RMB313 million compared with last year; the employee remuneration paid by the Group increased by RMB336 million, while other cash inflow related to operating activities for the current period increased by RMB639 million compared with the corresponding period of last year.

Investment Activities

For the year ended 31 December 2020, the net cash outflow generated from investment activities amounted to RMB1,342 million, including the purchase of property, machinery and equipment of RMB1,483 million, additions in intangible assets and other long-term assets of RMB330 million, investment in joint ventures and associates and financial assets of RMB247 million, net cash paid for the acquisition of KLG, etc. of RMB530 million, loans to related companies of RMB5 million and purchase of structural deposits of RMB300 million; partially offset by the proceeds from disposal of property, machinery and equipment of RMB108 million, proceeds from disposal of intangible assets of RMB26 million, investment income of RMB1,066 million, proceeds from disposal of financial assets of RMB257 million, and repayment from related companies of RMB97 million.

For the year ended 31 December 2019, the net cash outflow generated from investment activities amounted to RMB2,055 million, including the purchase of property, machinery and equipment of RMB1,447 million, purchase of intangible assets and other long-term assets of RMB474 million, investment in joint ventures and associates and financial assets of RMB2,462 million and net cash paid for the acquisition of three subsidiaries including Keppel, etc. of RMB188 million; partially offset by the proceeds from disposal of property, machinery and equipment of RMB196 million, proceeds from disposal of intangible assets of RMB122 million, investment income of RMB1,122 million, divestment from joint ventures and associates of RMB125 million, recovery of financial products at the beginning of the period of RMB400 million, repayment from joint ventures and associates of RMB483 million, and fixed deposits interest of RMB167 million.

Financing Activities

For the year ended 31 December 2020, the net cash outflow generated from financing activities amounted to RMB1,549 million, mainly including new borrowings raised of RMB5,704 million, acquisition of minority shareholders' equity of subsidiaries of RMB70 million, and related party borrowings of RMB81 million, partially offset by repayment of borrowings of RMB5,321 million, dividend payment of RMB889 million, repayment of interest of RMB374 million, payment of lease liability of RMB599 million, repayment of related party borrowings of RMB59 million and acquisition of enterprises under common control of RMB22 million.

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For the year ended 31 December 2019, the net cash outflow used in financing activities amounted to RMB6,336 million, mainly including repayment of borrowings of RMB4,905 million, dividend payment of RMB1,163 million, payment of borrowings and bonds interest of RMB548 million, refund of transaction payment to factoring companies of RMB692 million, acquisition of minority shareholders' equity of subsidiaries of RMB108 million and payment of lease liability of RMB636 million, partially offset by new borrowings of RMB1,531 million and capital increase from minority shareholders of RMB273 million.

6. **Other Matters**

(1) *Tax*

Details of the Group's taxes as at 31 December 2020 are set out in Note VII to the financial statements.

(2) *Income Tax*

The Group's income tax expense was RMB663 million, representing an increase of 66.38% as compared with RMB399 million last year, mainly due to the significant decrease of income tax expense for the corresponding period of last year as a result of the write-off of the previous year's income tax expense by Sinotrans in the corresponding period of last year, which didn't occur in the Reporting Period; and the increase of RMB27.90 million in income tax expense caused by the newly acquired KLG Group in the Reporting Period.

(3) *Fixed Assets*

The details of changes in fixed assets of the Group as of 31 December 2020 are set out in Note IX.16 to the financial statements.

(4) *Capital Expenditure*

For the year ended 31 December 2020, the Group's capital expenditure was RMB1,916 million, mainly including RMB1,090 million used for the construction of infrastructure, port and terminals facilities and other projects, RMB270 million used for the purchase of land and software, RMB488 million for the purchase of machineries and equipment, containers and vehicles, and RMB68 million for asset improvement.

(5) *Securities Investment*

As at 31 December 2020, the listed equity investments held by the Group was RMB22 million, the details of which are set out in Note IX. 13 to the financial statements.

(6) *Contingent Liabilities and Guarantees*

As at 31 December 2020, contingent liabilities mainly comprised pending lawsuits of the Group arising from its ordinary course of business amounting to RMB66 million (as at 31 December 2019: RMB120 million).

Please see "XV. MATERIAL CONTRACTS AND PERFORMANCE (II) Guarantee" under "Chapter 6 Significant Matters" of this Report for details of the guarantees.

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(7) *Borrowings and Bonds*

As at 31 December 2020, the Group's total borrowings amounted to RMB8,989 million (as at 31 December 2019: RMB9,001 million), among which, RMB874 million shall be settled in Renminbi, RMB494 million in US dollars, RMB1,798 million in Euro and RMB5,823 million in Hong Kong dollars. Of the above borrowings, RMB2,230 million was bank borrowings payable within a year.

As at 31 December 2020, the Group's total bonds payable amounted to RMB3,421 million (as at 31 December 2019: RMB3,419 million). Of the above bonds, RMB3,421 million shall be payable within a year.

The details of the Group's borrowing and bonds for the year ended 31 December 2020 are set out in Notes IX. 27, 36 and 37 to the financial statements.

(8) *Bank Loans*

The details of the Company's and the Group's bank loans are set out in Note IX. 27 and 36 to the financial statements.

(9) *Secured and Guaranteed Borrowings*

For details, please refer to "2. Restriction on Material Assets as of the End of the Reporting Period" in "II. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (III) Analysis of Assets and Liabilities" under "Chapter 5 Management Discussion and Analysis of Business Performance (Report of the Board)" and "XV. MATERIAL CONTRACTS AND PERFORMANCE (II) Guarantee" under "Chapter 6 Significant Matters" in this Report.

(10) *Special Reserve*

As at 31 December 2020, the special reserve of the Group was approximately RMB69.2499 million.

(11) *Distributable Reserves*

Distributable reserves of the Company as at 31 December 2020 amounted to approximately RMB2.616 billion.

(12) *Debt-to-Asset Ratio*

As at 31 December 2020, the debt-to-asset ratio of the Group was 51.00% (as at 31 December 2019: 51.11%), which was calculated by dividing total liabilities by total assets of the Group as at 31 December 2020.

(13) *Material Litigation and Contingent Liabilities*

Details of the Group's litigation and contingent liabilities as at 31 December 2020 are set out in Note XII to the financial statements.

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(14) *Foreign Exchange Risk*

The Group's turnover and transportation and related expenses are partially settled in foreign currencies. The Group's exposure to foreign exchange risk is mainly from the exchange rate fluctuation of foreign currencies, such as US dollar and Hong Kong dollars. Details are set out in Note XI to the financial statements.

(15) *Government Subsidy*

During the year ended 31 December 2020, the Group received government subsidies related to income totaling RMB1,506 million, details of which are set out in Note IX. 62 to the financial statements.

(16) *Pension Schemes*

Details of the Group's pension schemes for the year ended 31 December 2020 are set out in Note IX. 31 to the financial statements.

(17) *Donations*

During the Reporting Period, the Group made charitable and other donations amounted to approximately RMB9.8657 million.

(II) Significant Changes to the Profit Resulting from Non-principal Business

Applicable Not applicable

1. Gains from disposal of assets for the Reporting Period was RMB35.0132 million, representing a decrease of RMB117.8058 million as compared with RMB152.8190 million for the corresponding period of last year, mainly due to the absence of gains from disposal of assets from the disposal of land and the housing expropriation compensation received, both being subsidiaries of the Group, as compared to the corresponding period of last year.
2. Non-operating income for the current period was RMB195.5411 million, representing an increase of RMB42.5284 million as compared with RMB153.0127 million for the corresponding period of last year, mainly due to the compensation for housing demolition and relocation received by the subsidiaries of the Group in the current year.
3. Non-operating expense for the Reporting Period was RMB39.3494 million, representing a decrease of RMB159.4927 million as compared with the corresponding period of last year, mainly due to more accrued liabilities provided by the Group for litigations pending last year, while no additional significant risks in the current year.

(iii) Analysis of Assets and Liabilities

Applicable Not applicable

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1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of total asset (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Year-on-year change (%)
Held-for-trading financial assets	303,292,565.44	0.46	5,641,228.80	0.01	5,276.36
Bills receivable	50,643,103.40	0.08	18,389,129.53	0.03	175.40
Long-term receivables	63,372,794.47	0.10	102,637,410.37	0.17	-38.26
Other equity instrument investment	21,605,631.53	0.03	256,540,744.93	0.41	-91.58
Goodwill	2,278,747,212.67	3.46	172,612,157.55	0.28	1220.15
Short-term borrowings	502,472,110.58	0.76	1,202,384,395.00	1.94	-58.21
Bills payable	25,717,690.68	0.04	-	-	N/A
Non-current liabilities due within one year	6,251,548,647.08	9.50	3,268,689,764.93	5.28	91.26
Deferred tax liabilities	180,703,468.18	0.27	84,305,482.60	0.14	114.34
Other non-current liabilities	196,349,994.80	0.30	71,319,466.31	0.12	175.31

Other description

- (1) The change in held-for-trading financial assets was primarily due to the additional structural deposits of RMB300 million in the current year.
- (2) The change in bills receivable was primarily due to the subsidiaries of the Group agreed with certain customers to change the method of payment into payment by bill, which led to more bills not due for acceptance at the end of the period.
- (3) The change in long-term receivables was primarily due to that the Group made an impairment provision for the long-term receivables from Uni-top and recovered some related party borrowings.
- (4) The change in other equity instrument investment was primarily due to the disposal of all 50,350,00 shares of BOE Technology Group Co., Ltd. held by the Group for a consideration of RMB229 million in 2020.
- (5) The change in goodwill was mainly caused by the following:

The Group completed the acquisition of KLG Group and consolidated it into the Group in 2020, resulting in the increase in goodwill of RMB2,160 million; and other subsidiaries of the Group made an impairment provision for goodwill of RMB54 million in the year.

- (6) The change in short-term borrowings was primarily because the Company continuously reduced the scale of short-term financing.

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- (7) The change in bills payable was primarily due to the tentative usage of bills payable for settlement by some subsidiaries of the Group in the current period.
- (8) The change in non-current liabilities due within one year was primarily due to the reclassification of the portion due within one year (RMB3,421 million) under bonds payable and the portion due within one year (RMB2,230 million) under long term borrowings into non-current liabilities due within one year for the current period, as well as the increase in lease liabilities due within one year.
- (9) The change in deferred tax liabilities was primarily due to the increase in temporary difference as a result of the change in the scope of consolidation for the current year. For details, please refer to Note VIII. 2 to the financial statements.
- (10) The change in other non-current liabilities was primarily due to the increase in liabilities related to Lanshi Port of RMB125 million (i.e. compensation for demolition and relocation from the government), the Group's trusted asset under management, in the Reporting Period.

2. **Restriction on Major Assets as at the End of the Reporting Period**

Applicable Not applicable

The major restricted assets of the Group mainly consists of cash and bank balances with limited usage, such as guaranteed deposit, and collateralized assets for obtaining long-term and short-term borrowings from banks, mainly including the following:

The capital in the accounts of the subsidiaries of the Group, which was under supervision and with limited right of use, amounted to RMB76.8868 million at the end of the period, primarily including guaranteed deposit of RMB13.7218 million, frozen deposits in respect of the lawsuit with Tianjin Keerun Investment Co., Ltd. of RMB12.2446 million and interest receivable of unexpired bank deposits of RMB41.3924 million.

For details, please refer to Note IX. 25 to the financial statements.

3. **Other Description**

Applicable Not applicable

(IV) Analysis of the Industry Operation Information

Applicable Not applicable

For details, please refer to "I. DESCRIPTION OF THE PRINCIPAL BUSINESS, OPERATING MODEL AND INDUSTRY OF THE COMPANY DURING THE REPORTING PERIOD" under "Chapter 4 Business Overview" of this Report.

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(V) Analysis of Investments

1. Overall Analysis of External Equity Investments

Applicable Not applicable

The Group's long-term equity investment at the end of the Reporting Period amounted to RMB7,752 million, representing a decrease of RMB1,616 million as compared to RMB9,368 million at the beginning of the year or a year-on-year decrease of 17.26%, primarily due to the decrease of RMB2,202 million in the current period as a result of changes in the scope of consolidation since the consolidation of KLG Group by the Group on 1 January 2020, partially offset by the increase of RMB1,216 million from the profit or loss adjustment of DHL-Sinotrans International Air Courier Ltd and increase of RMB132 million from the profit or loss adjustment of China Merchants Loscam International Co., Ltd for the current period.

(1) Major equity investment

Applicable Not applicable

(2) Major non-equity investment

Applicable Not applicable

(3) Financial assets at fair value

Applicable Not applicable

Unit: Yuan Currency: RMB

Item/Company name	Source of funds	Cost at the beginning of the year	Acquisition during the current period	Disposal		Change in fair value		Investment income	
				Addition	during the current period	Cost at the end of the period	At the beginning of the year		At the end of the year
Structural deposit	Self-financing	-	300,000,000.00	-	-	300,000,000.00	-	-	-
China Southern Airlines Cargo and Logistic (Guangzhou) Co., Ltd.	Self-financing	-	223,636,365.50	-	-	223,636,365.50	-	-	-
Nanjing Port Longtan Container Co., Ltd.	Self-financing	188,756,354.15	-	-11,420,623.35	-	177,335,730.80	-	14,342,510.79	8,615,633.08
China Merchants Logistics Synergy Limited Partnership	Self-financing	176,113,822.12	-	-10,655,692.30	-	165,458,129.82	-	20,250,924.68	-
Ouyeel Co., Ltd.	Self-financing	147,747,600.00	-	-	-	147,747,600.00	-	-	-
China United Tally Co., Ltd.	Self-financing	91,441,143.61	-	-	-	91,441,143.61	-	50,481,143.61	-
SINO-BLR Industrial Investment Fund	Self-financing	46,890,242.29	-	-	-	46,890,242.29	-	14,616,171.92	-
Shenyang Airport Logistics Co., Ltd.* (瀋陽空港物流有限公司)	Self-financing	33,730,000.00	-	-	-	33,730,000.00	-	-	-

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Item/Company name	Source of funds	Cost at the beginning of the year	Acquisition during the current period	Disposal during the current period	Cost at the end of the period	Change in fair value		Investment income	
						Addition	At the beginning of the year		At the end of the year
China International Exhibition and Transportation Co., Ltd.	Self-financing	-	-	8,122,321.98	-	8,122,321.98	-	-	-
Air China Limited	Self-financing	8,076,871.60	-	-	-	8,076,871.60	19,874,873.33	13,528,759.93	128,133.80
Pingze Container Port Co., Ltd.* (平澤集裝箱碼頭有限公司)	Self-financing	2,870,000.00	-	45,905.46	-	2,915,905.46	-	-	146,464.00
Pankorea Yingkou Ferry Co., Ltd.	Self-financing	2,896,775.00	-	-	-	2,896,775.00	-	-	-
"20 Sinotrans ABN001 Preference" Targeted Asset-Backed Notes	Self-financing	-	2,500,000.00	-	-	2,500,000.00	-	-	338,607.47
Guangdong Waiyun Automobile Fitting Factory* (廣東外運汽車服務有限公司)	Self-financing	805,325.00	-	-	-	805,325.00	-	-	-
ST Antong	Self-financing	-	666,498.09	-	-	666,498.09	-	-	-
Chengdu Rongjie Technology Co., Ltd.* (成都蓉捷科技有限公司)	Self-financing	400,000.00	-	-	-	400,000.00	-	-	-
Ocean Network Express (China) Ltd.	Self-financing	250,000.00	-	-	250,000.00	-	-	-	-
Sichuan Tianhua Co., Ltd.	Self-financing	134,680.92	-	-	-	134,680.92	-	-	-
China Ferry Terminal Services Limited	Self-financing	131,806.25	-	-7,974.89	-	123,831.36	-	-123,831.36	70,389.09
Taizhou Yiyou Shipping Agency Co., Ltd.* (泰州益友船務代理有限公司)	Self-financing	100,000.00	-	-	-	100,000.00	-	-	400,000.00
Shaanxi Sinotrans Sanyuan Coal Co., Ltd.* (陝西中外運三原煤炭有限公司)	Self-financing	100,000.00	-	-	-	100,000.00	-	-	-
Beijing BITEMC Electronic Co., Ltd.	Self-financing	46,500.00	-	-	-	46,500.00	-	-	-
China Merchants Port Holdings Company Limited	Self-financing	8,958.00	-	-1,707.36	-	7,250.64	32,270.80	18,816.71	-
BOE Technology Group Co., Ltd.	Self-financing	127,133,750.00	-	-	127,133,750.00	-	101,455,250.00	-	640,000.00
2019 First Tranche of RMB Targeted Asset-Backed Notes	Self-financing	5,500,000.00	-	-	5,500,000.00	-	-	-	-
Shenzhen Sealink Technology, LLC* (深圳市海易通科技有限責任公司)	Self-financing	110,000.00	-	-110,000.00	-	-	-	-	-
Total		833,243,828.94	526,802,863.59	-14,027,770.46	132,883,750.00	1,213,135,172.07	121,362,394.13	-17,080,134.78	10,339,227.44

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(VI) Disposal of Major Assets and Equity

Applicable Not applicable

(VII) Analysis of Major Companies Controlled and Invested in by the Company

Applicable Not applicable

1. Major Subsidiaries Controlled by the Company

Currency: RMB

Company Name	Nature of business	Registered capital (Yuan)	Shareholding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
Sinotrans Logistics Co., Ltd	Logistics	1,444,000,000.00	100	2,073,026.41	717,553.87	1,293,965.62	22,067.53
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and express services	905,481,720.00	100	1,254,284.99	1,027,493.23	1,278,808.33	149,514.91
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100	866,584.15	372,887.11	939,605.67	28,991.46
Sinotrans Eastern Company Limited	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100	659,303.23	263,101.50	1,850,546.23	32,444.54
Sinotrans Central China Co., Ltd.	Freight forwarding and logistics	645,339,941.77	100	495,663.33	184,531.71	1,003,141.24	27,624.10

2. Major Subsidiaries Invested in by the Company

Currency: RMB

Company Name	Nature of business	Registered capital	Shareholding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
China Merchants Loscam International Co., Ltd	Pallet leasing	US\$101	45	687,925.89	378,763.57	172,995.63	30,493.94
DHL-Sinotrans International Air Courier Ltd	International express	US\$14.50 million	50	586,175.37	303,129.73	1,816,813.32	243,209.19
Wuhan Port Container Co., Ltd.	Containers handling and freight forwarding	RMB400 million	30	81,745.09	58,259.66	9,655.92	1,964.16

Details of the financial information of the material associates and joint ventures are set out in Note IX. 12 to the financial statements.

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(VIII) Structured Entities Controlled by the Company

Applicable Not applicable

III. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY

(I) Industrial Layout and Trend

Applicable Not applicable

With further development of a new round of scientific and technological revolution and industrial transformation, the global economic and trade environment is becoming more complicated, with a significant increase of instability and uncertainty. Meanwhile, impacted by the Pandemic, the economic globalization is facing a headwind and the distribution of international supply chain tends to be “multi-centered”. However, the economic development in China is still resilient and strong with a positive prospect in the long term. The foreign trade of China is stable at fundamental level and has clear signs of recovery. The innovation of foreign trade mode and the signing of Regional Comprehensive Economic Partnership (RCEP) are expected to bring more opportunities to the development of foreign trade and logistics industry in China.

Through the analysis from the demand side, during the “14th Five Year” Plan period, the transformation of consumption mode and commodity circulation system will promote the fragmentation of orders, thus generating fragmented demand on logistics fragmentation and driving the rapid development of sub markets such as LCL service and cross-border e-commerce logistics; under the influence of multiple factors such as trade friction and the Pandemic, the customer’s requirements for stability and security of supply chain will increase significantly; the opportunities of balanced international trade of China are expected to appear, and the import market business opportunities will be highlighted.

Through the analysis from the supply side, the cross-industrial competition and the integration in the logistics industry will become a normality. The Pandemic will urge more enterprises to reshape their supply chain logistics systems and will promote the continuous acceleration of digitization process and online and offline integration of logistics industry. New generation of technologies, ABCDT (AI, Blockchain, Cloud computing, Big data and Internet of Things), will rapidly develop, assisting the logistics enterprises in reducing costs and increasing efficiency and improving the customer’s experience.

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In above trend, opportunities and challenges coexist in the logistics industry. Taking the whole network operation as the main line, the Company will accelerate the construction of digital products, network organizations, intelligent operation, systematic management and platform-based ecology, continue to carry out the quality and efficiency improvement and process optimization, continuously improve the end-to-end whole process supply chain service ability, create value for customers and shareholders, and contribute to the guarantee of the smooth industrial chain and supply chain.

(II) Development Strategy of the Company

Applicable Not applicable

As the operation platform and brand of logistics business of China Merchants Group, Sinotrans has persisted in its **mission** of “creating a logistics ecology system connecting the world to successfully promote industrial progress” and has established the **corporate vision** of “becoming a world-class intelligent logistics platform enterprise”. During the “14th Five Year” Plan period, the Company will also adhere to its development idea of “quality, profitability and moderate scale”, enhance and optimize the core businesses of logistics, accelerate the transformation and upgrading through innovation driving and digital empowerment with the customer as center to increase its market competitiveness, create an “integrated, open, shared and collaborative” supply chain logistics ecosystem, and assist the stabilization of global supply chain in and international and domestic double circulation to realize the high-quality development. By 2025, the Company will realize the **strategy objective** of “form a digital, networked and intelligent development mode with the data drive as the core, the platform-based ecology as the support and the whole network operation as the main line, and preliminarily establish a world-class intelligent logistics platform enterprise”.

During the “14th Five Year” Plan period, on the basis of the “one, three and five” strategy, Sinotrans will optimize to form its “**one, two, three, four and five**” **strategy system**; holding on one, namely, implementing a differentiated strategy of integrating “product + network + model + platform” and achieve the vision of becoming a world-class intelligent logistics platform enterprise; focusing on two, namely, digital transformation and corporate culture construction; passing three barriers, namely, achieving restructuring of business, reshaping of operations and rebuilding of organization through transformation, integration and change; building four competitiveness, namely, building the connection ability of the whole scenarios, the service ability of the whole link, the integration ability of the whole network, and the ability of public aggregation; finally achieving the goal of digital products, networked organization, systematic management, intelligent operation, and platform-based ecology.

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During the “14th Five Year” Plan period, the Group will standardize and modularize the core process and service link with the customer as center and combine the standardized modules to create a product system with whole process integration, online and offline, rational costs, high efficiency, high stability and visual intelligence. The headquarters will be responsible for product planning and market strategy; the regional subsidiary will be responsible for selling products and delivering in local places, forming a standard customer management, rate and supplier system and uniformly operating and scheduling; realize the online query, order placing, operation, settlement, after-sales service and other functions; establish a collaborative mechanism, scientific evaluation and incentive mechanism and uniformly configure resources; uniform the data standards to realize the free flow of data in the whole network so as to provide an important support to analysis and decision making and improve the whole network operation capability so as to realize the transformation from traditional forwarding business model to integrated product operation model. Furthermore, the Company will continue to optimize the structure of the three major business segments to form an echelon business portfolio with optimization and improvement of forwarding and related business, rapid development of logistics business, and key breakthroughs in the e-commerce business.

The logistics business will transform to value chain integration in a faster way to improve the ability of industrial solutions in the industry and will promote the construction of trucking channel with the unified truck-cargo-warehouse system as the core. The Company will focus on the target markets of consumer products and retails, automobile and industrial manufacturing, electronics and high-tech products, medical and health, and buyers’ consolidation, chemical, cold chain, project logistics, and the construction of industry solution product systems, and promote the capital operation, vigorously improve the market share.

The forwarding and related business will transform to the whole supply chain in a faster manner. The Company will actively consider the customer needs, focus on costs, efficiency, experience and definitive services, promote the standardization and modularization of core business and shipping, land, air and trucking transportation (collection to and distribution from port) channels with the whole process end-to-end product as orientation and with the channel construction as key point, focus on six logistics products, namely LCL products, FCL products, railway express, air freight products, bulk cargo logistics services and carrier integrated logistics services, develop the import business, realize the online transaction, and form the forwarding and related business “N+1” product system. The Company will continuously increase the proportion of products of whole process.

The e-commerce business will transform to platform and ecosystem in a faster manner. The Company will optimize and refine the cross-border e-commerce logistics business to realize the economy of scale, pay attention to and develop import logistics business to achieve two-way balance, focus on four major directions, i.e. online and platformization, cross-border e-commerce logistics, ecosystem and technology empowerment, continue to promote the online orientation of main business, jointly create the digital products with the forwarding and related business segment, and logistics business segment to realize the connection of transaction, delivery and payment, enhance the capital management, and increase the investment in logistics technology.

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(III) Operating plans

Applicable Not applicable

In 2021, the Pandemic is still a major topic in the global economy, and the normalization of the Pandemic is a high probability event. China will enter into a new stage of development as a whole and speed up the construction of a new development layout. The Company will seize the opportunity of expanding the domestic market, optimize and refine the cross-border e-commerce logistics business to achieve the economy of scale, and pay attention to and develop the import logistics business to achieve two-way balance.

In 2021, the Company is expected to achieve operating income of RMB85 billion. The above number does not constitute a performance commitment or profit forecast to investors. Actual results will be affected by macro-economy, industry development, market demands and epidemic situation.

In 2021, the Company will focus on the following aspects:

1. Promotion of the transformation with higher quality and continuous creation of “two strong systems”, i.e. enhancing products system and strengthening operation system

The Company will accelerate the construction of “enhancing products system and strengthening operation system”, and take advantage of the new development layout to promote the high-quality development of business.

(1) Restructuring business and strengthening products

In 2021, the Company will focus on the security of the industrial chain and supply chain, and promote the business transformation of three segments based on the digital scenarios.

In the logistics, the Company will focus on “domestic circulation”, pay attention to the market opportunities brought by consumption upgrading and “new infrastructure”, accelerate the transformation to value chain integration and build a logistics product system. ① Focus on industry segments in depth, form the industrial solutions for automobile tire, refined chemical industry, consumer goods omni-channel BC warehouse and other special segments, increase the market share in key industries. ② By centralizing the source of cargo, build a diversified transportation pool, form a trunk line + regional distribution + city distribution network with the unified information system and intensive management under the control of unified dispatching, build an end-to-end and intelligent integrated truck-cargo-warehouse operation platform supporting contract logistics business, and basically complete the launching of the operation system of unified trucking channel platform for transportation business. ③ Continuously drive the replication and promotion of application of control tower, automated warehouse, blockchain and algorithm core technology in logistics, and form a capability of digital solution.

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In the forwarding and related business, the Company will further consolidate its advantages, set building a safe, stable and smooth international supply chain as its goal, and speed up to create the whole supply chain products. ① As for air freight products, the Company will continuously increase its controllable the transportation capacity by contracting, etc., continuously integrate the port operation, air trunk line capacity, overseas services and other resources, research and develop product categories that meet market demands, and diversify product portfolio and standardize product operation to improve its competitiveness in international air freight logistics chain; ② As for railway products, the Company will make efforts to improve the lean operation level of cross-border railway express, realize the standardized, whole process and digital operation, optimize the product structure, enrich the product serials, develop the core customer train, e-commerce, post, cold chain, LCL and other specialized products, focus on the new land-sea channel and actively participate in the development and operation of shipping-railway multimodal transportation products; ③ As for FCL products, the Company will continue to push forward the centralized procurement of transportation capacity, grasp the chance to start the trial of blocking space and focus on the construction of selected routes; ④ As for LCL products, the Company will constantly improve its service network, establish new satellite warehouses and overseas warehouses, continuously improve its digital operation capability, promote intelligent operation scenarios; ⑤ As for bulk cargo logistics, the Company will construct around specialization and whole process, increase and improve bulk cargo logistics service product portfolio composed of the whole process products, land operation products, shipping agency (general agency) products, broaden product categories, enlarge the product scale, and promote the construction of bulk cargo logistics service platform with whole network operation and online and offline integration; ⑥ As for carrier integrated logistics service, the Company will continue to promote the construction of intelligent yard, speed up the improvement of standardization and intelligence level of station business, establish a unified operation platform for station business and accelerate the whole network operation of yard and freight station and other businesses.

In the e-commerce business, the Company will accelerate the transformation to platform and ecosystem and coordinate the online and offline channels to build a competitive digital product system. ① As for cross-border e-commerce logistics business, the Company will rely on the sea, air and railway resources, actively expand the 2B and 2C business of cross-border e-commerce logistics, establish an e-commerce core customer marketing system, realize core customers coordinate marketing and take the initiative to connect the commodity circulation; ② As for logistics e-commerce platform, the Company will take Y2T as the main body to facilitate the concentrated management of the transportation capacity via the online freight platform, realize the online auto-match of waybills, purchase orders and warehouse receipt, and materialize the integration of the Company's trucks, cargo and warehouses of the Company; complete the implementation of "science reform demonstration action" pilot scheme, continue to improve platform operation capacity, online marketing capability and technical competence, and seek to increase the platform's average monthly active enterprises of 10,000 and average daily visits of 80,000.

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(2) *Reshaping operation and strengthening back office*

In 2021, the Company will push forward operation reshaping, and build the foundation of the network-wide operation system of the Company from the following four aspects: product, customer, operation and resource.

In respect of product management, the Company will promote the implementation of the framework solution to product systems and commence the pilot scheme of digitalization, improve the product management procedure and mechanism and promote the launch of the product management center system to realize the lifecycle management of product orders.

In respect of customer management, the Company will prioritize the promotion of customer management digitalization, facilitate classified customer management, optimize and adjust customer structure, effectively identify customer value, intensify the management of strategic customers and propel the business growth of the Company in a quality manner.

In respect of operation management, the Company will prioritize the establishment and optimization of business standard, focus on the criterion and indicator system of business data and deepen internal business collaboration.

In respect of resource management, the Company will promote the establishment of a product-centered supplier management system in the scenario of digitalization, improve supplementary supplier management, organization and assessment mechanism and establish a centralized procurement strategy to support the whole network operation of the Company.

2. *Promotion of the integration with higher efficiency, optimization and improvement of the “two strategic arrangements of the overseas and asset”*

Firstly, optimize and improve the overseas layout. The Company will grasp the favorable opportunities of the signing of Regional Comprehensive Economic Partnership (RCEP) and regular and stable operation of European railway express and focus on Asia Pacific and Europe markets. ① In the Asian-Pacific region, in 2021, the Company will complete the integration of institutions in Japan, South Korea and Australia, and deeply cultivate the Southeast Asian market; and expand the scale and coverage of the overseas warehouses of “Sinotrans E-LCL”. ② In Europe, in 2021, the Company will focus on promoting the comprehensive docking and integration of KLG and the Company and promote KLG to become the core subject of the Company in Europe. ③ In 2021, the Company will also continuously promote the integration in the Middle East, South Asia and Africa, form the regional overall planning capacity, and emphasize the construction of customs clearance, warehousing and distribution services and import return marketing capabilities in Southeast Asia, Japan and South Korea.

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Secondly, optimize and improve the asset management mode. The Company will further form a closed-loop management system of asset deployment, investment construction, operation management and asset exit; continue to improve the management mode of separating light and heavy assets and promote the implementation of asset operation indicator system to effectively improve asset utilization efficiency and operation efficiency; continue to promote the idle assets sharing and internal adjustment mechanism to accelerate the disposal of redundant and inefficient assets and equities.

3. **Promotion of the innovation with more leading force and acceleration of digital transformation and scientific and technology reform project**

The Company will lead the innovation and development of intelligent logistics by creating its independent innovation core technology, core algorithm, core team and innovation management system and through the comprehensive digital transformation, vigorously improving the independent innovation capacity and scientific and technological leading capacity of intelligent logistics.

In respect of digital transformation, the Company will accelerate the implementation of digital transformation planning, form six platforms, namely product service, business operation, resource management, data service, management support and technical support and recongnized the digital competitive advantage. **In respect of intelligent logistics development**, the Company will accelerate the formation of independent and controllable logistics core technology capabilities and focus on promoting the full coverage application of related technologies in logistics scenarios to realize the cost reduction and efficiency enhancement; as for intelligent application, the Company will expand the application scope of document intelligent processing platform and strive to improve the annual document processing volume by over 60%; as for automatic application, the Company will promote the application of Robotic Process Automation (RPA) and strive to complete over 150 process automation operations; as for algorithm application, the Company will apply the transportation scheduling algorithm to cold chain, chemical industry, Fast Moving Consumer Goods (FMCG) and other industry scenarios, and complete the implementation of trucking channel scheduling algorithm; as for blockchain application, the Company will research and develop the innovative products of supply chain financial services based on the real logistics scenario information of the third party together with the financial institutions; as for Internet of Thing (IoT) application, the Company will continue to promote the connection of intelligent hardware, sensors and Radio Frequency Identification (RFID), and promote the full coverage of transportation capacity state visualization. **In respect of innovation system and mechanism**, the Company will continue to promote “science reform demonstration action” of Y2T, complete the first-dispatch option granting on the basis of the previous capital increase and share issue and really stimulate the kinetic energy and vitality of scientific and technological innovation through the reform of system and mechanism.

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4. *Promotion of the innovation of commercial mode and construction of “trinity” logistics ecosystem*

The Company will further accelerate the transformation to integrators and platform providers, actively explore the platform business model, promote the positioning of Y2T on the vertical logistics e-commerce platform, further improve platform functions and accelerate the realization of a closed-loop of trading, delivery and payment. In 2021, the Company will promote the internal collaboration of the whole link products, launch the China-Russia railway products on the “Y2T” platform; promote the integration and application of “Y2Pay” to products supporting online transaction, support the payment needs of online transactions in different business scenarios, and designate each business unit to provide logistics delivery capacity; and also strengthen the linkage with product ownership transfer to attract traffic to our business and boost platform traffic and business growth.

(IV) Potential Risks

Applicable Not applicable

The Group has established a comprehensive risk management system, and focuses on the collection, identification, evaluation and management of risks and the establishment of prevention and control mechanism. In consideration of COVID-19 impact, the macroeconomic situation and the actual conditions, the Company evaluates and determines its potential risks and makes the counter measures by way of management interview, and online risk assessment questionnaire, etc., as follows:

1. *Market competition risks*

The market competition will be intensified because the concentration of logistics industry is low, the homogeneity of its products and services is high, cross-field competitors such as e-commerce enterprises and shipping companies continuously enter the market, and the leading players in the logistics segment market continuously expand their business and network scope. If the Company is unable to respond to the changes in market structure, to enhance its ability of new product design and R&D and platform-based integration, to increase its innovation response and to realize the differentiation by improving the service quality, focusing on the cost control, improving the product structure and other ways, the Company may not form the core competitiveness, which may lead to the risks of reduction of business volume and market share of the Group.

Counter measures: The Group strengthens the research on the change of market competition pattern and industry trend, actively seeks for change, focuses on the enhancement of products and operation, strengthens the reconstruction of business model and the improvement of the whole network operation ability, improves the solving ability and differential competitiveness of logistics solutions, promotes the integration process of “product + network + mode + platform”, and improves the market competitiveness of the Group; strengthens the construction of series products, such as “Sinotrans E-LCL” and China Railway Express express products, promotes the standardization construction of products; accelerates digital construction to assist in Y2T platform operation, builds the platform ecology construction, and increases the technology empowerment and whole-chain integration ability.

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2. **Macro-economy risks**

In 2020, the global economy recovered moderately after suffering from the impact of the Pandemic. However, the complex and severe international political and economic situation and the impact of uncertainty brought by many factors, such as continuous Pandemic situation, may lead to slowdown or reduction of import and export growth, insufficient transportation capacity, reduce of cargo volume, and fluctuation of exchange rate and interest rate. The development of logistics supply chain is facing a relative complicated situation. There exist unfavorable factors that may impact the operation of the Group.

Counter measures: The Group strengthens the tracking, research and analysis of macro-economic situation, industrial policies, and monetary and financial policies of major economies involved in its business, dynamically adjusts its business structure and customer structure, targets the industries with high growth rate, emphasizes the development of logistics business, strengthens the expansion of domestic business, and constantly improves profitability and comprehensive competitiveness; masters relevant policies to realize better overseas network layout, speeds up the process of automation, digitization and intellectualization, accelerates the upgrading of product structure, improves the product quality, improves the level of industrial supply chain, increases the brand awareness, and expands market share in the existing market.

3. **Credit control and accounts receivable risks**

Due to the changes of economic environment such as the Pandemic, there may be risks of untimely adjustment of credits and failure of timely and complete collection of accounts receivables due to untimely identifying and tracking the change of customer's credit situation, resulting in economic losses of the Group.

Counter measures: The Company strengthens the research on relevant risks and policy response, focuses on the enhancement of prior access and evaluation and the application of digital technology to alarm in event, promotes the implementation of credit management platform in regional companies, and promotes the online management, dynamic evaluation and monitoring of customer credit.

4. **Operating control risks**

The Group aims at providing customers with services in whole value chain and whole supply chain which involve many logistics operation scenarios and links. If the whole scenario connection capability, whole chain service capability, whole network integration capability and public aggregation capability are insufficient, its operation efficiency, quality and brand may be affected. The lack of perfect risk prevention measures and emergency plans, the lack of risk compliance awareness, and the failure to implement relevant control measures as required may lead to the occurrence of risk events and cause the Group to suffer economic losses.

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Counter measures: The Company's headquarters cooperate with the business line and digital team to increase the research on services, strengthen the data management and application through mutual connection and effective integration of domestic and overseas networks and online and offline networks, and improve the whole network operation capability; regularly sort out and update the Company's internal control system and improve the internal control process in key business fields; review and summarize previous related risk events, establish 12 basic risk early warning models in five risk scenarios, initially complete the digital early warning work, and will continue to update and improve them; strengthen the training and education of relevant personnel, improve the compliance awareness and risk prevention and control awareness of front-line operators and standardize their operation behaviors so as to fundamentally prevent the major risk accidents.

5. *Procurement management risks*

The whole supply chain management needs the enhancement of the integration of related logistics resources. The changes in the economic environment bring challenges to suppliers' production and quality. In practice, there may be problems that the performance of suppliers is not inspected or monitored thoroughly, resulting in that the quality of products or services provided by suppliers can't be guaranteed and can't meet the requirements, thus bringing losses to the Group.

Counter measures: The Group uniformly strengthens the research and guidance of policies for supplier management, manages the suppliers at different levels and in different categories, formulates the unified standards, standardizes the supplier management process, and promotes systematic management by building a system; strengthens the data analysis of supplier transactions, shares the supplier resources, regularly or irregularly inspects the supplier performance, and evaluates the supplier performance.

(V) Others

Applicable Not applicable

IV. EXPLANATION AND REASONS FOR FAILURE TO DISCLOSE IN ACCORDANCE WITH STANDARDS DUE TO INAPPLICABILITY OF STANDARDS OR SPECIAL REASONS SUCH AS NATIONAL OR TRADE SECRETS

Applicable Not applicable

V. OTHER DISCLOSURES (DISCLOSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE SEHK LISTING RULES)

(I) Principal Business

Please refer to "Chapter 4 Business Overview" in this report for details.

Chapter 5 Management Discussion and Analysis of Business Performance (Report of the Board)

(II) Final Dividend and Book Closure Periods

Please refer to “I. PROPOSALS OF ORDINARY SHARES PROFIT DISTRIBUTION OR CONVERSION OF COMMON RESERVE FUND INTO SHARE CAPITAL (I) Formulation, Implementation of or Adjustment to the Cash Dividend Policy” under “Chapter 6 Significant Matters” in this Report for details.

(III) Employee, Major Customers and Suppliers

The Group fully understands that employees, customers and suppliers are the key to our sustained and stable development. We are committed to working closely with our employees and suppliers to provide our customers with quality products and services to achieve sustainable growth.

For details of the employees of the Group, please refer to “Chapter 9 Directors, Supervisors, Senior Management and Employees” in this report.

For details of major customers and suppliers, please refer to “(4) Key Customers and Key Suppliers” under “II. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (I) Analysis on Principal Businesses 2. Income and Cost Analysis” in this chapter.

(IV) Issuance of Shares and Debentures

Please refer to “II. SECURITY ISSUANCE AND LISTING” under “Chapter 7 Change in Ordinary Shares and Particulars of Shareholders” in this Report.

(V) Sufficiency of Public Float

As at the date of this report, the Directors confirm that, based on publicly available information and to the knowledge of the Directors, the Company has sufficient public float as required under the SEHK Listing Rules.

(VI) Equity-Linked Agreement

During the year ended 31 December 2020, as far as the Directors of the Company were aware, the Company was not involved in any equity-linked agreement.

(VII) Purchase, Sale or Redemption of Listed Securities of the Company

So far as known to the Directors of the Company, there was no purchase, sale or redemption of its listed securities by any member of the Group during the year ended 31 December 2020.

(VIII) Tax Relief and Exemption

The Company is not aware of any particulars of tax relief and exemption available to Shareholders for holding of the Company’s securities.

(IX) Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the PRC.

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(X) Related matters of Directors, Supervisors and Senior Management

1. Directors, Supervisors and senior management member, and their biographies, changes and remuneration are set in “Chapter 9 Directors, Supervisors, Senior Management and Employees” of this Report.
2. Directors’ and Supervisors’ Service Contracts, interests in Shares, interests in Transactions, arrangements or contracts, interests in Competing Businesses, and rights to Acquire Shares or Bonds are set out in “VII. Others” under “Chapter 9 Directors, Supervisors, Senior Management and Employees” of this Report.
3. The Articles of Association of the Company does not contain any permitted indemnity provision as specified in section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

(XI) Material Contracts with Connected Parties

The controlling Shareholder of the Company is Sinotrans & CSC, and the actual controller of the Company is China Merchants. The details of the connected transactions and continuing connected transaction agreements of the Company with China Merchants and Sinotrans & CSC or their subsidiaries are set out in “XIV. CONNECTED TRANSACTIONS, MAJOR RELATED PARTY TRANSACTIONS (I) Connected Transactions (Disclosed in Accordance with the SEHK Listing Rules)” under “Chapter 6 Significant Matters” in this Report.

(XII) Management Contracts

No contract concerning the management of or administrative work on the whole or any substantial part of the business of the Company was entered into or existed during the year.

(XIII) Compliance with the Relevant Laws and Regulations that Have a Significant Impact on the Company

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

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(XIV) Environmental and Social Responsibilities

The Group pays great attention to environmental and social responsibility, and believes that active performance of social responsibilities represents an essential quality for a good enterprise, which is very important in terms of both the community's future and the sustainable development of the Company. All along, Sinotrans effectively links our fulfillment of social responsibilities with corporate development strategies, incorporates social responsibilities into all aspects of corporate production and operations, and strives to achieve the sustainable development of the Company. At present, the Company has established a comprehensive management system including quality management system, environmental management system and occupational health and safety management system in accordance with ISO9001:2015, ISO14001:2015 and ISO45001:2018 standards. Since 2015, the Company has prepared and issued an "Environmental, Social and Governance Report" annually, iterating its performance in the previous year. For more information on the Group's performance of environmental and social responsibilities in 2020, please refer to the "2020 Social Responsibility Report (ESG Report)" to be published by the Company subsequently.

Chapter 6 Significant Matters

I. PROPOSALS OF ORDINARY SHARES PROFIT DISTRIBUTION OR CONVERSION OF COMMON RESERVE FUND INTO SHARE CAPITAL

(I) Formulation, Implementation of or Adjustment to the Cash Dividend Policy

Applicable Not applicable

1. Formulation of and adjustment to profit distribution policy:

- (1) The Articles of Association contains express provisions for the profit distribution policy and approval procedures, and the relevant policies are set out below:
 - (i) Forms of profit distribution: the Company may make profit distribution in the forms of cash payment of dividend, distribution of dividend in the form of shares or a combination of the two forms; where permitted, the Company may make interim profit distribution;
 - (ii) Details of conditions and proportions of the Company's cash dividends: Except in the case of special circumstances, the Company may distribute dividend in cash, provided that the Company is profitable in that year and the aggregate undistributed profit is positive. The profits distributed in cash for each year shall not be less than 10% of the realized distributable profit in that year. The "special circumstances" referred to above shall mean: the net cash flow generated from the operation in that year is negative, and dividend payment in cash will have an adverse effect on the subsequent existence of the Company as a going concern; the auditors have not issued a standard auditor's report with unqualified opinions regarding the financial reports for that year; the Company has major investment plans or other major cash expenditures or otherwise (other than any fund raising projects). The "major investment plans" or "major cash expenditures" mentioned above shall mean where the aggregate expenditures for any proposed investments or asset acquisition by the Company in next twelve months are equal to or exceed 30% of the audited total assets in the most recent audit of the Company.
 - (iii) When the Company's operation is satisfactory, and the Board believes that the share price of the Company is disproportionate to the share capital size of the Company, and dividend payment in shares is in the best interests of all shareholders of the Company, subject to satisfaction of the above dividend payment conditions, the Company may put forward a proposal for dividend payment in shares.

Please refer to Article 216 of the Articles of Association disclosed on the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk) on 2 June 2020 for details.

Chapter 6 Significant Matters

- (2) On the basis of profit distribution policy stipulated in the Articles of Association, the policy of 2018-2020 cash dividend distribution ratio has been further specified in the “Plan of Sinotrans Limited on Shareholder Return for the Next Three Years (2018-2020)”, which is as follows:

The Company shall maintain the continuity and stability of the profit distribution policy. Subject to the satisfaction of cash dividend payment conditions, the profits distributed by the Company in cash in any three consecutive years in aggregate shall not be less than 30% of the average distributable profits in such three years and the profits distributed by the Company in cash for each year shall not be less than 10% of the realized distributable profit in that year. The Board of the Company shall put forward a policy of differentiated cash dividend distribution in accordance with the procedures set forth in the Articles of Association after taking into account such factors as the characteristics of the industry where the Company operates, the stage of development, its own operating mode, profit level and whether there are significant capital expenditure arrangements on a comprehensive basis and distinguishing the following situations:

- (i) If the Company’s development is in the phase of maturity and no material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 80%;
- (ii) If the Company’s development is in the phase of maturity and material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 40%;
- (iii) If the Company’s development is in the phase of growth and material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 20%;

When the Company conducts profit distribution, the Board shall determine the specific stage of the Company according to specific circumstances. If it is difficult to identify the Company’s phase of development but material capital expenditure has been arranged, it can proceed according to the previous provision.

2. Dividend and bonus income tax was withheld and exempted in accordance with the State’s relevant laws and regulations.
3. The implementation of cash dividend policy during the Reporting Period:

The 2019 profit distribution plan of the Company adopted dividends distribution in cash. According to the Proposal in Relation to the Profit Distribution Plan for the Year 2019 considered and approved at 2019 Annual General Meeting convened on 1 June 2020, a final dividend of RMB0.12 per share (tax included), totaling RMB888,096,465.00 (tax included), shall be distributed for the year 2019. The dividend distribution of the Company for the year 2019 was completed on 16 July 2020. For further details of A share dividend distribution, please refer to the Announcement on the Implementation of A Share Equity Distribution for the Year 2019 (Lin No.2020-032) disclosed by the Company on the website of the SSE (www.sse.com.cn).

Chapter 6

Significant Matters

4. Matters related to the profit distribution for the year 2020

According to the profit distribution policy stipulated in the Articles of Association and in combination of the Company's actual situation, the Resolution in Relation to Profit Distribution Proposal for the Year 2020 was considered and approved at the 24th meeting of the second session of the Board, the particulars of which are as follows: Based on the total share capital of 7,400,803,875 shares as at 31 December 2020, a total of RMB888,096,465.00 (tax included) shall be distributed with RMB0.12 (tax included) distributed for every one share and RMB1.2 distributed (tax included) for every ten shares, the remaining profit shall be recognized as retained earnings, and no shares shall be distributed and no capital reserve shall be converted into share capital. For the details, please refer to the Announcement of the Company on the Profit Distribution Proposal for the Year 2020 (Lin No. 2021-003) disclosed by the Company on the website of the SSE (www.sse.com.cn).

Independent Directors of the Company have expressed their independent opinions in agreement with the above-mentioned resolution, which is still subject to the approval by the shareholders at the 2020 Annual General Meeting of the Company. The 2020 Annual General Meeting of the Company will be convened by way of the combination of on-site voting and online voting, to provide minority shareholders with the opportunity to fully express their opinions and demands, fully safeguarding the legitimate rights and interests of minority shareholders. After the resolution is considered and approved at the general meeting, it is expected that the Company will pay the cash dividend on or before 27 July 2021. The Company will make further announcement(s) on the closure of books for holders of H shares or record date for A shares and the expected date of payment in relation to the payment of cash dividend in the notice of the general meeting or after the convening of the general meeting.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of A Shares of the Company shall be paid in RMB, and dividends payable to the holders of H Shares of the Company shall be calculated and declared in RMB, and paid in HK\$. The exchange rate for dividends payable in HK\$ is the average exchange rate of RMB to HK\$ published by the People's Bank of China during the week (23 March 2021 to 29 March 2021) preceding the date of recommendation of the 2020 dividend by the Board. The average exchange rate of RMB to HK\$ for the said week was HK\$1=RMB0.84033. Accordingly, the amount of 2020 dividend for each H Share of the Company is approximately HK\$0.1428.

Chapter 6 Significant Matters

(II) Ordinary Shares Profit Distribution Plan or Proposal, Conversion of Capital Reserve into Share Capital Plan or Proposal for the Previous Three Years, Including the Reporting Period

Unit: Yuan Currency: RMB

Dividend Year	Number of bonus shares for every 10 shares (share)	Amount of dividend for every 10 shares (Yuan) (tax included)	Basic earnings per share (Yuan/share)	Number of shares converted for every 10 shares (share)	Amount of cash dividend (tax included)	Net profit	Percentage
						attributable to ordinary shareholders of the Company in the consolidated financial statement during the year of dividend distribution	in net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)
2020	0	1.2	0.37	0	888,096,465.00	2,754,422,810.84	32.24
2019	0	1.2	0.38	0	888,096,465.00	2,804,142,210.57	31.67
2018	0	1.3	0.45	0	962,104,503.75	2,704,620,823.07	35.57

(III) Cash Dividend by Share Repurchase Offer in Cash

Applicable Not applicable

(IV) If It Is Profitable and the Parent Recorded Profits Distributable to the Ordinary Shareholders During the Reporting Period, but Has Not Proposed Any Cash Dividend for the Ordinary Shares, It Shall Disclose the Reasons for Non-Distribution as Well as the Use and Future Plans of the Undistributed Profits

Applicable Not applicable

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II. PERFORMANCE OF COMMITMENTS

(I) Commitments of the Actual Controller, Shareholders, Related Parties, Acquiring Parties of the Company and the Company and Other Parties Involved During the Reporting Period or Subsisting to the Reporting Period

✓Applicable □Not applicable

Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a timely and strict fulfilment	
					Yes	No
Commitments related to material asset restructuring	Shares lock-up	China Merchants Sinotrans & CSC	Within thirty-six months from the listing date of A shares of the Company, the covenantor shall not transfer or entrust other to manage the shares issued prior to the merger by absorption held directly or indirectly by itself (excluding H shares) and the Company shall not repurchase such shares. Within six months from the listing date of A shares of the Company, if the closing prices of the A shares for 20 consecutive trading days are below the issue price, or the closing price as at the end of the six-month period after listing is below the issue price, the lock-up period will be automatically extended for six months.	Time of the commitment: 28 February 2018; Term of the commitment: 18 January 2019 – 17 July 2022	Yes	Yes
	Others	Sinotrans & CSC China Merchants	The covenantor shall maintain mutual independence in terms of personnel, finance, asset, business and organization in accordance with the provisions of the relevant law, regulation and normative documents.	Time of commitment: 28 February 2018; Effective permanently	No	Yes

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Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a timely fulfilment	Is there and strict fulfilment
	Reduction of related-party transaction	Sinotrans & CSC China Merchants	The covenantor undertakes to avoid and reduce related-party transaction with the Company. For related-party transactions that are unavoidable or where there are sufficient reasons, the covenantor shall sign a standard and formal related-party transaction agreement, shall perform the transaction in accordance with a fair and reasonable market price and shall fulfil the related-party transaction decision-making process and information disclosure obligation; the covenantor shall not prejudice the legitimate interests of the Company and other non-related shareholders through related-party transaction. The covenantor undertakes to procure corporate under its control (except the Company) to comply with the aforementioned commitment.	Time of commitment: 28 February 2018; Effective permanently	No	Yes
	Others	The Company	The covenantor undertakes to accelerate the development of the principal business of the Company; to enhance the internal management of the Company and cost control; to continuously improve corporate governance so as to provide institutional safeguard for the development of the Company; to further improve the profit distribution system and strengthen the investor return mechanism.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC China Merchants	The covenantor undertakes to not go beyond its power and interfere the operation management activities of the company and to not impair the interests of the company.	Time of commitment: 13 April 2018; Effective permanently	No	Yes

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Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there	
					Is there a timely term for fulfilment	and strict fulfilment
	Others	All Directors, Supervisors and Senior Management	The covenantors undertake to perform their duties faithfully and diligently to protect lawful interests of the Company and all shareholders; not to transfer benefits to other entities or individuals without compensation or on unfair terms; to constrain the consumption if it is business-related; not to invest with or spend the company's assets outside the performance of their duties; that the Board shall formulate salary system which is in line with the implementation of the return remedial measures; that if a shareholding incentive policy shall be implemented, the conditions for exercising the option under the policy to be announced shall be in line with the implementation of the return remedial measures; that if the CSRC promulgates new rules for regulating return remedial measures and their commitments, the covenantors shall issue supplementary commitments.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC The Company All Directors, and Senior Management	Within three years from the listing date of A shares of the Company, if the closing prices of the A shares for 20 consecutive trading days are below the latest audited net assets per share of the Company other than due to force majeure and malicious speculation of a third party, subject to law, regulation, normative documents and the listing rules of the place of listing and under the premise that the shareholding will be in compliance with the listing requirement, measures including but not limited to increase in shareholding of the A share by Sinotrans & CSC Group and repurchase of the A share by the Company will be taken legally to stabilize the share price of the Company's A share.	Time of commitment: 13 April 2018; Term of the commitment: 18 January 2019 – 17 January 2022	Yes	Yes

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Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a timely and strict fulfilment	
					No	Yes
	Others	The Company	Except in the case of special circumstances, the Company may distribute dividend in cash, provided that the Company is profitable in that year and the aggregate undistributed profit is positive. The profits distributed in cash for each year shall not be less than 10% of the distributable realized profit in that year. In connection with the dividend payment, the Board shall put forward a policy of differentiated cash dividend distribution according to the circumstances, pursuant to the procedures set forth in the Articles of Association. In 2018 to 2020, subject to the satisfaction of cash dividend payment conditions, the profits distributed in cash by the Company in any three consecutive years in aggregate shall not be less than 30% of the average distributable profits in such three years.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Avoiding horizontal competition	Sinotrans & CSC	The covenantor shall take effective measures to avoid horizontal competition. The covenantor has some subsidiaries that are engaged in integrated logistics business (the "Excluded Companies"). As of the date of this letter of commitment, the Excluded Companies have blemishes in terms of their asset ownership, subject qualification, profitability and other aspects, and, therefore, do not meet the requirement for injection to the Company. The covenantor has signed and fulfilled the entrusted management agreement with the Company, pursuant to which all the Excluded Companies are entrusted to the Company for management, so as to ensure that there is no substantial horizontal competition between the covenantor and the Company and its subsidiaries.	Time of commitment: 13 April 2018; Effective permanently	No	Yes

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Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there	
					Is there a timely term for fulfilment	and strict fulfilment
	Avoiding horizontal competition	China Merchants	The covenantor undertakes to gradually realize the withdrawal of the Excluded Companies from integrated logistics business operation so as to thoroughly resolve the issue of substantial horizontal competition. Except for the companies entrusted to the Company, there are no competition between the covenantor and other companies under its control and the Company. The covenantor and other companies under its control do not, directly or indirectly, engage in any business or activity, in any form, that competes with or may compete with the principal business of the Company. During the period where the covenantor is the controlling shareholder of the Company, if the regulatory body or the Company believe that there is substantial horizontal competition between the covenantor and the Company, the covenantor shall offer the Company the right of first refusal.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Resolving defective title of lands and other items	Sinotrans & CSC	The covenantor shall fully support and facilitate the Company and its subsidiaries to achieve completeness of the certificates of title for assets including lands and properties. After the completion of the merger by absorption, where the Company suffer actual loss from the ownership problem that exist in the land use rights and property assets held prior to the merger by absorption, or where there are indemnities, penalties, taxes or other fees that arose from the operation of defective land use rights and property assets by the Company and its subsidiaries after the merger by absorption, the covenantor undertakes to fully compensate the Company and its subsidiaries in a timely manner by way of cash within 30 days after the Company determined the actual loss or relevant fees legally.	Time of commitment: 13 April 2018; Effective permanently	No	Yes

Chapter 6 Significant Matters

Commitment background	Commitment type	Commitment party	Summary of the commitment	Time and term of the commitment	Is there a timely and strict fulfilment	
					Is there a timely term for fulfilment	and strict fulfilment
	Resolving defective title of lands and other items	China Merchants	The covenantor shall fully support and facilitate the Company and its subsidiaries to achieve completeness of the certificates of title for assets including lands and properties. After the completion of the merger by absorption, where the Company and its subsidiaries suffer actual loss from the ownership problem that exist in the land use rights and property assets held prior to the merger by absorption, the Company and its subsidiaries shall be fully compensated in a timely manner by way of cash within 180 days after the Company and its subsidiaries determined the relevant fees legally.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC China Merchants	After the completion of the merger by absorption, if the Company suffers loss or assumes any responsibility from the payment issue of social insurance or housing provident fund prior to the merger by absorption, the covenantor undertakes to assume the corresponding indemnity after determining that loss or responsibility legally.	Time of commitment: 13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC China Merchants	The covenantor shall comply with the relevant regulations under "The Several Provisions on the Reduction of Shares Held in a Listed Company by the Shareholders, Directors, Supervisors, and Senior Executives of the Listed Company" issued by the CSRC, the "SSE Listing Rules" and the "Detailed Implementing Rules of the SSE for Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies" issued by the SSE.	Time of the commitment: 14 January 2019; Effective permanently	No	Yes

Note: Please refer to section "Material commitments made by each parties involved in this transaction" of "Report on the merger by absorption through share swap of Sinoair by Sinotrans Limited and related-party transaction (revised)" dated 3 November 2018 published by Sinoair on the SSE website (www.sse.com.cn) for the full text of the commitment listed above.

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(II) If the Company Has Made a Profit Forecast as to Its Assets or Projects, and the Reporting Period is within the Profit Estimate Period, the Company's Explanation on whether Its Assets or Projects Meet Its Previous Profit Forecast and the Reasons

Meet Not Meet Not applicable

(III) Fulfilment of the Performance Commitment and Its Impact on the Goodwill Impairment Test

Applicable Not applicable

III. THE OCCUPANCY OF FUNDS AND THE PROGRESS OF CLEARING ARREARS DURING THE REPORTING PERIOD

Applicable Not applicable

IV. COMPANY'S NOTES ON "NON-STANDARD OPINION AUDIT REPORT" OF ACCOUNTING FIRMS

Applicable Not applicable

V. EXPLANATIONS OF THE COMPANY ON THE REASONS FOR AND EFFECTS OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY OR REMEDIES FOR MAJOR ACCOUNTING ERRORS

(I) Explanations of the Company on the Reasons for and Effects of Changes in the Accounting Policies and Accounting Estimates

Applicable Not applicable

1. Changes in the Accounting Policies and the Effects

The Ministry of Finance issued the *Interpretation of Accounting Standards for Business Enterprises No. 13* (Cai Kuai [2019] No. 21) on 10 December 2019, and *Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic* (Cai Kuai [2020] No. 10) on 19 June 2020. The Group has adopted the above interpretations and provisions for the preparation of the 2020 financial statements. The *Interpretation of Accounting Standards for Business Enterprises No. 13* has no significant impact on the Group and the Company.

In accordance with the "*Accounting Treatment of Rent Concessions Related to the COVID-19 Pandemic*", the Group adopts the simplified method for all rent concessions, such as rent reductions and deferred payments, concluded between the Group as a party to a lease contract and a lessor or lessee under an existing lease contract, directly caused by Pandemic, and does not evaluate whether a lease modification has occurred or whether a lease classification has been reevaluated.

In 2020, the Group obtained rent concessions from the lessor as lessee in the amount of RMB17.3303 million, increasing the total profit by RMB17.3303 million. The amount of rent concessions granted by the Group as lessor to the lessee was RMB21.5561 million, decreasing the total profit by RMB21.5561 million. The period of deferred rent payment concessions granted by the Group to the lessee as the lessor shall be 1 to 3 months after the rental payment date agreed in the original lease contract.

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2. Changes in the Accounting Estimates and the Effects

According to the relevant provisions of “Accounting Standard for Business Enterprises No. 4 – Fixed Assets”, at the end of each fiscal year, enterprises shall review the estimated useful lives, net residual values and depreciation methods of fixed assets, and if the estimated useful lives and net residual values of fixed assets differ from the original accounting estimates, adjustments shall be made accordingly. In addition, in accordance with the relevant provisions of Notice of the Ministry of Finance and the State Administration of Taxation on improving the enterprise income tax policy for accelerated depreciation of fixed assets (Cai Shui [2014] No. 75), all fixed assets with a unit value of not more than RMB5,000 held by enterprises are allowed to be deducted in the calculation of taxable income by one-time inclusion of current costs, and depreciation shall no longer be calculated over a period of years. In order to better match the depreciable lives of fixed assets with their actual useful lives, to more accurately reflect the depreciation of fixed assets, and thus to more fairly and appropriately reflect the Group’s financial position and operating results, and with reference to the common practice of relevant companies in the same industry, the Group, upon approval at the 19th Meeting of the second session of Board held on 31 March 2020, has, from 1 April 2020 onwards, changed the useful life of the housing construction category to 30 years for steel structures, 25 years for steel concrete structures and 20 years for brick concrete structures; changed the useful life of vehicles to 5 years; and changed the fixed asset recognition criteria to RMB5,000. The depreciable lives and fixed asset recognition criteria before and after this change are as follows.

Category/Item	Before change	Category/item	After change
	Depreciable life (years)/ amount (Yuan)		Useful life (year)/ Amount (RMB)
Buildings – production buildings,	40	Buildings – Steel structure	30
Buildings – office buildings		Buildings – Steel concrete structure	25
		Buildings -Brick concrete structure	20
Houses – storage rooms	25	Buildings – Steel structure	30
		Buildings – Steel concrete structure	25
		Buildings – Brick concrete structure	20
Vehicles	6	Vehicles	5
Fixed asset recognition threshold	2,000	Fixed asset recognition threshold	5,000

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According to the provisions of Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Estimates and Corrections of Errors, the future applicable method is adopted in the aforementioned accounting estimate changes, which has no impact on the financial position and operating results of the Group and the Company in prior years. The impact on total consolidated profit for 2020 is as follows:

Changes in accounting estimates	Effect of changes in accounting estimates on total profit for the year
Changes of useful life of fixed assets	-39,259,183.02
Total	-39,259,183.02

(II) Analysis and Explanation of the Causes and Effects of the Company's Correction of Major Accounting Errors

Applicable Not applicable

(III) Communication with Former Accounting Firms

Applicable Not applicable

(IV) Other notes

Applicable Not applicable

Chapter 6 Significant Matters

VI. APPOINTMENT AND DISMISSAL OF AUDITORS

Unit: Yuan Currency: RMB

Current appointment

Name of the onshore accounting firm	ShineWing Certified Public Accountants LLP
Remuneration for the onshore accounting firm	8,600,000
Term of audit by the onshore accounting firm	3

	Name	Remuneration
Accounting firm for internal control audit	ShineWing Certified Public Accountants LLP	1,500,000
Sponsor	CITIC Securities Company Limited, China Merchants Securities Co., Ltd.	/

Description of the appointment and dismissal of auditors

Applicable Not applicable

On 1 June 2020, the 2019 annual general meeting was convened, at which the proposal in relation to the re-appointment of external auditor for 2020 was considered and approved, which agreed to re-appoint SHINEWING Certified Public Accountants LLP as the auditor of the Company for financial reports and internal control for the year 2020, with a term of office until the conclusion of the 2020 annual general meeting of the Company. The total audit fee is RMB9.7 million, among which the audit fees for financial reports and internal control are RMB8.2 million and RMB1.5 million, respectively. In addition, due to the acquisition of KLG Group, the scope of the consolidated statement in 2020 has changed, which increased the annual audit fee by RMB400,000.

Change of the Auditors During the Audit Period

Applicable Not applicable

VII. THE SITUATION OF FACING THE RISK OF SUSPENSION OF LISTING

(I) Reasons for Suspension of Listing

Applicable Not applicable

(II) Measures Taken by the Company

Applicable Not applicable

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VIII. SITUATION AND REASONS FOR TERMINATION OF LISTING

Applicable Not applicable

IX. MATTERS RELATED TO BANKRUPTCY REORGANIZATION

Applicable Not applicable

X. MAJOR LITIGATION AND ARBITRATION MATTERS

The company was involved in major litigation or arbitration proceedings
The company was not involved in major litigation or arbitration proceedings

XI. PENALTIES AND RECTIFICATION OF LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ACTUAL CONTROLLERS AND ACQUIRERS

Applicable Not applicable

XII. EXPLANATION ON THE INTEGRITY OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS DURING THE REPORTING PERIOD

Applicable Not applicable



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XIII. THE COMPANY'S EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND THE IMPACT THEREOF

(I) Incentives Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation

Applicable Not applicable

Summary of Events

Enquiry Index

<p>On 31 March 2020, the 19th meeting of the second session of the Board was convened, at which the proposal in relation to the Share Option Incentive Scheme of Sinotrans Limited (revised draft) (《中國外運股份有限公司股票期權激勵計劃(草案修訂稿)》) and a summary thereof and the Share Option Incentive Scheme of Sinotrans Limited (Phase I) (revised draft) (《中國外運股份有限公司股票期權激勵計劃(第一期)(草案修訂稿)》) and a summary thereof were considered and approved.</p>	<p>For details, please refer to the announcements of the Company dated 31 March 2020 on the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk).</p>
<p>On 3 April 2020, the Company has received the related notice that the SASAC has approved in principle the implementation of the share option scheme.</p>	<p>For details, please refer to the announcements of the Company dated 3 April 2020 on the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk).</p>
<p>On 1 June 2020, the Company has convened the EGM and Class Meetings, at which all the proposals in relation to share option incentive scheme were considered but not passed by more than two-thirds of the shares with voting rights.</p>	<p>For details, please refer to the announcements of the Company dated 1 June 2020 on the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk).</p>

(II) Incentives Undisclosed in Temporary Announcements or with Progress in Subsequent Implementation

Equity incentives

Applicable Not applicable

Other explanations

Applicable Not applicable

Employee stock ownership scheme

Applicable Not applicable

Other incentives

Applicable Not applicable

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XIV. CONNECTED TRANSACTIONS, MAJOR RELATED PARTY TRANSACTIONS

(I) Connected Transactions (Disclosed in Accordance with the SEHK Listing Rules)

1. Continuing Connected Transactions

Significant related party transactions entered by the Group for the year ended 31 December 2020 are disclosed in Note X to the financial statements.

Some of the above-mentioned related party transactions also constitute connected transactions that required to be disclosed in accordance with Chapter 14A of the SEHK Listing Rules. Among other things, the continuing connected transactions are as follows:

Revenue/Expenses	Note	2020 RMB Yuan
Transactions with China Merchants Group	1	
Provision of transportation and logistics services		1,177,444,946.15
Receiving of transportation and logistics services		1,463,695,336.32
Rental expenses		253,631,124.09
Transaction with China Merchants Property	2	
Purchase of goods		5,914,717.08
Transaction with Daojiahui Technology Company	2	
Purchase of goods		48,169,958.65
Receiving services from Finance Company	3	
Receiving deposit services – maximum daily balance		4,782,890,960.94
Transactions with Connected Non-Wholly-Owned Subsidiaries of the Company	4	
Provision of transportation and logistics services		97,086,697.11
Receiving of transportation and logistics services		88,148,255.93
Entrusted Management Agreement with Sinotrans & CSC Group	5	
Charging entrusted management fees		39,150,943.40

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- Note 1: The reason why the transactions with China Merchants Group are deemed as connected transactions is that China Merchants is the actual controller of the Company. On 10 November 2017, the Company entered into the Master Services Agreement with China Merchants in relation to the provision and receiving of transportation and logistics services, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the annual cap of the amount of transportation and logistics services provided by the Group to China Merchants Group shall not exceed RMB2,500 million, RMB3,250 million and RMB4,225 million in 2018, 2019 and 2020, respectively; the annual cap of the amount of transportation and logistics services received by the Group from China Merchant Group shall not exceed RMB3,500 million, RMB4,550 million and RMB5,915 million in 2018, 2019 and 2020, respectively. On 10 November 2017, the Company entered into the Master Lease Agreement in respect of property leasing services with China Merchants, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the annual cap of the amount of property leased by the Group from China Merchants Group shall not exceed RMB300 million, RMB330 million and RMB363 million in 2018, 2019 and 2020, respectively.
- Note 2: The reason why the transaction with China Merchants Property Management Co., Ltd.* (深圳招商物業管理有限公司, hereinafter referred to as “China Merchants Property”) is deemed as a connected transaction is that China Merchants Property is a subsidiary of China Merchants. On 29 October 2018, the Company entered into the Master Purchase Agreement (hereinafter referred to as the “Original Agreement”) with China Merchants Property, pursuant to which the Group may purchase the office supplies and equipment from China Merchants Property through an online shopping platform (namely China Merchants Daojiahui) operated by China Merchants Property. The term of the agreement is from 1 July 2018 to 31 December 2020, according to which the total amount of office supplies and equipment purchased by the Group from China Merchants Property shall not exceed RMB121,108,600, RMB212,484,000 and RMB254,980,800 in 2018, 2019 and 2020 respectively.

Due to the business restructuring, the operation of China Merchants Daojiahui was transferred to China Merchants (Shenzhen) Daojiahui Technology Co., Ltd.* (深圳招商到家匯科技有限公司, hereinafter referred to as “Daojiahui Technology Company”), by China Merchants Property on 1 April 2020, and the China Merchants Daojiahui has been operated by Daojiahui Technology Company since then. In order to monitor and regulate the transactions in relation to the purchase of office supplies and equipment by the Group through the China Merchants Daojiahui from time to time and ensure compliance with the SEHK Listing Rules, on 27 August 2020, the Company entered into the New Master Purchase Agreement with Daojiahui Technology Company, pursuant to which, the Group may purchase the office supplies and equipment from Daojiahui Technology Company through the China Merchants Daojiahui for the period from 1 April 2020 to 31 December 2022. According to the agreement, the total amount of office supplies and equipment purchased by the Group from Daojiahui Technology Company shall not exceed RMB60 million from 1 April 2020 to 31 December 2020, RMB69 million in 2021 and RMB80 million in 2022 respectively. As there has been no new transaction conducted by the Group under the Original Agreement with China Merchants Property and no new transaction amount will be generated under the Original Agreement since 1 April 2020, the original annual cap for the year ended 31 December 2020 under the Original Agreement is no longer applicable. Daojiahui Technology Company is a wholly-owned subsidiary of China Merchants Property Operation & Service Co., Ltd.* (招商積餘產業運營服務股份有限公司), which is owned as to 51.16% by CMG, so the transaction with Daojiahui Technology Company constitutes continuing connected transactions of the Company.

- Note 3: The reason why the transaction with Finance Company is deemed as a connected transaction is that Finance Company is held as to 51% and 49% by China Merchants and Sinotrans & CSC. On 10 November 2017, the Company entered into the Financial Services Agreement with Finance Company, pursuant to which the Company agreed Finance Company can provide deposit services and other financial services for it. The term of the agreement is from 1 January 2018 to 31 December 2020, according to which the daily outstanding balance of the Group’s deposit at the Finance Company shall not exceed RMB4 billion for the year 2018, and RMB5 billion for each of the years 2019 and 2020.

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Note 4: The reason why the transactions with three connected non-wholly-owned subsidiaries of the Company, namely Sinotrans Shandong Hongzhi Logistics Co. Ltd* (山東中外運弘志物流有限公司, hereinafter referred to as "Sinotrans Shandong Hongzhi"), Qingdao Jinyun Air Cargo Freight Forwarding Co. Ltd.* (青島金運航空貨運代理有限公司, hereinafter referred to as "Qingdao Jinyun Air") and Shanghai Waihong Yishida International Logistics Co. Ltd.* (上海外紅伊勢達國際物流有限公司, hereinafter referred to as "Shanghai Waihong Yishida"), are deemed as connected transactions is that such non-wholly-owned subsidiaries are held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 10 November 2017, the Company entered into master services agreements with the above-mentioned connected non-wholly-owned subsidiaries, respectively, in relation to the provision and receipt of the transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services, shipping transportation and leasing of containers and other facilities) between members of the Group and the connected non-wholly-owned subsidiaries and their respective subsidiaries and associates, and the term of each agreement is for a period of three years commencing on 1 January 2018 and ending on 31 December 2020. Under each of the agreement, the cap for the provision of transportation and logistics services by the Group for Sinotrans Shandong Hongzhi and its associates shall not exceed RMB200 million, RMB260 million and RMB338 million for each of the years 2018, 2019 and 2020; the cap for the receipt of transportation and logistics services by the Group from Sinotrans Shandong Hongzhi and its associates shall not exceed RMB60 million, RMB78 million and RMB101.4 million for each of the years 2018, 2019 and 2020; the cap for the provision of transportation and logistics services by the Group for Qingdao Jinyun Air and its associates shall not exceed RMB5 million, RMB7.5 million and RMB11.25 million for each of the years 2018, 2019 and 2020; the cap for the receipt of transportation and logistics services by the Group from Qingdao Jinyun Air and its associates shall not exceed RMB7.5 million, RMB11.25 million and RMB16.87 million for each of the years 2018, 2019 and 2020; the cap for the provision of transportation and logistics services by the Group for Shanghai Waihong Yishida and its associates shall not exceed RMB1 million, RMB1 million and RMB1 million for each of the years 2018, 2019 and 2020; the cap for the receipt of transportation and logistics services by the Group from Shanghai Waihong Yishida and its associates shall not exceed RMB2.25 million, RMB2.25 million and RMB2.25 million for each of the years 2018, 2019 and 2020.

For the year 2020, the amounts of transportation and logistics services provided for and received from Sinotrans Shandong Hongzhi and its associates by the Group were RMB96 million and RMB87 million, respectively; the amounts of transportation and logistics services provided for and received from Qingdao Jinyun Air and its associates by the Group were RMB0.5 million and RMB1 million, respectively; and the amounts of transportation and logistics services provided for and received from Shanghai Waihong Yishida and its associates by the Group were RMB0.8 million and RMB0.1 million, respectively;

Note 5: The reason why the transaction with Sinotrans & CSC Group is deemed as a connected transaction is that Sinotrans & CSC is the controlling shareholder of the Company. On 6 May 2019, the Company entered into the new Entrusted Management Agreement with Sinotrans & CSC, pursuant to which the Company shall continue to provide the entrusted management services to Sinotrans & CSC Group for a term of three years from 2019 to 2021, in return for a fixed management fee of RMB15 million per annum and a variable management fee, with the total amount of entrusted management fees being no more than RMB100 million per annum.

- (1) For details of the abovementioned continuing connected transactions, please refer to the relevant announcements as at the signing date of each agreement published by the Company on the website of SEHK (www.hkex.com.hk). The Company has complied with the disclosure requirements under Chapter 14A of the SEHK Listing Rules in respect of such transactions. In order to comply with the relevant requirements of the SEHK Listing Rules, except for such transactions as purchase of goods and provision of entrusted management services did not reach the standard that requires to be considered at a shareholders' general meeting, the annual caps of the other connected transactions abovementioned for each of the years 2018, 2019 and 2020 (in the case that any of the percentage ratios (other than the profits ratio) in respect of annual caps of such connected transactions exceeds 5% on an annual basis) have been approved by independent Shareholders at the extraordinary meeting convened on 28 December 2017. Given that the relevant continuing connected transaction agreements mentioned above have expired on 31 December 2020, the Company has renewed a new phase of continuing connected transaction agreement with China Merchants, Finance Company and Shandong Sinotrans Hongzhi on 28 October 2020, and the term of the agreements is from 1 January 2021 to 31 December 2023. For details, please refer to the Company's relevant circular disclosed on the website of the SEHK (www.hkex.com.hk) dated 20 November 2020.

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- (2) In addition to the aforementioned continuing connected transactions, on 30 December 2020, the Company and Y2T Technology Co., Ltd. (運易通科技有限公司 hereinafter referred to as “Y2T”, with its subsidiaries are collectively referred to as “Y2T Group”) entered into the Purchase and Sales Framework Agreement, pursuant to which, the Group (excluding Y2T Group) will receive system development and operation maintenance services, logistics and related services provided by Y2T Group and will provide logistics and related services to Y2T Group for a period from 1 January 2021 to 31 December 2023. As at the date of agreement, Y2T was an indirect wholly-owned subsidiary of the Company and proposed to proceed with the capital increase. Upon completion of the capital increase, it is expected that the subsidiary of China Merchants will hold more than 10% voting rights of Y2T. Therefore, upon completion of the capital increase, the transactions contemplated under the aforementioned agreement will constitute continuing connected transactions of the Company, and the proposed annual caps for the transactions contemplated thereunder will become effective concurrently. For details, please refer to the Company’s announcement disclosed on the website of the SSE (www.sse.com.cn) and the website of the SEHK (www.hkex.com.hk) dated 30 December 2020.
- (3) The independent non-executive Directors of the Company have reviewed the continuing connected transactions and confirmed that the transactions were:
- (a) entered into by members of the Group in the ordinary and usual course of business;
 - (b) (i) on normal commercial terms; or (ii) on terms no less favorable to the Company than those available to (or from) independent third parties; or (iii) if there are no appropriate comparables for the independent non-executive Directors to confirm items b(i) or b(ii) above, then on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
 - (c) entered into in accordance with the relevant agreements governing them.
- (4) The auditor of the Company was engaged to conduct a limited assurance engagement on the Group’s continuing connected transactions in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The auditor has issued an unmodified letter containing their findings and conclusions in respect of the continuing connected transactions by the Group above in accordance with Rule 14A.56 of the SEHK Listing Rules, where:
- (a) nothing has come to the auditors’ attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company’s Board of Directors.
 - (b) for transactions involving the provision of goods or services by the Group, nothing has come to the auditors’ attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.
 - (c) nothing has come to the auditors’ attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

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- (d) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditors' attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

2. **Other connected transactions disclosed**

- (1) On 28 October 2020, the Company entered into the underwriting agreement in respect of the underwriting of the first tranche of 2020 RMB receivables asset-backed notes (hereinafter referred to as "RMB ABN") with Huaneng Guicheng Trust Co., Ltd.* (華能貴誠信託有限公司), Bank of China Limited* (中國銀行股份有限公司) and China Merchants Securities Co., Ltd.* (招商證券股份有限公司, a connected party of the Company, hereinafter referred to as "China Merchants Securities"), pursuant to which the underwriting fees paid to China Merchants Securities by the Company are estimated to be no more than RMB100 thousand; meanwhile, if China Merchants Securities is required to perform its obligations to underwrite the priority products of first tranche of 2020 RMB ABN under the underwriting agreement by way of standby commitment underwriting, the amount to be subscribed by China Merchants Securities is estimated to be no more than RMB142.5 million. As at the date of agreement, China Merchants Securities is a subsidiary of China Merchants, the actual controller of the Company, and therefore is a connected person of the Company. Thus, the foresaid transaction constitutes a connected transaction of the Company under Chapter 14A of the SEHK Listing Rules. As at the date of this Report, the Company has completed the issuance of the first tranche of 2020 RMB ABN.
- (2) On 23 December 2020, Sinotrans Innovation & Technology Co., Ltd.* (中外運創新科技有限公司, a wholly-owned subsidiary of the Company, hereinafter referred to as "SIT"), Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership)* (深圳市招商局創新投資基金中心(有限合夥), hereinafter referred to as "CMII"), Shenzhen Bida Enterprise Consultation Partnership (Limited Partnership)* (深圳必達企業諮詢合夥企業(有限合夥), hereinafter referred to as "Shenzhen Bida"), and Y2T, the wholly-owned subsidiary of SIT, jointly entered into the capital increase agreement, pursuant to which, the connected person CMII and independent third party Shenzhen Bida agreed to subscribe for the new registered capital of Y2T of RMB50 million and RMB25 million, respectively, in accordance with the terms and conditions of the capital increase agreement. In which, the consideration of the capital increase payable by CMII will be RMB57 million and that payable by Shenzhen Bida is expected to be no more than RMB85.5 million. Upon completion of the capital increase, SIT, CMII and Shenzhen Bida will hold 40%, 40% and 20% equity interests in Y2T, respectively, and Y2T will remain a subsidiary of the Company and its financial results will remain to be included into the consolidated statements of the Company. On the same day, SIT, CMII, Shenzhen Bida and Y2T jointly entered into the shareholders' agreement, pursuant to which, each of the parties agreed upon, among others, the rights of Y2T's shareholders upon completion of the capital increase. Furthermore, SIT and CMII entered into the concerted party agreement on the same day. As at the date of the agreement, both the general partner (executive partner) and limited partner of CMII are subsidiaries of China Merchants, CMII is therefore a connected person of the Company and the above transaction constituted a connected transaction of the company. As at the date of this Report, Y2T has completed the commercial registration of the abovementioned transaction.

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For details, please refer to the relevant announcements of the Company dated 28 October 2020 and 23 December 2020 on the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk).

(II) The Related Party Transactions in Relation to the Ordinary Operations (Disclosed in Accordance with the SSE Listing Rules)

1. Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation

Applicable Not applicable

Summary of Events

Enquiry Index

On 22 December 2020, the Company held the 2020 second extraordinary general meeting to consider and approved the Proposal on the <2021-2023 Routine Related Party Transaction Framework Agreement> between the Company and 4 related joint ventures, including annual caps for the provision and receiving of transportation and logistics services between the Group and the related joint ventures.

For details, please refer to the announcements of the Company dated 28 October 2020 and 22 December 2020 on the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk).

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not applicable

- (1) On 10 November 2017, the Company entered into a Master Services Agreement with China Merchants, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the annual cap of the amount of transportation and logistics services provided by the Group to China Merchants Group shall be RMB2,500 million, RMB3,250 million and RMB4,225 million in 2018, 2019 and 2020, respectively; the annual cap of the amount of transportation and logistics services received by the Group from China Merchant Group shall be RMB3,500 million, RMB4,550 million and RMB5,915 million in 2018, 2019 and 2020, respectively. In 2020, the transportation and logistics services provided by the Group to China Merchants Group amounted to RMB1,177 million, while the transportation and logistics services received from China Merchants Group was RMB1,464 million.

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- (2) On 10 November 2017, the Company entered into a Master Lease Agreement with China Merchants, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the annual cap of the amount of property leased by the Group from China Merchants Group shall be RMB300 million, RMB330 million and RMB363 million in 2018, 2019 and 2020, respectively. In 2020, the expenses of the Group in respect of leasing of properties from China Merchants Group was RMB254 million.
- (3) On 10 November 2017, the Company entered into a Financial Services Agreement with the Finance Company, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the daily outstanding balance of the Group's deposit at the Finance Company shall not exceed RMB4 billion for the year of 2018, and RMB5 billion for the year of 2019 and 2020 respectively. In 2020, the Group's daily maximum deposit balance at the Finance Company was RMB4.783 billion.

The aforesaid continuing related party transactions (1)-(3) have been considered and approved at the extraordinary general meeting convened on 28 December 2017. For details, please refer to the announcements dated 10 November 2017 and 28 December 2017 published by the Company on the website of Hong Kong Stock Exchange (www.hkex.com.hk).

- (4) On 7 March 2019, the Company convened the 2019 first extraordinary general meeting, at which the proposal in relation to the continuing related party transaction with China Merchants Bank was considered and approved. According to the proposal, no limit will be imposed on the loan issued by China Merchants Bank, and the annual cap of deposit is RMB3,500 million and RMB4,000 million in 2019 and 2020, respectively. As at 31 December 2020, the Group's deposit balance at China Merchants Bank was RMB451 million. For details, please refer to relevant announcements dated 21 January 2019 published by the Company on the websites of SSE (www.sse.com.cn).

In view of the all above-mentioned continuing related party transactions (1)-(4) have expired at the end of 2020, the Company has renewed/updated the above-mentioned continuing related party transactions with related parties on 28 October 2020 (the term of the new related party transaction is from 1 January 2021 to 31 December 2023), which have been considered and approved by the Company's 2020 second extraordinary general meeting held on 22 December 2020. For details, please refer to the Company's announcements on the website of the SSE (www.sse.com.cn) and the website of the SEHK (www.hkex.com.hk) on 28 October 2020 and 22 December 2020.

3. *Events Not Disclosed in the Temporary Announcements*

Applicable Not applicable

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(III) Related Party Transactions from Acquisition and Disposal of Assets or Equity Interests

1. Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation

Applicable Not applicable

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not applicable

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

4. The Performance Achievements during the Reporting Period Shall be Disclosed if Undertakings on Performance Is Involved

Applicable Not applicable

(IV) Material Related Party Transactions involving Joint External Investments

1. Events Disclosed in the Temporary Announcements and without Progress or Changes in Subsequent Implementation

Applicable Not applicable

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not applicable

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

(V) Claims and Liabilities between Related Parties

1. Events Disclosed in the Temporary Announcements and with No Progress or Changes in Subsequent Implementation

Applicable Not applicable

2. Events Disclosed in the Temporary Announcements but with Progress or Changes in Subsequent Implementation

Applicable Not applicable

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3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

Unit: Yuan Currency: RMB

Related parties	Capital provided to related parties			Capital provided by related parties to the Company		
	Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Other companies controlled by the same parent						
company and ultimate controlling party	4,045,419,176.57	895,962,796.70	4,941,381,973.27	1,520,357,418.90	-769,104,395.33	751,253,023.57
Associates and joint ventures	691,389,828.43	-8,074,327.75	683,315,500.68	185,559,688.88	417,370,722.18	602,930,411.06
Other related parties	7,746,417.75	-7,734,869.66	11,548.09	29,817,972.36	-29,317,421.04	500,551.32
Total	4,744,555,422.75	880,153,599.29	5,624,709,022.04	1,735,735,080.14	-381,051,094.19	1,354,683,985.95
Reasons for related debts and liabilities	Proceeds in dealings with related companies					
The impact of related debts and liabilities on the Company	Related debts and liabilities are conducted based on the time agreed under the contract or agreement in accordance with the financial settlement process and have no material effect on the operation results and financial position of the Company.					

(VI) Others

Applicable Not applicable

XV. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trust, Contracting and Leasing

1. Trust

Applicable Not applicable

2. Contracting

Applicable Not applicable

3. Leasing

Applicable Not applicable

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(II) Guarantee

✓Applicable □Not applicable

Unit: Yuan Currency: RMB

External guarantee of the Company (excluding those provided to subsidiaries)													
Guarantors	Relation between the guarantors and the listed company	The guaranteed party	The guaranteed amount	Date of the guarantee (the date of the agreement)	Guarantee beginning date	Guarantee maturity date	Type of guarantee	Whether the guarantee has been fulfilled	Is the guarantee overdue	Guarantee overdue amount	Is counter guarantee available	Guarantee provided to the related parties	Related relationships
Sinotrans South China Company Limited	Subsidiaries	Shenzhen Haixing Harbor Development Co., Ltd.	98,184,899.10	1 July 2019	1 July 2019	1 July 2037	Financing guarantee/ Joint liability guarantee	No	No	-	No	Yes	Associates ventures
Sinotrans South China Company Limited	Subsidiaries	Dongguan Humen Port International Container Terminal Co., Ltd.	8,109,500.00	27 August 2015	27 August 2015	9 January 2023	Financing guarantee/ General guarantee	No	No	-	No	Yes	Joint ventures
Sinotrans Bulk Logistics Company Limited	Subsidiaries	Sinotrans Sarens Logistics Company	10,882,711.86	6 June 2016	1 July 2016	30 June 2021	Financing guarantee/ General guarantee	No	No	-	No	Yes	Joint ventures
Total guaranteed amount during the Reporting Period (excluding guarantees provided to subsidiaries)													-
Balance of total guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)													117,444,748.32
Guarantees provided by the Company and its subsidiaries to subsidiaries													
Total guaranteed amount to subsidiaries during the Reporting Period													-
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)													7,192,346,261.54
Total guarantees (including guarantees to subsidiaries) provided by the Company													
Total guaranteed amount (A+B)													7,309,791,009.86
Total guaranteed amount as a percentage of the net asset value of the Company (%)													22.67
Of which:													
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)													-
Debt guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)													6,259,496,127.86
Total guaranteed amount in excess of 50% of net asset value (E)													-
Total guaranteed amount of the above three items (C+D+E)													6,259,496,127.86
Statement on the contingent joint liability in connection with unexpired guarantees													
Details of guarantee													
(1) In addition to the above guarantees, the Company and its non-wholly-owned subsidiaries provide guarantees for the credit lines applied for by companies within the scope of the consolidated statements. As at 31 December 2020, the total credit guarantees were RMB5,734 million.													
(2) Ningbo Shipping Agency Co., Ltd., a subsidiary of the Group, provides payment guarantee on port handling and tally charges to MEGA TREND Shipping Limited and BAL Container Line Co., Ltd. at the request of port. All of the above guarantees have provided counter guarantee measures. As at 31 December 2020, the balance of guarantees was RMB267,637.36.													

Chapter 6 Significant Matters

(III) Entrustment of Asset Management

1. **Entrusted wealth management**

(1) *Overall entrusted wealth management*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(2) *Single item entrusted wealth management*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(3) *Provision for impairment losses of entrusted wealth management*

Applicable Not applicable

2. **Entrusted Loan**

(1) *Overall Entrusted Loan*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(2) *Single Entrusted Loan*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(3) *Impairment provision for the entrusted loan*

Applicable Not applicable

3. **Other circumstances**

Applicable Not applicable

(IV) Other Material Contracts

Applicable Not applicable

Chapter 6 Significant Matters

XVI. STATEMENT OF OTHER MATERIAL MATTERS

Applicable Not applicable

On 31 May 2018, the proposal on merger of Sinoair by absorption through share swap was considered and approved at the Company's 2018 extraordinary general meeting and the class general meeting. For details, please refer to the circular disclosed by the Company on the website of the SEHK on 18 April 2018. On 8 October 2018, the merger by absorption through share swap was unconditionally approved by the CSRC. As at 10 January 2019, the Company has completed the issuance of 1,351,637,231 RMB ordinary shares (A shares), and public investors of ordinary shares of Sinoair have exchanged the 353,600,322 A shares of Sinoair for 1,351,637,231 A shares of the Company at a ratio of 1:3.8225, and the issuing price is RMB5.24 per share (adjusted). On 18 January 2019, A shares (total 5,255,916,875 shares) of the Company were listed on SSE. As at the date of this report, the Company has completed the business registration of the registered capital change. At present, the Company is carrying forward the relevant legal procedures for the cancellation of the corporate qualification of Sinoair and the transfer of all its assets and liabilities to the Group.

XVII. WORK IN PERFORMING SOCIAL RESPONSIBILITY

(I) Details of Poverty Alleviation Carried Out by Listed Companies

Applicable Not applicable

1. Targeted poverty alleviation plan

Applicable Not applicable

The year 2020 is a determining year for building a moderately prosperous society in an all-round way. Under the overall arrangement of China Merchants, Sinotrans continuously focused on the goal of "ensuring that rural poor people are free from worries over food and clothing and have access to compulsory education, basic medical services and safe housing", combined the tasks of poverty alleviation in poor counties, with China Merchants Group Foundation as a professional unified platform for public welfare, fully developed the targeted poverty alleviation, mainly improved the education and medical care of poor people in poor areas, promoted the construction of industrial brands, and constantly consolidated the foundation for poverty alleviation of the poor people and poor areas. In 2020, Qichun County in Hubei, Yecheng County in Xinjiang, Shache County in Xinjiang and Weining County in Guizhou declared the lifting out of poverty. In these four counties, there were 900,000 persons lifted out of poverty. Substantive results have been achieved in poverty alleviation.

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2. Summary of annual targeted poverty alleviation

Applicable Not applicable

During the Reporting Period, Sinotrans donated RMB12 million to the China Merchants Group Foundation, which would be planned to be used for poverty alleviation by such Foundation. As at the end of 2020, the China Merchants Group Foundation actually spent RMB62.441 million in targeted poverty alleviation, and launched 23 poverty alleviation projects, of which, RMB51.661 million was spent in national poverty-stricken counties located in districts like Weining, Guizhou Province, Qichun, Hubei Province, Yecheng and Shache, Xinjiang Autonomous Region; RMB5.762 million was contributed to the aid funds granted to Zhenxiang County, Yongren of Chuxiong Prefecture, and Wuding County, Yunnan Province; RMB5.018 million was spent in other poverty-stricken areas. The main targeted poverty alleviation projects that Sinotrans has participated in were as follows:

(1) *China Merchants-27° Agricultural Charity Aid Project*

With focus on brand building, continuously enhanced the brand recognition of agricultural products, enhanced market competitiveness, and helped poor households to increase their employment and income. Up to now, “27° Agricultural” has developed more than 60 special agricultural products, covering 13 national poverty-stricken counties, including 12 new products developed in 2020, innovated and developed gift customization models, and further expanded sales channels.

(2) *Hubei Qichun Poor Rural Community Development Project*

In Qichun, professional social organizations were introduced to participate in poverty alleviation, implement poverty-stricken rural community development projects, support farmers to form mutual aid groups and cooperatives, provide breeding technology and industry development training, and help poor families become self-reliant. In 2020, the project cultivated 7 cooperatives such as poultry, Chinese mugwort, sasanqua, tea, etc., benefiting 1,075 farmers from the project, effectively boosting the income of farmers.

(3) *Hubei Qichun Village Kindergarten Program*

In Qichun County, social resources were introduced to organize the construction of kindergartens, and teachers of rural kindergartens were trained, to solve the problem of children’s preschool education in remote villages. In 2020, the project continuously operated 16 preschool classes, newly built 5 preschool classes in Tanlin Township in the northern mountainous area of Qichun, benefiting more than 600 pre-school children and parents.

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- (4) *Project of Book Donation to Xinjiang Yecheng and Shache Middle and Primary Schools*
There was a big gap between the book allocation rate of mandatory education primary and secondary schools in Yecheng County and Shache County and the standardization goal of mandatory education schools in the autonomous region. In order to help balance education resources, a total of 1.2 million books have been donated to Yecheng County and Shache County.
- (5) *Xinjiang Yecheng Village Assistance (10 villages) project*
A women's entrepreneurship and employment incubation base was built in Ourang (10) Village, Boxireke Township, Yecheng County, aiming to improve women's employment skills, which can cover nearly 1,000 women and increase their income stably.
- (6) *Targeted Poverty Alleviation Project in Chuxiong, Yunnan Province*
Sinotrans supported the infrastructure improvement project of Waipulada Village, Yongren County, the Yongren County Community Development Project, the Wuding County Rural Education Poverty Alleviation Project, and Hailuo Village Clinic Project in Huanggua Town, Yuanmou County, which improved the living environment of the people in poverty-stricken counties and the education of children in need. In 2020, the Waipula project site was selected by Hunan Satellite Mango TV as the "Field of Hope" shooting site, which drove the local revenue growth. The Yongren County Community Development Project and the Wuding County Rural Education Poverty Alleviation Project carried out inclusive psychological support training for 900 primary and middle school teachers, and supported the Hailuo Village Clinic Project in Huanggua Town, Yuanmou County to build a village clinic in the local area to improve the village's medical conditions.
- (7) *"China Merchants·Happy Home" Rural Community Support Plan*
Through the two sub-projects of the "Future + Township" Community Project and the Social Organization Capacity Building Support Program, nationwide professional social organizations were supported to take root in rural communities. With the "cultivation of community self-organization" as a starting point, cultivated villagers' awareness and ability of public participation in community public affairs, and enhanced the positive role of rural governance in poverty alleviation.

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3. Effectiveness of targeted poverty alleviation

Applicable Not applicable

Unit: Ten thousand Currency: RMB

Details	Amount/persons
I. Overall situation	
Of which: 1. Cash	1,200
2. Materials equivalent to cash	
3. Number of people helped to lift out poverty (person)	22,248
II. Inputs for each category	
1. Poverty reduction through cultivating local businesses	
Of which: 1.1 project type	
	<input type="checkbox"/> Agriculture and forestry industry <input type="checkbox"/> Tourism <input type="checkbox"/> E-commerce <input type="checkbox"/> Return on assets <input type="checkbox"/> Science and technology <input checked="" type="checkbox"/> Others
1.2 Number of projects	3
1.3 Capital Investment	173.2
1.4 Number of people helped to lift out poverty (person)	20,812
2. Poverty reduction through transfer employment	
Of Which: 2.1 investment in vocational training	
2.2 Number of vocational training (person/time)	
2.3 Number of people in poverty helped to get employed	
3. Poverty reduction through relocation	
Of which: 3.1 number of relocated households we helped to get employed (person)	
4. Poverty alleviation through education	
Of which: 4.1 Amount of funding for students	
4.2 Number of students we helped (person)	
4.3 Input in improving education resources in poverty areas	130.5
5. Poverty alleviation through providing better healthcare	
Of which: 5.1 Amount of medical and health resources invested in poor areas	27

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Details	Amount/persons
6. Poverty alleviation through better ecological protection	
Of which: 6.1 project name	<input type="checkbox"/> Carry out ecological protection and construction <input type="checkbox"/> Establish compensation mechanism for ecological protection <input type="checkbox"/> Establish posts for ecological public welfare <input type="checkbox"/> Others
6.2 Amount invested	
7. Guaranteeing basic living standard for people unable to work	
Of which: 7.1 Amount of investment to help left-behind children, women and elderly in rural areas	
7.2 number of left-behind children, women and elderly in rural areas we helped (person)	
7.3 Amount of investment to help poor people with disabilities	
7.4 number of poor people with disabilities we helped (person)	
8. Poverty alleviation through social assistance	
Of which: 8.1 Amount invested through eastern and western cooperation in poverty alleviation	
8.2 Amount invested to targeted area	
8.3 Poverty Alleviation Fund	
9. Other projects	
Of which: 9.1 Number of projects	4
9.2 Amount invested	869.3
9.3 Number of people we helped to lift out poverty (person)	1,436
9.4 Other projects	
III. Awarded items (content, level)	
In 2020, the Company participated in “Building a “27° Agriculture” Charity Brand and Opening up a New Path for Consumer Poverty Alleviation”, which was selected as one of the 50 outstanding consumer poverty alleviation cases in China.	

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4. *Follow-up targeted poverty alleviation plan*

Applicable Not applicable

In 2021, with China Merchants Group Foundation as a professional unified platform for public welfare, Sinotrans will give full play to its own business advantages, focus on industrial development, talent support, governance system and other fields, consolidate the achievements of poverty alleviation in assisted regions, profoundly promote the effective connection between poverty alleviation and rural revitalization, help the sustainable development of economy and society in assisted regions, and start a new journey of rural revitalization.

(1) *Strengthen the organizational guarantee to consolidate the poverty alleviation achievements*

Continue to input resources to support the assisted areas to consolidate and improve their achievements, including follow-up support for relocation, and promotion of the stable employment of the poor people.

(2) *Consolidate the poverty alleviation foundation to promote high quality development*

Fully expand the energy efficiency of hardware constructed in the poverty alleviation stage, widely mobilize the social forces, cultivate the high-quality talents in various fields for local place, and strive to improve the quality of medical care and education and the level of public services so as to realize the revitalization of talents.

(3) *Follow the long-term mechanism to promote the consumption growth*

Take “27° agriculture” brand as key point, give full play to Sinotran’s cold chain logistics and other business advantages, and continue to carry out interchange, optimization and value-added work of all links of industrial chain in the assisted regions to ensure that the consumption-based poverty alleviation industry chain has standard, characteristics and increased income. The Group will continue to participate in consumption-based poverty alleviation, and create an atmosphere of “everyone can participate and everyone is happy to participate” within the enterprise.

(4) *Give full play to the advantages of the platform to promote rural governance*

Continue to play the role of professional platform of China Merchants Group Foundation, start from rural governance, promote the social organizations to take part in and help the assisted areas, explore the construction path of modern rural governance system, and consolidate the basic foundation of rural revitalization.

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(II) Working Situation for Fulfilling Social Responsibilities

Applicable Not applicable

For details, please refer to the 2020 Social Responsibilities Report (ESG Report) disclosed on the website of SSE (www.sse.com.cn) and the website of the SEHK (www.hkex.com.hk).

(III) Environmental Information

1. Explanation on Environmental Protection of Companies and Their Significant Subsidiaries Classified as the Key Pollutant Discharging Units Announced by the Environmental Protection Department

Applicable Not applicable

2. Environmental Protection of the Companies Other than Key Pollutant Discharging Units

Applicable Not applicable

For details, please refer to the 2020 Social Responsibilities Report (ESG Report) disclosed on the website of SSE (www.sse.com.cn) and the website of the SEHK (www.hkex.com.hk).

3. Explanation of Reasons for Non-Disclosure of Environmental Information of Companies other than Key Pollutant Discharging Units

Applicable Not applicable

4. Explanation of the Subsequent Progress or Changes on the Environmental Information Disclosed during the Reporting Period

Applicable Not applicable

(IV) Other Explanation

Applicable Not applicable

XVIII. CONVERTIBLE COMPANY BONDS

Applicable Not applicable

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

I. CHANGES IN SHAREHOLDING OF ORDINARY SHARES

(I) Changes in Ordinary Shares

1. Statement of Changes in Ordinary Shares

During the Reporting Period, there is no change in the total share numbers and shareholding structure of ordinary shares of the Company.

2. Particulars of Changes in Ordinary Shares

Applicable Not applicable

3. Effect of Changes in Shares on Financial Indicators such as Earnings per Share and Net Assets per Share for the Recent Year and the Recent Period (if any)

Applicable Not applicable

4. Other Contents that the Company Deems Necessary or Security Regulatory

Applicable Not applicable

(II) Changes in Restricted Shares

Applicable Not applicable

II. SECURITY ISSUANCE AND LISTING

(I) Security Issuance During the Reporting Period

Applicable Not applicable

Currency: RMB

Type of share and derivative	Date of issue	Issue price (or coupon rate)	Amount issued	Date of listing	Shares permitted to be traded	Termination date
Other Derivatives						
2020 First Tranche of RMB targeted asset-backed notes	18 December 2020	Priority issue rate is 3.6%	RMB500 million	–	–	22 March 2021

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

Notes on issuance of securities during the Reporting Period (please specify respectively for the bonds with different interest rate in the duration):

Applicable Not applicable

According to the authorization of the shareholders' general meeting and the accepted registration notice of the National Association of Financial Market Institution Investors (hereinafter referred to as the "National Association of Financial Market"), the Company's has issued 2020 First tranche of RMB ABN in the National Association of Financial Market on 18 December 2020 with a total issuance amount of RMB500 million, including RMB475million Priority and RMB25million Subordinated notes. For details, please refer to the "Announcement on Proposed Issuance of Accounts Receivable ABN and the Estimation of Related Party Transactions" (Lin 2020-044) and "Announcement on the Issuance of the First Tranche of RMB Targeted Asset-Backed Notes in 2020" (Lin 2020-051) disclosed on the SSE website (www.sse.com.cn).

(II) Changes in Number of Shares and Shareholding of the Company's Ordinary Shares and the Changes in Structure of its Balance Sheet

Applicable Not applicable

(III) Existing Internal Staff Shares

Applicable Not applicable

III. SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) Share Capital Structure

During the Reporting Period, the Company's share capital structure remained unchanged. As of 31 December 2020, the Company's share capital structure is as follows:

Class of Shares	Number of Shares (shares)	Percentage of Shares
A Shares	5,255,916,875	71.02%
H Shares	2,144,887,000	28.98%
Total	7,400,803,875	100.00%

(II) Total Number of Shareholders

Total number of ordinary Shareholders at the end of the Reporting Period (shareholders)	66,111
At the end of last month before the announcement date of Annual Report (shareholders)	59,732

Note: At the end of the Reporting Period, the Company has 66,111 shareholders in total, including 65,981 A shareholders and 130 H shareholders. At the end of last month (February 2021) before the announcement date of Annual Report, the Company has 59,732 shareholders in total, including 59,603 A shareholders and 129 H shareholders.

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Changes in Ordinary Shares and Particulars of Shareholders

(III) The Shareholding Status of the Top 10 Shareholders and The Top 10 Outstanding Shareholders (or Holders of Unrestricted Shares) at the End of the Reporting Period

Unit: Share

Name of Shareholder (Full Name)	Increase or decrease during the Reporting Period	Shareholding of the Top 10 Shareholders			Pledged or Frozen Status		Nature of Shareholder
		Number of Shares Held At the End of the Reporting Period	Percentage (%)	Number of Shares Lockup	Status of Shares	Number	
Sinotrans & CSC Holdings Co., Ltd.	10,620,000	2,472,216,200	33.40	2,461,596,200	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	-188,050	2,107,287,399	28.47	0	Unknown	Unknown	Overseas legal person
China Merchants Group Limited	0	1,600,597,439	21.63	1,442,683,444	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	60,285,927	102,257,650	1.38	0	Nil	0	Overseas legal person
Central Huijin Asset Management Co., Ltd. (中央匯金資產管理有限責任公司)	0	51,346,878	0.69	0	Nil	0	State-owned legal person
DEUTSCHE POST BETEILIGUNGEN HOLDING	0	35,616,000	0.48	0	Unknown	Unknown	Overseas legal person
China CITIC Bank Co., Ltd.-BOCOM Schroder New Vitality Flexible Allocation of Mixed Securities Investment Fund (中信銀行股份有限公司-交銀施羅德新生活力靈活配置混合型證券投資基金)	22,772,200	22,772,200	0.31	0	Nil	0	Unknown
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	-10,052,800	21,076,681	0.28	0	Nil	0	State-owned legal person
National Social Security Fund Four One Two Portfolio (全國社保基金四一二組合)	16,266,400	16,266,400	0.22	0	Nil	0	Unknown
China Construction Bank Corporation-BOCOM Schroder Kernel Driven Mixed Securities Investment Fund (中國建設銀行股份有限公司-交銀施羅德內核驅動混合型證券投資基金)	15,449,940	15,449,940	0.21	0	Nil	0	Unknown

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

Shareholding of the Top 10 Holders of Shares without Restrictions

Name of Shareholder	Number of Shares without Restrictions	Type and Number of Shares Type	Number
HKSCC NOMINEES LIMITED	2,107,287,399	Shares listed overseas	2,107,287,399
China Merchants Group Limited	157,913,995	Ordinary shares denominated in RMB	157,913,995
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	102,257,650	Ordinary shares denominated in RMB	102,257,650
Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	51,346,878	Ordinary shares denominated in RMB	51,346,878
DEUTSCHE POST BETEILIGUNGEN HOLDING	35,616,000	Shares listed overseas	35,616,000
China CITIC Bank Co., Ltd.-BOCOM Schroder New Vitality Flexible Allocation of Mixed Securities Investment Fund (中信銀行股份有限公司－交銀施羅德新生 活力靈活配置混合型證券投資基金)	22,772,200	Ordinary shares denominated in RMB	22,772,200
China Securities Finance Corporation Limited (中國證券金融股份有限公司)	21,076,681	Ordinary shares denominated in RMB	21,076,681
National Social Security Fund Four One Two Portfolio (全國社保基金四一二組合)	16,266,400	Ordinary shares denominated in RMB	16,266,400
China Construction Bank Corporation- BOCOM Schroder Kernel Driven Mixed Securities Investment Fund (中國建設銀行股份有限公司－交銀施羅德 內核驅動混合型證券投資基金)	15,449,940	Ordinary shares denominated in RMB	15,449,940
Chen Jingjian	14,008,419	Ordinary shares denominated in RMB	14,008,419
Description of the related relationship or acting in concert among the above shareholders	Sinotrans & CSC is the wholly-owned subsidiary of China Merchants.		
Description of the shares and voting rights restored of preferred shareholders	N/A		

Note: 1. From 7 May 2020 to 22 October 2020, Sinotrans & CSC purchased in aggregate 10,620,000 A shares of the Company by its own fund through the way of public bidding via the trading system of the Shanghai Stock Exchange, representing approximately 0.14% of the total issued share capital of the Company, for a total amount of RMB35,794,645. Upon completion of the shareholding increase, Sinotrans & CSC held 2,472,216,200 A shares of the Company, representing approximately 33.40% of the total issued share capital of the Company.

2. From 28 May 2020 to 16 July 2020, Sinotrans Shipping Limited, a subsidiary of China Merchants and 99.55% indirectly held by Sinotrans & CSC Group through a wholly-owned subsidiary and 0.45% controlled and held by China Merchants Group through China Merchants Steam Navigation Co., Ltd.* (招商局輪船有限公司), purchased in aggregate 85,795,000 H shares of the Company by way of trading through price bidding in the secondary market, representing approximately 1.16% of the total issued share capital of the Company, for a total amount of HK\$147,558,740. Before the shareholding increase, Sinotrans Shipping Limited didn't hold any shares of the Company.

3. Upon completion of the above two shareholding increases, China Merchants Group held, directly or indirectly, 4,265,791,639 shares of the Company (including 4,072,813,639 A shares and 192,978,000 H shares), representing approximately 57.64% of the total issued share capital of the Company; Sinotrans & CSC held, directly or indirectly, 2,665,194,200 shares of the Company (including 2,472,216,200 A shares and 192,978,000 H shares), representing approximately 36.01% of the total issued share capital of the Company. Sinotrans & CSC and its parties acting in concert shall not reduce the shares of the Company held by them within six months upon the completion of shareholding increase on 22 October 2020. For details, please refer to the announcements dated 16 July 2020 and 23 October 2020 published by the Company on the web of SSE (www.sse.com.cn) and SEHK (www.hkex.com.hk).

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

Shareholdings of Top 10 Shareholders with Trading Restrictions and Conditions of Such Restrictions

✓Applicable □Not applicable

Unit: share

No.	Name of shareholders lock up	Number of shares lock-up	Availability of the shares lock-up for listing and trading	Availability of the shares lock-up for listing and trading	
				Number of additional shares available for listing and trading	Conditions for lock-up
1	China Merchants Group Limited	1,442,683,444	18 July 2022	0	Note 1
2	Sinotrans & CSC Holdings Co., Ltd.	2,461,596,200	18 July 2022	0	Note 1
	Explanations on the related-party relations or acting in concert among the above shareholders	Sinotrans & CSC is a wholly-owned subsidiary of China Merchants.			

Note 1: Upon the Company's merger of Sinoair by absorption through share swap, China Merchants and Sinotrans & CSC undertook that, within 36 months from the listing date of A Shares of the Company (From 18 January 2019 to 17 January 2022), they shall not transfer the Shares held directly or indirectly by themselves which issued prior to the merger by absorption (excluding H Shares) to any other person (including the Company), or entrust the management of such Shares to any other person. Such lock-up period will be extended for another 6 months if the closing price of A Shares is below the issue price for 20 consecutive trading days during the first 6 months after listing or the closing price of A Shares on the last trading day of such first 6 months is below the issue price. The A Shares of the Company have been listed on SSE on 18 January 2019. Given that the closing price of the Company's A Shares within six months from the listing date was below the issue price, the lockup period of A Shares converted from original domestic shares held by China Merchants and Sinotrans & CSC will automatically be extended for another six months to 17 July 2022.

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

(IV) Shareholdings of Substantial Shareholders Disclosed as Required by SFO

As at 31 December 2020, so far as the Directors of the Company were aware, the following persons (other than Directors, Supervisors and chief executives) had interests and short positions in the Shares of the Company which were required to be disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO, or to be recorded in the register kept by the Company pursuant to Section 336 of SFO.

Name	Corporate interests	Class of Shares	Percentage in total issued Share capital	Percentage in issued H Share capital
China Merchants (Note 1)	4,072,813,639 (L)	A Shares	55.03%	–
	192,978,000 (L)	H Shares	2.61%	8.997%
Pandanus Associates Inc. (Note 2)	298,101,000 (L)	H Shares	4.03%	13.90%
Brown Brothers Harriman & Co. (Note 3)	217,136,200 (L)	H Shares	2.93%	10.12%
	217,136,200 (P)	H Shares	2.93%	10.12%
FIDELITY FUNDS (Note 4)	146,756,091 (L)	H Shares	1.98%	6.84%
LSV ASSET MANAGEMENT (Note 5)	110,421,000 (L)	H Shares	1.49%	5.15%

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

Notes:

- As of 31 December 2020, China Merchants held 57.64% of the Company's total issued shares. China Merchants directly held 1,600,597,439 A Shares (long position), and indirectly held 2,472,216,200 A Shares (long position) and 192,978,000 H Shares (long position) through Sinotrans & CSC, its wholly owned subsidiary, and Sinotrans & CSC indirectly held 192,978,000 H Shares (long position) through its subsidiaries, among which Sinotrans (Hong Kong) Holdings Ltd. held 106,683,000 H Shares (long position), Sinotrans Shipping Inc. held 500,000 H Shares (long position), and Sinotrans Shipping Limited held 85,795,000 H Shares (long position).
- According to the Disclosure of Interests Form submitted by Pandanus Associates Inc. on the website of Hong Kong Stock Exchange, 298,101,000 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 47,248,000 H Shares (long position) are reported as unlisted derivatives settled in cash.
- According to the Disclosure of Interests Form submitted by Brown Brothers Harriman & Co. on the website of Hong Kong Stock Exchange, Brown Brothers Harriman & Co. held 217,136,200 H Shares (long position) in the capacity of agent, all of which were lending pool.
- According to the Disclosure of Interests Form submitted by FIDELITY FUNDS on the website of Hong Kong Stock Exchange, FIDELITY FUNDS held 146,672,000 H Shares (long position) in the capacity of beneficial owner, and 84,091 H Shares (long position) are interests of corporations controlled by substantial shareholders.
- According to the Disclosure of Interests Form submitted by LSV ASSET MANAGEMENT on the website of Hong Kong Stock Exchange, LSV ASSET MANAGEMENT held 74,389,000 H Shares (long position) in the capacity of investment manager. 36,032,000 H Shares (long position) are deemed interest through its general partnership interest in certain limited partnerships.

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

Save as disclosed above, as at 31 December 2020, so far as the Directors of the Company were aware, there was no other person (other than Directors, Supervisors or chief executives) who had any interests and short positions in the Shares of the Company which would fall to be recorded in the register kept by the Company pursuant to Section 336 of SFO and disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO.

(V) Strategic Investors or General Corporations Becoming Top 10 Shareholders Due to the Placement of New Shares

Applicable Not applicable

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

1. Corporation

Applicable Not applicable

Name	Sinotrans & CSC Holdings Co., Ltd.
Person in charge or legal representative	Song Dexing
Incorporation Date	9 June 1984
Primary Operating Business	International ship agency; organization, investment and management of integrated logistics; ship manufacture and maintenance; ocean engineering; investment, establishment and operation of the relevant infrastructures; import and export business; technical services. (Enterprises shall select operating items and operate autonomously according to law; items that shall be approved according to law can be operated upon approval of relevant departments; enterprises shall not engage in operations prohibited by industrial policies and restricted items in this city.)
Shareholding of other controlling and shareholding companies listed domestically and overseas during the Reporting Period	It holds 10,325,128 shares in CJ Phoenix (SZ.000520), representing 1.02% of its total equities; it holds 1,357,425,761 shares in NJTC (Nanjing Tanker Corporation, SH.601975), representing 27.47% of its total equities; it holds 35.80 million shares in BOC (Bank of China, SH.601988), representing 0.01% of its total equities.
Other circumstances	N/A

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

2. Natural person

Applicable Not applicable

3. A special explanation on no controlling shareholders of the company

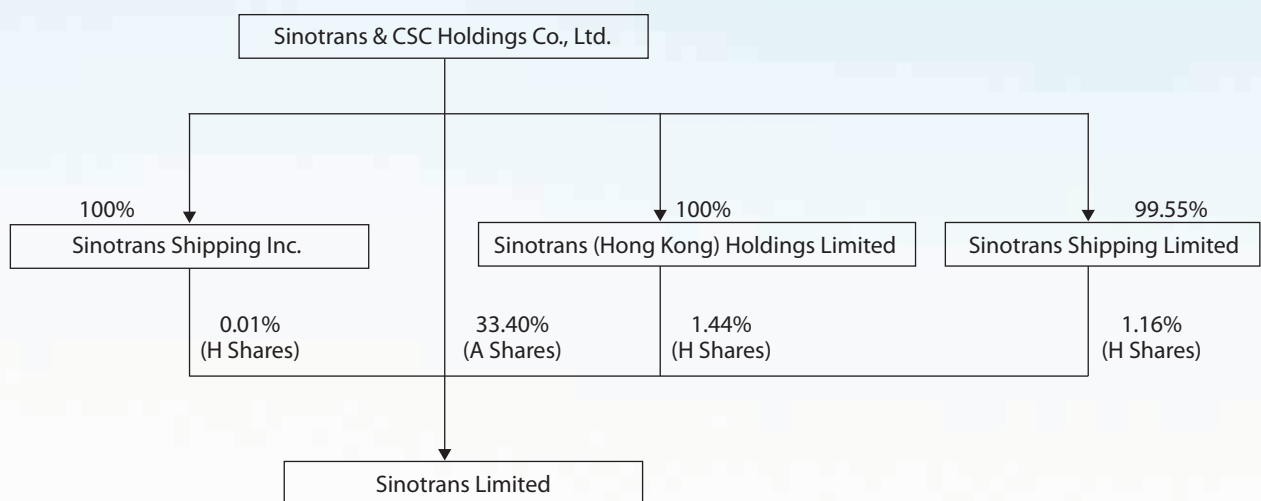
Applicable Not applicable

4. Index and date of changes in controlling shareholders during the Reporting Period

Applicable Not applicable

5. Diagram on property rights and controlling relationship between the Company and controlling shareholders

Applicable Not applicable



Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

(II) Actual Controllers

1 Corporation

Applicable Not applicable

Name	China Merchants Group Limited
Person in charge or legal representative	Miao Jianmin
Incorporation Date	14 October 1986
Primary operating business	Sea and land transportation and agency of goods, leasing and agency of sea and land transportation tools and equipment, investment in and management of port and warehouse businesses; sea rescue, salvage, towing; manufacturing; building, repair, inspection and sale of vessels and offshore oil drilling equipment; repair and inspection of oil rigs and containers; contracting and construction of and back office services for sea and land construction projects and offshore oil exploitation projects; procurement, supply and sale of sea and land transportation equipment and relevant supplies; import and export transportation businesses; investment in and management of businesses in the financial, insurance, trust, securities and futures industries; investment in and management of businesses in the tourism, hotel, catering and relevant services industries; real estate development and property management and consultancy business; investment in and management of petrochemical business; investment in and operation of transportation infrastructure; operation of offshore assets; development, operation and management of Shekou Industrial Zone in Shenzhen and Zhangzhou Development Zone in Fujian. (Enterprises shall select operating items and operate autonomously according to law; items that shall be approved according to law can be operated upon approval of relevant departments; enterprises shall not engage in operations prohibited by industrial policies and restricted items in this city.)

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

<p>Shareholding of other controlling and shareholding companies listed domestically and overseas during the Reporting Period</p>	<p>Holding 81.92% equity in China Merchants Port Group Company Limited, 78.29% equity in Yingkou Port Liability Co., Ltd., 75.00% equity in Dalian Port (PDA) Company Limited, 74.35% equity in China Merchants Land Limited, 68.72% equity in China Merchants Expressway Network & Technology Holdings Co., Ltd., 64.94% equity in China Merchants Port Holdings Company Limited, 63.98% equity in China Merchants Shekou Industrial Zone Holdings Co., Ltd., 54.39% equity in China Merchants Energy Shipping Co., Ltd., 51.16% equity in China Merchants Property Operation & Service Co., Ltd., 44.17% equity in CHINA MERCHANTS SECURITIES CO.,LTD, 33.50% equity in China Merchants Commercial REIT (REITS); 29.97% interest in China Merchants Bank Co., Ltd., 29.94% equity in Anhui Expressway Company Limited, 27.59% equity in China Merchants China Direct Investments Limited, 27.47% equity in Nanjing Tanker Corporation, 26.55% equity in Shanghai International Port (Group) Co., 24.88% equity in Sichuan Expressway Company Limited, 24.60% equity in China International Marine Containers (Group) Co., Ltd., 19.08% equity in Jinzhou Port Co., Ltd., 17.75% equity in Fujian Expressway Development Co., Ltd., 16.52% equity in Heilongjiang Transport Development Co., Ltd., 16.32% equity in Hubei Chutian Smart Communication Co., Ltd., 16.29% equity in Shangdong Hi-Speed Company Limited, 15.43% equity in Henan Zhongyuan Expressway Co., Ltd., 14.04% equity in Jilin Expressway Co., Ltd., 13.86% equity in Guangxi Wuzhou Communications Co., Ltd., 12.36% equity in China Greatwall Securities Co., Ltd., 11.69% equity in Jiangsu Expressway Company Limited, 8.04% equity in Modern Investment Co., Ltd., 6.68% equity in Shenzhen Expressway Company Limited, 6.03% equity in S.F. Holding Co., Ltd., 5.00% equity in Ningbo Zhoushan Port Co., Ltd., 2.36% equity in Qingdao Port International Co., Ltd., 1.20% equity in Oriental Times Media Corporation, 1.02% equity in Chang Jiang Shipping Group Phoenix Co., Ltd., 0.53% equity in China Shipbuilding Industry Company Limited, 0.38% equity in Sino-Ocean Group Holding Limited, 0.16% equity in CMMB Vision Holdings Limited, 0.14% equity in SINOPEC Engineering (Group) Co., Ltd., 0.07% equity in HAITONG Securities Company Limited, 0.05% equity in China Energy Engineering Corporation Limited, 0.02% equity in Bank of Tianjin Co., Ltd., 0.01% equity in Shenwan Hongyuan Group Co., Ltd..</p>
<p>Other circumstances</p>	<p>N/A</p>

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

2 Natural person

Applicable Not applicable

3 A special explanation on no actual controllers of the company

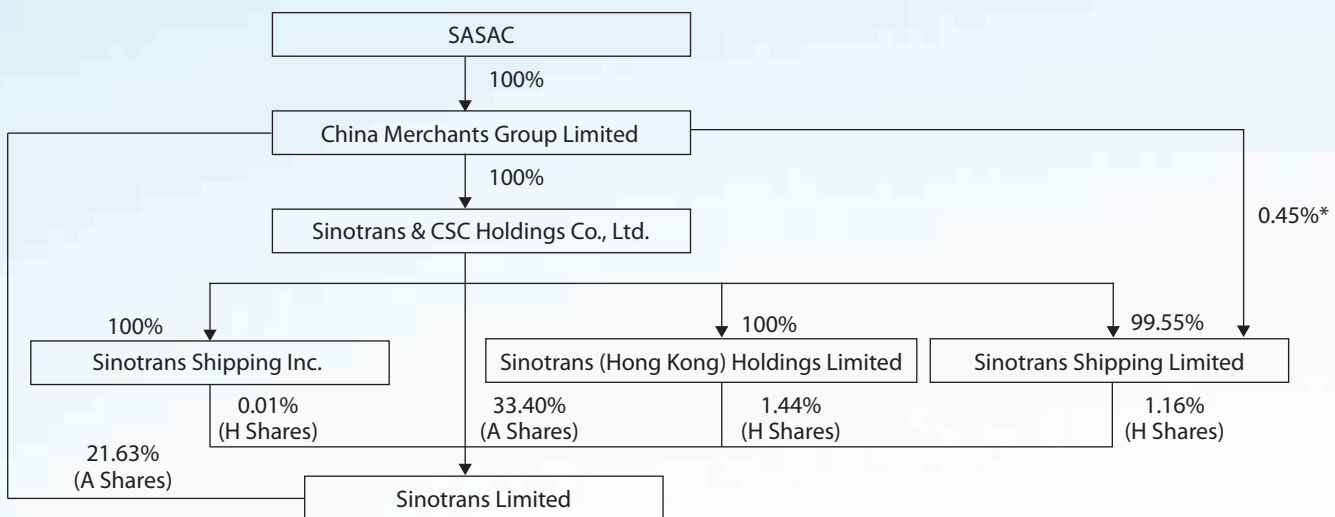
Applicable Not applicable

4 Index and date of changes in actual controllers during the Reporting Period

Applicable Not applicable

5 Diagram on property rights and controlling relationship between the Company and actual controllers

Applicable Not applicable



* China Merchants holds 0.45% of Sinotrans Shipping Ltd. through China Merchants Steam Navigation Co., Ltd.

6 Actual controllers controlling the company by way of trust or other asset management means

Applicable Not applicable

(III) Summary of Other Facts about Controlling Shareholder and Actual Controller

Applicable Not applicable

Chapter 7

Changes in Ordinary Shares and Particulars of Shareholders

V. OTHER CORPORATE SHAREHOLDERS WITH OVER 10% OF SHAREHOLDING IN THE COMPANY

Applicable Not applicable

VI. DETAILS ON RESTRICTION ON SHAREHOLDING REDUCTION

Applicable Not applicable

As at the date of this report, the actual controller, China Merchants and the controlling shareholder, Sinotrans & CSC, held 4,072,813,639 A shares in the Company, of which 3,904,279,644 A shares have a restricted period of 42 months from the listing of A shares of Sinotrans, namely from 18 January 2019 to 17 July 2022.

Chapter 8 Particulars of Preferred Shares

Applicable Not applicable



Chapter 9 Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDING AND REMUNERATION

1. Changes in Shareholding and Remuneration of Present Directors, Supervisors and Senior Management and the Ones Resigned During the Reporting Period

✓Applicable □Not applicable

Unit: shares

Name	Position (Note)	Gender	Age	Date of commencement	Date of term expiration	Number of shares held at the beginning of the year	Change in shares during the Reporting Period	Number of shares held at the end of the year	Reasons for Change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB10,000 yuan)	Whether to get remuneration from related parties of the Company
Li Guanpeng	Chairman	Male	54	26 February 2019		0	0	0	/	165.93	N
	Executive Director			31 March 2014							
Song Dexing	Vice Chairman	Male	57	1 June 2018		0	0	0	/	0	Y
	Executive Director			15 December 2016							
Song Rong	Executive Director	Male	48	1 June 2018		0	0	0	/	157.58	N
	President			22 April 2019							
Su Jian	Non-executive Director	Male	48	5 June 2019		0	0	0	/	0	Y
Xiong Xianliang	Non-executive Director	Male	53	5 June 2019		0	0	0	/	0	Y
Jiang Jian	Non-executive Director	Male	56	5 June 2019		0	0	0	/	0	Y
Jerry Hsu	Non-executive Director	Male	70	18 June 2003		0	0	0	/	0	N
Wang Taiwen	Independent non-executive Director	Male	74	28 December 2017		0	0	0	/	16.62	N
Meng Yan	Independent non-executive Director	Male	65	1 June 2018		0	0	0	/	16.62	N
Song Haiqing	Independent non-executive Director	Male	42	1 June 2018		0	0	0	/	16.62	N
Li Qian	Independent non-executive Director	Female	52	1 June 2018		0	0	0	/	16.62	N
Liu Yingjie	Chairman of Supervisory Committee	Male	48	12 June 2019		0	0	0	/	0	Y
	Supervisor			5 June 2019							
Zhou Fangsheng	Independent Supervisor	Male	71	30 December 2011		0	0	0	/	10.74	N
Fan Zhaoping	Independent Supervisor	Male	66	1 June 2018		0	0	0	/	10.74	N
Mao Zheng	Staff representative Supervisor	Female	54	14 March 2019		0	0	0	/	83.17	N
Wang Shengyun	Staff representative Supervisor	Male	56	25 September 2020		0	0	0	/	87.36	N
Chen Xianmin	Vice President	Male	56	16 May 2018		0	0	0	/	127.40	N
Wu Xueming	Vice President	Male	57	4 August 2010		0	0	0	/	126.29	N
Tian Lei	Vice President	Male	55	10 May 2018		0	0	0	/	113.22	N
	General Counsel			27 August 2020							
Chen Hairong	Vice President	Male	57	10 May 2018		0	0	0	/	113.22	N
Wang Jiuyun	CFO	Male	54	20 December 2016		0	0	0	/	102.51	N
Li Shichu	Secretary of the Board	Male	50	28 December 2016		0	0	0	/	102.51	N
	Company secretary			27 December 2019							
Gao Xiang	CIO	Male	48	14 September 2016		0	0	0	/	118.37	N
Ren Dongxiao (resigned)	Staff Representative Supervisor	Female	55	14 January 2014	25 September 2020	0	0	0	/	46.65	N
Total	/	/	/	/	/	0	0	0	/	1,432.17	/

Chapter 9

Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Li Guanpeng	<p>Born in 1966, is the Chairman of the Company, and also the chairman of the Strategy Committee and the member of the Nomination Committee of the Board. Mr. Li graduated from Sun Yat-sen University in 1989 and obtained his bachelor degree in English language and literature. Mr. Li joined Sinotrans Group Company in 1989 and worked in Sinotrans Guangdong Company Limited Huangpu Branch. Mr. Li served as the General Manager of Zhuhai Shipping Agency Co., Limited and Guangdong Shipping Agency Co., Limited successively from 1994 to 1998. In September 1999, Mr. Li took the position of the Deputy General Manager of Sinotrans Guangdong Company Limited. From January 2009 to January 2010, Mr. Li was temporarily transferred to the Ministry of Transport and served as an Assistant to the Director. In March 2010, Mr. Li was appointed as the General Manager of Sinotrans Guangdong Company Limited. From August 2013 to January 2014, Mr. Li acted as Vice President of the Company. From February 2014 to April 2019, Mr. Li was appointed as the President of the Company. Mr. Li was appointed as the executive Director of the Company in March 2014. Mr. Li was appointed as the Secretary of the Communist Party Committee of the Company in May 2018. In January 2019, Mr. Li was appointed as the Chairman of DHL-Sinotrans International Air Courier Ltd. In February 2019, Mr. Li was appointed as the Chairman of the Company.</p>

Chapter 9

Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Song Dexing	<p>Born in 1963, is the Vice Chairman of the Company, the member of the Strategy Committee of the Board. Mr. Song is a Senior Engineer graduating from port engineering major of Wuhan University of Technology (formerly known as Wuhan Institute of Water Transportation Engineering) and obtaining the Ph.D. degree in Management from Huazhong University of Science and Technology. Mr. Song successively held the posts of Secretary of the Youth League Committee and Engineer of Water Transport Planning and Design Institute of Ministry of Transport of the PRC, Deputy Head of the lecturer delegation in Sichuan sent by Ministry of Transport, Deputy Division Director and Division Director of Container Division and Domestic Division of Water Transportation Department of Ministry of Transport, Deputy Mayor of Luoyang City (temporary post), Associate Director of the Research Institute of Water Transportation of Ministry of Transport, Deputy Director and Director of the Yangtze Gorges Navigation Administration Bureau, Deputy Director and Director of Water Transportation Department of Ministry of Transport and Director of Water Transportation Bureau of Ministry of Transport, as well as held a concurrent post of Director of Taiwan Affairs Office of Ministry of Transport. In September 2014, Mr. Song was appointed as the Deputy Chairman and Member of the Standing Committee of Party Committee of SINOTRANS & CSC Holdings Co., Ltd., and thereafter successively held the posts of Deputy Party Secretary and Secretary of Discipline Inspection Commission of SINOTRANS & CSC Holdings Co., Ltd. From June 2016 to July 2017, Mr. Song was appointed as the Head of Integrated Logistics Department of China Merchants. In June 2016, Mr. Song was appointed as the General Manger of SINOTRANS & CSC. In September 2016, Mr. Song was appointed as the Executive Director of SINOTRANS & CSC. From July 2017 to August 2018, Mr. Song served as the Head of Logistics and Shipping Department of China Merchants. From October 2017 to April 2020, Mr. Song was appointed as the chairman of Nanjing Port (Group) Co., Ltd. In November 2017, Mr. Song was appointed as the Secretary of the Communist Party Committee of Sinotrans & CSC. In September 2018, Mr. Song was appointed as the director of the Transportation and Logistics Division/Beijing Headquarters of China Merchants. In May 2019, Mr. Song was appointed as the business director of Transportation and Logistics of China Merchants. Since August 2018, Mr. Song has been serving as the Vice Chairman of China Merchants Energy Shipping Co., Ltd. (Stock Code: SH601872). Since December 2018, Mr. Song has been serving as the director of China Merchants Port Group Co., Ltd. (Stock Code: SZ001872). Mr. Song was appointed as the executive Director of the Company in December 2016. Mr. Song was appointed as the Vice Chairman of the Company in June 2018.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Song Rong	<p>Born in 1972, is the executive Director and President of the Company and also the member of the Strategy Committee of the Board. Mr. Song graduated from University of International Business and Economics with a bachelor degree in economics, and then obtained an MBA degree from Olin Business School of Washington University. Mr. Song joined China National Foreign Trade Transportation (Group) Corporation in 1995 and worked in liner shipping department I. In 2000, Mr. Song was appointed as the Manager of Sinotrans Canada Company. In August 2006, Mr. Song served as Deputy General Manager of Sinotrans Container Lines Co., Ltd. In January 2008, Mr. Song served as General Manager of operation department of the Company. In June 2012, Mr. Song was appointed as the General Manager of Sinotrans Shandong Co., Ltd. Mr. Song was appointed as the Vice President and Secretary of the Communist Party Committee of the Company in December 2015. From September 2017 to August 2018, Mr. Song served as the General Manager and Vice Secretary of the Communist Party Committee of Sinotrans Logistics. Mr. Song served as the Chairman of Sinotrans Logistics in August 2018, and has served as Secretary of the Communist Party Committee from August 2018 to May 2019. Mr. Song was re-appointed as the Vice President and Vice Secretary of the Communist Party Committee of the Company in May 2018. Mr. Song was appointed as the executive Director of the Company in June 2018. Mr. Song also served as the Chairman of Sinotrans Chemical International Logistics Co., Ltd. from November 2018 to June 2020. Mr. Song was appointed as the President of the Company in April 2019.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Su Jian	<p>Born in 1972, is the non-executive Director of the Company. Mr. Su graduated from Shanghai University of Finance and Economics in 1993 with a bachelor's degree in economics. Mr. Su joined China Merchants Group in July 1993 and worked in Guangzhou Merchants International Travel Company. Then Mr. Su successively served as Senior Officer of Finance Department of China Merchants, Senior Manager of Finance Department of China Merchants Shekou Industrial Zone Co., Ltd., Senior Manager and Assistant General Manager of Finance Department of China Merchants. Mr. Su served as Deputy General Manager of the Finance Department of China Merchants from June 2012 to February 2014, Deputy General Manager/Deputy Head of Human Resources Department of China Merchants from February 2014 to May 2016, Secretary of the Communist Party Committee and Vice President of China Merchants Industry Group Co., Ltd. from May 2016 to January 2017, and Deputy Head of Finance Department (Property Department) of China Merchants (in charge of the operation of the Department) from January 2017 to July 2017. From July 2017 to December 2020, Mr. Su has been serving as Head of Finance Department (Property Department) of China Merchants. In December 2020, he served as Chief Accountant of COFCO Group Co., Ltd. Mr. Su has been serving as a director of China Merchants Securities Co., Ltd. (Stock Code: SH600999 and HK06099) since May 2017, China Merchants Expressway Network & Technology Holdings Co., Ltd. (Stock Code: SZ001965) from January 2018 to March 2021, China Merchants Port Holdings Co., Ltd. (Stock Code: HK00144) from October 2017 to March 2021 and China Merchants Port Group Co., Ltd. (Stock Code: SZ001872) from December 2018 to March 2021. Mr. Su also served as a director of China Merchants Energy Shipping Co., Ltd. (Stock Code: SH601872) from May 2017 to January 2019. Mr. Su was appointed as the non-executive Director of the Company in June 2019.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Xiong Xianliang	<p>Born in 1967, is the non-executive Director of the Company and the member of the Strategy Committee of the Board. Mr. Xiong graduated from Nankai University in January 1994, with a Ph.D in Economics, and was granted Research Fellow by the Development and Research Center of the State Council in September 2000. Mr. Xiong successively served as Assistant Research Fellow, Associate Research Fellow, Research Fellow and Division Head of the Development and Research Center of the State Council from March 1994 to December 2000. Then Mr. Xiong served as Deputy Head of Chongqing Development and Planning Committee and Chongqing Western Regions Development Office from December 2000 to December 2004, Deputy Chief of Comprehensive Department of the Office of Western Regions Development Leading Group of the State Council (a temporary post) from July 2003 to December 2003, Counsel of Comprehensive Department and Industry and Trade Department in the Research Office of the State Council from December 2004 to October 2011 successively, and Head of Strategy and Research Department of China Merchants from October 2011 to March 2015. Mr. Xiong has been serving as Head of Strategy and Development Department of China Merchants since March 2015, Head of Development and Research Center of China Merchants and Dean of Institute of Science, Technology and Innovation, China Merchants from August 2018 to November 2020. Mr. Xiong served as a director of China Merchants Bank Co., Ltd. (Stock Code: SH600036 and HK03968) from June 2012 to June 2014. Mr. Xiong has been serving as a director of China Merchants Securities Co., Ltd. (Stock Code: SH600999 and HK06099) since December 2014 and China Merchants Port Holdings Co., Ltd. (Stock Code: HK00144) since June 2018. Since August 2018, Mr. Xiong has served as a director of China Merchants Innovation Investment Management Co., Ltd. Mr. Xiong was appointed as the non-executive Director of the Company in June 2019.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Jiang Jian	<p>Born in 1964, is the non-executive Director of the Company. Mr. Jiang graduated from Dalian Maritime Institute in July 1988 with a bachelor's degree in engineering, and graduated from Dalian Maritime University through part-time study in October 2007 with a Ph.D in engineering. Mr. Jiang joined the China National Foreign Trade Transportation Corporation in 1988, and successively served in Liaoning Branch of China National Foreign Trade Transportation Corporation and Liaoning Foreign Trade Container Shipping Co., Ltd. Mr. Jiang successively served in Sinotrans Liaoning Company and Sinotrans Liaoning Company Limited from May 1998 to October 2008. Mr. Jiang served as Assistant President of China National Foreign Trade Transportation (Group) Corporation and Sinotrans & CSC Holdings Co., Ltd. from October 2008 to December 2015 successively, and Vice President of Sinotrans & CSC Holdings Co., Ltd. from October 2015 to July 2016. Mr. Jiang has been serving as Head of the Disciplinary Committee Office of China Merchants since July 2016, Deputy Secretary of the Disciplinary Committee and Head of the Supervision Department of China Merchants since November 2016 and Head of the Communist Party Committee Inspection Leading Group Office in China Merchants from May 2018 to September 2019. Mr. Jiang was appointed as the non-executive Director of the Company in June 2019.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Jerry Hsu	<p>Born in 1950, is the Advisor to Global Management Board of DHL Express. Mr. Hsu is responsible to provide management advice to the Global Management Board on strategic issues of DHL Express worldwide network. Before December 2015, Mr. Hsu was CEO of DHL Express Asia Pacific and a member of the DHL Express Global Management Board responsible for Mainland China, HKSAR, Taiwan, China, Japan, Korea, South East Asia, India and South Asia, Oceania and other markets and regions. Before September 2002, Mr. Hsu was the International Area Director of DHL responsible for Hong Kong, Singapore, Taiwan, South Korea, Mongolia and North Korea and other countries or regions. Prior to joining DHL in January 2001, Mr. Hsu held various senior management positions in Daimler Chrysler Corporation. Mr. Hsu holds BA/MA degree in International Economics and Politics. Mr. Hsu also holds directorships in various companies within the DPWN Group. Mr. Hsu was appointed as the non-executive Director of the Company in June 2003.</p> <ul style="list-style-type: none"> • Mr. Jerry Hsu is representative nominated by our Strategic Investors pursuant to the strategic placing agreements entered into at the time of the Company's listing in February 2003 between the Company and DHL (the "Strategic Investor"). • DHL Worldwide Express BV ("DHL") is a member of the Deutsche Post World Net Group ("DPWN Group") whose business operations are global mail, express delivery, logistics and financial services serving both in Europe and around the world. The DPWN Group's express delivery business operations in China are held through DHL, which formed a 50/50 joint venture with Sinoair in 1986. This joint venture has helped to establish a business relationship between our Group and the DPWN Group. • For the purposes of the SEHK Listing Rules, the Strategic Investor's nominee director above has interests (by way of minority equity interests or stock options or directorships) in competing businesses (i.e. those of the Strategic Investors, each being a major international company in the transportation and logistics industry), and the Company has been and continues to carry on its own businesses that are independent of and at arms-length from, those businesses and also deal with businesses through its joint ventures and cooperation arrangements with those Strategic Investors.

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Wang Taiwen	<p>Born in 1946, is the independent non-executive Director of the Company and the Chairman of Nomination Committee and the member of the Audit Committee and the Remuneration Committee of the Board. Mr. Wang started his career in Ziyang Internal Combustion Locomotive Co., Ltd. of China Ministry of Railway and worked successively as an engineer, Branch Factory Manager, General Manger and the Secretary of Communist Party Committee. Then he acted as President, Chairman and Secretary of Communist Party Committee of China Railway Locomotive and Rolling Stock Industry Corporation, and later as Chairman and Secretary of Communist Party Committee of China Southern Locomotive and Rolling Stock Industry (Group) Corporation. He also acted as an independent non-executive director in China Railway Group Limited, an external director of China National Foreign Trade Transportation (Group) Corporation and an external director of SINOTRANS & CSC., and an independent non-executive director of China Automation Group Limited. Since March 2016, Mr. Wang has been appointed as the independent director of Guangdong Huatie Tongda Highspeed Railway Equipment Corporation (Stock Code: SZ000976). Mr. Wang was appointed as the independent non-executive Director of the Company in December 2017.</p>
Meng Yan	<p>Born in 1955, is the independent non-executive Director of the Company and the Chairman of the Audit Committee and the member of the Remuneration Committee and the Nomination Committee of the Board. Mr. Meng graduated from the Institute of Financial Science under Ministry of Finance with a PhD in economics (accounting). Mr. Meng is the professor and PhD supervisor of the School of Accountancy in the Central University of Finance and Economics. From 2003 to 2015, Mr. Meng served as the dean of the School of Accountancy in the Central University of Finance and Economics. In 1993, Mr. Meng was awarded the National Prominent Teacher and then obtained the special government allowance of the State Council in 1997. In 2000, Mr. Meng was awarded the Outstanding Worker in Beijing. Currently, Mr. Meng serves as an independent director of Beijing Capital Co., Ltd. (Stock Code: SH600008), an independent director of Beijing Bashi Media Co., Ltd. (Stock Code: SH600386), an independent non-executive director of China Longyuan Power Group Corporation Limited (Stock Code: HK916), and an independent director of Qi An Xin Technology Group Inc. (Stock Code: SH688561, which was listed on the Science and Technology Innovation Board in July 2020). Mr. Meng was appointed as the independent non-executive Director of the Company in June 2018.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Song Haiqing	<p>Born in 1978, is the independent non-executive Director of the Company and the member of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee of the Board. Mr. Song graduated from the Faculty of Information and Computational Science at Xi'an Jiaotong University, and subsequently obtained a PhD from the Faculty of Industrial Engineering and Logistics Management in the Hong Kong University of Science and Technology. Mr. Song currently serves as professor and PhD supervisor in the Faculty of Business Management at Lingnan College, Sun Yatsen University, and Head of the Logistics and Supply Chain Research Center at Sun Yat-sen University. Mr. Song previously worked as a lecturer and Associate Professor of Lingnan College, Sun Yat-sen University, and visited Sloan School of Management in Massachusetts Institute of Technology, Business School of National University of Singapore, Operational Information Science Department of Josai International University as a visiting scholar and guest professor. Mr. Song's research fields include logistics and supply chain management, operations management, green supply chain, stochastic dynamic programming and management scientific decision-making. Mr. Song was appointed as the independent non-executive Director of the Company in June 2018.</p>
Li Qian	<p>Born in 1968, is the independent non-executive Director of the Company and the Chairman of the Remuneration Committee and the member of the Audit Committee and the Nomination Committee of the Board. Ms. Li graduated from the Law School of Fudan University, majoring in International Economics Law, and obtained a master degree of law in comparative law from the Law School of the Indiana University-Bloomington. Currently, Ms. Li is a partner of Beijing HYLANDS Law Firm Shanghai Branch. From October 1993 to October 2002, Ms. Li worked as a lawyer in Shu Jin Law Firm, and from October 2002 to November 2015, she served as the managing partner of the Shanghai Branch of the Shu Jin Law Firm. From November 2015 to January 2019, she served as a partner of Beijing Zhong Yin (Shanghai) Law Firm. Ms. Li specializes in securities, mergers & acquisitions, overseas listing, investment & financing and foreign investment, and she is one of the Chinese lawyers recommended by The Asia Pacific Legal 500—the Guide to Asian Commercial Law Firms in the practice area of mergers & acquisitions. Ms. Li was appointed as the independent non-executive Director of the Company in June 2018.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Liu Yingjie	<p>Born in 1972, is the chairman of the Supervisory Committee of the Company. Mr. Liu graduated from Capital University of Economics and Business in August 1995, with a bachelor's degree in economics. Mr. Liu successively served as Deputy Division Chief, Division Chief of Comprehensive Audit Division and Division Chief of Computerized Audit Division in the Supervision Department of China Cosco Shipping Corporation Limited from August 1995 to March 2014. Mr. Liu has successively served as Assistant General Manager of Audit Department, Deputy Head and Head of Risk Management Department, Head of the Risk Management Department/Legal Compliance Department and Head of Audit Center since he joined China Merchants in April 2014. Mr. Liu has been serving as the chairman of supervisory committee of China Merchants Port Group Co., Ltd. (Stock Code: SZ001872) since December 2018. Mr. Liu was appointed as the Supervisor and the chairman of the Supervisory Committee of the Company in June 2019.</p>
Zhou Fangsheng	<p>Born in 1949, is the independent Supervisor of the Company. Mr. Zhou graduated from Hunan University majoring in engineering management in 1985 and completed post graduate course from the Renmin University of China in Enterprise Management of Industrial Economics Department in 1996. Mr. Zhou obtained rich enterprise practice during his long-term service in enterprises. From 1991 to 1997, Mr. Zhou served as Deputy Division Director and Division Director in the State-owned Assets Administration Bureau, and Deputy Director in the Stated-owned Assets Administration Research Institute. From 1997 to 2001, Mr. Zhou worked as Deputy Director in difficulty relief working office for stated-owned enterprises of the State Economic and Trade Commission. From 2001 to 2003, Mr. Zhou served as Director in Stated-owned Assets Administration Research Section of Research Institute for Fiscal Science of Ministry of Finance. From 2003 to 2009, Mr. Zhou worked as Vice Counsel in the Enterprise Reform Bureau of the State-owned Assets Supervision and Administration Commission of the State Council. Currently, Mr. Zhou serves as an independent non-executive director of Hengan International Group Company Limited (Stock Code: HK01044), an independent non-executive director of China National Building Material Co., Ltd. (Stock Code: HK03323), and an independent director of Chenguang Biotech Group Co., Ltd. (Stock Code: SZ300138). Mr. Zhou was appointed as the independent Supervisor of the Company in December 2011.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Fan Zhaoping	<p>Born in 1954, is the independent Supervisor of the Company. Mr. Fan graduated from the Institute of Financial Science under the Ministry of Finance with a master degree in Economics. Mr. Fan served as the assistant manager and manager of the finance department of Shenzhen Chiwan Petroleum Supply Base Company Limited, manager of the finance department and financial investment department in and assistant general manager of China Nanshan Development (Group) Incorporation. From 1998 to 2014, Mr. Fan served as vice president of China Nanshan Development (Group) Incorporation and has now retired from such position. Mr. Fan also served as CFO and director of Shenzhen Chiwan Wharf Holdings Limited, supervisor and chairman of Shenzhen Chiwan Petroleum Supply Base Company Limited, chairman of Shenzhen BLOGIS Holdings Limited, vice-chairman of China Association of Warehouses and Storage, chairman of Shenzhen Chiwan Oriental Logistics Company Limited, chairman of Hefei Baowan International Company Limited and the chairman of executive committee of the board and vice-chairman of Shenzhen Chiwan Sembawang Engineering Co., Ltd. Mr. Fan was appointed as the supervisor of the Company in June 2018. Mr. Fan was appointed as an independent director of CIMC Vehicles (Group) Co., Ltd. (Stock Code: HK01839) in June 2019. Mr. Fan was appointed as the independent Supervisor of the Company in June 2018.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Mao Zheng	<p>Born in 1966, is the Staff Representative Supervisor of the Company. Ms. Mao holds a certificate of Level 1 Human Resources Professional. Ms. Mao graduated from the school of Economic Information Management of Renmin University of China with a bachelor degree of Engineering, major in economic information management. Then Ms. Mao obtained a master degree of Engineering in Graduate School of Dalian Maritime University, major in transportation planning and management. From September 1994 to February 2005, Ms. Mao held a position as a consulting manager in Beijing Branch of Deloitte Consulting (Pudong) Co., Ltd.* (德勤諮詢(浦東)有限公司). Then she joined Sinotrans Limited, and served as Assistant General Manager in Human Resource Department of the Company from February 2005 to June 2009. Ms. Mao was successively appointed as the Assistant General Manager, Deputy General Manager in Engineering Equipment Transportation Branch of Sinotrans Limited from June 2009 to June 2011. From June 2011 to August 2015, she was appointed as Deputy General Manager in Energy Logistics Department of the Company, and then served as Deputy General Manager in Contract Logistics Department of the Company from August 2015 to March 2018. From March 2018 to December 2019, Ms. Mao was appointed as Deputy General Manager in Human Resource Department of the Company, and from September 2018 to December 2019, Ms. Mao was appointed as Deputy Director in Organizational Department of Party Committee of the Company. In December 2019, Ms. Mao was appointed as an advisor in Human Resource Department of the Company. Ms. Mao was appointed as the Staff Representative Supervisor of the Company in March 2019.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Wang Shengyun	<p>Born in 1964, is the Staff Representative Supervisor of the Company. Mr. Wang graduated from National University of Defense Technology in 1984 with a bachelor degree in electronic information and science, and then obtained a master degree in electronic information and science from Institute of Computing Technology Chinese Academy of Sciences in 1987. In 1996, Mr. Wang graduated from Lancaster University Management School with an MBA. From July 1987 to May 1997, Mr. Wang successively served as the officer of the Economic Information Center of the State Economic Commission (國家經濟委員會經濟信息中心), the principal officer of China Materials Information Center (中國物資信息中心) (renamed as China Logistics Information Center (中國物流信息中心)), and the principal officer of Information Center and assistant researcher in Comprehensive Planning Department of the Ministry of Personnel of the PRC (國家人事部). Mr. Wang served as the senior business manager of the Beijing Representative Office of the National Power PLC (英國國家電力公司) from June 1997 to May 1999 and served as the investment director and deputy general manager of Beijing Holly bridge System Integration Technology Co., Ltd.* (北京合力金橋系統集成技術有限公司) from June 1999 to January 2004, successively. From February 2004 to December 2004, Mr. Wang served as the acting general manager of Beijing Longwing Information Technology Co., Ltd.* (北京中企龍瑞信息技術有限公司). Mr. Wang served as the assistant vice president in China Headquarters of Charoen Pokphand Group (正大集團) from April 2005 to September 2006. From October 2006 to April 2019, Mr. Wang served as the general manager of Information Management Department and Science and Technology Innovation Department of the Company, successively. Since April 2019, Mr. Wang has served as the senior director of Technology and Innovation Department of the Company. Mr. Wang was appointed as the Staff Representative Supervisor of the Company in September 2020.</p>
Chen Xianmin	<p>Born in 1964, is the Vice President of the Company. Mr. Chen graduated from Changsha University of Technology with major in mechanical engineering in 1986. Mr. Chen served as Assistant Manager of transport department and Deputy Manager of Management Department of Shenzhen Shekou Anda Industry Co., Ltd. From May 2001 to December 2010, he served as Deputy Manager of Marketing Department of Sinotrans Logistics, General Manager of Guangzhou Branch, General Manager of Business Development Department, Director of Customer Service. From December 2010 to April 2014, Mr. Chen was the Assistant to the General Manager of Sinotrans Logistics. From April 2014 to January 2016, he was appointed as the Deputy General Manager of Sinotrans Logistics. From January 2016 to August 2018, Mr. Chen was appointed as the Executive Deputy General Manager of Sinotrans Logistics. From August 2018 to June 2020, Mr. Chen was appointed General Manager of Sinotrans Logistics. In May 2018, Mr. Chen was appointed as the Vice President of the Company.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Wu Xueming	<p>Born in 1963, is the Vice President of the Company. Mr. Wu joined China National Foreign Trade Transportation (Group) Corporation in 1987 and worked in vessel management department, chartering department, human resource department and liner shipping department II. Mr. Wu became the general manager of JC SHIPPING Co., Ltd. from 1997 to August 2002. From April 2002 to December 2002, he concurrently served as deputy general manager of Sinotrans Marine Co., Ltd. From December 2002 to February 2010, he served as general manager of China Marine Shipping Agency Co., Ltd. From April 2007 to July 2010, Mr. Wu was the assistant to the President of the Company. From June 2010 to June 2012, Mr. Wu concurrently served as executive director and general manager of Sinotrans Shandong Co., Ltd. From February 2010 to January 2018, he served as Chairman of China Marine Shipping Agency Co., Ltd. In August 2010, Mr. Wu was appointed as the Vice President of the Company. Mr. Wu was appointed as a Director of the Company from June 2015 to April 2019.</p>
Tian Lei	<p>Born in 1965, is the Vice President and General Counsel of the Company. Mr. Tian graduated from Tsinghua University with a bachelor's degree in mechanical design and manufacturing in 1988, and graduated from the School of Economics and Management of Tsinghua University in 1994 with a master's degree in engineering. From 1995 to December 1997, he served as Minister of Investment of Economic Development Office and Assistant to the Director of Business Room in China Merchants Shekou Industrial Zone Holdings Co., Ltd. From January 1998 to August 2001, served as Assistant General Manager of Shenzhen China Merchants Petrochemical Co., Ltd. From September 2001 to December 2010, he served as Director of Business Management Department, General Manager of Development Research Department, General Manager of Corporate Planning Department of Sinotrans Logistics, and Chairman and General Manager of Shenzhen-Hong Kong District Corporation. From December 2010 to March 2014, he served as the Assistant General Manager of Sinotrans Logistics and from June 2011, served as the General Legal Counsel. From April 2014 to August 2018, Mr. Tian was appointed as the Deputy General Manager and General Counsel of Sinotrans Logistics. In May 2018, Mr. Tian was appointed as the Vice President of the Company. He was appointed as the General Counsel of the Company in June 2019.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Chen Hairong	<p>Born in 1963, is the Vice President of the Company. Mr. Chen graduated from the Royal Roads University in Canada with a Master of Business Administration. From 1982 to 1992, he served as a Second Office of the vessel owned by Shanghai Ocean Shipping Co., Ltd., and Chief of Allocation Section under Division of Personnel. From 1993 to 1998, he served as Director of Human Resources Department of China Merchants and Manager of Personnel Department of Hong Kong Ming Wah Shipping Co., Ltd. From November 1998 to June 2002, he served as General Manager of the Human Resources Department of China Merchants Transportation Holdings Co., Ltd., deputy General Manager of Shekou Southern China L.P.G Shipping Co., Ltd, and General Manager of China Merchants Marine & Transportation (Shekou) Co., Ltd. From June 2002 to December 2010, he served as Deputy Manager of Operation Department of Sinotrans Logistics, Deputy Manager of Anda Passenger Company, Deputy General Manager of Shanghai Branch and General Manager of Human Resources Department. From December 2010 to December 2013, he served as the Director of Shanghai Office of China Merchants. From January 2013 to January 2015, he served as the Assistant General Manager of Sinotrans Logistics. From January 2015 to May 2018, Mr. Chen was appointed as Deputy General Manager of Sinotrans Logistics. In May 2018, Mr. Chen was appointed as the Vice President of the Company.</p>
Wang Jiuyun	<p>Born in 1966, is the Chief Financial Officer of the Company. Mr. Wang graduated from Renmin University of China with a bachelor's degree in management. Mr. Wang began his career in the China National Foreign Trade Transportation (Group) Corporation in 1986. From 1988 to December 2001, Mr. Wang served in TNT Skypak-Sinotrans Int'l Express Company as the National Accounting & Finance Manager, Manager of the Accounting & Finance Department of New Asia Ltd., the F&A Manager of International United Shipping Agency (Hong Kong) Co., Ltd., Manager of Overseas Section of Financing and Accounting Department of China National Foreign Trade Transportation (Group) Corporation. From January 2002 to April 2004, Mr. Wang was appointed as Chief Financial Officer of North China Region of Sinotrans Air Transportation Development Co., Ltd. From May 2004 to August 2006, Mr. Wang was appointed as the General Manager of the Financing and Accounting Department of Sinoair. From August 2006 to April 2013, Mr. Wang was appointed as the Deputy General Manager of Sinoair. From November 2010 to April 2013, Mr. Wang held a concurrent post as the Chief Financial Officer of Sinoair. From April 2013 to December 2017, Mr. Wang was appointed as the General Manager of the Accounting & Financial Department of the Company. Mr. Wang was appointed as a director of DHL-Sinotrans International Air Courier Ltd in December 2015. In December 2016, Mr. Wang was appointed as the Chief Financial Officer of the Company.</p>

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Directors, Supervisors, Senior Management and Employees

Name	Major work experience
Li Shichu	<p>Born in 1970, is the Board Secretary/Company Secretary of the Company. Mr. Li obtained his bachelor degree in economics from University of International Business and Economics, and graduated with an EMBA degree from Cheung Kong Graduate School of Business. Mr. Li joined China National Foreign Trade Transportation (Group) Corporation in 1993. From 1993 to 2000, Mr. Li was under the employment of China Marine Shipping Agency Co., Ltd. and President Office of China National Foreign Trade Transportation (Group) Corporation. From 2000 to 2002, Mr. Li acted as the Deputy Director of President Office of China National Foreign Trade Transportation (Group) Corporation. From April 2002 to December 2002, Mr. Li acted as the Head of Integrated Group of Listing Office of China National Foreign Trade Transportation (Group) Corporation. From 2002 to 2008, Mr. Li acted as the General Manager of Securities & Legal Affairs Department of the Company. From 2008 to 2012, Mr. Li acted as the General Manager of Sinotrans Anhui Company. From 2012 to 2017, Mr. Li was the General Manager of the Developing & Planning Department of the Company. In December 2016, Mr. Li was appointed as the Board Secretary. In August 2019, Mr. Li was appointed as a director of DHL-Sinotrans International Air Courier Ltd.</p>
Gao Xiang	<p>Born in 1972, is the Chief Information Officer of the Company. Mr. Gao graduated from Nankai University in 1995. From the year of 1995 to the year of 2016, Mr. Gao was employed by TravelSky Technology Limited with experience as Engineer, Executive Manager of marketing division, General Manager of aviation business division and General Manager and Secretary of the party committee of research and development center. In September 2016, Mr. Gao was appointed as the Chief Information Officer of the Company.</p>

Other information

Applicable Not applicable

(II) Share Incentives to Directors, Senior Management during the Reporting Period

Applicable Not applicable

Chapter 9 Directors, Supervisors, Senior Management and Employees

II. POSITIONS THAT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT WHO ARE CURRENTLY SERVING OR HAVE SERVED DURING THE REPORTING PERIOD

(I) Position in the Shareholder's Entity

Applicable Not applicable

Name of officer	Name of Shareholder's entity	Position in the shareholder's entity	Start date of appointment	End date of appointment
Song Dexing	China Merchants Group Limited	the business director of Transportation and Logistics	May 2019	
	China Merchants Group Limited	Head of Transportation and Logistics Division/Head of Beijing Headquarter of China Merchants	September 2018	
	Sinotrans & CSC Holdings Co., Ltd.	General Manager	June 2016	
	Sinotrans & CSC Holdings Co., Ltd.	Executive Director	September 2016	
Su Jian	China Merchants Group Limited	Head of Finance Department (Property Department)	July 2017	December 2020
Xiong Xianliang	China Merchants Group Limited	Head of Strategy and Development Department	March 2015	
	China Merchants Group Limited	Head of Development and Research Center	August 2018	November 2020
Jiang Jian	China Merchants Group Limited	Head of Disciplinary Committee Office	July 2016	
	China Merchants Group Limited	Deputy Secretary of Disciplinary Committee, Head of Supervision Department	November 2016	
Liu Yingjie	China Merchants Group Limited	Head of the Risk Management Department/Legal Compliance Department and Head of the Audit Center	September 2018	
Explanation on position in the shareholder's entity	N/A			

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Directors, Supervisors, Senior Management and Employees

(II) Position in Other Entities

✓Applicable □Not applicable

Name of officer	Name of the other entities	Position in the other entities	Start date of appointment	End date of appointment	
Li Guanpeng	DHL-Sinotrans International Air Courier Ltd	Chairman	January 2019		
Song Dexing	Nanjing Port (Group) Co., Ltd.	Chairman	October 2017	April 2020	
	China Merchants Energy Shipping Company Limited	Vice Chairman	August 2018		
	China Merchants Port Group Co., Ltd.	Director	December 2018		
	Liaoning Port Group Limited (遼寧港口集團有限公司)	Director	September 2019		
Song Rong	Loscam International Holdings Co., Ltd.	Chairman	December 2018		
Su Jian	China Merchants Securities Co., Ltd.	Director	May 2017		
	China Merchants Expressway Network & Technology Holdings Company Limited	Director	January 2018	March 2021	
	China Merchants Port Holdings Company Limited	Director	October 2017	March 2021	
	China Merchants Port Group Co., Ltd.	Director	December 2018	March 2021	
	China Merchants Industry Group Co., Ltd.	Director	September 2017	March 2021	
	China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd.	Director	September 2017	March 2021	
	Xiong Xianliang	Institute of Science, Technology and Innovation, China Merchants Group	Dean	August 2018	November 2020
		China Merchants Securities Co., Ltd.	Director	December 2014	
	China Merchants Port Holdings Company Limited	Director	June 2018		
	China Merchants Innovation Investment Management Co., Ltd.	Director	August 2018		
Jiang Jian	China Merchants Group (Beijing) Limited	Supervisor	April 2020		
	China Merchants Steam Navigation Company Limited	Supervisor	August 2020		
Wang Taiwen	Guangdong Huatie Tongda High-speed Railway Equipment Corporation	Independent Director	March 2016		
	Beijing Huansheng Technology Co., Ltd. (北京寰升科技有限公司)	Chairman	June 2018		
	Wuxi JinXin Group Co., Ltd.	Director	July 2018		
Meng Yan	Central University of Finance and Economics	Professor, PhD Supervisor	September 1997		
	Jolimark Holdings Limited	Independent Non-executive Director	March 2005	May 2020	
	China Longyuan Power Group Corporation Limited	Independent Non-executive Director	July 2009		
	Beijing Bashi Media Co., Ltd.	Independent Director	April 2016		
	Beijing Capital Co., Ltd.	Independent Director	December 2017		
	Qi An Xin Technology Group Inc.	Independent Director	May 2019		
Song Haiqing	Sun Yat-Sen University	Professor	January 2011		
	Guangzhou Foxconn Software Technology Co., Ltd.	Chairman	June 2016	July 2020	
Li Qian	Beijing HYLANDS Law Firm Shanghai Branch	Partner	January 2019		

Chapter 9

Directors, Supervisors, Senior Management and Employees

Name of officer	Name of the other entities	Position in the other entities	Start date of appointment	End date of appointment
Liu Yingjie	China Merchants Port Holdings Company Limited	Chairman of the Supervisory Committee	December 2018	
Zhou Fangsheng	Hengan International Group Company Limited	Independent Non-executive Director	January 2013	
	China National Building Material Company Limited	Independent Non-executive Director	May 2016	
	ChenGuang Biotechnology Group Co., Ltd.	Independent Director	January 2016	
Fan Zhaoping	CIMC Vehicles (Group) Co., Ltd.	Independent Director	June 2019	
Wu Xueming	Nissin-SinoTrans International Logistics Co., Ltd.	Chairman	April 2015	
Chen Hairong	China Merchants Yingkai Investment Development (Shenzhen) Co., Ltd. (招商盈凱投資發展(深圳)有限公司)	Executive Director, General Manager, Legal Representative	May 2019	
Wang Jiuyun	Sinotrans PFS Company Limited	Supervisor	March 2014	
	DHL-Sinotrans International Air Courier Ltd.	Director	December 2015	
	China Merchants Hainan Investment Development Co., Ltd. (招商局海南投資開發有限公司)	Director	December 2018	
Li Shichu	DHL-Sinotrans International Air Courier Ltd.	Director	August 2019	
	China United Tally Co., Ltd.	Vice Chairman	November 2019	
Explanation on position in other entities	The above positions do not include those of directors, supervisors and senior management in Sinotrans and its subsidiaries and shareholders' entities.			

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

Decision-making process of remuneration of directors, supervisors and senior management

The Remuneration Committee of the Board makes recommendations to the Board on the remuneration policy and structure of directors and senior management of the Company, formulates remuneration packages for senior management, and makes recommendations to the Board on the remuneration of directors. The remuneration of senior management is determined by the Board. The remuneration of directors and supervisors who are non-employee representative are determined by the general meeting.

Basis for determining the remuneration of directors, supervisors and senior management

The remuneration of directors, supervisors and senior management are determined in accordance with the Articles of Association and the Management Measures for the Remuneration and Assessment of Senior Management of Sinotrans and their respective assessment results.

Chapter 9

Directors, Supervisors, Senior Management and Employees

Actual payment of remuneration of directors, supervisors and senior management

For the remuneration payable to directors, supervisors and senior management who are currently serving or have served during the Reporting Period, please refer to the “I. 1. Changes in Shareholding and Remuneration of Present Directors, Supervisors and Senior Management and the Ones Resigned During the Reporting Period” of this section.

Total payment of remuneration before tax to directors, supervisors and senior management as at the end of the Reporting Period

During the Reporting Period, the remuneration amount payable to directors, supervisors and senior management who receive payment from the Company is RMB14.3217 million.

Note: The pre-tax remuneration to directors, supervisors and senior management consist of salaries, bonuses, allowances, subsidies, employee benefits and the portion payable by the Company in the social insurance, housing provident funds and annuities that are paid in accordance with local policies with respect to labour and insurance, as well as payments in other forms made by the Company.

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Applicable Not applicable

Name	Position	Changes	Reasons for changes
Tian Lei	General Counsel	Appointed	Incorporate the General Counsel into Articles of Association as Senior Management
Wang Shengyun	Staff representative Supervisor	Elected	Supervisor Change
Ren Dongxiao (Resigned)	Staff representative Supervisor	Resigned	Retirement

- On 27 August 2020, the Company held the 21st meeting of the second session of the Board at which the Proposal in Relation to the Appointment of the Company’s General Counsel was considered and approved, and the Board agreed to appoint Mr. Tian Lei as the General Counsel of the Company.
- On 25 September 2020, Ms. Ren Dongxiao, the former staff representative supervisor, resigned as a supervisor due to retirement; on the same day, the Company convened a staff representative meeting to elect Mr. Wang Shengyun as the staff representative supervisor of the Company, with a term of office from the date of approval by the staff representative meeting to conclusion of the second session of the Board.

For details, please refer to the Company’s announcement on the SSE (www.sse.com.cn) and SEHK (www.hkex.com.cn) on 27 August 2020 and 25 September 2020.

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Directors, Supervisors, Senior Management and Employees

V. DETAILS OF FINES IMPOSED BY SECURITIES REGULATORY BODIES IN THE PAST 3 YEARS

Applicable Not applicable

VI. EMPLOYEE OF THE PARENT COMPANY AND MAIN SUBSIDIARIES

(I) Employees

Number of employees with the parent company	592
Number of employees with main subsidiaries	34,036
Total number of employees	34,628
Retired employees for whom the parent company and main subsidiaries need to bear costs	174

Professions

Type of professions	Number of employees
Production	24,637
Sales	1,276
Technical	555
Financial	2,056
Administrative	1,528
Management	3,813
Other functional staff	763
Total	34,628

Level of education

Type of level of education	Number of employees
Master's degree or above	1,546
Bachelor	13,562
College	10,564
Senior high school	6,481
Junior high school or below	2,475
Total	34,628

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Directors, Supervisors, Senior Management and Employees

(II) Remuneration Policy

Applicable Not applicable

A remuneration and benefit management system that matches the Company's characteristics has been established by the Group pursuant to the Labour Contract Law and relevant laws and regulations, to formalize remuneration management. The principles of "payment to post, payment to performance and payment to people" are adhered to, and the remuneration standards and adjustment plans are determined based on marketing information and within the Company's cost and budget management. Set key performance, strategy and other assessment indicators for senior management, and the assessment results are linked to performance bonuses. The Remuneration Committee and the Board of the Company determine the incentive standards for senior management personnel of the year in accordance with the relevant performance and remuneration management measures, combined with the assessment results.

(III) Training Plan

Applicable Not applicable

In 2020, the offline training of the Group accumulated to 777,156.9 hours, while 513,948 online courses were completed (307,039 learning hours in total). The training program of the Group includes training of corporate strategy and corporate culture, Pandemic protection, basis working skills, business knowledge, elevation of management techniques and leadership, new employee orientation, self-study, etc.. With the development of the Group, to ensure the constant elevation of the staff quality, we will increase the employees' access to trainings and continuously review and improve the training courses to meet the requirement of the business operation and employee development.

(IV) Labor Outsourcing

Applicable Not applicable

Total Hours Outsourcing	699,078
Total payment for labor outsourcing	RMB25.6613 million

Chapter 9

Directors, Supervisors, Senior Management and Employees

VII. OTHERS

Applicable Not applicable

(I) Directors' and Supervisors' Service Contracts and Remuneration

Saved for Mr. Song Dexing, each of the executive Director of the Company has entered into a service contract with the Company.

The Company did not enter into any service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) with any Director or Supervisor.

Details of the remuneration of the Directors and the Supervisors of the Company are set out in "I. 1. Changes in Shareholding and Remuneration of Present Directors, Supervisors and Senior Management and the Ones Resigned During the Reporting Period" of this Chapter.

Remuneration of the Directors is determined based on the Director's duties, experiences and the Group's performance.

(II) Directors' and Supervisors' Interests in Shares

As at 31 December 2020, none of the Directors, president, Supervisors or their associates had any interests in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are considered or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be recorded in the register kept by the Company referred to therein, or which were notifiable to the Company and the Stock Exchange pursuant to the Model Code.

(III) Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts

For the year ended 31 December 2020, none of the Directors or Supervisors or any entities connected with such Directors and Supervisors had any material interests directly or indirectly in any new or existing transactions, arrangements or contracts of the Company to which the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries was a party.

During the Reporting Period, no remuneration was paid by the Group to the Directors, Supervisors or the five individuals with the highest emolument as an inducement to join or upon joining the Group or as compensation for loss of office.

Chapter 9 Directors, Supervisors, Senior Management and Employees

(IV) Interests of Directors and Supervisors in Competing Businesses

Mr. Song Dexing is a director and employee of Sinotrans & CSC which is the controlling shareholder of the Company. Certain subsidiaries of Sinotrans & CSC are engaged in the Group's "core businesses" in certain "core strategic regions" of the Group in the PRC, while such subsidiaries have only nominal operations which are the same as or similar to the "core businesses" of the Group. For details of the competition between Sinotrans & CSC Group and the Group and the non-competition agreement entered into between Sinotrans & CSC Group and the Company on 14 January 2003, please refer to the section entitled "Relationship with Sinotrans & CSC Group" in the prospectus of the Company dated 29 January 2003.

In 2018, in order to facilitate the merger of Sinoair by absorption through share swap, Sinotrans & CSC, the controlling shareholder of the Company, undertook that, within three years from the effective date of the undertaking, Sinotrans & CSC Group will take measures to gradually realize the withdrawal of operation by the Entrusted Companies in the integrated logistics business according to the actual situation, and solve the problem of substantial horizontal competition with the Company and its subsidiaries. On 6 May 2019, the Company entered into a new Entrusted Management Agreement with Sinotrans & CSC, pursuant to which, the Company can effectively avoid the potential competition with Sinotrans & CSC Group by managing the Entrusted Companies.

(V) Directors' and Supervisors' Rights to Acquire Shares or Bonds

At no time during the year ended 31 December 2020 was the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries a party to any arrangements or existing arrangements which would enable the Company's Directors or Supervisors to acquire benefits by means of the acquisition of shares in or bonds of the Company or of any other legal entities.

Chapter 10

Corporate Governance (Corporate Governance Report)

I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE

Applicable Not applicable

During the Reporting Period, in accordance with the Company Law, Securities Law of the People's Republic of China (hereinafter referred to as "the New Securities Law"), and the Code of Corporate Governance for Listed Companies decreed by the CSRC and other applicable laws and regulations, as well as the requirements on corporate governance by the SSE and the SEHK, the Company actively cooperated and completed the work including on-site inspections and self-examination & self-correction by the regulatory authorities, continuously improved the corporate governance mechanism of the company, strengthened internal control and risk management and promoted the standardized and systematic management to enhance corporate governance. So far, the Company has formed a governance mechanism with clear authorities and responsibilities and checks and balances as well as an effective internal control system in compliance with the requirements of listed companies, and Directors, Supervisors and Senior Management are diligent and responsible, which are strictly operated in accordance with the legislation. The conditions of the Company's corporate governance are as follows:

(I) Strengthening Standardized Operation of Corporate Governance Constantly

All the governance entities of the company operate smoothly and perform their respective duties. The General Meeting is the highest authority of the Company. In accordance with the Articles of Association and other regulations, the Company adopted the mode combining online voting with on-site voting to organize general meetings and strictly implemented voting procedures to actively safeguard the legitimate rights and interests of its shareholders. The convening, proposal, holding, voting and resolution of general meetings are legal and valid, and witnessed by lawyers on the spot. During the Reporting Period, the Company convened 1 annual general meeting, 2 extraordinary general meetings and 2 class meetings.

The Board is the operational decision-making authority of the Company, responsible to the general meeting, conscientiously implements the resolutions of the general meetings, and performs the duties of the Board in terms of corporate strategy implementation, decision-making of major projects, risk prevention and control, incentives and constraints, and improvement of corporate governance. The Directors conscientiously understood, considered and fully discussed every proposal with due diligence and in good faith in accordance with the duties set out in the Articles of Association and the Procedural Rules for the Board, ensuring the scientificity and effectiveness of the decisions made by the Board. In addition, the Board has four special committees, namely the Strategy Committee (the Company has adjusted the Executive Committee into the Strategy Committee in August 2020), the Audit Committee, the Nomination Committee and the Remuneration Committee. During the Reporting Period, all committees gave full play to their management, decision-making and supervision functions on the overall business strategy, financial decision-making, nomination of candidates for Directors, performance-linked remuneration system and other aspects pursuant to their responsibilities. During the Reporting Period, the Company convened 5 meetings of the Board, 4 meetings of the Audit Committee, 1 meeting of the Nomination Committee and 1 meeting of the Remuneration Committee. The independent non-executive Directors issued independent opinions on the matters such as related party transactions, external guarantees, cash dividends, share option incentives, Senior Management

Chapter 10 Corporate Governance (Corporate Governance Report)

appointment. They made full use of their respective professional knowledge and experience to put forward constructive opinions and suggestions on matters such as daily operation management, development planning. At the same time, before the meetings of the Board deliberates on major proposals, in order to ensure that independent non-executive Directors can fully understand the proposals and make scientific decisions, the Company always report to and communicate with independent non-executive Directors in advance.

The Supervisory Committee, as the Company's supervisory organization, carefully reviews and supervises the Company's finance, auditing, and the legal compliance of the Company's directors and senior management. During the Reporting Period, the Company convened 4 meetings of the Supervisory Committee and signed written confirmation opinions on regular financial reports.

The management, as the Company's executive agency, is responsible to the Board of Directors. In accordance with the Articles of Association and the authorization of the Board, the management convened the president's office meetings to discuss material matters of the Company, strictly implemented the resolutions of the Board and general meetings, and reported to the Board on the operation and management.

(II) Improving the Construction of Corporate Governance System Continuously

The Company continues to improve its corporate governance system and build a well-established compliance system. During the Reporting Period, in accordance with the New Securities Law and the Listing Rules in Listing Places, and based on the actual situation of the Company, the Company comprehensively sorted out the company's corporate governance system, and organized the revision of 14 rules including the Rules of Procedures of the Board of Directors, Regulations on the Management of Insiders of Inside Information, the Rules of Procedure of the Strategy Committee under the Company's Board of Directors, General Manager Work Rules and Regulations on the Management of Internal Auditing. The Company has implemented the strategy of administering the country according to laws, established the general counsel system in the Articles of Association and incorporated the general counsel into Senior Management, and requested the General Counsel to attend the meeting of Board as appropriate, to ensure that the Company operates in compliance with laws and regulations. The Company has adjusted the Executive Committee into the Strategy Committee and delegated the original operational management decision-making power of Executive Committee's to the General Manager's Meeting, improving decision-making and business efficiency. At the same time, we added a non-executive Director and independent non-executive Director as members of the Strategy Committee. The professional diversification of the members of the Strategy Committee further guaranteed the effectiveness of the scientific decision-making.

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Corporate Governance (Corporate Governance Report)

(III) Improving the Quality of Information Disclosure Constantly

In accordance with the relevant requirements of the Listing Rules in Listing Places, adhering to the principle of combining statutory disclosure and voluntary disclosure, the Company has fulfilled its information disclosure obligations in a true, accurate, complete and timely manner, and has continuously improved its information disclosure quality. During the Reporting Period, the Company drew up guidelines for daily listing compliance matters and organized internal compliance trainings in accordance with the requirements of the Listing Rules in Listing Places, and effectively improved the compliance and responsibility awareness of the Company's major information reporting entity, and continued to improve the standardization of information disclosure. During the Reporting Period, the Company disclosed 125 documents on the SSE and 185 documents (in Chinese and English) on the SEHK.

(IV) Strengthening Investor Relationship Management

The Company attaches great importance to communication with investors. The Company maintains comprehensive and effective communication with domestic and foreign investors through post-results conferences, investor hotlines, IR mailboxes, SSE e-interactions, roadshows and reverse roadshows, reception of investor visits, and participation in investment conferences, and creates opportunities of field research for investors to timely and fully inform investors of the management philosophy, market environment, operating conditions and development strategies, to enhance its transparency and deepened investors' understanding of the Company. At the same time, the Company's website provides information about the Company's investor relations, corporate governance and other latest information in a timely manner and is updated from time to time.

While the Pandemic spread globally in 2020, the Company maintained smooth communication with the capital market through various methods with safety guaranteed. Firstly, the Company held the 2019 annual results and 2020 interim results briefings, analyst conference calls, investor meetings and other investor communication activities in online and offline methods. In 2020, the Company participated in more than ten annual conferences and strategy summits of investment banks, received nearly 150 investor meetings, and responded to about 170 SSE E-interactive questions. At present, there are more than ten domestic and foreign mainstream investment banks having analysis reports covering the Company. Secondly, through careful preparation and active communication, the Company has successfully held a series of reverse roadshows of "Investors Entering into Sinotrans". A total of nearly 40 investors participated in the reverse roadshow activities of Jiaxing cross-border e-commerce logistics center and Shenzhen "Sinotrans E-LCL". Thirdly, the Company actively participated in online live broadcast of "2020 Shanghai Stock Exchange Listed Company Quality Tour" – Entering "Sinotrans" and Panorama Cloud Survey. Panorama.com and mainstream capital market media interviewed the Company's chairman, board secretary, securities affairs representatives, etc., aiming to enable investors to have a more comprehensive and in-depth understanding of the Company through this live broadcast.

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Corporate Governance (Corporate Governance Report)

At the same time, guided by investor issues, the Company summarized and analyzed investors' concerns and suggestions regularly and occasionally; after major fluctuations in the Company's stock price or after holding of large-scale capital market activities, the Company's investor relation team will collect capital market feedback and make analysis as soon as possible, give timely feedback to the management and related departments, and put forward management improvement suggestions.

The Company has reviewed and adopted the principles and provisions of the Corporate Governance Code as set out in Appendix 14 of the SEHK Listing Rules during the period from 1 January 2020 to 31 December 2020 as our code on corporate governance, and continued to strengthen and improve corporate governance according to the requirements of the regulatory authority. The Company has complied with all code provisions set out in the CG Code in 2020.

Is there any obvious difference between corporate governance and requirements of the CSRC? If there is obvious difference, explanations should be made.

Applicable Not applicable

II. BRIEF INTRODUCTION OF SHAREHOLDERS' GENERAL MEETING

Session of Meeting	Date	Media in which resolutions were disclosed	Date of Disclosure
2019 annual general meeting	1 June 2020	Website of the SSE (www.sse.com.cn)	2 June 2020
2020 first extraordinary general meeting		and Website of the Hong Kong Stock Exchange (www.hkex.com.hk)	
2020 first H Shareholders' class meeting			
2020 first A Shareholders' class meeting			
2020 second extraordinary general meeting	22 December 2020	Website of the SSE (www.sse.com.cn)	23 December 2020
		and Website of the Hong Kong Stock Exchange (www.hkex.com.hk)	

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Information of General Meetings

Applicable Not applicable

1. The Company has successively convened 2019 annual general meeting, 2020 first extraordinary general meeting (the “First EGM”), 2020 first H Shareholders’ class meeting and 2020 first A Shareholders’ class meeting (the “Class Meetings”) on 1 June 2020.
 - (1) 2019 annual general meeting has considered and approved the following proposals: 1) the resolution in relation to the Work Report of the Board for the year 2019; 2) the resolution in relation to the Work Report of the Supervisory Committee for the year 2019; 3) the resolution in relation to debriefing the Work Report of the Independent Non-executive Directors for the year 2019; 4) the resolution in relation to the Final Financial Accounts Report of the Company for the year 2019; 5) the resolution in relation to the Annual Report of the Company and its summary for the year 2019; 6) the resolution in relation to the financial budget of the Company for the year 2020; 7) the resolution in relation to the profit distribution plan of the Company for the year 2019; 8) the resolution in relation to the re-appointment of auditor for the year 2020; 9) the resolution in relation to the Directors’ remuneration for the year 2019; 10) the general mandate to issue, allot and deal with Shares; 11) the general mandate to repurchase H Shares; 12) the resolution in relation to the Updated Mandate of the issue of Debt Financing Instruments; 13) the resolution in relation to the estimated guarantees of the Company for the year 2020; 14) the resolution in relation to the renewal of Liability Insurance for Directors, Supervisors and Senior Management of the Company; and 15) the re-election of executive Directors of the Company, in which the 11th resolution was also approved by the Class Meetings.
 - (2) The First EGM has considered the following proposals: 1) the Share Option Incentive Scheme of Sinotrans Limited (revised draft) (《中國外運股份有限公司股票期權激勵計劃(草案修訂稿)》) and a summary thereof; 2) the Share Option Incentive Scheme of Sinotrans Limited (Phase I) (revised draft) (《中國外運股份有限公司股票期權激勵計劃(第一期)(草案修訂稿)》) and a summary thereof; 3) the Appraisal Measures for Implementation of the Share Option Incentive Scheme of Sinotrans Limited (《中國外運股份有限公司股票期權激勵計劃實施考核辦法》); 4) the grant of a mandate to the board of directors by the general meeting to deal with matters regarding the Share Option Incentive Scheme of the Company; 5) the grant of a mandate to the board of directors by the general meeting to deal with matters regarding the Share Option Incentive Scheme (Phase I) of the Company; and 6) the amendments to the Articles of Association and the Procedural Rules for General Meetings of the Company. All the above proposals have been submitted to the Class Meetings for consideration at the same time. Among Which, the resolution No. 6 has been considered and passed by the First EGM and the Class Meetings, while the resolutions from No. 1 to No. 5 in relation to the share option incentive scheme and share option incentive scheme (phase I) of the Company were not duly passed by way of poll. The Company will continue to optimize remuneration and performance evaluation system, arouse the enthusiasm of the management and professional backbones, actively communicate with Shareholders and continue to study and promote effective long-term incentive schemes when relevant conditions are fully developed, so as to enhance the Company’s long-term incentive mechanism, thereby attracting and retaining outstanding talents and promoting the healthy development of the Company and facilitating the maximization of Shareholder’s value.

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2. The Company has successively convened 2020 second extraordinary general meeting on 22 December 2020, which has considered and approved the following proposals: 1)the proposed amendments to the rules including Procedural Rules for Meetings of the Board of Directors of the Company; 2) the entering into of the Financial Services Agreement between the Company and the Finance Company; 3)the provision of financial services by China Merchants Bank to the Group; 4) the entering into of the Master Services Agreement (China Merchants) between the Company and China Merchants; 5) the entering into of the Master Lease Agreement between the Company and China Merchants; 6) the entering into of the Master Services Agreement (Sinotrans Shandong Hongzhi) between the Company and Sinotrans Shandong Hongzhi; 7) the entering into of the daily related party transactions framework agreement between the Company and four Related Joint Ventures.

III. SHAREHOLDERS' RIGHTS

The Company always attaches great importance to the protection of shareholders' rights with an ultimate goal to improve shareholders' value, and specifies the rights of shareholders in the Articles of Association.

(I) Shareholders' Right to Convene an Extraordinary General Meeting or a Class Meeting

1. Pursuant to Article 73 of the Articles of Association, shareholders may request to convene an extraordinary general meeting in accordance with the following procedures:

Shareholders individually or jointly holding more than ten percent of voting shares of the Company shall have the right to request the Board of Directors for convening an extraordinary general meeting, and shall do so in writing. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles of Association, bring forward a feedback opinion in writing, within ten days of receiving the request, on agreeing or disagreeing with convening the extraordinary general meeting.

- (1) In the event that the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a notice of convening an extraordinary general meeting within five days after making a Board resolution. Any changes to the original request in the notice shall be approved by the relevant shareholders.
- (2) In the event that the Board of Directors does not agree to convene the extraordinary general meeting or does not make any feedback within ten days after receiving the request, shareholders individually or jointly holding more than ten percent of voting shares of the Company shall have the right to propose to the Supervisory Committee the convening of an extraordinary general meeting, and shall do so in writing.

In the event that the Supervisory Committee agrees to convene the extraordinary general meeting, it shall issue a notice of convening an extraordinary general meeting within five days after receiving the request. Any changes to the original proposal in the notice shall be approved by the relevant shareholders.

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In the event that the Supervisory Committee does not issue a notice of extraordinary general meeting within the prescribed time limit, it shall be deemed as being not to convene and preside over the extraordinary general meeting. Shareholders who individually or jointly have been holding more than ten percent of voting shares of the Company for consecutive ninety days may convene and preside over a meeting on their own.

2. Pursuant to Article 124 of the Articles of Association, shareholders may request to convene a class meeting in accordance with the following procedures:
 - (1) Two or more shareholders holding in aggregate 10 percent (inclusive) or more of the shares with voting rights at a meeting may request the Board of Directors to convene a class meeting by signing and submitting to the Board of Directors one or more counterpart written request(s). The written request(s) must state the matters to be considered at that meeting. The Board of Directors shall convene the class meeting as soon as possible after receiving such written request(s). The shareholdings referred to above shall be calculated as at the date of delivery of the written request(s) submitted by the shareholders.
 - (2) If the Board of Directors fails to issue a notice to convene a meeting within 30 days after receiving the written request from the shareholders, the shareholders requesting the meeting may convene the meeting themselves within 4 months from the date on which the Board of Directors received the written request. The procedure for convening such meeting shall, so far as is possible, be the same as the procedure of the Board of Directors to convene a general meeting. The Company shall be responsible for the reasonable fees incurred by the shareholders in convening a meeting due to the failure of the Board of Directors to convene the meeting. The Company shall deduct such fees from the amount owed by the Company to the Directors who have neglected their duties.
3. Pursuant to Article 74 of the Articles of Association, in the event that the Supervisory Committee or shareholders decide(s) to convene a shareholders' general meeting on its/their own, it or they shall notify the Board of Directors in writing and report the same to the local representative office of the CSRC and the stock exchange of the place where the Company is located for the record. Prior to the announcement of the resolution of the general meeting, the proportion of the shares with voting rights held by the shareholders must not be less than 10%. The shareholders who convene the meeting shall, when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting, submit relevant certification materials to the local representative office of the CSRC and the stock exchange of the place where the Company is located.

(II) Shareholders' Right to Put Forward Provisional Proposals

Pursuant to Article 78 of the Articles of Association, shareholders individually or jointly holding more than three percent of voting shares of the Company may put forward provisional proposals and submit the same in writing to the convenor ten days prior to the shareholders' general meeting. The convenor shall issue a supplementary notice of shareholders' general meeting within two days after receiving the proposals and publish particulars of the provisional proposals.

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Corporate Governance (Corporate Governance Report)

(III) Shareholders' Right to Put Forward Enquiries to the Board

Pursuant to Article 97 of the Company Law, the Company should provide materials, including the Articles of Association of the Company, the share register, corporate bond certificates, minutes of general meetings, resolutions of Board meetings, resolutions of Supervisory Committee meetings as well as financial and accounting reports, to the shareholders for review, if required. The Company provides communication channels to receive suggestions or enquiries from shareholders on the Company's operations. Contact person and contact information of the Company are detailed in "Chapter 2 General Company Information and Key Financial Indicators" of this report.

IV. BOARD OF DIRECTORS

(I) Board Duties and Operations

The Board is the decision-making authority of the Company. The Board is accountable to the shareholders' general meeting and shall exercise the following authorities specified in the laws, administrative regulations and the Articles of Association and authorized by the shareholders at general meetings. In 2020, the Company convened the extraordinary general meeting, which reviewed and approved relevant amendments to the Articles of Association and the Rules of Procedure of the Board of Directors.

The Board mainly exercises the following powers: to be responsible for the convening of the shareholders' general meetings and to report on its work to the shareholders' general meetings; to implement the resolutions of the shareholders' general meetings; to decide on the Company's business plans and investment plans; to formulate the Company's annual budget and final financial accounts; to formulate the Company's profit distribution plan and plan for making up losses; to formulate plans for the Company's proposals for increases or reductions of its registered capital and the issue of and listing of corporate debentures or other securities; to draft plans for material acquisition, share repurchase, merger, division, dissolution or change in corporate form; to determine matters relating to the Company's external investment, asset acquisition and disposal, asset pledge, asset management mandate, related party transactions and external guarantee within the authorization of the general meetings; to determine the establishment of the Company's internal management structure; to appoint or dismiss the Company's president and the secretary of the Board; and pursuant to the president's nominations to appoint or dismiss the vice presidents, the chief financial officer, the CIO, General Counsel and other senior managements of the Company and decide on their remuneration rewards and penalties; to establish the Company's basic management system, including basic compliance management system; to formulate proposals for any amendment to the Company's Articles of Association; to deal with information disclosure of the Company; to propose to the general meetings for appointment or replacement of the accounting firms serving as the auditors of the Company; to debrief work report submitted by the president, to review his performance and to evaluate effectiveness of the compliance management of the Company, etc.

As of 31 December 2020, the Board has four special committees, namely the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees convene meetings pursuant to the rules of procedure respectively and perform the pre-approval procedure of the Board as authorized by the Board. The performances are detailed in "VI. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PUT FORWARD BY SPECIAL COMMITTEES UNDER THE BOARD IN THE PERFORMANCE OF THEIR DUTIES DURING THE REPORTING PERIOD, ANY OBJECTION SHALL BE DISCLOSED" of this Chapter.

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During the Reporting Period, the Board carried out the following corporate governance functions including: a) to develop and review the Company's policies and practices on corporate governance; b) to review and monitor the training and continuous professional development of Directors and senior management; c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, etc.

During the Reporting Period, in accordance with the relevant provisions of the Company law, Listing Rules in Listing Places, the Articles of Association and the Rules of Procedure of the Board of Directors in relation to the notice period, voting procedure, resolution and conference records of the meeting, the Company organized and held Board meetings and fully guaranteed Directors to perform their duties. Especially, in accordance with rules and regulations including the Listing Rules in Listing Places, if a Director is connected with or is materially interested in any contract, transaction, arrangement or any other types of proposals to be considered by the Board, that Director shall abstain from voting on the relevant resolutions. Even though none of the Directors has a material interest in the transactions, for any Director concurrently holding positions in such connected party under the transactions, he or she shall abstain from voting at the Board meeting of the Company in respect of the relevant proposed resolution and the transactions in accordance with the relevant PRC laws and regulations. The Company has arranged appropriate insurance for the Director's possible involvement in legal action.

During the Reporting Period, the Company convened 5 Board meetings, including four regular meetings and one extraordinary meeting to consider and approve 38 proposals including regular reports, profit distribution plans, re-election of directors, continuing related party transactions, appointing senior management, and increasing capital and shares of subordinate subsidiaries, and signed written confirmation opinions on regular financial reports.

For works done by the Board and Senior Management, please refer to "Chapter 5 Management Discussion and Analysis of Business Performance (Report of the Board)" of this report.

(II) Composition of the Board

As at 31 December 2020, the Board of the Company comprised eleven Directors, and the Company has complied with the requirement about the constitution of the Board under the Listing Rules in Listing Places that the number of independent non-executive Directors must reach at least one-third of the number of the board members, including the Chairman Mr. Li Guanpeng, the Vice Chairman Mr. Song Dexing, Executive Director Mr. Song Rong and Non-executive Directors Mr. Su Jian, Mr. Xiong Xianliang, Mr. Jiang Jian and Mr. Jerry Hsu and independent non-executive Directors Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing and Ms. Li Qian. In 2020, the Company completed the re-election of directors of Mr. Li Guanpeng and Mr. Song Dexing.

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The titles and biographical information of the Directors, together with their titles and terms of office in other public companies or organizations are set out in “Chapter 9 Directors, Supervisors, Senior Management and Employees” of this Annual Report. The Company has uploaded the most updated list of the Board members with their roles and positions on the websites of the Hong Kong Stock Exchange and the Company, and identified the roles of the independent non-executive Directors in all corporate communications that disclose the names of the Directors.

The Board members have the appropriate experience, competence and skills relevant to the business and the management of the Company. Amongst the Board members, there are experts in the transportation and logistics industries, as well as experts and senior academics in accounting and law, etc.. The Board members’ knowledge and experience complement each other, while their points of view maintain independence and diversity, which ensures that the decision making process of the Board is scientific.

(III) Non-Executive Directors (Including Independent Non-Executive Directors)

In accordance with CG Code and Article 137 of the Articles of Association of the Company, the Directors are elected at general meetings of the Company. All Directors including the non-executive Directors are appointed for a term of office of three years or until the expiry of this session of the Board since their date of appointment or reappointment and are eligible for re-election upon the expiry of such term. Please refer to the chapter headed “Directors, Supervisors, Senior Management and Employees” of this Annual Report for further details.

The Company has a balanced composition of executive and non-executive Directors (including four non-executive Directors and four independent non-executive Directors). The non-executive Directors (including the independent non-executive Directors) have appropriate professional qualification and experience as well as the accounting, law and logistics industries expertise, who can make judgment in an objective and professional way. Some non-executive Directors were invited to serve as the members of the Strategy Committee, Audit Committee, the Remuneration Committee and the Nomination Committee of the Company, whose opinions have influence on the Board’s decisions, which helps the management determine the Company’s development strategies, ensures that the Board will prepare the financial reports and other mandatory reports with high standards, and maintains an appropriate system to protect the interests of shareholders and the Company.

The Nomination Committee of the Board has assessed the independence of each independent non-executive Director who was eligible for election or re-election, and the Company has also explained the independence of each independent non-executive Director who was eligible for election or re-election in the papers of the general meetings. Independent non-executive Directors of the Company were not involved in the daily management of the Company and there were no relationships or circumstances which would constitute intervention to their practice of providing independent judgments. The Company has received annual confirmation letter of independence from all independent non-executive Directors and considers all independent non-executive Directors independent. During the Reporting Period, the independent non-executive Directors of the Company have issued independent opinions on matters including related party transactions, external guarantees, share incentives and appointment of Senior Management, etc.

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(IV) Responsibilities of the Board and Senior Management

The Board and Senior Management have a clear division of responsibilities, and strictly abide by the Articles of Association, Rules of Procedure of the Board of Directors, General Manager Working Rules and other relevant laws and regulations. The Board is the decision-making administrative authority and has authorized the management to fulfil a number of specific management and operation functions, and conducts periodic reviews to ensure that the arrangement remains in line with the needs of the Group. The management is responsible for the Board and the main duties of the management include taking charge of the Company's operation and management and organizing the implementation of the resolutions of the Board, organizing the implementation of the Company's annual operating plans and investment proposals, drafting the Company's basic management system, formulating basic rules and regulations for the Company, proposing to the Board to appoint or dismiss the vice president, chief financial officer, the chief digital officer, the general counsel and other senior officers of the Company, and exercising other powers conferred by the Articles of Association and the Board. Within the scope of authority and power delegated by the Board, the senior management is responsible for day-to-day operations, and makes decisions in a timely manner. In relation to matters which are beyond the approved scope and authority, the management will report to the Board in a timely manner in accordance with the relevant procedure.

(V) Chairman and President

The Chairman and President of the Company are held by different people, and have clear division of power and authority. As at 31 December 2020, Mr. Li Guanpeng was the Chairman, and Mr. Song Rong was the President of the Company. The Chairman are responsible for preside over the shareholders meeting, the management of the Board's operation, and ensure that the Company formulates sound corporate governance practices and procedures, while the President is responsible for the business management of the Company and implementation of board resolutions. Details of their respective duties and responsibilities are set out in the Articles of Association and the Working Rules of the General Manager.

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

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V. THE PERFORMANCE OF DIRECTORS' DUTIES

(I) The Attendance of Directors in Board Meetings and General Meetings

Name	Independent Director or not	Number of Board meetings to be attended this year	Attendance at Board meetings				Number of Absence	Attendance rate	Two consecutive Board meetings not attended in person or not	Attendance at general meetings
			No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	No. of general meetings attended/No. of general meetings to be attended				
Li Guanpeng	No	5	5	5	0	0	100%	No	4/5	
Song Dexing	No	5	4	4	1	0	100%	No	4/5	
Song Rong	No	5	3	3	2	0	100%	Yes	4/5	
Su Jian	No	5	2	2	3	0	100%	Yes	4/5	
Xiong Xianliang	No	5	4	4	1	0	100%	No	5/5	
Jiang Jian	No	5	5	5	0	0	100%	No	5/5	
Jerry Hsu	No	5	3	3	2	0	100%	Yes	0/5	
Wang Taiwen	Yes	5	5	5	0	0	100%	No	5/5	
Meng Yan	Yes	5	5	5	0	0	100%	No	4/5	
Song Haiqing	Yes	5	5	5	0	0	100%	No	1/5	
Li Qian	Yes	5	5	5	0	0	100%	No	5/5	

Explanation on non-attendance in person by Directors at two consecutive Board meetings

Applicable Not applicable

Mr. Song Rong did not attend the Board meetings held on 28 October and 23 December 2020 in person due to other business engagement, and authorized other directors as his proxy to attend and vote on his behalf.

Mr. Su Jian did not attend the Board meetings held on 27 August, 28 October and 23 December 2020 in person due to other business engagement, and authorized other directors as his proxy to attend and/or vote on his behalf.

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Mr. Jerry Hsu did not attend the Board meetings held on 28 October and 23 December 2020 in person due to other business engagement, and authorized other directors as his proxy to attend and vote on his behalf.

Number of Board meetings held during the year	5
Including: Number of on-site meetings	0
Number of meetings held by way of telecommunication	5
Number of meetings held in a mixed model	0

(II) Objection to Related Matters of the Company by Independent Directors

Applicable Not applicable

(III) Others

Applicable Not applicable

1. Training of Directors

All Directors of the Company actively participated in continuous professional development to update their knowledge and skills in order to ensure that each of them can contribute to the Board with up-to-date knowledge and meet its needs.

The Company also took various measures to help and support the Directors in continuous professional development. Each new Director has been provided with a set of papers in relation to the duties and responsibilities as a Director. The management of the Company provided relevant information on finance, operations and capital markets and latest regulations of securities regulatory authorities to the Directors on a regular basis so that the Directors can keep up with the operational information of the Company and regulatory requirements. In addition, the Company supported and actively organized the Directors to participate in courses and seminars organized by the Hong Kong Stock Exchange and other professional organizations in relation to the SFO, the SEHK Listing Rules and corporate governance practices in order to update and improve their relevant knowledge and skills. The Company Secretary also provided reading materials on latest amendments to applicable laws and rules and/or held seminars to/for the Directors. During the Reporting Period, based on the New Securities Law, the Listing Rules in Listing Places and other regulations, the Company revised/prepared and provided to the Directors the Compilation of Listing Compliance Obligations and Codes of Conduct of Controlling Shareholders, Actual Controllers, Directors, Supervisors and Senior Management Personnel (2020) (hereinafter referred to as “the Compliance Obligations and Code of Conduct (2020)”) and Compliance Guide for Directors, Supervisors, and Senior Management on Trading Company Shares, which including the duties of Directors and independent Directors, prohibition of insider trading and market manipulation, disclosure of inside information, short-swing tradings, listing compliance obligations for increasing or decreasing holdings of the Company stocks, etc. In addition, the Company organized compliance lawyers and sponsors to conduct compliance training such as inside information for Directors and other relevant personnel to continuously improve Directors’ ability to perform their duties.

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The participation of all current Directors in continuous professional development during the Reporting Period is set out below:

Current Directors	Reading the Compliance Obligations and Code of Conduct (2020) and Compliance Guide for Directors, Supervisors, and Senior Management on Trading Company Shares	Reviewing Updates on Regulations of Securities Regulatory Authorities	Interpretation of compliance requirements by Company Secretary at Board meetings	Training seminars organized by the SEHK, Beijing Office of the CSRC, the SSE and other professional organizations
Li Guanpeng	✓	✓	✓	✓
Song Dexing	✓	✓	✓	✓
Song Rong	✓	✓	✓	✓
Su Jian	✓	✓	✓	✓
Xiong Xianliang	✓	✓	✓	✓
Jiang Jian	✓	✓	✓	✓
Jerry Hsu	✓	✓	✓	✓
Wang Taiwen	✓	✓	✓	✓
Meng Yan	✓	✓	✓	✓
Song Haiqing	✓	✓	✓	✓
Li Qian	✓	✓	✓	✓

VI. SIGNIFICANT OPINIONS AND RECOMMENDATIONS PUT FORWARD BY SPECIAL COMMITTEES UNDER THE BOARD IN THE PERFORMANCE OF THEIR DUTIES DURING THE REPORTING PERIOD, ANY OBJECTION SHALL BE DISCLOSED

✓Applicable □Not applicable

As at 31 December 2020, the Board has four committees, namely the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee. The main duties and rules of procedure of the Strategy Committee, Audit Committee, the Remuneration Committee and the Nomination Committee are published on the websites of the SEHK and the Company, detailing their roles and the authorities delegated from the Board. The committees of the Board report their decisions and suggestions to the Board in the meetings of Board.

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(I) Strategy Committee

On 27 August 2020, the Company held the 21st meeting of the second session Board to rename the Executive Committee to the Strategy Committee and elected non-executive Director Xiong Xianliang and independent non-executive Director Song Haiqing as members of the Strategy Committee. As at 31 December 2020, the Strategy Committee comprised Mr. Li Guanpeng, being the Chairman, Mr. Song Dexing, being the Vice Chairman, Mr. Song Rong, being Executive Director, Xiong Xianliang being the non-executive Director and Song Haiqing being the independent non-executive Director with Mr. Li Guanpeng as the Chairman of the Executive Committee.

Meanwhile, the Company adjusted the responsibilities of the Strategy Committee accordingly, and delegated the management decision-making power of the original Executive Committee to the General Manager's office meeting. Pursuant to the authorization of the Board, the main responsibilities of the Strategy Committee include: conducting studies on the Company's development strategy, medium and long term development plans and major investment decisions and making recommendations on them; establishing the basic strategic framework of the Company; organizing the formulation of medium and long term development plans of the Company, guiding and examining the strategic development plans of major subsidiaries; considering the Company's annual operating plans and investment proposals; researching and making suggestions on the Company's expansion of new markets and new businesses; reviewing the Company's major operation and management systems and plans to improve the Company's operation and management mechanism; other authorizations conferred by the Board, etc.

(II) Audit Committee

The Company has set up the Audit Committee of the Board, which is composed of all the independent non-executive Directors of the Company. As at 31 December 2020, the Audit Committee comprised Mr. Meng Yan, Mr. Wang Taiwen, Mr. Song Haiqing and Ms. Li Qian, being independent non-executive Directors, with Mr. Meng Yan as the Chairman of the Audit Committee. The members of the Audit Committee are professionals in the fields of accounting, finance, law, corporate management and business. The Chairman of the Audit Committee possesses appropriate professional qualifications and experience in finance, and no member is a former partner of the auditor currently appointed by the Company. The Company has been in full compliance with the requirements of Rule 3.21 of the SEHK Listing Rules and Provision C.3.2 of CG Code.

The principal terms of reference of the Company's Audit Committee include supervising and evaluating the work of external audit institutions; guiding the internal audit work; reviewing and making comments on the Company's financial reports; evaluating the effectiveness of financial monitoring, risk management and internal control; coordinating the communication among management, internal audit department and related departments and external audit institutions; reviewing the Company's arrangements for raising concerns on secret misconducts by employees on financial reporting, internal monitoring or other aspects, and ensuring that the Company conducts fair and independent investigations and takes appropriate action in respect of the foregoing; Other matters authorized by the Board of Directors of the Company and other matters set out in the Listing Rules in Listing Places and other relevant laws and regulations. The Company provides adequate resources to the Audit Committee to enable it to perform its duties.

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During the Reporting Period, the Company's Audit Committee held 4 meetings, and mainly reviewed proposals in relation to the regular reports, Audit Report of Internal Control, reappointment of the external auditors for 2020, etc.. For the specific performance of the audit committee, please refer to the 2020 Performance Report of the Audit Committee of the Board disclosed by the Company on the SSE website (www.sse.com.cn).

The Group's annual results for the year ended 31 December 2020 have been reviewed by the Audit Committee.

The attendance rate of the members of the Audit Committee during the term of their office in 2020 is set out below:

Current Members	Attendance Rate in Audit Committee
Mr. Wang Taiwen	100%
Mr. Meng Yan	100%
Mr. Song Haiqing	100%
Ms. Li Qian	100%

(III) Remuneration Committee

The Company has set up the Remuneration Committee of the Board, which is composed of all the independent non-executive Directors of the Company. As at 31 December 2020, the Remuneration Committee comprised Ms. Li Qian, Mr. Wang Taiwen, Mr. Meng Yan and Mr. Song Haiqing, being independent non-executive Directors, and Ms. Li Qian is the Chairman of the Remuneration Committee.

The principal terms of reference of the Company's Remuneration Committee include formulating appraisal standards of the Company's Directors and Senior Management as classified by the Articles of Association, arranging assessment, and developing and reviewing the Company's remuneration policy and structure for all Directors and Senior Management; approving the service contract of the Directors and conducting performance assessment of those Directors and senior management in accordance with the corporate objectives approved by the Board of Directors. The Company has adopted the model described in the Code Provision B.1.2 (c)(ii) of CG Code, i.e. Advise the Board on the remuneration package of individual executive Director and senior management. The Company has provided sufficient resources for the Remuneration Committee to perform its duties.

The Remuneration Committee held one meeting during the Reporting Period, and mainly reviewed proposals in relation to the implementation of performance appraisal of senior management of the Company for 2019, the payment of remuneration and revision of share option incentives schemes, etc.. The Remuneration Committee confirmed the norm, method, items and assessment standards of the performance appraisal, and agreed to submit to the Board for approval.

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The attendance rate of the members of the Remuneration Committee during the term of their office in 2020 is set out below:

Current Members	Attendance Rate in Remuneration Committee
Mr. Wang Taiwen	100%
Mr. Meng Yan	100%
Mr. Song Haiqing	100%
Ms. Li Qian	100%

(IV) Nomination Committee

The Company has set up the Nomination Committee of the Board, which is composed of the Chairman and all the independent non-executive Directors of the Company. As at 31 December 2020, the Nomination Committee comprised the Chairman Mr. Li Guanpeng, and Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing and Ms. Li Qian, being independent non-executive Directors. Mr. Wang Taiwen is the Chairman of the Nomination Committee.

The principal terms of reference of the Nomination Committee include selecting and advising on the candidates, selecting standards and procedures of the Directors, general manager and other senior management of the Company set forth in the Articles of Association, and assessing the independence of independent Directors, etc. The Company has provided sufficient resources for the Nomination Committee to perform its duties.

To meet the latest regulatory requirements and as the criteria of supervision and assessment of the diversity of the composition of the Board, the Rules of Procedure of the Nomination Committee of the Board clearly set out the policies for the diversity of the composition of the Board and the nomination of Directors. In assessing the diversity of the Board composition, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural background, educational background, races, professional qualifications, experience, skills, knowledge and length of service. Policies on the nomination of Directors are as follows: 1. The Nomination Committee shall conduct researches on the demands of the Company on the Directors and form written materials, other departments shall cooperate with the Nomination Committee; 2. seek candidates in or outside the Company; 3. collect basic information of candidates and form written materials; 4. ask for opinions of the candidates towards the nomination; 5. convene meeting of the Nomination Committee to review the qualification of candidates; 6. advise the Board on the selection of candidates and provide relevant materials; 7. carry out follow-up work based on the Board's resolutions and feedback.

In practice, the Company has been adhering to the principle of diversity of the Board of Directors. In forming the diversified perspectives, the Company will also consider its own business model and specific needs from time to time. All Board members' appointments will be based on merits and each candidate is considered with objective criteria. During the Reporting Period, the Nomination Committee of the Company convened one meeting which considered and approved the resolution in relation to the re-election of two executive Directors.

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The attendance rate of the members of the Nomination Committee during the term of their office in 2020 is set out below:

Current Members	Attendance Rate in Nomination Committee
Mr. Li Guanpeng	100%
Mr. Wang Taiwen	100%
Mr. Meng Yan	100%
Mr. Song Haiqing	100%
Ms. Li Qian	100%

VII. SUPERVISORY COMMITTEE

On 25 September 2020, Ms. Ren Dongxiao, the former staff representative Supervisor, resigned as a supervisor due to retirement; on the same day, the Company convened a staff representative meeting to elect Mr. Wang Shengyun as the staff representative Supervisor of the Company. As at 31 December 2020, the Supervisory Committee comprised one shareholder supervisor, two independent supervisors and two staff-representative supervisors, namely Mr. Liu Yingjie, Mr. Zhou Fangsheng, Mr. Fan Zhaoping, Ms. Mao Zheng and Mr. Wang Shengyun, with Mr. Liu Yingjie acting as the chairman of the Supervisory Committee.

The Supervisory Committee shall be responsible to the general meeting and is a permanent supervisory body of the Company. The Supervisory Committee is responsible for reviewing the financial affairs, supervising the Board and its members as well as the senior management, so as to safeguard the interests of the Company and its shareholders. The Supervisors examined the Company's financial situation, legal compliance of its operations and the performance of duties by its senior management through convening meetings of the Supervisory Committee, attending the meetings of the Board, and undertaking investigation and checking on the site of subsidiaries. Each Supervisor undertook various duties in a proactive manner with diligence, prudence and integrity.

During the Reporting Period, the Supervisory Committee of the Company convened four meetings, approving 13 proposals in relation to matters including the regular report, the report of the Supervisory Committee, the final financial account report, reappointment of auditor, the internal control evaluation report, and the revision of share option incentive scheme and signed the written confirmation of the periodic reports.

The Supervisory Committee is of the opinion that the Company had a normal and disciplined operation and the Directors and the senior management had observed the laws and regulations as well as the Articles of Association of the Company in performing their duties, and that the information included in the annual results for the year ended 31 December 2020 truly reflected the operating result and financial position of the Company for 2020. All Supervisors signed the written confirmation of the 2020 Annual Report.

VIII. EXPLANATION ON EXISTENCE OF RISKS DISCOVERED BY THE SUPERVISORY COMMITTEE

Applicable Not applicable

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IX. INABILITY OF THE COMPANY TO ENSURE ITS CAPACITY OF INDEPENDENT OPERATION IN TERMS OF BUSINESS, PERSONNEL, ASSETS, ORGANIZATION AND FINANCE FROM ITS CONTROLLING SHAREHOLDERS

Applicable Not applicable

In case of peer competition, solutions, progress and follow-up plans of the Company

Applicable Not applicable

Sinotrans & CSC, our controlling shareholder, and our actual controller, China Merchants, have made statements and commitments to avoid peer competition in April 2018. For details, please refer to “II. PERFORMANCE OF COMMITMENTS” in “Chapter 6 Significant Matters” of this report.

The Company has signed the entrusted management agreements with Sinotrans & CSC since 2014. On 6 May 2019, the Company renewed the new entrusted management agreement with Sinotrans & CSC to effectively avoid potential peer competition between related parties and the Company by managing entrusted companies. For details, please refer to the relevant announcements dated 25 March 2019 and 6 May 2019 published by the Company on the websites of the SSE (www.sse.com.cn) and the Hong Kong Stock Exchange (www.hkex.com.hk).

X. ESTABLISHMENT AND IMPLEMENTATION OF APPRAISAL MECHANISM AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Applicable Not applicable

The Company sets key performance, strategy and other assessment indicators for senior management, and the results of assessment are linked to performance bonuses. The Remuneration Committee and the Board of the Company determine the incentive criteria for senior management for the current year according to the relevant performance and salary management measures and the assessment results.

The Company will continue to optimize the remuneration and performance appraisal system, fully mobilize the enthusiasm of the management and professional backbones, and fully communicate with shareholders. When relevant conditions are mature, the Company will continue to study and launch effective long-term incentive plans, improve the Company’s long-term incentive mechanism, attract and retain outstanding talents, and promote the healthy development of the Company and maximize shareholder value.

XI. WHETHER OR NOT TO DISCLOSE THE SELF-ASSESSMENT REPORT OF INTERNAL CONTROL

Applicable Not applicable

The full text of the Report on 2020 Assessment of Internal Control is set out on the website of SSE (www.sse.com.cn).

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Explanation on Significant Deficiencies in Internal Control During the Reporting Period

Applicable Not applicable

XII. INFORMATION ON AUDIT REPORT OF INTERNAL CONTROL

Applicable Not applicable

ShineWing Certified Public Accountants LLP has audited the effectiveness of internal control in the 2020 financial report of the Company and issued standard unqualified opinions. For details, please refer to the 2020 Audit Report of Internal Control disclosed on the website of SSE (www.sse.com.cn) by the Company.

Whether or not to disclose the audit report of internal control: Yes

XIII. OTHERS

Applicable Not applicable

(I) Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and Supervisors of the Company.

The Directors and Supervisors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code in the Reporting Period.

(II) Auditor's Remuneration

According to the relevant regulations issued by the SASAC in respect of the term of service of the external auditor continuously appointed by the state-owned enterprises and its subsidiaries, the Company ceased to appoint Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants LLP as the international and the PRC auditors of the Company for 2018, as approved at the 2017 annual general meeting of the Company held on 31 May 2018. ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited were appointed as the PRC and international auditors of the Company for 2018.

Upon the consideration and approval of 2018 annual general meeting of the Company held on 5 June 2019, the Company reappointed ShineWing Certified Public Accountants LLP as the auditor of the Company to audit its 2019 financial report and internal control, and ceased to appoint SHINEWING (HK) CPA Limited as its international auditor.

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On 1 June 2020, the 2019 annual general meeting was convened, at which the proposal in relation to the re-appoint of external auditors for 2020 was considered and approved, which agreed to re-appoint SHINEWING Certified Public Accountants LLP as the auditors of the Company for financial reports and internal control for the year 2020, with a term of office until the conclusion of the 2020 annual general meeting of the Company. The total audit fee is RMB9.7 million, among which the audit fees for financial reports and internal control are RMB8.2 million and RMB1.5 million, respectively. In addition, due to the acquisition of KLG Group, the scope of the consolidated statement in 2020 has changed, which increased the annual audit fee by RMB400,000.

For the year ended 31 December 2020, audit fees amounted to RMB10.1 million (RMB9.53 million excluding tax). The audit fees mainly include audit of annual financial report, review of interim financial report and audit of internal control. Other non-audit service fees amounted to RMB2.82 million (excluding tax). Other non-audit service fees mainly include due diligence services for overseas acquisitions, auditor's letter on continuing connected transactions under the SEHK Listing Rules, performance of agreed-upon procedures regarding preliminary announcements of annual results and so on.

(III) Company Secretary

The Company Secretary, Mr. Li Shichu, has long been engaged in listed company governance and other related work, and has the related professional knowledge and experience. In 2020, Mr. Li Shichu has completed the relevant professional training for more than 15 hours.

(IV) Amendments to the Articles of Association

On 1 June 2020, the Company convened the 2020 first extraordinary general meeting, the 2020 first A shareholders' class meeting, and the 2020 first H shareholders' class meeting, which considered and approved the Resolution on Amendments to Articles of Association, to amend the deadline of general meeting notice, description on the committees of the Board in Articles of Association and to add the legal construction contents. For details, please refer to the general meeting materials and the circular dated 17 April 2020 on the website of SSE (www.sse.com.cn) and the website of Hong Kong Stock Exchange (www.hkex.com.hk) published by the Company.

(V) Financial Report, Risk Management and Internal Control

The Company has a well-designed organizational structure which clearly specifies the duties for each department. The Board has authorized the management to establish a series of policies, rules and processes in relation to financial management, operation and legal compliance, which are being monitored on a routine basis for ongoing improvements. The Board ensures the adequacy of resources in accounting, internal audit and financial reporting, and staff having rich qualifications and experience. The Board also ensures that there is enough training programs budget for staff to get related training courses and periodically reviews matters such as risk management, internal control, and financial control.

Chapter 10 Corporate Governance (Corporate Governance Report)

1. *Financial report*

The Company allocates adequate resources to accounting and financial reporting functions, and the relevant staff has rich qualifications and experience. The Company has established a comprehensive accounting management system to provide the management with financial information and indicators for accurate and full assessment of the Company's financial position and operating performance, as well as any financial information for disclosure. Management provides financial information and the operation conditions to the Directors on a regular basis, to make the Directors aware of the latest situation of the Company. Directors acknowledge their responsibility for preparing the accounts. In particular, the Board and the Audit Committee monitor the preparation of the accounts for each financial period, ensuring accounts of the Company truly and fairly reflect the business situation, financial performance and cash flow position of the Company during the period. At the same time, external auditors also make a declaration to their reporting responsibilities and obligations in the auditor's report of the financial report.

2. *Risk management and internal monitoring system*

The Company has established a comprehensive risk management and internal control system in order to provide a reasonable assurance for the legality and compliance of operation and management, safety of assets, accuracy and integrity of financial reports and related information, improvement of operating efficiency and effectiveness, and realization of development strategies, to protect the interests of investors and the Company's assets and create new value. The Board aims to manage rather than eliminate the risk of failing to achieve business goals, and only provides reasonable rather than absolute assurance that the Company will not have material misstatement or loss due to failure in risk management and internal control. The Board is responsible to the system and oversees the system on a going basis, ensures that a review of the effectiveness of the Company's and its subsidiaries' risk management and internal control systems has been conducted at least annually through the Audit Committee and disclose the internal control evaluation report truthfully. During Reporting Period, the management of the Company has confirmed the effectiveness and adequacy of the overall risk management and internal control system and internal audit function. And the Audit Committee and the Board have reviewed and ensured the effectiveness of the Company's and its subsidiaries' risk management and internal control system.

The Company has optimized its risk management functions. The headquarter and all secondary units have established risk management organizations to achieve centralized management of responsibilities including risk management, internal control, internal audit, legal compliance and comprehensive quality management system. At the same time, the Company set up three lines of defense with clear main responsibilities of each line including organization and coordination, professional control, risk decision-making, as well as independent supervision and evaluation, integrating "risk, internal control, compliance and accountability" as a four-in-one significant risk control system.

Chapter 10

Corporate Governance (Corporate Governance Report)

Based on ISO9001:2015, ISO14001:2015 and ISO45001:2018 standards, the Company has established a comprehensive management system including quality management, environmental management, and occupational health and safety management, which not only regulates the Company's basic management activities and work processes, but also provides practical operating standards for freight forwarding and shipping agency business and improves market competitiveness. In 2020, internal audits were conducted on the compliance, adequacy and effectiveness of the Company's comprehensive management system which also passed external audits. Major projects including finance, operations and compliance were monitored, covering various key tasks within the system, based on documents about the Company's comprehensive management system, relevant laws, regulations and contracts.

3. Identification, evaluation and management of significant risks

Based on current management status and external environment, the Company updates and improves the risk database every year, evaluates and determines the Company's top ten key risks, and regularly tracks risk factors and the implementation of response plans and measures, to ensure that various measures are effectively implemented. In 2020, based on the impact of the Pandemic, the economic situation and the annual business plan, the Company activated a special risk assessment to assess Pandemic risks, liquidity risks, product design risks, IT risks and foreign-related risks qualitatively and quantitatively, and established an emergency plan. In addition, the Company attached importance to the review and summary of previous risk events, used digital methods to establish 12 basic risk early-warning models under five types of risk scenarios, and initially completed digital early-warning work. In addition, the Company collected and identified operational risks in specific business segments through interview with the Company's management, and worked out a core risk list. With the joint participation of the headquarter and subsidiaries, the risk scoring and ranking have been completed based on online risk assessment questionnaires. According to the assessment results, the Company listed out ten significant risks in 2021 and effectively identified internal and external environments, which is helpful to decide the main direction and response strategies for risk management in the next step.

4. Internal control evaluation and internal audit

In response to the requirements of SASAC on central enterprises, the Company has completed the full-coverage construction of internal control system. In 2020, the Company focused on the in-depth integration of internal control and business, strengthened the evaluation and supervision of internal control implementation, and carried out internal control evaluation and inspections on key businesses and risks, including the impact assessment and tracking of the Pandemic, special inspections on bulk commodities, and internal control evaluation on the circulation among procurement, investment and sales. No material managing defects were found in the construction and implementation of the existing internal control system in the evaluation.

Chapter 10 Corporate Governance (Corporate Governance Report)

The Company has set up a department with internal audit functions and established the Internal Audit Management System. In accordance with the requirements of the Company's management, independent, objective and systematic methods were used based on risk assessment results to supervise, evaluate and inspect the adequacy and effectiveness of control activities, including the Company's governance, operations and information system. In terms of specific inspection, with in-depth involvement in business processes and management links, we focused on financial management and accounting, as well as on inspecting the development of high-risk businesses. Audit results will be reported to the management and the Audit Committee of the Company.

5. *The processing and release of inside information and internal monitoring*

With respect to the monitoring and disclosure of inside information, the Company has formulated the Administration Policies on Information Disclosure of Sinotrans Limited, the Administration Policies on Insiders of Inside Information of Sinotrans Limited (In August 2020, the Company has revised in accordance with the New Securities Law and relevant regulations of the SSE) and Administration Policies on Delay and Exemption of Disclosure of Inside Information of Sinotrans Limited in accordance with the requirements of the SFO and the Listing Rules in Listing Places, with an aim to ensure that the insiders abide by the confidentiality requirement and fulfill the disclosure obligation of the inside information. During the Reporting Period, the Company strengthened the training of inside information and strict registration and management of insider information in accordance with the requirements of the rules. There is no insider trading before the disclosure of material and sensitive information related to stock prices, or situation of being punished by the supervisory authority.

Chapter 11

Corporate Bonds

Applicable Not applicable

I. BASIC INFORMATION ON CORPORATE BONDS

Unit: hundred million Yuan Currency: RMB

Name of bond	Short name	Code	Date of issuance	Maturity date	Balance of bond	Interest rate (%)	Manner of payment of principal and interest	Transaction site
Sinotrans Limited 2016 Corporate Bond (First Tranche)	16 SINOTRANS 01	136248	2 March 2016	2 March 2021	20	3.20	Annual interest, no compound interest, repayment of principal upon maturity	SSE
Sinotrans Limited 2016 Corporate Bond (Second Tranche)	16 SINOTRANS 03	136654	24 August 2016	24 August 2021	13.5	2.94 (24 August 2016 – 23 August 2019); 3.70 (24 August 2019 – 23 August 2021)	Annual interest, no compound interest, repayment of principal upon maturity	SSE

Investor Suitability Arrangements: “16 Sinotrans 01” and “16 Sinotrans 03” are bonds traded to qualified investors.

Interest payment of corporate bonds

Applicable Not applicable

The Company paid the interest of RMB64 million on the “16 Sinotrans 01” corporate bonds on 2 March 2020, and has redeemed the principal of the “16 Sinotrans 01” corporate bond of RMB2 billion and paid the interest of RMB64 million on 2 March 2021. The Company paid the interest of RMB49.95 million on the 16 Sinotrans 03 corporate bonds on 24 August 2020. For details, please refer to the relevant announcements disclosed by the Company on the SSE website (www.sse.com.cn).

Other information on corporate bonds

Applicable Not applicable

II. CONTACT PERSON AND CONTACT METHOD OF BOND TRUSTEE AND CONTACT INFORMATION OF CREDIT RATING AGENCIES

Bonds trustee	Name	BOCI Securities Limited
	Address	No. 110, Xidan North Avenue, Xicheng District, Beijing
	Contact Person	He Yinhui, Zhou Yuqing
	Telephone	010-66229138
Credit rating agency	Name	Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.
	Address	14FL, Huasheng Building, No.398 Hankou Rd, Huangpu District, Shanghai

Other explanations:

Applicable Not applicable

Chapter 11 Corporate Bonds

III. USE OF PROCEEDS FROM CORPORATE BONDS

Applicable Not applicable

Upon receipt of the proceeds, the Company has transferred the proceeds from the special account to its own fund account. To use such fund, the Company exercised the related approval procedure of fund expend, and strictly followed the purposes of proceeds agreed in the prospectus, which mainly included the port charges and related fees, supplier payment, storage fees and other paying in relation to the daily operation. There is no exception situations, and the closing balance of the proceeds is 0 currently.

IV. RATING OF CORPORATE BONDS

Applicable Not applicable

Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. has given a credit rating of AAA on the issuer in relation to the corporate bonds, demonstrating that the issuer has a strong ability to repay its debts and is basically not affected by the adverse economic environment, with low level of default risk; and the current debt rating of the corporate bonds “16 Sinotrans 01” and “16 Sinotrans 03” is AAA, demonstrating that the bonds have strong creditworthiness and security to be repaid, and is basically not affected by the adverse economic environment, with low level of default risk. The rating is dated 26 May 2020 and the rating outlook is stable, with no changes as compared to last rating results. The Company has disclosed the Rating Report on Sinotrans Limited and Corporate Bonds “16 Sinotrans 01” and “16 Sinotrans 03” issued by Sinotrans Limited on the website of the SSE.

V. CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT PLAN AND OTHER RELEVANT INFORMATION OF CORPORATE BONDS DURING REPORTING PERIOD

Applicable Not applicable

After the issuance of the Corporate Bonds, the Company will further strengthen the management of assets and liabilities, liquidity management and the management of the use of proceeds according to the debt structure, ensure that the funds are used as planned, and timely and fully prepare the funds for the annual interest payment and principal repayment upon maturity, so as to fully protect the interests of investors.

In order to fully and effectively protect the interests of bondholders, the Company has formulated a series of work plans for the timely and full repayment of corporate bonds, including formulating the Rules for Bondholders’ Meetings, giving full play to the role of bond trustee manager, setting up a special repayment working group, strictly fulfilling the information disclosure obligations and the Company’s commitments, etc., striving to form a set of guarantee measures to ensure the safe payment of interest and redemption of bonds.

During the Reporting Period, the debt repayment plan and other debt repayment supporting measures have not been changed and are implemented normally, which is in line with the relevant undertakings in the prospectus.

Chapter 11 Corporate Bonds

VI. CONVENING OF CORPORATE BOND HOLDERS' MEETING

Applicable Not applicable

VII. PERFORMANCE OF CORPORATE BONDS TRUSTEE MANAGER

Applicable Not applicable

During the term of the corporate bonds, BOCI Securities Limited ("BOCI Securities"), the bonds trustee manager, strictly complied with the stipulations in the Bonds Trustee Management Agreement to continuously track the Company's credit status, management and use of proceeds, repayment of principal and interest of the corporate bonds, and urge the Company to perform its obligations as stipulated in the prospectus of the corporate bonds. It has actively exercised the duties of the trustee manager and safeguarded the legitimate rights and interests of the bondholders.

The entrusted management for corporate bonds of Sinotrans Limited in 2019 by BOCI Securities was disclosed on the website of the SSE in June 2020.

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY FOR THE LAST TWO YEARS AS AT THE END OF THE REPORTING PERIOD

Applicable Not applicable

Unit: hundred million Currency: RMB

Main indicators	2020	Year 2019	Increase/ decrease over the corresponding period of last year (%)
Earnings before interest, taxes, depreciation and amortization	60.78	58.17	4.48
Current ratio	1.16	1.25	-7.20
Quick ratio	1.16	1.25	-7.20
Debt asset ratio (%)	51.00	51.11	Decreased by 0.11 percentage point
Debt/EBITDA ratio	0.41	0.46	-11.76
Interest coverage ratio	8.27	6.39	29.31
Cash interest coverage ratio	13.29	8.39	58.41
EBITDA interest coverage ratio	12.59	9.93	26.79
Loan repayment ratio (%)	100.00	100.00	0
Interest payment ratio (%)	100.00	100.00	0

Note: Cash interest coverage ratio increased by 58.41% year-on-year mainly due to the significant decrease in cash paid for interest repayment this year compared to the same period of last year.

Chapter 11 Corporate Bonds

IX. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Applicable Not applicable

On 11 December 2019, the Company received the accepted registration notice of the National Association of Financial Market for the Company's RMB ABN, whose registered amount was RMB5 billion, and the registration limit is valid for 2 years. So far, the Company's has issued 2019 and 2020 First tranche of RMB ABN. The details are as follows:

- (1) On 19 December 2019, the Company issued "Sinotrans Limited 2019 First Tranche of RMB ABN for Accounts Receivable" in the inter-bank market. The issuance size was RMB1.1 billion. During the Reporting Period, the products have been due and have been fully redeemed.

Unit: hundred million Currency: RMB

Type	Abbreviation of bonds	Issuance size	Term of issuance	Subject/Debt Rating	Coupon rate
ABN	19 Sinotrans ABN001 Priority Products	10.45	0.52 years	AAA	3.45%
ABN	19 Sinotrans ABN001 Subordinated Products	0.55	0.52 years	–	–

- (2) On 18 December 2020, the Company issued "Sinotrans Limited 2020 First Tranche of RMB ABN for Accounts Receivable" in the inter-bank market. The issuance size was RMB500 million. As of the date of this report, the Company has completed the redemption of priority products on 22 March 2021, and the subordinated products have not been due yet.

Unit: hundred million Currency: RMB

Type	Abbreviation of bonds	Issuance size	Term of issuance	Subject/Debt Rating	Coupon rate
ABN	20 Sinotrans ABN001 Priority Products	4.75	0.25 years	AAA	3.60%
ABN	20 Sinotrans ABN001 Subordinated Products	0.25	0.50 years	–	–

X. BANK CREDIT OF THE COMPANY DURING THE REPORTING PERIOD

Applicable Not applicable

As at 31 December 2020, the Company has obtained a total of 30.267 billion (equivalent to RMB) of credit facilities, of which RMB10.565 billion has been utilized. The bank loans involved have been repaid on time.

Chapter 11 Corporate Bonds

XI. PERFORMANCE OF RELEVANT AGREEMENTS OR UNDERTAKINGS IN THE PROSPECTUS OF CORPORATE BONDS BY THE COMPANY DURING THE REPORTING PERIOD

Applicable Not applicable

XII. SIGNIFICANT MATTERS OF THE COMPANY AND THEIR IMPACT ON THE OPERATION AND SOLVENCY OF THE COMPANY

Applicable Not applicable



Chapter 12

Financial Report

AUDITOR'S REPORT

XYZH/2021BJAA50297

To all shareholders of Sinotrans Limited:

1. OPINION

We have audited the financial statements of Sinotrans Limited (hereinafter referred to as Sinotrans), which comprise the consolidated and the Company's statement of financial position as at 31 December 2020, the consolidated and the Company's statement of profit or loss and other comprehensive income, the consolidated and the Company's statement of cash flows, the consolidated and the Company's statements of changes in shareholders' equity for the year 2020, and the related notes to the financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the consolidated and the Company's financial position of Sinotrans as at 31 December 2020, and the consolidated and the Company's results of operations and cash flows for the year 2020, prepared in accordance with Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Sinotrans in accordance with the Code of Ethics for Chinese Certified Public Accountants, and we have fulfilled our other ethical responsibilities of the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, we consider to be most significant to the audit of the financial statements for the year. These matters are addressed in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters individually.

Chapter 12

Financial Report

3. KEY AUDIT MATTERS (CONTINUED)

Goodwill impairment

Key Audit Matters

As at 31 December 2020, the carrying amount of goodwill in Sinotrans' consolidated financial statements was RMB2,278,747,212.67 (Note IX. 21), which mainly included seven companies, including KLG EUROPE EERSEL B.V., acquired on 1 January 2020 (Note VIII.3). Management is required to test goodwill for impairment annually. In performing the goodwill impairment test, management determines whether an impairment loss needs to be recognised by comparing the recoverable amount of the relevant asset group to which goodwill has been allocated with the carrying amount of that asset group and goodwill. Predicting the recoverable amount of the relevant asset group involves forecasting the present value of future cash flows of the asset group, which requires management to make significant assumptions and judgments and may result in management bias, particularly with respect to the growth rate, profitability, discount rate, and the delineation of the forecast period from the stabilization period. Because of the complexity of the goodwill impairment testing process, which also involves significant assumptions and judgments by management, we consider goodwill impairment as a key audit matter in our audit.

Response in Audit

The audit procedures we performed included, but not limited to:

1. understanding, assessing and testing management's key internal controls relevant to goodwill impairment testing;
2. evaluating the independence, professional competence, and objectivity of the external evaluators engaged by management;
3. Obtain an evaluate report from an external evaluator engaged by management for the purpose of goodwill impairment testing;
 - (1) Review the reasonableness of management's classification of the group of assets comprising goodwill, whether there have been changes since the date of acquisition or since the previous goodwill impairment test, and the reasonableness thereof;
 - (2) Assessing the appropriateness of the appraisal methodology used by management and external appraisers with reference to industry practice;
 - (3) Compare the actual operating performance of the relevant asset group for the current year with forecast information for prior years to evaluate the accuracy of past management's forecasts and ask management the reasons for any significant differences identified, and consider whether the relevant factors are adjusted in the current year's goodwill impairment test;
 - (4) Reviewing the reasonableness of future operating budgets formulated and approved by management, taking into account the understanding of the relevant industry and macroeconomic situation and the relevant business plans formulated by management;
 - (5) Evaluate the reasonableness of the key assumptions and judgments used by management in performing the goodwill impairment test and the changes in key assumptions and judgments since the date of acquisition or the previous goodwill impairment test;
 - (6) Review the accuracy of the relevant calculation process.
4. Review the adequacy of relevant disclosures in the financial statements.

Chapter 12 Financial Report

4. OTHER INFORMATION

Sinotrans management (hereinafter referred to as the Management) is responsible for other information. Other information includes the information covered in Sinotrans' 2020 Annual Report, but excludes the financial statements and our auditor's report.

Our audit opinion on the financial statements does not cover other information, and we do not express an assurance conclusion of any kind on other information.

In conjunction with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with, or appears to be materially misstated in, the financial statements or what we have learned during the audit.

Based on the work we have performed, if we determine that other information is materially misstated, we should report that fact. We do not have any matters to report in this regard.

5. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Management shall be responsible for the preparation of financial statements in accordance with the Accounting Standards for Business Enterprises to enable them to be fairly reflected and to design, implement and maintain the necessary internal controls so that there is no material misstatement due to fraud or error in the financial statements.

In the preparation of the financial statements, the Management is responsible for assessing Sinotrans's continuing operating capacity, disclosing matters relating to continuing operations (if applicable) and applying the continuing operating assumptions unless the Management plans to liquidate Sinotrans, cease to operate or otherwise Realistic choice.

The governance is responsible for overseeing the financial reporting process of Sinotrans.

Chapter 12

Financial Report

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are generally considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

Duration of audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. We also carry out the following works:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our audit. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Sinotrans's ability to continue as a going concern. If we conclude that a material uncertainty exists, according to the auditing standards, we are required to draw the attention of statement users to the relevant disclosures in the financial statements in our audit reports or, if such disclosures are inadequate, we should express a non-unqualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Sinotrans to cease.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and also whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence about the financial information of the entities or operations in Sinotrans to express an audit opinion on the financial statements. We are responsible for directing, supervising and performing the group audit and accept full responsibility for the audit opinion.

Chapter 12 Financial Report

6. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings etc., including any significant deficiencies in internal control that we identify during our audit.

We also provide a statement to governance regarding compliance with ethical requirements related to independence and communicate with governance about all relationships and other matters that could reasonably be perceived to affect our independence, as well as related precautions (if applicable).

From the matters communicated with governance, we determined which matters were most significant to the audit of the current year's financial statements and therefore constitute critical audit matters. We describe these matters in our audit report, except in those cases where public disclosure of such matters is prohibited by law or regulation, or in those rare cases where we determine that a matter should not be communicated in our audit report if we reasonably expect that the negative consequences of communicating the matter in our audit report would outweigh the benefits in the public interest.

**ShineWing Certified Public
Accountants LLP**

Chinese Certified Public
Accountant: Dong Qinchuan

(Engagement
partner)

Chinese Certified Public
Accountant: Yang Xingfang

Beijing, China

30 March 2021

Chapter 12

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2020	31 December 2019
Current assets			
Cash and bank balances	IX.1	11,369,322,581.85	10,478,109,411.27
Held-for-trading financial assets	IX.2	303,292,565.44	5,641,228.80
Derivative financial assets			
Bills receivable	IX.3	50,643,103.40	18,389,129.53
Accounts receivable	IX.4	11,020,529,018.23	10,115,397,799.95
Receivables financing	IX.5	577,786,410.97	600,596,569.69
Prepayments	IX.6	2,708,263,877.18	2,246,810,991.95
Other receivables	IX.7	1,593,167,531.67	1,638,912,324.16
Including: Dividend receivables	IX.7	44,020,348.80	53,247,750.69
Inventories	IX.8	81,759,661.09	125,293,322.01
Including: Raw materials	IX.8	29,011,779.44	32,116,251.48
Finished goods	IX.8	38,479,091.01	72,872,532.03
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	IX.9	12,325,000.00	12,085,000.00
Other current assets	IX.10	540,085,070.29	626,324,241.77
Total current assets		28,257,174,820.12	25,867,560,019.13
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	IX.11	63,372,794.47	102,637,410.37
Long-term equity investments	IX.12	7,751,580,775.52	9,368,359,302.17
Other equity instrument investments	IX.13	21,605,631.53	256,540,744.93
Other non-current financial assets	IX.14	871,156,840.33	692,424,249.35
Investment properties	IX.15	2,204,247,204.69	2,384,160,216.45
Fixed assets	IX.16	12,442,176,585.16	12,481,461,521.27
Including: Original value of fixed assets	IX.16	20,530,548,181.93	20,025,479,317.25
Accumulated depreciation	IX.16	8,065,475,001.23	7,517,818,214.79
Provision for impairment of fixed assets	IX.16	23,009,285.22	26,365,145.30
Construction in progress	IX.17	2,678,713,748.77	2,154,496,943.35
Right-of-use assets	IX.18	2,288,566,739.29	1,990,676,405.63
Intangible assets	IX.19	6,134,410,069.01	5,693,860,758.37
Development expenditure	IX.20	131,900,907.13	81,415,404.91
Goodwill	IX.21	2,278,747,212.67	172,612,157.55
Long-term prepaid expense	IX.22	208,284,268.95	220,746,710.04
Deferred tax assets	IX.23	227,816,029.93	213,311,393.86
Other non-current assets	IX.24	258,945,064.36	225,023,784.54
Total non-current assets		37,561,523,871.81	36,037,727,002.79
Total assets		65,818,698,691.93	61,905,287,021.92

The notes form an integral part of the financial statements

The financial statements are signed by the following persons-in-charge:

Li Guanpeng

Person-in-charge of the Company

Wang Jiuyun

Person-in-charge for
Accounting work

Mai Lina

Person-in-charge of
Accounting Department

Chapter 12

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2020	31 December 2019
Current liabilities			
Short-term borrowings	IX.27	502,472,110.58	1,202,384,395.00
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	IX.28	25,717,690.68	
Accounts payable	IX.29	10,691,734,667.49	9,147,091,657.72
Advances from customers			
Contract liabilities	IX.30	2,787,963,766.90	2,608,391,207.64
Employee remuneration payable	IX.31	1,658,444,322.93	1,590,238,781.80
Including: Wages payable	IX.31	1,449,280,516.71	1,380,521,394.34
Welfare payable	IX.31	550,903.92	3,103,605.13
# Including: Employee bonus and welfare fund			
Taxes and dues payable	IX.32	482,450,266.69	344,761,044.08
Including: Taxes payable	IX.32	469,651,680.17	330,454,528.60
Other payables	IX.33	1,681,611,338.42	2,326,954,589.71
Including: Dividends payable	IX.33	50,028,253.71	47,911,902.30
Held-for-sale liabilities			-
Non-current liabilities due within one year	IX.34	6,251,548,647.08	3,268,689,764.93
Other current liabilities	IX.35	205,522,931.03	177,858,416.72
Total current liabilities		24,287,465,741.80	20,666,369,857.60
Non-current liabilities			
Long-term borrowings	IX.36	6,256,458,851.14	5,026,139,244.02
Bonds payable	IX.37		3,419,486,443.79
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	IX.38	1,800,066,318.62	1,519,924,346.73
Long-term payables	IX.39	196,455,630.50	197,265,698.20
Long-term employee remuneration payable	IX.40	2,681,752.27	2,927,039.77
Estimated liabilities	IX.41	231,187,267.06	269,495,938.63
Deferred income	IX.42	416,551,170.88	383,338,591.29
Deferred tax liabilities	IX.23	180,703,468.18	84,305,482.60
Other non-current liabilities	IX.43	196,349,994.80	71,319,466.31
Total non-current liabilities		9,280,454,453.45	10,974,202,251.34
Total liabilities		33,567,920,195.25	31,640,572,108.94

Chapter 12

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2020	31 December 2019
Shareholders' equity:			
Share capital	IX.44	7,400,803,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	IX.45	6,072,104,617.90	6,083,336,510.86
Less: treasury shares			
Other comprehensive income	IX.67	-112,613,046.75	-157,971,711.23
Including: Translation difference of the			
statements in foreign currency	IX.67	-250,714,569.50	-346,519,139.10
Special reserves	IX.46	69,249,908.68	53,525,153.19
Surplus reserves	IX.47	1,097,484,710.77	899,046,022.99
Including: Statutory surplus reserves	IX.47	1,097,484,710.77	899,046,022.99
Discretionary surplus reserves			
Retained earnings	IX.48	15,920,974,640.15	14,169,435,971.71
Total equity attributable to shareholders of the Company		30,448,004,705.75	28,448,175,822.52
Non-controlling interests		1,802,773,790.93	1,816,539,090.46
Total shareholders' equity		32,250,778,496.68	30,264,714,912.98
Total liabilities and shareholders' equity		65,818,698,691.93	61,905,287,021.92

The notes form an integral part of the financial statements

Chapter 12

Statement of Financial Position of the Company

Unit: RMB

Item	Note	31 December 2020	31 December 2019
Current assets			
Cash and bank balances	XVII.1	4,656,922,197.24	4,073,217,980.63
Held-for-trading financial assets		302,500,000.00	5,500,000.00
Derivative financial assets			
Bills receivable			2,397,802.00
Accounts receivable	XVII.2	527,834,002.71	923,919,956.37
Receivables financing	XVII.3	1,700,000.00	31,467,958.31
Prepayments		10,398,545.77	42,499,589.99
Other receivables	XVII.4	8,424,750,386.84	9,724,300,157.45
Including: Dividends receivable	XVII.4	46,872,094.63	90,850,271.49
Inventories			
Including: Raw materials			
Finished goods			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		244,007,172.47	474,753,841.96
Other current assets		59,714,021.50	49,001,005.00
Total current assets		14,227,826,326.53	15,327,058,291.71
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	XVII.5	1,599,395,501.60	1,395,344,773.34
Long-term equity investments	XVII.6	19,396,507,240.24	18,235,853,446.45
Other equity instrument investment			
Other non-current financial assets		1,084,330,382.81	901,731,350.32
Investment properties			
Fixed assets		38,540,881.15	37,188,420.62
Including: Original value of fixed assets		124,042,154.19	113,434,233.05
Accumulated depreciation		85,501,273.04	76,245,812.43
Provision for impairment of fixed assets			
Construction in progress		5,176,367.06	9,981,594.87
Right-of-use assets		542,244,825.71	566,551,383.29
Intangible assets		136,720,584.32	110,015,988.57
Development expenditure		124,437,385.89	68,007,661.41
Goodwill			
Long-term prepaid expenses		1,631,376.64	1,452,172.11
Deferred tax assets			
Other non-current assets			
Total non-current assets		22,928,984,545.42	21,326,126,790.98
Total assets		37,156,810,871.95	36,653,185,082.69

The notes form an integral part of the financial statements

Chapter 12

Statement of Financial Position of the Company

Unit: RMB

Item	Note	31 December 2020	31 December 2019
Current liabilities			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		469,833,151.49	465,817,720.54
Advances from customers			
Contract liabilities		21,398,726.09	52,705,643.61
Employee remuneration payables		109,295,977.00	108,608,409.41
Including: Wages payable		83,337,973.11	88,564,582.22
Welfare payable			49,614.66
#Including: Employee bonus and welfare fund			
Taxes and dues payable		11,893,687.34	10,656,185.73
Including: Taxes payable		11,681,483.81	10,438,832.19
Other payables		10,559,092,586.22	10,603,685,432.96
Including: Dividends payable		334,629.85	290,637.89
Held-for-sale liabilities			
Non-current liabilities due within one year		3,437,749,202.11	515,427,269.58
Other current liabilities			
Total current liabilities		14,609,263,330.25	11,756,900,661.83
Non-current liabilities			
Long-term borrowings	XVII.7	109,750,000.00	116,875,000.00
Bonds payable	XVII.8		3,419,486,443.79
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		569,718,133.89	585,032,846.05
Long-term payables			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		679,468,133.89	4,121,394,289.84
Total liabilities		15,288,731,464.14	15,878,294,951.67

Chapter 12

Statement of Financial Position of the Company

Unit: RMB

Item	Note	31 December 2020	31 December 2019
Shareholders' equity:			
Share capital		7,400,803,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve	XVII.9	10,764,008,546.37	10,764,008,546.37
Less: Treasury shares			
Other comprehensive income		-13,438,056.58	-12,970,901.77
Including: Translation difference of the statements in foreign currency		704,660.29	1,171,815.10
Special reserves		3,693,848.35	4,080,696.43
Surplus reserves		1,097,484,710.77	899,046,022.99
Including: Statutory surplus reserves		1,097,484,710.77	899,046,022.99
Discretionary surplus reserves			
Retained earnings	XVII.10	2,615,526,483.90	1,719,921,892.00
Total shareholders' equity		21,868,079,407.81	20,774,890,131.02
Total liabilities and shareholders' equity		37,156,810,871.95	36,653,185,082.69

The notes form an integral part of the financial statements

Chapter 12

Consolidated Statement of Profit or Loss and other Comprehensive Income

Unit: RMB

Item	Note	Year ended 31 December 2020	Year ended 31 December 2019
I. Total income from operations	IX.49	84,536,841,379.12	77,655,104,976.98
Including: Operating income	IX.49	84,536,841,379.12	77,655,104,976.98
II. Total costs of operation		84,089,554,431.90	77,433,865,744.99
Including: Operating costs	IX.49	79,595,940,834.17	73,425,097,330.63
Tax and surcharges	IX.50	177,624,275.34	198,517,465.58
Selling expenses	IX.51	806,339,597.85	851,739,192.62
Administrative expenses	IX.52	2,735,273,675.53	2,596,298,000.77
Research and development expenses	IX.53	149,205,749.71	73,437,937.69
Finance costs	IX.54	625,170,299.30	288,775,817.70
Including: Interest expenses	IX.54	456,902,493.64	565,465,015.50
Interest income	IX.54	148,062,344.53	232,843,664.17
Net exchange loss (income denoted by “-”)	IX.54	295,494,048.79	-65,724,852.33
Add: Other income	IX.55	1,538,727,267.73	1,539,980,908.53
Investment income (loss denoted by “-”)	IX.56	1,572,759,180.03	1,509,628,605.26
Including: Share of results of associates and joint ventures	IX.56	1,567,887,685.14	1,309,598,043.77
Income from derecognition of financial assets at amortised cost (loss denoted by “-”)	IX.56	-5,770,893.99	278,713.15
Hedging income (loss denoted by “-”)			
Gain from changes in fair value (loss denoted by “-”)	IX.57	-30,641,165.51	151.09
Credit loss impairment (loss denoted by “-”)	IX.58	-129,310,491.83	-48,927,202.74
Impairment of assets (loss denoted by “-”)	IX.59	-54,357,851.58	-2,469,698.22
Income from disposal of assets (loss denoted by “-”)	IX.60	35,013,247.97	152,818,956.07
III. Operating profit (loss denoted by “-”)		3,379,477,134.03	3,372,270,951.98
Add: Non-operating income	IX.61	195,541,124.69	153,012,680.49
Including: Government grants	IX.62	58,570,962.40	33,389,469.98
Less: Non-operating expenses	IX.63	39,349,372.12	198,842,060.12
IV. Total profit (total loss denoted by “-”)		3,535,668,886.60	3,326,441,572.35
Less: Income tax expenses	IX.64	663,158,051.36	398,577,436.28
V. Net profit (net loss denoted by “-”)		2,872,510,835.24	2,927,864,136.07
(I) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the Company (net loss denoted by “-”)		2,754,422,810.84	2,804,142,210.57
2. Net profit attributable to non-controlling interests (net loss denoted by “-”)		118,088,024.40	123,721,925.50
(II) Classified by the continuity of operations			
1. Net profit from continuing operations (net loss denoted by “-”)		2,872,510,835.24	2,927,864,136.07
2. Net profit from discontinued operations (net loss denoted by “-”)			

The notes form an integral part of the financial statements

Chapter 12

Consolidated Statement of Profit or Loss and other Comprehensive Income

Item	Note	Unit: RMB	
		Year ended 31 December 2020	Year ended 31 December 2019
VI. Other comprehensive income, net of tax	IX.67	77,530,939.77	95,305,142.09
Other comprehensive income attributable to shareholders of the Company, net of tax		132,571,951.98	117,029,599.06
(I) Other comprehensive income not to be subsequently reclassified to profit or loss		-20,588,075.90	102,081,923.85
1. Amount of change arising from re-measurement of the defined benefit plan			
2. Other comprehensive income not to be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instrument investments		-20,588,075.90	102,081,923.85
4. Changes in fair value attributable to changes in credit risk			
5. Others			
(II) Other comprehensive income to be subsequently reclassified to profit or loss		153,160,027.88	14,947,675.21
1. Other comprehensive income to be reclassified to profit or loss under the equity method		57,355,458.28	34,330,886.67
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets			
4. Credit loss impairment of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the statements in foreign currency		95,804,569.60	-19,383,211.46
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax		-55,041,012.21	-21,724,456.97
VII. Total comprehensive income		2,950,041,775.01	3,023,169,278.16
Total comprehensive income attributable to shareholders of the Company		2,886,994,762.82	2,921,171,809.63
Total comprehensive income attributable to non-controlling interests		63,047,012.19	101,997,468.53
VIII. Earnings per share:			
Basic earnings per share	IX.65	0.37	0.38
Diluted earnings per share	IX.65	0.37	0.38

The notes form an integral part of the financial statements

Chapter 12

Statement of Profit or Loss and other Comprehensive Income of the Company

Unit: RMB

Item	Note	Year ended 31 December 2020	Year ended 31 December 2019
I. Income from operations	XVII.11	2,676,041,486.11	2,245,250,205.67
Less: Operating cost	XVII.11	2,348,844,158.74	1,898,168,727.92
Tax and surcharges		278,794.65	363,122.63
Selling expenses		76,001,771.40	103,767,798.38
Administrative expenses		254,883,714.41	279,776,914.16
Research and development expenses		98,368,829.66	44,885,391.69
Finance costs	XVII.12	48,673,595.10	-427,196.29
Including: Interest expenses	XVII.12	218,151,681.02	286,047,476.73
Interest income	XVII.12	267,876,446.72	266,607,689.45
Net exchange loss (net gain denoted by "-")	XVII.12	96,078,192.31	-23,490,882.03
Add: Other income		1,217,095.71	
Investment income (loss denoted by "-")	XVII.13	2,179,614,613.12	946,437,832.10
Including: Share of result of associates and joint venture	XVII.13	112,065,793.92	57,309,117.59
Income from derecognition of financial assets at amortised cost (loss denoted by "-")	XVII.13	-4,858,415.41	-14,526,454.50
Hedging income (loss denoted by "-")			
Gain from changes in fair value (loss denoted by "-")		-50,481,143.61	
Credit loss impairment (loss denoted by "-")		6,604,963.63	8,748,187.28
Impairment of assets (loss denoted by "-")			
Income from disposal of assets (loss denoted by "-")		97,167.95	-1,364,048.45
II. Operating profits (loss denoted by "-")		1,986,043,318.95	872,537,418.11
Add: Non-operating income		2,306,726.88	1,769,117.93
Including: Government grants			
Less: Non-operating expenses		2,453,819.13	550,858.47
III. Total profit (total loss denoted by "-")		1,985,896,226.70	873,755,677.57
Less: Income tax expenses		1,509,348.94	1,748,552.77
IV. Net profit (net loss denoted by "-")		1,984,386,877.76	872,007,124.80
Net profit from continuing operations (net loss denoted by "-")		1,984,386,877.76	872,007,124.80
Net profit from discontinued operations (net loss denoted by "-")			

Chapter 12

Statement of Profit or Loss and other Comprehensive Income of the Company

Item	Note	Year ended 31 December 2020	Unit: RMB Year ended 31 December 2019
V. Other comprehensive income, net of tax		-467,154.81	254,330.18
(I) Other comprehensive income not to be subsequently reclassified to profit or loss			
1. Amount of change arising from re-measurement of the defined benefit plan			
2. Other comprehensive income not to be reclassified to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investments			
4. Changes in fair value attributable to changes in credit risk			
5. Others			
(II) Other comprehensive income to be subsequently reclassified to profit or loss		-467,154.81	254,330.18
1. Other comprehensive income to be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets			
4. Credit loss impairment of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the statements in foreign currency		-467,154.81	254,330.18
7. Others			
VI. Total comprehensive income		1,983,919,722.95	872,261,454.98

The notes form an integral part of the financial statements

Chapter 12

Consolidated Statement of Cash Flows

Unit: RMB

Item	Note	Year ended 31 December 2020	Year ended 31 December 2019
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		84,211,522,272.17	78,522,588,643.29
Tax rebate received		18,981,939.25	16,065,340.23
Cash received from other operating activities	IX.68	2,258,576,665.71	2,228,712,407.14
Sub-total of cash inflows from operating activities		86,489,080,877.13	80,767,366,390.66
Cash paid for goods and services		73,727,957,693.19	68,352,219,663.02
Cash paid to and on behalf of employees		5,904,252,649.28	5,567,907,323.63
Cash paid for taxes and dues		1,264,281,256.83	1,279,457,222.34
Cash paid for other operating activities	IX.68	1,636,204,262.83	2,245,612,983.57
Sub-total of cash outflows from operating activities		82,532,695,862.13	77,445,197,192.56
Net cash flows from operating activities	IX.68	3,956,385,015.00	3,322,169,198.10
II. Cash flows from investment activities			
Cash received from disposal of investments		257,020,277.61	524,978,128.31
Cash received from investment income		1,065,771,995.44	1,122,466,978.38
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		133,846,535.82	317,335,902.34
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities	IX.68	97,069,049.19	649,912,846.41
Sub-total of cash inflows from investment activities		1,553,707,858.06	2,614,693,855.44
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,813,010,690.90	1,920,802,962.71
Cash paid for investments		247,256,163.41	2,461,566,411.55
Net cash paid for acquisition of subsidiaries and other operating units		530,061,969.55	187,883,512.91
Cash paid for other investment activities	IX.68	305,000,000.00	99,419,217.97
Sub-total of cash outflows from investment activities		2,895,328,823.86	4,669,672,105.14
Net cash flows from investment activities		-1,341,620,965.80	-2,054,978,249.70

Chapter 12

Consolidated Statement of Cash Flows

Item	Note	Year ended 31 December 2020	Unit: RMB Year ended 31 December 2019
III. Cash flows from financing activities:			
Cash received from capital contributions		69,888,252.00	273,067,800.00
Including: Cash received by subsidiaries from capital contributions of non-controlling interests		69,888,252.00	273,067,800.00
Cash received from borrowings		5,704,132,914.07	1,531,124,709.35
Cash received from other financing activities	IX.68	80,878,652.76	
Sub-total of cash inflows from financing activities		5,854,899,818.83	1,804,192,509.35
Cash paid for repayment of debts		5,320,993,681.46	4,905,022,056.81
Cash paid for distribution of dividends or profits or settlement of interest	IX.68	1,403,331,102.15	1,711,536,497.57
Including: Dividends and profits paid by the subsidiaries to non-controlling interests		140,402,942.92	142,469,930.86
Cash paid for other financing activities	IX.68	679,496,202.97	1,523,880,933.14
Sub-total of cash outflows from financing activities		7,403,820,986.58	8,140,439,487.52
Net cash flows from financing activities		-1,548,921,167.75	-6,336,246,978.17
IV. Effect of foreign exchange rate changes		-163,316,490.97	139,350,997.92
V. Net increase in cash and cash equivalents	IX.69	902,526,390.48	-4,929,705,031.85
Add: Balance of cash and cash equivalents at the beginning of the year	IX.69	10,389,909,366.83	15,319,614,398.68
VI. Balance of cash and cash equivalents at the end of the year	IX.69	11,294,435,757.31	10,389,909,366.83

The notes form an integral part of the financial statements

Chapter 12

Statement of Cash Flows of the Company

Unit: RMB

Item	Note	Year ended 31 December 2020	Year ended 31 December 2019
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		2,933,842,514.76	2,247,216,648.29
Tax rebate received			100,000.00
Cash received from other operating activities		237,633,956.92	135,455,150.83
Sub-total of cash inflows from operating activities		3,171,476,471.68	2,382,771,799.12
Cash paid for goods and services		2,288,377,206.59	2,006,680,362.15
Cash paid to and on behalf of employees		253,785,246.65	223,851,394.95
Cash paid for taxes and dues		608,243.65	1,468,293.30
Cash paid for other operating activities		682,672,238.20	170,095,433.91
Sub-total of cash outflows from operating activities		3,225,442,935.09	2,402,095,484.31
Net cash flows from operating activities	XVII.14	-53,966,463.41	-19,323,685.19
II. Cash flow from investment activities:			
Cash received from disposal of investments		5,838,607.47	400,000,000.00
Cash received from investment income		2,134,444,747.27	918,804,100.84
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		534,198.36	4,965,701.21
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities		2,100,596,100.96	593,754,573.82
Sub-total of cash inflows from investment activities		4,241,413,654.06	1,917,524,375.87
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		101,012,276.48	121,077,856.87
Cash paid for investments		1,302,566,119.24	283,847,600.00
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid for other investment activities		718,829,694.49	2,321,117,478.31
Sub-total of cash outflows from investment activities		2,122,408,090.21	2,726,042,935.18
Net cash flows from investment activities		2,119,005,563.85	-808,518,559.31

Chapter 12

Statement of Cash Flows of the Company

Item	Note	Year ended 31 December 2020	Year ended 31 December 2019
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		500,000,000.00	
Cash received from other financing activities		114,859,483.43	6,841,785,733.49
Sub-total of cash inflows from financing activities		614,859,483.43	6,841,785,733.49
Cash paid for repayment of debts		1,007,125,000.00	2,157,125,000.00
Cash paid for distribution of dividends or profits or settlement of interest		1,066,068,197.02	1,200,586,900.19
Cash paid for other financing activities		21,278,331.72	830,294,862.17
Sub-total of cash outflows from financing activities		2,094,471,528.74	4,188,006,762.36
Net cash flows from financing activities		-1,479,612,045.31	2,653,778,971.13
IV. Effect of foreign exchange rate changes		-41,995,331.87	14,647,641.78
V. Net increase in cash and cash equivalents	XVII.14	543,431,723.26	1,840,584,368.41
Add: Balance of cash and cash equivalents at the beginning of the year	XVII.14	4,072,964,005.08	2,232,379,636.67
VI. Balance of cash and cash equivalents at the end of the year	XVII.14	4,616,395,728.34	4,072,964,005.08

The notes form an integral part of the financial statements

Chapter 12

Consolidated Statement of Changes in Equity

Unit: RMB

Items	Year ended 31 December 2020														
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation differences in foreign currency statements in	Special reserve	Surplus reserve	Retained Earnings	Sub-total	Non-controlling interests	Total shareholders' equity
I. Closing balance of the prior year	7,400,803,875.00					6,072,706,510.86		-157,971,711.23	-346,519,139.10	53,520,816.76	889,046,022.99	14,170,510,834.74	28,438,616,352.12	1,812,862,865.33	30,251,479,217.45
Add: changes in accounting policies															
Correction of prior errors															
Others						10,630,000.00				4,333.43	-1,074,863.03	9,559,470.40	3,676,225.13	13,235,695.53	
II. Balance at the beginning of current year	7,400,803,875.00					6,083,336,510.86		-157,971,711.23	-346,519,139.10	53,525,153.19	889,046,022.99	14,169,435,971.71	28,448,175,822.52	1,816,539,090.46	30,264,714,912.98
III. Increases/decreases in current year (decreases denoted by "-")						-11,231,892.96		45,358,664.48	95,804,569.60	15,724,755.49	198,438,887.78	1,751,538,668.44	1,999,828,893.23	-13,765,299.53	1,986,063,683.70
(i) Total comprehensive income								132,571,951.98	95,804,569.60		2,754,422,810.84		2,886,994,762.82	63,047,012.19	2,950,041,775.01
(ii) Capital contributed and reduced by shareholders						-11,231,892.96							-11,231,892.96	64,409,452.00	53,177,559.04
1. Ordinary shares contributed by shareholders															
2. Capital invested by holders of other equity instruments														68,908,252.00	68,908,252.00
3. Amount of share-based payments included in shareholders' equity															
4. Others						-11,231,892.96							-11,231,892.96	-4,498,800.00	-15,730,692.96
(iii) Appropriation and use of special reserve										15,724,755.49			15,724,755.49	1,400,538.65	17,125,294.14
1. Appropriation of special reserve										73,554,372.86			73,554,372.86	4,581,676.65	78,136,049.51
2. Use of special reserve									-57,829,617.37				-57,829,617.37	-3,181,138.00	-61,010,755.37

Chapter 12

Consolidated Statement of Changes in Equity

Unit: RMB

Items	Year ended 31 December 2020														
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained Earnings	Sub-total	Non-controlling interests	Total shareholders' equity
(IV) Profit distribution															
1. Appropriation of surplus reserve															
Including: Statutory reserve fund															
Discretionary reserve fund															
2. Appropriation of general risk provision															
3. Distribution to shareholders															
4. Others															
(V) Internal transfers of shareholders' equity															
1. Capital transferred from capital reserve															
2. Capital transferred from surplus reserve															
3. Recovery of losses by surplus reserve															
4. Transfer of changes in defined benefit plans into retained earnings															
5. Transfer of other comprehensive income into retained earnings															
6. Others															
IV. Balance at the end in current year	7,400,803,875.00					6,072,104,617.90		-112,613,046.75	-250,714,569.50	692,249,908.68	1,097,494,710.77	15,920,974,640.15	30,448,004,705.75	1,802,773,790.83	32,250,778,496.68

The notes form an integral part of the financial statements

Chapter 12

Consolidated Statement of Changes in Equity

Unit: RMB

Items	Other equity instruments				Equity attributable to shareholders of the Company				Sub-total	Non-controlling interests	Total shareholders' equity			
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency				Special reserve	Surplus reserve	Retained Earnings
I. Closing balance of the prior year	6,049,166,644.00				4,124,466,665.68		-275,001,310.29	-327,135,927.64	41,535,205.81	811,845,310.51	12,484,388,855.91	23,236,402,371.62	4,617,038,534.14	27,853,440,905.76
Add: changes in accounting policies											-67,948,139.86	-67,948,139.86	-13,083,943.14	-81,032,083.00
Correction of prior errors														
Others					10,630,000.00				13,426.87		-1,722,018.54	8,921,408.33	3,473,383.62	12,394,801.95
II. Balance at the beginning of current year	6,049,166,644.00				4,135,116,665.68		-275,001,310.29	-327,135,927.64	41,549,632.68	811,845,310.51	12,414,666,697.51	23,177,375,840.09	4,607,427,984.62	27,784,803,824.71
III. Increases/decreases in current year														
(I) Total comprehensive income (decreases denoted by "-")	1,351,637,231.00				1,948,219,845.18		117,029,590.06	-19,393,211.46	11,975,520.51	87,200,712.48	1,754,737,274.20	5,270,800,182.43	-2,730,888,894.16	2,479,911,288.27
(II) Capital contributed and reduced by shareholders											2,804,142,210.57	2,921,171,890.63	101,997,488.63	3,023,169,278.16
1. Ordinary shares contributed by shareholders	1,351,637,231.00				1,948,219,845.18							3,298,857,076.18	-2,749,125,490.62	550,731,585.56
2. Capital invested by holders of other equity instruments														
3. Amount of share-based payments included in shareholders' equity														
4. Others														
(III) Appropriation and use of special reserve														
1. Appropriation of special reserve									11,975,520.51				703,773.62	12,679,294.13
2. Use of special reserve									68,785,209.90			68,785,209.90	2,120,369.20	70,905,579.10
									-56,009,689.39			-56,009,689.39	-1,416,595.58	-58,226,284.97
					2,708,997.39							2,708,997.39		2,708,997.39

Chapter 12

Consolidated Statement of Changes in Equity

Unit: RMB

Items	Equity attributable to shareholders of the Company						Sub-total	Non-controlling interests	Total shareholders' equity		
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Others	Capital reserve					
			Less: treasury shares	comprehensive income	Other difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained Earnings			
(IV) Profit distribution							87,200,712.46	-1,049,404,936.37	-982,204,223.89	-144,464,645.63	-1,106,668,869.53
1. Appropriation of surplus reserve							87,200,712.46	-87,200,712.46			
Including: Statutory reserve fund											
Discretionary reserve fund											
2. Appropriation of general risk provision											
3. Distribution to owners											
4. Others											
(V) Internal transfers of shareholders' equity											
1. Capital transferred from capital reserve											
2. Capital transferred from surplus reserve											
3. Recovery of losses by surplus reserve											
4. Transfer of changes in defined benefit plans into retained earnings											
5. Transfer of other comprehensive income into retained earnings											
6. Others											
IV. Balance at the end of current year	7,403,803,875.00			-157,971,711.23	-946,519,189.10	53,525,153.19	893,046,022.99	14,189,435,971.71	28,448,175,822.52	1,616,539,000.46	30,294,714,912.93

The notes form an integral part of the financial statements

Chapter 12

Statement of Changes in Equity of The Company

Unit: RMB

Items	Year ended 31 December 2020												
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained Earnings	Sub-total
I. Closing balance of the prior year	7,400,803,875.00					10,764,008,546.37		-12,970,901.77	1,171,815.10	4,080,696.43	899,046,022.99	1,719,921,892.00	20,774,890,131.02
II. Add: changes in accounting policies													
Correction of prior errors													
Others													
III. Balance at the beginning of current year	7,400,803,875.00					10,764,008,546.37		-12,970,901.77	1,171,815.10	4,080,696.43	899,046,022.99	1,719,921,892.00	20,774,890,131.02
IV. increases/decreases in current year													
(I) Total comprehensive income								-467,154.81	-467,154.81	-366,848.08	188,438,687.78	895,604,591.90	1,093,189,276.79
(II) Capital contributed and reduced by shareholders													
1. Ordinary shares contributed by shareholders													
2. Capital invested by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others													
(III) Appropriation and use of special reserve													
1. Appropriation of special reserve										-366,848.08			-366,848.08
2. Use of special reserve										144,330.23			144,330.23
										-531,178.31			-531,178.31

Chapter 12

Statement of Changes in Equity of The Company

Items	Year ended 31 December 2020											
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained Earnings	Sub-total
(IV) Profit distribution												
1. Appropriation of surplus reserve												
Including: Statutory reserve fund												
Discretionary reserve fund												
2. Appropriation of general risk provision												
3. Distribution to shareholders												
4. Others												
(V) Internal transfers of shareholders' equity												
1. Capital transferred from capital reserve												
2. Capital transferred from surplus reserve												
3. Recovery of losses by surplus reserve												
4. Transfer of changes in defined benefit plans into retained earnings												
5. Transfer of other comprehensive income into retained earnings												
6. Others												
IV. Balance at the end of current year	7,400,803,875.00				10,764,008,546.37		-13,438,056.58	704,660.29	3,693,848.35	1,097,464,710.77	2,615,526,463.90	21,868,079,407.81

The notes form an integral part of the financial statements

Chapter 12

Statement of Changes in Equity of The Company

Unit: RMB

Items	Year ended 31 December 2019					Subtotal					
	Share capital	Preferred shares	Other equity instruments	Capital reserve	Less: treasury shares		Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained Earnings
I. Closing balance of the prior year	6,049,166,644.00			5,113,523,892.31		-13,225,231.95	917,464.92	4,439,943.32	811,845,310.51	1,920,223,092.41	13,885,973,650.60
Add: changes in accounting policies										-23,003,108.98	-23,003,108.98
Correction of prior errors											
Others											
II. Balance at the beginning of current year	6,049,166,644.00			5,113,523,892.31		-13,225,231.95	917,464.92	4,439,943.32	811,845,310.51	1,897,219,983.43	13,862,970,541.62
III. Increases/decreases in current year	1,351,637,231.00			5,650,484,654.06		254,330.18	254,330.18	-359,246.89	87,200,712.48	-177,298,081.43	6,911,919,899.40
(I) Total comprehensive income						254,330.18	254,330.18				
(II) Capital contributed and reduced by shareholders	1,351,637,231.00			5,650,484,654.06						872,007,124.80	872,261,454.98
1. Ordinary shares contributed by shareholders	1,351,637,231.00			5,730,941,859.44							7,002,121,885.06
2. Capital invested by holders of other equity instruments											7,089,579,090.44
3. Amount of share-based payments included in shareholders' equity											
4. Others				-80,457,205.38							-80,457,205.38
(III) Appropriation and use of special reserve								-359,246.89			-359,246.89
1. Appropriation of special reserve											
2. Use of special reserve								-359,246.89			-359,246.89

Chapter 12

Statement of Changes in Equity of The Company

Unit: RMB

Items	Year ended 31 December 2019						Subtotal	
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares		
				Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Retained Earnings	
(IV) Profit distribution								
1. Appropriation of surplus reserve						87,200,712.48	-1,049,305,216.23	-962,104,503.75
Including: statutory reserve fund						87,200,712.48	-87,200,712.48	
discretionary reserve fund						87,200,712.48	-87,200,712.48	
2. Appropriation of general risk provision								
3. Distribution to owners								
4. Others								
(V) Internal transfers of shareholders' equity								
1. Capital transferred from capital reserve								
2. Capital transferred from surplus reserve								
3. Recovery of losses by surplus reserve								
4. Transfer of changes in defined benefit plans into retained earnings								
5. Transfer of other comprehensive income into retained earnings								
6. Others								
IV. Balance at the end of current year	7,400,803,875.00			-12,970,901.77	1,171,815.10	4,080,656.43	1,719,921,892.00	20,774,890,131.02

The notes form an integral part of the financial statements

Chapter 12

Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION OF THE COMPANY

Sinotrans Limited (hereinafter referred to as “the Company”) is a joint stock limited company established in the People’s Republic of China (hereinafter referred to as “PRC”) on 20 November 2002, initiated by China National Foreign Trade Transportation (Group) Corporation (hereinafter referred to as “China Foreign Transportation Group Company”).

The Company was established with a total capital of 2,624,087,200 shares with a par value of RMB1 per share. On 21 November 2002, the State Economy and Trade Commission made the Approval on the Conversion of Sinotrans Limited into an Overseas Fund-raising Company (GJMQG [2002] No.870), agreed that the Company converted into a company that raised shares overseas and to be listed. On 22 November 2002, according to the Disclosure on the Issuance of Overseas Listed Foreign Capital Shares by Sinotrans Limited (ZJGHZ [2002] No.35), the China Securities Regulatory Commission (hereinafter referred to as “CSRC”) agreed the Company to issue no more than 1,787,407,050 overseas listed foreign capital shares (including 233,140,050 over-allotment shares), with a par value of RMB1 per share; the shares issued this time are all ordinary shares, in which the Company issued no more than 1,624,915,500 new shares, and the shareholders sold no more than 162,491,550 Pre-IPO Shares.

In February 2003, the Company completed its initial public offering on the Stock Exchange of Hong Kong (hereinafter referred to as “Hong Kong Stock Exchange”), issuing 1,787,406,000 overseas listed foreign shares (hereinafter referred to as “H-shares”), including 1,624,915,000 newly issued shares and 162,491,000 H-shares allocated by China Foreign Transportation Group Company. So far, the Company’s issued capital has increased from 2,624,087,200 shares to 4,249,002,200 shares, including 2,461,596,200 domestic shares and 1,787,406,000 H-shares held by China Foreign Transportation Group Company, accounting for 57.9% and 42.1% of the issued capital respectively.

In 2009, China Foreign Transportation Group Company changed its name to China Foreign Transportation & Changjiang Shipping Group Co., Ltd. (hereinafter referred to as “SINOTRANS & CSC”) after merging with China Changjiang National Shipping (Group) Corporation. Since then, the Company has become a subsidiary of SINOTRANS & CSC.

On 11 June 2014, according to the resolution passed by the board of directors and the shareholders’ meeting of the Company, approved by the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as “SASAC”) of Approval on Issues Relevant to the Private Issuance of H-share Stocks by Sinotrans Limited (State-owned Assets Right [2014] No.441) and on 9 July, 2014, CSRC approved the Approval on Additional Issuance of Overseas Listed Foreign Shares by Sinotrans Limited (Securities Regulatory License [2014] No.688), the Company allocated 357,481,000 H-shares in total to various places, with a par value of RMB1 per share, accounting for 8.41% of the issued capital, the Company’s issued capital has increased from 4,249,002,200 shares to 4,606,483,200 shares. Hereby, the registered capital of the Company is changed to RMB4,606,483,200.

On 29 December 2015, after SASAC reported to the State Council and approved by the State Council, SINOTRANS & CSC and China Merchants Group (hereinafter referred to as “China Merchants”) implemented strategic restructuring. SINOTRANS & CSC merged into China Merchants as a whole by means of free transfer, and became its wholly-owned subsidiary. The Company has therefore become a listed subsidiary of China Merchants. Since 1 January 2016, China Merchants has taken control of SINOTRANS & CSC, so China Merchants has become the ultimate holding company of the Company.

Chapter 12

Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

On 22 August 2017, the Company entered into an acquisition agreement with China Merchants. Pursuant to the acquisition agreement, the Company agreed to purchase all the shares of the China Merchants Logistics Holding Co., Ltd. (its name was changed as Sinotrans Logistics Co., Ltd. in 2019, hereinafter referred to as “Sinotrans Logistics”) held by China Merchants from it, and the total consideration was RMB5,450,000,000, which was paid by issuing 1,442,683,444 domestic shares. On 16 October 2017, the Company’s extraordinary general meeting and H-share shareholders’ meeting voted to agree the above acquisition. Meanwhile, the related acquisition was approved by the SASAC on 11 October 2017 on the Approval of the Related Issues of Assets Restructuring of Sinotrans Limited (State-owned Assets Right [2017] No.1052), the Company completed the registration and issuance of 1,442,683,444 domestic shares in China Securities Depository and Clearing Co., Ltd. on 3 November 2017, the newly issued shares accounted for 31.32% of issued capital, the Company’s issued capital has increased from 4,606,483,200 shares to 6,049,166,644 shares. Hereby, the registered capital of the Company is changed to RMB6,049,166,644.

On 31 May 2018, a motion for the exchange of shares and the consolidation by merger of Sinotrans Air Transportation Development Corporation Limited (hereinafter referred to as “Sinoair”) as a subsidiary by the Company was considered and adopted at the Company’s extraordinary general meeting and the meeting of class shareholders in 2018, which approved the issuance of A shares by the Company to all the shareholders of Sinoair(excluding the Company) in exchange for the shares of Sinoair held by it. On 1 November 2018, China Securities Regulatory Commission issued an Reply on Approval of the Application of Sinotrans Limited for Consolidation by Merger of Sinotrans Air Transportation Development Co., Ltd. (ZJXK [2018] No. 1772), approving the issuance by the Company of 1,351,637,231 shares for the consolidation by merger of Sinoair. On 10 January 2019, the Company completed the issuance of A shares, and it was officially listed on Shanghai Stock Exchange (hereinafter referred to as “SSE”) on 18 January 2019. The registered capital of the Company was changed into RMB7,400,803,875.

The Company belongs to the logistics and transport industry, specifically involving non-vessel transport business (valid until 9 March 2024); domestic waterway transport shipping agency and passenger cargo transport agency business; undertake the international freight forwarding business of marine, land, air import and export goods, international exhibits, private goods and transit goods, etc. Registered address of the Company: Jia No.43,Xizhimen Beidajie, Haidian District, Beijing. Legal representative: Li Guanpeng.

The Company and its subsidiary (hereinafter referred to as “the Group”) are principally engaged in the provision of forwarding and related, logistics, e-commerce and other services. The Group’s main business is located in China.

Details of the principal activities of major subsidiaries of the Company, are set out in Note VIII “Business Combination and Consolidated Financial Statements”.

Chapter 12

Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

II. BASIS FOR THE PREPARATION

The Group has evaluated its ability to continue as a going concern for the 12 months from 31 December 2020, including, but not limited to, an assessment for the potential impact of COVID-19, and has not identified any events or circumstances that may cast a significant doubt over its ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern and accrual basis and are prepared in accordance with the Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as “Accounting Standards for Business Enterprises”), and the relevant disclosures required by the Rules for Compiling Information Disclosure of Public Securities Companies No. 15 – General Provisions on Financial Reporting (revised in 2014) of CSRC and relevant provisions, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”) and based on the accounting policies and accounting estimates as described in the note “IV. Significant Accounting Policies and Accounting Estimates of the Company”.

III. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the Company are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated and the Company’s financial position for the Group as at 31 December 2020; as well as the consolidated and the Company’s operating results and cash flows for the year of 2020.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY

1. FISCAL YEAR

The Group’ fiscal year is based on a calendar year, i.e. from 1 January to 31 December of each year.

2. FUNCTIONAL CURRENCY

Renminbi is the currency in the main economic environment where the Company and its domestic subsidiaries operate. The functional currency of the Company and its domestic subsidiaries is Renminbi. The overseas subsidiaries of the Company determine its functional currency according to the principal currency of its business income and expenditure. The presentation currency used by the Company in preparing these financial statements is Renminbi.

Chapter 12

Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

3. ACCOUNTING BASIS AND MEASUREMENT

The accounting of the Group is based on the accrual basis. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period. Where an asset is impaired, the corresponding impairment shall be made in accordance with the applicable standard.

Under the historical cost basis, assets are measured according to the amount of cash or cash equivalents paid at the time of acquisition or the fair value of the consideration paid. Liabilities are measured according to the amount of cash or value of assets actually received due to the assumption of current obligations, or the contract amount of the current obligation, or in accordance with the amount of cash or cash equivalents expected to be paid in daily activities to discharge such liabilities.

Fair value is the price that market participants can receive or transfer a liability in an orderly transaction on the measurement date. Whether the fair value is observable or estimated by using valuation techniques, the fair value measured and/or disclosed in the financial statements is determined on this basis.

When measuring non-financial assets at fair value, consideration is given to the ability of a market participant to generate economic benefits from the use of the asset for its best use or the ability to generate economic benefits from the sale of the asset to other market participants who are able to use it for its best use.

For financial assets for which the transaction price is used as the fair value at initial recognition and for which a valuation technique involving unobservable inputs is used in the subsequent measurement of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

The fair value measurement is divided into three levels based on the observability of the input value of the fair value and the importance of the input value to the fair value measurement as a whole;

- The Level I input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market.
- The Level II input value is the direct or indirect observable input value of related assets or liabilities other than the Level I input value.
- The Level III input value is the unobservable input value of related assets or liabilities.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

4. BUSINESS COMBINATION

Business combination includes business combinations involving entities under common control and business combinations not involving entities under common control.

4.1 Business combination involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities of the combining entities or businesses are consolidated using the existing carrying amount at the date of acquisition from the controlling party's perspective. The difference between the carrying amount of the net assets acquired and the consideration is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Costs that are directly attributable to the business combination are charged to profit or loss when incurred.

4.2 Business combination not involving entities under common control

A business combination not involving entities under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The consideration paid for a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred, including the expenses for audit, legal services, assessment, and other relevant administrative expenses, are recognised in profit or loss as incurred.

Chapter 12

Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

4. BUSINESS COMBINATION (CONTINUED)

4.2 Business combination not involving entities under common control (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

The difference between the consideration paid for business combination over the share of the fair value of the acquiree's identifiable net assets acquired in the business combination is recognised as an asset and initially measured at cost as goodwill. If the consideration paid for business combination is less than the fair value share of the acquiree's identifiable net assets acquired in the business combination, the fair value of each of the acquiree's identifiable assets, liabilities and contingent liabilities acquired and the measurement of the consideration paid for business combination are reviewed. If, after review, the consideration paid for business combination remains less than the fair value share of the acquiree's identifiable net assets acquired in the business combination, it is recognised in profit or loss for the current period.

5. GOODWILL

Goodwill resulting from business combination shall be separately presented in the consolidated financial statements and shall be measured on the basis of its costs less the accumulative impairment losses. Goodwill shall be tested for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units that is expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit.

Recoverable amount is the higher of value in use and fair value less costs of disposal.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

6. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Group has: the power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the Group's returns. The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

For subsidiaries disposed of by the Group, the operating results and cash flows prior to the disposal date (the date of loss of control) shall be properly included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

For subsidiaries acquired through business combination not under common control, its operating results and cash flows since the acquisition date (the date of control) shall be properly included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows.

For the subsidiaries acquired through business combination under common control, whether the business combination occurs at any point in the reporting period, the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party, The subsidiaries' operating results and cash flows properly shall be included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows from the beginning of the earliest period of the reporting period.

The major accounting policies and accounting periods adopted by the subsidiaries are determined in accordance with the Company's uniformly prescribed accounting policies and accounting periods.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

6. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Interests in the subsidiaries that do not belong to the Company are accounted for as non-controlling interests and shall be presented as “non-controlling interests” under the shareholders’ equity line item in the consolidated statement of financial position. The share of the current net profit or loss of a subsidiary belonging to non-controlling interests shall be presented as “non-controlling interests” under the net profit line item in the consolidated statement of profit or loss and other comprehensive income. The share of other comprehensive income of a subsidiary belonging to non-controlling interests shall be presented as “total comprehensive income attributable to non-controlling interests” under the line item of total comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

The excess of subsidiaries’ loss shared by the non-controlling interests over the initial interests is still adjusted to non-controlling interests.

For the transaction of acquiring non-controlling interests of the subsidiary or disposing part of the equity investment without losing the control of the subsidiary, it is regarded as equity transaction accounting, and the carrying amount of the Company’s shareholder’s equity and non-controlling interests is adjusted to reflect the changes of related equity in the subsidiary. Differences between the adjustment of non-controlling interests and the fair value of consideration are adjusted to capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.

When a business combination is achieved in stages and not involving entities under common control, it is further determined if it is a “package deal” or not a “package deal”: if it belongs to a “package deal”, accounting treatment of transactions as a transaction in which control is acquired. If it does not belong to a “package deal”, accounting treatment as the acquisition of control on the acquisition date, the equity of the acquiree held before the acquisition date shall be remeasured according to the fair value of the equity on the acquisition date, and the difference between the fair value and the carrying amount shall be recorded into the profit or loss of the current period; where the purchase of the acquirer’s equity held prior to the date of purchase involves other comprehensive income and other changes in owners’ equity under the equity and equity accounting method, it shall be recognised as current profit or loss or retained earnings on the acquisition date.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

6. CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

When the Group loses control of a subsidiary due to partial disposal or other reasons, the retained interest shall be remeasured at fair value at the date when control is lost. The difference between (1) the aggregate of the fair value of consideration received and the fair value of any retained interest and (2) the share of the former subsidiary's net assets accumulated from the acquisition date based on the original proportion of ownership interest shall be included in the investment income in the period when control is lost and relevant goodwill shall be written off at the same time. Other comprehensive income related to the equity investment of the former subsidiary shall be reclassified into profit or loss when the control is lost.

In the case of a step-by-step disposal of an equity investment in a subsidiary through multiple transactions until the loss of control, the terms, conditions and economic effects of each transaction for the disposal of an equity investment in a subsidiary are consistent with one or more of the following, which generally indicates that the multiple transaction event is a package deal: (1) these transactions were entered into simultaneously or with consideration of their mutual effects; (2) these transactions as a whole to achieve a complete business result; (3) the occurrence of a transaction is dependent on the occurrence of at least one other transaction; (4) a transaction is not economical when viewed individually, but is economical when considered together with other transactions. If the transactions for the disposal of an equity investment in a subsidiary until the loss of control are a package deal, each transaction is accounted for as a disposal of a subsidiary and loss of control, and the difference between the disposal price and the share of the net assets of the subsidiary calculated on an ongoing basis from the acquisition date corresponding to each disposal prior to the loss of control is recognised as other comprehensive income. It is transferred to profit or loss in the period in when control is lost. If the transactions of the disposal of the equity investment in a subsidiary until the loss of control are not a package deal, each transaction is accounted for as a separate transaction.

7. JOINT ARRANGEMENT

A joint arrangement refers to an arrangement under the joint control of two or more participants. The joint arrangement of the Group has the following characteristics: (1) each participant is bound by the arrangement; (2) two or more participants have joint control over the arrangement. No participant can control the arrangement independently, and any participant with joint control over the arrangement can prevent other participant or a combination of participants from controlling the arrangement independently.

Joint control refers to the sharing of control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the unanimous consent of the participants sharing the control.

Joint arrangement is classified into joint operation and joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

8. CASH AND CASH EQUIVALENTS

Cash refers to cash on hand and deposits that are available for payment at any time. Cash equivalents refer to investments held by the Group with short term (generally refers to expiration within three months from the date of purchase), strong liquidity, easily convertible into known amount of cash and with minimum fair value risk.

9. FINANCIAL INSTRUMENTS

When the Group becomes a party to a financial instrument, it shall recognise a financial asset or financial liability.

For the purchase or sale of financial assets in a conventional method, the assets to be received and the liabilities to be borne for this shall be recognised on the trading day, or the assets to be sold shall be derecognised on the trading day.

Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value through profit or loss, related transaction costs are directly included in profit or loss; for other types of financial assets and financial liabilities, related transaction costs are included in the initially recognised amount. When the Group initially recognises receivables that do not contain significant financing components or do not consider financing components in contracts not exceeding one year in accordance with *Accounting Standards for Business Enterprises No. 14 – Revenue (“Revenue Standard”)*, The transaction price as defined by the revenue standard is initially measured.

When the fair value of a financial asset or financial liability initially recognised differs from the transaction price, no gain or loss is recognised on initial recognition of the financial asset or financial liability if the fair value is not based on quoted prices in active markets for identical assets or liabilities or on valuation techniques that use only observable market data.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense to each accounting period.

The effective interest rate is the rate used to discount the estimated future cash flows of a financial asset or financial liability through its expected life to the carrying amount of the financial asset or the amortised cost of the financial liability. In determining the effective interest rate, the expected cash flows are estimated taking into account all contractual terms of the financial asset or financial liability (such as early repayment, rollover, call option or other similar options, etc.), but not the expected credit losses.

The amortised cost of a financial asset or financial liability is the accumulated amortisation resulting from the initial recognised amount of the financial asset or financial liability, less the principal repaid, plus or minus the difference between that initial recognised amount and the maturity amount using the effective interest method, less accumulated provision for losses (applicable only to financial assets).

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification and measurement of financial assets

After the initial recognition, the Group's financial assets of various categories are subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss.

The contract terms of financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount, and that the business model of the Group for managing the financial asset is to collect contract cash flows as the goal. The Group classifies the financial asset as a financial asset at amortised cost. Such financial assets mainly include cash and bank balances, bills receivable, accounts receivable, other receivables and long-term receivables, etc.

The contract terms of financial assets stipulate that the cash flows generated on a specific date are only payments of principal and interest based on the outstanding principal amount, and that the business model of the Group for managing the financial assets is both to collect contract cash flows and for the purpose of selling the financial asset, the financial asset is classified as a financial asset at fair value through other comprehensive income. The accounts receivable and bills receivable classified to financial assets at fair value through other comprehensive income when acquired are listed as receivables financing. If such financial assets have a maturity period of more than one year, they are listed as other debt investments, and if they mature within one year (including one year) from the balance sheet date, they are listed as non-current assets due within one year; If the acquisition time limit is within one year (including one year), it is listed in other current assets.

On initial recognition, the Group may irrevocably designate investments in non-trading equity instruments other than contingent consideration recognised in a business combination not under common control as financial assets at fair value through other comprehensive income on the basis of a single financial asset. Such financial assets are presented as other equity instrument investments.

A financial asset is said to be held by the Group for trading purposes if it meets one of the following conditions:

- The underlying financial assets were acquired primarily for the purpose of a recent sale;
- The underlying financial asset is part of a portfolio of centrally managed identifiable financial instruments at initial recognition, and there is objective evidence of a recent actual pattern of short-term profit-taking;
- The underlying financial assets are derivatives. Except for derivatives that meet the definition of a financial guarantee contract and those designated as effective hedging instruments.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification and measurement of financial assets (Continued)

Financial assets at fair value through profit or loss comprise financial assets classified as at fair value through profit or loss and financial assets designated as at fair value through profit or loss:

- Financial assets that do not qualify for classification as financial assets at amortised cost and financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss;
- At initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Group may irrevocably designate financial assets as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss, other than derivative financial assets, are presented as held-for-trading financial assets. Those with a maturity of more than one year from the balance sheet date (or with no fixed maturity) and expected to be held for more than one year are presented as other non-current financial assets.

9.1.1 Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from impairment or derecognition are recognised in profit or loss for the current period.

The Group recognises interest income for financial assets at amortised cost based on the effective interest method. The Group determines interest income based on the carrying amount of the financial assets multiplied by the effective interest rate, except for the following cases:

- For credit assets that have been or were originally credit-impaired, the Group calculates its interest income from the initial recognition of the financial asset based on the amortised cost of the financial asset and the effective interest rate adjusted for credit;
- For financial assets that have been purchased or originated without credit impairment but have become credit impairment in subsequent periods, the Group calculates its interest income in the subsequent periods based on the amortised cost of the financial asset and the effective interest rate. If the financial instrument has no credit impairment due to an improvement in its credit risk in subsequent periods, and this improvement can be linked to an event that occurs after the application of the above provisions, the Group will multiply the effective interest rate by the carrying amount of assets to calculate and determine interest income.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification and measurement of financial assets (Continued)

9.1.2 Financial assets at fair value through other comprehensive income

For financial assets at fair value through other comprehensive income, their impairment losses or reversals, interest income calculated using the effective interest rate and exchange gains and losses are included in the profit or loss. Otherwise, changes in the fair value of the financial asset are included in other comprehensive income. The amount of this financial asset included in the profit or loss of each period is equal to the amount that has been included in the profit or loss of each period as if it had been measured at amortised cost. When the financial asset is derecognised, the accumulated gains or losses previously recorded in other comprehensive income are transferred from other comprehensive income to profit or loss for the current period.

After a non-tradable equity instrument investment is designated as a financial asset at fair value through other comprehensive income, the changes in the fair value of the financial asset are recognised in other comprehensive income. The accumulated gains or losses included in other comprehensive income are transferred from other comprehensive income to retained earnings when the financial asset is derecognised. During the period when the Group holds investments in these non-tradable equity instruments, the Group's right to receive dividends has been established, and economic benefits related to dividends are likely to flow into the Group, and when the amount of dividends can be reliably measured, dividend income is recognised and calculated into profit or loss.

9.1.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. Gains or losses resulting from changes in fair value, dividends and interest income related to the financial assets are included in the profit or loss.

9.2 Impairment of financial instruments

The Group accounts for financial assets at amortised cost, financial assets classified as at fair value through other comprehensive income, lease receivables, contract assets, loan commitments that are not financial liabilities at fair value through profit or loss, financial liabilities that are not financial liabilities at fair value through profit or loss, and financial liabilities that do not meet the conditions for derecognition due to the transfer of financial assets or financial guarantee contracts that continue to be involved in the financial liabilities arising from the transferred financial assets are accounted for as impairment on the basis of expected credit losses and loss provisions are recognised.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

For all contract assets and accounts receivable formed by transactions regulated by Revenue Standard, and lease receivables formed by transactions regulated by *Accounting Standards for Business Enterprises No. 21-Leasing*, the Group measures loss provision equivalent to the amount of expected credit losses throughout the duration period.

For other financial instruments, except the financial assets purchased or originated with credit impairment, the Group shall evaluate the credit risk changes of the relevant financial instruments since the initial recognition at the end of each reporting period. If the credit risk of the financial instrument has increased significantly since the initial recognition, the Group shall measure its loss provision according to the amount equivalent to the expected credit loss of the financial instrument throughout the duration period; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Group shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instruments within the next 12 months. Except for financial assets at fair value through other comprehensive income, the increased or retracted amount of credit loss provision shall be recorded in profit or loss of the period as impairment loss or gain. For financial assets at fair value through other comprehensive income, the Group shall recognise its credit loss provision in other comprehensive income, and record impairment loss or gain into profit or loss of the current period, without reducing the carrying amount of the financial assets listed in the statement of financial position.

The Group measured loss provision equivalent to the amount of expected credit losses throughout the duration period of the financial instruments in the prior accounting period. However, at current balance sheet date, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss provision for the financial instrument at 12-month expected credit loss at each balance sheet date. Relevant reversal of loss provision is included in profit or loss for the current period as gain on impairment..

9.2.1 Significant increase in credit risk

By comparing the default risk of financial instruments at the end of the reporting period with that on initial recognition date, the Group uses reasonable and well-founded forward-looking information available to determine whether the credit risk of financial instruments has increased significantly since initial recognition. For loan commitments, when applying the provision of impairment of financial instruments, the Group shall take the date when it becomes the party making an irrevocable commitment as the initial recognition date.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

The Group considers the following factors in assessing whether there is a significant increase in credit risk:

- (1) Whether there is a significant change in the internal price index caused by the change of credit risk;
- (2) If an existing financial instrument is originated or issued as new financial instruments at the end of the reporting period, whether the interest rate or other terms of the financial instrument have changed significantly (such as more stringent contract terms, increased collateral or security or higher yield, etc.);
- (3) Whether the external market indicators of the credit risk of the same financial instrument or similar financial instrument with the same expected duration have changed significantly. These indicators include: credit spreads, the price of credit default swaps for borrowers, the length and extent to which the fair value of financial assets is less than its amortised cost, and other market information related to borrowers (such as the price changes of borrowers' debt instruments or equity instruments);
- (4) Whether the external credit rating the financial instruments there is any significant change in the actual or expected;
- (5) Whether the actual or expected internal credit rating of the debtor is downgraded;
- (6) Adverse changes in business, financial or economic conditions that are expected to result in a significant change in the ability of the debtor to meet its obligations;
- (7) Whether the actual or expected operating results of the debtor have changed significantly;
- (8) Whether the credit risk of other financial instruments issued by the same debtor increases significantly;

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

- (9) Whether there has been a significant adverse change in the regulatory, economic or technological environment of the debtor;
- (10) Whether there has been a significant change in the value of the collateral or in the quality of the collateral or credit enhancement provided by a third party as collateral for a debt. These changes are expected to reduce the debtor's financial incentive to repay the debt within the time limit specified in the contract or affect the probability of default;
- (11) Whether there is a significant change in the borrower's economic motivation to repay the loan within the agreed term;
- (12) Anticipated changes to the loan contract, including whether the anticipated breach of contract may result in the release or amendment of contractual obligations, the granting of interest-free periods, the jump in interest rates, the demand for additional collateral or collateral, or other changes to the contractual framework of the financial instrument;
- (13) Whether the expected performance and repayment behavior of the debtor change significantly;
- (14) Whether the Group has changed the credit management method of financial instruments.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. If the default risk of financial instruments is low, the borrower's ability to fulfill its contractual cash flow obligations in the short term is strong, and even if there are adverse changes in the economic situation and operating environment over a long period of time, the borrower's performance of its contractual cash obligations may not necessarily be reduced, The financial instrument is considered to have a lower credit risk.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.2 Credit-impaired financial assets

A financial asset is credit impaired when one or more events of the Group are expected to have adverse effects on the future cash flow of the financial assets. Evidence of financial asset that is credit impaired includes the following observable information:

- (1) The issuer or debtor has major financial difficulties;
- (2) Breach of contract by the debtor, such as breach or delay in payment of interest or principal;
- (3) The creditor gives the debtor concessions that would not be made under any other circumstances for economic or contractual reasons in connection with the debtor's financial difficulties;
- (4) The debtor is likely to go bankrupt or undergo other financial restructuring;
- (5) The financial difficulties of the issuer or debtor result in the disappearance of the active market of the financial asset;
- (6) Purchase or originate a financial asset at a substantial discount that reflects a credit loss.

Based on the Group's internal credit risk management, when the internally recommended or externally obtained information indicates that the debtor of the financial instrument cannot fully pay its creditors including the Group (regardless of any guarantees obtained by the Group), the Group believes that a default event has occurred.

9.2.3 Determination of expected credit losses

The Group determines the credit losses of lease receivables on the basis of individual assets, and uses the impairment matrix to determine the credit losses of related financial instruments on a portfolio basis for corresponding accounts including bills receivables, accounts receivable, other receivables, contract assets, and debt investments. The Group divides financial instruments into different groups based on common risk characteristics. Common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, type of collateral, initial recognition date, remaining contract term, industry in which the debtor is located, geographical location of the debtor, value of collateral relative to financial assets, etc.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.3 Determination of expected credit losses (Continued)

The Group determines the expected credit loss of the relevant financial instruments according to the following methods:

- For financial assets, the credit loss shall be the present value of the difference between the contractual cash flow to be collected by the Group and the expected cash flow to be collected;
- For lease receivables, the credit loss shall be the present value of the difference between the contractual cash flow to be collected by the Group and the expected cash flow to be collected;
- For financial assets that are credit-impaired at the end of the reporting period but is not purchased or originated, the credit loss is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flow discounted at the original effective interest rate.

The Group considers the following factors in measuring the expected credit losses of financial instruments: an unbiased probabilistic weighted average amount determined by evaluating a range of possible outcomes; time value of money; reasonable and evidence-based information about past events, current conditions and projections of future economic conditions that can be obtained at the end of the reporting period without unnecessary additional cost or effort.

9.2.4 Write-off of financial assets

When the Group no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the carrying amount of the financial asset is written down directly. Such write-down constitutes derecognition of the related financial asset.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 Transfer of financial assets

Financial assets that meet one of the following conditions shall be derecognised: (1) the contractual right to collect the cash flow of the financial assets is terminated; (2) the financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee; (3) the financial assets have been transferred, though the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, it does not retain control over the financial assets.

If the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, and retains control over the financial assets, it shall continue to recognise the transferred financial assets according to the extent to which it continues to be involved in the transferred financial assets, and recognise the relevant liabilities accordingly. The Group measures the related liabilities in the following ways:

- For the transferred financial assets at amortised cost, the carrying amount of the related liabilities is equal to the carrying amount of the continued involvement in the transferred financial assets less the amortised cost of the rights retained by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the amortised cost of the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). Relevant liabilities are not designated as financial liabilities measured at fair value through profit or loss;
- For the transferred financial assets at fair value, the carrying amount of the related liabilities is equal to the carrying amount of the continued involvement in the transferred financial assets minus the fair value of rights retained by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). The fair value of the right and obligation shall be the fair value measured on an independent basis.

The overall transfer of financial assets meets the conditions for derecognition, for the classification of financial assets measured at amortised cost and the classification of financial assets measured at fair value through other comprehensive income, the difference between the carrying amount of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulative amount of changes in fair value originally recorded in other comprehensive income is recorded in the current profit or loss. For non-tradable equity instruments designated by the Group to be measured at fair value through other comprehensive income, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income and be recorded in retained earnings.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.3 Transfer of financial assets (Continued)

If the partial transfer of financial assets meets the conditions for the derecognition, the total carrying amount of the financial assets before the transfer shall be allocated between the part of the derecognition and the part of the continuing recognition according to their respective relative fair value on the transfer date. The difference between the sum of the consideration received in the part of the recognition of termination and the accumulative amount of the fair value changes originally recorded in other comprehensive income plus the carrying amount allocated to the part of the derecognition on the date of derecognition shall be recorded into the current profit or loss or retained earnings.

If the overall transfer of financial assets fails to meet the conditions for derecognition, the Group shall continue to recognise the overall transfer of financial assets, and the consideration received due to the transfer of assets shall be recognised as a liability upon receipt.

9.4 Classification of financial liabilities and equity instruments

The Group classifies the financial instrument or its components as financial liabilities or equity instruments at the time of initial recognition in accordance with the terms of the contract of the financial instrument issued and the economic substance reflected therein, rather than only in legal form, in combination with the definition of financial liabilities and equity instruments.

9.4.1 Classification and measurement of financial liabilities

Financial liabilities are classified into financial liabilities and other financial liabilities at fair value through profit or loss upon initial recognition.

9.4.1.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value through profit or loss. Except that the derivative financial liabilities are separately listed, financial liabilities at fair value through profit or loss are listed as held-for-trading financial liabilities.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.1 Classification and measurement of financial liabilities (Continued)

9.4.1.1 Financial liabilities at fair value through profit or loss (Continued)

The financial liabilities meet one of the following conditions, indicating that the purpose of the financial liabilities of the Group is transactional:

- The purpose of undertaking related financial liabilities is mainly for recent repurchase;
- At the time of initial recognition, relevant financial liabilities were part of a centrally managed identifiable financial instrument portfolio, and there was objective evidence that a short-term profit model actually existed in the near future;
- Related financial liabilities are derivatives. The exceptions are derivatives that meet the definition of financial guarantee contracts and derivatives that are designated as effective hedging instruments.

The financial liabilities that meet one of the following conditions can be designated at initial recognition as financial liabilities at fair value through profit or loss: (1) the designation can eliminate or significantly reduce accounting mismatches; (2) management and performance evaluation of financial liability portfolios or financial asset and financial liability portfolios based on fair value according to the risk management or investment strategy stated in the Group's official written documents, and use this as a basis for reports to key management of the Group; (3) eligible mixed contracts with embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Gains or losses arising from changes in fair value and dividends or interest expenses related to these financial liabilities are included in the current profit or loss.

For financial liabilities designated at fair value through profit or loss, changes in the fair value of such financial liabilities arising from changes in the Group's own credit risk are recognised in other comprehensive income and changes in other fair values are recognised in profit or loss in the current period. On derecognition of the financial liability, the cumulative change in fair value attributable to changes in own credit risk previously recognised in other comprehensive income is transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognised in profit or loss for the period. If the treatment of the effects of changes in the own credit risk of such financial liabilities as described above would cause or enlarge an accounting mismatch in profit or loss, the Group recognises the entire gain or loss on such financial liabilities (including the amount of the effect of changes in own credit risk) in profit or loss for the period.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.1 Classification and measurement of financial liabilities (Continued)

9.4.1.1 Financial liabilities at fair value through profit or loss (Continued)

For financial liabilities resulting from contingent consideration recognised by the Group as the purchaser in a business combination not under common control, the Group measures the financial liabilities at fair value and recognises the change in current profit or loss.

9.4.1.2 Other financial liabilities

Other financial liabilities, except those arising from the transfer of financial assets that does not meet the conditions for derecognition or continue to involve in the financial liabilities formed by the transferred financial assets, shall be classified as financial liabilities at amortised costs, and shall be subsequently measured at amortised costs. The profits or losses generated by derecognition or amortisation shall be recorded into profit or loss of the current period.

If the Group revises or renegotiates the contract with the counterparty, which does not result in the derecognition of financial liabilities that are subsequently measured at amortised cost, but results in changes in contractual cash flows, the Group recalculates the carrying amount of the financial liability and gains or losses are included in profit or loss. The recalculated carrying amount of the financial liability is determined based on the discounted present value of the contractual cash flow to be renegotiated or modified at the original effective interest rate of the financial liability. For all costs or expenses incurred by revising or renegotiating the contract, the Group adjusts the carrying amount of the revised financial liability and amortises it over the remaining period of the revised financial liability.

9.4.1.2.1 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when a specific debtor fails to repay the debt in accordance with the terms of the original or modified debt instrument. Subsequent to initial recognition, for financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss or financial liabilities formed by failing to meet derecognition or continuing to involve in the transferred financial assets, they are measured at the higher of the amount of loss provisions and the initial recognition amount after deducting the accumulated amortisation amount determined in accordance with the relevant provisions of the revenue standard.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.2 Derecognition of financial liabilities

If all or part of the current obligation of the financial liabilities has been released, the recognition of the financial liabilities or part thereof shall be terminated. The Group (debtor) and the creditor enter into an agreement to replace the original financial liabilities with new financial liabilities, and if the contract terms of the new financial liabilities and the original financial liabilities are substantially different, the Group derecognises the original financial liabilities and simultaneously recognise the new financial liabilities.

If the recognition of financial liabilities is derecognised in whole or in part, the difference between the carrying amount of the part to be derecognised and the consideration paid (including the transferred non-cash assets or the new financial liabilities) shall be recorded into profit or loss of the current period.

9.4.3 Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the Group's assets after deducting all liabilities. The Group issues (including refinancing), repurchases, sales or write-offs of equity instruments as changes in equity. The Group does not recognise changes in the fair value of equity instruments. Transaction costs associated with an equity transaction are deducted from the equity.

The distribution of equity instruments holders by the Group are treated as profit distribution, and the stock dividends issued by the Group does not affect the total amount of shareholders' equity.

9.5 Derivative instruments and embedded derivative instruments

Derivative financial instruments include forward foreign exchange contracts, currency exchange rate swap contracts, interest rate swap contracts and foreign exchange options contracts, etc. Derivative instruments are initially measured at fair value on the signing date of relevant contracts, and are subsequently measured at fair value.

For the mixed contracts composed of the embedded derivative instruments and the main contract, if the main contract belongs to financial assets, the Group does not split the embedded derivative instruments from the mixed contracts, but applies the accounting standards for the classification of financial assets as a whole to the mixed contracts.

If the main contract contained in the mixed contracts does not belong to financial assets and meets the following conditions, the Group will split the embedded derivative instruments from the mixed instruments and deal it as separate derivative financial instruments.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.5 Derivative instruments and embedded derivative instruments (Continued)

- (1) The embedded derivative instruments are not closely related to the main contract in terms of economic characteristics and risks;
- (2) The separate instruments with the same terms as the embedded derivative instruments comply with the definition of derivative instruments;
- (3) The mixed contracts are not measured at fair value through profit or loss.

Where the embedded derivative instruments are split from the mixed contracts, the Group shall account for the main contract of the mixed contracts in accordance with the applicable accounting standards. If the Group is unable to reliably measure the fair value of the embedded derivative instruments according to the terms and conditions of the embedded derivative instruments, the fair value of the embedded derivative instruments shall be determined according to the difference between the fair value of the mixed contracts and the fair value of the main contract. After using the above method, if the fair value of the embedded derivative instruments still cannot be measured separately either on the acquisition date or subsequent to the end of the reporting period, the Group will designate the mixed contracts as financial instruments at fair value through profit or loss.

9.6 Offset of financial assets and financial liabilities

When the Group has legal right to offset recognised financial assets and liabilities, and this legal right is the currently executable, at the same time, when the Group plans to settle or simultaneously realise the financial assets and liquidate the financial liabilities in the net amount, the financial assets and financial liabilities are shown in the consolidated statement of financial position with the amount offset by each other. Except for the above circumstances, financial assets and financial liabilities are shown separately in the statement of financial position and shall not be offset against each other.

10. INVENTORIES

The Group's inventories mainly includes raw materials, finished goods and consumables (packaging, low-priced consumables, etc.). Inventories are initially measured at cost. The cost of inventories includes purchase cost, processing cost and other expenses incurred to bring the inventories to their current location and state.

The weighted average method is adopted to determine the actual cost of the inventory.

Consumables are expensed by the one-off amortisation method.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

10. INVENTORIES (CONTINUED)

At the end of the reporting period, inventories are measured at the lower of cost and net realisable value. When the net realisable value is lower than the cost, a provision is made for decline in value.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The net realisable value of inventories is determined based on the concrete evidence obtained, taking into account the purpose of holding inventory and the impact of events after the end of the reporting period.

Provision is considered on a category basis for inventories in large quantity and with relatively low unit prices and on an individual basis for all other inventories. Provision is considered on a consolidated basis for inventories in series produced and sold in the same region, same or similar end-use purpose or which are difficult to be measured separately from other items. Other inventories withdraw provision for decline in net realisable value based on the difference between the cost of a single inventory item and its net realisable value.

When the circumstances that previously caused inventories to be written down below cost no longer exist and the net realisable value is higher than the carrying amount, the original amount of the write-down is reversed and charged to the profit or loss for the current period.

The Group adopts perpetual inventory system as the inventory accounting system.

11. LONG-TERM EQUITY INVESTMENT

11.1 Determine the Basis for Joint Control and Significant Influence on the Invested Entities

Control refers to the investor has the power over the investee, and enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of returns. Joint control refers to the joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. Significant influence refers to the power to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the determination of these policies with other parties. In determining whether it is possible to exercise control over or exert significant influence over the invested entities, it has taken into account the potential voting right factors such as the current convertible bonds of the investee unit and the current executable warrants held by the investor and other parties.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.2 Determination of Investment Cost

For the long-term equity investment acquired through business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the share of the owner's equity of the acquiree in the carrying amount of the ultimate controlling party's consolidated financial statements on the acquisition date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. To issue equity securities as the cost of business combination, the initial investment cost of the long-term equity investment shall be the share of the owner's equity of the acquiree in the carrying amount of the final ultimate controlling party's consolidated financial statements on the acquisition date. The face value of the total issued shares are recognised as share capital. The difference between the initial investment cost adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

As for the long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment shall be taken as the cost of business combination on the acquisition date.

The intermediary fees such as auditing, legal services, evaluation and consultation and other related administrative expenses incurred by the merging party or the purchaser for business combination shall be recorded into the profit or loss for the current period when incurred.

The initial measurement of the long-term equity investment obtained by other means other than the long-term equity investment formed by the business combination shall be measured at initial cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and the additional investment cost.

11.3 Subsequent Measurement and Profit or Loss Recognition Method

11.3.1 Long-term Equity Investment accounted for using the Cost Method

The Company's financial statements adopt the cost method to calculate the long-term equity investment in subsidiaries. Subsidiaries refer to invested entities which can control the Group.

The long-term equity investment accounted for cost method is measured by the initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. The current investment income is recognised according to the cash dividend or profit distributions declared by the invested entity.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.3 Subsequent Measurement and Profit or Loss Recognition Method (Continued)

11.3.2 Long-term Equity Investment accounted for using the Equity Method

In addition to investments in associates and joint ventures classified in whole or in part as held-for-sale assets, the Group's investment in associates and joint ventures is accounted for using the equity method. Associates refer to invested entity to which the Group can exert a significant influence, and joint venture is a joint venture arrangement in which the Group has only the right to the net assets of the arrangement.

When adopt equity method accounting, if the initial investment cost of long-term equity investment is greater than the fair value share of identifiable net assets of the investee, the initial investment cost of long-term equity investment shall not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the invested entity, the difference shall be recorded into the current profit or loss, and the long-term equity investment cost shall be adjusted accordingly.

When adopt equity method accounting, the investment income and other comprehensive income shall be recognised respectively according to the share of net profit or loss and other comprehensive income of the investee. The carrying amount of long-term equity investment shall be adjusted accordingly. The carrying amount of long-term equity investment shall be reduced accordingly by calculating the share of the profit distribution or cash dividend declared by investee. The carrying amount of long-term equity investment shall be adjusted and included in capital reserve for other changes in the owner's equity of investee rather than net or and loss, other comprehensive income and profit distribution. When recognising the share of the net profit and loss of the investee, the net profit of investee shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the invested unit at the acquisition date. If the accounting policies and periods adopted by the investee are inconsistent with those of the Group, the financial statements of the investee shall be adjusted in accordance with the accounting policies of the Group and the accounting period of the Group, and the investment income and other comprehensive income shall be recognised accordingly. Unrealised profit or loss resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised profit or loss resulting from the Group's transactions with its investee which represent impairment losses on the transferred assets are not eliminated.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.3 Subsequent Measurement and Profit or Loss Recognition Method (Continued)

11.3.2 Long-term Equity Investment accounted for using the Equity Method (Continued)

When it is recognised that the net loss of the investee shall be shared, the carrying amount of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested unit shall be written down to zero. In addition, if the Group has the obligation to bear additional losses to the investee entity, it shall recognise the estimated liabilities according to the expected obligations and record them into the current investment loss. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

11.4 Long-term Equity Investment Disposal

At the time of the disposal of long-term equity investment, the difference between its carrying amount and the actual price obtained shall be recorded into the current profit and loss. For long-term equity investment accounted for using equity method, the remaining shares after disposal are still accounted for using the equity method. Other comprehensive income recognised by equity method is accounted for on the same basis as the assets or liabilities directly disposed of by the investee, and is carried forward proportionately to the current profit and loss; Owner's equity is carried forward proportionately to the current profit and loss. For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, other comprehensive income recognised due to the use of the equity method before gaining control over the investee is accounted for on the same basis as the relevant assets or liabilities directly disposed of by the investee, and is carried forward proportionately to the current profit and loss; the net assets of the investee recognised due to the use of the equity method are excluded from the equity method. Changes in net profit or loss, other comprehensive income and other equity other than profit distributions are carried forward on a pro rata basis to the current period's profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (CONTINUED)

11.4 Long-term Equity Investment Disposal (Continued)

Where the Group loses control over the investee due to the disposal of part of its equity investment, when preparing individual financial statements, the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted for using the equity method instead, and the residual equity shall be accounted for using the equity method when it is deemed to be acquired; if the residual equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of the financial instruments recognition and measurement standards, and the difference between its fair value and carrying amount on the date of loss of control shall be included in the profits and losses of the current period. Other comprehensive income recognised as a result of the equity method of accounting before the Group acquired control over the investee is accounted for on the same basis as the assets or liabilities associated with the direct disposal of the investee when control over the investee is lost. Changes in owner's equity other than net gains and losses, other comprehensive income and profit distribution are carried forward to current gains and losses when the control of the investee is lost. Among them, if the residual equity after disposal is accounted for by equity method, other comprehensive income and other owners' equity are carried forward proportionally; if the residual equity after disposal is accounted for according to the criteria of recognition and measurement of financial instruments, all other comprehensive income and other owners' equity are carried forward.

If the Group loses joint control or significant influence on the invested entity due to the disposal of part of its equity investment, the remaining equity after disposal shall be accounted for according to the criteria of recognition and measurement of financial instruments, and the difference between the fair value and carrying amount on the date of the loss of joint control or significant impact shall be included in the profits and losses of the current period. Other comprehensive income recognised by the original equity method shall be accounted for on the same basis as the assets or liabilities directly disposed of by the invested entity when the equity method is terminated. Owner's equity recognised by the investee due to the change of owner's rights and interests other than net profit and loss, other comprehensive income and profit distribution shall be terminated when the equity method is terminated. All of them will be transferred to the current investment income

The Group disposes of its subsidiary's equity investment step by step through multiple transactions until it loses control, if the aforementioned transaction belongs to a package deal, the transaction shall be treated as a transaction dealing with subsidiary equity investment and losing control. Before losing control, the difference between the carrying amount of each disposal price and the long-term equity investment corresponding to the disposal equity shall be recognised as other comprehensive income for the current period. When losing control, the difference shall be transferred from other comprehensive income to profit or loss of the same period.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

12. INVESTMENT PROPERTIES

Investment properties refer to the properties held by the Group for the purpose of earning rent or capital appreciation, or both, including leased land use rights, leased buildings, etc.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if the economic benefits related to the asset are likely to flow in and its cost can be measured reliably. Other subsequent expenditures shall be recorded into the current profits and losses when incurred.

The Group and other subsidiaries of the Group use the cost model for subsequent measurement of investment properties and depreciate or amortisation in accordance with policies consistent with those for buildings or land use rights.

An investment property is derecognised when it is disposed of, or permanently withdrawn from use, and no economic benefits are expected from its disposal.

The difference of the disposal income of the sale, transfer, scrap or destruction of the investment properties after deducting its carrying amount and relevant taxes and fees shall be recorded into the current profit and loss.

13. FIXED ASSETS AND DEPRECIATIONS

Fixed assets refer to the tangible assets held for the production of goods, provision of labor services, lease or management and whose service life exceeds one fiscal year. Fixed assets are recognised only when their economic benefits are likely to flow to the group and their costs can be measured reliably. Fixed assets are initially measured in terms of cost and taking into account the impact of expected disposal costs.

Subsequent expenditures related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and their costs are measured reliably, shall be included in the cost of fixed assets and the carrying amount of the replaced part shall be derecognised. Other subsequent expenditures, when incurred, shall be included in the current profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

13. FIXED ASSETS AND DEPRECIATIONS (CONTINUED)

Fixed assets shall be depreciated within their service life by the straight-line method from the next month when they reach their intended usable state. The useful life, estimated residual value rates and annual depreciation rate of all types of fixed assets are as follows:

Category	Service life (years)	Estimated Residual value rate (%)	Yearly depreciation rate (%)
House buildings	5-30	0-5	3.17-20.00
Port and Terminal Facilities	20-40	5	2.38-4.75
Automotive and Marine	5-25	5	3.80-19.00
Machinery and equipment, furniture, appliances and other equipment	5-25	5	3.80-19.00

Estimated residual value refers to the amount obtained by the Group from the disposal of the fixed asset after deducting the estimated disposal expenses, assuming that the expected service life of the fixed asset has been completed and is in the expected state at the end of its service life.

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The difference of the disposal income from the sale, transfer, scrapping or destruction of fixed assets after deducting its carrying amount and relevant taxes and fees shall be recorded into the current profit or loss.

The Group shall, at least at the end of the year, review the service life, estimated residual value and depreciation method of the fixed assets, and shall treat any change as accounting estimation change.

14. CONSTRUCTION IN PROGRESS

The construction in process is measured by actual cost, which includes the expenditure incurred during the construction period, the capitalised borrowing cost before the project reaches its intended usable state, and other related costs. There is no depreciation in construction. Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

15. INTANGIBLE ASSETS

15.1 Intangible assets

Intangible assets include land use right, software use right, trademark right, etc..

Intangible assets are initially measured at cost. Since the intangible assets with limited service life are available for use, the original value minus the estimated residual value and the accumulated amount of impairment reserve are amortised by the straight-line method in phases during their expected service life. Intangible assets with uncertain service life shall not be amortised.

At the end of the period, the service life and amortisation method of intangible assets with limited service life shall be reviewed and adjusted if necessary.

Expenses for the research phase are charged to current profit or loss as incurred.

15.2 Research and development expenditures

Expenditures during the development stage are recognised as intangible assets if both of the following conditions are met, and expenditures during the development stage that do not meet the following conditions are recognised in current profit or loss:

- (1) Completion of intangible asset so that it can be used or sold is technically feasible;
- (2) Intention to complete the intangible asset for use or for sale;
- (3) The ways in which intangible assets generate economic benefits include proving the existence of a market for the products produced by using the intangible assets or the existence of a market for the intangible assets themselves;
- (4) Having sufficient technical, financial and other resources to support the completion of the development of the intangible assets, and having the ability to use or sell the intangible assets;
- (5) Expenditure attributable to the development stage of the intangible asset can be measured reliably.

If it is not possible to distinguish between research stage expenditures and development stage expenditures, all research and development expenditures incurred are recognized in profit or loss for the current period. The cost of intangible assets resulting from internal development activities includes only the total amount of expenditure incurred from the point at which the capitalisation condition is met until the intangible asset reaches its intended use. No adjustment is made to the expenditure that has been expensed to profit or loss before the capitalisation condition is met for the same intangible asset in the development process.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

16. LONG-TERM PREPAID EXPENSES

Long-term prepaid expenses represent expenditures incurred which should be recognised as expenses over one year and should be allocated in current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the estimated beneficial period.

17. IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Group inspects whether there are signs of possible impairment of long-term equity investments, Investment properties, fixed assets, construction in process and intangible assets with certain service life. If there is an indication that such assets are impaired, the recoverable amount is estimated. For intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, the impairment test shall be conducted every year regardless of whether there are signs of impairment.

If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The recoverable amount is the higher of the net amount of the fair value of the asset or group of assets minus the disposal expenses and the present value of the expected future cash flow.

If the recoverable amount of an asset is less than its carrying amount, the difference between the amount and the carrying amount of the asset shall be calculated and the asset impairment provision shall be included in the current profit or loss.

Once the impairment loss of the aforesaid assets is recognised, it is not reversed in subsequent accounting periods.

In determining impairment losses on assets related to contract costs, impairment losses are first determined for other assets recognised in accordance with other relevant Accounting Standards for Business Enterprises and related to the contract; then, for assets related to contract costs, if the carrying amount of the assets is higher than the difference between the following two items, the excess is provided for impairment and recognised as an asset impairment loss: (1) the residual consideration that the Group expects to receive for the transfer of the goods or services associated with the asset; (2) estimated costs to be incurred for the transfer of the relevant goods or services.

Except for impairment losses on assets related to contract costs, the above-mentioned impairment losses on assets, once recognised, are not reversed in subsequent accounting periods. After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two items is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognized in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

18. ESTIMATED LIABILITIES

When the contingent obligation is the current obligation undertaken by the Group, and the performance of the obligation is likely to lead to outflow of economic benefits, and the amount of the obligation can be measured reliably, it is recognised as an estimated liability.

At the end of the reporting period, the estimated liabilities are measured in accordance with the best estimate of the expenditure required to fulfill the relevant current obligations, taking into account the risk, uncertainty and time value of money related to contingencies. If the time value of money has a significant impact, the best estimate is determined by the amount discounted by the expected future cash outflow.

If all or part of the expenditure required to pay off the estimated liabilities is expected to be compensated by a third party, the amount of compensation shall be recognised as an asset when it is basically confirmed that it can be received, and the confirmed amount of compensation shall not exceed the carrying amount of the estimated liabilities.

19. EMPLOYEE REMUNERATIONS

Employee remunerations refer to the remuneration or compensation in various forms provided by the Group for the purpose of obtaining the service provided by the employee or the termination of labor relations. Employee remunerations include short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

In addition to the compensation for the termination of the labor relationship with the employee, the Group shall recognise the employee compensation payable as a liability during the accounting period when the employee provides services.

The Group shall participate in the employee social security system established by government institutions according to the regulations, including basic endowment insurance, medical insurance, housing provident fund and other social security systems, and the corresponding expenditure shall be included in the cost of related assets or current profit and loss when incurred.

Short-term remunerations refer to the compensation that the Group needs to pay to all employees within 12 months after the end of the annual reporting period for the relevant services provided by employees, with the exception of post-retirement benefits and termination benefits. Short-term remuneration includes wages, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance, work injury insurance and maternity insurance, housing fund, trade union funds and employee education funds, short-term paid absences, short-term profit-sharing plans, non-monetary benefits and other short-term remuneration. During the accounting period when the employees provide services, the Group shall recognise the short-term remuneration payable as a liability and record it into the cost or expense of related assets according to the beneficiaries of the services provided by the employees.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

19. EMPLOYEE REMUNERATIONS (CONTINUED)

Post-employment benefit refers to the various forms of remuneration and welfare provided by the Group after the employee retires or dissolves labor relations with the enterprise in order to obtain the services provided by the employee, with the exception of short-term remuneration and termination benefits. Post-employment benefits include endowment insurance, annuity, unemployment insurance, internal retirement benefits and other post-employment benefits.

The Group classifies post-employment benefit plans into defined contribution plans and defined benefit plans. Post-employment benefit plan refers to the agreement reached between the Group and the employee on the post-employment benefit, or the regulations or measures formulated by the Group for the provision of post-employment benefit to the employee. Where, a defined contribution plan is a post-employment benefit plan in which the Group no longer undertakes the further payment obligation after the fixed fee is deposited into the independent fund; Defined benefit plans refer to post-employment benefit plans other than defined contribution plans. During the accounting period when the employee provides services for the Group, the amount due for deposit calculated according to the defined escrow plan shall be recognised as a liability and recorded into the current profit and loss or the cost of related assets.

The Group provides early retirement benefits to employees who accept internal retirement arrangements. Early retirement benefits is to point to did not reach the emeritus age that the country sets via approving the worker that withdraws job post of one's own accord the salary that pays and the society insurance premium that are its pay. For Early retirement benefits, if the conditions related to the recognition of internal retirement benefits are met, the internal retirement benefits to be paid by the Group during the period when the employee stops providing the service solstice normally retires will be recognised as liabilities according to the present value and recorded into the profits and losses of the current period.

Termination benefits means that the Group terminates the labor relationship with the employee before the expiration of the employee's labor contract or compensates the employee to encourage the employee to voluntarily accept the reduction. Where the Group provides termination benefits to the employee, the liability arising from the termination benefits shall be recognised at an early date and recorded into the current profit or loss if: (1) the Group cannot unilaterally withdraw the termination benefits provided by the termination plan or reduction proposal. (2) when the Group confirms the costs or expenses related to the restructuring related to the payment of dismiss benefits.

Other long-term employee benefits refer to all employee remunerations except short-term compensation, post-employment benefit and termination benefits.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

20. BONDS PAYABLES

The initial recognition of the bonds payable of the Group shall be measured at the fair value, and the relevant transaction expenses shall be included in the initial recognition amount. Bonds payable is measured at amortised cost subsequently.

The difference between the issue price of the bonds and the total face value of the bonds shall be regarded as the bond premium or discount, which shall be amortised at the time of interest withdrawal according to the effective interest rate method within the duration of the bonds, and shall be handled according to the principle of borrowing costs.

21. REVENUE RECOGNITION

The Group recognises revenue at the transaction price apportioned to the performance obligation in the contract when it is fulfilled, i.e. when the customer acquires control of the relevant goods or services. A performance obligation is a contractual commitment by the Group to transfer clearly distinguishable goods or services to the customer. The transaction price is the amount of consideration that the Group expects to be entitled to receive as a result of the transfer of goods or services to the customer, but excluding amounts collected on behalf of third parties and amounts that the Group expects to be returned to the customer.

A performance obligation is a performance obligation that is performed over a period of time, and the Group recognises revenue over a period of time in accordance with the progress of the performance, when one of the following conditions is met: (1) the customer acquires and consumes the economic benefits from the Group's performance as the Group performs; (2) the customer is able to control the goods under construction in the Group's performance; (3) the goods or services produced by the Group's performance are irreplaceable, and the Group is entitled to receive payment for the portion of the performance that has been accumulated to date throughout the contract period. Otherwise, the Group recognises revenue at the point at which the customer acquires control of the relevant goods or services.

The Group uses the input method to determine the progress of performance, i.e., it determines the progress of performance based on the Group's inputs to meet its performance obligations. When the progress of performance is not reasonably determinable and the costs incurred are expected to be recovered, the Group recognises revenue at the amount of the costs incurred until the progress of performance is reasonably determinable.

A contract asset is a right to receive consideration for goods or services that the Group has transferred to a customer and that is dependent on factors other than the passage of time. For the accounting policy regarding contract asset impairment, please refer to Note IV. 9 for details. The Group's unconditional (that is, time-dependent) right to collect considerations from customers are presented separately as receivables.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

21. REVENUE RECOGNITION (CONTINUED)

A contract liability is an obligation to transfer goods or services to a customer for consideration received or receivable by the Group from the customer.

Contract assets and contract liabilities under the same contract are shown on a net basis.

Where a contract contains two or more performance obligations, the Group allocates the transaction price to each individual performance obligation in proportion to the relative proportions of the individual sale price of the goods or services committed to by each individual performance obligation at the commencement date of the contract. However, where there is conclusive evidence that the contractual discount or variable consideration relates to only one or more (but not all) of the performance obligations in the contract, the Group apportions the contractual discount or variable consideration to the relevant one or more performance obligations. The individual selling price is the price at which the Group sells goods or services to a customer individually. Where individual selling prices are not directly observable, the Group estimates the individual selling price, taking into account all relevant information that is reasonably available and using observable inputs to the maximum extent possible.

Where there is variable consideration in a contract, the Group determines the best estimate of the variable consideration based on expectations or the most likely amount to occur. The transaction price that includes variable consideration does not exceed the amount by which it is highly unlikely that there will be a material reversal of the cumulative recognised revenue at the time the related uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of the variable consideration that should be included in the transaction price.

Where the customer pays non-cash consideration, the Group determines the transaction price by reference to the fair value of the non-cash consideration. If the fair value of the non-cash consideration cannot be reasonably estimated, the Group determines the transaction price indirectly by reference to the separate selling price of the goods or services that the Group promises to transfer to the customer.

Where there is consideration payable to a customer under a contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the Group offsets the consideration payable against the transaction price and reduces current revenue at the later of the point at which the related revenue is recognised and the customer consideration is paid (or promised to be paid).

For sales with a quality assurance clause, the quality assurance constitutes a single performance obligation if it provides a separate service in addition to the assurance to the customer that the goods or services sold comply with established standards. Otherwise, the Group accounts for the quality assurance obligation in accordance with the provisions of *Accounting Standards for Business Enterprises No. 13 – Contingencies*.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

21. REVENUE RECOGNITION (CONTINUED)

Where there is a significant financing element in a contract, the Group determines the transaction price based on the amount that would be payable in cash assuming that the customer paid for the goods or services at the time it acquired control. The difference between this transaction price and the contract consideration is amortised over the term of the contract using the effective interest method. Significant financing elements of the contract are not taken into account when the Group expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year at the contract start date.

The Group determines whether it is the principal obligor or agent at the time of the transaction based on whether it has control over the goods or services prior to the transfer of the goods or services to the customer. If the Group has control over the goods or services before transferring them to the customer, the Group is the principal obligor and recognises revenue based on the total consideration received or receivable; otherwise, the Group is the agent and recognises revenue based on the amount of commission or fee to which it is expected to be entitled, which is net of the total consideration received or receivable, less the price payable to other related parties, or based on the established commission Amount or percentage, etc. determined.

When the Group receives advance payments from customers for the sale of goods or services, it first recognises the payments as a liability and then converts them to revenue when the related performance obligations are fulfilled. When the Group's advance receipts are not required to be returned and it is probable that the customer will waive all or part of its contractual rights, the Group recognises the above amount as revenue ratably in accordance with the pattern of the customer's exercise of contractual rights, if the Group expects to be entitled to the amount related to the contractual rights waived by the customer; otherwise, the Group transfers the relevant balance of the above liability only when it is highly unlikely that the customer will demand performance of the remaining performance obligation to Income.

The Group's specific operating revenue recognition principles are as follows:

Revenue from forwarding and related businesses: the realisation of revenue in the Group's forwarding and related businesses for originating businesses is recognised on the date of departure of the vessel/ aircraft departure/loading of the cargo; and for destination businesses, the realisation of revenue is recognised on the date of delivery of the cargo to the agreed delivery point;

Logistics/e-commerce business income, the group's business to provide clients with point to point transport service, customers in the performance of the group at the same time also obtain and consume the performance brought by the economic interests of the group. Because the logistics and e-commerce service provided by the Group in an accounting period usually finish in a short time period, the service provided by the Group across the accounting period is not significant. The revenue of aforementioned services of the Group is recognised at the completion time.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

21. REVENUE RECOGNITION (CONTINUED)

The cost of obtaining a contract

An asset is recognised when the Group expects to recover the incremental costs incurred to obtain the contract (i.e., costs that would not have been incurred but for the contract). If the asset is amortised over a period of less than one year, it is charged to profit or loss as incurred. Other expenses incurred by the Group to acquire a contract are charged to profit or loss when incurred, except when clearly borne by the customer.

The cost of fulfilling a contract

Costs incurred by the Group to perform a contract, which are outside the scope of other corporate accounting standards other than the revenue standard, are recognised as an asset when the following conditions are met: (1) the cost is directly related to a current or expected contract; (2) the cost increases the Group's future resources available to meet its performance obligations; and (3) the cost is expected to be recoverable. These assets are amortised using the same basis as revenue recognition for the goods or services to which the asset relates, and are recognised in profit or loss for the period.

22. GOVERNMENT GRANTS

Government grants are monetary and non-monetary assets that the Group acquires from the government at no cost to the Group. Government grants are recognised when the conditions attached to the grant can be met and the grant can be received.

Where government grants are monetary assets, they are measured at the amount received or receivable. Where government grants are non-monetary assets, they are measured at fair value; where fair value cannot be obtained reliably, they are measured at nominal amounts. Government grants measured at nominal amounts are directly recognised in profit or loss for the period.

Assets-related government grants should be recognised as deferred income and charged to profit or loss over the useful life of the related assets in a reasonable and systematic manner. Government grants measured at nominal amounts are directly recognised in profit or loss for the current period. If the relevant asset is sold, transferred, scrapped or destroyed before the end of its useful life, the undistributed balance of the relevant deferred income should be transferred to the profit or loss of the period in which the asset is disposed of.

Revenue-related government grants, which are used to compensate the Group for related costs or losses in future periods, are recognised as deferred income and charged to profit or loss in the period in which the related costs or losses are recognised; those used to compensate the Group for related costs or losses already incurred are charged directly to profit or loss in the current period.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

22. GOVERNMENT GRANTS (CONTINUED)

For government grants that contain both asset-related parts and revenue-related parts, the different parts should be distinguished for separate accounting treatment; if it is difficult to distinguish, the whole should be classified as revenue-related government grants.

Government grants related to the Group's daily activities should be included in other income in accordance with the substance of economic operations. Government grants not related to the Group's daily activities should be included in non-operating revenue and expenses.

23. BORROWING COSTS

The capitalisation of borrowing costs directly attributable to the acquisition or production of a capitalisation-eligible asset begins when expenditures for the asset have been incurred, borrowing costs have been incurred, and the acquisition or production activities necessary to bring the asset to its intended useable or marketable condition have commenced; the capitalisation of a capitalisation-eligible asset acquired or produced to its intended useable or marketable condition ceases when the asset is acquired or produced. If an abnormal interruption in the acquisition or production of a capitalisation-eligible asset occurs and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs is suspended until the acquisition or production of the asset is restarted.

The remaining borrowing costs are recognised as an expense in the period in which they are incurred.

The amount of interest expenses actually incurred during the period of special borrowing, less the interest income earned by depositing unused borrowed funds with banks or investment income earned by making temporary investments, is capitalised; the amount of capitalisation for general borrowing is determined by multiplying the weighted average of the cumulative asset expenses in excess of the portion of special borrowing by the capitalisation rate of the general borrowing used. The capitalisation rate is determined based on the calculation of the weighted average interest rate on the general borrowing. During the capitalisation period, all exchange differences on foreign-currency specialised borrowings are capitalised; exchange differences on foreign-currency general borrowings are recorded in profit or loss for the current period.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

24. INCOME TAXES

Income taxes consist of current income taxes and deferred income taxes.

24.1 Current income tax

At the balance sheet date, for current income tax liabilities (or assets) arising from current and prior periods, the amount of income tax expected to be paid (or refunded) is measured at the amount calculated in accordance with the tax laws.

24.2 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognised using the balance sheet liability method for differences arising from differences between the carrying amount of certain items of assets and liabilities and their tax bases, and for temporary differences arising from differences between the carrying amount and tax bases of items that are not recognised as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

Generally all temporary differences are recognised for related deferred income tax purposes. However, for deductible temporary differences, the Group recognises a related deferred tax assets to the extent that it is more likely than not that the Group will be able to realize the taxable income used to offset the deductible temporary differences. In addition, related deferred tax assets or liabilities are not recognised for temporary differences that relate to the initial recognition of goodwill and to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor, when they occur, affect accounting profit and taxable income (or deductible losses).

A corresponding deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be carried forward to future years.

The Group recognises deferred tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associates and joint ventures, unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the Group recognises a deferred tax asset only when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary difference can be utilised.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the related asset is recovered or the related liability is settled, in accordance with the provisions of the tax laws.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

24. INCOME TAXES (CONTINUED)

24.2 Deferred tax assets and deferred tax liabilities (Continued)

Current income taxes and deferred income taxes are recorded in other comprehensive income or equity when current income taxes and deferred income taxes related to transactions and events directly in other comprehensive income or equity. The deferred income taxes adjusted resulting from business combination are included in the carrying amount of goodwill. Other income tax and deferred income tax expense or gain is recorded in current profit or loss.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and the carrying amount of deferred tax assets is written down to the extent that it is more likely than not that sufficient taxable income will not be available in the future to offset the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the amount of the write-down is reversed.

24.3 Offset of income taxes

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to acquire assets and settle liabilities simultaneously, the Group's current income tax assets and current income tax liabilities are presented on a net basis after offsetting.

The Group's deferred income tax assets and deferred income tax liabilities are presented net of offset when there is a legally enforceable right to settle current tax assets and current tax liabilities on a net basis and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or on different taxable entities, provided that, in each future period in which significant deferred tax assets and liabilities reverse, the taxable entity involved intends to settle current income tax assets and liabilities on a net basis, or to acquire the assets and settle the liabilities simultaneously.

25. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS

25.1 Foreign currency operations

Foreign currency transactions are translated at initial recognition using the spot exchange rate at the date of the transaction.

Chapter 12

Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

25. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS (CONTINUED)

25.1 Foreign currency operations (Continued)

At the balance sheet date, monetary items denominated in foreign currencies are translated into the functional currency of record using the spot exchange rate at that date, and exchange differences resulting from differences between the spot exchange rate at that date and the spot exchange rate at initial recognition or at the previous balance sheet date, except: (1) exchange differences on foreign currency specific borrowings eligible for capitalisation are capitalised to the cost of the related assets during the capitalisation period; (2) exchange differences on foreign currency specific borrowings for the purpose of hedging foreign currency risk are capitalised to the cost of the related assets; (3) exchange differences on foreign currency specific borrowings for the purpose of hedging foreign currency risk are capitalised to the cost of the related assets during the capitalisation period. Exchange differences on hedging instruments that are hedged are accounted for under the hedge accounting method; (3) exchange differences on monetary items classified as fair value through other comprehensive income, other than those arising from changes in carrying amount other than amortised cost, are recognised in other comprehensive income.

If the preparation of the consolidated financial statements involves foreign operations, and if there are foreign currency monetary items that substantially constitute a net investment in foreign operations, exchange differences resulting from changes in exchange rates are included in "Translation difference of the statements in foreign currency" in other comprehensive income; when foreign operations are disposed of, they are included in profit or loss for the period of disposal.

Foreign currency non-monetary items measured at historical cost continue to be measured at the recorded local currency amount discounted at the spot exchange rate at the date of the transaction. Non-monetary items in foreign currencies measured at fair value are translated using the spot exchange rate at the date the fair value is determined, and the difference between the recorded local currency amount after translation and the original recorded local currency amount is treated as a change in fair value (including exchange rate changes) and recognised in profit or loss or in other comprehensive income.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

25. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS (CONTINUED)

25.2 Translation of the financial statements in foreign currency

For the purpose of preparing consolidated financial statements, foreign currency financial statements of foreign operations are translated into RMB as follows: all assets and liability items in the balance sheet are translated at the spot exchange rate at the balance sheet date; equity items are translated at the spot exchange rate at the time of occurrence; all items in the income statement and items reflecting the occurrence of profit distribution are translated at the approximate exchange rate at the spot exchange rate at the date of the transaction; the difference between the translated asset items and the sum of liability items and equity items is recognised as other comprehensive income and included in equity.

Cash flows in foreign currencies and the cash flows of foreign subsidiaries are translated using the spot rate at the date of the cash flows, and the effect of exchange rate changes on cash and cash equivalents is shown as a reconciling item in the statement of cash flows as “Effect of foreign exchange rate changes”.

The opening and prior-year actuals are shown on the basis of amounts translated from the prior-year financial statements.

Upon the disposal of the Group’s entire owner’s equity in a foreign operation or the loss of control over the foreign operation due to the disposal of a portion of the equity investment or otherwise, the translation difference of the financial statements in foreign currency shown in the other comprehensive income line item in the statement of financial position that are attributable to the shareholders’ equity of the Company related to that foreign operation are transferred in full to the current profit or loss on disposal.

In the event of the disposal of a portion of an equity investment or other reasons resulting in a reduction in the proportion of equity interest held in a foreign operation without loss of control over the foreign operation, the translation difference of the financial statements in foreign currency related to the disposal portion of the foreign operation will be attributed to non-controlling interests and will not be transferred to the profit or loss of the current period. When the foreign operation is disposed of as part of an associate or joint venture, the translation difference of the financial statements in foreign currency related to the foreign operation are transferred to the profit and loss of the period in which the foreign operation is disposed of in proportion to the disposal of the foreign operation.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

26. LEASES

A lease is a contract in which the lessor gives the right to use an asset to the lessee for a certain period of time in return for consideration.

26.1 The Group as lessee

26.1.1 Separating components of leases

Where the contract contains one or more lease and non-lease components, the Group separates each individual lease and non-lease component and apportions the contract consideration in relative proportions to the sum of the separate prices of each lease component and the separate prices of the non-lease components.

For practical purposes, the Group accounts for leases with similar characteristics as a portfolio if the Group can reasonably be expected not to have a significantly different impact on the financial statements than if each individual lease in the portfolio were accounted for separately.

26.1.2 Right-of-use asset

With the exception of short-term leases and leases of low-value assets, the Group recognises a right-of-use asset for leases at the lease term start date. The lease term start date is the date on which the lessor makes the leased asset available for use by the Group.

Right-of-use assets are initially measured at cost. This cost comprises:

- The initial measurement of the lease liability.
- Lease payments made on or before the start date of the lease term, where a lease incentive exists, are reduced by the amount associated with the lease incentive already enjoyed.
- Initial direct costs incurred by the Group.
- The Group expects to incur costs to dismantle and remove the leased asset, rehabilitate the site where the leased asset is located or restore the leased asset to the condition agreed under the terms of the lease.

When a remeasurement of the lease liability occurs after the lease term starts, the carrying amount of the right-of-use asset is adjusted accordingly.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

26. LEASES (CONTINUED)

26.1 The Group as lessee (Continued)

26.1.2 Right-of-use asset (Continued)

The Group depreciates right-of-use assets with reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No.4 – Fixed Assets*. Where the Group is able to obtain ownership of a leased asset with reasonable certainty at the end of the lease term, the right-to-use asset is depreciated over the remaining useful life of the leased asset. Where it is not reasonably certain that ownership of a leased asset can be obtained at the end of the lease term, depreciation is charged over the shorter of the lease term and the remaining useful life of the leased asset.

The Group determines whether a right-of-use asset is impaired in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 8 - Asset Impairment* and makes accounting treatment.

26.1.3 Refundable lease deposits

Refundable lease deposits paid by the Group are accounted for in accordance with the *Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments* and are measured at fair value on initial recognition. The difference between the fair value and the notional amount at initial recognition is treated as an additional lease payment and included in the cost of the right-of-use asset.

26.1.4 Lease liability

Except for short-term leases and leases of low-value assets, the Group initially measures the lease liability at the beginning of the lease term based on the present value of the lease payments outstanding at that date. In calculating the present value of the lease payments, the Group uses the intrinsic lease rate as the discount rate and, where the intrinsic lease rate cannot be determined, the incremental borrowing rate as the discount rate.

Lease payments are payments made by the Group to the lessor relating to the right to use the leased asset over the lease term and including:

- Fixed payments and substantive fixed payments, net of lease incentives, if there are lease incentives related amounts.
- Variable lease payments that depend on an index or rate.
- The Group reasonably determines the exercise price of the purchase options to be exercised.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

26. LEASES (CONTINUED)

26.1 The Group as lessee (Continued)

26.1.4 Lease liability (Continued)

- The lease term reflects the payments required to exercise the lease termination option where the Group will exercise the lease termination option.
- Expected payments based on the residual value of guarantees provided by the Group.

Variable lease payments that are index- or rate-dependent are determined at initial measurement based on an index or rate at the lease term start date. Variable lease payments that are not included in the measurement of lease liabilities are recognised in current profit or loss or costs of the related assets when they are actually made.

After the start date of the lease term, the Group calculates the interest expense of the lease liability for each period during the lease term at a fixed periodic interest rate and records it in current profit or loss or costs of the related assets.

After the lease term starts, the Group remeasures the lease liability and adjusts the corresponding right-of-use asset if any of the following occurs; if the carrying amount of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Group recognises the difference in profit or loss for the current period:

- In the event of a change in the lease term or a change in the valuation of a purchase option, the Group remeasures the lease liability at the present value of the lease payments after the change and at a revised discount rate.
- Where there is a change in the amount expected to be payable based on the remaining value of the guarantee or in the index or rate used to determine lease payments, the Group remeasures the lease liability to the present value of the changed lease payments and the original discount rate. Where changes in lease payments result from changes in floating interest rates, the revised discount rate is used.

26.1.5 Short-term leases and leases of low-value assets

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases of business premises or transportation vehicles, as well as leases of low-value assets. Short-term leases are leases with a lease term of less than 12 months at the start date of the lease term and do not include purchase options. Leases of low-value assets are leases where the value of a single leased asset does not exceed RMB50,000 when the asset is brand new. The Group recognises the lease payments for short-term leases and leases of low-value assets in profit or loss or the cost of the related assets in each period of the lease term on a straight-line basis or by other systematic and reasonable methods.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

26. LEASES (CONTINUED)

26.1 The Group as lessee (Continued)

26.1.6 Lease modification

The Group has chosen to adopt a simplified method for rent reductions, deferred payments and other rent concessions agreed between the Group as lessee and lessor on existing lease contracts that are directly caused by the new coronary pneumonia epidemic and that meet the “*Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic*” (Cai Kuai [2020] No. 10) issued by the Ministry of Finance, and does not assess whether a lease modification has occurred or reassess the lease classification. Beyond that:

When a lease change occurs and the following conditions are also met, the Group accounts for the lease modification as a separate lease:

- The lease change expands the scope of the lease by adding the right to use one or more of the leased assets.
- The increased consideration is equal to the separate price of the expanded portion of the lease, adjusted for that contract.

If the lease change is not accounted for as a separate lease, at the effective date of the lease modification, the Group reassesses the consideration for the changed contract, redetermines the lease term and remeasures the lease liability at the present value of the modified lease payments and the revised discount rate.

26.2 The Group as lessor

The Group recognises lease receipts under operating leases as rental income on a straight-line basis from period to period over the term of the lease, unless another systematic and rational method better reflects the pattern of depletion of economic benefits arising from the use of the leased asset. Initial direct costs incurred by the lessor in connection with operating leases are capitalized and amortized over the lease term on the same basis as rental income, and are recognised in profit or loss over the period.

26.2.1 Separating components of leases

Where the contract contains both leased and non-leased components, the Group apportioned the contract consideration in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14 – Revenue* on transaction price apportionment, based on the separate prices of each of the leased and non-leased components.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

26. LEASES (CONTINUED)

26.2 The Group as lessor (Continued)

26.2.2 Refundable lease deposits

Refundable lease deposits received by the Group are accounted for in accordance with the *Accounting Standards for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments* and are measured at fair value on initial recognition. The difference between the fair value and the notional amount at initial recognition is considered to be the additional lease receipts paid by the lessee.

26.2.3 Classification of leases

A lease that transfers substantially all the risks and rewards of ownership of the leased asset is a finance lease. Leases other than finance leases are operating leases.

26.2.4 The Group records operating lease business as lessor

At various periods during the lease term, the Group recognises lease receipts for operating leases as rental income using the straight-line method or other systematic and reasonable method. Initial direct costs incurred by the Group in connection with operating leases are capitalized as incurred and are amortized over the term of the lease on the same basis as rental income recognition and charged to profit or loss in the current period.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in lease receipts are charged to profit or loss in the period in which they are incurred.

26.2.5 The Group records financial leasing operations as lessor

At the start of the lease term, the Group records the net lease investment as the value of the finance lease receivables and derecognises the finance lease asset. The net investment in leases is the sum of the unguaranteed residual value and the present value of the lease receivables not yet received at the start of the lease term, discounted at the intrinsic lease rate.

Lease receipts, which represent amounts receivable by the Group from lessees in connection with the assignment of the right to use a leased asset during the lease term, including:

- The amount of the fixed payments to be paid by the lessee and the amount of the substantive fixed payments, less the amount related to the lease incentive, if there is a lease incentive.
- Variable lease payments that depend on an index or rate.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

26. LEASES (CONTINUED)

26.2 The Group as lessor (Continued)

26.2.5 The Group records financial leasing operations as lessor (Continued)

- The exercise price of the purchase option, provided that it is reasonably certain that the lessee will exercise the option.
- Payments required to be made by a lessee exercising a lease termination option, provided that the lease term reflects that the lessee will exercise the lease termination option.
- The residual value of the guarantee provided to the Group by the lessee, a party related to the lessee and an independent third party with the financial ability to meet the guarantee obligations.
- Variable lease receivables that are index- or rate-dependent are determined at initial measurement based on an index or rate at the lease term start date.
- Variable lease receipts that are not included in the net lease investment measurement are charged to profit or loss in the period in which they occur.

The Group calculates and recognises interest income at a fixed periodic rate for each period of the lease term.

26.2.6 Lease modification

The Group has chosen to adopt a simplified method for rent reductions, deferred payments and other rent concessions agreed between the Group as lessor and lessee on existing lease contracts that are directly caused by the new coronary pneumonia epidemic and that meet the *Accounting Treatment of Rent Concessions Related to the New Coronary Pneumonia Epidemic* (Cai Kuai [2020] No. 58) issued by the Ministry of Finance, and does not assess whether a lease change has occurred or reassess the lease classification. Beyond that:

Where there is a modification in an operating lease, the Group accounts for it as a new lease from the effective date of the modification, and the amount of lease receipts received or receivable in advance relating to the pre-modification lease is treated as receipts under the new lease.

When a modification in a finance lease occurs and the following conditions are also met, the Group accounts for the modification as a separate lease:

- The change expands the scope of the lease by adding the right to use one or more of the leased assets.
- The increased consideration is equal to the separate price of the expanded portion of the lease, adjusted for that contract.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

26. LEASES (CONTINUED)

26.2 The Group as lessor (Continued)

26.2.6 Lease modification (Continued)

If a change in a finance lease is not accounted for as a separate lease, the Group treats the modified lease as follows:

- Where the lease would have been classified as an operating lease had the modification been effective at the lease start date, the Group accounts for the lease as a new lease from the effective date of the lease modification and the carrying amount of the leased asset is the net investment in the lease as at the effective date of the lease modification.
- Had the modification been effective at the lease start date, the lease would have been classified as a finance lease, and the Group would have accounted for it in accordance with the provisions of *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* for the modification or renegotiation of contracts.

26.3 Sale and leaseback transactions

26.3.1 The Group as seller and lessee

The Group assesses whether the transfer of an asset in a sale and leaseback transaction is a sale in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14 – Revenue*. If the asset transfer is not a sale, the Group continues to recognise the transferred asset and recognises a financial liability equal to the amount of the transfer proceeds, and accounts for the financial liability in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. If the transferred asset is a sale, the Group measures the right-of-use asset resulting from the sale and leaseback at the portion of the carrying amount of the original asset that relates to the right of use acquired through leaseback, and recognises gain or loss only on the right transferred to the lessor.

26.3.2 The Group as buyer and lessor

Where the transfer of an asset in a sale and leaseback transaction is not a sale, the Group does not recognise the transferred asset, but recognises a financial asset equal to the proceeds of the transfer, and accounts for the financial asset in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. If the transferred asset is a sale, the Group accounts for the purchase of the asset and the lease of the asset in accordance with other applicable business accounting standards.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

27. HELD FOR SALE

The Group is classified as held for sale when it recovers the carrying amount of a non-current asset or disposal group primarily through a sale, including a non-monetary asset exchange with commercial substance, rather than through the continued use of the non-current asset or disposal group.

A non-current asset or disposal group classified as held for sale is subject to both: (1) immediate sale in its current condition, as is customary for the sale of such an asset or disposal group in similar transactions, and (2) a sale is highly probable, i.e. the Group has resolved on a plan to sell and has received firm purchase commitments and the sale is expected to be completed within one year.

The Group measures non-current assets held for sale or disposal groups at the lower of their carrying amount or fair value less costs to sell. If the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the amount of the write-down is recognised as an impairment loss on the asset, which is recognised in profit or loss and an impairment provision for assets held for sale. If the fair value of non-current assets held for sale, net of selling expenses, increases at subsequent balance sheet dates, the amount previously written down is restored and reversed within the amount of the impairment loss recognised after classification as held for sale, and the reversed amount is recognised in profit or loss for the current period.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized, and interest and other charges on liabilities in the disposal group held for sale continue to be recognised.

Equity investments in associates or joint ventures are classified in whole or in part as assets held for sale, and the portion classified as held for sale is no longer accounted for under the equity method from the date it is classified as held for sale.

28. SAFETY PRODUCTION COST

The Group withdraws production safety fees in accordance with *the Administrative Measures on the Withdrawal and Use of Safety Production Cost by Enterprises* No. 16 Caiqi [2012] issued jointly by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, which is recorded in the cost of the relevant products or current profit and loss, and transferred to the special reserve. When using the extracted safety production cost, if it is an expense, it is directly deducted from the special reserve. When the safety production cost are used to form fixed assets, the expenses incurred are collected under the account "Construction in progress" and recognised as fixed assets when the safety projects are completed and ready for use; at the same time, the special reserve is deducted from the cost of the fixed assets and the same amount of accumulated depreciation is recognised. Such fixed assets are not depreciated in subsequent periods.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

29. ASSET SECURITISATION BUSINESS

When a financial asset is transferred, it is judged on the basis of the transfer of substantially all the risks and rewards of ownership of the relevant financial asset: if it has been transferred in full, the corresponding financial asset is derecognised; if it has not been transferred and substantially all the risks and rewards of ownership of the relevant financial asset have been retained, derecognition is not possible; if neither substantially all the risks and rewards of ownership of the financial asset are transferred nor retained, derecognition is determined based on the extent of control over the financial asset. If control over the financial asset is relinquished, the financial asset is derecognised; if control over the financial asset is not relinquished, the financial asset is recognised to the extent of its continuing involvement in the financial asset, and the related liability is recognised accordingly.

If the financial asset meets the criteria for derecognition of the whole financial asset, the difference between the consideration received and the corresponding carrying amount is recognised in profit or loss for the period, and the cumulative change in fair value of the relevant financial asset originally recognised directly in shareholders' equity is also recognised in profit or loss for the period; if the conditions for derecognition of the partial transfer are met, the carrying amount of the whole financial asset involved in the transfer, between the part that is derecognised and the part that is not derecognised, the relative fair value of each is apportioned and the apportioned carrying amount is treated on an overall transfer versus partial transfer basis. If the conditions for derecognition are not met, the consideration received is recognised as a financial liability.

30. NON-MONETARY ASSET EXCHANGE

Non-monetary asset exchanges are measured at fair value if the non-monetary asset exchange has commercial substance and the fair value of the exchange-in asset or exchange-out asset can be measured reliably. For the exchange-in assets, the fair value of the exchange-out asset and the related tax payable are initially measured as the cost of the exchange-in asset; for the exchange-out assets, the difference between the fair value and the carrying amount of the exchange-out asset is recognised in current profit or loss upon derecognition. If there is sufficient evidence that the fair value of the exchange-in asset is more reliable, the fair value of the exchange-in asset and the relevant tax payable are used as the initial measurement amount of the exchanged asset; for the exchange-out asset, the difference between the fair value of the exchange-in asset and the carrying amount of the exchange-out asset is charged to the profit or loss for the current period upon derecognition.

Non-monetary asset exchanges that do not meet the condition of being measured at fair value are measured at carrying amount. For the exchange-in assets, the carrying amount of the exchange-out asset and the relevant tax payable are used as the initial measurement amount of the exchange-in asset; for the exchange-out assets, no gain or loss is recognised upon derecognition.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

30. NON-MONETARY ASSET EXCHANGE (CONTINUED)

When there is a discrepancy between the point of recognition of the exchange-in asset and the point of derecognition of the exchange-out asset, the exchange-in asset meets the asset recognition condition and, if the exchange-out asset has not yet met the derecognition condition, the obligation to deliver the exchange-out asset is recognised as a liability at the same time as the exchange-in asset is recognised; if the exchange-in asset has not yet met the asset recognition condition and the exchange-out asset meets the derecognition condition, the right to acquire the exchange-in asset is recognised as an asset at the same time as the exchange-out asset is derecognised.

Where multiple assets are exchanged simultaneously in a non-monetary asset exchange, if the exchange is measured at fair value, the net amount of the total fair value of the exchange-out assets less the fair value of the exchange-in financial assets is apportioned according to the relative proportion of the fair value of each exchange-in asset other than the exchange-in financial assets, and the amount apportioned to each exchange-in asset plus the relevant taxes payable, is initially measured as the cost of each exchange-in asset; where there is sufficient evidence that the fair value of the exchange-in assets is more reliable, the fair value of each exchange-in asset and the related taxes payable are used as the initial measurement of the cost of each exchange-in asset.

Where the non-monetary asset exchange is measured at carrying amount, the total carrying amount of the exchange-out asset is apportioned to each exchange-in asset in proportion to the relative proportion of the fair value of each exchange-in asset, and the amount apportioned plus the relevant taxes payable are recognised as the initial measurement amount of each exchange-in asset. If the fair value of the exchange-in asset cannot be measured reliably, the carrying amount of the exchange-out asset is apportioned in proportion to the relative or other reasonable proportion of the original carrying amount of each exchange-in asset.

Where multiple assets are exchanged simultaneously in a non-monetary asset exchange, if the exchange is measured at fair value, the difference between the fair value of each exchange-out asset and its carrying amount is recognised in profit or loss upon derecognition of each exchange-out asset; if there is sufficient evidence that the fair value of the exchange-in asset is more reliable, the total fair value of the exchange-in asset is apportioned to each exchange-out asset in proportion to the relative proportion of the fair value of each exchange-out asset. The difference between the amount apportioned to each exchange-out asset and the carrying amount of each exchange-out asset is recognised in profit or loss on derecognition of each exchange-out asset. Where non-monetary asset exchange is measured at carrying amount, no gain or loss is recognised on derecognition of each exchange-out asset.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

31. DEBT RESTRUCTURING

31.1 Recording debt restructuring obligations as a debtor

A debt restructuring in which the debt is settled by assets is derecognised when the relevant assets and the settled debt meet the conditions for derecognition, and the difference between the carrying amount of the settled debt and the carrying amount of the transferred assets is recognised in profit or loss for the current period.

A debt restructuring that converts a debt into an equity instrument is derecognised when the settled debt meets the conditions for derecognition. The equity instrument is measured at its fair value upon initial recognition, and if the fair value cannot be reliably measured, it is measured at the fair value of the settled debt. The difference between the carrying amount of the settled debt and the amount recognised for the equity instrument is recognised in profit or loss for the current period.

Debt restructuring by modifying other terms shall be recognised and measured in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and *Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments*.

If debt restructuring is carried out by using multiple assets to pay off debts or combination, equity instruments and restructured debts shall be recognised and measured according to the above-mentioned methods. The difference between the carrying amount of the settled debts and the carrying amount of the transferred assets and the sum of the recognised amounts of the equity instruments and restructured debts shall be included in the current profit or loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY (CONTINUED)

31. DEBT RESTRUCTURING (CONTINUED)

31.2 Recording debt restructuring obligations as a creditor

For debt restructuring in which assets are used to pay off debts, assets other than the transferred financial assets are initially recognised at cost. The cost of inventory includes the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, insurance premiums, etc., incurred to enable the asset to reach its current position and state. The cost of an investment in an associate or joint venture and the cost of investment property respectively include the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes. The cost of a fixed asset includes the fair value of abandoned creditor's rights and other costs directly attributable to the asset, such as taxes, transportation costs, handling charges, installation costs, professional services fee, incurred before bringing the asset to its intended usable condition. The cost of a biological asset includes the fair value of abandoned creditor's rights and other costs attributable to the asset, such as taxes, transportation costs, insurance premiums. The cost of an intangible asset includes the fair value of abandoned creditor's rights and other costs such as taxes that are directly attributable to bringing the asset to its intended use. The difference between the fair value and the carrying amount of abandoned creditor's rights should be recognised in profit or loss for the current period.

If the debt restructuring of converting debt into equity instrument causes the group to convert the creditor's right into equity investment in an associate or a joint venture, the initial investment cost shall be measured according to the fair value of the abandoned creditor's right and other costs such as taxes directly attributable to the asset. The difference between the fair value and the carrying amount of the abandoned creditor's rights recognised in profit or loss for the current period.

For debt restructuring by modifying other terms, the creditor's rights restructured shall be recognised and measured in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

If debt restructuring is carried out by using multiple assets to pay off debts or combination, firstly, the transferred financial assets and creditor's right restructured are recognised and measured in accordance with the provisions of *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, and then The net amount of the fair value of the abandoned creditor's rights after deducting the recognised amount of the transferred financial assets and the restructured creditor's rights are allocated in proportion to the fair value of each asset other than the transferred financial assets. and, on this basis, the cost of each asset is determined separately in accordance with the above method. The difference between the fair value and the carrying amount of the abandoned creditor's rights is recognised in profit or loss for the current period.

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V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies and accounting estimates, which are described in Note IV, the inherent uncertainty in operating activities requires the Group to make judgments, estimates and assumptions about the carrying amount of statement items that cannot be measured accurately. These judgments, estimates and assumptions are based on historical experience of the management and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES

At the end of the reporting period, the key assumptions and uncertainties in accounting estimates that are likely to lead to significant adjustments in the carrying amount of assets and liabilities in the future are as follows:

1.1 Classification of financial assets

The classification and measurement of financial assets is dependent on the contractual cash flow test and the business model test. The Group is required to consider all relevant evidence available at the date of the business model assessment, including the manner in which the enterprise evaluates and reports the performance of financial assets to key management personnel, the risks that affect the performance of financial assets and their management, and the manner in which the relevant business management personnel are compensated. The Group is also required to make a judgement as to whether the contractual cash flows generated from the financial assets held at a particular date are solely payments of principal and interest based on the outstanding principal amount.

1.2 Derecognition of transfers of financial assets

The Group transfers financial assets in the normal course of business through a variety of methods, including conventional transactions, asset securitization and sale and leaseback agreement. The Group is required to make significant judgments and estimates in the process of determining whether or not all of the transferred financial assets can be derecognised.

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Notes to the Financial Statements

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V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (CONTINUED)

1.2 Derecognition of transfers of financial assets (Continued)

Where the Group transfers financial assets to a special purpose entity through a structured transaction, the Group analyses and assesses whether the relationship with the special purpose entity substantially demonstrates that the Group has control over the special purpose entity and therefore consolidation is required. The judgement of consolidation will determine whether the derecognition analysis should be performed at the level of the consolidation entity, or at the level of the single entity from which the financial assets are transferred.

The Group is required to analyse the contractual cash flow rights and obligations related to the transfer of financial assets to determine whether it meets the conditions for derecognition based on the following judgments.

- Whether the authority to obtain the contractual cash flows has been transferred; or whether the cash flows have met the “pass through” requirements and transferred to an independent third party.
- Assess the degree of risk and reward transfer in the ownership of financial assets. The Group uses significant accounting estimates and judgments in estimating cash flows and other factors that affect the degree of risk and reward transfer before and after the transfer.

1.3 Recognition of expected credit losses

Significant increase in credit risk: In assessing the expected credit losses on financial assets, the Group is required to judge whether the credit risk on financial assets has increased significantly since acquisition, taking into account both qualitative and quantitative information and incorporating forward-looking information in the process.

Establishment of asset groups with similar credit risk characteristics: When expected credit losses are measured on a portfolio basis, financial instruments are grouped together based on similar risk characteristics. The Group continually assesses whether these financial instruments continue to have similar credit risk characteristics to ensure that should the credit risk characteristics change, the financial instruments will be reclassified appropriately. This may result in the creation of a new group or the reclassification of assets into an existing portfolio to better reflect the similar credit risk characteristics of such assets.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (CONTINUED)

1.4 Fair value evaluation and goodwill recognition of identifiable net assets related to acquisition business

As described in Note IV. 4. “4.2 “Business combination not under common control”, the Group measures the identifiable assets, liabilities and contingent liabilities of the acquiree that qualify for recognition in a business combination that is not under common control at fair value at the date of acquisition. The difference between the cost of the combination over the fair value share of the acquiree ‘s identifiable net assets acquired in the combination is treated as an asset and recognised as goodwill and initially measured at cost.

The evaluation of the fair value of identifiable assets, liabilities and contingent liabilities involves significant estimation and judgment of the management, especially the identification of intangible assets and the assessment of their fair value, thus affecting the recognition of goodwill. As stated in Note VIII. 3. “Business combination not under common control”, during the reporting period, the Group had a business combination not under common control, and recognised intangible assets (customer relationship) of EUR 59,927,096 and goodwill of EUR 269,126,280.

The key assumptions used in the evaluation of the fair value of intangible assets, including different inputs such as discount rate and growth rate of income, may lead to significant differences in the fair value estimation.

1.5 Goodwill impairment

As at 31 December 2020, the carrying amount of goodwill is RMB2,278,747,212.67. The Group conducts impairment test on goodwill at least annually. In the impairment test of goodwill, it is necessary to calculate the present value of the expected future cash flow of the relevant asset group or asset group portfolios, and to estimate the future cash flow of the asset group or assetgroup portfolios. At the same time, it is necessary to determine a pre-tax interest rate that appropriately reflects the time value of currency in the current market and asset specific risks. All these matters involve the judgment of the management.

1.6 Recognition of deferred income tax

Within the limits of deductible temporary differences and deductible losses, the Group is likely to obtain sufficient taxable income in the future to recognise deferred income tax assets for all unused deductible temporary differences and deductible losses. This requires the management of the Group to use a large number of judgments to estimate the time and amount of future taxable income, combined with tax planning strategy, to determine the amount of deferred income tax assets that should be recognised.

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V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (CONTINUED)

1.6 Recognition of deferred income tax (Continued)

The Group operates in many countries and regions and collects the income tax payable in each region according to the local tax law and relevant regulations. The Group will calculate and make provision for deferred income tax liabilities in accordance with the requirements of relevant state agencies, the Group's development strategy and the distribution plan of retained earnings of subsidiaries, associates and joint ventures, as well as the provisions of the relevant tariff law. If the actual distribution of future profits exceeds expectations, the corresponding deferred income tax liabilities will be recognised and recorded in profits and losses at a relatively early period between the change of distribution plan and the announcement of profit distribution.

1.7 Impairment of long-term equity investments

As at 31 December 2020, the carrying amount of the Group's investment in associates amounted to RMB4,162,590,995.79 (31 December 2019: RMB3,903,774,411.31); the carrying amount of the Group's investment in joint ventures as at 31 December 2020 amounted to RMB3,588,989,779.73 (31 December 2019: RMB5,464,584,890.86). For long-term equity investments that have indications of impairment, the Group determines whether a long-term equity investment is impaired by estimating the recoverable amount of the long-term equity investment and comparing it with its carrying amount. If the carrying amount of the long-term equity investment is greater than the estimated recoverable amount, an impairment provision is made accordingly.

1.8 Fair value of financial instruments

For financial instruments which lacking active market, the Group adopts valuation method to determine their fair value. Valuation methods make the best use of observable market information; when observable market information is not available, an estimate is made of the significant unobservable information included in the valuation method.

Observable input values refer to input values that can be obtained from market data. The input value reflects the assumptions that market participants use to price related assets or liabilities.

Non-observable input values refer to input values that cannot be obtained from market data. The input value shall be determined based on the best available information on the assumptions used by market participants in pricing the relevant assets or liabilities.

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V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (CONTINUED)

1.9 Estimated useful life and estimated residual value of fixed assets and intangible assets

The Group determines the useful life and residual value of fixed assets and intangible assets. The estimation is based on the historical experience of the actual useful life and residual value of fixed assets and intangible assets with similar properties and functions, and may have significant changes due to technological innovation and severe industry competition. When the expected useful life and residual value of fixed assets or intangible assets are less than the previous estimates, the Group will increase the depreciation/amortisation, or write off or offset the technologically obsolete fixed assets or intangible assets.

1.10 Impairment of non-current assets other than financial assets (other than goodwill, long-term equity investments)

The Group determines at the balance sheet date whether there is any indication that non-current assets other than financial assets may be impaired, and performs impairment tests on those assets when there is an indication of impairment. In addition, intangible assets with indefinite useful lives are tested for impairment annually. The recoverable amount of an asset or asset groups is determined based on the higher of the value in use of the asset or group of assets and net amount of its fair value less disposal expenses. In estimating its value in use, the future cash flows of the asset or asset group are projected and determined using a discount rate discounted to the present value of future cash flows. Management makes an accounting estimate on the use of the asset and forecasts future cash flows on a reasonable and informed basis and determines the present value of the future cash flows using a discount rate that reflects the time value of money in the current market and the specific risks associated with the asset.

1.11 Determine the lease term of a lease contract with a renewal option

For a lease contract signed as a lessee with the renewal option, the Group uses judgment to determine the lease term of the lease contract. The assessment of whether the Group reasonably determines the exercise of this option affects the length of the lease term, which in turn has a significant impact on the amount of lease liability and right-of-use asset recognised under the lease.

1.12 Contingent liabilities

The Group is faced with numerous legal disputes in the course of its going concern, the outcome of which is subject to a significant degree of uncertainty. When the economic benefits associated with a particular legal dispute are considered to be likely to flow out and can be measured reliably, the Group's management makes provision for them based on professional legal advice. Significant contingent liabilities faced by the Group, other than those which are considered to be highly unlikely to result in an outflow of economic benefits, are disclosed in Note XII. "CONTINGENCIES". Management uses its judgement to determine whether a related legal dispute should be provided for as a provision or disclosed as a contingent liability.

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Notes to the Financial Statements

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VI. EXPLANATIONS ON THE CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. CHANGES OF ACCOUNTING POLICIES AND EFFECTS

The Ministry of Finance issued the *Interpretation of Accounting Standards for Business Enterprises No. 13* (Cai Kuai [2019] No. 21) on 10 December 2019, and *Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic* (Cai Kuai [2020] No. 10) on 19 June 2020. The Group has adopted the above interpretations and provisions for the preparation of the 2020 financial statements. The *Interpretation of Accounting Standards for Business Enterprises No. 13* has no significant impact on the Group and the Company.

In accordance with the “*Accounting Treatment of Rent Concessions Related to the COVID-19 Epidemic*”, the Group adopts the simplified method for all rent concessions, such as rent reductions and deferred payments, concluded between the Group as a party to a lease contract and a lessor or lessee under an existing lease contract, directly caused by COVID-19, and does not evaluate whether a lease modification has occurred or whether a lease classification has been reevaluated.

In 2020, the Group obtained rent concessions from the lessor as lessee in the amount of RMB17.3303 million, increasing the total profit by RMB17.3303 million. The amount of rent concessions granted by the Group as lessor to the lessee was RMB21.5561 million, decreasing the total profit by RMB21.5561 million. The period of deferred rent payment concessions granted by the Group to the lessee as the lessor shall be 1 to 3 months after the rental payment date agreed in the original lease contract.

2. CHANGES OF ACCOUNTING ESTIMATES AND EFFECTS

According to the relevant provisions of “*Accounting Standard for Business Enterprises No. 4 – Fixed Assets*”, at the end of each fiscal year, enterprises shall review the estimated useful lives, net residual values and depreciation methods of fixed assets, and if the estimated useful lives and net residual values of fixed assets differ from the original accounting estimates, adjustments shall be made accordingly. In addition, in accordance with the relevant provisions of *Notice of the Ministry of Finance and the State Administration of Taxation on improving the enterprise income tax policy for accelerated depreciation of fixed assets* (Cai Shui [2014] No. 75), all fixed assets with a unit value of not more than RMB5,000 held by enterprises are allowed to be deducted in the calculation of taxable income by one-time inclusion of current costs, and depreciation shall no longer be calculated over a period of years. In order to better match the depreciable lives of fixed assets with their actual useful lives, to more accurately reflect the depreciation of fixed assets, and thus to more fairly and appropriately reflect the Group’s financial position and operating results, and with reference to the common practice of relevant companies in the same industry, the Group, upon approval at the 19th Meeting of the 2nd Board of Directors of the Company held on 31 March 2020, has, from 1 April 2020 onwards, changed the useful life of the housing construction category to 30 years for steel structures, 25 years for steel concrete structures and 20 years for brick concrete structures; changed the useful life of vehicles to 5 years; and changed the fixed asset recognition criteria to RMB5,000. The depreciable lives and fixed asset recognition criteria before and after this change are as follows.

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Notes to the Financial Statements

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VI. EXPLANATIONS ON THE CHANGES OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

2. CHANGES OF ACCOUNTING ESTIMATES AND EFFECTS (CONTINUED)

Category/Item	Before change	Useful life (years)/ amount (Yuan)	Category/item	After change
				Useful life (year)/ Amount (RMB)
Buildings – production buildings,		40	Buildings – Steel structure	30
Buildings – office buildings			Buildings – Steel concrete structure	25
			Buildings -Brick concrete structure	20
Houses – storage rooms		25	Buildings – Steel structure	30
			Buildings – Steel concrete structure	25
			Buildings – Brick concrete structure	20
Vehicles		6	Vehicles	5
Fixed asset recognition threshold		2,000	Fixed asset recognition threshold	5,000

According to the provisions of *Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Estimates and Corrections of Errors*, the future applicable method is adopted in the aforementioned accounting estimate changes, which has no impact on the financial position and operating results of the Group and the Company in prior years. The impact on total consolidated profit for 2020 is as follows:

Changes in accounting estimates	Effect of changes in accounting estimates on total profit for the year
Changes of useful life of fixed assets	-39,259,183.02
Total	-39,259,183.02

3. CORRECTION OF PRIOR PERIOD ERRORS AND ITS IMPACT

There is no correction of prior period errors of the Group during the year.

4. OTHER ADJUSTMENTS

There are no other adjustments that need to be disclosed of the Group during the year.

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Notes to the Financial Statements

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VII. TAXES

1. MAIN TAX CATEGORIES AND RATES

Tax categories	Tax bases	Tax rates
Value-added tax (Note 1)	Taxable value added amount (the balance of the output tax less deductible input tax, and the output tax is calculated on the basis of 3%/6%/9%/10%/13%/16% of the sales amount calculated under the relevant tax law)	3%-16%
Urban maintenance & construction tax	Turnover tax payable	1%, 5%, 7%
Education surcharge and local education surcharge	Turnover tax payable	3%, 2%
Stamp duty	Registered capital, capital reserve, economic contract amount, etc.	0.05%, 0.03%
Property tax	Taxable residual value and rental income of properties	1.2%, 12%
Enterprise income tax (Note 2)	Taxable income	0-38%

Note 1: If any taxable sales occurring in the Group after April 2019 originally apply the tax rates of 16% and 10%, they shall be adjusted to 13% and 9% respectively.

Note 2: In the year of 2020, the enterprise income tax of the Company and its subsidiaries was calculated at the local current tax rate. The income tax rate of the Group's subsidiaries located in Mainland China is 25%. The income tax rates of main subsidiaries in the countries or regions outside the mainland of the PRC are as follows:

Country or Region	Applicable income tax rate (%)
Hong Kong	16.50%
Japan	38%
Korea	20%
Belarus	18%
Angola	30%
Malaysia	24%
The British Virgin Islands	0.00%
Netherlands	25%
Romania	16%
United Kingdom	19%

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS

2.1 Enterprise income tax

- (1) According to the *Notice on Tax Policy Issues concerning the In-depth Implementation of the Western Development Strategy* (Cai Shui [2011] No. 58) issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on 27 July 2011 and the *Announcement on Enterprise Income Tax Issues concerning the In-depth Implementation of the Western Development Strategy* (2012) No. 12 issued by the State Taxation Administration on 6 April 2012, from 1 January 2011 to 31 December 2020, the enterprises established in Western China whose main business is the industrial projects specified in the Catalogue of Encouraging Industries in Western China and whose main business revenue accounts for more than 70% of the total revenue of the enterprises in the current year may pay their enterprise income tax at the reduced tax rate of 15%. During the reporting period, some branches and subsidiaries of the Group located in Western China enjoyed a preferential income tax rate of 15%.
- (2) According to the *Notice on Preferential Enterprise Income Tax Policies and Catalogue of Preferences for Hengqin New Area of Guangdong Province, Pingtan Comprehensive Experimental Zone of Fujian Province and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen* (Cai Shui [2014] No. 26), the encouraging industries in Hengqin New Area, Pingtan Comprehensive Experimental Zone and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone are subject to an enterprise income tax at the reduced tax rate of 15% from 1 January 2014 to 31 December 2020. The Group's subsidiaries including Shenzhen Sinotrans Electronic Commerce Co., Ltd. and China Ocean Shipping Agency Shenzhen meet the conditions for encouraging industrial enterprises established in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen during the reporting period and adopt the enterprise income tax rate of 15%.
- (3) According to the *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Preferential Tax Reduction and Exemption Policy for Small and Micro Enterprises* (Cai Shui [2019] No.13), from 1 January 2019 to 31 December 2021, the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 25% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income not exceeding RMB1 million; the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 50% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income more than RMB1 million but no exceeding RMB3 million. Some subsidiaries of the Company enjoyed above-mentioned tax preference during the reporting period.
- (4) According to the *Notice of the State Taxation Administration on the Issues Concerning the Implementation of Income Tax Preferences for High-tech Enterprises* (GSH [2009] No. 203), E-Trans Information Development Co., Ltd. has been enjoying tax preferences for high-tech enterprises at the reduced enterprise income tax rate of 15% since 2016.

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(Unless indicated otherwise, all amounts are expressed in RMB)

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (CONTINUED)

2.1 Enterprise income tax (Continued)

- (5) According to the *Notice of the State Taxation Administration on the Implementation of Several Tax Collection Issues under the Enterprise Income Tax Law* (GSH [2010] No. 79) and Article 26 of the *Enterprise Income Tax Law*, any dividends, bonuses and other equity investment gains between resident enterprises are exempted from enterprise income tax. The Group and its subsidiaries are exempted from enterprise income tax on dividends, bonuses and other equity investment gains between resident enterprises.
- (6) In accordance with the Decree No. 326 of the *President of the Republic of Belarus* dated 30 June 2014, the occupants in the Great Stone Industrial Park are exempted from income tax on their profits from the sales of independently manufactured goods (projects, services) in the Great Stone Industrial Park for ten calendar years from the date of registration in Belarus; upon expiration of the period of ten calendar years from the date of registration, the profit taxes are paid at half of the tax rate set out in the Decree of the President during the next ten calendar years. In 2020, the profits from the sales of self-produced goods in the Great Stone Industrial Park by China Merchants Great Stone Trade Logistics Co., Ltd. (hereinafter referred to as Great Stone Trade Logistics) are exempted from enterprise income tax.
- (7) In accordance with the *Notice of the State Administration of Taxation of the Ministry of Finance on Certain Issues of Enterprise Income Tax Treatment of Enterprise Reorganisation Business* (Cai Shui [2009] No. 59) and the *Notice of the State Administration of Taxation of the Ministry of Finance on Enterprise Income Tax Treatment Issues Related to the Promotion of Enterprise Restructuring* (Cai Shui [2014] No. 109), the deferred corporate income tax on special tax reorganisation is applicable.

2.2 Value-added tax

- (1) In accordance with the *Notice on Comprehensively Launching a Pilot Project for the Levy of Value-added Tax in Place of Business Tax* (Caishui [2016] No.36), the Group and its subsidiaries enjoy the tax preference of zero tax rate of the value-added taxes on their international freight forwarding business during the period.
- (2) In accordance with the *Proclamation on the Issuance of the Interim Measures for the Administration of the Levy of Value-added Tax on Taxpayers' Real Estate Operating Lease Services* (Proclamation (2016) No. 16 of the State Taxation Administration), general taxpayers may choose to apply a simple tax calculation method to calculate their tax payable at the rate of 5% when leasing out any real estate acquired by them before 30 April 2016. South China Branch of Sinoair and Beijing Sinotrans Airport Property Service Co., Ltd. under the Group pay value-added taxes on their real estate operating leasing services at the rate of 5%.

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (CONTINUED)

2.2 Value-added tax(Continued)

- (3) Any logistics auxiliary services (excluding warehousing services and receiving and distributing services) sold to overseas units and completely consumed abroad are exempted from value added tax. The cross-border taxable services of Sinotrans South China Co., Ltd.(hereinafter referred to as “Sinotrans South China”) are exempted from value added tax during the period.
- (4) In accordance with the *Business Tax to VAT Cross-border Taxable Acts VAT Exemption Administration Measures (for Trial Implementation)* (State Administration of Taxation Announcement [2016] No. 29) issued by the State Administration of Taxation, logistics auxiliary services (except warehousing services and collection and delivery services) sold to offshore units that are consumed entirely outside the country are exempt from VAT. The aviation ground services, port terminal services, freight passenger yard services, salvage and rescue services, loading and unloading services provided by taxpayers to foreign units engaged in international transportation and Hong Kong, Macao and Taiwan transportation business are logistics auxiliary services consumed entirely outside China when they stop at China’s airports, terminals, stations, airspace, inland waterways and sea areas. Subsidiaries of the Group engaged in the above business are entitled to this tax benefit.
- (5) Any storage services provided by domestic units and individuals whose storage location is located abroad are exempted from value-added tax. Any storage services provided by Sinotrans South China whose storage location is located abroad are exempted from value-added tax during the period.
- (6) According to the requirements of the Announcement on the Policies related to Deepening VAT Reforms (*the Announcement No. 39 of 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs*), from 1 April 2019 to 31 December 2021, the taxpayers whose sales from the provision of postal services, telecommunication services, modern services, and living services account for more than 50% of their total sales are allowed to deduct taxable amount based on the deductible input tax for the current period plus 10%. The eligible subsidiaries of the Group can enjoy this tax preference.
- (7) The value-added tax rate applicable to the Group’s subsidiaries in Belarus is 20%. In accordance with the Decree No. 326 of the *President of the Republic of Belarus* dated 30 June 2014, the value-added tax on the project funds used by Great Stone Trade Logistics for the construction of the Great Stone Industrial Park during the period shall be refunded.

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (CONTINUED)

2.3 Land use tax

- (1) In accordance with the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on the Continued Implementation of Preferential Policies for Urban Land Use Tax on Storage Facility Lands for Bulk Commodities of Logistics Enterprises* (Cai Shui (2020) No. 16), from 1 January 2020 to 31 December 2022, the urban land use tax on storage facility lands for bulk commodities owned by logistics enterprises (including self-used and leased lands) shall be levied at the reduced rate of 50% of the applicable tax standard for the land grade to which they belong.

The land use tax on the storage facility lands of Sinotrans Shanghai Haigang International Logistics Co., Ltd., a subsidiary of the Group which meets the above requirements, was levied at a reduced rate of 50% in 2020.

- (2) In accordance with the *Notice of the Ministry of Finance and the State Taxation Administration on the Continued Implementation of Preferential Policies for Property Tax and Urban Land Use Tax on Wholesale Markets for Agricultural Products and Farm Product Markets* (CaiShui (2016) No.1) and the *Notice of the Ministry of Finance and the State Taxation Administration on the Continued Implementation of Preferential Policies for Property Tax and Urban Land Use Tax on Wholesale Markets for Agricultural Products and Farm Product Markets* (Cai Shui (2019) No. 12), from 1 January 2019 to 31 December 2021, the property tax and the urban land use tax shall be temporarily exempted for the properties and lands of the wholesale markets of agricultural products and agricultural trading markets which are specifically used to operate agricultural products (including self-owned and leased properties and lands, the same below). For the properties and lands of the wholesale markets of agricultural products and farm product markets which are used to operate other products at the same time, the property tax and the urban land use tax shall be levied and exempted based on the proportion of the area of trading venue of other products to that of agricultural products. In the years of 2019 and 2020, Shenyang Branch of Sinotrans Northeast Co., Ltd. met such condition and was subject to a land use tax at a reduced rate of 50%.

2.4 Stamp duty

According to the *Notice of the General Administration of Taxation of the Ministry of Finance on the Reduction and Exemption of Stamp Duty on Business Books* (Cai Shui (2018) No. 50), in order to reduce the burden on enterprises and encourage investment and entrepreneurship, since 1 May 1 2018, stamp duty has been reduced by half on books of funds affixed at the rate of 0.5‰, and other books of accounts affixed at RMB5 per piece are exempt from stamp duty.

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(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF SECONDARY SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE YEAR

Number	Name	Enterprise		Principal place of		Business Nature	Paid-in Capital	Total		Acquisition Method	Remark
		Grade	Type	Registered Place	Business			Shareholding Ratio of the Group (%)	Total Voting Ratio of the Group (%)		
1	Sinotrans South China Co., Ltd.	2nd	1	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Freight forwarding, logistics, storage and terminal services	1,349,668,931.90	100.00	100.00	1	-
2	Sinotrans Eastern Company Limited	2nd	1	Shanghai	Shanghai	Freight forwarding, logistics, storage and terminal services	1,120,503,439.18	100.00	100.00	1	-
3	Sinotrans Air Transportation Development Co., Ltd.	2nd	1	Beijing	Beijing	Air Freight forwarding, logistics and express	905,481,720.00	100.00	100.00	1	-
4	Sinotrans Changjiang Co., Ltd.	2nd	1	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Freight forwarding and logistics	650,000,000.00	100.00	100.00	1	-
5	Sinotrans Central China Co., Ltd.	2nd	1	Qingdao, Shandong Province	Qingdao, Shandong Province	Freight forwarding, logistics, storage and terminal services	645,339,941.77	100.00	100.00	1	-
6	Sinotrans Chemical International Logistics Co., Ltd.	2nd	1	Shanghai	Shanghai	Integrated logistics	339,554,483.66	59.20	59.20	1	-
7	Sinotrans Fujian Co., Ltd.	2nd	1	Xiamen, Fujian Province	Xiamen, Fujian Province	Freight forwarding, storage and terminal services and others	223,257,965.92	100.00	100.00	1	-
8	Trade Sky International Limited	2nd	3	HKSAR	Xiamen	Transportation	171,374,160.00	100.00	100.00	1	-
9	Sinotrans North China Co., Ltd.	2nd	1	Tianjin	Tianjin	Freight forwarding	140,193,047.50	100.00	100.00	1	-
10	Sinotrans Hubei Company Limited	2nd	1	Wuhan, Hubei Province	Wuhan, Hubei Province	Freight forwarding and logistics	120,000,000.00	100.00	100.00	1	-
11	Sinotrans Heavy-lift Logistics Co., Ltd.	2nd	1	Jinan, Shandong Province	Jinan, Shandong Province	Lifting and transportation	103,600,000.00	100.00	100.00	3	-
12	Wide Shine Development Limited	2nd	3	HKSAR	HKSAR	Container leasing	79,287,945.35	100.00	100.00	2	-
13	Sinotrans Northeast Co., Ltd.	2nd	1	Dalian, Liaoning Province	Dalian, Liaoning Province	Freight forwarding and logistics	150,000,000.00	100.00	100.00	1	-
14	China Marine Shipping Agency Co., Ltd.	2nd	1	Beijing	Beijing	Freight forwarding	30,000,000.00	100.00	100.00	1	-
15	Sinotrans Chongqing Co., Ltd.	2nd	1	Chongqing	Chongqing	Freight forwarding	15,869,000.00	100.00	100.00	1	-
16	Sinotrans Japan Co., Ltd.	2nd	3	Japan	Japan	Freight forwarding	3,418,111.04	100.00	100.00	2	-
17	Sinotrans Korea Shipping Co., Ltd.	2nd	3	Korea	Korea	Freight forwarding	2,070,000.00	100.00	100.00	2	-
18	Sinotrans Brazil Logistics Co., Ltd.	2nd	3	Brazil	Brazil	Integrated logistics	2,065,554.43	100.00	100.00	1	-
19	Sinotrans (HK) Logistics Limited	2nd	3	HKSAR	HKSAR	Freight forwarding and logistics	530,557.66	100.00	100.00	2	-

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(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. GENERAL INFORMATION OF SECONDARY SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE YEAR (CONTINUED)

Number	Name	Enterprise		Registered Place	Principal place of		Paid-in Capital	Total		Acquisition Method	Remark
		Grade	Type		Business	Business Nature		Shareholding Ratio of the Group (%)	Total Voting Ratio of the Group (%)		
20	Sanawat Al-Khier Company For General Trading And Marine Services	2nd	3	Iraq	Iraq	Integrated logistics	292,842.00	100.00	100.00	1	-
21	Sinotrans Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	1,346,761,911.29	100.00	100.00	2	-
22	Sinotrans Innovative Technology Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Integrated logistics	100,000,000.00	100.00	100.00	1	-
23	Sinotrans Cold Chain Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	-	100.00	100.00	1	-
24	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	701,410,000.00	42.00	66.67	1	-
25	Sinotrans Logistics Investment Holdings Co., Ltd.	2nd	1	Beijing	Beijing	Logistics	433,110,000.00	100.00	100.00	2	-

Note: (1) Enterprise type: 1. domestic non-financial subsidiary; 2. domestic financial subsidiary; 3. overseas subsidiary; 4. public institution; 5. infrastructure unit.

(2) Acquisition method: 1. establishment with investment; 2. business combination under common control; 3. business combination not under common control; 4. others.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BUSINESS COMBINATION UNDER COMMON CONTROL

(1) Business combination under common control during the year

Name of the acquiree	Percentage of equity acquired in a business combination	Basis for constituting a business combination under common control	Acquisition date	Basis for determining the acquisition date	Income of the acquiree from the beginning of the year to the acquisition date	Net profit of the acquiree from the beginning of the year to the acquisition date	Income of the acquiree for the comparative period	Net profit of the acquiree for the comparative period
Jiaxing Gangyun Logistics Co., Ltd.	65%	Sinotrans Eastern Company Limited(hereinafter referred to as Sinotrans Eastern) and Jiaxing Gangyun Logistics Co., Ltd. (hereinafter referred to as Jiaxing Gangyun) are both under the ultimate control of China Merchants before and after the consolidation and such control is not temporary.	2020-12-31	Note 1	4,983,449.92	767,861.96	4,274,209.92	593,508.48
Hunan Sinotrans Customs Declaration Co., Ltd.	100%	Sinotrans South China and Hunan Sinotrans Customs Declaration Co., Ltd. (hereinafter referred to as Hunan Customs Declaration) are both under the ultimate control of China Merchants before and after the consolidation and such control is not temporary.	2020-1-1	Note 2	-	-	739,491.76	262,683.80

Note 1: In November 2020, Sinotrans Eastern, a subsidiary of the Group, entered into an equity transfer agreement with Zhejiang Zhoushan Sinotrans Logistics Co., Ltd. (hereinafter referred to as Zhoushan Sinotrans) to purchase 65% equity interest in Jiaxing Gangyun held by Zhoushan Sinotrans for a consideration of RMB19,069,500. On 31 December 2020, the parties to the transaction complete the equity transfer and related business registration change procedures, and Sinotrans Eastern is able to dominate the activities related to Jiaxing Gangyun, enjoy variable returns and has effective control, so the acquisition date is determined as 31 December 2020.

Note 2: According to the state-owned property right transfer agreement entered into between Sinotrans South China, a subsidiary of the Group, and Sinotrans Hunan Co., Ltd. (hereinafter referred to as Sinotrans Hunan), Sinotrans South China purchased 100% equity interest in Hunan Customs Declaration held by Sinotrans Hunan at a price of RMB2,732,195.16. From 1 January 2020, Sinotrans South China is able to dominate the activities related to Hunan Customs Declaration, enjoy variable returns and has effective control, so the acquisition date is determined as 1 January 2020.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BUSINESS COMBINATION UNDER COMMON CONTROL (CONTINUED)

(2) Consideration paid for business combination

Item	Jiaxing Gangyun Logistics Co., Ltd.	Hunan Sinotrans Customs Declaration Co., Ltd.
Cash	19,069,500.00	2,732,195.16
Carrying amount of non-cash assets	–	–
Total cost of combination	19,069,500.00	2,732,195.16

(3) Carrying amount of the acquiree's assets and liabilities at the acquisition date

Item	Jiaxing Gangyun Logistics Co., Ltd.		Hunan Sinotrans Customs Declaration Co., Ltd.	
	Acquisition date	At the end of prior year	Acquisition date	At the end of prior year
Assets:	14,603,375.71	15,943,099.10	2,935,974.16	2,935,974.16
Cash and bank balances	345,719.86	1,490,521.55	1,119,065.56	1,119,065.56
Receivables	285,825.23	158,691.20	1,809,430.60	1,809,430.60
Prepayments	11,674.07	3,165.23	–	–
Other current assets	–	14,328.97	219.80	219.80
Fixed Assets	8,790,800.34	8,954,926.81	3,040.00	3,040.00
Intangible assets	5,168,881.46	5,320,535.54	–	–
Deferred tax assets	474.75	929.80	4,218.20	4,218.20
Liabilities:	3,334,851.83	5,439,598.73	203,779.00	203,779.00
Payables	3,215,174.32	5,395,675.94	203,779.00	203,779.00
Deferred tax liabilities	119,677.51	43,922.79	–	–
Net Assets	11,268,523.88	10,503,500.37	2,732,195.16	2,732,195.16
Less: Non-controlling interests	3,943,983.36	3,676,225.13	–	–
Net assets acquired	7,324,540.52	6,827,275.24	2,732,195.16	2,732,195.16

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(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

3. BUSINESS COMBINATION NOT UNDER COMMON CONTROL

(1) Significant business combination not under common control during the year

No.	Company name	Business scope	Acquisition date	Shareholding ratio (%)	Carrying amount of net assets	Fair value of identifiable net assets		Goodwill	Income of acquiree from acquisition date to year end	Net profit of acquiree from acquisition date to year end	Net cash flow from operating activities of acquiree from acquisition date to year end
						Amount	Determination method				
1	KLG EUROPE EERSEL B.V. and 7 Companies	Road transportation, freight forwarding and warehousing services	1 January 2020	100.00	455,936,199.81	817,352,393.46	Enterprise value assessment	2,103,356,441.34	1,583,559,855.26	135,648,275.64	149,220,300.03
								2,920,708,824.80			

In order to implement the Company's overseas strategies, build overseas channels and extend the Company's implementation ability in the European Union, on 26 September 2019, the 14th Meeting of the 2nd Board of Directors of the Company considered and approved the *Proposal on the Acquisition of the Equity Project of KLG Europe* and agreed to acquire the 100% equity of the 7 Companies registered by KLG Europe Holding B.V., including Netherlands' KLG EUROPE EERSEL B.V., KLG Europe Rotterdam B.V. and KLG Europe Venlo B.V., Romania's KLG Invest Europe SRL, KLG Europe Logistics SRL and KLG Trucking SRL, and KLG Europe Bradford Limited in the United Kingdom (hereinafter collectively referred to as the Target Company or the 7 Companies, referred to regionally as the UK Target Company, the Dutch Target Company and the Romanian Target Company). Pursuant to the aforementioned resolution of the Board of Directors, the Company established SE Logistics Holding B.V. (SPV1), SE Netherlands Logistics Holding B.V. (SPV2), and SE Romania Logistics Holding B.V. (SPV3) in the Netherlands, and SPV1, SPV2 and China Merchants Shipping and Enterprises Company Limited (a holding subsidiary of the Company, acting as a guarantor of the transaction) signed the *SHARE SALE AND PURCHASE AGREEMENT* with the shareholders of the Target Company on 27 September 2019, agreeing to:

The transaction price for the acquisition of 100% equity in the Target Company is expected to be no more than EUR 385,693,735 (approximately RMB3,005,904,124).

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

3. BUSINESS COMBINATION NOT UNDER COMMON CONTROL (CONTINUED)

(1) Significant business combination not under common control during the year (Continued)

The transaction was closed in two steps, with the first step being the capital increase from SPV1 to SPV2, the completion of the acquisition of 100% equity in the UK Target Company and the Dutch Target Company by SPV2, and the completion of the acquisition of 100% equity in the Romanian Target Company by SPV2 and SPV3, with SPV2 paying an estimated total consideration of EUR 282,980,226 (approximately RMB2,205,406,391). At the same time, SPV2 issued 20% of its equity interest to KLG Europe Holding B.V.. Upon completion of the first step of the closing, SPV2 held 100% equity interest in the Target Company, SPV1 held 80% equity in SPV2 and KLG Europe Holding B.V. held 20% equity in SPV2. The second step of the closing was the acquisition by SPV1 of its 20% equity in SPV2 from KLG Europe Holding B.V. The consideration for the second step is expected to be no more than EUR 100,000,000 (approximately RMB779,350,000).

On 21 October 2019 and 6 November 2019, the above-mentioned transactions passed the antitrust review of the German Federal Agency for Enterprise Integration and the Dutch Consumer and Market Authority, respectively. On 12 December 2019 (Beijing Time), SPV2 paid the purchase price of EUR 282,980,226 for the first step of the equity acquisition price as agreed in the *SHARE SALE AND PURCHASE AGREEMENT*. On 3 June 2020 (Beijing time), SPV1 paid the second step of the equity acquisition price of EUR 90,727,000 as agreed in the *SHARE SALE AND PURCHASE AGREEMENT*.

On 12 December 2019, SPV1, SPV2 and KLG Europe Holding B.V. entered into a *SHAREHOLDERS' AGREEMENT*. The *SHAREHOLDERS' AGREEMENT* stipulates that KLG Europe Holding B.V. and its appointed members of the Management Committee have a one-vote veto right with respect to major management and operational decisions of the Target Company until 31 December 2019.

On 1 January 2020, the validity period of the one-vote veto right held by the former shareholders' party and the appointed members of the Management Committee with respect to the major management and operation decisions of the Target Company as agreed in the aforementioned *SHAREHOLDERS' AGREEMENT* ended, the Group and SPV1 were able to control the major management and operation decisions of SPV2 and the Target Company and enjoyed variable returns, and the Group included the Target Company in the scope of consolidation with effect from 1 January 2020.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

3. BUSINESS COMBINATION NOT UNDER COMMON CONTROL (CONTINUED)

(2) Consideration paid for business combination and goodwill

Consideration	7 Companies (In EUR)	7 Companies (Equivalent to RMB)
Consideration	373,707,226.00	2,920,708,824.80
—Cash	373,707,226.00	2,920,708,824.80
—Fair value of non-current assets	—	—
Total of consideration	373,707,226.00	2,920,708,824.80
Less: Fair value share of identifiable net assets acquired	104,580,946.00	817,352,383.46
Goodwill	269,126,280.00	2,103,356,441.34

The main businesses of the 7 Companies are mainly road transportation, freight forwarding and storage services, and they have strong synergy effects with each other. As an important step for the Group and the Company to implement its overseas strategy and build overseas channels, the Group conducted the acquisition of the 7 Companies as a whole (asset group) with the intention of extending and integrating the Group's service capability in the EU region.

The value of 100% equity of the Target Company as at 31 December 2018 has been assessed by CB Richard Ellis Limited and a valuation report numbered C1902-0088-BV has been issued with an appraised value of EUR 387.4 million. The Group determined the consideration (transaction consideration) with reference to the above valuation to be EUR 373,707,226.

CB Richard Ellis Limited issued a *Valuation and Advisory Services Report* No. C1903-0167-BV for the purpose of Purchase Price Allocation for the acquisition transaction, pursuant to which the Group determined the fair value of the identifiable assets and liabilities of the Target Company at the date of acquisition to be RMB1,134,075,505.33 and RMB316,723,121.87 respectively.

The excess of the consideration over the fair value of the identifiable assets and liabilities of the Target Company acquired on the date of acquisition amounted to EUR 269,126,280, which was translated into RMB2,103,356,441.34 at the exchange rate on the date of acquisition and recognised as goodwill related to the Target Company.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

3. BUSINESS COMBINATION NOT UNDER COMMON CONTROL (CONTINUED)

(2) Consideration paid for business combination and goodwill (Continued)

Goodwill arising from the acquisition transaction is mainly derived from the fair value of the elements of going concern of the existing businesses of the 7 Companies and the synergy effects that the Group expects to realize from the combination of the existing businesses of the 7 Companies and the Group's other existing services from the acquisition transaction. The elements of going concern are primarily reflected in the 7 Companies' unidentifiable operating experience, transportation density advantages, management capabilities, human resources, and visibility.

(3) Identifiable assets and liabilities of the acquiree at the date of acquisition

Items	Amount for the year	
	Fair value at date of acquisition	Carrying amount at date of acquisition
Assets:	1,134,075,505.33	665,895,691.75
Cash and bank balances	186,193,994.49	186,193,994.49
Receivables	329,050,377.16	329,050,377.16
Inventories	4,630,550.89	4,630,550.89
Fixed assets	138,086,770.59	138,086,770.59
Intangible assets	475,207,909.78	7,028,096.20
Long-term equity investments	905,902.42	905,902.42
Liabilities:	316,723,121.87	209,959,491.94
Loan	-	-
Payables	209,061,608.22	209,061,608.22
Deferred tax liabilities	107,661,513.65	897,883.72
Net assets:	817,352,383.46	455,936,199.81
Less: Non-controlling interests	-	-
Net assets acquired	817,352,383.46	455,936,199.81

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

4. ADJUSTMENTS TO OPENING BALANCES FOR BUSINESS COMBINATIONS UNDER COMMON CONTROL DURING THE YEAR

The consolidation of Jiaxing Gangyun Logistics Co., Ltd. and Hunan Sinotrans Customs Declaration Co., Ltd. under common control in the current year, adjusting the opening balance of the current year's consolidated financial statements and the prior year's comparative figures, which is as follows:

Item	Effect on the financial statements and opening balance for current year	Effect on the financial statements and opening balance for prior year
Total assets	14,603,375.71	18,879,073.26
Total liabilities	3,334,851.83	5,643,377.73
Total shareholders' equity attributable to shareholders of the Company	9,559,470.40	8,921,408.33
Including: Paid-in capital (or share capital)	-	-
Capital reserve	10,630,000.00	10,630,000.00
Other equity instruments	-	-
Other comprehensive income	-	-
Special reserve	4,333.43	13,426.87
Surplus reserve	-	-
Retained earnings	-1,074,863.03	-1,722,018.54
Non-controlling interests	3,676,225.13	3,473,393.62
Operating income	4,983,449.92	5,013,701.68
Total profit	904,902.00	888,011.43
Net profit	767,861.96	854,883.48
Including: Net profit attributable to shareholders of the Company	499,110.27	647,155.51
Non-controlling profit or loss	268,751.69	207,727.97
Other comprehensive income	-	-

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. INCLUSION OF THE GROUP IN THE SCOPE OF CONSOLIDATION WITH LESS THAN HALF OF THE VOTING RIGHTS OR WITH MORE THAN HALF OF THE VOTING RIGHTS BUT NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

Investees with more than half of the voting rights but not included in the scope of consolidation

No.	Company name	Share holding ratio (%)	Voting ratio (%)	Registered capital	Investment	Reasons for not included in the scope of consolidation
1	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	51.00	51.00	RMB10 million	RMB5.1 million	As agreed in the Articles of Xinjiang New Railway Sinotrans Logistics Co., Ltd., a resolution of the shareholders' meeting shall be valid only if approved by shareholders representing more than two-thirds of the voting rights. The Group does not hold more than two-thirds of the voting rights and cannot separately control Xinjiang New Railway Sinotrans Logistics Co., Ltd. Therefore, it was not included in the scope of consolidation.
2	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	60.00	60.00	USD19.57 million	USD11.742 million	As agreed in the Articles of Sinotrans High-Tech Logistics (Suzhou) Co., Ltd., the Board of Directors shall decide all major matters of the Company, and decisions on major matters shall be unanimously approved by all Directors in order to be effective. The Group holds 60% of the voting ratio in the Board of Directors and cannot separately control Sinotrans High-Tech Logistics (Suzhou) Co., Ltd. Therefore, it was not included in the scope of consolidation.

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES

(1) Non-controlling interests

2020

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profit or loss attributable to non-controlling interests in the year	Dividends paid to non-controlling interests in the year	Cumulative non-controlling interests at the end of the year
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	21,897,700.44	16,063,615.93	197,076,427.39
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-55,088,612.28	-	195,669,933.33

2019

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profit or loss attributable to non-controlling interests in the year	Dividends paid to non-controlling interests in the year	Cumulative non-controlling interests at the end of the year
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	19,980,375.95	15,173,818.21	190,486,054.73
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-24,377,315.71	-	307,011,209.61

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(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES (CONTINUED)

(2) Main financial information

Item	Amount for the year		Amount in prior year	
	Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.
Current assets	748,416,985.61	215,399,618.44	695,552,428.57	242,840,443.78
Non-current assets	308,479,655.58	594,779,265.12	325,973,283.86	797,861,807.16
Total assets	1,056,896,641.19	810,178,883.56	1,021,525,712.43	1,040,702,250.94
Current liabilities	446,748,636.03	127,937,234.26	411,971,268.40	85,934,717.68
Non-current liabilities	23,761,986.33	344,496,978.67	40,580,307.61	425,055,144.90
Total liabilities	470,510,622.36	472,434,212.93	452,551,576.01	510,989,862.58
Operating income	1,673,148,540.26	495,181,733.45	1,708,176,183.64	296,343,099.30
Net profit	58,778,708.79	-94,980,366.00	52,252,789.40	-42,029,854.67
Total comprehensive income	58,778,708.79	-191,967,717.73	52,252,789.40	-38,482,738.51
Net cash flows from operating activities	163,868,302.76	-77,238,383.46	80,531,120.84	-52,575,674.00

7. CHANGES IN THE COMPANY'S SHARE OF SHAREHOLDERS' EQUITY IN SUBSIDIARIES

Item	KLG and 7 Companies	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	Hunan Sinotrans Customs Declaration Co., Ltd.
		Jiaxing Gangyun Logistics Co., Ltd.	
Acquisition cost/disposal Consideration	2,920,708,824.80	19,069,500.00	2,732,195.16
Including: Cash	2,920,708,824.80	19,069,500.00	2,732,195.16
Fair value of non-cash assets	-	-	-
Total acquisition cost/disposal consideration	2,920,708,824.80	19,069,500.00	2,732,195.16
Less: Share of net assets of subsidiaries based on percentage of equity acquired/disposed	817,352,383.46	7,324,540.52	2,732,195.16
Difference	2,103,356,441.34	11,744,959.48	-
Including: Adjustment to capital reserve	-	11,744,959.48	-
Adjustment to surplus reserve	-	-	-
Adjustment of retained earnings	-	-	-

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

In the financial statements, unless otherwise specified, “Opening” means 1 January 2020, “closing” means 31 December 2020, “Current year” means from 1 January 2020 to 31 December 2020, and “Prior year” means from 1 January 2019 to 31 December 2019.

1. CASH AND BANK BALANCES

Item	Closing balance			Opening balance		
	Amount in original currency	Exchange rate	Amount in RMB	Amount in original currency	Exchange rate	Amount in RMB
Cash on hand	—	—	4,736,644.39	—	—	7,856,194.00
Including: RMB	1,319,191.14	1.0000	1,319,191.14	2,636,647.29	1.0000	2,636,647.29
USD	139,768.55	6.5249	911,975.81	135,238.37	6.9762	943,449.92
HKD	105,812.90	0.8416	89,052.14	241,019.29	0.8958	215,905.08
JPY	689,564.01	0.0632	43,580.45	600,794.64	0.0641	38,510.94
Euro	95,338.89	8.0250	765,094.59	180.00	7.8155	1,406.79
Others	—	—	1,607,750.26	—	—	4,020,273.98
Cash at banks	—	—	11,287,699,112.92	—	—	10,382,053,172.83
Including: RMB	7,408,996,482.04	1.0000	7,408,996,482.04	7,691,323,105.92	1.0000	7,691,323,105.92
USD	474,671,219.07	6.5249	3,097,182,237.31	323,934,430.67	6.9762	2,259,831,375.24
HKD	351,155,648.32	0.8416	295,532,593.63	297,363,139.22	0.8958	266,377,900.11
JPY	960,577,164.91	0.0632	60,708,476.82	743,112,549.87	0.0641	47,633,514.45
Euro	30,976,008.84	8.0250	248,582,470.94	4,287,705.83	7.8155	33,510,564.91
Others	—	—	176,696,852.18	—	—	83,376,712.20
Other cash and bank balances	—	—	76,886,824.54	—	—	88,200,044.44
Including: RMB	76,886,824.54	1.0000	76,886,824.54	68,983,745.95	1.0000	68,983,745.95
HKD	-	0.8416	-	21,451,550.00	0.8958	19,216,298.49
Total	—	—	11,369,322,581.85	—	—	10,478,109,411.27
Including: total amount deposited abroad	—	—	2,640,992,477.41	—	—	1,694,206,685.57

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. CASH AND BANK BALANCES (CONTINUED)

(1) Restricted use of cash and cash equivalents at the end of the year

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivable	41,392,404.75	1,522,289.67	Not yet settled
Guarantee money	13,721,821.74	64,769,370.51	Guarantee deposit
Funds deposited subject to restrictions on the litigation	14,609,605.29	12,207,337.18	Court freeze
Performance bond	—	3,000,000.00	Performance guarantee
Others	7,162,992.76	6,701,047.08	—
Total	76,886,824.54	88,200,044.44	—

2. HELD-FOR-TRADING FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	—	—
Including: Held-for-trading debt instrument investments (Note 1)	302,500,000.00	5,500,000.00
Held-for-trading equity instrument investments	792,565.44	141,228.80
Total	303,292,565.44	5,641,228.80

Note 1: Pursuant to the approval of the 22nd Meeting of the Second Session of the Board of Directors, the Company completed the issuance of the First Issue of Receivables Asset-Backed Notes for 2020 on 18 December 2020 in the National Association of Financial Market Institutional Investors with a total issue amount of RMB500 million. The total issue amount (par value) of the subordinated asset-backed notes was RMB25 million, and the Company held 10% of the subordinated equity asset-backed notes, or RMB2.5 million, for itself. The Company has provided credit enhancement for the senior asset-backed notes. On 31 December 2020, the face amount of the Company's self-held subordinated asset-backed notes approximates their fair value.

The held-for-trading debt investment at the beginning of the year represents a small amount of "19 Sinotrans ABN001" directed asset-backed notes held by the Company in accordance with the trust contract and the underwriting agreement, which is due to be transferred on 28 June 2020.

The Group purchased a RMB300 million unit structured deposit from Bank of Beijing on 28 December 2020 with a maturity date of 6 April 2021 and an expected annualised yield to maturity of 1.35%-3.10%.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptance bills	50,643,103.40	18,389,129.53
Total	50,643,103.40	18,389,129.53

(2) There was no bills receivable being pledged at the end of the year.

(3) Bills receivable that have been endorsed or discounted at the end of the year and are not yet due at the balance sheet date

Type	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Commercial acceptance bills	-	9,691,072.43
Total	-	9,691,072.43

(4) Bills receivable transferred to accounts receivable due to non-performance by the drawer at the end of year

Type	Amount of bills receivable transferred to accounts receivable at the end of the year
Commercial acceptance bills	900,000.00
Total	900,000.00

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BILLS RECEIVABLE (CONTINUED)

- (5) As at 31 December 2020 and 31 December 2019, the Group believes that the commercial acceptance bills held by the Group are not subject to significant credit risk and will not incur significant losses due to default (bills receivable are expected to be collected in full) and therefore no provision for credit losses has been made.
- (6) The balances stated above have no bills receivable from shareholders holding more than 5% (including 5%) of the voting shares of the Company.
- (7) All of the aforementioned bills receivable have maturities of within 360 days.

4. ACCOUNTS RECEIVABLE

(1) Accounts receivable overall situation

Item	Closing balance	Opening balance
Accounts receivable	11,486,821,585.10	10,537,555,645.12
Less: Credit losses provision	466,292,566.87	422,157,845.17
Total	11,020,529,018.23	10,115,397,799.95

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Notes to the Financial Statements

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(2) Classification of accounts receivable

Item	Carrying amount				Credit loss provision				Net value	Total	Over 3 years	Over 2 years to 3 years	Over 1 year to 2 years	Original currency	Credit loss accrual reasons	Closing balance
	Aging				Aging											
	Within 180 days	180 days to 1 year	1 year to 2 years	2 years to 3 years	Within 180 days	180 days to 1 year	1 year to 2 years	2 years to 3 years								
Low risk	97,330,809.60	2,483,067.88	3,817,460.49	1,403,405.07	3,796,139.43	-	-	-	108,830,882.17	-	-	-	-	108,830,882.17	Note 1	108,830,882.17
Normal risk	10,651,329,100.18	277,390,728.75	174,257,113.76	46,272,618.69	147,130,770.16	70,806,439.53	13,281,836.96	11,408,465.51	42,054,683.32	147,130,770.16	384,682,195.46	10,911,698,136.06	-	11,296,380,331.54		11,296,380,331.54
Including: Aging portfolio	10,643,682,505.98	265,883,591.49	113,565,363.04	23,630,022.05	115,603,025.33	70,248,304.54	1,754,639.70	52,538,050.01	19,412,046.88	115,603,025.33	259,576,125.26	10,922,768,361.63	-	11,162,344,487.89	Note 2	11,162,344,487.89
Nature of payment portfolio	7,646,594.20	11,327,137.26	60,891,750.72	22,642,616.04	31,327,744.83	588,194.99	11,527,137.26	58,850,435.50	22,642,616.04	31,327,744.83	126,106,069.22	8,929,774.43	-	134,035,843.65	Note 3	134,035,843.65
Significant impairment risk items	2,036,446.76	487,185.08	37,882,544.11	18,593,854.28	22,630,341.16	2,036,446.76	487,185.08	37,882,544.11	18,593,854.28	22,630,341.16	81,610,371.39	-	-	81,610,371.39		81,610,371.39
Total	10,750,696,356.54	280,380,981.41	215,937,118.96	66,269,878.04	173,557,250.75	72,842,866.29	13,769,022.04	149,271,029.62	60,648,517.60	169,761,111.32	466,292,566.87	11,020,529,018.23	-	11,486,821,586.10		11,486,821,586.10

Note 1: The receivables in the Group's low-risk portfolio are mainly receivables from related parties within the scope of China Merchants Group's consolidated financial statements and joint ventures and associates of the Group, which have low credit risk. If the credit risk of the above units deteriorates, the Group should adjust them to the normal risk items or significant impairment risk items.

Note 2: The Group's normal risk portfolio consists of accounts receivable other than low-risk portfolio items and significant impairment risk items, which are divided into aging portfolio and nature of payment portfolio. Of which, the aging portfolio uses "aging" as an important credit risk characteristic, and the expected credit loss rate determined by the migration rate and historical loss rate based on aging, adjusted prospectively, represents a reasonable estimate of expected credit losses; the nature of payment portfolio is a portfolio of non-material impairment risk items that are individually assessed for expected credit losses, such as litigation-related and customer operating difficulties.

Note 3: The Group's significant impairment risk items are receivables with an original value of RMB10 million or more and are subject to a significant risk of impairment.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Overall aging of accounts receivable

The aging analysis of accounts receivable based on the transaction date is as follows:

Item	Closing balance			Opening balance		Credit loss provision
	Carrying amount	Proportion (%)	Credit loss provision	Carrying amount	Proportion (%)	
Within 1 year (including 1 year)	11,031,057,337.95	96.03	86,611,908.33	10,122,708,258.55	96.06	96,734,148.26
1 to 2 years (including 2 years)	215,937,118.36	1.88	149,271,029.62	149,418,088.63	1.42	71,834,599.88
2 to 3 years (including 3 years)	66,269,878.04	0.58	60,648,517.60	79,072,834.88	0.75	70,810,322.39
Over 3 years	173,557,250.75	1.51	169,761,111.32	186,356,463.06	1.77	182,778,774.64
Total	11,486,821,585.10	100.00	466,292,566.87	10,537,555,645.12	100.00	422,157,845.17

(4) Accounts receivable of low-risk portfolio

Item	Carrying amount	Lifetime expected credit loss rate (%)	Credit loss provision
Receivables from related parties	108,830,882.17	—	—
Total	108,830,882.17	—	—

(5) Accounts receivable of normal risk portfolio

1) Expected credit loss portfolio based on aging

Item	Carrying amount	Lifetime expected credit loss rate (%)	Credit loss provision
Within 1 year (including 1 year)	10,909,546,097.47	0.66	72,003,004.24
1 to 2 years (including 2 years)	113,565,363.04	46.28	52,558,050.01
2 to 3 years (including 3 years)	23,630,002.05	82.15	19,412,046.68
Over 3 years	115,603,025.33	100.00	115,603,025.33
Total	11,162,344,487.89	—	259,576,126.26

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(5) Accounts receivable of normal risk portfolio (Continued)

2) Individual assessment of expected credit loss (not significant impairment risk items)

Company name	Carrying amount	Credit loss provision	Expected credit loss rate (%)	Reason
Entity 1	9,604,768.92	9,604,768.92	100.00	Not expected to be recovered
Entity 2	7,346,043.69	7,346,043.69	100.00	Not expected to be recovered
Entity 3	6,671,338.71	6,671,338.71	100.00	Involved in a lawsuit
Entity 4	6,204,569.75	6,204,569.75	100.00	Not expected to be recovered
Entity 5	6,049,304.67	6,049,304.67	100.00	Not expected to be recovered
Entity 6	5,934,142.55	5,934,142.55	100.00	Involved in a lawsuit
Entity 7	5,000,000.02	4,500,000.02	90.00	Involved in a lawsuit
Entity 8	4,989,428.53	4,989,428.53	100.00	Involved in a lawsuit
Entity 9	4,837,320.72	4,837,320.72	100.00	Not expected to be recovered
Entity 10	4,601,096.44	4,601,096.44	100.00	Not expected to be recovered
Entity 11	3,965,210.94	3,965,210.94	100.00	Involved in a lawsuit
Entity 12	2,994,837.01	2,994,837.01	100.00	Involved in a lawsuit
Entity 13	2,978,427.40	2,978,427.40	100.00	Not expected to be recovered
Entity 14	2,936,204.33	2,936,204.33	100.00	Involved in a lawsuit
Entity 15	2,323,897.30	2,323,897.30	100.00	Not expected to be recovered
Others	57,599,252.67	49,169,478.24	—	Not expected to be recovered
Total	134,035,843.65	125,106,069.22	—	—

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(6) Status of significant impairment risk items for individual assessment of expected credit losses

Debtor	Carrying amount	Credit loss provision	Expected credit loss rate (%)	Reason
Entity 1	28,020,624.97	28,020,624.97	100.00	Not expected to be recovered
Entity 2	25,181,848.68	25,181,848.68	100.00	Not expected to be recovered
Entity 3	14,931,350.12	14,931,350.12	100.00	Not expected to be recovered
Entity 4	13,476,547.62	13,476,547.62	100.00	Not expected to be recovered
Total	81,610,371.39	81,610,371.39	—	—

(7) Changes in credit loss provision of accounts receivable for the year

Item	Opening balance	Provision	Changes for the year			Closing balance
			Recovery or reversal	Write-back or write-off	Others	
Current year	422,157,845.17	99,861,976.55	3,565,351.54	54,067,365.60	1,905,462.29	466,292,566.87
Prior year	439,839,406.97	6,136,980.71	12,919,930.18	18,277,958.09	7,379,345.76	422,157,845.17

Note 1: The other changes for the year are mainly due to changes in the scope of consolidation and the impact of foreign currency translation during the year.

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(8) Reversal or recovery of provision for credit losses for the year

Company name	Carrying amounts of accounts receivable	Reason for reversal or recovery	Basis for determining original credit loss provisions	Accumulated amount of credit loss provision before reversal or recovery	Amount reversed or recovered
Entity 1	1,350,000.00	Payment recovery	High recovery risk with long aging accounts	1,350,000.00	40,000.00
Entity 2	741,034.00	Payment recovery	High recovery risk with long aging accounts	741,034.00	300,000.00
Entity 3	629,087.81	Payment recovery	High recovery risk with long aging accounts	629,087.81	627,087.81
Entity 4	483,723.87	Payment recovery	High recovery risk with long aging accounts	483,723.87	483,723.87
Entity 5	355,646.41	Payment recovery	High recovery risk with long aging accounts	355,646.41	355,646.41
Others	1,841,393.45	Payment recovery	High recovery risk with long aging accounts	1,758,893.45	1,758,893.45
Total	5,400,885.54	—	—	5,318,385.54	3,565,351.54

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(9) Accounts receivable written off during the year

Company name	Nature of accounts receivable	Amount	Reason for write-off	Whether due to related party transactions
Entity 1	Logistics business	7,936,390.00	Application for enforcement of unenforceable assets	No
Entity 2	Logistics business	6,063,206.45	Application for enforcement of unenforceable assets	No
Entity 3	Logistics business	4,116,294.55	Unrecoverable	No
Entity 4	Logistics business	4,104,400.00	Application for enforcement of unenforceable assets	No
Entity 5	Logistics business	3,368,559.45	Application for enforcement of unenforceable assets	No
Entity 6	Logistics business	2,458,664.88	Unrecoverable	No
Entity 7	Logistics business	2,038,571.98	Unrecoverable	No
Entity 8	Logistics business	1,999,868.88	Application for enforcement of unenforceable assets	No
Entity 9	Logistics business	1,685,307.39	Application for enforcement of unenforceable assets	No
Entity 10	Logistics business	1,252,561.15	Unrecoverable	No
Entity 11	Logistics business	1,103,293.79	The company is bankrupt	No
Entity 12	Logistics business	1,021,869.74	Unrecoverable	No
Entity 13	Logistics business	1,018,440.96	Application for enforcement of unenforceable assets	No
Entity 14	Logistics business	975,379.00	Unrecoverable	No
Entity 15	Logistics business	972,063.50	Unrecoverable	No
Entity 16	Other business	903,531.78	Unrecoverable	No

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(9) Accounts receivable written off during the year (Continued)

Company name	Nature of accounts receivable	Amount	Reason for write-off	Whether due to related party transactions
Entity 17	Logistics business	895,095.10	Application for enforcement of unenforceable assets	No
Entity 18	Logistics business	885,118.16	Application for enforcement of unenforceable assets	No
Entity 19	Logistics business	800,000.00	Unrecoverable	No
Entity 20	Logistics business	773,539.00	Lawsuit	No
Entity 21	Logistics business	696,736.68	Unrecoverable	No
Entity 22	Logistics business	681,515.15	Unrecoverable	No
Entity 23	Logistics business	680,941.44	Unrecoverable	No
Entity 24	Logistics business	663,602.87	Application for enforcement of unenforceable assets	No
Entity 25	Logistics business	565,530.82	Application for enforcement of unenforceable assets	No
Entity 26	Logistics business	556,063.90	Application for enforcement of unenforceable assets	No
Others	Logistics business	5,850,818.98	—	No
Total	—	54,067,365.60	—	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(10) There were no outstanding amounts due from shareholders holding 5% (including 5%) or more of the voting shares of the Company at the end of the year.

(11) Top five accounts receivable at the end of the year

Company name	Relationship with the Group	Amount	Aging	Credit loss provision	Percentage of total accounts receivable (%)
Entity 1	Client	115,501,383.71	Within 1 year	762,309.12	1.01
Entity 2	Client	100,873,438.66	Within 1 year	665,764.68	0.88
Entity 3	Client	91,313,678.13	Within 1 year	602,670.28	0.79
Entity 4	Client	68,119,819.86	Within 1 year	449,590.81	0.59
Entity 5	Client	67,833,733.61	Within 1 year, 1-2 years	456,980.33	0.59
Total	—	443,642,053.97	—	2,937,315.22	3.86

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(12) Accounts receivable from related parties

Company name	Relationship with the Group	Amount	Aging	Percentage of total accounts receivable (%)	Credit loss provision
Sinotrans Container Lines Co., Ltd.	Under the control of the ultimate controller	15,809,235.15	Within 1 year	0.14	-
DHL-Sinotrans International Air Courier Co., Ltd.	Joint ventures of the Group	9,558,797.40	Within 1 year	0.08	-
Sinotrans Anmaishi (Shanghai) International Aviation Express Delivery Co., Ltd.	Joint ventures of the Group	8,772,696.47	Within 1 year	0.08	-
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Under the control of the ultimate controller	8,426,263.46	Within 1 year	0.07	-
Sinotrans Container Lines (Hong Kong) Company Limited	Under the control of the ultimate controller	5,747,954.80	Within 1 year	0.05	-
Nissin Sinotrans International Logistics Co., Ltd.	Joint ventures of the Group	4,636,846.93	Within 1 year	0.04	-
Beijing SinotransHuali Logistics Co. Ltd.	Joint ventures of the Group	4,330,325.83	Within 1 year	0.04	-
Nanjing Tanker Corporation	Under the control of the ultimate controller	2,636,473.23	Within 1 year	0.02	-
Yishang E-commerce (Wuhan) Co., Ltd.	Associates of the Group	2,382,258.42	Within 1 year	0.02	-
Weihai Weidong Shipping Co., Ltd.	Associates of the Group	2,329,054.14	Within 1 year	0.02	-
China Merchants Logistics Group Nanjing Co., Ltd.	Associates of the Group	2,130,845.31	Within 1 year, 1-2 years	0.02	-
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Joint ventures of the Group	2,050,449.15	Within 1 year	0.02	-
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Subsidiary of associates of the Group	1,967,518.64	Within 1 year	0.02	-
CSC Wuhan Qingshan Shipyard Co., Ltd.	Under the control of the ultimate controller	1,739,228.73	Within 1 year	0.02	-
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Under the control of the ultimate controller	1,698,949.71	Within 1 year	0.01	-
Yangtze Navigation (Hongkong) Co., Limited	Under the control of the ultimate controller	1,609,459.96	Within 1 year	0.01	-
Lailon Enterprise Limited	Under the control of the ultimate controller	1,608,662.47	Over 3 years	0.01	-
Sinotrans Sarens Logistics Co., Ltd.	Joint ventures of the Group	1,526,439.16	Within 1 year, 1-2 years	0.01	-

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(12) Accounts receivable from related parties (Continued)

Company name	Relationship with the Group	Amount	Aging	Percentage of total accounts receivable (%)	Credit loss provision
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group	1,362,686.85	Within 1 year	0.01	-
Beijing Medlink Supply Chain Management Co., Ltd.	Joint ventures of the Group	1,279,699.54	Within 1 year	0.01	-
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Subsidiary of associates of the Group	1,272,041.70	Within 1 year	0.01	-
Yingkou Port Integrated Logistics Co., Ltd.	Under the control of the ultimate controller	1,267,241.35	Within 1 year	0.01	-
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Under the control of the ultimate controller	1,264,544.50	Within 1 year	0.01	-
MAXX Logistics Fzco.	Joint ventures of the Group	1,147,593.64	Within 1 year	0.01	-
CSC Singapore International Shipping Co., Ltd.	Under the control of the ultimate controller	1,092,790.00	Within 1 year	0.01	-
Sinotrans International Trading Co., Ltd.	Under the control of the ultimate controller	1,085,422.02	Over 3 years	0.01	-
Chongqing Wanqiao Traffic Technology Development Co., Ltd.	Under the control of the ultimate controller	1,010,832.20	2-3 years	0.01	-
Tianjin Runfeng Logistics Co., Ltd.	Associates of the Group	1,001,017.22	Within 1 year	0.01	-
Others	—	18,085,554.19	—	0.16	-
Total	—	108,830,882.17	—	0.94	-

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(13) Accounts receivable derecognised by transfer of financial assets

Company name	Amount derecognised	Gains and losses related to derecognition (losses are presented as “-”)
Entity 1	73,594,624.48	-723,533.40
Entity 2	37,608,955.18	-369,746.23
Entity 3	21,150,745.00	-207,940.06
Entity 4	19,883,105.48	-195,477.47
Entity 5	17,147,529.53	-168,583.11
Entity 6	13,598,195.03	-133,688.41
Entity 7	12,017,707.32	-118,150.11
Entity 8	11,117,084.19	-109,295.78
Entity 9	10,415,053.79	-102,393.88
Entity 10	8,566,945.89	-84,224.51
Entity 11	7,868,560.00	-77,358.45
Entity 12	7,828,594.20	-76,965.53
Entity 13	7,715,121.74	-75,849.95
Entity 14	7,011,544.90	-68,932.85
Entity 15	6,925,162.94	-68,083.60
Entity 16	6,705,305.14	-65,922.10
Entity 17	6,615,704.17	-65,041.20
Entity 18	6,327,455.78	-62,207.34
Entity 19	6,289,912.27	-61,838.23
Entity 20	6,140,946.75	-60,373.70
Entity 21	6,046,430.80	-59,444.49
Entity 22	5,134,225.06	-50,476.29
Entity 23	4,957,542.97	-48,739.27
Entity 24	4,873,380.75	-47,911.84
Entity 25	4,871,148.25	-47,889.89
Entity 26	4,737,197.02	-46,572.97
Entity 27	4,531,541.59	-44,551.10
Entity 28	4,146,427.75	-40,764.92
Entity 29	4,131,061.00	-40,613.84
Entity 30	4,088,864.10	-40,198.99
Others	152,130,500.28	-1,495,645.90
Total	494,176,573.35	-4,858,415.41

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACCOUNTS RECEIVABLE (CONTINUED)

(13) Accounts receivable derecognised by transfer of financial assets (Continued)

Note 1: As described in Note IX. 2, the Company completed the issuance of the first tranche of the Receivables Asset-Backed Notes for 2020 on 18 December 2020 at the National Association of Financial Market Institutional Investors with a total issue amount of RMB500 million and the underlying assets are the Group's eligible receivables. The Company's management believes that the Company transfers substantially all the risks and rewards of ownership of the underlying assets and therefore derecognises the related accounts receivable.

(14) The Group did not continue to involve in the formation of assets and liabilities due to the transfer of accounts receivable, such as securitisation and factoring with accounts receivable during the year.

5. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	577,786,410.97	600,596,569.69
Including: Bank acceptance bills	577,786,410.97	600,596,569.69
Total	577,786,410.97	600,596,569.69

Note 1: Bank acceptance bills held by the Group at fair value through other comprehensive income are mainly accepted by large commercial banks with high credit ratings, with maturities of less than 6 months and very low credit risk. At the balance sheet date, the carrying amount of bank acceptance bills receivable approximates to the fair value.

(1) The Group had RMB2,524,508.31 of unaccepted bank acceptance bills due to defective endorsement at the end of the year, all of which had been accepted as of the date of this report.

(2) The Group had no pledged bills receivable at the end of the year.

(3) Bills receivable endorsed or discounted at the end of the year and not yet due at the balance sheet date

Type	Amount derecognised at year-end	Amount not derecognised at year-end
Bank acceptance bills	496,637,151.06	–
Total	496,637,151.06	–

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For the Year ended 31 December 2020

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. RECEIVABLES FINANCING

- (4) As at 31 December 2020, the Group did not convert the bills receivable into accounts receivable due to the inability of the drawer to perform the contract (1 January 2020: Nil).
- (5) As at 31 December 2020 and 31 December 2019, the Group did not believe that the bank acceptance bills held are subject to significant credit risk and will not result in significant losses due to default (bills receivable are expected to be fully recoverable); therefore no provision for credit loss was made.
- (6) Among the above balances, there are no bills receivable from shareholder units holding more than 5% (including 5%) voting rights of the company.
- (7) The maturity dates of the bills receivable mentioned above are all within 360 days.

6. PREPAYMENTS

- (1) The aging of prepayments is analysed as follows:

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	2,629,946,549.00	2,166,092,606.10
1 to 2 years (including 2 years)	41,101,739.58	44,412,095.28
2 to 3 years (including 3 years)	14,127,026.32	20,816,666.48
Over 3 years	23,088,562.28	15,489,624.09
Total	2,708,263,877.18	2,246,810,991.95

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Notes to the Financial Statements

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. PREPAYMENTS (CONTINUED)

(2) Large prepayments with the aging of more than one year are as follows:

Company name	Closing balance	Aging	Reasons for non-settlement
Shanghai Wusongkon International Cruise Port Development Co., Ltd. 1 (Note 1)	8,801,058.54	1-3 years, over 3 years	Business not completed
Entity 2	8,472,959.54	1-3 years, over 3 years	Business not completed
Entity 3	5,000,000.00	1-2 years	Business not completed
Total	22,274,018.08	—	—

Note 1: The reason for unsettled prepayments of Sinotrans Eastern Company Limited (a subsidiary of the Group) to Shanghai Wusongkou International Cruise Port Development Co., Ltd. is due to the berth lock deposits at terminal. Such lock deposits need to be paid at least one year in advance due to the tight berth at Shanghai Port Cruise Terminal.

(3) Major entities of prepayments

Company name	Relationship with the Group	Amount	Aging	Proportion to the total prepayments (%)	Reasons for non-settlement
Entity 1	Supplier	175,217,690.41	Within 1 year	6.47	Business not completed
Entity 2	Supplier	111,808,203.60	Within 1 year	4.13	Business not completed
Entity 3	Supplier	111,509,684.67	Within 1 year	4.12	Business not completed
Entity 4	Supplier	56,255,936.42	Within 1 year	2.08	Business not completed
Entity 5	Supplier	48,405,441.97	Within 1 year	1.79	Business not completed
Total	—	503,196,957.07	—	18.59	—

(4) As of 31 December 2020, the Group had no outstanding amounts due from shareholders' units holding 5% (or more) of the Company's voting shares.

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivable	1,345,690.81	1,281,663.75
Dividends receivable	44,020,348.80	53,247,750.69
Other receivables	1,547,801,492.06	1,584,382,909.72
Total	1,593,167,531.67	1,638,912,324.16

(1) Interest receivable

1) Classification of interest receivable

Item	Closing balance	Opening balance
Interest on entrusted loans	1,345,690.81	1,281,663.75
Total	1,345,690.81	1,281,663.75

2) Overdue interest receivable

Loan unit	Closing balance	Overdue time	Reason for overdue	Whether an impairment occurred and the basis for judgment
MAXX LOGISTICS FZCO.	1,345,690.81	3 years	Funding support for joint ventures	Fund support for joint ventures, expected to be recovered without impairment
Total	1,345,690.81	—	—	—

3) The management of the Group believes that it is unnecessary to make impairment provision for the interest receivable as at 31 December 2020.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(2) Dividends receivable

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase of the year	Decrease of the year	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividends receivable with the aging of less than 1 year							
	30,450,387.89	-	1,056,205,986.08	1,065,433,387.97	21,222,986.00	—	—
Including: Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.							
	-	-	8,147,201.00	-	8,147,201.00	Declared not issued	No
Wuhan Port Container Co., Ltd.							
	6,000,000.00	-	6,000,000.00	6,000,000.00	6,000,000.00	Declared not issued	No
New Land Bridge (Lianyungang) Terminal Co., Ltd.							
	24,450,387.89	-	5,475,541.37	24,711,127.98	5,214,801.28	Declared not issued	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO.LTD							
	-	-	3,514,780.00	1,653,796.28	1,860,983.72	Declared not issued	No
DHL-Sinotrans International Air Courier Co., Ltd.							
	-	-	969,694,634.05	969,694,634.05	-	—	—
Jiangsu Jiangyin Port Group Co., Ltd.							
	-	-	8,775,000.00	8,775,000.00	-	—	—
Nanjing Ganglongtan Container Co., Ltd.							
	-	-	8,615,633.08	8,615,633.08	-	—	—
Weihai Weidong Shipping Co., Ltd.							
	-	-	7,779,375.00	7,779,375.00	-	—	—
SIPG Sinotrans Container Depot Co., Ltd.							
	-	-	6,758,037.76	6,758,037.76	-	—	—
Shanghai Yunxing International Shipping Agency Co., Ltd.							
	-	-	5,309,574.22	5,309,574.22	-	—	—
Nissin-Sinotrans International Logistics Co., Ltd.							
	-	-	5,000,000.00	5,000,000.00	-	—	—
Ningbo Dagang Container Co., Ltd.							
	-	-	4,386,196.90	4,386,196.90	-	—	—
Qingdao Huasheng Airport Logistics Co., Ltd.							
	-	-	3,921,762.04	3,921,762.04	-	—	—
Ningbo Dagang New Century Container Co., Ltd.							
	-	-	2,913,965.47	2,913,965.47	-	—	—
Shanghai Tongyun International Logistics Co., Ltd.							
	-	-	2,644,344.75	2,644,344.75	-	—	—
Jiangsu Nissin Sinotrans International transportation Co., Ltd.							
	-	-	1,318,233.94	1,318,233.94	-	—	—
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.							
	-	-	1,027,348.27	1,027,348.27	-	—	—
Suzhou Sinotrans Zhongli International Freight Co., Ltd.							
	-	-	900,000.00	900,000.00	-	—	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(2) Dividends receivable (Continued)

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase of the year	Decrease of the year	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Ningbo Bailun Donghua Container Service Co., Ltd.	-	-	810,000.00	810,000.00	-	—	—
Ma'Anshan Tianshun Port Co., Ltd.	-	-	700,000.00	700,000.00	-	—	—
BOE Technology Group Co., Ltd.	-	-	640,000.00	640,000.00	-	—	—
China United Tally (Shenzhen) Co., Ltd.	-	-	500,000.00	500,000.00	-	—	—
Taizhou Yiyou Shipping Agency Co., Ltd.	-	-	400,000.00	400,000.00	-	—	—
Jiangmen Gaosha Foreign Shipping Agency Co., Ltd.	-	-	231,000.00	231,000.00	-	—	—
Shenyang Henglu Logistics Co., Ltd.	-	-	200,000.00	200,000.00	-	—	—
Rongyun (Xiamen) Supply Chain Co., Ltd.	-	-	198,371.34	198,371.34	-	—	—
Pingze Container Terminal Co., Ltd.	-	-	146,464.00	146,464.00	-	—	—
Air China Limited	-	-	128,133.80	128,133.80	-	—	—
China Passenger Terminal Service Co., Ltd.	-	-	70,389.09	70,389.09	-	—	—
Dividends receivable aging over 1 year	22,797,362.80	-	-	-	22,797,362.80	—	—
Including: China United Tally Co., Ltd.	20,000,000.00	-	-	-	20,000,000.00	Note 1	No
						Incomplete payment	
CIETC International Transportation Co., Ltd.	2,797,362.80	-	-	-	2,797,362.80	approval process	No
Total	53,247,750.69	-	1,056,205,986.08	1,065,433,387.97	44,020,348.80	—	—

Note 1: China United Tally Co., Ltd. (hereinafter referred to as China United Tally) was originally a joint venture established by the Company and COSCO SHIPPING Logistics Co., Ltd. (hereinafter referred to as COSCO SHIPPING) on 13 May 2003. The Company's shareholding ratio is 32%. On 13 May 2018, the Company and COSCO SHIPPING signed the *Agreement on Arrangements Related to China United Tally Co., Ltd.*, which stipulated that from 1 January 2018 to 31 December 2019, the Company would no longer participate the operation and management of China United Tally, regardless of the profit or loss of China United Tally in that year, the Company will collect RMB10 million from China United Tally every year. In addition, the Company no longer has the right to enjoy the gains from China United Tally in accordance with the shareholding ratio, nor to bear any losses during the year.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables

1) Analysis by nature of payments

Item	Closing balance			Opening balance		
	Book Balance	Credit loss provision	Carrying amount	Book Balance	Credit loss provision	Carrying amount
Deposits, security deposits	866,295,180.88	95,326,957.76	770,968,223.12	760,234,512.72	92,064,954.81	668,169,557.91
Government grants	361,610,305.35	-	361,610,305.35	503,229,849.36	2,051,178.64	501,178,670.72
Related party payments	139,172,418.88	-	139,172,418.88	150,097,393.22	-	150,097,393.22
Advances	130,686,320.93	19,473,187.70	111,213,133.23	137,626,297.78	32,853,220.61	104,773,077.17
Reserves	50,692,121.05	2,198,787.76	48,493,333.29	38,373,316.10	792,910.51	37,580,405.59
Compensation	28,330,402.63	22,108,602.30	6,221,800.33	41,500,399.88	23,697,704.73	17,802,695.15
Others	124,744,913.72	14,622,635.86	110,122,277.86	116,007,706.83	11,226,596.87	104,781,109.96
Total	1,701,531,663.44	153,730,171.38	1,547,801,492.06	1,747,069,475.89	162,686,566.17	1,584,382,909.72

2) Analysis by aging

Item	Closing balance			Opening balance		
	Book Balance	Percentage (%)	Credit loss provision	Book Balance	Percentage (%)	Credit loss provision
Within 1 year (including 1 year)	1,185,781,291.10	69.69	6,115,923.49	1,256,155,257.29	71.90	5,508,792.05
1 to 2 years (including 2 years)	164,165,262.51	9.65	6,234,954.59	172,683,294.88	9.88	6,641,800.10
2 to 3 years (including 3 years)	95,955,704.08	5.64	1,124,535.29	110,781,920.22	6.34	28,385,632.67
Over 3 years	255,629,405.75	15.02	140,254,758.01	207,449,003.50	11.88	122,150,341.35
Total	1,701,531,663.44	100.00	153,730,171.38	1,747,069,475.89	100.00	162,686,566.17

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

3) Provision of credit losses on other receivables

Credit loss provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Lifetime expected credit losses (not credit-impaired)	Lifetime expected credit losses (credit-impaired)	
Opening balance	5,413,455.91	64,047,486.64	93,225,623.62	162,686,566.17
Opening balance in current year	-	-	-	-
– Transfer to stage 2	-	-	-	-
– Transfer to stage 3	-	-	-	-
– Reverse to stage 2	-	-	-	-
– Reverse to stage 1	-	-	-	-
Provision in the year	924,110.86	-8,171,010.83	10,715,359.98	3,468,460.01
Reversal in the year	-	-	-586,173.25	-586,173.25
Carry forward in current year	-	-	-	-
Write-off in current year	-	-	-6,267,444.58	-6,267,444.58
Other changes	-221,643.28	-1,954,164.07	-3,395,429.62	-5,571,236.97
Closing balance	6,115,923.49	53,922,311.74	93,691,936.15	153,730,171.38

4) Provision for credit losses accrued, recovered or reversed during the year

Item	Opening balance	Provision	Changes for the year			Closing balance
			Recovered or reversed	Carry forward or write-off	Other movements	
Current year	162,686,566.17	3,468,460.01	586,173.25	6,267,444.58	-5,571,236.97	153,730,171.38
Prior year	137,098,633.89	32,718,329.12	7,175,587.28	906,994.09	952,184.53	162,686,566.17

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

4) Provision for credit losses accrued, recovered or reversed during the year (Continued)

Major provisions for credit loss recovered or reversed during the year:

Debtor	Book balance of other receivables	Reason and method of reversal or recovered	Basis for determining the original credit loss provision	Accrued credit loss provision before reversal or recovery	Amount reversed or recovered
Entity 1	7,096,309.00	Payment recovery	High recovery risk with long aging accounts	7,096,309.00	80,000.00
Entity 2	4,325,000.56	Payment recovery	High recovery risk with long aging accounts	4,325,000.56	506,173.25
Total	11,421,309.56	—	—	11,421,309.56	586,173.25

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

5) Actual write-off of other receivables during the reporting period

Company name	Nature of other receivables	Write-off amount	Reason for write-off	Whether due to related party transactions
Entity 1	Advances	1,830,390.73	Application for enforcement of unenforceable assets	No
Entity 2	Security deposits	1,000,000.00	Application for enforcement of unenforceable assets	No
Entity 3	Deposits	614,645.00	Corporate bankruptcy	No
Entity 4	Compensation	526,923.93	Application for enforcement of unenforceable assets	No
Entity 5	Security deposits	500,000.00	Application for enforcement of unenforceable assets	No
Entity 6	Compensation	331,664.23	Application for enforcement of unenforceable assets	No
Entity 7	Security deposits	300,000.00	Application for enforcement of unenforceable assets	No
Entity 8	Compensation	260,430.68	Out of time	No
Entity 9	Compensation	219,966.00	Application for enforcement of unenforceable assets	No
Entity 10	Security deposits	200,000.00	Application for enforcement of unenforceable assets	No
Entity 11	Other	110,421.50	Application for enforcement of unenforceable assets	No
Entity 12	Security deposits	100,000.00	Out of time	No
Entity 13	Security deposits	90,507.36	Application for enforcement of unenforceable assets	No
Entity 14	Advances	61,426.60	Out of time	No
Entity 15	Security deposits	50,000.00	Out of time	No
Entity 16	Advances	41,068.55	Application for enforcement of unenforceable assets	No
Entity 17	Advances	30,000.00	Application for enforcement of unenforceable assets	No
Total	—	6,267,444.58	—	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

6) Outstanding debts of shareholders holding more than 5% (inclusive) of the voting shares of the Company

Company name	Closing balance		Opening balance	
	Amount owed	Credit loss provision	Amount owed	Credit loss provision
SINOTRANS & CSC	40,000,000.00	—	27,150,710.30	—
Total	40,000,000.00	—	27,150,710.30	—

7) Other receivables with the top five closing balances pooled by debtor

Company name	Relationship with the Group	Amount	Aging	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Entity 1	Non-related party	90,518,783.69	Within 1 year	5.32	—	Financial subsidies for the logistics industry
Entity 2	Non-related party	78,314,800.00	Within 1 year	4.60	—	Financial subsidies for the logistics industry, security deposits
Entity 3	Non-related party	73,540,443.67	Within 1 year	4.32	—	Financial subsidies for the logistics industry
Entity 4	Non-related party	58,947,717.31	Within 1 year	3.47	—	Financial subsidies for the logistics industry
SINOTRANS & CSC	Under the control of the ultimate controller	40,000,000.00	Within 1 year	2.35	—	Related party payments
Total	—	341,321,744.67	—	20.06	—	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

8) Receivables from related parties

Company name	Relationship with the Group	Amount	Proportion to total other receivables (%)
SINOTRANS & CSC	Under the control of the ultimate controller	40,000,000.00	2.35
Shenyang Jinyun Automobile Logistics Co., Ltd.	Joint ventures of the Group	23,219,247.88	1.36
Changhang Cargo Co., Ltd.	Under the control of the ultimate controller	18,877,058.04	1.11
MAXX LOGISTICS FZCO.	Joint ventures of the Group	15,410,585.55	0.91
DHL-Sinotrans International Air Courier Co., Ltd.	Joint ventures of the Group	6,121,402.32	0.36
Zhengzhou Merchants Logistics Co., Ltd.	Under the control of the ultimate controller	4,007,808.08	0.24
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group	3,850,000.00	0.23
China Merchants Bonded Logistics Co., Ltd.	Under the control of the ultimate controller	3,072,138.24	0.18
SINOTRANS LOGISTICS (PAKISTAN) (PVT.) LIMITED	Joint ventures of the Group	2,770,814.99	0.16
Guangxi Yunyu Port Service Co., Ltd.	Associates of the Group	2,500,000.00	0.15
Dongguan Sinotrans Kuasheng E-commerce Co., Ltd.	Joint ventures of the Group	2,256,211.78	0.13
Sinotrans Turkey Limited	Joint ventures of the Group	1,820,766.84	0.11
Dalian Jingda International Freight Forwarding Co., Ltd.	Joint ventures of the Group	1,600,000.00	0.09
China United Tally (Shenzhen) Co., Ltd.	Joint ventures of the Group	1,000,000.00	0.06
Sinotrans Suzhou Logistics Centre Co., Ltd.	Joint ventures of the Group	949,928.36	0.06
Shenyang Henglu Logistics Co., Ltd.	Associates of the Group	946,079.54	0.06
Others	—	10,770,377.26	0.63
Total	—	139,172,418.88	8.19

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

9) Other receivables in relation to government grants

Company name	Projects related to government grant	Closing balance	Closing aging	Expected receiving time and amount
Entity 1	Financial subsidies for the logistics industry	90,518,783.69	Within 1 year	It has been recovered as of the reporting date
Entity 2	Financial subsidies for the logistics industry	78,000,000.00	Within 1 year	It is expected to be recovered in April 2021.
Entity 3	Financial subsidies for the logistics industry	73,540,443.67	Within 1 year	It is expected to be recovered in 2021.
Entity 4	Financial subsidies for the logistics industry	58,947,717.31	Within 1 year	It is expected to be recovered in May 2021, and the amount will not exceed RMB30 million; the time for remaining amount recovered is to be determined
Entity 5	Financial subsidies for the logistics industry	38,727,890.99	Within 1 year	It is expected to be recovered in July 2021.
Entity 6	Financial subsidies for the logistics industry	17,797,919.69	Within 2 years	RMB10.95 million is expected to be recovered in May 2021 and RMB6.85 million is expected to be recovered in March 2022.
Entity 7	Financial subsidies for the logistics industry	2,840,000.00	Within 1 year	It is expected to be recovered in March 2021.
Entity 8	Financial subsidies for the logistics industry	640,000.00	Within 1 year	It is expected to be recovered in March 2021.
Entity 9	Financial subsidies for the logistics industry	555,000.00	Within 1 year	It is expected to be recovered in June 2021.
Entity 10	Financial subsidies for the logistics industry	42,550.00	Within 1 year	It is expected to be recovered in December 2021.
Total	—	361,610,305.35	—	—

Note 1: The Group's financial subsidies for the logistics industry are in accordance with the preferential policies in the region. Government subsidies are reported and obtained in a timely manner in accordance with the preferential standards.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

10) *The Group had no other receivables derecognised due to transfer of financial assets during the year.*

11) *The Group did not continue to involve in the formation of assets and liabilities due to the transfer of other receivables such as securitisation and factoring of other receivables during the year.*

12) *The Group had no prepayments transferred to other receivables during the year.*

8. INVENTORIES

(1) Classification of inventories

Item	Closing balance			Opening balance		
	Book balance	Provision for price reduction	Carrying amount	Book balance	Provision for price reduction	Carrying amount
Raw materials	32,007,730.26	2,995,950.82	29,011,779.44	35,112,202.30	2,995,950.82	32,116,251.48
Goods in stock (finished goods)	41,524,534.30	3,045,443.29	38,479,091.01	75,874,908.77	3,002,376.74	72,872,532.03
Revolving materials (packaging, low-value consumables, etc.)	16,025,790.64	1,757,000.00	14,268,790.64	22,061,538.50	1,757,000.00	20,304,538.50
Total	89,558,055.20	7,798,394.11	81,759,661.09	133,048,649.57	7,755,327.56	125,293,322.01

(2) Provision for price reduction of inventories

Item	Opening balance	Increase of the year		Decrease of the year		Closing balance
		Provision	Others	Reversal or write-back	Others	
Raw materials	2,995,950.82	-	-	-	-	2,995,950.82
Goods in stock (finished goods)	3,002,376.74	750,000.00	-	706,933.45	-	3,045,443.29
Revolving materials (packaging, low-value consumables, etc.)	1,757,000.00	-	-	-	-	1,757,000.00
Total	7,755,327.56	750,000.00	-	706,933.45	-	7,798,394.11

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term receivables due within one year	12,325,000.00	12,085,000.00
Total	12,325,000.00	12,085,000.00

10. OTHER CURRENT ASSETS

Item	Closing balance	Opening balance
Deductible VAT taxation expenses	515,375,029.53	592,215,092.16
Prepaid taxes	24,710,040.76	34,109,149.61
Subtotal	540,085,070.29	626,324,241.77
Less: Impairment provision	–	–
Total	540,085,070.29	626,324,241.77

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. LONG-TERM RECEIVABLES

Item	Closing balance			Opening balance			Range of discount rates at the end of the year
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount	
Amounts due from associates and joint ventures (Note 1)	72,670,000.00	-	72,670,000.00	84,755,000.00	-	84,755,000.00	1.2% - 12.5%
Other long-term receivables (Note 2)	63,326,784.90	60,298,990.43	3,027,794.47	59,934,820.74	29,967,410.37	29,967,410.37	—
Total	135,996,784.90	60,298,990.43	75,697,794.47	144,689,820.74	29,967,410.37	114,722,410.37	—
Less: Long-term receivables due within one year	12,325,000.00	-	12,325,000.00	12,085,000.00	-	12,085,000.00	—
Long-term receivables due after one year	123,671,784.90	60,298,990.43	63,372,794.47	132,604,820.74	29,967,410.37	102,637,410.37	—

Note 1: The Group's receivables from associates and joint ventures include the following:

Shanghai Pu'an Storage Co., Ltd. (hereinafter referred to as Shanghai Pu'an"), an associate of the Group, obtained entrusted loan of RMB45.16 million from the Group in April 2017 to supplement its circulating funds, and the loan will mature in December 2024 at an annual interest rate of 12.50%. According to the arrangements under the loan contract, Shanghai Pu'an shall repay the principal and interest on a quarterly basis from June 2017 to November 2024. As at 31 December 2020, the balance of the borrowing was RMB29.92 million (31 December 2019: RMB34.88 million), of which RMB5.2 million was due within one year.

Sinotrans Suzhou Logistics Center Co., Ltd. (hereinafter referred to as Suzhou Logistic Center), a joint venture of the Group, obtained entrusted loan of RMB57 million from the Group in August 2016. The loan term is 10 years and the annual interest rate is 1.20%. The maturity date is August 2026. The loan is a policy-specific loan provided by the Agricultural Development Fund to the Company through the Agricultural Development Bank of China, and is dedicated to the Suzhou Logistics Center Wusongjiang Integrated Logistics Park Project. After the construction period of the project, Suzhou Logistics Center will repay the principal in equal shares for 8 years from August 2019 to August 2026. As at 31 December 2020, the balance of the loan was RMB42.75 million (31 December 2019: RMB49,875,000), of which RMB7,125,000 was due within one year.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. LONG-TERM RECEIVABLES (CONTINUED)

Note 2: Sinoair, a subsidiary of the Group, has started its freight forwarding business with Uni-top Airlines Co., Ltd., and its two related parties, UT CHARTER BROKER LTD. and Huali Logistics Co., Ltd. since 2010. As at March 2018, UT CHARTER BROKER LTD. owed Sinoair HKD10,726,517.54, Huali Logistics Co., Ltd. owed Sinoair HKD55,974,597.46, while Uni-top Airlines Co., Ltd. owed Sinoair RMB29,880,000.00. On 13 March 2018, Sinoair, Uni-top Airlines Co., Ltd, UTCHARTER BROKER LTD., Huali Logistics Co., Ltd., Uni-top Shenzhen Industrial Co., Ltd. (hereinafter referred to as Uni-top Industry) and Uni top Shenzhen City Holdings Co., Ltd. (hereinafter referred to as Uni-top Holdings) reached a debt restructuring agreement, stipulating that Uni-top Industry will repay the above debts in six installments within three years and the interest calculated according to the actual number of days and by benchmark the interest rate of bank loans for the same period. Uni-top Holdings assumed joint and several liabilities guarantee for the above debts.

As at 31 December 2020, the long-term receivables from Sinoair to Uni-top Industry amounted to RMB60,298,990.43. As Uni-top Industry did not repay the amount according to the agreed time and was facing serious financial difficulties, the full amount of credit loss provision was made for this long-term receivable.

- (1) The Group had no long-term receivables derecognised by transfer of financial assets as at 31 December 2020.
- (2) The Group had no assets and liabilities from the transfer of long-term receivables and the continued involvement as at 31 December 2020.

12. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Increase of the year	Decrease of the year	Other increases (decreases)	Effects from changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investments in joint ventures	5,468,605,164.00	1,345,904,672.47	1,016,760,880.80	-2,875,669.46	-2,201,881,500.00	18,266.66	3,593,010,052.87
Investments in associates	3,912,377,321.62	313,276,903.23	30,368,422.63	-8,122,321.98	905,902.42	-17,395,992.01	4,170,673,390.65
Subtotal	9,380,982,485.62	1,659,181,575.70	1,047,129,303.43	-10,997,991.44	-2,200,975,597.58	-17,377,725.35	7,763,683,443.52
Less: Impairment provision of long-term equity investments	12,623,183.45	-	-	-	-	-520,515.45	12,102,668.00
Total	9,368,359,302.17	—	—	—	—	—	7,751,580,775.52

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Details of long-term equity investments

Invested entities	Investment cost	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision	Effects from translation in foreign currency statements	Changes for the year		Closing balance
													Other comprehensive income adjustments	Other changes in equity	
Joint ventures	3,997,003,867.01	5,488,205,164.00	4,020,273.14	-2,201,861,300.00	16,600,000.00	-	-1,318,789,497.81	-	10,515,174.66	-1,016,760,880.80	-	18,266.66	-2,075,669.46	3,993,010,632.87	4,020,273.14
DHL-Sinotrans International Air Courier Co., Ltd.	69,144,535.07	1,269,297,343.82	-	-	-	-	-12,165,939.89	-	-	-989,694,634.05	-	-	-	1,515,646,688.66	-
Dongguan Port Container Port Co., Ltd.	376,683,333.00	349,142,759.22	-	-	-	-	-18,424,821.00	-	-	-	-	-	-	330,717,938.22	-
New Land Bridge (Lianyungang) Terminal Co., Ltd.	132,385,575.46	200,340,029.25	-	-	-	-	16,416,073.74	-	-	-5,715,541.37	-	-	-	211,700,581.62	-
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	105,891,247.29	183,005,396.17	-	-	-	-	9,877,854.38	10,676.29	-	-	-	-	-	192,894,126.84	-
Wuhu Sanchen Port Co., Ltd.	140,000,000.00	131,197,662.31	-	-	-	-	7,354,551.15	-	-	-	-	-	-	138,551,913.46	-
Chengdu Bonded Logistics Investment Co., Ltd.	95,000,000.00	123,618,377.45	-	-	-	-	3,423,490.59	-	-	-	-	-	-	127,047,868.04	-
Sinotrans Sevens Logistics Co., Ltd.	82,570,000.00	93,846,326.19	-	-	-	-	10,140,816.80	-	-	-	-	-	-	103,987,344.99	-
Shenyang Jinjun Automobile Logistics Co., Ltd.	100,000,000.00	88,274,024.85	-	-	-	-	-3,336,557.24	10,500,000.00	-	-	-	-	-	95,265,467.11	-
Sinotrans Suzhou Logistics Centre Co., Ltd.	97,896,300.00	90,780,776.20	-	-	-	-	1,169,296.14	-	-	-	-	-	-	91,950,072.34	-
Nissan-Sinotrans International Logistics Co., Ltd.	55,519,961.25	83,194,512.03	-	-	-	-	9,413,915.30	-	-	-5,000,000.00	-	-	-	87,608,417.33	-
Shanghai Tongjun International Logistics Co., Ltd.	40,949,168.75	85,656,376.82	-	-	-	-	3,404,885.26	2,114.06	-	-2,644,344.75	-	-	-	85,619,033.39	-
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	51,000,000.00	53,385,065.44	-	-	-	-	423,517.18	-	-	-	-	-	-	54,006,582.62	-
Ningbo Degang Container Co., Ltd.	49,852,251.00	58,601,895.81	-	-	-	-	-1,349,735.27	-	-	-4,366,195.90	-	-	-	52,865,403.64	-
Sinotrans Heifer Cold Chain Logistics Co., Ltd.	30,000,000.00	49,469,563.64	-	-	-	-	2,134,889.89	-	-	-	-	-	-	51,604,453.53	-
Sinotrans Almax (Shanghai) International Aviation Express Delivery Co., Ltd.	19,911,240.00	29,116,789.77	-	-	-	-	302,208.49	-	-	-8,147,201.00	-	-	-	51,161,597.26	-
Shanghai Wa-Hong Yishida International Logistics Co., Ltd.	56,269,343.25	50,867,640.39	-	-	-	-	-1,689,819.26	-1,924.28	-	-	-	-	-	48,196,039.85	-
SPG Sinotrans Container Depot Co., Ltd.	30,000,000.00	46,235,982.06	-	-	-	-	4,888,412.65	-	-	-6,736,037.76	-	-	-	44,366,356.95	-
Ningbo Taping Initiative Depot Co., Ltd. Logistics C	17,372,235.90	35,354,103.04	-	-	-	-	780,876.51	-	-	-	-	-	-	36,324,979.55	-

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Details of long-term equity investments (Continued)

Invested entities	Investment cost	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Charges for the year			Effects from translation in foreign currency statements	Impairment provision	Closing balance	Closing balance of impairment provision
								Other comprehensive income adjustments	Cash dividends and profits declared	Other changes in equity				
Associates														
China Merchants Luseam International Holdings Co., Ltd.	3,609,203,915.97	3,912,377,321.62	8,602,910.31	915,902.42	6,463,299.82	493,937.32	249,088,187.33	57,355,453.23	359,957.80	-29,444,485.31	-17,395,992.01	-8,122,321.98	4,170,673,390.65	8,022,394.86
Shenzhen Haxing Port Development Co., Ltd.	2,012,021,379.99	2,160,382,404.50	-	-	-	-	132,343,046.11	71,839,465.86	-	-	-	-	2,365,044,946.27	-
China Merchants Haitan Development Investment Co., Ltd.	442,358,642.42	384,195,121.03	-	-	-	-	-10,930,351.22	-	-	-	-	-	373,264,769.81	-
Jiangsu Jiangyin Port Group Co., Ltd.	351,328,381.51	351,328,381.51	-	-	-	-	-	-	-	-	-17,040,121.60	-	334,288,259.91	-
Wenhai Weibong Shipping Co., Ltd.	59,919,000.00	169,101,072.82	-	-	-	-	71,647,181.30	-	-	-8,715,000.00	-	-	232,173,253.92	-
China Merchants Logistics Group Nanjing Co., Ltd.	208,722,602.90	202,078,401.81	-	-	-	-	16,724,399.15	-14,454,037.38	-	-7,779,375.00	-	-	196,569,368.58	-
Wuluan Port Container Co., Ltd.	152,200,000.00	172,240,049.12	-	-	-	-	19,979,668.80	-	166,404.01	-	-	-	192,366,120.93	-
Shanghai Puan Port Group Co., Ltd.	127,169,394.38	175,441,326.82	-	-	-	-	5,892,473.21	-	204,572.41	-6,000,000.00	-	-	175,538,372.44	-
Zhejiang Seaport Changxing Port Co., Ltd.	78,173,640.00	76,239,861.28	-	-	-	-	347,463.82	-	-	-	-	-	76,641,324.80	-
Ma Anshan Tianshun Port Co., Ltd.	20,100,000.00	40,649,925.01	-	-	-	-	620,688.21	-	-	-	-	-	41,270,783.22	-
Qingdao Huasheng Airport Logistics Co., Ltd.	21,000,000.00	28,381,793.79	-	-	-	-	3,041,791.87	-	-	-700,000.00	-	-	31,323,588.66	-
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	18,000,000.00	23,331,661.15	-	-	-	-	3,312,832.05	-	-5,651.91	-3,321,782.04	-	-	23,317,279.25	-
Shanghai Haihu International Container Repair Co., Ltd.	20,000,000.00	17,851,465.89	-	-	-	-	111,326.37	-	-	-	-	-	17,792,792.26	-
Guangxi Yunyu Port Service Co., Ltd.	12,451,024.91	12,559,546.48	-	-	-	-	134,260.75	-	-	-	-	-	12,693,816.23	-
Lanzhou and sea New Channel Operator Co., Ltd.	11,533,740.00	10,723,377.82	-	-	-	-	-738,382.77	-	-	-	-	-	9,984,994.75	-
Tianjin Shiyun Logistics Co., Ltd.	4,211,424.00	1,040,762.17	-	-	3,211,424.00	-	632.34	-	-	-	-	-	4,232,818.51	-
Others	2,000,000.00	2,397,803.41	-	-	-	-893,937.32	-1,503,686.09	-	-	-	-	-	-	-
	70,614,465.96	82,880,165.51	8,602,910.31	915,902.42	3,251,675.82	-30,000.00	7,974,894.73	-5,366.71	-5,366.71	-2,689,348.27	-355,870.41	-8,122,321.98	84,230,871.11	8,022,394.86
Total	7,606,207,772.98	9,390,392,485.82	12,623,183.45	-2,200,915,597.59	23,063,299.82	493,937.32	1,567,887,685.14	57,355,453.23	10,875,132.46	-1,046,205,686.11	-17,377,726.35	-10,997,991.44	7,763,663,443.52	12,102,668.00

Note 1: Changes in the investment in SE Netherlands Logistics Holding B.V. are detailed in this Note VIII. "3. Business combination not under common control."

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(3) The changes in the provision for impairment of long-term equity investments are as follows:

Item	Opening balance	Effects of changes in the scope of consolidation	Increase of the year	Decrease of the year		Effects from translation in foreign currency statements	Closing balance
				Decrease	Reason for decrease		
Beijing China Merchants Science City Real Estate Development Co., Ltd.	5,764,473.00	-	-	-	-	-348,777.00	5,415,696.00
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	4,020,273.14	-	-	-	-	-	4,020,273.14
Beijing Sima Ling Clothing Co., Ltd.	1,467,320.40	-	-	-	-	-88,779.60	1,378,540.80
Beijing Shungang Clothing Accessories Co., Ltd.	1,371,116.91	-	-	-	-	-82,958.85	1,288,158.06
Total	12,623,183.45	-	-	-	-	-520,515.45	12,102,668.00

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Notes to the Financial Statements

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(4) Significant joint venture investments

Name of investee	Place of registration	Nature of business	Registered capital	Shareholding Ratio (%)	Voting ratio (%)	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the parent company for the year
Joint ventures											
DHL-Sinotrans International Air Courier Co., Ltd.	Beijing, PRC	Air-freight courier	USD14.5M	50.00	50.00	5,861,753,706.38	2,830,456,369.08	3,031,297,337.30	18,168,133,222.55	2,432,091,917.77	2,432,091,917.77
Dongguan Port Container Port Co., Ltd.	Dongguan, PRC	Harbour operating	RMB670M	49.00	49.00	1,529,346,831.94	854,414,264.14	674,934,567.80	196,998,368.11	-37,601,675.51	-37,601,675.51
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Lianyungang, PRC	Port development, freight forwarding	RMB395M	42.00	42.00	554,194,217.25	49,954,784.81	504,239,432.44	280,196,078.80	39,065,889.85	39,065,889.85
Chengdu Bonded Logistics Investment Co., Ltd.	Sichuan, PRC	Logistics	RMB175M	54.29	54.29	249,553,980.55	15,536,509.18	234,017,071.37	31,799,997.51	6,316,983.96	6,316,983.96
Total						8,194,850,736.12	3,750,362,327.21	4,444,488,408.91	18,677,128,596.97	2,439,893,116.07	2,439,893,116.07

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(5) Main financial information of significant joint ventures

Item	Amount in current year				Amount in prior year			
	DHL-Sinotrans International Air Courier Co., Ltd.	Dongguan Port Container Port Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.	DHL-Sinotrans International Air Courier Co., Ltd.	Dongguan Port Container Port Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.
Current assets	4,891,324,211.44	173,122,256.46	224,974,880.44	58,312,528.29	3,767,573,466.68	167,377,373.03	220,955,575.54	45,824,611.30
Non-current assets	970,429,494.94	1,356,226,575.48	329,219,336.81	191,241,452.26	1,011,093,748.26	1,423,131,773.28	331,050,102.70	198,309,406.60
Total assets	5,861,753,706.38	1,529,348,831.94	554,194,217.25	249,553,980.55	4,778,667,214.94	1,590,509,146.31	552,005,678.24	244,134,017.90
Current liabilities	2,616,326,525.46	31,818,107.67	43,406,583.20	15,536,909.18	1,972,449,333.12	36,578,494.75	64,506,034.26	16,433,930.49
Non-current liabilities	214,129,843.62	822,596,156.47	6,548,201.61	-	267,623,194.09	841,394,408.25	9,309,098.18	-
Total liabilities	2,830,456,369.08	854,414,264.14	49,954,784.81	15,536,909.18	2,240,072,527.21	877,972,903.00	73,815,132.44	16,433,930.49
Net assets	3,031,297,337.30	674,934,567.80	504,239,432.44	234,017,071.37	2,538,594,687.63	712,536,243.31	478,190,545.80	227,700,087.41
Share of net assets calculated at the shareholding ratio	1,515,648,668.66	330,717,938.22	211,780,561.62	127,047,868.04	1,269,297,343.82	349,142,759.22	200,840,029.25	123,618,377.45
Adjustments	-	-	-	-	-	-	-	-
Carrying amount of equity investments in joint ventures	1,515,648,668.66	330,717,938.22	211,780,561.62	127,047,868.04	1,269,297,343.82	349,142,759.22	200,840,029.25	123,618,377.45
Fair value of equity investments with public offer	-	-	-	-	-	-	-	-
Operating income	18,168,133,232.55	196,998,388.11	280,196,978.80	31,799,997.51	13,879,538,433.39	248,346,081.33	254,731,179.39	33,943,621.43
Finance costs	-26,530,713.73	38,082,429.14	-3,252,915.32	-509,362.65	-23,724,011.83	40,933,899.18	-2,228,312.95	-395,398.60
Income tax expenses	817,131,305.69	-	11,755,332.03	1,471,393.10	634,212,994.95	-	4,200,790.29	2,073,523.10
Net profit	2,432,091,917.77	-37,601,675.51	39,085,889.85	6,316,983.96	1,945,443,688.67	7,794,693.51	14,465,559.12	7,400,986.95
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	2,432,091,917.77	-37,601,675.51	39,085,889.85	6,316,983.96	1,945,443,688.67	7,794,693.51	14,465,559.12	7,400,986.95
Dividends from joint ventures for the year	969,694,634.05	-	5,475,541.37	-	1,002,108,307.24	-	-	-

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(6) Significant associates

Name of investee	Place of registration	Nature of business	Registered capital	Shareholding Ratio(%)	Voting ratio(%)	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the parent company for the year
Associates											
China Merchants Lascam International Holdings Co., Ltd.	The British Virgin Islands	Logistics equipment leasing	USD101	45.00	45.00	6,879,258,853.65	3,091,623,160.41	3,787,635,693.24	1,729,956,321.07	304,939,353.54	304,939,353.54
Shenzhen Haixing Port Development Co., Ltd.	Shenzhen, PRC	Warehouse and port services	RMB500.73 million	33.00	33.00	2,945,271,486.57	1,214,347,941.69	1,130,923,544.88	27,289,486.25	-33,304,094.60	-33,304,094.60
China Merchants Logistics Group Nanjing Co., Ltd.	Nanjing, PRC	Logistic	RMB50 million	45.00	45.00	240,509,206.36	93,367,446.55	147,141,759.81	255,866,780.83	44,399,264.00	44,399,264.00
Wuhan Port Container Co., Ltd.	Wuhan, PRC	Containers handling and freight forwarding	RMB400 million	30.00	30.00	817,450,899.62	234,854,333.10	582,596,566.52	96,559,178.44	19,641,577.38	19,641,577.38
Total						10,282,490,445.20	4,634,192,881.75	5,648,297,563.45	2,109,671,776.59	335,676,100.32	335,676,100.32

Chapter 12 Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(7) Main financial information of significant associates

Item	Amount for current year				Amount in prior year			
	China Merchants Loscram Holdings Co., Ltd.	Shenzhen Haixing Port Development Co., Ltd.	China Merchants Logistics Group Nanjing Co., Ltd.	Wuhan Port Container Co., Ltd.	China Merchants Loscram International Holdings Co., Ltd.	Shenzhen Haixing Harbor Development Co., Ltd.	China Merchants Logistics Group Nanjing Co., Ltd.	Wuhan Port Container Co., Ltd.
Current assets	1,236,666,596.96	65,233,282.68	170,465,951.99	254,782,538.35	1,198,924,226.80	44,932,869.23	131,906,314.02	274,690,832.88
Non-current assets	5,642,590,254.67	2,260,038,203.89	70,043,254.37	562,668,360.27	5,803,270,396.79	1,739,465,827.17	73,161,443.51	539,009,645.33
Total assets	6,879,256,851.63	2,345,271,486.57	240,509,206.36	817,450,898.62	7,002,194,623.59	1,844,398,696.40	205,067,757.53	873,700,478.21
Current liabilities	2,784,526,780.22	847,631,054.21	92,839,168.98	59,310,521.47	839,329,366.50	382,841,059.86	102,079,050.00	53,859,163.41
Non-current liabilities	307,096,380.19	366,716,887.48	528,277.57	175,943,811.63	2,828,901,880.22	297,529,997.26	615,938.41	237,588,234.67
Total liabilities	3,091,623,160.41	1,214,347,941.69	93,367,446.55	234,854,333.10	3,668,231,246.72	680,171,056.92	102,695,048.41	291,427,398.08
Net assets	3,787,633,691.22	1,130,923,544.88	147,141,759.81	582,596,565.52	3,333,963,376.87	1,164,227,639.48	102,372,709.12	582,273,080.13
Share of net assets calculated at the shareholding ratio	1,704,436,061.96	373,204,765.81	66,213,791.91	174,779,989.66	1,500,283,519.59	384,195,121.03	46,067,719.10	174,661,924.04
Adjustments	660,598,884.31	-	126,172,329.02	759,402.78	660,598,884.91	-	126,172,329.02	759,402.78
Carrying amount of equity investments in associates	2,365,034,946.27	373,204,765.81	192,386,120.93	175,538,372.44	2,160,882,404.50	384,195,121.03	172,240,048.12	175,441,326.82
Fair value of equity investments with public offer	-	-	-	-	-	-	-	-
Operating income	1,729,956,321.07	27,289,495.25	255,666,780.83	96,559,178.44	1,607,927,984.58	28,490,889.36	298,544,508.28	130,238,748.87
Finance costs	46,746,103.96	-112,168.03	75,788.19	-2,637,771.16	92,803,557.28	-1,008,303.20	88,456.12	-1,597,084.50
Income tax expenses	189,135,221.90	-	4,594,551.79	10,412,500.00	130,419,196.36	-	3,123,799.11	14,164,557.56
Net profit	304,939,353.54	-33,304,094.60	44,399,264.00	19,641,577.38	255,201,911.02	-27,217,163.97	40,926,087.30	49,665,382.30
Other comprehensive income	-452,946,171.97	-	-	-	-612,522,829.00	-	-	-
Total comprehensive income	-148,006,818.43	-33,304,094.60	44,399,264.00	19,641,577.38	-356,320,917.98	-27,217,163.97	40,926,087.30	49,665,382.30
Dividends from associates for the year	-	-	-	6,000,000.00	-	25,949,781.00	12,970,833.07	-

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(8) Summary information of other non-significant joint ventures and associates

Item	Amount in current year	Amount in prior year
Joint ventures:	—	—
Total carrying amount of investments	1,403,794,743.19	1,304,669,936.76
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	101,322,795.59	31,059,962.45
Other comprehensive income	—	—
Total comprehensive income	101,322,795.59	31,059,962.45
Associates:	—	—
Total carrying amount of investments	1,056,426,786.34	965,630,794.21
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	101,873,350.43	25,694,601.07
Other comprehensive income	-14,454,037.38	3,128,660.82
Total comprehensive income	87,419,313.05	28,823,261.89

(9) The Group has no restrictions on its ability to transfer funds to invested companies.

(10) Excess losses incurred by joint ventures or associates

Name of joint venture or associate	Cumulative unrecognised prior period accumulated losses	Unrecognised losses for the year (or net profit shared for the year)	Cumulative unrecognised losses at the end of the year
Dongguan SinotransKuasheng E-commerce Co., Ltd.	-751,525.03	69,031.58	-682,493.45
Total	-751,525.03	69,031.58	-682,493.45

Note 1: As at 31 December 2020, there were no material restrictions on the Group's ability to transfer funds from joint ventures or associates to the Group.

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For the Year ended 31 December 2020

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. OTHER EQUITY INSTRUMENT INVESTMENTS

(1) Investments in other equity instruments

Item	Reasons for designation as other equity instrument investments	Closing balance	Opening balance	Dividend income
Other equity instrument investments — Listed company equity instrument investments	—	21,605,631.53	256,540,744.93	768,133.80
Including: Air China Limited	Strategic purpose holding	21,605,631.53	27,951,744.93	128,133.80
BOE Technology Group Co., Ltd.	Strategic purpose holding	-	228,589,000.00	640,000.00
Total	—	21,605,631.53	256,540,744.93	768,133.80

Note 1: The amount of dividend income related to other equity instrument investments derecognised during the year and dividend income related to other equity instrument investments still held at the balance sheet date were RMB640,000.00 and RMB128,133.80, respectively.

(2) Other equity instruments at the end of the year

Item	Dividend income recognised during the year	Cumulative gains	Cumulative losses	Transfer of other comprehensive income to retained earnings	Reasons for designation as at fair value through other comprehensive income	Reasons for transfer of other comprehensive income to retained earnings
Air China Limited	128,133.80	13,528,759.93	-	-	Strategic purpose holding	—

(3) The Group's investments in other equity instruments derecognised during the year are as follows.

Item	Reason for disposal	Fair value at derecognition	Cumulative gains/losses
BOE Technology Group Co., Ltd.	Management's decision	243,418,133.41	87,213,287.50
Total	—	243,418,133.41	87,213,287.50

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. OTHER NON-CURRENT FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value through profit or loss	871,156,840.33	692,424,249.35
Including: Equity instrument investments	871,156,840.33	692,424,249.35
Total	871,156,840.33	692,424,249.35

Note 1: As at 31 December 2020, other non-current financial assets were equity instrument investments held by the Group, mainly comprising: the Group's investment in China Southern Air Cargo Logistics (Guangzhou) Co., Ltd. of RMB223,636,365.50; investment in Nanjing Port Longtan Container of RMB191,678,241.59; investment in CHINA MERCHANTS LOGISTICS SYNERGY LIMITED PARTNERSHIP of RMB185,709,054.50; investment in Ouyeel Cloud Commerce Co., Ltd. of RMB147,747,600.00; investment in China United Tally Co., Ltd. of RMB40,960,000.00; investment in SINO-BLR Industrial Investment Fund, L.P. of RMB32,274,070.37; investment in Shenyang Airport Logistics Co., Ltd. of RMB33,730,000.00.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. INVESTMENT PROPERTIES

(1) Investment properties measured at cost

Item	Buildings	Land use rights	Total
I. Original value			
Opening balance	2,507,745,984.51	79,443,245.09	2,587,189,229.60
Effect of changes in scope of consolidation	-	-	-
Acquisition for the year	13,813,048.94	-	13,813,048.94
Conversion of fixed assets to investment properties	64,360,590.85	-	64,360,590.85
Conversion of intangible assets to investment properties	-	38,387,019.68	38,387,019.68
Disposal for the year	-	-	-
Transfer from investment properties to fixed assets	76,498,101.56	-	76,498,101.56
Other transfer-out	-	3,866,106.98	3,866,106.98
Effects from translation in foreign currency statements	-136,078,449.75	-	-136,078,449.75
Closing balance	2,373,343,072.99	113,964,157.79	2,487,307,230.78
II. Accumulated depreciation and accumulated amortisation			
Opening balance	180,379,150.18	21,043,072.44	201,422,222.62
Effect of changes in scope of consolidation	-	-	-
Accrued amount for the year	107,954,957.93	1,895,528.49	109,850,486.42
Conversion of fixed assets to investment properties	7,386,787.44	-	7,386,787.44
Conversion of intangible assets to investment properties	-	13,114,288.20	13,114,288.20
Disposal for the year	-	-	-
Transfer from investment properties to fixed assets	12,869,609.01	-	12,869,609.01
Other transfer-out	-	1,566,035.65	1,566,035.65
Effects from translation in foreign currency statements	-35,806,971.94	-	-35,806,971.94
Closing balance	247,044,314.60	34,486,853.48	281,531,168.08
III. Impairment provision			
Opening balance	1,606,790.53	-	1,606,790.53
Closing balance	1,528,858.01	-	1,528,858.01
IV. Net amount			
Opening balance	2,325,760,043.80	58,400,172.65	2,384,160,216.45
Closing balance	2,124,769,900.38	79,477,304.31	2,204,247,204.69

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For the Year ended 31 December 2020

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. INVESTMENT PROPERTIES (CONTINUED)

(2) Closing balance of significant investment properties without the title certificate and reason

Item	Carrying amount	Reason for not obtaining the title certificate
Sichuan Observation TV Tower Film and Culture Square 10/F, Building 3 (Block C, Building 339, Chengdu)	28,499,049.46	Firefighting not yet accepted
Nanchang Sanghai Logistics Project Warehouse	19,656,609.29	Land will be collected and stored, and the certificate shall be suspended
Villa No. 98, Munan Road, Heping District, Tianjin	635,995.71	The cost of property right transfer has been calculated, and the title certificate can be carried out after the approval of the superior
No.5 Yuyang Street, Nangang District, Harbin City, Heilongjiang Province	134,072.65	Incomplete procedures
No.3 Yuyang Street, Nangang District, Harbin City, Heilongjiang Province	61,359.66	Incomplete procedures
Total	48,987,086.77	—

16. FIXED ASSETS

Item	Closing balance	Opening balance
Fixed assets	12,442,063,895.48	12,481,295,957.16
Clearance of fixed assets	112,689.68	165,564.11
Total	12,442,176,585.16	12,481,461,521.27

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets

1) Details of fixed assets classification

Item	Buildings	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Total
I. Original value					
Opening balance	11,906,634,601.02	1,005,137,109.26	1,309,082,675.46	5,804,624,931.51	20,025,479,317.25
Effect of changes in scope of consolidation	-	-	239,065,515.89	66,748,012.99	305,813,528.88
Acquisition for the year	41,073,655.55	12,405,666.86	124,594,466.91	404,278,057.41	582,351,846.73
Transfer from construction in process for the year	459,646,731.52	7,098,465.66	1,217,699.11	47,962,305.10	515,925,201.39
Transfer from investment properties for the year	76,498,101.56	-	-	-	76,498,101.56
Other increases	2,518,525.27	-	-	-	2,518,525.27
Disposal and scrap for the year	23,162,964.74	80,970.40	198,817,429.36	306,495,136.04	528,556,500.54
Reclassification	-47,953,232.01	26,274,899.44	7,916,057.50	13,762,275.07	-
Transfer to investment properties for the year	64,360,590.85	-	-	-	64,360,590.85
Effects from translation in foreign currency statements	-8,913,681.99	-	-1,131,905.63	-248,433,390.08	-258,478,977.70
Other decreases (Note 1)	78,584,992.29	21,157,273.66	121,615.38	26,778,388.73	126,642,270.06
Closing balance	12,263,396,153.04	1,029,677,897.16	1,481,805,464.50	5,755,668,667.23	20,530,548,181.93

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

1) Details of fixed assets classification (Continued)

Item	Buildings	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Total
II. Accumulated depreciation					
Opening balance	3,177,386,034.43	473,298,241.45	926,793,383.46	2,940,340,555.45	7,517,818,214.79
Effect of changes in the scope of consolidation	-	-	106,774,407.69	47,227,898.32	154,002,306.01
Accrued amount for the year	438,623,249.39	40,949,798.31	128,483,612.20	360,592,328.47	968,648,988.37
Transfer from construction in process for the year	-	-	-	-	-
Transfer from investment properties for the year	12,869,609.01	-	-	-	12,869,609.01
Other increases	649,322.99	-	-	-	649,322.99
Disposal and scrap for the year	15,372,656.95	17,999.09	161,554,368.44	270,581,040.33	447,526,064.81
Other decreases (Note 1)	47,919,693.89	17,144,080.73	-	23,950,727.97	89,014,502.59
Reclassification	-28,761,602.41	11,707,581.38	5,031,175.50	12,022,845.53	-
Transfer to investment properties for the year	7,386,787.44	-	-	-	7,386,787.44
Effects from translation in foreign currency statements	-3,168,963.77	-	-542,239.89	-40,874,881.44	-44,586,085.10
Closing balance	3,526,918,511.36	508,793,541.32	1,004,985,970.52	3,024,776,978.03	8,065,475,001.23
III. Impairment provision					
Opening balance	3,855,467.56	-	19,087,367.00	3,422,310.74	26,365,145.30
Closing balance	3,921,918.22	-	19,087,367.00	-	23,009,285.22
IV. Net amount					
Opening balance	8,725,393,099.03	531,838,867.81	363,201,925.00	2,860,862,065.32	12,481,295,957.16
Closing balance	8,732,555,723.46	520,884,355.84	457,732,126.98	2,730,891,689.20	12,442,063,895.48
Net mortgaged assets at the end of the year	51,358,931.77	-	-	-	51,358,931.77

Note 1: Other decreases in original value and accumulated depreciation of fixed assets this year are mainly due to the reclassification of fixed asset renovation costs to long-term prepaid expenses.

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For the Year ended 31 December 2020

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

2) Fixed assets fully depreciated at the end of the year but still in use and temporary idleness, disposal and scrap of fixed assets for the year:

Item	Amount	Remark
1. Original value of fixed assets fully depreciated at the end of the year but still in use	2,907,536,668.34	—
2. Original value of temporarily idle fixed assets at the end of the year	6,581,280.92	—
3. Disposal and scrap of fixed assets for the year	—	—
(1) Original value of disposal and scrap of fixed assets for the year	528,556,500.54	—
(2) Net value of disposal and scrap of fixed assets for the year	81,030,435.73	—
(3) Gains and losses from disposal and scrap of fixed assets for the year	26,740,704.92	—

3) Temporary idle fixed assets

Item	Book balance	Accumulated depreciation	Impairment provision	Carrying amount	Remark
Machinery, equipment, furniture, appliances and other equipment	5,036,420.62	4,559,025.85	—	477,394.77	—
Buildings	1,397,859.30	727,735.00	—	670,124.30	—
Motor vehicles and vessels	147,001.00	139,650.95	—	7,350.05	—
Total	6,581,280.92	5,426,411.80	—	1,154,869.12	—

4) Fixed assets rented through operating lease

Item	Carrying amount
Machinery, equipment, furniture, appliances and other equipment	579,451,552.32
Buildings	397,087,525.44
Motor vehicles and vessels	7,835,569.67
Total	984,374,647.43

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Significant fixed assets without the title certificate

Project name	Closing carrying amount	Reasons for under the land certificate handling
Warehouse of China Merchants Logistics Group Guangxi Co., Ltd	249,174,050.59	The completion acceptance is in progress, and the property certificate will be processed after the acceptance
Tianzhu Airport Logistics Center	145,973,122.55	The procedure is not complete, and temporarily suspended
Northeast regional logistics center warehouse	89,674,879.37	After merging the land certificate, the house property certificate of the warehouse shall be processed
Nanchang Distribution Center	89,005,457.06	The area of the expropriated part of the land has not been confirmed
Harbin Distribution Center Phase II	84,465,284.72	The completion acceptance is in progress, and the property certificate will be processed after the acceptance
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 0	74,234,021.82	Completed in 2015, in the process of completion and acceptance
Caidian Logistics Base	62,624,036.95	Currently in communication with the government for
Wuhan Supply Chain Logistics Export Processing Base	53,713,273.43	Processing
Office building of Sinotrans (Changchun) Logistics Co., Ltd.	50,687,526.34	Processing
Pudong International Airport Storage Project	45,121,108.14	Processing
Office building of Sinotrans (Zhengzhou) Airport Logistics Co., Ltd.	39,974,745.31	The procedure is not complete, and temporarily suspended
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 1	38,601,961.46	Processing
Rongcheng 7-11 warehouse and office building	36,509,402.30	Processing
Changchun Distribution Center No. 1 Warehouse	36,150,602.91	Processing
Changchun Distribution Center Warehouse No. 7	33,141,131.54	Processing
Office building 1, Tianzhu Airport Logistics Park	31,276,392.70	The procedure is not complete, and temporarily suspended
Changchun Distribution Center Warehouse No. 3	30,544,329.33	Processing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 3	30,377,617.32	Processing

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Significant fixed assets without the title certificate (Continued)

Project name	Closing carrying amount	Reasons for under the land certificate handling
Changchun Distribution Center Warehouse No. 5	26,857,878.65	Processing
11th Floor, Block 339C Warehouse supporting 1	25,895,577.52	Firefighting acceptance failed
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	24,877,500.64	Processing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	23,695,812.23	Processing
Zhangzhou Distribution Center 1 # Warehouse	17,695,471.50	Planning completion acceptance is blocked, and is being actively negotiated for
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 02	15,435,839.58	Temporary suspension of demolition
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 01	15,223,442.31	Temporary suspension of demolition
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 04	13,531,149.71	Temporary suspension of demolition
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 2	13,364,815.28	Failed acceptance
Zhangzhou Distribution Center 2 # Warehouse	12,776,937.26	Planning completion acceptance is blocked, and is being actively negotiated for
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 3	12,387,884.37	Failed acceptance
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No.3	11,418,346.68	Temporary suspension of demolition
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 5# Warehouse	10,757,162.23	Processing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 4# Warehouse	8,435,542.97	Processing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 3# Warehouse	8,429,906.16	Processing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 1# Warehouse	8,412,644.00	Processing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 2# Warehouse	8,402,196.18	Processing
Phase I Complex Building	7,223,637.23	Processing
Nanchang Airport Logistics Project Office	6,871,649.78	Processing
Total	1,492,942,338.12	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. FIXED ASSETS (CONTINUED)

(2) Disposal of fixed assets

Item	Closing balance	Opening balance
Machinery, furniture, appliances and other equipment	112,689.68	165,564.11
Total	112,689.68	165,564.11

17. CONSTRUCTION IN PROGRESS

(1) Details of construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Public Terminal in High-tech Zone of Jiangmen City	883,913,543.00	-	883,913,543.00	719,533,510.25	-	719,533,510.25
Shaanxi Company Distribution Center	348,361,952.24	-	348,361,952.24	303,032,478.96	-	303,032,478.96
Meishan Consolidation Procurement Logistics Center Project	331,395,283.63	-	331,395,283.63	112,611,217.69	-	112,611,217.69
Jiaozhou Smart Logistics Warehouse	239,271,961.72	-	239,271,961.72	68,574,183.53	-	68,574,183.53
Qingdao Logistics Center Project	167,074,509.39	-	167,074,509.39	154,865,130.17	-	154,865,130.17
Yunnan Company Distribution Center	71,686,332.42	-	71,686,332.42	20,203,674.12	-	20,203,674.12
Sinotrans Tianjin Airport Comprehensive Logistics Base Project	71,021,250.24	-	71,021,250.24	63,798,704.06	-	63,798,704.06
Sinotrans Chengdu Qingbaijiang Cold Chain Logistics Park Project	67,903,497.27	-	67,903,497.27	5,588,339.36	-	5,588,339.36
Lianyungang Shanghe Logistics Park Project	64,268,414.82	-	64,268,414.82	31,179,159.59	-	31,179,159.59
Comprehensive Bonded Zone Storage Project	52,550,203.72	-	52,550,203.72	49,182,519.14	-	49,182,519.14
Hengxi warehouse	42,154,917.55	-	42,154,917.55	40,729,157.25	-	40,729,157.25
Sinotrans Changchun Logistics Center Project	36,915,533.27	-	36,915,533.27	28,182,233.22	-	28,182,233.22
Nantong Warehouse Phase II and Canopy	30,663,841.43	-	30,663,841.43	1,903,332.41	-	1,903,332.41
Dockside 500-day shoreline modification and expansion declaration project	29,441,083.79	-	29,441,083.79	9,351,569.68	-	9,351,569.68
Zhengzhou Airport Logistics Park Warehouse 1	23,483,962.14	-	23,483,962.14	23,483,962.14	-	23,483,962.14
Fangchenggang Dongwan Phase II Project	21,285,282.57	-	21,285,282.57	21,133,540.83	-	21,133,540.83
Warehouse equipment installation and integration (Smart logistics)	20,297,144.59	-	20,297,144.59	15,513,896.53	-	15,513,896.53
Cold storage	15,450,093.99	-	15,450,093.99	15,450,093.99	-	15,450,093.99
Zhenjiang Distribution Center	12,902,567.91	-	12,902,567.91	57,124,076.08	-	57,124,076.08
Xinjiang Ganquanbao Distribution Center	12,075,680.21	-	12,075,680.21	12,075,680.21	-	12,075,680.21
Other projects	157,418,707.77	20,822,014.90	136,596,692.87	421,802,484.14	20,822,000.00	400,980,484.14
Total	2,699,535,763.67	20,822,014.90	2,678,713,748.77	2,175,318,943.35	20,822,000.00	2,154,496,943.35

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Construction in progress with the top 10 largest carrying amount at the end of the year

Item	Budget	Opening balance	Increase of the year	Effect of changes in scope of consolidation	Transfer to fixed assets	Other decreases	Closing balance	Proportion of project investment to budget amount (%)	Project Progress (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the year	Interest capitalisation rate for the year	Sources of funds
Public Terminal in High-tech Zone of Jiangmen City	1,188,000,000.00	719,533,510.25	164,380,032.75	-	-	-	883,913,543.00	74.00	85.00	16,358,463.02	122,219,607.61	4.26	Bank loan
Shaanxi Company Distribution Center	460,000,000.00	303,032,478.96	45,329,473.28	-	-	-	348,361,952.24	75.73	90.00	19,372,630.01	7,686,766.34	4.04	Bank loan
Meizhan Consolidation Procurement Logistics Center Project	435,271,674.30	112,611,217.69	218,784,065.94	-	-	-	331,395,283.63	98.00	98.00	5,536,949.16	4,798,310.86	3.70	Bank loan
Jiaozhou Smart Logistics Warehouse	570,000,000.00	68,574,183.53	170,697,778.19	-	-	-	239,271,961.72	50.00	50.00	-	-	-	Self-owned capital
Qingdao Logistics Center Project	173,750,000.00	154,865,130.17	12,209,319.22	-	-	-	167,074,449.39	90.00	95.00	5,840,470.89	-	-	Self-owned capital
Yunnan Company Distribution Center	219,704,582.49	20,283,674.12	52,333,412.45	-	850,754.15	-	71,886,332.42	32.63	40.78	2,389,332.84	460,100.00	4.04	Bank loan
Sinotrans Tianjin Airport Comprehensive Logistics Base Project	101,906,638.00	63,798,704.06	7,758,224.18	-	535,676.00	-	71,021,250.24	69.69	69.69	-	-	-	Self-owned capital
Sinotrans Chengde Qinghaijiaogong Cold Chain Logistics Park Project	261,237,354.74	5,588,338.36	62,315,157.91	-	-	-	67,903,497.27	23.85	60.00	18,767.30	18,767.30	2.94	Bank loan
Lianyungang Shenghe Logistics Park Project	383,800,000.00	31,179,159.59	33,089,255.23	-	-	-	64,268,414.82	33.96	33.96	-	-	-	Self-owned capital
Comprehensive Bonded Zone Storage Project	78,090,000.00	49,182,519.14	3,367,684.58	-	-	-	52,550,203.72	67.29	97.00	-	-	-	Self-owned capital
Total	3,672,760,229.53	1,528,568,916.87	770,264,463.73	-	1,386,432.15	-	2,297,446,946.45	-	-	49,486,513.22	25,183,552.11	-	-

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(3) There was no significant impairment of construction in progress during the year.

18. RIGHT-OF-USE ASSETS

(1) Details of right-of-use assets classification

Item	Buildings	Land use right	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Others	Total
I. Original value							
Opening balance	2,878,095,887.56	69,849,299.84	294,058.68	18,647,597.17	20,949,449.29	44,496,917.98	3,032,333,210.52
Effect of changes in scope of consolidation	-	-	-	-	-	-	-
Additional amount for the year	1,019,292,565.48	1,935,660.63	1,412,001.37	2,253,317.90	7,365,585.77	-	1,032,259,131.15
Renewal of current lease	122,182,002.38	-	-	772,470.82	703,593.17	72,284.90	123,730,351.27
Decrease of the year (Note 1)	334,250,812.22	54,656,841.34	-	1,392,830.83	4,919,492.14	22,922,195.81	418,142,172.34
Effects from translation in foreign currency statements	-15,773,871.39	-15,192,458.50	-	-1,132,445.45	-147,126.01	-53,489.19	-32,299,390.54
Closing balance	3,669,545,771.81	1,935,660.63	1,706,060.05	19,148,109.61	23,952,010.08	21,593,517.88	3,737,881,130.06
II. Accumulated depreciation							
Opening balance	995,385,267.70	6,008,447.27	115,066.44	5,505,723.69	10,242,700.41	24,399,599.38	1,041,656,804.89
Effect of changes in scope of consolidation	-	-	-	-	-	-	-
Accrued amount for the year	662,098,785.40	546,886.64	758,565.36	7,281,458.40	6,512,914.35	6,901,756.20	684,100,366.35
Decrease of the year (Notes 1)	234,074,610.55	6,361,767.84	-	1,340,322.59	3,541,597.52	16,635,273.36	261,953,571.86
Effects from translation in foreign currency statements	-14,292,270.62	-	-	-9,598.40	-146,530.11	-40,809.48	-14,489,208.61
Closing balance	1,409,117,171.93	193,566.07	873,631.80	11,437,261.10	13,067,487.13	14,625,272.74	1,449,314,390.77
III. Impairment provision							
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount							
Opening balance	1,882,710,619.86	63,840,852.57	178,992.24	13,141,873.48	10,706,748.88	20,097,318.60	1,990,676,405.63
Closing balance	2,260,428,599.88	1,742,094.56	832,428.25	7,710,848.51	10,884,522.95	6,968,245.14	2,288,566,739.29

Note 1: The decrease in original value and accumulated depreciation of buildings in right-of-use assets this year was mainly due to the expiration or early termination of lease contracts; the decrease in original value and accumulated depreciation of land use rights was mainly due to the transfer of land use rights of the subsidiary Great Stone Trade Logistics to intangible assets in the year.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. RIGHT-OF-USE ASSETS (CONTINUED)

(1) Details of right-of-use assets classification (Continued)

The Group leases a number of assets, including buildings, land use rights, port and terminal facilities, motor vehicles and vessels, machinery, equipment, furniture, appliances and other equipment, etc., with leases period of 1 to 50 years.

The short-term lease expenses included in the current year's profit or loss accounted were RMB411,920,438.17 (prior year: RMB509,680,021.84), and the lease expenses for low-value assets were RMB10,761,678.70 (prior year: RMB46,341,493.76).

The lease terms of the Group have no agreement on variable lease payment. The total cash outflow related to leasing in this year was RMB1,021,876,624.68 (prior year: RMB1,160,989,984.38).

19. INTANGIBLE ASSETS

Item	Amortisation period	Opening balance	Effects of changes in the scope of consolidation	Increase of the year	Decrease of the year	Reclassification	Effects from translation in foreign currency statements	Closing balance
I. Total original value	—	7,148,247,742.82	488,540,157.33	271,268,368.03	29,396,858.29	52,016,852.05	-56,967,202.47	7,873,709,059.47
Including: Land use rights	10-99 years	6,508,176,879.59	-	172,184,498.79	23,504,119.45	51,883,154.54	-70,136,609.60	6,638,603,803.87
Trademark rights	—	5,001,165.05	-	-	-	6,486.41	-	5,007,651.46
Softwares	5 years	556,703,807.41	10,792,593.70	97,364,380.30	4,684,635.60	114,055.76	512,019.39	660,802,220.96
Others	5-9 years	78,365,890.77	477,747,563.63	1,719,488.94	1,208,103.24	13,155.34	12,657,387.74	569,295,383.18
II. Total accumulated amortisation	—	1,395,473,027.68	13,332,252.15	255,871,432.66	5,995,211.87	24,917,521.35	-3,213,988.28	1,680,385,033.69
Including: Land use rights	10-99 years	1,014,609,358.24	-	135,144,241.63	511,388.51	24,898,349.08	-4,889,984.90	1,169,250,575.54
Trademark rights	—	135.92	-	1,530.29	-	324.32	-	1,990.53
Softwares	5 years	354,803,682.28	5,759,456.48	66,413,071.12	4,275,823.36	16,410.26	261,405.06	422,978,201.84
Others	5-9 years	26,059,851.24	7,572,795.67	54,312,589.62	1,208,000.00	2,437.69	1,414,591.56	88,154,265.78
III. Total impairment provision	—	58,913,956.77	-	-	-	-	-	58,913,956.77
Including: Land use rights	10-99 years	3,887,400.00	-	-	-	-	-	3,887,400.00
Trademark rights	—	5,000,000.00	-	-	-	-	-	5,000,000.00
Softwares	5 years	-	-	-	-	-	-	-
Others	5-9 years	50,026,556.77	-	-	-	-	-	50,026,556.77
IV. Total carrying amount	—	5,693,860,758.37	—	—	—	—	—	6,134,410,069.01
Including: Land use rights	10-99 years	5,489,680,121.35	—	—	—	—	—	5,465,465,828.33
Trademark rights	—	1,029.13	—	—	—	—	—	5,660.93
Softwares	5 years	201,900,125.13	—	—	—	—	—	237,824,019.12
Others	5-9 years	2,279,482.76	—	—	—	—	—	431,114,560.63

Note 1: The effect of the change in the scope of consolidation of the original value of intangible assets in the current year was mainly due to the acquisition of seven companies including KLG EUROPE EERSEL B.V.. Other assets added during the year represents customer relationships of seven companies identified at the time of acquisition that are being amortised over nine years.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. INTANGIBLE ASSETS (CONTINUED)

(1) Closing balance of intangible assets without the title certificate and reason

Item	Carrying amount	Reason for not obtaining the title certificate
Land use rights of Rongcheng Pulin Shandong Project	22,235,546.30	In negotiation with the government
Land use rights of Sinotrans container yard in Kaishan District, Dayaowan	8,146,326.00	Currently in communication with the seller for processing
Total	30,381,872.30	—

20. DEVELOPMENT EXPENDITURE

Item	Opening balance	Effect of changes in the scope of consolidation	Increase of the year		Decrease of the year		Effects from translation of foreign currency statements	Closing balance	
			Internal development expenditures	Others	Transfer to intangible assets	Inclusion in current profit or loss			
ABCDDT Digital Technology Application and R & D Project	32,116,409.71	-	59,803,813.48	15,668,063.18	29,865,322.31	34,650,116.35	-	-	43,072,847.71
Y2T platform	1,012,924.53	-	26,723,026.16	7,001,193.37	-	7,667,615.71	-	-	27,069,528.35
The company's strategic major customer logistics control tower construction project	5,794,339.63	-	4,346,226.41	1,138,672.37	-	1,138,672.37	-	-	10,140,566.04
Shipping system optimisation and operation projects	7,707,962.76	-	8,816,915.05	2,309,952.72	4,544,339.62	5,640,990.44	-	-	8,649,500.47
Master Data Platform Construction and Implementation Project	3,431,033.22	-	2,887,147.01	756,406.64	1,100,826.25	756,406.64	-	-	5,217,353.98
Custom Cloud Construction Project	4,171,226.31	-	-	-	701,886.78	-	-	-	3,469,339.53
Booking centre construction project	-	-	3,434,787.75	899,883.61	-	899,883.61	-	-	3,434,787.75
ORACLE development	3,425,471.69	-	10,671,283.02	2,795,780.52	10,768,867.91	3,173,139.01	-	-	2,950,528.31
Smart Terminal Construction Project (2019)	1,669,811.32	-	1,113,207.55	291,650.40	-	291,650.40	-	-	2,783,018.87

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. DEVELOPMENT EXPENDITURE (CONTINUED)

Item	Opening balance	Effect of changes in the scope of consolidation	Increase of the year		Decrease of the year			Effects from translation of foreign currency statements	Closing balance
			Internal development expenditures	Others	Transfer to intangible assets	Inclusion in current profit or loss	Others		
Logistics system optimisation and operation projects	1,325,050.56	-	1,690,754.71	442,962.58	-	791,075.79	-	-	2,667,692.06
Hr system	1,328,489.20	-	2,378,120.89	623,046.36	1,716,726.63	623,046.36	-	-	1,989,883.46
Procurement of external logistics data services	-	-	3,105,575.24	813,632.88	1,136,337.54	1,238,161.17	-	-	1,544,709.41
Jindie Cloud Cangqiong Reporting System Construction South China Pilot Project (2019)	-	-	1,409,433.97	369,259.06	-	369,259.06	-	-	1,409,433.97
Container Company Integrated Service Platform	923,100.00	-	-	466,000.00	-	-	-	-	1,389,100.00
Public Cloud	-	-	6,842,918.26	1,792,783.25	-	7,282,236.09	-	-	1,353,465.42
MICE Logistics Management System	1,227,350.95	-	-	-	-	-	-	-	1,227,350.95
BMS Project	-	-	3,043,867.93	797,466.12	-	2,769,164.24	-	-	1,072,169.81
Unified settlement project	1,841,732.87	-	-	-	823,584.91	-	-	-	1,018,147.96
Golden Chain Logistics Platform	970,873.79	-	-	-	-	-	-	-	970,873.79
Waterborne Intelligent Logistics System	460,272.31	-	-	475,731.92	-	-	-	-	936,004.23
Others	14,009,356.06	-	79,726,364.65	25,383,231.18	27,670,014.36	81,914,332.47	-	-	9,534,605.06
Total	81,415,404.91	-	215,993,442.08	62,025,716.16	78,327,906.31	149,205,749.71	-	-	131,900,907.13

Note 1: Others in the increase of development expenditure this year are mainly the investment of external R & D entrusted by the group.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. GOODWILL

(1) Details of goodwill

Invested entities	Formation	Increase of the year			Decrease of the year		Effects from translation of foreign currency statements	Closing balance
		Opening balance	Business combination	Other increase	Derecognition of disposal of subsidiaries	Other decreases		
7 Companies including KLG EUROPE EERSEL B.V.(Note 1)	Combination not under common control	-	2,103,356,441.34	-	-	-	56,381,955.66	2,159,738,397.00
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Combination not under common control	215,048,533.68	-	-	-	-	-	215,048,533.68
Shenzhen Henglu Logistics Limited Company	Combination not under common control	134,843,091.03	-	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	Combination not under common control	29,621,440.67	-	-	-	-	-	29,621,440.67
Keppel Logistics (Hong Kong) Limited	Combination not under common control	2,942,087.77	-	-	-	-	-	2,942,087.77
Others	Combination not under common control	41,623,993.09	-	-	-	-	-	41,623,993.09
Total	—	424,079,146.24	2,103,356,441.34	-	-	-	56,381,955.66	2,583,817,543.24
Provision for impairment of goodwill	—	251,466,988.69	—	—	—	—	—	305,070,330.57
Total net goodwill	—	172,612,157.55	—	—	—	—	—	2,278,747,212.67

Note 1: The increase in goodwill of seven companies, including KLG EUROPE EERSEL B.V., during the year are detailed in Note VIII. 3.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. GOODWILL (CONTINUED)

(2) Details of provision for impairment of goodwill

Invested entities	Opening balance	Effect of changes in scope of consolidation	Provision for the year	Effects from translation of foreign currency statements	Decrease of the year	Closing balance
Shenzhen Henglu Logistics Limited Company	134,843,091.03	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	104,783,721.31	-	43,728,671.06	-	-	148,512,392.37
Sinotrans Cold Chain Logistics (Harbin) Co., Ltd.	11,840,176.35	-	6,932,583.05	-	-	18,772,759.40
Keppel Logistics (Hong Kong) Limited	-	-	2,942,087.77	-	-	2,942,087.77
Total	251,466,988.69	-	53,603,341.88	-	-	305,070,330.57

(3) Significant impairment tests for goodwill

Name of asset group	Whether there is an indication of impairment	Whether assessment reports for financial reporting purposes are obtained in impairment tests	Appraisal organisation and appraisal report No.	Types of valuation	Carrying amount of an asset group or combination of asset groups containing goodwill	Recoverable amount of an asset group or combination of asset groups	Provision for impairment of goodwill made in prior years	Impairment of goodwill for the year
7 Companies including KLG EUROPE EERSEL B.V.	No	Yes	CBRE.C2101- 0004-BV	Present value of expected future net cash flows	RMB3.0366013 billion	RMB3.3028283 billion	-	-
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Yes, operating profit was significantly lower than expected	Yes	PSA.PSAPBZ 2021 No. 3-0011	Present value of expected future net cash flows	RMB179.1927 million	RMB135.4640 million	104.7837 million	RMB43.7287 million

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. GOODWILL (CONTINUED)

(3) Significant impairment tests for goodwill (Continued)

Name of asset group	Growth rate of operating income in forecast period	Profit margin in forecast period	Stable period	Growth rate of operating income in stable period (%)	Discount rate (%)
7 Companies including KLG EUROPE EERSEL B.V. (Note 1)	4.00%-10.90%	13.70%-14.80%	Beyond 2030	1.53	11.80
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.(Note 2)	1.69%-3.39%	9.40%-11.18%	Beyond 2025	-	17.04

Note 1: For the goodwill impairment test of 7 companies including KLG EUROPE EERSEL B.V., the Group regarded them as an asset group, based on the 10-year forecast period approved by the Management, and then will adopt a fixed growth rate, which selects the long-term inflation rate of the countries and regions where the main business units are located. The Group reviewed the historical revenue level and profit situation of the above seven companies when making the forecast, and the actual revenue situation after the acquisition (in 2020) exceeded the expectation. Considering that the seven companies will continue to enhance the landing operation ability of the Group in the EU region in the future, and the synergy effect will further appear in the later stage, the Group's forecast is reasonable. The discount rate adopted is the pre-tax discount rate that can reflect the specific risk of the relevant asset groups and asset group portfolios.

Note 2: The key assumptions and parameters used by the Group for the goodwill test of Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd. had not changed significantly compared with the prior year. The test was based on the five-year (2019: 5-year) forecast approved by management, and the subsequent cash flow is forecasted according to the cash flow level in the fifth year (the same as 2019), and the pre tax discount rate of 17.04% (2019: 16.16%) is adopted.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. LONG-TERM PREPAID EXPENSE

Long-term prepaid expenses are shown by item as follows:

Item	Opening balance	Effect of changes		Increase of the year	Amortisation for the year	Effects from translation in foreign currency statements	Other decreases	Closing balance	Reasons for other decreases
		in scope of consolidation	Transfer from fixed assets						
Modification of assets	179,628,008.37	-	8,421,495.80	36,182,509.63	52,748,620.35	-1,156,057.04	-5,462,527.05	175,789,863.46	Reclassification adjustment
Software expenses	11,347,840.44	-	-	-	3,989,358.03	-	-127,316.44	7,485,798.85	Reclassification adjustment
Others	29,770,861.23	39,502.85	-	14,117,563.78	9,729,593.44	-252.91	9,189,474.87	25,008,606.64	Reclassification adjustment
Total	220,746,710.04	39,502.85	8,421,495.80	50,300,073.41	66,467,571.82	-1,156,309.95	3,599,631.38	208,284,268.95	—

23. DEFERRED INCOME TAX

(1) Deferred tax assets not offset

Item	Closing balance		Opening balance	
	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses
Unpaid wages	75,323,051.95	301,900,178.41	53,497,810.55	216,737,640.32
Impairment provision unapproved by tax authorities	47,068,495.87	192,552,140.76	46,033,982.58	191,563,116.08
Deductible losses	36,623,224.85	146,492,899.40	49,467,907.18	197,871,627.68
Provision for One-time housing subsidy	5,648,196.65	22,592,786.58	5,648,196.65	22,592,786.58
Provision for pending litigation	5,515,911.10	22,063,644.40	4,560,529.75	18,242,119.00
Depreciation of fixed assets	2,646,736.99	10,586,947.96	2,315,640.88	9,262,563.55
Other deductible temporary differences	60,943,341.00	253,019,752.88	58,664,027.29	245,606,452.71
Total	233,768,958.41	949,208,350.39	220,188,094.88	901,876,305.92

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. DEFERRED INCOME TAX (CONTINUED)

(1) Deferred tax assets not offset (Continued)

1) *Deductible temporary differences and deductible losses of unrecognised deferred tax assets*

Item	Closing balance	Opening balance
Deductible temporary differences	597,428,537.90	678,815,964.95
Deductible losses	1,542,330,234.83	1,087,994,866.14
Total	2,139,758,772.73	1,766,810,831.09

Note 1: The Group recognises deferred tax assets to the extent of the taxable income used to deduct deductible temporary differences and deductible losses that is likely to be obtained in the future, and the excess of deductible temporary differences and deductible losses over the future taxable income is not recognised as deferred tax assets.

2) *The deductible losses of unrecognised deferred tax assets will mature in the following year:*

Year	Closing balance	Opening balance	Remark
2020	—	105,718,472.65	—
2021	115,326,616.64	135,427,664.35	—
2022	93,962,334.72	94,829,970.13	—
2023	347,265,555.68	353,032,485.63	—
2024	386,000,572.04	398,986,273.38	—
2025	599,775,155.75	—	—
Deductible losses without maturity date	—	—	—
Total	1,542,330,234.83	1,087,994,866.14	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. DEFERRED INCOME TAX (CONTINUED)

(2) Deferred tax liabilities not offset

Item	Closing balance		Opening balance	
	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference
Adjustment of the fair value of assets acquired by business combination	174,315,658.34	734,872,942.90	78,889,871.59	315,559,486.36
Depreciation and amortisation	10,257,450.21	41,253,486.89	9,623,334.85	38,874,920.94
Other taxable temporary differences	2,083,288.11	8,752,473.63	2,668,977.18	10,521,558.59
Total	186,656,396.66	784,878,903.42	91,182,183.62	364,955,965.89

(3) Deferred tax assets or liabilities shown in the net amount after offset

Item	Offset amount of deferred tax assets against deferred tax liabilities at the end of the year	Closing balance of deferred tax assets or deferred tax liabilities after offset	Offset amount	
			of deferred come tax assets against deferred tax liabilities at the beginning of the year	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets	-5,952,928.48	227,816,029.93	-6,876,701.02	213,311,393.86
Deferred tax liabilities	-5,952,928.48	180,703,468.18	-6,876,701.02	84,305,482.60

24. OTHER NON-CURRENT ASSETS

Item	Closing balance	Opening balance
Lanshi Port related assets (Note 1)	234,686,047.29	175,640,676.50
Prepayment for land use rights	23,265,050.27	48,513,050.27
Others	993,966.80	870,057.77
Total	258,945,064.36	225,023,784.54

Note 1: Sinotrans South China, a subsidiary of the Group, and its subsidiary, SINOWAY SHIPPING LIMITED (hereinafter referred to as SINOWAY SHIPPING), entered into equity transfer agreements with Guangdong Sinotrans Limited (hereinafter referred to as Guangdong Sinotrans) and KEPPEL TELECOMMUNICATIONS & TRANSPORTATION LTD (hereinafter referred to as Keppel Telecom) respectively on 27 September 2019 to acquire the entire equity interest in Keppel Logistics (Foshan) Co., Ltd. (hereinafter referred to as Keppel Foshan). According to the equity transfer agreement, after the equity transfer, Keppel Telecom and Guangdong Sinotrans (hereinafter collectively referred to as the original shareholders) are still entitled to Keppel Foshan's equity interests (including the right to gain and risk of loss) and related liabilities in the assets of Langshi Port and related areas, until the liquidation of Langshi Port and related areas, which are accounted for as other non-current assets and other non-current liabilities respectively.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS

Assets under restricted ownership or use rights	Closing balance	Opening balance	Remark
I. Assets used for security	—	—	—
Including: Cash and bank balances	20,884,814.50	74,470,417.59	Note 1
Investment properties	1,943,027,037.93	2,139,194,020.53	Note 2
Fixed assets	51,358,931.77	304,823,510.63	Note 3, Note 4
Intangible assets	1,029,131,117.81	1,175,239,995.16	Note 2, Note 3, Note 4
II. Other reasons	—	—	—
Including: Cash and bank balances	56,002,010.04	13,729,626.85	Note 1
Other non-current assets- Lanshi Port related assets	234,686,047.29	175,640,676.50	Note 5
Total	3,335,089,959.34	3,883,098,247.26	—

Note 1: The assets under restricted use right at the end of the year mainly included deposit for letter of guarantee and lawsuit freeze payment, as detailed in Note IX. 1.

Note 2: In order to meet the financing needs of the construction of the Hong Kong "Tsing Yi 181 Project" logistics center, the Group's subsidiary, KONGWELL LOGISTICS LIMITED (hereinafter referred to as "KONGWELL LOGISTICS") signed an agreement with the China Development Bank to obtain bank facility of HKD2.9 billion. CHINA MERCHANTS HOLDINGS (HONG KONG) COMPANY LIMITED, a related party of the Group, provided full guarantees. At the same time, KONGWELL LOGISTICS and China Development Bank signed a debenture on 26 June 2015, in which KONGWELL LOGISTICS was the charger, who (i) pledged the real estate rights and interests of 181 plots owned by KONGWELL LOGISTICS by the first charge; (ii) pledged the existing or future business, property, assets, goodwill, rights and income of KONGWELL LOGISTICS with floating charges, (iii) pledged of 181 land parcels by the form of construction mortgage; (iv) secured of the equipment of KONGWELL LOGISTICS with the first fixed charge and its rights, interests, ownership and rights and interests under the relevant contract as mortgages for long-term loans.

Note 3: Sinotrans Shanghai Cold Chain Logistics Co., Ltd. (hereinafter referred to as "Shanghai Cold Chain"), a subsidiary of the Group, borrowed from China Construction Bank. According to the warrant of HFDZJZ (2009) No. 018811, Shanghai Cold Chain 's fixed assets of RMB172,447,069.22 and intangible assets such as land use rights of RMB37,768,567.60 were used for the mortgage of the above loans. The loans have been returned at the end of this year, and the relevant mortgage has been released.

Note 4: Sinotrans Chemical International Logistics Co., Ltd. (hereinafter referred to as Chemical Logistics), a subsidiary of the Group, used fixed assets with a carrying amount of RMB51,358,931.77 and intangible assets with a carrying amount of RMB30,854,304.93 as collateral for long-term loans of Nantong Sinotrans Chemical Logistics Co., Ltd.

Note 5: See details in Note IX. 24 "OTHER NON-CURRENT ASSETS".

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. ASSET IMPAIRMENT PROVISION AND CREDIT LOSS PROVISION

Item	Opening balance	Effect of changes in the scope of consolidation	Provision for the year	Reversal for the year	Write-off for the year	Other increases in the year	Other decreases in the year	Effects from translation of foreign currency statements	Closing balance
Credit loss provision for bills receivable	200,000.00	-	-200,000.00	-	-	-	-	-	-
Credit loss provision for accounts receivable	422,157,845.17	2,883,827.09	99,861,976.55	3,565,351.54	54,067,365.60	-	-	-978,364.80	466,292,566.87
Credit loss provision for other receivables	162,886,566.17	-	3,468,460.01	586,173.25	6,267,444.58	-	-	-5,571,236.97	153,730,171.38
Provision for price reduction of inventories	7,755,927.56	-	750,000.00	-	-	-	706,933.45	-	7,798,394.11
Impairment provision for long-term receivables	29,967,410.37	-	30,331,580.06	-	-	-	-	-	60,298,990.43
Impairment provision for long-term equity investments	12,623,183.45	-	-	-	-	-	-	-520,515.45	12,102,668.00
Impairment provision for investment properties	1,606,790.53	-	-	-	-	-	-	-77,932.52	1,528,858.01
Impairment provision for fixed assets	26,365,145.30	-	4,494.80	-	3,382,912.80	-	-	22,557.92	23,009,265.22
Impairment provision for construction in progress	20,822,000.00	-	14.90	-	-	-	-	-	20,822,014.90
Impairment provision for intangible assets	58,913,956.77	-	-	-	-	-	-	-	58,913,956.77
Impairment provision for goodwill	251,466,988.69	-	53,603,341.88	-	-	-	-	-	305,070,330.57
Total	994,565,214.01	2,883,827.09	187,819,868.20	4,151,524.79	63,717,722.98	-	706,933.45	-7,125,491.82	1,109,567,236.26

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. SHORT-TERM BORROWINGS

(1) Classification of short-term borrowings

Category	Closing balance	Opening balance
Credit loans	502,472,110.58	1,197,378,957.50
Mortgage loans	-	5,005,437.50
Total	502,472,110.58	1,202,384,395.00

(2) The Group had no outstanding short-term borrowings at the end of the year

28. BILLS PAYABLE

Category	Closing balance	Opening balance
Bank acceptance bills	25,717,690.68	-
Total	25,717,690.68	-

29. ACCOUNTS PAYABLE

(1) Details of accounts payable

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year				
(Including 1 year)	10,267,426,587.05	96.03	8,590,298,218.61	93.91
1 to 2 years				
(Including 2 years)	226,782,906.46	2.12	302,300,421.04	3.30
2 to 3 years				
(including 3 years)	74,988,888.78	0.70	98,298,164.19	1.07
Over 3 years	122,536,285.20	1.15	156,194,853.88	1.72
Total	10,691,734,667.49	100.00	9,147,091,657.72	100.00

Note 1: The above aging analysis of accounts payable is based on the time of purchasing goods or receiving services.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. ACCOUNTS PAYABLE (CONTINUED)

(2) Significant accounts payable with the aging of more than one year

Company name	Amount owed	Aging	Reasons for non-repayment
Entity 1	67,942,163.29	1-2 years	Unsettled
Entity 2	22,835,161.13	1-3 years, over 3 years	Unsettled
Entity 3	13,020,873.69	1-3 years, over 3 years	Unsettled
Entity 4	11,027,943.54	Over 3 years	Unsettled
Entity 5	10,692,233.17	1-3 years, over 3 years	Unsettled
Entity 6	7,615,690.82	Over 3 years	Unsettled
Entity 7	7,197,827.50	Over 3 years	Unsettled
Entity 8	6,652,522.32	1-2 years	Unsettled
Entity 9	6,090,909.02	2-3 years	Unsettled
Total	153,075,324.48	—	—

(3) The Group had no accounts payable to shareholders holding more than 5% (including 5%) of the voting shares of the Company at the end of the year.

30. CONTRACT LIABILITIES

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Forwarding and related business advanced receipt	2,346,284,335.77	2,259,161,338.26
Logistics business advanced receipt	387,987,300.56	331,918,066.62
E-commerce business advanced receipt	53,692,130.57	17,311,802.76
Subtotal	2,787,963,766.90	2,608,391,207.64
Less: Contract liabilities included in other non-current liabilities	—	—
Total	2,787,963,766.90	2,608,391,207.64

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. CONTRACT LIABILITIES (CONTINUED)

(2) The income amount included in the carrying balance of contract liabilities at the beginning of the year recognised in the current year was RMB2,608,391,207.64, including contract liabilities arising from advance receipts from forwarding and related business of RMB2,259,161,338.26, contract liabilities arising from advance receipts from logistics business of RMB331,918,066.62, advance receipts from e-commerce business of RMB17,311,802.76.

(3) Qualitative and quantitative analysis of contract liabilities

As at 31 December 2020, the transaction price, net of estimated output VAT, apportioned by the Group to the unfulfilled logistics and transportation service contracts was RMB2,787,963,766.90 (31 December 2019: RMB2,608,391,207.64). This amount represents the amount of income that the Group expects to recognise when the customer obtains control of the services in the future. The Group expects that RMB2,787,963,766.90 will be recognised as income in one year from the current reporting period.

(4) Significant changes in contract liabilities

Item	Changed amount	Reason
Forwarding and related business advanced receipt	87,122,997.51	Undertake new projects
Logistics business advanced receipt	56,069,233.94	Undertake new projects, increase in container volume
Total	143,192,231.45	—

31. EMPLOYEE REMUNERATION PAYABLE

(1) Classification of employee remuneration payable

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
I. Short-term compensation	1,484,465,773.27	5,631,396,015.18	5,560,326,019.12	1,555,535,769.33
II. Post-employment benefits – defined contribution plans	52,510,174.90	288,956,155.79	282,117,871.31	59,348,459.38
III. Termination benefits	41,843,314.60	41,781,195.82	52,433,229.05	31,191,281.37
IV. Other benefits due within one year	—	—	—	—
V. Others	11,419,519.03	23,833,503.68	22,884,209.86	12,368,812.85
Total	1,590,238,781.80	5,985,966,870.47	5,917,761,329.34	1,658,444,322.93

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. EMPLOYEE REMUNERATION PAYABLE (CONTINUED)

(2) Short-term compensation

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
I. Wages, bonuses, allowances and subsidies	1,380,521,394.34	4,376,063,725.95	4,307,304,603.58	1,449,280,516.71
II. Employee welfare benefits	3,103,605.13	211,988,619.30	214,541,320.51	550,903.92
III. Social insurance premiums	7,679,918.62	245,298,131.97	241,430,897.96	11,547,152.63
Including: Medical insurance	6,807,163.61	213,019,401.48	210,710,875.67	9,115,689.42
Work-related injury insurance	290,652.19	15,264,911.94	13,680,409.59	1,875,154.54
Maternity insurance	580,444.31	16,642,708.57	16,668,684.18	554,468.70
Others	1,658.51	371,109.98	370,928.52	1,839.97
IV. Housing provident fund	2,150,710.55	312,679,383.52	310,000,825.89	4,829,268.18
V. Trade union funds and staff education funds	52,953,404.16	68,686,649.01	76,239,109.73	45,400,943.44
VI. Short-term paid absences	-	-	-	-
VII. Short-term profit-sharing scheme	-	-	-	-
VIII. Other short-term compensation	38,056,740.47	416,679,505.43	410,809,261.45	43,926,984.45
Total	1,484,465,773.27	5,631,396,015.18	5,560,326,019.12	1,555,535,769.33

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. EMPLOYEE REMUNERATION PAYABLE (CONTINUED)

(3) Defined contribution plan

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
I. Basic endowment insurance premiums	8,128,797.59	94,611,867.39	96,667,507.36	6,073,157.62
II. Unemployment insurance premiums	481,683.19	19,854,559.84	18,517,339.77	1,818,903.26
III. Enterprise annuity contributions	43,899,694.12	174,489,728.56	166,933,024.18	51,456,398.50
Total	52,510,174.90	288,956,155.79	282,117,871.31	59,348,459.38

Note 1: According to the pension and unemployment insurance plan set up by the government institutions, the Group pays to such plans a contribution on the basis of 12% to 20% and 0.48% to 2% of the employees' basic wages on a monthly basis. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profit or loss of the current year or the cost of the related assets.

Note 2: The enterprise annuity contribution of the Group is jointly borne by the entity and its employees. The total annual contribution of the entity is 5% of the total wages of the prior year, and is distributed to the individual account of employees on the basis of 5% of the individual contribution base of employees. The individual monthly contribution base of employees is the average monthly wage of employees for the prior year (the maximum individual contribution base shall not exceed 5 times the average contribution base of the Group). The rest is included in the enterprise account. The individual contribution of employees accounts for 25% of the Company's contribution for them and is deducted by the Group from the wages of employees.

Note 3: The annuity fund of the Group adopts the mode of legal person entrustment management, and the enterprise annuity fund pooled is entrusted by SINOTRANS & CSC to the trustee for the entrusted management, and a contract for the trusted management of the enterprise annuity fund is signed.

Note 4: The Group should contribute RMB269,101,595.95 and RMB19,854,559.84 (2019: RMB515,613,294.20 and RMB13,637,473.86) to the pension and unemployment insurance plan respectively for the current year. As at 31 December 2020, the Group has RMB57,529,556.12 and RMB1,818,903.26 (31 December 2019: RMB52,028,491.71 and RMB481,683.19) of contributions payable to the pension and unemployment insurance plan which are due and unpaid during the reporting period. The contributions payable to the pension and unemployment insurance plan were due and unpaid during the reporting period. The contributions payable were paid after the reporting period.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. TAXES AND DUES PAYABLE

Item	Closing balance	Opening balance
Enterprise income tax	336,668,508.11	226,956,810.13
Value-added tax	71,101,333.18	55,037,192.07
Individual income tax	32,397,489.68	18,643,522.12
Property tax	16,712,723.33	15,326,218.98
Land use tax	9,976,428.81	8,900,859.37
Stamp duty	2,576,713.00	5,879,990.28
Urban maintenance & construction tax	2,400,304.27	3,296,144.76
Education surcharge	1,968,850.72	2,565,471.94
Deed tax	342,654.39	361,896.85
Land value-added tax	-	1,885,384.32
Other taxes	8,305,261.20	5,907,553.26
Total	482,450,266.69	344,761,044.08

33. OTHER PAYABLES

Item	Closing balance	Opening balance
Interest payables	29,875,857.94	26,339,510.69
Dividends payable	50,028,253.71	47,911,902.30
Other payables	1,601,707,226.77	2,252,703,176.72
Total	1,681,611,338.42	2,326,954,589.71

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. OTHER PAYABLES (CONTINUED)

(1) Interest payables

1) Details of interest payables

Item	Closing balance	Opening balance
Interest on long-term payables	22,026,685.58	18,467,203.50
Interest on short-term borrowings	4,839,172.36	4,862,307.19
Interest on long-term borrowings with interest payable in installments	3,010,000.00	3,010,000.00
Total	29,875,857.94	26,339,510.69

2) Significant overdue interest

Creditor	Overdue amount	Reason for overdue
SINOTRANS&CSC	29,516,073.91	Interest on loans from related parties not required to be repaid
Total	29,516,073.91	—

(2) Dividends payable

Item	Company name	Closing balance	Opening balance
Ordinary share dividend	SINOTRANS&CSC	36,125,719.92	36,125,719.92
	Guangdong Nanhai Food Import & Export Co., Ltd.	7,054,430.55	6,264,602.57
	Guangdong Food Import and Export Group Co., Ltd.	5,643,544.44	5,011,682.06
	Nantong Economic and Technological Development Zone Holding Group Co., Ltd.	797,669.09	—
	Public shares	334,629.85	290,637.89
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	Seiritsusho Co., Ltd.	—	81,150.00
	Azuma Shipping Co., Ltd.	—	65,850.00
	Total	—	50,028,253.71

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. OTHER PAYABLES (CONTINUED)

(3) Other payables

1) Other payables by nature of payment

Item	Closing balance	Opening balance
Deposits and guarantees collected	464,961,149.77	385,682,750.40
Current payables to related parties	309,491,922.84	314,177,579.70
Financial transactions with non-related parties	301,542,591.14	576,132,454.65
Payment for project, equipment and land	192,446,311.05	226,353,113.12
Advances and receivables payable	169,391,156.50	556,186,841.99
Others	163,874,095.47	194,170,436.86
Total	1,601,707,226.77	2,252,703,176.72

2) Aging analysis of other payables

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	1,127,198,398.96	70.37	1,859,197,037.52	82.53
1 to 2 years (including 2 years)	226,790,557.12	14.16	170,977,327.75	7.59
2 to 3 years (including 3 years)	61,986,893.42	3.87	43,977,301.81	1.95
Over 3 years	185,731,377.27	11.60	178,551,509.64	7.93
Total	1,601,707,226.77	100.00	2,252,703,176.72	100.00

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

3) Significant other payables aged over one year

Company name	Amount owed	Aging	Reasons for non-repayment
China Merchants Logistics Group Nanjing Co., Ltd.	43,732,916.26	1-2 years	Not yet due for settlement
Entity 1	41,237,529.86	1-2 years	Not yet due for settlement
Entity 2	34,994,570.46	1-2 years	Not yet due for settlement
SINOTRANS&CSC	24,087,232.00	1-2 years, over 3 years	No agreed term
Entity 3	18,792,596.96	Over 3 years	No agreed term
Sinotrans Guangxi company	15,288,654.74	1-3 years, over 3 years	Failure to meet payment terms
Shanghai Tongyun International Logistics Co., Ltd.	14,100,000.00	Over 3 years	Not yet due for settlement
Shenzhen China United Tally Co., Ltd.	8,000,000.00	1-2 years	Not yet due for settlement
Entity 4	7,974,943.12	1-2 years	Not yet due for settlement
Entity 5	6,073,627.91	2-3 years	Not yet due for settlement
Entity 6	5,377,743.74	Over 3 years	Not yet due for settlement
Entity 7	5,114,965.44	Over 3 years	Not yet due for settlement
Total	224,774,780.49	—	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

4) Other payables with significant balances at the end of the year

Company name	Amount owed	Aging	Nature or content
Red Braves Finance Ltd.	109,516,832.19	Within 1 year	Related party current payments
China Merchants Logistics Group Nanjing Co., Ltd.	80,536,543.28	Within 1 year, 1-2 years	Related party current payments
Entity 1	59,339,292.94	Within 1 year	Payment for project, equipment and land
Entity 2	59,245,700.00	Within 1 year	Others
Entity 3	41,237,529.86	1-2 years	Advance and collection
Entity 4	35,024,773.14	Within 1 year, 1-2 years	Payment for project, equipment and land
Sichuan Sinotrans Storage Service Co., Ltd.	24,686,640.24	Within 1 year	Related party current payments
SINOTRANS&CSC	24,087,232.00	1-2 years, Over 3 years	Related party current payments
Entity 5	22,837,019.50	Within 1 year	Advance and collection
Entity 6	21,451,906.74	Within 1 year	Advance and collection
Entity 7	18,792,596.96	Over 3 years	Financial transactions with unrelated parties
Total	496,756,066.85	—	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

5) Amounts due to shareholder holding more than 5% (including 5%) of the voting shares of the Company

Company name	Closing balance	Opening balance
SINOTRANS&CSC	24,087,232.00	37,402,187.77
Total	24,087,232.00	37,402,187.77

34. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term loans due within one year	2,229,849,340.84	2,772,988,139.09
Including: Credit loans	2,100,236,597.06	2,165,816,159.45
Guaranteed loans	105,249,977.30	106,859,483.20
Mortgage loans	10,372,880.28	312,496.44
Pledged loans	13,989,886.20	500,000,000.00
Lease liabilities due within one year	596,532,696.24	495,701,625.84
Bonds payable due within one year	3,420,736,443.82	–
Long-term payables due within one year	4,430,166.18	–
Total	6,251,548,647.08	3,268,689,764.93

35. OTHER CURRENT LIABILITIES

Item	Closing balance	Opening balance
Pending output VAT	205,522,931.03	177,858,416.72
Total	205,522,931.03	177,858,416.72

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the year (%)
Guaranteed loan	4,445,655,697.78	4,752,593,985.35	2.10-4.90
Mortgage loan	1,800,626,129.16	2,140,911,629.52	3.34-4.99
Fiduciary loan	1,908,645,625.00	717,005,625.00	1.10-4.04
Secured borrowings	331,380,740.04	188,616,143.24	4.26-8.30
Total	8,486,308,191.98	7,799,127,383.11	—
Less: Long-term loans due within one year	2,229,849,340.84	2,772,988,139.09	—
Including: Guaranteed loan	2,100,236,597.06	2,165,816,159.45	—
Mortgage loan	105,249,977.30	106,859,483.20	—
Secured borrowings	10,372,880.28	312,496.44	—
Fiduciary loan	13,989,886.20	500,000,000.00	—
Long-term loans due after one year	6,256,458,851.14	5,026,139,244.02	—

(1) Top five long-term borrowings in closing amount (including principal and interest due within one year)

Loan unit	Borrowing start date	Borrowing Termination Date	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	RMB	Foreign currency	RMB
DBS Bank	2017-12-22	2023-12-21	HKD	1.55	1,432,769,566.93	1,205,818,867.53	1,428,844,492.41	1,279,958,896.30
China Development Bank	2015-06-30	2030-06-30	HKD	4.90	1,347,237,251.88	1,133,834,871.18	1,436,450,532.42	1,286,772,386.95
The Export-Import Bank of China	2020-12-16	2027-12-16	EUR	1.10	115,000,000.00	922,875,000.00	-	-
China Development Bank	2020-12-16	2027-12-16	EUR	1.27	109,000,000.00	874,725,000.00	-	-
DBS Bank	2017-12-22	2023-12-21	HKD	1.55	955,179,711.29	803,879,245.02	952,562,994.94	853,305,930.87

(2) Extended long-term borrowings in the closing balance

Loan unit	Principal	Interest	Extension conditions	New due date	Expected repayment date
CHINA ASSESS INVESTMENT LIMITED	1,201,754,304.00	4,064,563.53	None	2023-12-21	2023-12-21
CHINA MERCHANTS SHIPPING AND ENTERPRISES COMPANY LIMITED	801,169,536.00	2,709,709.02	None	2023-12-21	2023-12-21

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. LONG-TERM BORROWINGS (CONTINUED)

(3) Maturities of long-term loans are analysed as follows

Item	Closing balance	Opening balance
1-2 years (including 2 years)	196,498,835.43	2,357,718,904.17
2-5 years (including 5 years)	3,549,904,955.08	1,531,302,051.81
Over 5 years	2,510,055,060.63	1,137,118,288.04
Total	6,256,458,851.14	5,026,139,244.02

37. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2016 corporate bonds (phase I)- RMB2,000M	–	2,052,367,210.99
2016 corporate bonds (phase II)- RMB1,500M	–	1,367,119,232.80
Total	–	3,419,486,443.79

Note 1: The Group's corporate bonds include:

On 2 March 2016, with the approval of the CSRC, the Company was permitted to issue unsecured corporate bonds with a nominal value of RMB100 and a total amount of RMB2,000,000,000 (2016 corporate bonds(phase I)- RMB2,000M). The bonds were issued with a term of 5 years, with fixed coupon and effective interest rates of 3.20% and 3.24% per annum, respectively, and the principal and interest repayment was made in one instalment.

On 24 August, 2016, with the approval of the CSRC, the Company was permitted to issue unsecured corporate bonds with a nominal value of RMB100 and an aggregate amount of RMB1,500,000,000 (2016 corporate bonds(phase II) – RMB1,500M). The bonds were issued with a term of 5 years, with fixed coupon and effective interest rates of 2.94% and 2.98% per annum, respectively, and the principal and interest repayment was made in one instalment. On 24 August 2019, the Company redeemed the bonds in the amount of RMB150,000,000 and increased the coupon rate of the subsequent term by 76 basis points from the redemption date, and the fixed coupon and effective interest rate were adjusted to 3.70% and 3.73% per annum, respectively.

(2) The maturities of bonds payable are analysed as follows

Item	Closing balance	Opening balance
1-2 years (including 2 years)	–	3,419,486,443.79
2-5 years (including 5 years)	–	–
Over 5 years	–	–
Total	–	3,419,486,443.79

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. BONDS PAYABLE (CONTINUED)

(3) Bonds payable increase/decrease statement

Bond name	Face value	Issuing date	Bond period	Issue amount	Opening balance	Effect of changes in scope of consolidation	Issued this year	Interest accrued at face value	Amortisation of excess and excess discount	Repayment current period	Effects from transition of foreign currency statements	Closing balance	Amounts in closing balance classified to non-current liabilities due within one year
2016 corporate bonds (phase I) – RMB2,000M	2,000,000,000.00	2016-3-2	5 years	2,000,000,000.00	2,022,867,210.99	-	-	64,000,000.00	800,000.01	64,000,000.00	-	2,053,167,211.00	2,053,167,211.00
2016 corporate bonds (phase II) – RMB1,500M	1,500,000,000.00	2016-6-24	5 years	1,500,000,000.00	1,367,119,232.80	-	-	49,950,000.00	450,000.02	49,950,000.00	-	1,367,569,232.82	1,367,569,232.82
Total	3,500,000,000.00	—	—	3,500,000,000.00	3,419,486,443.79	-	-	113,950,000.00	1,250,000.03	113,950,000.00	-	3,420,736,443.82	3,420,736,443.82

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. LEASE LIABILITIES

(1) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	3,047,481,039.36	2,647,081,119.42
Unrecognised finance charges	650,882,024.50	631,455,146.85
Less: Lease liabilities due within one year	596,532,696.24	495,701,625.84
Lease liabilities due after one year	1,800,066,318.62	1,519,924,346.73

(2) Maturity of lease liabilities

Item	Closing balance
Minimum lease payments under non-cancellable operating leases:	—
Year 1 after balance sheet date	686,708,611.64
Year 2 after balance sheet date	387,197,559.38
Year 3 after balance sheet date	247,604,097.92
Future years	1,725,970,770.42
Total	3,047,481,039.36

The Group is not exposed to significant liquidity risk in relation to its lease liabilities.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. LONG-TERM PAYABLES

Item	Closing balance	Opening balance
Related party loans	196,761,958.93	192,657,228.79
Others	4,123,837.75	4,608,469.41
Total	200,885,796.68	197,265,698.20
Less: Long-term payables due within one year	4,430,166.18	–
Long-term payables due after one year	196,455,630.50	197,265,698.20

(1) The top 5 closing balance of long-term payables

Item	Closing balance	Opening balance
Guangdong Sinotrans (Note 1)	91,938,455.02	91,938,455.02
SINOTRANS & CSC (Note 2)	89,718,773.77	100,718,773.77
Ocean Lifter I Limited (Note 3)	10,674,563.96	–
Guangdong Shilong Port Authority	3,396,890.26	3,396,890.28
Infinitus (China) Co., Ltd.	726,947.49	1,211,579.13
Total	196,455,630.50	197,265,698.20

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. LONG-TERM PAYABLES (CONTINUED)

(2) The maturities of long-term payables are analysed as follows

Item	Closing balance	Opening balance
1-2 years (including 2 years)	73,115,664.03	84,115,664.05
2-5 years (including 5 years)	103,339,966.47	93,150,034.15
Over 5 years	20,000,000.00	20,000,000.00
Total	196,455,630.50	197,265,698.20

Note 1: The Group borrowed RMB91.94 million from Guangdong Sinotrans in 2012, with a loan term of 10 years, the interest rate of the loan was executed with reference to the bank's lending rate for the same period, and the total principal and interest at the end of the year was RMB91.94 million.

Note 2: Guangxi Sinotrans Logistics Co.,Ltd. (hereinafter referred to as Guangxi Sinotrans), a subsidiary of the Group, borrowed RMB179.92 million from SINOTRANS & CSC in 2014, with a loan interest rate of 5.65% per annum. Guangxi Sinotrans repaid RMB99.2 million in 2018 and RMB11.0 million in the current year, leaving a principal amount of RMB69.72 million outstanding at the end of the year;

Sinotrans Logistics Investment Holding Co, Ltd., a subsidiary of the Group, borrowed RMB20 million from SINOTRANS&CSC in 2016 with a loan term of 18 years and the interest rate of the loan was executed with reference to the interest rate of bank loans for the same period.

Note 3: Sinotrans Djibouti Transportation and Shipping Agency Co., Ltd., a subsidiary of the Group, purchased fixed assets from OCEAN LIFTER I LIMITED by instalments in 2020 with a total payables of USD2.31 million in 4 years. The interest rate is LIBOR plus 2.6%. As at 31 December 2020, USD679,000 of the above long-term payables was presented as non-current liabilities due within one year.

40. LONG-TERM EMPLOYEE REMUNERATION PAYABLE

Item	Opening balance	Provision for the year	Payment for the year	Actuarial adjustments	Interest adjustments	Foreign currency translation differences	Changes in the scope of consolidation	Closing balance
I. Net liability for post-employment benefits – defined benefit plans	1,001,525.66	-	22,000.00	-	33,268.40	-	-	1,012,794.06
II. Termination benefits	540,194.97	-	186,142.52	-	-	-	-	354,052.45
III. Other long-term benefits	1,385,319.14	-	70,413.38	-	-	-	-	1,314,905.76
Total	2,927,039.77	-	278,555.90	-	33,268.40	-	-	2,681,752.27

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(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. ESTIMATED LIABILITIES

Item	Opening balance	Effect of changes in scope of consolidation	Increase of the year	Decrease of the year	Effects from translation of foreign currency statements	Closing balance	Reason for change
Pending litigation (Note 1)	216,492,596.56	-	11,185,919.47	57,047,157.93	-	170,631,358.10	Write-back, reimbursement and accruals based on risk items
One-time housing subsidy (Note 2)	22,592,786.58	-	-	-	-	22,592,786.58	—
Disposal costs (Note 3)	14,389,433.21	-	699,585.25	-	-	15,089,018.46	Amortisation of unrecognised financing costs
Others	16,021,122.28	-	14,777,029.42	7,924,047.78	-	22,874,103.92	Write-back, reimbursement and accruals based on risk items
Total	269,495,938.63	-	26,662,534.14	64,971,205.71	-	231,187,267.06	—

Note 1: In respect of the disputes and litigation arising in the ordinary course of the Group's business, the Group's Management estimated the risk in accordance with relevant laws and regulations, and the amount of the estimated liability accrued for such pending litigation that is likely to result in losses as at 31 December 2020 was RMB170,631,358.10 (31 December, 2019: RMB216,492,596.56).

Note 2: The one-time housing subsidy was an estimated liability of the Group prior to the restructuring in 2002. The Group does not expect to implement any new one-time housing subsidy scheme in the foreseeable future.

Note 3: The disposal cost is the renovation of the leased cold storage by Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd. and China Merchants International Cold Chain (Shenzhen) Co., Ltd. It is agreed in the contract that after the expiration of the lease period, the lessee is required to bear the costs expected to be incurred to restore the warehouse to its original condition.

42. DEFERRED INCOME

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
Government grants (Note 1)	383,338,591.29	65,142,257.55	31,929,677.96	416,551,170.88
Total	383,338,591.29	65,142,257.55	31,929,677.96	416,551,170.88

Note 1: The deferred income was mainly the subsidies received by the Group from the government to promote the development and standardisation of the logistics industry.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. DEFERRED INCOME (CONTINUED)

Items involving government grants

Item	Opening balance	New grants increase in current year	Amount included		Other changes	Closing balance	Asset/ Revenue - related
			in non-operating income for the year	Amount included in other income for the year			
Special subsidy for logistics	216,841,512.24	64,797,807.55	7,548,394.94	14,418,328.88	-	259,672,595.97	Asset-related
Relocation compensation	72,097,485.26	-	-	5,878,807.96	-	66,218,677.30	Asset-related
Land restitution	63,770,841.81	-	-	1,505,488.56	-	62,265,353.25	Asset-related
Others	30,628,751.98	344,450.00	-	2,578,657.62	-	28,394,544.36	Revenue-related
Total	383,338,591.29	65,142,257.55	7,548,394.94	24,381,283.02	-	416,551,170.88	—

43. OTHER NON-CURRENT LIABILITIES

Item	Opening balance	Increase due to change in scope of		Decrease of the year	Translation difference of the financial statements in foreign currency	Closing balance
		consolidation	Increase of the year			
Liabilities related to Langshi Port (Note 1)	71,319,466.31	-	125,030,528.49	-	-	196,349,994.80
Total	71,319,466.31	-	125,030,528.49	-	-	196,349,994.80
Less: Other non-current liabilities						
due within one year	-	-	-	-	-	-
Other non-current liabilities						
due after one year	71,319,466.31	-	-	-	-	196,349,994.80

Note 1: The liabilities related to Langshi Port are detailed in Note IX.24.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. SHARE CAPITAL

Item	Opening balance		Increase of the year	Decrease of the year	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Total shares	7,400,803,875.00	100.00	-	-	7,400,803,875.00	100.00
Total	7,400,803,875.00	100.00	-	-	7,400,803,875.00	100.00

45. CAPITAL RESERVE

2020

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
I. Share capital premium	6,078,574,868.36	-	22,107,025.42	6,056,467,842.94
1. Capital invested by investors	3,103,350,547.94	-	-	3,103,350,547.94
2. Differences arising from the acquisition of minority interests	1,945,510,847.79	-	-	1,945,510,847.79
3. Others	1,029,713,472.63	-	22,107,025.42	1,007,606,447.21
II. Other capital reserve	4,761,642.50	10,875,132.46	-	15,636,774.96
1. Other changes in equity in investees other than net gains and losses, other comprehensive income and profit distributions	4,761,642.50	10,875,132.46	-	15,636,774.96
2. Others	-	-	-	-
Total	6,083,336,510.86	10,875,132.46	22,107,025.42	6,072,104,617.90
Including: Exclusively state-owned capital reserve	-	-	-	-

Note 1: The Group adjusted the capital reserves at the beginning of the year by RMB10,630,000.00 due to the occurrence of business combination under common control; the Group decreased the capital surplus by RMB21,801,695.16 due to the consideration paid for the acquisition of Jiaying Gangyun and Hunan Customs Declaration under common control this year.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. CAPITAL RESERVE (CONTINUED)

2019

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
I. Share capital premium	4,133,064,020.57	2,067,360,103.39	121,849,255.60	6,078,574,868.36
1. Capital invested by investors	3,103,350,547.94	-	-	3,103,350,547.94
2. Differences arising from the acquisition of minority interests	-	2,067,360,103.39	121,849,255.60	1,945,510,847.79
3. Others	1,029,713,472.63	-	-	1,029,713,472.63
II. Other capital reserves	2,052,645.11	3,303,317.69	594,320.30	4,761,642.50
1. Other changes in equity in investees other than net gains and losses, other comprehensive income and profit distributions	2,052,645.11	3,303,317.69	594,320.30	4,761,642.50
2. Others	-	-	-	-
Total	4,135,116,665.68	2,070,663,421.08	122,443,575.90	6,083,336,510.86
Including: Exclusively state-owned capital reserve	-	-	-	-

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. CAPITAL RESERVE (CONTINUED)

Note 2: The Company completed the issuance of 1,351,637,231 shares of RMB ordinary shares (A shares) on 10 January 2019, and the difference between the fair value of the issued shares and the carrying amount of the purchase of non-controlling interest in Sinoair was included in capital reserve of RMB2,038,565,420.42.

On 30 September 2019, the Company acquired 49% equity interest of two companies held by minority shareholders of CHINA MERCHANTS AMERICOLD LOGISTICS COMPANY LIMITED and CHINA MERCHANTS AMERICOLD HOLDINGS COMPANY LIMITED, and the difference between the transaction consideration and the carrying amount of the non-controlling interest purchased was recorded in capital reserve of RMB28,759,891.12.

On 30 September 2019, the Company acquired 30% equity interest held by minority shareholders of Shanghai Huazhan Storage & Trading Co., Ltd. The difference between the transaction consideration and the carrying amount of the non-controlling interest purchased was recorded in capital reserve of RMB34,791.85.

The Company will offset the capital reserve by RMB80,457,205.38 from the issuance expenses for 2019 related to issuing the A-share shares; SinoTrans logistics, a subsidiary of the group, obtains the shares held by minority shareholders free of charge in 2019 according to the relevant performance compensation provisions with Shenzhen Henglu Investment Co., Ltd. and CCX Investment Group Co., Ltd. As the book net assets of the investee are negative, the difference between the zero consideration and the negative net assets value of amount of the investee is offset by the capital reserve of RMB41,392,050.22.

46. SPECIAL RESERVES

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
Production safety expense	53,525,153.19	73,554,372.86	57,829,617.37	69,249,908.68
Total	53,525,153.19	73,554,372.86	57,829,617.37	69,249,908.68

Note 1: In accordance with the *Administrative Measures for the Withdrawal and Use of Production Safety Expense of Enterprises* (No. 16, Caiqi [2012]), jointly issued by the Ministry of Finance and the State Administration of Work Safety on 14 February, 2012, companies engaged in general freight transportation or special freight transportation such as dangerous goods are required to withdraw production safety expense on the basis of business income, which will be credited to the cost of relevant products or current profit and loss, and at the same time be transferred to a special reserve.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. SURPLUS RESERVES

2020

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
Statutory surplus reserves	899,046,022.99	198,438,687.78	-	1,097,484,710.77
Total	899,046,022.99	198,438,687.78	-	1,097,484,710.77

2019

Item	Opening balance	Increase of the year	Decrease of the year	Closing balance
Statutory surplus reserves	811,845,310.51	87,200,712.48	-	899,046,022.99
Total	811,845,310.51	87,200,712.48	-	899,046,022.99

Note 1: According to the provisions of the Articles of Association of the Company, the statutory surplus reserve shall be withdrawn at the rate of 10% of the net profit. If the accumulated statutory surplus reserves of the Company reaches 50% or more of the Company's registered capital, it may not be withdrawn.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. RETAINED EARNINGS

Item	Current amount	Prior amount
Closing balance of prior year	14,170,510,834.74	12,484,368,855.91
Add: Adjustments to opening retained earnings (Note 1)	-1,074,863.03	-69,670,158.40
Including: Change of accounting policies	-	-67,948,139.86
Change in business combination under common control	-1,074,863.03	-1,722,018.54
Opening balance	14,169,435,971.71	12,414,698,697.51
Increase of the year	2,841,636,098.34	2,804,142,210.57
Including: Net profit attributable to shareholders of the Company for the year	2,754,422,810.84	2,804,142,210.57
Others (Note 2)	87,213,287.50	-
Decrease of the year	1,090,097,429.90	1,049,404,936.37
Including: Appropriation to statutory surplus reserves for the year	198,438,687.78	87,200,712.48
Distribution of profits	888,096,465.00	962,104,503.75
Others	3,562,277.12	99,720.14
Closing balance of current year	15,920,974,640.15	14,169,435,971.71

Note 1: Since 1 January, 2019, the company has implemented the new lease standard, and adjusted the amount of retained earnings at the beginning of the year according to the cumulative impact of the first implementation of the new lease standard to RMB -67,948,139.86; in 2020, the amount of retained earnings at the beginning of the year adjusted by business combination under common control to RMB -1,722,018.54.

Note 2: Others in the increase this year is due to the disposal of non-trading equity instrument investment in BOE Technology Group Co., Ltd. designated as fair value through other comprehensive income, and the accumulated gains included in other comprehensive income are carried forward to retained earnings.

49. OPERATING INCOME, COSTS

Item	Current year		Prior year	
	Income	Costs	Revenue	Costs
Forwarding and related business	57,775,688,360.16	55,129,259,034.68	54,832,554,258.05	52,660,160,516.04
Logistics	19,585,303,438.15	17,576,824,014.17	19,839,396,911.93	17,930,300,886.48
E-commerce	7,175,849,580.81	6,889,857,785.32	2,983,153,807.00	2,834,635,928.11
Total	84,536,841,379.12	79,595,940,834.17	77,655,104,976.98	73,425,097,330.63

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. OPERATING INCOME, COSTS (CONTINUED)

- (1) The transaction prices apportioned to the consideration received or receivable from customers but with unfulfilled performance obligations (or partially unfulfilled) and the expected timing of recognition as income at the end of the year are as follows:

Item	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Forwarding and related business	2,346,284,335.77	-	-	-	2,346,284,335.77
Logistics	387,987,300.56	-	-	-	387,987,300.56
E-commerce	53,692,130.57	-	-	-	53,692,130.57

- (2) **Operating income classified by recognition time point**
2020

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point in time	57,775,688,360.16	19,585,303,438.15	6,959,416,317.84
Recognition within a certain time period	-	-	-
Lease income	-	-	216,433,262.97
Total	57,775,688,360.16	19,585,303,438.15	7,175,849,580.81

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. OPERATING INCOME, COSTS (CONTINUED)

(2) Operating income classified by recognition time point (Continued)

2019

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point in time	54,832,554,258.05	19,839,396,911.93	2,798,645,856.41
Recognition within a certain time period	—	—	—
Lease income	—	—	184,507,950.59
Total	54,832,554,258.05	19,839,396,911.93	2,983,153,807.00

- (3) The income adjusted in the current year for the performance obligations already fulfilled (or partially fulfilled) in the prior year was RMB0.00.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. TAXES AND SURCHARGES

Item	Current year	Prior year
Property tax	81,494,136.22	89,439,423.17
Land use tax	37,239,612.42	38,845,280.69
Stamp duties	19,872,747.80	27,586,169.98
Urban maintenance & construction tax	18,537,678.51	23,350,421.21
Education surcharge	14,534,378.34	13,456,328.39
Others	5,945,722.05	5,839,842.14
Total	177,624,275.34	198,517,465.58

51. SELLING EXPENSES

Item	Current year	Prior year
Employee benefits	630,343,946.91	641,544,865.73
Business entertainment expenses	31,405,608.88	38,642,115.67
Depreciation and amortisation charges on other assets	25,951,678.90	19,728,872.05
Travel expenses	16,716,781.49	27,383,501.26
Depreciation of right-of-use assets	14,320,092.31	11,338,692.76
Office expenses	13,124,014.10	11,214,201.43
Technical service fee for communication network	12,312,010.49	14,438,986.29
Intermediary service fee	11,897,848.68	23,666,524.86
Vehicle expenses	9,343,461.49	11,906,102.19
Property and utilities fees	9,194,002.79	9,210,111.90
Rental	8,565,734.15	15,226,785.39
Others	23,164,417.66	27,438,433.09
Total	806,339,597.85	851,739,192.62

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. ADMINISTRATION EXPENSES

Item	Current year	Prior year
Employee benefits	1,890,380,045.81	1,771,294,381.35
Depreciation and amortisation charges on other assets	265,424,063.63	179,726,230.60
Technical service fee for communication network	105,721,179.52	88,405,509.65
Property and utilities fees	65,994,138.25	64,492,677.65
Depreciation of right-of-use assets	61,956,991.25	68,186,547.85
Business entertainment expenses	41,751,626.00	52,639,588.93
Office expenses	37,805,711.39	28,586,226.44
Intermediary service fee	45,448,841.80	83,289,206.73
Including: Audit fee	12,345,080.44	12,761,588.01
Vehicle expenses	33,441,948.66	41,030,190.24
Travel expenses	27,606,734.29	50,059,451.58
Others	159,742,394.93	168,587,989.75
Total	2,735,273,675.53	2,596,298,000.77

53. RESEARCH AND DEVELOPMENT EXPENSES

Item	Current year	Prior year
Information System Development	149,205,749.71	73,437,937.69
Total	149,205,749.71	73,437,937.69

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. FINANCIAL COSTS

Item	Current year	Prior year
Interest expenses	482,857,709.47	585,644,719.66
Including: Bank and other loans	257,767,478.43	343,691,714.17
Bond interest	115,200,000.03	131,793,633.44
Interest expenses on lease liabilities	107,968,732.36	100,452,326.55
Others	1,921,498.65	9,707,045.50
Less: Capitalised interest expense	25,955,215.83	20,179,704.16
Less: Interest income	148,062,344.53	232,843,664.17
Net loss on exchange (net gain denoted by a "-")	295,494,048.79	-65,724,852.33
Others	20,836,101.40	21,879,318.70
Total	625,170,299.30	288,775,817.70

55. OTHER INCOME

Item	Current year	Prior year
Financial subsidies for the logistics industry	1,471,322,382.87	1,500,675,792.90
Additional deduction for value-added tax	60,020,588.34	33,608,678.23
Relocation compensation	5,878,807.96	4,251,939.12
Land restitution	1,505,488.56	1,444,498.28
Total	1,538,727,267.73	1,539,980,908.53

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. INVESTMENT INCOME

Item	Current year	Prior year
Income from long-term equity investments under the equity method	1,567,887,685.14	1,309,598,043.77
Investment income from the disposal of long-term equity investments	48,161.44	50,229,739.95
Investment income from holding held-for-trading financial assets	–	8,378,367.06
Investment income from gain on disposal of held-for-trading financial assets	338,607.47	–
Investment income from holding other non-current financial assets	9,232,486.17	10,000,000.00
Investment income from the disposal of other non-current financial assets	255,000.00	–
Dividend income earned on holding other equity instruments investments	768,133.80	1,808,421.18
Gain from remeasurement of remaining equity at fair value(Note 1)	–	129,335,320.15
Gain on derecognition of financial assets at amortised cost (Note 2)	-5,770,893.99	278,713.15
Total	1,572,759,180.03	1,509,628,605.26

Note 1: Sinotrans Eastern Company Limited, a subsidiary of the Group, acquired 40% equity interest of Shanghai Huaxing in 2019, which constituted a business combination not under common control. Sinotrans Eastern Company Limited remeasured the equity held prior to the acquisition date at fair value at the acquisition date and recognised investment income of RMB129,335,320.15.

Note 2: As described in Note IX.4, on 18 December 2020, the Company completed the issuance of the first phase of the accounts receivable asset-backed notes for 2020 with a total issue amount of RMB500 million, and recognised loss on derecognition of accounts receivable of RMB4,858,415.41.

The Group recognised a loss of RMB912,478.58 related to debt restructuring incurred during the year.

The Group has no significant restrictions on the repatriation of investment income.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. GAIN FROM CHANGES IN FAIR VALUE

Item	Current year	Prior year
Held-for-trading financial assets	-13,454.09	151.09
Other non-current financial assets (Note 1)	-30,627,711.42	-
Total	-30,641,165.51	151.09

Note 1: The change in fair value of financial assets at fair value through profit or loss held by the Group during the year was RMB-30,641,200, mainly including: Jingdong Logistics of RMB20,250,900, Nanjing Port Longtan Container Co., Ltd. of RMB14,342,500, China United Tally Co., Ltd. of RMB-50,481,100, SINO-BLR Industrial Investment Fund, L.P. of RMB-14,616,200.

58. CREDIT LOSS IMPAIRMENT

Item	Current year	Prior year
Impairment losses on bills receivable	200,000.00	-200,000.00
Impairment loss on accounts receivable	-96,296,625.01	6,782,949.47
Impairment losses on other receivables	-2,882,286.76	-25,542,741.84
Impairment losses on long-term receivables	-30,331,580.06	-29,967,410.37
Total	-129,310,491.83	-48,927,202.74

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. IMPAIRMENT OF ASSETS

Item	Current year	Prior year
Impairment loss on goodwill	-53,603,341.88	–
Loss on decline in value of Inventories	-750,000.00	–
Impairment loss on fixed assets	-4,494.80	-2,469,698.22
Impairment loss on construction in progress	-14.90	–
Total	-54,357,851.58	-2,469,698.22

60. INCOME FROM DISPOSAL OF ASSETS

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Gain on disposal of non-current assets	35,013,247.97	152,818,956.07	35,013,247.97
Including: Gain on disposal of fixed assets	25,184,449.08	74,936,594.24	25,184,449.08
Gain on disposal of intangible assets	2,794,477.56	77,723,137.63	2,794,477.56
Others	7,034,321.33	159,224.20	7,034,321.33
Total	35,013,247.97	152,818,956.07	35,013,247.97

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. NON-OPERATING INCOME

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Income from demolition and relocation compensation (Note 1)	94,284,818.95	395,000.00	94,284,818.95
Government grants	58,570,962.40	33,389,469.98	58,570,962.40
Liquidated damages, compensation	12,995,654.32	22,636,747.27	12,995,654.32
Unpayable accounts payable	11,150,389.22	25,293,197.63	11,150,389.22
Income from scrapping of non-current assets	8,511,421.71	16,045,567.23	8,511,421.71
Profit from inventory profit	180,137.09	218,873.26	180,137.09
Others	9,847,741.00	55,033,825.12	9,847,741.00
Total	195,541,124.69	153,012,680.49	195,541,124.69

Note 1: Income from demolition and relocation compensation was mainly the relocation loss compensation of RMB93,865,684.00 for Qianhai Operation Building of China Merchants Investment Development Company Limited received by Sinotrans Logistics Co., Ltd, a subsidiary of the Group, on 30 September, 2020.

Type of government grants	Current year	Prior year	Asset-related/ revenue-related
Special treatment subsidies for zombie enterprises	19,406,300.00	—	Revenue-related
Relocation compensation	16,201,562.69	—	Revenue-related
Special subsidy for logistics	7,548,394.94	6,541,397.24	Asset-related
Enterprise Settlement Award	—	15,000,000.00	—
Other government grants	15,414,704.77	11,848,072.74	Revenue-related
Total	58,570,962.40	33,389,469.98	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. GOVERNMENT GRANTS

Details of government grants

Item	Current year	Prior year
Government grants obtained related to assets:	—	—
Fixed assets investment subsidy	45,097,807.55	19,899,558.41
Special subsidy for service industry development	19,700,000.00	—
Government subsidy for land purchase	—	4,954,720.00
Customs clearance collaborative platform construction	—	92,000.00
Subtotal	64,797,807.55	24,946,278.41
Government grants obtained related to earnings:	—	—
Financial subsidies for the logistics industry	1,489,490,851.14	1,502,323,833.53
Relocation compensation	16,201,562.69	—
Subtotal	1,505,692,413.83	1,502,323,833.53
Total	1,570,490,221.38	1,527,270,111.94
Less: Government grants included in deferred income	65,142,257.55	24,946,278.41
Add: Government grants transferred from deferred income to current profit or loss	31,929,677.96	37,437,866.75
Less: Government grants to offset related costs	—	—
Government grants included in current profit and loss	1,537,277,641.79	1,539,761,700.28
Including: Government grants included in other income	1,478,706,679.39	1,506,372,230.30
Government grants included in non-operating income	58,570,962.40	33,389,469.98

Note 1: The other government grants consists of a number of government grants items that are not material and are not disclosed separately.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. NON-OPERATING EXPENSES

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Compensation, liquidated damages and penalty expenses	39,154,747.24	45,112,038.37	39,154,747.24
Donation expenditure	9,865,666.06	12,609,957.40	9,865,666.06
Loss on destruction and retirement of non-current assets	6,955,165.87	14,228,934.97	6,955,165.87
Pending litigation losses (Note 1)	-20,660,483.96	90,858,767.22	-20,660,483.96
Others	4,034,276.91	36,032,362.16	4,034,276.91
Total	39,349,372.12	198,842,060.12	39,349,372.12

Note 1: The accumulated amount of pending litigation loss in this year is mainly due to the group's withdrawal of pending litigation loss due to cargo damage and other business disputes in the course of daily operation, totaling RMB11.1859 million; the group's subsidiary Sinoair settled the cases and disputes occurred in prior years through mediation in this year, the actual amount of compensation was less than the original estimated liabilities, and the pending litigation loss was offset by RMB31.929 million.

64. INCOME TAX EXPENSES

(1) Income tax expenses table

Item	Current year	Prior year
Current income tax	690,711,498.46	417,090,678.40
Deferred income tax adjustment	-27,553,447.10	-18,513,242.12
Total	663,158,051.36	398,577,436.28

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. INCOME TAX EXPENSES (CONTINUED)

(2) Process of adjusting accounting profit and income tax expense

Item	Current year
Accounting profit	3,535,668,886.60
Income tax expense at the rate of 25% (prior year: 25%)	883,917,221.65
Tax implications of non-deductible expenses	88,563,263.78
Income not subject to tax	-393,177,754.65
Unrecognised deductible temporary differences and deductible losses	179,265,540.23
Utilisation of deductible temporary differences and deductible losses in prior years	-58,359,196.43
Effect of different tax rates applicable to subsidiaries in other regions	-22,373,264.14
Withholding tax based on the expected current earnings of subsidiaries, joint ventures and associates established outside the parent company's domicile	1,509,348.94
Impact of the subsidiary tax credit	-10,983,860.37
Change in deferred tax asset/liability balance at the beginning of the year due to tax rate adjustments	-
Unrecognised taxable temporary differences	-
Retroactive payment (refund) of prior years' taxes	-5,203,247.65
Others	-
Income tax expenses	663,158,051.36

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. EARNINGS PER SHARE

Basic earnings per share is calculated based on net profit attributable to the Company's ordinary shareholders for the year, divided by the weighted average number of issued ordinary shares.

Item	Current year	Prior year
Profit	—	—
Net profit attributable to shareholders of the Company for the period	2,754,422,810.84	2,804,142,210.57
Including: Net profit from continuing operations	2,754,422,810.84	2,804,142,210.57
Shares	—	—
Weighted average of the Company's issued ordinary shares	7,400,803,875.00	7,288,167,439.08
Basic earnings per share (RMB/share)	0.37	0.38
Diluted earnings per share (RMB/share)	0.37	0.38

Note 1: The Company had no issued dilutive potential ordinary shares in 2019 and 2020.

66. LEASES

(1) The Group as lessor

1) Operating lease details

Item	Amount
I. Income status	
Rental income	216,433,262.97
Income related to variable lease payments not included in lease receipts	—
II. Undiscounted lease payments to be received after the balance sheet date	339,471,819.52
Year 1	173,984,618.99
Year 2	79,135,177.53
Year 3	46,984,353.21
Year 4	22,034,569.77
Year 5	8,505,430.22
Over 5 years	8,827,669.80

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. LEASES (CONTINUED)

(1) The Group as lessor (Continued)

- 2) The Group's operating leases as lessor relate to buildings, vehicles and equipment for a term of 1-8 years, with a partial renewal option.
- 3) The Group does not consider the unguaranteed residual value of these assets to be a material risk to the Group due to lease subject with a small amount, high versatility and short leasing periods.
- 4) Income relating to operating leases for the year amounted to RMB267,846,999.27 (prior year: RMB184,507,950.59), of which income related to variable lease receipts not included in lease payments amounted to 0.

(2) The Group as lessee

Item	Amount
Interest expenses of lease liabilities	107,968,732.36
Short-term lease costs included to current profit or loss	411,920,438.17
Lease costs for low-value assets	10,761,678.70
Variable lease payments not included in the measurement of lease liability	-
Income from sublease of right-of-use assets	4,657,597.74
Total cash outflows related to leases	1,021,876,624.68
Gains and losses associated with sale leaseback transactions	-

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

(1) Items of other comprehensive income and income tax effects and transfers to profit or loss

Item	Current year			Prior year		
	Amount before taxes	Income taxes	Net amount after taxes	Amount before taxes	Income taxes	Net amount after taxes
I. Other comprehensive income not to be subsequently reclassified to profit or loss	-20,588,075.90	-	-20,588,075.90	102,081,923.85	-	102,081,923.85
1. Amount of change arising from re-measurement of the defined benefit plan	-	-	-	-	-	-
2. Other comprehensive income not to be reclassified to profit or loss under the equity method	-	-	-	-	-	-
3. Changes in fair value of other equity instruments investments	-20,588,075.90	-	-20,588,075.90	102,081,923.85	-	102,081,923.85
4. Changes in fair value attributable to changes in credit risk	-	-	-	-	-	-
5. Others	-	-	-	-	-	-
II. Other comprehensive income to be subsequently reclassified to profit or loss	153,160,027.88	-	153,160,027.88	14,947,675.21	-	14,947,675.21
1. Other comprehensive income to be reclassified to profit or loss under the equity method	57,355,458.28	-	57,355,458.28	34,330,886.67	-	34,330,886.67
Less: included in other comprehensive income in the prior year and transferred into profit or loss in the current year	-	-	-	-	-	-
Subtotal	57,355,458.28	-	57,355,458.28	-	-	-
2. Translation difference of the statements in foreign currency	95,804,569.60	-	95,804,569.60	-346,519,139.10	-	-346,519,139.10
Less: included in other comprehensive income in the prior year and transferred into profit or loss in the current year	-	-	-	-327,135,927.64	-	-327,135,927.64
Subtotal	95,804,569.60	-	95,804,569.60	-19,383,211.46	-	-19,383,211.46
3. Others	-	-	-	-	-	-
Total other comprehensive income	132,571,951.98	-	132,571,951.98	117,029,599.06	-	117,029,599.06

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONTINUED)

(2) Reconciliation of items of other comprehensive income 2020

Item	Opening balance	Changes in current year (Negative numbers are denoted by "-")	Closing balance
Amount of change arising from re-measurement of the defined benefit plan	-	-	-
Other comprehensive income not to be reclassified to profit or loss under the equity method	1,707,132.75	-	1,707,132.75
Changes in fair value of other equity instruments investments	127,421,126.07	-107,801,363.40	19,619,762.67
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	59,419,169.05	57,355,458.28	116,774,627.33
Changes in fair value of other debt investments	-	-	-
Reclassification of financial assets to other comprehensive income	-	-	-
Credit loss impairment of other debt investments	-	-	-
Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)	-	-	-
Translation difference of the statements in foreign currency	-346,519,139.10	95,804,569.60	-250,714,569.50
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-157,971,711.23	45,358,664.48	-112,613,046.75

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONTINUED)

(2) Reconciliation of items of other comprehensive income (Continued)

2019

Item	Opening balance	Changes in current year (Negative numbers are denoted by "-")	Closing balance
Amount of change arising from re-measurement of the defined benefit plan	-	-	-
Other comprehensive income not to be reclassified to profit or loss under the equity method	1,707,132.75	-	1,707,132.75
Changes in fair value of other equity instruments investments	25,339,202.22	102,081,923.85	127,421,126.07
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	25,088,282.38	34,330,886.67	59,419,169.05
Changes in fair value of other debt investments	-	-	-
Reclassification of financial assets to other comprehensive income	-	-	-
Credit loss impairment of other debt investments	-	-	-
Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)	-	-	-
Translation difference of the statements in foreign currency	-327,135,927.64	-19,383,211.46	-346,519,139.10
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-275,001,310.29	117,029,599.06	-157,971,711.23

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

(1) Cash received/paid from/for operating/investing/financing activities

1) Cash received from other operating activities

Item	Amount for the year
Government grants	1,673,406,507.23
Collection and advance payment	166,760,695.51
Income from leasing assets	113,593,307.71
Interest income	108,128,202.39
Income from demolition and relocation compensation	94,284,818.95
Guarantee bond and performance bond	54,047,548.77
Compensation	26,165,651.57
Others	22,189,933.58
Total	2,258,576,665.71

2) Cash paid for other operating activities

Item	Amount for the year
Deposits, security deposits, collection and advance payment, etc.	963,140,131.30
Information technology costs	88,336,828.08
Property and utilities and gas fees	75,188,141.04
Business entertainment expenses	73,157,234.88
Intermediary service fee	57,346,690.48
Office expenses	50,929,725.49
Travel expenses	44,323,515.78
Vehicle expenses	42,785,410.15
Liquidated damages and other compensation	39,154,747.24
House renovation fee	37,719,670.71
Short-term low-value lease costs	35,473,061.26
Communication fee	29,696,361.93
Insurance premium	24,019,583.13
Bank service fee	20,836,101.40
Advertising expenses	9,701,832.57
Others	44,395,227.39
Total	1,636,204,262.83

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(1) Cash received/paid from/for operating/investing/financing activities (Continued)

3) Cash received from other investing activities

Item	Amount for the year
Repayment from the original shareholder of Keppel Foshan in 2019	48,474,211.86
Return of deposit and interest for Shanghai Airport Project	29,509,837.33
Repayment from Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00
Temporary loan of Guangdong Sinotrans Co., Ltd.	5,000,000.00
Repayment from Shanghai Puan Storage Co., Ltd.	4,960,000.00
Temporary loan of Dalian Jingda International Freight Forwarding Co., Ltd.	2,000,000.00
Total	97,069,049.19

4) Cash paid for other investing activities

Item	Amount for the year
Structural deposit of Bank of Beijing	300,000,000.00
Temporary loan of Guangdong Sinotrans Co., Ltd.	5,000,000.00
Total	305,000,000.00

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(1) **Cash received/paid from/to operating/investing/financing activities (Continued)**

5) **Cash received from other financing activities**

Item	Amount for the year
Temporary deposit of China Merchants Logistics Group Nanjing Co., Ltd.	36,803,627.02
Temporary loan of Sinotrans (Group) Zhejiang Co. Ltd.	18,500,000.00
Temporary deposit of Keppel	17,575,025.74
Temporary deposit of Shenzhen China United Tally Co., Ltd.	8,000,000.00
Total	80,878,652.76

6) **Cash paid for other financing activities**

Item	Amount for the year
Principal and interest on lease liabilities	599,194,507.81
Temporary loan of Sinotrans Shanghai (Group) Co., Ltd.	40,000,000.00
Consideration paid for business combination under common control	21,801,695.16
Repayment of temporary loan from Sinotrans (Group) Zhejiang Co. Ltd.	18,500,000.00
Total	679,496,202.97

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(2) Supplementary information of the statement of cash flows

Item	Current year	Prior year
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,872,510,835.24	2,927,864,136.07
Add: Impairment of assets	54,357,851.58	2,469,698.22
Credit loss impairment	129,310,491.83	48,927,202.74
Depreciation of fixed assets, investment properties	1,078,499,474.79	991,731,766.94
Depreciation of right-of-use assets	684,100,366.35	677,741,722.73
Amortisation of intangible assets	255,871,432.66	178,016,151.29
Amortisation of long-term prepaid expenses	66,467,571.82	94,612,663.56
Losses from disposal of assets (gain denoted by "-")	-35,013,247.97	-152,818,956.07
Losses from damage and scrapping of non-current assets (gains denoted by "-")	-1,556,255.84	-1,816,632.26
Losses from changes in fair value (gains denoted by "-")	30,641,165.51	-151.09
Financial costs (income denoted by losses "-")	620,218,984.61	325,105,162.80
Investment losses (income denoted by "-")	-1,572,759,180.03	-1,509,628,605.26
Decrease in deferred tax assets (increase denoted by "-")	-14,504,636.07	-19,181,087.99
Increase in deferred tax liabilities (decrease denoted by "-")	-13,048,811.03	667,845.87
Decrease in inventories (increase denoted by "-")	48,313,956.30	141,307,165.07
Decrease in operating receivables (increase denoted by "-")	-1,207,658,774.73	409,844,509.42
Increase in operating payables (decrease denoted by "-")	960,633,789.98	-792,673,393.94
Net cash flows from operating activities	3,956,385,015.00	3,322,169,198.10
2. Major investing and financing activities not involving cash receipts and payments:		
Conversion of debts into capital	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets under financing lease	-	-
Conversion of the balance of salary difference in the prior years into national capital	-	-
3. Net changes in cash and cash equivalents:		
Closing cash balance	11,292,435,757.31	10,389,909,366.83
Less: Opening cash balance	10,389,909,366.83	15,319,614,398.68
Add: Adjustments of the classification of account settlement reserves at the beginning of the year	-	-
Net increase in cash and cash equivalents	902,526,390.48	-4,929,705,031.85

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(3) Net cash from acquisition and disposal of subsidiaries for the current year

Item	Amount for the year
1. Information on the acquisition of subsidiaries	—
1. Price of acquisition of subsidiaries	703,651,393.90
2. Cash or cash equivalents paid in the current year for business combinations that occurred in the current year:	703,651,393.90
Less: Cash and cash equivalents held by the Company on the date of acquisition	186,193,994.49
Add: Cash or cash equivalents paid in the current year for business combinations that occurred in prior periods	12,604,570.14
3. Net cash paid for acquisition of subsidiaries	530,061,969.55
4. Net assets of subsidiaries acquired	817,352,383.46
Current assets	519,874,922.54
Non-current assets	614,200,582.79
Current liabilities	209,061,608.22
Non-current liabilities	107,661,513.65
2. Information about the disposal of subsidiaries	—
1. Price of disposal of subsidiaries	—
2. Cash or cash equivalents received in the year from the disposal of subsidiaries in the year	—
Less: Cash and cash equivalents held by the Company at the time of loss of control	—
Add: Received cash or cash equivalents by subsidiaries in the year over the disposal in prior period	—
3. Received net cash by disposal of subsidiaries	—
4. Dispose of the net assets of subsidiaries	—
Current assets	—
Non-current assets	—
Current liabilities	—
Non-current liabilities	—

Note 1: As described in Note VIII.3 BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL, the Group paid EUR 373,707,226 in consideration to acquire 100% of the equity interests in seven companies, including KLG EUROPE EERSEL B.V.. Of the above-mentioned consideration, EUR 90,727,000 was paid in the current year.

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

68. ITEMS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(4) Cash paid for distribution of dividends, profits or settlement of interest

Item	Current year	Prior year
Payment of ordinary share dividends	888,805,370.59	1,020,847,007.18
Cash paid for interest repayment	374,122,788.64	548,219,559.53
Dividends and profits paid by subsidiaries to minority shareholders	140,402,942.92	142,469,930.86
Total	1,403,331,102.15	1,711,536,497.57

69. CASH AND CASH EQUIVALENTS

Item	Closing balance	Opening balance
I. Cash	11,292,435,757.31	10,389,909,366.83
Including: Cash on hand	4,736,644.39	7,856,194.00
Bank deposits readily available for payment	11,287,699,112.92	10,382,053,172.83
Other Cash and bank balances readily available for payment	-	-
II. Cash equivalents	-	-
III. Balance of cash and cash equivalents at the end of the year	11,292,435,757.31	10,389,909,366.83
Including: Use of restricted cash and cash equivalents by parent companies or subsidiaries within the group	—	—

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. FOREIGN CURRENCY MONETARY ITEMS

Item	Foreign currency balance at the end of the year	Exchange rate	Closing balance in RMB
Cash and bank balances	—	—	3,882,120,084.13
Including: USD	474,810,987.62	6.5249	3,098,094,213.12
HKD	351,261,461.22	0.8416	295,621,645.77
JPY	961,266,728.92	0.0632	60,752,057.27
EUR	31,071,347.73	8.0250	249,347,565.53
Others	—	—	178,304,602.44
Accounts receivable	—	—	4,298,396,180.08
Including: USD	541,012,676.14	6.5249	3,530,053,610.55
HKD	461,888,130.94	0.8416	388,743,526.52
JPY	1,481,303,372.85	0.0632	93,671,700.09
EUR	5,808,500.87	8.0250	46,613,219.48
Others	—	—	239,314,123.44
Long-term receivables	—	—	42,065,932.22
Including: HKD	49,980,908.96	0.8416	42,065,932.22
Accounts payable	—	—	3,955,298,487.21
Including: USD	483,058,733.72	6.5249	3,151,909,931.65
HKD	434,157,755.48	0.8416	365,404,533.32
JPY	1,921,139,365.98	0.0632	121,485,168.95
EUR	15,577,699.32	8.0250	125,011,037.04
Others	—	—	162,783,438.93
Short-term borrowings	—	—	97,755,201.21
Including: USD	14,981,869.64	6.5249	97,755,201.21
Non-current liabilities due within one year	—	—	2,210,224,405.45
Including: USD	9,271,062.71	6.5249	60,492,757.06
HKD	2,537,715,972.18	0.8416	2,135,741,762.19
EUR	1,743,288.00	8.0250	13,989,886.20
Long-term borrowings	—	—	5,806,482,163.51
Including: USD	51,452,280.98	6.5249	335,720,988.17
HKD	4,381,120,557.91	0.8416	3,687,151,061.54
EUR	222,256,712.00	8.0250	1,783,610,113.80
Long-term Payables	—	—	10,674,563.96
Including: USD	1,635,973.57	6.5249	10,674,563.96

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. SEGMENT REPORTING

In accordance with the Group's internal organisational structure, management requirements and internal reporting system, the Group's operations are divided into five operating segments whose operating results are regularly evaluated by the Group's management to determine the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group determined three reporting segments, which are Forwarding and related business, logistics and E-commerce respectively. These reporting segments are based on the revenue type of the Group.

The operating segments and reporting segments of the Group are analysed as follows:

- Forwarding and related business: mainly includes arranging the delivery of goods to designated consignees in other locations within a specified time frame in accordance with customer instructions; including shipping agency services related to freight forwarding to shipping companies, providing storage, storage yards, container loading and unloading stations and terminal services.
- Logistics: it mainly includes any provision of customised and specialised entire logistics services to customers.
- E-commerce: mainly includes providing logistics solutions for import and export e-commerce customers, providing customers with various public services through a unified online logistics e-commerce platform and providing customers with tracking and monitoring services for logistics equipment through a logistics equipment sharing platform.

Any information on segment reporting is disclosed in accordance with the accounting policies and measurement standards used by the segments when reporting to the Management, and these measurement bases are consistent with the accounting and measurement basis at the time of the preparation of the financial statements.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. SEGMENT REPORTING (CONTINUED)

Information of reporting segments

2020:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	—	—	—	—	—	—
Income from external transaction	57,775,688,360.16	19,585,303,438.15	7,175,849,580.81	-	-	84,536,841,379.12
Income from inter-segment transaction	2,823,828,792.47	295,197,451.99	626,859,528.70	-	-3,745,885,773.16	-
Total operating income from segments	60,599,517,152.63	19,880,500,890.14	7,802,709,109.51	-	-3,745,885,773.16	84,536,841,379.12
Operating costs	57,237,797,681.87	18,876,790,172.06	7,053,173,169.13	921,793,408.84	-	84,089,554,431.90
Impairment of assets	-	-	-	-54,357,851.58	-	-54,357,851.58
Credit loss impairment	-58,247,090.79	-68,116,209.52	-7,098,752.60	4,151,561.08	-	-129,310,491.83
Gain (loss) from changes in fair value	-	-	-	-30,641,165.51	-	-30,641,165.51
Investment income	53,514,997.47	15,373,212.02	1,250,692,912.42	253,178,058.12	-	1,572,759,180.03
Including: Income from investments in associates and joint ventures	53,514,997.47	15,373,212.02	1,250,692,912.42	248,306,563.23	-	1,567,887,685.14
Income from the disposal of assets	-	-	-	35,013,247.97	-	35,013,247.97
Other income	1,383,560,526.67	74,566,849.54	79,939,771.81	660,119.71	-	1,538,727,267.73
Operating profit	1,916,719,111.64	730,337,118.13	1,446,210,343.31	-713,789,439.05	-	3,379,477,134.03
Non-operating income	20,919,741.26	132,756,885.45	1,252,279.78	40,612,218.20	-	195,541,124.69
Non-operating expenses	41,146,946.50	19,574,179.52	121,758.72	-21,493,512.62	-	39,349,372.12
Total profit	1,896,491,906.40	843,519,824.06	1,447,340,864.37	-651,683,708.23	-	3,535,668,886.60
Income taxes	465,379,849.32	146,579,129.00	46,569,756.21	4,629,316.83	-	663,158,051.36
Net profit	1,431,112,057.08	696,940,695.06	1,400,771,108.16	-656,313,025.06	-	2,872,510,835.24
Total assets	32,126,815,432.30	20,399,784,340.03	5,224,014,772.38	8,068,084,147.22	-	65,818,698,691.93
Total liabilities	11,996,722,132.93	4,754,949,619.52	1,118,420,290.92	15,697,828,151.88	-	33,567,920,195.25

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. SEGMENT REPORTING (CONTINUED)

Information of reporting segments (Continued)

2019:

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	—	—	—	—	—	—
Income from external transaction	54,832,554,258.05	19,839,396,911.93	2,983,153,807.00	-	-	77,655,104,976.98
Income from inter-segment transaction	2,195,776,788.41	282,483,957.50	452,704,172.03	-	-2,930,964,917.94	-
Total operating income from segments	57,028,331,046.46	20,121,880,869.43	3,435,857,979.03	-	-2,930,964,917.94	77,655,104,976.98
Operating costs	54,646,423,094.22	19,221,595,415.77	2,966,867,449.39	598,979,785.61	-	77,433,865,744.99
Impairment of assets	-	-	-	-2,469,698.22	-	-2,469,698.22
Credit loss impairment	-59,927,665.53	10,543,178.46	-610,569.86	1,067,854.19	-	-48,927,202.74
Gain (loss) from changes in fair value	-	-	-	151.09	-	151.09
Investment income	121,825,214.54	5,520,165.67	987,391,376.27	394,891,848.78	-	1,509,628,605.26
Including: Income from investments in associates and joint ventures	121,825,214.54	5,520,165.67	987,391,376.27	194,861,287.29	-	1,309,598,043.77
Income from the disposal of assets	-	-	-	152,818,956.07	-	152,818,956.07
Other income	1,433,996,024.62	50,289,141.40	55,695,742.51	-	-	1,539,980,908.53
Operating profit	1,682,024,737.46	684,153,981.69	1,058,762,906.53	-52,670,673.70	-	3,372,270,951.98
Non-operating income	31,936,457.02	42,757,428.36	378,223.14	77,940,571.97	-	153,012,680.49
Non-operating expenses	69,897,275.46	20,872,930.96	129,225.62	107,942,628.08	-	198,842,060.12
Total profit	1,644,063,919.02	706,038,479.09	1,059,011,904.05	-82,672,729.81	-	3,326,441,572.35
Income taxes	283,646,568.97	95,003,651.66	15,941,772.32	3,985,443.33	-	398,577,436.28
Net profit	1,360,417,350.05	611,034,827.43	1,043,070,131.73	-86,658,173.14	-	2,927,864,136.07
Total assets	30,985,958,715.71	20,843,794,735.91	5,962,286,467.33	4,113,247,102.97	-	61,905,287,021.92
Total liabilities	10,703,354,567.63	5,125,913,411.50	624,224,527.74	15,187,079,602.07	-	31,640,572,108.94

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. SEGMENT REPORTING (CONTINUED)

Information of reporting segments (Continued)

2020

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	—	—	—	—	—	—
Depreciation and amortisation expenses	885,622,829.48	1,040,104,789.99	95,517,504.55	63,693,721.61	-	2,084,938,845.62
Capital expenditures	1,081,651,345.88	385,800,224.52	134,989,986.54	210,569,133.96	-	1,813,010,690.90
Non-cash expenses other than depreciation and amortisation	58,247,090.79	68,116,209.52	7,098,752.60	-4,151,561.08	-	129,310,491.83
Increase in long-term equity investments in associates and joint ventures arising from the accounting under the equity method	25,994,240.42	22,413,992.71	264,987,621.99	259,542,431.39	-	572,938,286.51

2019

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	—	—	—	—	—	—
Depreciation and amortisation expenses	853,522,982.53	962,912,365.09	124,746,161.96	920,794.94	-	1,942,102,304.52
Capital expenditures	691,259,156.36	620,386,194.85	107,433,369.53	256,563,171.02	-	1,675,641,891.76
Non-cash expenses other than depreciation and amortisation	-59,705,897.99	10,024,258.60	-610,569.86	151,713,306.30	-	101,421,097.05
Increase in long-term equity investments in associates and joint ventures arising from the accounting under the equity method	23,665,276.56	1,072,325.20	191,806,680.44	37,852,970.52	-	254,397,252.72

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS

1. RELATED PARTIES WITH CONTROL RELATIONSHIPS

Name of controlling shareholders and the ultimate controlling party	Place of registration	Business nature	Registered capital (RMB)	Proportion of shareholding (%)	Voting proportion (%)
China Merchants Group Co., Ltd.	Beijing	Conducting transportation undertaking and etc.	RMB16,900 million	—	—

2. INFORMATION ON SUBSIDIARIES IS PROVIDED IN NOTE VIII.

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS:

Name of related party	Nature
Sinotrans Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Tanker Corporation	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Sunny Express Co.,Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shaanxi Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Godown, Wharf & Transportation Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Group Finance Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Bonded Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Zhengzhou Merchants Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Container Services Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Alashankou Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuhan China Merchants Ro-Ro Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing CSC Tianyi Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port International Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants International Terminals (Qingdao) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Jiangsu Logistics Co.,Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hebei Sinotrans Jiuling Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Pudong Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nantong Sinotrans Port Container Logistics Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Changjiang Bunker (Sinopec) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Lianda Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Henan Bonded Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Qiantang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Xinyangshan Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Investment Promotion Bureau Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ming Wah (Singapore) Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Jiangsu Foreign Transportation Container Station Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Holdings (International) Information Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changjiang International Freight & Forwarding Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Henan Sinotrans Jiuling Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Suzhou Storage Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Anhui Sinotrans Wuhu Zhujiqiao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Yangtze River Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai Zhanghuabang Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yantai Anshun Automobile Transportation Centre	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Inner Mongolia Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Guangxi Sinotrans Pingxiang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Gansu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Automobile Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Land Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Logistics Center Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Nanning Container Transportation Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Tangshan Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Nanning Storage and Transportation Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Chongqing Yihua Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Singapore Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Associated Maritime Company (Hong Kong) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hong Kong) Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS& CSC	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Cargo Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hong Kong Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing YangYang Chemicals Transport & Trade Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Port (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 2020

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Jiangsu Jinling Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Henan Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Petroleum Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuhan Changwei International Shipping Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Wanqiao Traffic Technology Development Co.,Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Tianjin Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Company Yuanshi Warehouse	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Investment Development Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Wuhan Qingshan Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yangtze Navigation (Hong Kong) Co., Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Long Link Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Yingkou Port Integrated Logistics Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Singapore International Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans International Trading Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans International Trading Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dandong Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Xingang Ore Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC International Merchant & Shipping (Hong Kong) Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Nantong Suzhong Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Red Braves Finance Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sichuan Sinotrans Storage Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangsu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Guigang Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ming Wah International Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Food (China) Co., Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ocean Lifter I Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Jinling Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Shanghai China Merchants Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port Container Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Jifa International Freight Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Changjiang International Shipping Agency Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Yangtze Maritime Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Changjiang Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Jiuling Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Ship Management Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Fujian Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Guangdong Sinotrans Huangpu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Sinotrans Zhongshan Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Fangchenggang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hebei Shijiazhuang Zhengding Sinotrans Warehouse & Logistics Co.,Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaoning Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Malai Storage (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Manzhouli Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Rizhao Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Xiamen Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Sinotrans Yantai Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Suifenhe Hengtong Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wenzhou Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Shekou Industrial Zone Holding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Financial Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Erlian Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jinling Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Lianyungang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Manzhouli Bonded Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Shanxi Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hunan Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhejiang Zhoushan Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Home Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Haixing Harbor Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Holdings (Hong Kong) Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Landmark (shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Foreign Trade Transportation Zhejiang Yongtong Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changjiang Shipping Planning Design Institute	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hubei Waiyun Automobile Repair & Assembling Storage Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Daliangang Xingang Electric Power Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Real Estate Development Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Your Cellar (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Qianhaiwan Real Estate Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hebei Foreign Trade Transportation Langfang Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Waiyun Automobile Service Centre	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Waiyun Logistics Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Zhangzhou Development Zone Electricity Supply Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Renhe Life Insurance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Qinhuangdao Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanchang Dehan Business Management Co., Ltd	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ningbo Daxie Merchants International Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	A joint venture of the Group
New Land Bridge (Lianyungang) Terminal Co., Ltd.	A joint venture of the Group
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	A joint venture of the Group
Sinotrans Logistics (Pakistan) (Pvt.) Limited	A joint venture of the Group
Sinotrans Suzhou Logistics Center Co., Ltd.	A joint venture of the Group
Sinotrans Sarens Logistics Co., Ltd.	A joint venture of the Group

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Dongguan Port Container Terminals Co., Ltd.	A joint venture of the Group
China-Vietnam Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Rongyun (Xiamen) Supply Chain Co., Ltd.	A joint venture of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	A joint venture of the Group
Shenyang Jinyun Automobile Logistics Co., Ltd.	A joint venture of the Group
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	A joint venture of the Group
Sinotrans Turkey Limited	A joint venture of the Group
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	A joint venture of the Group
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	A joint venture of the Group
Shanghai Tongyun International Logistics Co., Ltd.	A joint venture of the Group
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	A joint venture of the Group
Ningbo Dagang Container Co., Ltd.	A joint venture of the Group
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	A joint venture of the Group
DHL-Sinotrans International Air Courier Ltd.	A joint venture of the Group
Nissin-Sinotrans International Logistics Co., Ltd.	A joint venture of the Group
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	A joint venture of the Group
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	A joint venture of the Group
Beijing Medlink Supply Chain Management Co., Ltd.	A joint venture of the Group
MAXX Logistics Fzco.	A joint venture of the Group
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	A joint venture of the Group
SIPG Sinotrans Container Depot Co., Ltd.	A joint venture of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	A joint venture of the Group
Dalian Jingda International Freight Forwarding Co., Ltd.	A joint venture of the Group
Shanghai United Cold Chain Logistics Co., Ltd.	A joint venture of the Group
China United Tally (Shenzhen) Co., Ltd.	A joint venture of the Group
Sinotrans Almajdouie Middle East Co., Ltd.	A joint venture of the Group
Sinotrans Philippines Inc.	A joint venture of the Group
Sinotrans India Logistics Co., Ltd.	A joint venture of the Group
Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	A subsidiary of a joint venture of the Group
Shenyang Henglu Logistics Co., Ltd.	An associate of the Group
China Merchants Logistics Group Nanjing Co., Ltd.	An associate of the Group
Weihai Weidong Shipping Co., Ltd.	An associate of the Group

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS: (CONTINUED)

Name of related party	Nature
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	An associate of the Group
Nantong Sinotrans Prince Port Storage Co., Ltd.	An associate of the Group
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	An associate of the Group
Jiangsu Jiangyin Port Group Co., Ltd.	An associate of the Group
Ma'anshan Tianshun Port Co., Ltd.	An associate of the Group
Land and Sea New Channel Operation Co. Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Qingdao Yujiachang Container Storage And Transportation Co., Ltd.	An associate of the Group
Qingdao Huasheng Airport Logistics Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	An associate of the Group
Tianjin Shiyun Logistics Co., Ltd.	An associate of the Group
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	An associate of the Group
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Shanghai Puan Storage Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Yishang E-commerce (Wuhan) Co., Ltd.	An associate of the Group
Guangxi Yunyu Port Co., Ltd.	An associate of the Group
Shenzhen Haiyitong Technology Co., Ltd.	An associate of the Group
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	A subsidiary of an associate of the Group
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	A subsidiary of an associate of the Group
China Merchants Bank Co., Ltd.	An associate of the ultimate controlling party
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	An associate of the ultimate controlling party

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR

(1) Pricing policy and basis

- 1) In the course of providing freight forwarding and logistics services to its customers, the Group has a large number of procurement needs for various transportation services and terminal services. The related parties are large-scale domestic shipping and port operators. Therefore, in its daily operations, the Group has demand for procurement of transportation services and terminal services such as shipping, container transportation and special equipment transportation from related parties. At the same time, due to the difference in business geographical distribution between the Group and the enterprises owned by SINOTRANS & CSC and some of its joint ventures and associates, there is also a need for the Group to procure freight forwarding and other logistics services from related parties. As a leading comprehensive logistics service provider in China, the Group's related parties have demanded that the Group purchase shipping agency services, freight forwarding services, warehousing services and leasing of logistics equipment from the Group.

On 10 November 2017, the Company renewed the integrated logistics services agreement with China Merchants Group for the provision and receipt of transportation logistics services by related parties, and the new integrated logistics services agreement is valid from 1 January 2018 to 31 December 2020. Pursuant to the new agreement, the pricing of the Group's connected transactions with China Merchants Group and its subsidiaries will be priced with reference to the market prices charged by independent third parties for the provision of the same or similar services in the same locality in the ordinary course of business and on normal commercial terms. The limits for the provision of transportation and logistics services by the Group to related parties shall not exceed RMB2.5 billion in 2018, RMB3.25 billion in 2019 and RMB4.225 billion in 2020; the limits for the acceptance of transportation and logistics services by the Group from related parties shall not exceed RMB3.5 billion in 2018 and RMB4.55 billion in 2019. 2020 not to exceed RMB5,915 million. On 28 December 2017, the new integrated logistics service agreement was approved by the Company's shareholders.

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(1) Pricing policy and basis (Continued)

- 2) The Group's daily business operations require the continuous and stable use of office properties, warehouses, yards, container handling terminals and real estate operated by related parties for production and office purposes, as well as the leasing of land, buildings and logistics and transportation equipment to related parties. On 10 November 2017, the Company renewed the expiring property lease framework agreement with China Merchants Group, effective from 1 January 2018 to 31 December 2020. Under the new agreement, the pricing of the Group's connected transactions with China Merchants Group and its subsidiaries will refer to the market prices of similar properties or warehouses in the same period, which may be adjusted by both parties annually. The Group's limit for leasing properties from related parties shall not exceed RMB300 million for 2018, RMB330 million for 2019 and RMB363 million for 2020.
- 3) The Company entered into a financial services agreement with China Merchants Group Finance Company Limited (the Finance Company), a subsidiary of China Merchants Group, for the provision of financial services, including deposits, loans, notes and other financial services by the Finance Company to the Company, effective from 1 January 2018 to 31 December 2020. Pursuant to the financial service agreement, the Company's end-of-day deposit balance with the Finance Company shall not exceed RMB4 billion and the end-of-day deposit balance of Sinoair shall not exceed RMB2 billion for 2018, and the end-of-day deposit balance with the Finance Company shall not exceed RMB5 billion and the end-of-day deposit balance of Sinoair shall not exceed RMB2.5 billion for 2019 to 2020.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services

1) Sale of goods and provision of services

Name of related party	Content of related party transactions	Current Year	Prior Year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	1,250,104,847.15	1,405,062,086.27
Sinotrans Container Lines Co., Ltd.	Transportation and related service	680,498,101.67	732,777,273.71
China Merchants Group Finance Company Limited	Interest income	72,659,901.00	52,252,897.94
Associated Maritime Company (Hong Kong) Limited	Transportation and related service	68,874,498.28	13,809,183.20
Sinotrans Sunny Express Co., Ltd.	Transportation and related service	68,544,584.78	130,118,673.53
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	61,234,780.24	198,939,055.22
Sinotrans Container Lines (Hong Kong) Company Limited	Transportation and related service	59,371,931.96	2,083,026.02
SINOTRANS & CSC	Transportation and related service	50,720,250.36	—
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related service	35,399,170.07	—
Sinotrans Gansu Co., Ltd.	Transportation and related service	22,613,149.44	12,229,740.01
Nanjing Tanker Corporation	Transportation and related service	18,649,545.70	19,011,613.81
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related service	14,986,306.68	10,173,834.62
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related service	13,961,432.57	1,613,768.64
CSC Cargo Co., Ltd.	Transportation and related service	8,742,649.70	1,945,175.92
Shanghai China Merchants Ming Wah Shipping Company Limited	Transportation and related service	8,178,574.39	12,764,911.62
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related service	8,069,416.01	1,735,402.89

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

1) Sale of goods and provision of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Sinotrans Shaanxi Co.,Ltd.	Transportation and related service	6,806,475.47	1,143,027.39
China Yangtze River Shipping Co., Ltd.	Transportation and related service	6,232,556.60	3,603,821.80
Sinotrans Hebei Co.,Ltd.	Transportation and related service	5,900,438.46	1,990,398.84
Nanjing YangYang Chemicals Transport & Trade Co., Ltd.	Transportation and related service	4,717,312.04	2,746,183.77
Sinotrans Henan Bonded Logistics Co., Ltd.	Transportation and related service	4,542,785.30	9,690,757.06
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related service	4,406,081.89	1,046,698.24
Changjiang International Freight & Forwarding Company	Transportation and related service	2,740,038.33	7,539,484.14
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Transportation and related service	2,553,041.00	-
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Transportation and related service	2,410,000.00	2,221,884.00
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related service	2,124,267.36	2,734,042.18
China Merchants International Terminals (Qingdao) Limited	Transportation and related service	1,506,882.06	4,291,294.93
Jiangsu Jinling Shipyard Co., Ltd.	Transportation and related service	1,506,462.88	-
Shanghai Sinotrans Qiantang Co., Ltd.	Transportation and related service	1,139,720.64	71,667,242.57
China Merchants Food (China) Co., Limited	Transportation and related service	805,026.55	2,591,671.55
Sinotrans Henan Company	Transportation and related service	645,190.68	1,669,685.00
Nanjing Petroleum Transportation Co., Ltd.	Transportation and related service	529,894.14	1,569,931.78

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

1) Sale of goods and provision of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Sinotrans Jiangsu Logistics Co.,Ltd.	Transportation and related service	360,849.06	2,110,950.46
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related service	153,175.17	1,401,220.80
Wuhan Changwei International Shipping Industry Co., Ltd.	Transportation and related service	151,286.66	9,855,246.23
Beijing Sinotrans Land Transportation Co., Ltd.	Transportation and related service	133,659.20	2,417,579.61
Chongqing Wanqiao Traffic Technology Development Co.,Ltd.	Transportation and related service	127,576.35	2,239,996.80
Tianjin Sinotrans Co., Ltd.	Transportation and related service	376.99	3,973,460.77
Hong Kong Ming Wah Shipping Company Limited	Transportation and related service	-	19,900,553.52
CSC Chongqing Yihua Shipping Co., Ltd.	Transportation and related service	-	13,886,608.97
Sinotrans Hebei Company Yuanshi Warehouse	Transportation and related service	-	11,551,588.15
Beijing Sinotrans Automobile Transportation Co., Ltd.	Transportation and related service	-	6,202,792.51
Sinotrans Suzhou Storage Co., Ltd.	Transportation and related service	-	3,303,935.10
Nanjing Jinling Shipyard Co., Ltd.	Transportation and related service	-	3,299,550.78
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Transportation and related service	-	2,462,028.27
China Merchants Investment Development Company Limited	Transportation and related service	-	2,358,490.57
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Transportation and related service	-	2,221,698.08
Others	Transportation and related service	8,107,457.47	13,915,705.27

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

1) Sale of goods and provision of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Joint ventures	—	385,546,517.71	217,026,954.81
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related service	186,210,075.05	—
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related service	70,360,737.08	47,172,062.67
DHL-Sinotrans International Air Courier Ltd.	Transportation and related service	31,764,436.12	51,753,489.33
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related service	19,812,276.05	21,276,475.79
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related service	17,198,571.03	4,020,920.76
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related service	16,791,515.29	3,440,358.52
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Transportation and related service	11,362,375.31	9,334,213.23
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related service	7,603,955.58	33,672,251.60
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co., Ltd.	Transportation and related service	5,016,282.48	3,839,610.62
Beijing Medlink Supply Chain Management Co., Ltd.	Transportation and related service	4,556,104.42	—
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related service	3,811,475.97	1,305,142.94
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related service	1,907,536.07	3,910,444.28
MAXX Logistics Fzco.	Transportation and related service	1,859,116.66	4,135,206.04
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related service	1,819,768.47	—
SIPG Sinotrans Container Depot Co., Ltd.	Transportation and related service	1,262,005.58	—

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

1) Sale of goods and provision of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Sinotrans Logistics (Pakistan) (Pvt.) Limited	Transportation and related service	822,479.65	–
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	Transportation and related service	820,264.75	–
Sinotrans Suzhou Logistics Center Co., Ltd.	Interest income	581,400.00	666,187.50
Dalian Jingda International Freight Forwarding Co., Ltd.	Interest income	156,600.00	–
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Transportation and related service	95,906.27	5,170,598.33
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related service	90,036.22	3,510,812.37
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Transportation and related service	76,640.50	1,367,656.93
Shanghai United Cold Chain Logistics Co., Ltd.	Transportation and related service	–	9,690,111.07
Sinotrans Air (France) Ltd.	Transportation and related service	–	9,027,498.99
Others	Transportation and related service and others	1,566,959.16	3,733,913.84
Associates and its subsidiaries	—	120,254,423.49	152,322,735.86
Weihai Weidong Shipping Co., Ltd.	Transportation and related service	83,044,383.29	83,096,195.42
China Merchants Logistics Group Nanjing Co., Ltd.	Transportation and related service	11,929,142.10	10,284,186.29
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related service	8,095,238.10	6,071,428.56
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related service	6,921,835.31	4,370,736.99
Shanghai Puan Storage Co., Ltd.	Interest income	3,958,765.71	4,498,591.47
Qingdao Yujiachang Container Storage And Transportation Co., Ltd.	Transportation and related service	2,535,299.52	2,160,580.87

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

1) Sale of goods and provision of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related service	867,085.01	4,101,931.97
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related service	588,680.00	9,497,440.03
Tianjin Shiyun Logistics Co., Ltd.	Transportation and related service	53,605.07	12,402,455.21
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related service	-	11,655,030.00
Others	Transportation and related service	2,260,389.38	4,184,159.05
Associate of the ultimate controlling party	—	25,531,949.97	339,001,960.83
China Merchants Bank Co., Ltd.	Interest income	15,142,758.79	11,428,119.77
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related service	10,389,191.18	327,573,841.06
Associate of the ultimate controlling party	—	45,874,016.49	45,318,630.85
Ocean Network Express Pte. Ltd.	Transportation and related service	45,874,016.49	45,318,630.85
Total sales of goods and provision of services	—	1,827,311,754.81	2,158,732,368.62

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

2) Purchase of goods and receipt of services

Name of related party	Content of related party transactions	Current Year	Prior Year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	1,580,362,954.41	1,827,392,208.36
Sinotrans Container Lines Co., Ltd.	Transportation and related service	845,838,777.88	755,570,131.16
Nanjing Tanker Corporation	Transportation and related service	193,896,375.90	212,994,385.41
Sinotrans Sunny Express Co.,Ltd	Transportation and related service	112,814,090.02	374,534,000.60
Shenzhen Merchants Home Technology Co., Ltd.	Purchase of goods	48,169,958.65	—
Sinotrans Shaanxi Co.,Ltd.	Transportation and related service	45,744,563.02	2,874,678.83
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related service	42,557,613.12	—
Sinotrans Hebei Co.,Ltd.	Transportation and related service	37,939,376.55	5,151,149.32
China Merchants Bonded Logistics Co., Ltd.	Transportation and related service	19,611,621.27	8,201,157.00
Dalian Container Terminal Co., Ltd.	Transportation and related service	16,149,008.20	12,261,193.00
China Merchants Group Finance Company Limited	Interest expense	15,806,922.25	101,207,033.78
Zhengzhou Merchants Logistics Co., Ltd.	Transportation and related service	15,107,502.20	15,093,761.17
Shenzhen Chiwan Tug Co., Ltd.	Transportation and related service	12,573,999.46	19,015,428.87
China Merchants Property Management Co., Ltd.	Property management fee	12,090,988.41	7,034,429.34
SINOTRANS & CSC	Interest expense and other expenses of internal loan	7,968,224.53	3,846,838.16
Sinotrans Alashankou Company	Transportation and related service	7,614,441.34	7,162,544.64
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Property management fee	7,036,710.08	1,260,248.08

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Wuhan Merchants Roll-on-roll Transportation Co., Ltd.	Transportation and related service	6,850,619.80	–
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related service	6,769,314.29	1,625,004.09
Zhanjiang Port International Container Terminal Co., Ltd.	Transportation and related service	6,680,764.51	–
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related service	6,554,679.85	7,748,353.99
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Transportation and related service	6,087,015.57	1,239,972.35
Shenzhen Merchants Property Management Co., Ltd.	Purchase of goods	5,914,717.08	3,165,847.95
Changjiang Shipping Planning Design Institute	Project cost	5,574,629.62	–
Ningbo Daxie Merchants International Terminal Co., Ltd.	Transportation and related service	5,252,449.22	23,364,633.12
Sinotrans Jiangsu Co.,Ltd	Property management fee	4,528,301.90	–
China Merchants International Terminals (Qingdao) Limited	Transportation and related service	4,250,988.39	6,731,603.22
Sinotrans Jiangsu Logistics Co.,Ltd.	Transportation and related service	4,165,472.06	276,671.81
Sinotrans Hebei Jiuling Transport & Storage Company	Transportation and related service	4,096,843.72	11,896,642.81
China Merchants Container Service Co., Ltd.	Transportation and related service	4,059,524.61	3,822,222.42
China Merchants Investment Development Company Limited	Rent and rental fee	3,856,012.84	–
Shanghai Foreign Trade Warehouse Pudong Company	Transportation and related service	3,694,961.24	–
Zhanjiang Port (Group) Co., Ltd.	Transportation and related service	3,690,764.84	2,862,975.84
Nantong Sinotrans Port Container Logistics Co., Ltd	Transportation and related service	3,490,826.86	1,551,775.48
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related service	3,348,589.99	4,061,450.01
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related service	3,089,334.38	5,390,280.94
Shenzhen Lianda Tug Co., Ltd.	Transportation and related service	3,039,230.19	2,405,011.32

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	2,680,184.04	8,121,390.32
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Transportation and related service	2,490,993.00	2,585,185.87
Guangdong Sinotrans Co., Ltd.	Interest expense of internal loan	2,343,069.51	2,336,667.75
Sinotrans Henan Bonded Logistics Co., Ltd.	Transportation and related service	2,338,005.99	4,213,765.26
Shanghai Sinotrans Qiantang Co., Ltd.	Transportation and related service	2,157,808.17	15,655,553.74
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related service	2,049,537.54	2,369,033.95
Shanghai Investment Promotion Bureau Property Management Co., Ltd.	Purchase of goods	1,861,788.97	–
Ming Wah (Singapore) Agency Co., Ltd.	Transportation and related service	1,854,485.62	–
China Merchants Holdings (international) information Technology Co., Ltd.	Transportation and related service	1,800,277.60	1,100,541.50
Jiangsu Foreign Transportation Container Station Co., Ltd.	Transportation and related service	1,681,897.87	3,085,665.34
Changjiang International Freight & Forwarding Company	Transportation and related service	1,518,842.67	3,118,171.16
Sinotrans Henan, Jiuling Transport & Storage Co.	Transportation and related service	1,415,094.33	1,271,526.59
Sinotrans Suzhou Storage Co., Ltd.	Transportation and related service	1,358,409.55	8,285,551.45
Anhui Sinotrans Wuhu Zhujiqiao Storage and Transportation Co., Ltd.	Transportation and related service	1,334,188.62	–
Hubei Waiyun Automobile Repair & Assembling Storage Company	Rent and rental fee	1,320,849.84	–
Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	Transportation and related service	1,209,968.38	21,347,667.86
China Yangtze River Shipping Co., Ltd.	Transportation and related service	982,467.09	256,872.96
Sinotrans Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Transportation and related service	810,343.18	8,071,189.39

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Transportation and related service, Interest expense of internal loan	725,241.09	1,390,325.55
Yantai Anshun Automobile Transportation Centre	Transportation and related service	651,321.14	2,540,831.07
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related service	508,891.20	1,837,086.76
Guangxi Sinotrans Pingxiang Co., Ltd.	Transportation and related service	478,322.87	6,410,408.36
Sinotrans Gansu Co., Ltd.	Transportation and related service	145,146.78	1,236,488.69
Sinotrans Shanghai (Group) Co., Ltd.	Transportation and related service, Interest expense of internal loan	66,666.67	1,235,872.32
Beijing Sinotrans Automobile Transportation Co., Ltd.	Transportation and related service	-	22,449,383.30
Beijing Sinotrans Land Transportation Co., Ltd.	Transportation and related service	-	22,356,200.91
Beijing Sinotrans Logistics Center Co., Ltd.	Transportation and related service	-	21,030,928.98
Shanghai China Merchants Ming Wah Shipping Company Limited	Transportation and related service	-	13,948,156.11
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Transportation and related service	-	9,657,021.16
Sinotrans Nantong Co., Ltd.	Transportation and related service	-	6,211,674.00
Sinotrans Guangxi Nanning Container Transportation Company	Transportation and related service	-	5,763,021.37
Sinotrans Hebei Tangshan Company	Transportation and related service	-	3,995,435.30
Guangxi Sinotrans Nanning Storage and Transportation Company	Transportation and related service	-	3,172,406.00
CSC Chongqing Yihua Shipping Co., Ltd.	Transportation and related service	-	2,371,187.39

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Transportation and related service	-	1,919,210.51
Sinotrans Singapore Agency Co., Ltd.	Transportation and related service	-	1,135,214.58
Others	Transportation and related service	10,663,938.85	14,563,148.15
Joint ventures	—	270,911,247.03	436,245,276.18
DHL-Sinotrans International Air Courier Ltd.	Transportation and related service	40,066,600.40	81,371,482.36
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Transportation and related service	34,069,558.74	-
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related service	29,497,497.80	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related service	23,057,820.17	5,288,284.38
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Transportation and related service	21,769,483.10	40,099,123.00
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related service	21,022,198.20	59,877,139.06
Sinotrans Logistics (Pakistan) (Pvt.) Limited	Transportation and related service	18,964,121.84	18,471,884.25
Sinotrans Suzhou Logistics Center Co., Ltd.	Transportation and related service	18,111,798.07	3,942,156.03
Shenyang Henglu Logistics Co., Ltd.	Transportation and related service	11,768,116.32	-
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related service	8,881,211.01	14,284,822.22
Dongguan Port Container Terminals Co., Ltd.	Transportation and related service	8,100,912.46	-
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related service	4,448,291.22	-
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related service	4,251,353.50	14,570,445.90
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related service	4,222,066.30	7,048,163.00

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Shenyang Jinyun Automobile Logistics Co., Ltd.	Transportation and related service	3,808,622.62	2,300,783.04
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Transportation and related service	3,612,362.12	—
Sinotrans Turkey Limited	Transportation and related service	3,489,054.39	2,155,591.73
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related service	2,063,802.99	1,043,794.97
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Transportation and related service	1,801,096.12	61,805,178.79
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	1,786,847.52	2,998,826.45
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related service	1,407,150.98	2,804,013.15
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Transportation and related service	1,210,091.17	7,416,922.20
Ningbo Dagang Container Co., Ltd.	Transportation and related service	1,164,288.62	2,572,706.83
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related service	245,868.41	3,946,812.36
Sinotrans Air (France) Ltd.	Transportation and related service	—	90,325,213.53
Shanghai Huaxing International Container Freight Co., Ltd.	Transportation and related service	—	7,571,134.19
Sinotrans India Logistics Co., Ltd.	Transportation and related service	—	1,582,934.72
Others	Transportation and related service	2,091,032.96	4,767,864.02
Associates and its subsidiaries	—	328,927,626.18	305,759,222.86
China Merchants Logistics Group Nanjing Co., Ltd.	Transportation and related service	91,374,754.69	17,037,868.18
Weihai Weidong Shipping Co., Ltd.	Transportation and related service	72,603,857.16	63,052,221.30
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related service	27,738,309.64	4,068,847.39
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related service	27,057,557.02	34,327,709.49

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related party transactions	Current Year	Prior Year
Land and Sea New Channel Operation Co., Ltd.	Transportation and related service	23,071,347.68	25,586,457.18
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related service	19,429,849.71	31,312,680.95
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related service	17,669,617.55	29,614,562.88
Jiangsu Jiangyin Port Group Co., Ltd	Transportation and related service	15,522,672.05	5,719,682.78
Ma'anshan Tianshun Port Co., Ltd.	Transportation and related service	11,307,566.43	14,024,720.38
Wuhan Port Container Co., Ltd.	Transportation and related service	9,438,171.54	12,533,908.98
Qingdao Yujiachang Container Storage And Transportation Co., Ltd.	Transportation and related service	4,322,271.67	2,114,210.12
Qingdao Huasheng Airport Logistics Co., Ltd.	Transportation and related service	3,913,789.85	9,006,775.93
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	Transportation and related service	3,606,547.98	4,301,718.13
Tianjin Shiyun Logistics Co., Ltd.	Transportation and related service	1,068,819.09	6,425,575.10
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	Transportation and related service	—	44,869,385.64
Others	Transportation and related service	802,494.12	1,762,898.43
Associate of the ultimate controlling party	—	2,853,714.06	1,020,178.08
China Merchants Bank Co., Ltd.	Interest expense, handling charges	2,851,883.06	1,020,036.57
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related service	1,831.00	141.51
Other related parties	—	540,561,243.48	407,426,314.13
Ocean Network Express Pte. Ltd.	Transportation and related service	540,561,243.48	407,426,314.13
Total services received	—	2,723,616,785.16	2,977,843,199.61

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts

Item	Name of related party	Closing amount	Opening amount
Cash and bank balances	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	4,782,890,960.94	3,840,372,185.49
	China Merchants Group Finance Company Limited	4,782,890,960.94	3,840,372,185.49
	Associate of the ultimate controlling party	450,866,869.91	408,188,903.10
	China Merchants Bank Co., Ltd.	450,866,869.91	408,188,903.10
Accounts receivable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	53,758,038.98	85,158,463.14
	Sinotrans Container Lines Co., Ltd.	15,809,235.15	20,334,447.39
	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	8,426,263.46	521,783.43
	Sinotrans Container Lines (Hong Kong) Company Limited	5,747,954.80	3,953,575.52
	Nanjing Tanker Corporation	2,636,473.23	2,964,915.99
	CSC Wuhan Qingshan Shipyard Co., Ltd.	1,739,228.73	–
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	1,698,949.71	–
	Yangtie Navigation (Hong Kong) Co., Ltd.	1,609,459.96	–
	Long Link Limited	1,608,662.47	2,376,662.87
	Yingkou Port Integrated Logistics Co.,Ltd.	1,267,241.35	–
	Shenzhen Chiwan International Freight Forwarding Co., Ltd.	1,264,544.50	–
	CSC Singapore International Shipping Co., Ltd.	1,092,790.00	3,015,842.48
	Sinotrans International Trading Co., Ltd.	1,085,422.02	185,368.00
	Chongqing Wanqiao Traffic Technology Development Co.,Ltd.	1,010,832.20	2,010,832.20
	Shanghai China Merchants Ming Wah Shipping Company Limited	542,616.38	3,147,066.90
	Sinotrans Sunny Express Co.,Ltd	414,962.15	19,237,755.12
	Changjiang International Freight & Forwarding Company	375,384.89	1,204,053.07
Sinotrans Inner Mongolia Co., Ltd.	287,585.66	2,227,976.07	
Sinotrans Henan Bonded Logistics Co., Ltd.	214,000.00	2,181,245.67	
Dalian Port Container Logistics Co., Ltd.	153,690.00	1,507,794.40	
China Merchants International Terminals (Qingdao) Limited	21,834.03	1,006,844.56	
Sinotrans Gansu Co., Ltd.	6,335.00	3,636,796.73	

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	China Merchants Investment Development Company Limited	–	2,500,000.00
	Beijing Sinotrans Land Transportation Co., Ltd.	–	2,350,626.45
	CSC Chongqing Yihua Shipping Co., Ltd.	–	1,408,699.44
	Others	6,744,573.29	9,386,176.85
	Joint ventures and associates and their subsidiaries	55,042,025.10	52,143,191.84
	DHL-Sinotrans International Air Courier Ltd.	9,558,797.40	9,871,054.68
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	8,772,696.47	1,194,080.19
	Nissin-Sinotrans International Logistics Co., Ltd.	4,636,846.93	5,034,966.32
	Beijing Sinotrans Huali Logistics Co., Ltd.	4,330,325.83	1,109,362.60
	Yishang E-commerce (Wuhan) Co., Ltd.	2,382,258.42	–
	Weihai Weidong Shipping Co., Ltd.	2,329,054.14	3,359,386.50
	China Merchants Logistics Group Nanjing Co., Ltd.	2,130,845.31	2,215,358.60
	Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	2,050,449.15	1,843,924.47
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	1,967,518.64	–
	Sinotrans Sarens Logistics Co., Ltd.	1,526,439.16	–
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	1,362,686.85	1,362,686.85
	Beijing Medlink Supply Chain Management Co., Ltd.	1,279,699.54	–
	Loscam Supply Chain Management (Jiaxing) Co., Ltd.	1,272,041.70	1,085,053.73
	MAXX Logistics Fzco.	1,147,593.64	1,037,359.62
	Tianjin Runfeng Logistics Co., Ltd.	1,001,017.22	1,668,890.21
	Shanghai United Cold Chain Logistics Co., Ltd.	983,332.04	1,483,843.93
	Ningbo Taiping Int'L Trade Transportation Co., Ltd.	659,770.48	2,043,276.43
	Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	55,507.32	1,391,981.65
	Tianjin Shiyun Logistics Co., Ltd.	19,284.04	1,491,060.47
	Shenyang Jinyun Automobile Logistics Co., Ltd.	–	3,219,247.88
	China International Exhibition Transportation Co., Ltd.	–	2,114,547.86
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	–	1,625,092.65
	Others	7,575,860.82	8,992,017.20

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	Associate of the ultimate controlling party	23,470.00	3,339,450.42
	COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	23,470.00	3,339,450.42
	Other related parties	7,348.09	7,365,140.07
	Ocean Network Express Pte. Ltd.	-	7,365,140.07
	Others	7,348.09	-
	Total accounts receivable	108,830,882.17	148,006,245.47
Other receivables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	72,167,529.68	63,494,103.97
	SINOTRANS & CSC	40,000,000.00	27,150,710.30
	CSC Cargo Co., Ltd.	18,877,058.04	18,877,058.04
	Zhengzhou Merchants Logistics Co., Ltd.	4,007,808.08	-
	China Merchants Bonded Logistics Co., Ltd.	3,072,138.24	2,004,623.64
	China Merchants Investment Development Company Limited	-	5,000,000.00
	Sinotrans International Trading Company	-	2,834,077.64
	Shanghai Sinotrans Qiantang Co., Ltd.	-	1,800,000.00
	Others	6,210,525.32	5,827,634.35
	Joint ventures and associates	67,004,889.20	86,303,289.25
	Shenyang Jinyun Automobile Logistics Co., Ltd.	23,219,247.88	19,905,205.04
	MAXX Logistics Fzco.	15,410,585.55	16,529,370.43
	DHL-Sinotrans International Air Courier Ltd.	6,121,402.32	5,107,749.26
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	3,850,000.00	7,042,454.77
	Sinotrans Logistics (Pakistan) (Pvt.) Limited	2,770,814.99	3,625,546.01
	Guangxi Yunyu Port Co., Ltd.	2,500,000.00	2,500,000.00
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	2,256,211.78	2,192,033.55
	Sinotrans Turkey Limited	1,820,766.84	1,661,347.41
	Dalian Jingda International Freight Forwarding Co., Ltd.	1,600,000.00	3,600,000.00
	China United Tally (Shenzhen) Co., Ltd.	1,000,000.00	-
	Sinotrans Suzhou Logistics Center Co., Ltd.	949,928.36	-
	Shenyang Henglu Logistics Co., Ltd.	946,079.54	-

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	Sinotrans Djibouti Transportation and Shipping Agency Co., Ltd	-	19,546,555.39
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	-	1,776,601.48
	Others	4,559,851.94	2,816,425.91
	Other related parties	-	300,000.00
	Ocean Network Express Pte. Ltd.	-	300,000.00
	Total other receivables	139,172,418.88	150,097,393.22
Dividends receivable	Joint ventures and associates	21,222,986.00	30,450,387.89
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	8,147,201.00	-
	Wuhan Port Container Co., Ltd.	6,000,000.00	6,000,000.00
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	5,214,801.28	24,450,387.89
	Sinotrans Almajdouie Middle East Co., Ltd.	1,860,983.72	-
Prepayments	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	32,565,443.67	56,394,423.97
	Dandong Port Group Co., Ltd.	11,484,330.49	-
	Sinotrans Hebei Co., Ltd.	5,306,227.75	-
	Yingkou Xingang Ore Terminal Co., Ltd.	3,193,795.00	-
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	2,897,199.94	-
	Zhanjiang Port (Group) Co., Ltd.	2,484,015.69	-
	Yingkou Port Integrated Logistics Co., Ltd.	1,949,858.87	1,804,842.58
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	1,517,359.50	1,772,727.28
	CSC Cargo Co., Ltd.	1,335,422.66	-
	Dalian Port Group Co., Ltd.	424,996.23	1,286,960.41
	Dalian Jifa International Freight Co., Ltd.	236,281.25	1,635,792.26
	Sinotrans Shaanxi Co., Ltd.	5,816.90	4,554,258.90
	Nanjing Tanker Corporation	-	23,150,273.01
	Shanghai Wusongkou International Cruise Port Development Co., Ltd.	-	6,193,887.72
	China Changjiang Bunker (Sinopec) Co., Ltd.	-	5,507,399.51
	Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	-	3,650,222.52
	Others	1,730,139.39	6,838,059.78

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	Joint ventures and associates	16,485,260.47	26,209,605.93
	Sinotrans Logistics (Pakistan) (Pvt.) Limited	4,231,086.51	–
	Yishang E-commerce (Wuhan) Co., Ltd.	3,427,403.87	–
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	3,210,691.01	–
	MAXX Logistics Fzco.	1,219,327.99	–
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	1,215,500.00	–
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	1,005,796.42	5,238,682.64
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	998,203.37	10,251,199.63
	Sinotrans Philippines Inc.	–	4,830,605.40
	Jiangsu Jiangyin Port Group Co., Ltd	–	1,329,512.26
	Sinotrans Suzhou Logistics Center Co., Ltd.	–	653,243.85
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	–	340,000.00
	Others	1,177,251.30	3,566,362.15
	Other related parties	4,200.00	81,277.68
	Ocean Network Express Pte. Ltd.	–	81,277.68
	Others	4,200.00	–
	Total prepayments	49,054,904.14	82,685,307.58
Non-current assets due within one year	Joint ventures and associates	12,325,000.00	12,085,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00	7,125,000.00
	Shanghai Puan Storage Co., Ltd.	5,200,000.00	4,960,000.00
Long-term receivables	Joint ventures and associates	60,345,000.00	72,670,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	35,625,000.00	42,750,000.00
	Shanghai Puan Storage Co., Ltd.	24,720,000.00	29,920,000.00
Accounts payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	160,351,603.61	335,644,509.18
	Sinotrans Container Lines Co., Ltd.	43,223,651.76	148,557,919.02
	Nanjing Tanker Corporation	18,616,667.77	27,417,442.11

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	Scsc International Merchant & Shipping (Hongkong) Company Limited	15,543,280.00	–
	Sinotrans Sunny Express Co.,Ltd.	11,692,195.22	27,952,503.01
	Ningbo Daxie Merchants International Terminal Co., Ltd.	10,632,055.55	5,940,768.86
	Sinotrans Henan Jiuling Transport & Storage Co., Ltd.	6,806,586.61	5,906,586.60
	Dalian Container Terminal Co., Ltd.	6,579,033.40	10,098,123.20
	Zhanjiang Port (Group) Co., Ltd.	5,601,903.31	–
	Zhengzhou Merchants Logistics Co., Ltd.	5,244,734.96	–
	Sinotrans Hebei Co.,Ltd.	3,761,196.19	1,138,184.08
	Shanghai Sinotrans Qiantang Co., Ltd.	3,226,070.56	2,603,018.87
	Wuhan Merchants Roll-on - roll Transportation Co., Ltd.	2,686,280.27	–
	Sinotrans Nantong Suzhong Logistics Co., Ltd.	2,536,850.00	–
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	2,005,930.25	–
	Sinotrans Shaanxi Co.,Ltd.	1,865,655.85	2,676,637.77
	Sinotrans Jiangsu Logistics Co.,Ltd.	1,598,976.05	–
	Yangtze Navigation (Hongkong) Co., Limited	1,291,093.71	–
	Zhanjiang Port International Container Terminal Co., Ltd.	1,248,767.03	2,321,046.95
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	1,110,030.15	–
	China Merchants Bonded Logistics Co., Ltd.	975,599.19	–
	China Merchants Godown, Wharf & Transportation Company Limited	913,238.21	–
	Shenzhen Chiwan Tug Co., Ltd.	624,708.00	–
	Beijing Sinotrans Logistics Center Co., Ltd.	622,406.17	14,232,990.97
	Chongqing CSC Tianyi Logistics Co., Ltd.	365,271.89	1,890,799.84
	Changjiang International Freight & Forwarding Company	290,909.12	1,357,326.82
	China Changjiang Bunker (Sinopec) Co., Ltd.	270,828.62	1,577,358.75
	Beijing Sinotrans Land Transportation Co., Ltd.	228,823.96	18,663,010.85
	Beijing Sinotrans Automobile Transportation Co., Ltd.	134,052.75	3,574,154.93
	Sinotrans Beijing Sanjianfang Warehouse Ltd.	2,288.87	4,853,072.13

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	Shanghai Wusongkou International Cruise Port Development Co., Ltd.	-	9,862,381.35
	Shanghai Changjiang International Shipping Agency Co., Ltd.	-	7,947,544.00
	Shanghai Yangtze Maritime Development Co., Ltd.	-	2,389,046.00
	Shanghai China Merchants Ming Wah Shipping Company Limited	-	2,210,386.19
	Sinotrans Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	-	2,055,016.25
	Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	-	1,962,490.00
	Chongqing Changjiang Shipping Co., Ltd.	-	1,886,857.90
	Sinotrans Henan Bonded Logistics Co., Ltd.	-	1,299,132.98
	Others	10,652,518.19	25,270,709.75
	Joint ventures and associates and their subsidiaries	160,368,892.41	114,639,074.11
	China Merchants Logistics Group Nanjing Co., Ltd.	28,015,017.10	35,452,299.88
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	15,297,123.02	4,465,067.67
	Sinotrans Logistics (Pakistan) (Pvt.) Limited	12,039,547.89	1,538,016.62
	Sinotrans Turkey Limited	10,892,260.59	-
	Sinotrans Sarens Logistics Co., Ltd.	9,198,211.26	1,188,736.15
	Land and Sea New Channel Operation Co., Ltd.	8,088,957.61	7,426,086.98
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	6,455,367.40	5,620,886.51
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	6,134,187.37	2,277,395.84
	Ma'anshan Tianshun Port Co., Ltd.	5,900,267.46	8,579,827.16
	Shenzhen Haiyitong Technology Co., Ltd.	5,659,970.91	4,621,400.50
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	5,085,009.62	4,413,793.49
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	4,310,858.14	-
	Shenyang Henglu Logistics Co., Ltd.	4,169,210.13	3,207,266.17
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	4,072,076.44	-

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	Weihai Weidong Shipping Co., Ltd.	3,301,288.00	4,111,647.70
	Jiangsu Jiangyin Port Group Co., Ltd.	2,804,983.90	–
	China-Vietnam Sinotrans Logistics Co., Ltd.	2,734,243.11	1,630,820.07
	Wuhan Port Container Co., Ltd.	2,517,782.36	1,671,312.41
	Sinotrans Suzhou Logistics Center Co., Ltd.	2,282,465.31	1,253,484.02
	Qingdao Yujiachang Container Storage And Transportation Co., Ltd.	2,028,431.22	–
	DHL-Sinotrans International Air Courier Ltd.	1,797,299.42	–
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	1,589,262.44	3,435,172.07
	Shenyang Jinyun Automobile Logistics Co., Ltd.	1,337,446.01	–
	Qingdao Huasheng Airport Logistics Co., Ltd.	1,039,586.61	–
	Dongguan Port Container Terminals Co., Ltd.	525,684.25	–
	Ningbo Taiping Int'L Trade Transportation Co., Ltd.	340,410.44	2,087,693.36
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	278,168.75	–
	Sinotrans Philippines Inc.	195.75	1,557,429.17
	Sinotrans Djibouti Transportation and Shipping Agency Co., Ltd.	–	8,091,512.68
	Others	12,473,579.90	12,009,225.66
	Other related parties	500,551.32	29,817,972.36
	Ocean Network Express Pte. Ltd.	–	29,817,972.36
	Others	500,551.32	–
	Total accounts payable	321,221,047.34	480,101,555.65
Other payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	198,000,601.93	246,093,117.28
	Red Braves Finance Ltd.	109,516,832.19	117,091,203.59
	Sichuan Sinotrans Storage Service Co., Ltd.	24,686,640.24	25,696,619.83
	SINOTRANS & CSC	24,087,232.00	37,402,187.77
	Sinotrans Guangxi Company	15,434,273.65	–
	Sinotrans Henan, Jiuling Transport & Storage Co.	5,633,459.14	6,243,459.15
	Dalian Port Group Co., Ltd.	4,085,912.00	4,085,912.00
	Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	2,500,000.00	3,000,000.00
	Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	1,846,000.00	1,846,000.00

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
	Sinotrans Jiangsu Co.,Ltd.	1,800,000.00	–
	Sinotrans Shanghai (Group) Co., Ltd.	1,270,553.04	42,818,799.83
	Sinotrans Guangxi Guigang Company	1,243,800.00	–
	China Merchants Godown, Wharf & Transportation Company Limited	1,122,149.88	–
	Guangdong Sinotrans Co., Ltd.	781,374.61	824,518.52
	Guangxi Sinotrans Pingxiang Co., Ltd.	736,899.40	–
	Guangxi Sinotrans Jiuling Storage and Transportation Co., Ltd.	–	2,965,715.71
	Zhejiang Zhoushan Sinotrans Logistics Co., Ltd.	–	1,500,000.00
	Beijing Sinotrans Automobile Transportation Co., Ltd.	–	240,000.00
	Others	3,255,475.78	2,378,700.88
	Joint ventures and associates	111,491,320.91	68,084,462.42
	China Merchants Logistics Group Nanjing Co., Ltd.	80,536,543.28	43,732,916.26
	Shanghai Tongyun International Logistics Co., Ltd.	14,100,000.00	14,415,000.00
	China United Tally (Shenzhen) Co., Ltd.	8,000,000.00	–
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	2,486,200.00	2,486,200.00
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	2,450,000.00	–
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,086,861.80	–
	Rongyun (Xiamen) Supply Chain Co., Ltd.	1,000,000.00	1,000,000.00
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	–	1,544,280.00
	Others	1,831,715.83	4,906,066.16
	Total other payables	309,491,922.84	314,177,579.70
Dividends payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	36,197,979.78	36,197,979.78
	SINOTRANS & CSC	36,125,719.92	36,125,719.92
	Sinotrans Jiangxi Company	72,259.86	72,259.86
Interest payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	29,875,857.94	26,339,510.69
	Sinotrans & CSC	29,516,073.91	26,339,510.69
	Red Braves Finance Ltd.	359,784.03	–

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
Contract liabilities	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	24,052,487.01	17,425,073.18
	Associated Maritime Company (Hong Kong) Limited	16,378,179.52	3,934,419.35
	Ming Wah International Shipping Company Limited	2,807,334.17	1,069,381.90
	China Merchants Food (China) Co., Limited	2,118,036.92	–
	China Merchants Investment Development Company Limited	1,070,754.71	–
	Hong Kong Ming Wah Shipping Company Limited	717,191.16	9,487,632.00
	Sinotrans Ship Management Limited	7,763.64	1,216,719.56
	Others	953,226.89	1,716,920.37
	Joint ventures and associates	3,894,939.76	906,152.35
	DHL-Sinotrans International Air Courier Ltd.	1,754,269.27	543,851.21
	Tianjin Runfeng Logistics Co., Ltd.	1,076,834.00	–
	Beijing Medlink Supply Chain Management Co., Ltd.	879,976.49	–
	MAXX Logistics Fzco.	–	83,986.42
	Others	183,860.00	278,314.72
	Associate of the ultimate controlling party	–	1,930,000.00
	COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	–	1,930,000.00
	Total Contract liabilities	27,947,426.77	20,261,225.53
Long-term payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	192,331,792.75	192,657,228.79
	Guangdong Sinotrans Co., Ltd.	91,938,455.02	91,938,455.02
	SINOTRANS & CSC	89,718,773.77	100,718,773.77
	Ocean Lifter I Limited	10,674,563.96	–
Short-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	104,716,909.37	66,000,000.00
	China Merchants Group Finance Company Limited	104,716,909.37	–
	SINOTRANS & CSC	–	66,000,000.00
	Associate of the ultimate controlling party	300,000,000.00	–
	China Merchants Bank Co., Ltd.	300,000,000.00	–

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(3) Balance of major claims and debts (Continued)

Item	Name of related party	Closing amount	Opening amount
Long-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	1,295,625.00	100,000,000.00
	China Merchants Group Finance Company Limited	1,295,625.00	100,000,000.00
	Associate of the ultimate controlling party	17,923,202.87	–
	China Merchants Bank Co., Ltd.	17,923,202.87	–
Non-current liabilities due within one year	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	4,430,166.18	500,000,000.00
	Ocean Lifter I Limited	4,430,166.18	–
	China Merchants Group Finance Company Limited	–	500,000,000.00
	Associate of the ultimate controlling party	9,252,055.11	–
	China Merchants Bank Co., Ltd.	9,252,055.11	–

(4) Related and entrusted management

On 1 January 2017, the Company renewed the *Custody Agreement* with SINOTRANS & CSC, stipulating that SINOTRANS & CSC shall entrust the operation and management of its some subsidiaries to the Company, and that the Company shall, in accordance with the agreement, collect custodian fees from SINOTRANS & CSC according to the custodian costs based on the pricing basis of labor costs. The trusteeship period shall be from 1 January 2017 to 31 December 2018.

In January 2019, the Company renewed the *Custody Agreement* with SINOTRANS & CSC to continue to be entrusted to manage some companies under SINOTRANS & CSC, with the entrustment term beginning from 1 January 2019 and ending on 31 December 2021. The custody fee is divided into a fixed portion and a floating portion. Among them, the fixed portion amounts to RMB15 million per year and the floating portion is determined based on some factors such as the application of the scheme of “One Enterprise, One Policy” during the year and the completion of the operating profits of the entrusted enterprises. During the year, the Company received operating income of RMB39,150,900 (2019: RMB27,000,000) in aggregate from SINOTRANS & CSC.

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions

1) The Group as the lessor

Name of lessee	Type of leased assets	Rental income recognised for the year	Rental income recognised for the prior year
Sinotrans Container Lines Co., Ltd.	Transportation equipment	35,833,595.48	41,455,524.99
Sinotrans Container Lines (Hong Kong) Company Limited	Transportation equipment	30,790,369.22	23,836,219.85
Sinotrans Sunny Express Co., Ltd.	Buildings, Transportation equipment	19,471,067.58	26,203,537.39
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation equipment	3,025,424.87	2,841,380.08
China Yangtze River Shipping Co., Ltd.	Transportation equipment	2,296,293.73	2,304,868.38
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	—	6,071,428.56
SIPG Sinotrans Container Depot Co., Ltd.	Buildings	—	597,406.60
Others	Buildings, transportation equipment, others	—	809,350.09
Total	—	91,416,750.88	104,119,715.94

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions (Continued)

2) The Group as the lessee

Name of lessor	Type of leased assets	Rental expenditure for the year	Rental expenditure for the prior year
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Lands and buildings	53,557,524.96	53,135,154.48
Beijing Sinotrans Land Transportation Co., Ltd.	Lands and buildings	37,679,306.96	–
Beijing Sinotrans Logistics Center Co., Ltd.	Lands and buildings	30,754,430.72	–
Shanghai Foreign Trade Warehouse Pudong Company	Lands and buildings	15,766,995.04	–
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Lands and buildings	15,458,830.03	–
Sinotrans Shanghai (Group) Co., Ltd.	Lands and buildings	10,487,767.76	16,033,845.51
Shandong Sinotrans Co., Ltd.	Lands and buildings	9,346,179.39	5,965,484.59
Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	Lands and buildings	7,853,732.53	6,697,656.00
Shanghai Sinotrans Zhanghuabang Storage&Transportation Co., Ltd.	Lands and buildings	4,942,940.43	–
Wenzhou Sinotrans Logistics Co., Ltd.	Lands and buildings	3,419,634.00	–
Guangxi Sinotrans Nanning Storage and Transportation Company	Lands and buildings	3,044,413.54	–
Sinotrans Hebei Company Yuanshi Warehouse	Lands and buildings	2,919,693.24	–
Liaoning Sinotrans Co., Ltd.	Lands and buildings	2,698,581.32	2,687,628.94
China Merchants International Terminal (Qingdao) Co., Ltd.	Lands and buildings	2,622,826.89	4,623,478.87
Guangdong Sinotrans Huangpu Co., Ltd.	Lands and buildings	2,600,547.63	2,535,309.95
Sinotrans Guangxi Nanning Container Transportation Company	Lands and buildings	2,518,062.25	–
Sinotrans Jinling Co., Ltd.	Lands and buildings	1,872,975.41	2,451,800.88
Sinotrans Manchuria Bonded Storage and Transportation Co., Ltd.	Lands and buildings	1,455,000.00	–

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For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions (Continued)

2) The Group as the lessee (Continued)

Name of lessor	Type of leased assets	Rental expenditure for the year	Rental expenditure for the prior year
Dalian Container Terminal Co., Ltd.	Lands and buildings	1,425,000.00	–
Beijing Sinotrans Automobile Transportation Co., Ltd.	Lands and buildings	1,399,999.98	–
Tianjin Sinotrans Co., Ltd.	Lands and buildings	1,230,695.37	1,189,669.35
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Lands and buildings	1,097,047.65	–
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Lands and buildings	995,973.75	–
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Lands and buildings	967,658.85	–
Guangxi Sinotrans Fangcheng Port Co., Ltd.	Lands and buildings	967,081.40	–
Hebei Shijiazhuang Zhengding Sinotrans Warehouse & Logistics Co., Ltd.	Lands and buildings	914,285.76	–
Sinotrans (Shenzhen) Co., Ltd.	Lands and buildings	898,528.30	53,300.00
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Lands and buildings	863,470.70	1,445,448.58
Sinotrans Erlian Co., Ltd.	Lands and buildings	831,850.01	–
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Lands and buildings	829,449.22	–
Fujian Sinotrans Co., Ltd.	Lands and buildings	778,633.56	–
Yingkou Sinotrans Logistics Co., Ltd.	Lands and buildings	670,000.00	–
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Lands and buildings	642,824.13	–
Shandong Sinotrans Yantai Co., Ltd.	Lands and buildings	615,387.60	565,863.76
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Lands and buildings	601,183.46	572,596.57
Sinotrans Lianyungang Co., Ltd.	Lands and buildings	400,000.00	400,000.00

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions (Continued)

2) The Group as the lessee (Continued)

Name of lessor	Type of leased assets	Rental expenditure for the year	Rental expenditure for the prior year
Manchuria Sinotrans Co., Ltd.	Lands and buildings	382,500.00	-
Shenzhen Merchants Commercial Property Investment Co., Ltd.	Lands and buildings	272,965.00	-
Suifenhe Hengtong Storage and Transportation Co., Ltd.	Lands and buildings	270,000.00	-
Sinotrans Shanxi Co., Ltd.	Lands and buildings	265,402.44	-
Rizhao Sinotrans Logistics Co., Ltd.	Lands and buildings	260,000.00	-
Sinotrans Guangxi Company	Lands and buildings	250,000.00	-
Mailai Storage (Shenzhen) Co., Ltd.	Lands and buildings	231,152.77	-
Sinotrans Inner Mongolia Co. Ltd	Lands and buildings	200,000.00	-
China Merchants Financial Leasing Co., Ltd.	Lands and buildings	159,748.71	-
Guangdong Sinotrans Zhongshan Co., Ltd	Lands and buildings	130,957.80	-
Xiamen Sinotrans Co., Ltd	Lands and buildings	9,657.53	461,975.72
China Freight Forwarding Fujian Hexi Storage Transportation Company	Lands and buildings	-	1,210,490.40
China Merchants Landmark (Shenzhen) Co., Ltd.	Lands and buildings	-	1,152,283.09
Beijing Haichang Building Co., Ltd.	Lands and buildings	-	1,139,208.78
Sinotrans Suzhou Storage Co., Ltd.	Lands and buildings	-	1,122,152.88
China Merchants Bonded Logistics Co., Ltd.	Lands and buildings	-	1,073,773.97
China Foreign Trade Transportation Zhejiang Yongtong Company	Lands and buildings	-	600,000.00
Others	Lands and buildings, Transportation equipment, other assets	40,920.00	2,645,482.91
Total	—	227,601,816.09	107,762,605.23

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(5) Other related party transactions (Continued)

3) Other related transactions

Name of related party	Content of related transactions	Current year	Prior year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	93,865,684.00	—
China Merchants Investment Development Co., Ltd.	Income from demolition and relocation compensation	93,865,684.00	—

(6) Related guarantees

1) The Group as the guarantor

Financing guarantees:

Guaranteed parties	Guaranteed balance in the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
China Merchants Shipping Enterprise Co., Ltd.	2,345,705,416.00	2,300,000,000.00	2018-6-24	2021-6-24	No
SE Logistics Holding B.V.	1,797,600,000.00	—	2020-12-8	2027-12-7	No
China Assess Investment Limited	1,201,804,800.00	1,279,148,652.00	2017-12-22	2023-12-21	No
China Merchants Shipping Enterprise Co., Ltd.	801,203,200.00	852,765,768.00	2017-12-22	2023-12-21	No
China Merchants Great Stone Trade Logistics Co., Ltd.	395,635,884.63	443,928,962.84	2016-5-31	2031-5-30	No
Jiangmen High-tech Port Development Co., Ltd.	330,729,681.81	187,652,588.56	2018-12-18	2021-12-17	No
Sinotrans Logistics Co., Ltd.	150,000,000.00	—	2020-12-22	2021-10-22	No
China Merchants Logistics Shenzhen Co., Ltd.	100,000,000.00	—	2020-6-12	2021-6-12	No
Shenzhen Haixing Harbor Development Co., Ltd.	98,184,899.10	98,340,000.00	2019-7-1	2037-7-1	No

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(6) Related guarantees (Continued)

1) The Group as the guarantor (Continued)

Guaranteed parties	Guaranteed balance in the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
Sinotrans Logistics Co., Ltd.	50,000,000.00	-	2020-10-16	2021-10-16	No
Sinotrans Sarens Logistics Co., Ltd.	10,882,711.86	14,937,055.48	2016-7-1	2021-6-30	No
Dongguan Port Container Terminals Co., Ltd.	8,109,500.00	16,383,681.74	2015-8-27	2023-1-9	No
Sinotrans Shanghai Cold Chain Logistics Co., Ltd.	-	155,303,811.32	2017-3-29	2032-3-26	Yes

Credit guarantees:

The Group provides guarantees for its subsidiaries from the credits of Finance Company and China Merchants Bank Co., Ltd.. The validity period of the credit is generally 1 year, and the credit line can be used in cycle within the validity period. As at 31 December 2020, the Group provided credit guarantees of RMB2,270,000,000.00 for its subsidiaries.

Operating guarantees:

The Group provides operating guarantees for its subsidiaries, associates and joint venture to operate logistics project, loading and unloading operations, tendering operations, maritime booking agents services, warehousing services and other business activities to trade asset. As at 31 December 2020, the outstanding balance of operating guarantees provided to subsidiaries and joint ventures amounted to RMB19,667,279.10.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(6) Related guarantees (Continued)

2) The Group as the guaranteed party

Guarantor	Guaranteed balance in the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
China Merchants Holdings (Hong Kong) Company Limited (Note 1)	1,133,834,871.18	1,286,772,386.95	2015-6-25	2030-6-30	No

Note 1: In order to fulfil the financing needs of Hong Kong's "Tsing Yi 181 Project" logistics center, the company's subsidiary, KONGWELL LOGISTICS, signed a facility with China Development Bank to obtain HKD2.9 billion (equivalent to RMB2,440.756 million). China Merchants Group (Hong Kong) Co., Ltd., a related party of the Company, provided full guarantee.

(7) Related party fund lending

Related party	Loan amount	Starting date	Maturity date	Description
Borrowed				
China Merchants Bank Co., Ltd.	300,000,000.00	2020-6-16	2021-10-22	Short-term borrowings
Finance Company	104,716,909.37	2020-4-2	2021-9-2	Short-term borrowings
China Merchants Bank Co., Ltd.	27,175,257.98	2020-8-11	2028-5-10	Long-term borrowings, Non-current liabilities due within one year
Finance Company	1,295,625.00	2020-12-4	2023-12-3	Long-term borrowings
Guangdong Sinotrans Co., Ltd.	91,938,455.02	2012-8-23	2022-8-22	Long-term payables
Sinotrans& CSC	69,718,773.77	2014-9-28	No specific maturity date	Long-term payables
Sinotrans& CSC	20,000,000.00	2016-3-27	2034-3-6	Long-term payables
OCEAN LIFTER I LIMITED	15,104,730.14	2020-9-15	2024-6-11	Long-term payables, Non-current liabilities due within one year
Lent				
Sinotrans Suzhou Logistics Centre Co., Ltd.	42,750,000.00	2016-8-17	2026-8-17	Long-term receivables, Non-current assets due within one year
Shanghai Pu'An Storage Co., Ltd.	29,920,000.00	2017-4-18	2024-12-30	Long-term receivables, Non-current assets due within one year

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X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers and senior managers

1) Remuneration of directors, supervisors and general managers

Item	Current year	Prior year
Directors:	—	—
Fee	664,800.00	589,473.76
Other remuneration	—	—
– Wages, allowances and non-cash benefits	2,187,573.34	2,573,850.85
– Discretionary bonuses	716,625.00	1,577,113.54
– Contributions under the pension plan	330,940.80	432,471.01
Supervisors:	—	—
Fee	214,800.00	190,476.16
Other remuneration	—	—
– Wages, allowances and non-cash benefits	1,287,633.77	667,202.96
– Discretionary bonuses	696,249.00	690,189.00
– Contributions under the pension plan	187,950.24	189,656.76

Note 1: The directors' fees disclosed above was RMB664,800.00 paid to independent non-executive directors (amount for prior year: RMB589,473.76).

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Notes to the Financial Statements

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS- CONTINUED

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers and senior managers (Continued)

2) Scope of remuneration of directors, supervisors and general managers

Item	Fee of directors	Wages, allowances and non-cash benefits	Discretionary bonuses	Contributions under the pension plan	Other remuneration
Current year					
Directors:					
— Guan Peng Li	—	1,120,036.67	367,500.00	171,770.40	1,659,307.07
— De Xing Song	—	—	—	—	—
— Rong Song	—	1,067,536.67	349,125.00	159,170.40	1,575,832.07
— Jian Su	—	—	—	—	—
— Xian Liang Xiong	—	—	—	—	—
— Jian Jiang	—	—	—	—	—
— Ke Wei Xu	—	—	—	—	—
— Tai Wen Wang	166,200.00	—	—	—	166,200.00
— Yan Meng	166,200.00	—	—	—	166,200.00
— Hai Qing Song	166,200.00	—	—	—	166,200.00
— Qian Li	166,200.00	—	—	—	166,200.00
Supervisors:					
— Ying Jie Liu	—	—	—	—	—
— Fang Sheng	—	—	—	—	—
Zhou	107,400.00	—	—	—	107,400.00
— Zhao Ping Fan	107,400.00	—	—	—	107,400.00
— Dong Xiao Ren	—	527,208.67	234,828.00	69,684.96	831,721.63
— Zheng Mao	—	564,896.67	224,610.00	84,141.60	873,648.27
— Dong Xiao Ren (Resignation)	—	195,528.43	236,811.00	34,123.68	466,463.11
Prior year					
Directors:					
— Guan Peng Li	—	1,125,988.98	735,000.00	179,964.48	2,040,953.46
— De Xing Song	—	—	—	—	—
— Rong Song	—	1,060,488.98	689,150.00	166,803.48	1,916,442.46
— Jian Su	—	—	—	—	—
— Xian Liang Xiong	—	—	—	—	—
— Jian Jiang	—	—	—	—	—
— Ke Wei Xu	—	—	—	—	—
— Tai Wen Wang	147,368.44	—	—	—	147,368.44
— Yan Meng	147,368.44	—	—	—	147,368.44
— Hai Qing Song	147,368.44	—	—	—	147,368.44
— Qian Li	147,368.44	—	—	—	147,368.44
— Hong Wang (Resignation)	—	—	—	—	—
— Lin Wang (Resignation)	—	139,844.02	152,963.54	45,468.52	338,276.08
— Xue Ming Wu (Resignation)	—	247,528.87	—	40,234.53	287,763.40
Supervisors:					
— Ying Jie Liu	—	—	—	—	—
— Fang Sheng	—	—	—	—	—
Zhou	95,238.08	—	—	—	95,238.08
— Zhao Ping Fan	95,238.08	—	—	—	95,238.08
— Dong Xiao Ren	—	299,496.98	314,875.00	88,172.04	702,544.02
— Zheng Mao	—	367,705.98	375,314.00	101,484.72	844,504.70

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS- CONTINUED

4. SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers and senior managers (Continued)

3) Five highest paid individuals

Of the five highest paid individuals for the year, 2 of them are directors (Prior year: 2) and the detail of their remuneration are set out above. The details of the remuneration of the remaining 3 (Prior year: 2) highest paid individuals who are not directors or supervisors are as follows:

Item	Current year	Prior year
Salary, allowance and non-cash benefits	2,510,442.10	2,518,536.06
Discretionary bonuses	808,500.00	1,617,000.00
Contributions to the pension scheme	401,645.76	374,929.14

The number of highest paid individuals with remuneration within the following bands who are not directors or supervisors is as follows:

Item	The number of individuals for current year	The number of individuals for prior year
Less than HKD1,000,000	0	0
HKD1,000,001 to HKD1,500,000	1	0
HKD1,500,001 to HKD2,000,000	2	3
HKD2,000,001 to HKD2,500,000	0	0

4) Other than the directors De Xing Song, Jian Su, Xian Liang Xiong, Jian Jiang and Ke Wei Xu who have not received any remuneration from the Company, there is not any director of the Company waiving or agreeing to waive any remuneration during this year. During the track record period, the Company has not paid any remuneration to any of the directors, supervisors or five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

5) The remuneration of the major management

The remuneration of the major management (including the amounts paid and payable to the directors, supervisors and senior management) is as follows:

Item	Current year	Prior year
Salary, allowance and non-cash benefits	8,871,460.07	8,262,311.14
Discretionary bonuses	3,140,124.00	5,568,839.00
Contributions to the pension scheme	1,430,687.52	1,332,172.38
Total	13,442,271.59	15,163,322.52

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(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial instruments include cash and bank balances, held-for-trading financial assets, other non-current financial assets, accounts receivable, borrowings and payables. The details of financial instruments are set out in the notes to items in the consolidated financial statements mentioned above. The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate these risks are described below. These risk exposures are managed and monitored by the management of the Group to ensure that the risks above are controlled within a limited range.

1. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objective in risk management is to strike an appropriate balance between risks and returns, to minimise the negative impact of the risks on the Group's operating performance and to maximise the interests of shareholders and others equity investors. Based on this risk management objective, the Group's basic strategy for risk management is to identify and analyse the risks faced by the Group, establish an appropriate risk tolerance baseline and conduct risk management, and monitor the risks in a timely and reliable manner and control the risks within a limited range.

(1) Market risk

1) Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in foreign exchange rates. The Group is subject to foreign exchange risk primarily related to USD, HKD and EUR. Except for the Group's companies established in the Hong Kong Special Administrative Region and overseas which conduct their purchases and sales in the registered local currencies, the Group's other major business activities are denominated in RMB. As at 31 December 2020, the assets and liabilities with the USD, HKD and EUR balances described in the following table may have an impact on the Group's operating performance due to changes in fair value or future cash flows resulting from exchange rate changes.

Items	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
HKD	726,431,104.51	582,818,888.98	6,188,297,357.05	6,752,629,921.60
USD	6,628,147,823.67	4,540,907,923.81	3,660,983,608.23	3,729,420,806.50
EUR	295,960,785.01	73,471,023.76	1,922,611,037.04	50,076,997.81
Total	7,650,539,713.19	5,197,197,836.55	11,771,892,002.32	10,532,127,725.91

The Group pays close attention to the impact of exchange rate changes on the Group's foreign exchange risk. The management has made a policy requiring the Group to manage foreign exchange risk related to its functional currency to mitigate the impact of exchange rate fluctuations and to control foreign exchange risk by optimising the structure of net foreign currency assets.

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Notes to the Financial Statements

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

1) Foreign exchange risk(Continued)

Sensitivity analysis of foreign exchange risk

With other variables remaining unchanged, the pre-tax effects of reasonable changes in the exchange rate on current profit or loss and shareholders' equity are as follows:

Unit: RMB

Exchange rate changes	Current year		Prior year	
	Effects on total profit	Pre-tax effects on shareholders' equity	Effects on total profit	Pre-tax effects on shareholders' equity
USD appreciation by 5% against RMB	148,337,747.26	148,337,747.26	113,770,171.30	113,770,171.30
USD devaluation by 5% against RMB	-148,337,747.26	-148,337,747.26	-113,770,171.30	-113,770,171.30
HKD appreciation by 5% against RMB	-272,963,670.77	-272,963,670.77	-201,604,943.26	-201,604,943.26
HKD devaluation by 5% against RMB	272,963,670.77	272,963,670.77	201,604,943.26	201,604,943.26
EUR appreciation by 5% against RMB	-81,342,647.49	-81,342,647.49	-85,104,860.47	-85,104,860.47
EUR devaluation by 5% against RMB	81,342,647.49	81,342,647.49	85,104,860.47	85,104,860.47

2) Interest rate change risk

The Group's foreign currency borrowings were mainly floating rate borrowings in USD, HKD and EUR, the interest rates of which were not affected by the adjustment of the benchmark lending rate by the People's Bank of China.

The Group's major liabilities that are subject to interest rate risk include short-term and long-term borrowings.

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

2) Interest rate change risk (Continued)

Sensibility analysis of interest rate risks

The sensibility analysis of interest rate risks is based on the following assumptions:

- Any changes in market interest rates affect interest income or expenses of financial instruments with variable interest rates;
- For financial instruments with fixed interest rates that are measured at fair value, any changes in market interest rates only affect their interest income or expenses;
- Any changes in fair value of other financial assets and liabilities that are calculated using the discounted cash flow method at the prevailing market interest rate at the date of statement of financial position.

On the basis of the above assumptions, and with other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in interest rates on current profit or loss and shareholders' equity are as follows:

Unit: RMB

Interest rate changes	Current year		Prior year	
	Effects on total profit	Pre-tax effects on shareholders' equity	Effects on total profit	Pre-tax effects on shareholders' equity
Interest rate rises by 0.5%	-39,993,926.88	-39,993,926.88	-27,969,739.70	-27,969,739.70
Interest rate is lowered by 0.5%	39,993,926.88	39,993,926.88	27,969,739.70	27,969,739.70

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

3) Other price risks

Held-for-trading financial assets, other equity instrument investments and other non-current financial assets held by the Group are measured at fair value at the date of statement of financial position. As a result, the Group bears the risk of price changes in the securities market. The Company adopts the method of holding multiple equity securities portfolios to reduce the price risk of equity securities investments. With other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in stock prices on shareholders' equity are as follows:

Item	Stock price changes	Current year			Prior year		
		Effects on total profit	Effects on other comprehensive income	Pre-tax effects on shareholders' equity	Effects on total profit	Effects on other comprehensive income	Pre-tax effects on shareholders' equity
Held-for-trading financial assets	Stock price rises by 10%	69,256.54	-	69,256.54	4,122.88	-	4,122.88
Other equity instrument investments		-	2,160,563.15	2,160,563.15	-	25,455,559.09	25,455,559.09
Held-for-trading financial assets	Stock price falls by 10%	-69,256.54	-	-69,256.54	-4,122.88	-	-4,122.88
Other equity instrument investments		-	-2,160,563.15	-2,160,563.15	-	-25,455,559.09	-25,455,559.09

(2) Credit risk

As at 31 December 2020, the maximum credit risk exposure that is likely to cause financial losses to the Group was primarily due to the losses on the Group's financial assets arising from the failure of the other party to the contract to fulfill its obligations, including the carrying amount of the recognised financial assets in the consolidated statement of financial position; for financial instruments measured at fair value, the carrying amount reflects its risk exposure that is not the maximum, and its maximum risk exposure will change with future changes in fair value. In addition, it also includes losses to be paid for the performance of contingent obligations and financial guarantees, see the amount of financial guarantee contracts disclosed in Note IX. 41 "Estimated liabilities" and the Note X. 4. (6) "Related guarantees".

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

In order to reduce the credit risk, the Group has set up a group to determine credit lines, conduct credit approvals and implement other monitoring procedures to ensure that any necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of each individual receivable at the end of the reporting period to ensure that sufficient credit loss provision is made for amounts that are irrecoverable. As a result, the Group's management considers that the Group's credit risk has been reduced significantly.

Except for the top five in Note IX. 4. "Accounts receivable" and Note IX. 7. "Other receivables", the Group has no other significant credit concentration risks.

The Group's cash and bank balances is mainly the bank deposits deposited with related party non-bank financial institutions and reputable state-owned banks with high credit rating and other large and medium-sized listed banks, and the Group does not consider that it has significant credit risks, and there will be few serious losses resulting from any bank defaults.

As part of the Group's credit risk management, the Group uses the aging of accounts receivable to assess the expected credit losses on receivables arising from operations. This type of business involves a large number of small customers which have the similar risk characteristics. The aging information can reflect the solvency of these customers when the receivables fall due. As at 31 December 2020, the credit risk and expected credit losses for the accounts receivable and contract assets of this type of business are as follows:

Item	Expected credit loss ratio for the entire renewal period (%)	Carrying amount	Credit loss provision
Within 1 year (including 1 year)	0.66	10,909,546,097.47	72,003,004.24
1 to 2 years (including 2 years)	46.28	113,565,363.04	52,558,050.01
2 to 3 years (including 3 years)	82.15	23,630,002.05	19,412,046.68
More than 3 years	100.00	115,603,025.33	115,603,025.33
Total	—	11,162,344,487.89	259,576,126.26

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

The above expected credit loss ratio throughout the renewal period is based on the historical actual credit loss ratio and takes into account current and future economic forecasts. During the year from 1 January 2020 to 31 December 2020, the Group's assessment method and major assumptions did not change except considering the impact of COVID-19.

As at 31 December 2020, the maximum amount of financial guarantee provided by the Group was RMB117,177,110.96, and the details of the financial guarantee contract are set out in Note X. 4. (6) "Related guarantees ". On 31 December 2020, the Group's management assessed the overdue borrowings under the guarantee, the financial position of the borrower concerned and the economic situation of the debtor's industry and concluded that since the initial recognition of such financial guarantee contract, there was no significant increase in relevant credit risk. As a result, the Group has no provision into the financial guarantee contract that is required to measure loss provisions on the basis of the amount of the expected credit loss over the entire life, and measures its loss provision on the basis of the amount equivalent to the expected credit loss of the above financial guarantee contract within the next 12 months. During the year from 1 January 2020 to 31 December 2020, the Group's assessment method and major assumptions did not change except considering the impact of COVID-19.

(3) Liquidity risk

In managing the liquidity risk, the Group's management believes that sufficient cash and cash equivalents should be maintained and monitored to meet the Group's business needs and to reduce the impact of cash flow fluctuations. The Group's management monitors the use of bank loans and ensures compliance with loan agreements.

At the end of the year, the amount of bank loans line that have not been used by the Group was RMB19.702 billion (31 December 2019: RMB17.347 billion).

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(3) Liquidity risk (Continued)

According to the maturity date of undiscounted contract cash flows, the financial assets and liabilities held by the Group are analysed as follows:

Item	Carrying amount	Within 1 year	1 to 5 years	Over 5 years	Total
1. Non-derivative financial assets and liabilities					
Cash and bank balances	11,369,322,581.85	11,369,322,581.85	-	-	11,369,322,581.85
Held-for-trading financial assets	303,292,565.44	303,292,565.44	-	-	303,292,565.44
Bills receivable	50,643,103.40	50,643,103.40	-	-	50,643,103.40
Accounts receivable	11,020,529,018.23	11,020,529,018.23	-	-	11,020,529,018.23
Receivables financing	577,786,410.97	577,786,410.97	-	-	577,786,410.97
Other receivables	1,593,167,531.67	1,593,167,531.67	-	-	1,593,167,531.67
Other current assets	540,085,070.29	540,085,070.29	-	-	540,085,070.29
Other equity instrument investments	21,605,631.53	-	-	21,605,631.53	21,605,631.53
Other non-current financial assets	871,156,840.33	-	-	871,156,840.33	871,156,840.33
Long-term receivables	63,372,794.47	16,353,631.94	59,615,875.00	7,135,687.50	83,105,194.44
Short-term borrowings	502,472,110.58	513,855,325.65	-	-	513,855,325.65
Long-term borrowings	6,256,458,851.14	147,272,749.76	4,172,262,240.73	2,580,044,198.45	6,899,579,188.94
Accounts payable	10,691,734,667.49	10,691,734,667.49	-	-	10,691,734,667.49
Other payables	1,681,611,338.42	1,681,611,338.42	-	-	1,681,611,338.42
Non-current liabilities within 1 year	6,251,548,647.08	6,452,990,595.76	-	-	6,452,990,595.76
Other current liabilities	205,522,931.03	205,522,931.03	-	-	205,522,931.03
Bonds payable	-	-	-	-	-
Lease liabilities	1,800,066,318.62	-	1,089,076,275.08	1,271,696,152.64	2,360,772,427.72
Long-term payables	196,455,630.50	9,514,649.94	203,766,628.43	28,019,890.41	241,301,168.78

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE

The fair value of financial assets and financial liabilities is determined in accordance with the following methods:

The fair value of financial assets and financial liabilities with standard terms and conditions and for which there is an active market is determined by reference to the corresponding active market prevailing bid price and prevailing asking price, respectively;

The fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with the common pricing model based on the discounted future cash flow method or recognised using observable current market prices;

The fair value of derivative instruments is determined using publicly quoted prices in active markets.

The Group's management believes that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the financial statements approximate the fair values of those assets and liabilities.

The following table presents the fair value information and the level of the measurement at fair value at the end of the reporting period for the Group's assets and liabilities measured at fair value on a continuous and non-continuous basis at each balance sheet date. The level within which the results of the measurements at fair value fall depends on the lowest level of inputs that are significant to the measurement at fair value as a whole. The three levels of inputs are defined as:

Level I input value: the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market;

Level II input value: the direct or indirect observable input value of related assets or liabilities other than the Level I input value;

Level III input value: the unobservable input value of related assets or liabilities.

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(1) Assets measured at fair value on a continuous basis

Item	Fair value at the end of the year			Total
	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	
I. Continuous measurement at fair value				
(I) Held-for-trading financial assets	692,565.44	300,000,000.00	2,600,000.00	303,292,565.44
1. Financial assets at fair value through profit or loss	692,565.44	300,000,000.00	2,600,000.00	303,292,565.44
(II) Receivables financing	-	577,786,410.97	-	577,786,410.97
(III) Other equity instrument investments	21,605,631.53	-	-	21,605,631.53
(IV) Other non-current financial assets	-	-	871,156,840.33	871,156,840.33
Total assets measured at fair value on a continuous basis	22,298,196.97	877,786,410.97	873,756,840.33	1,773,841,448.27

(2) Determination of market price of continuous and non-continuous items of level I measurement at fair value

The Group's financial instruments included in Level I measurement at fair value are shares held in listed companies, both domestic and foreign, and the fair value is determined using the closing price of the open market on the last trading day of the balance sheet date.

(3) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level II measurement at fair value

The Group's financial instruments included in Level II measurement at fair value are bank acceptance bills held at fair value through other comprehensive income (receivables financing). The accepting banks for the bank acceptance bills held by the Group are mainly large commercial banks with high credit ratings, with maturities of less than 6 months and minimal credit risk. At the balance sheet date, the carrying amount of the bank acceptance bills receivable approximates its fair value.

(4) Qualitative and quantitative information on the valuation techniques and significant parameters used for continuous and non-continuous items of level III measurement at fair value

The Group's financial instruments included in Level III measurement at fair value are primarily unlisted equity investments held by the Company and its subsidiaries. The Company and its subsidiaries use valuation techniques to determine the fair value of significant unlisted equity investments. The valuation model used is a market multiplier approach, and the input values to the valuation technique consist primarily of PE multiples of comparable listed companies, PB multiples and the lack of market liquidity discount parameters. The primary unobservable input value used is the lack of market liquidity discount. The higher the lack of a market liquidity discount, the lower the fair value.

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(5) Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value

Reconciliation information between opening and closing carrying amounts:

Item	Opening balance	Transfer to Level III	Transfer from Level III	Total current gains or losses		Purchase, issuance, sale and settlement					Effect of translation of statements in foreign currency	Closing balance	Unrealised gains or losses for the period included in profit or loss on assets held at the end of the reporting period
				Included in profit or loss	Included in other comprehensive income	Purchase	Issuance	Sale	Settlement	Other			
Held-for-trading financial assets	100,000.00	-	-	-	-	2,500,000.00	-	-	-	-	-	2,600,000.00	-
Financial assets at fair value through profit or loss	100,000.00	-	-	-	-	2,500,000.00	-	-	-	-	-	2,600,000.00	-
– Investments in equity instruments	100,000.00	-	-	-	-	-	-	-	-	-	-	2,600,000.00	-
Other non-current financial assets	692,424,249.35	-	-	-30,627,711.42	-	223,636,365.50	-	250,000.00	-	8,012,321.98	-22,038,385.08	871,156,840.33	-30,627,711.42
Financial assets at fair value through profit or loss	692,424,249.35	-	-	-30,627,711.42	-	223,636,365.50	-	250,000.00	-	8,012,321.98	-22,038,385.08	871,156,840.33	-30,627,711.42
– Investments in equity instruments	692,424,249.35	-	-	-30,627,711.42	-	223,636,365.50	-	250,000.00	-	8,012,321.98	-22,038,385.08	871,156,840.33	-30,627,711.42
Total	692,624,249.35	-	-	-30,627,711.42	-	226,136,365.50	-	250,000.00	-	8,012,321.98	-22,038,385.08	873,756,840.33	-30,627,711.42

Note 1: Dividends received during the year from other non-current financial assets is RMB9,232,486.17 (Not included in current period profit or loss).

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(5) Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value (Continued)

Sensitivity analysis of unobservable inputs:

Indicator changes	Current year	
	Effects on total profit	Pre-tax effects on shareholders' equity
Lack of market liquidity discount increased by 5%	-43,687,842.02	-43,687,842.02
Lack of market liquidity discount decreased by 5%	43,687,842.02	43,687,842.02

(6) Reasons for conversion and policy for determining the point of conversion for items that are continuously measured at fair value and that are converted between levels during the year

The Group's continuous fair value measurement items were not converted between levels during the year.

(7) Changes in valuation techniques that occurred during the year and their reasons

There were no changes in valuation techniques during the year for the Group.

(8) Fair value of financial assets and financial liabilities that are not measured at fair value

According to the Group's Management, the carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements as at 31 December 2020 approximates their fair value.

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. CAPITAL MANAGEMENT

The Group's capital management objectives are to safeguard the Group's continuing operations in order to provide returns to shareholders and other equity holders while maintaining an optimal capital structure to reduce the cost of capital. The Group manages capital using a leverage ratio, which is defined as the ratio of net liabilities and adjusted capital plus net liabilities. There have been no changes to the Group's capital management objectives, policies or procedures for 2020 and 2019. The Group's leverage ratios at the date of the statement of financial position were as follows:

Item	31 December 2020	31 December 2019
Short-term borrowings	502,472,110.58	1,202,384,395.00
Non-current liabilities due within one year	6,251,548,647.08	3,268,689,764.93
Long-term borrowings	6,256,458,851.14	5,026,139,244.02
Bonds payable	—	3,419,486,443.79
Long-term payables	196,455,630.50	197,265,698.20
Lease liabilities	1,800,066,318.62	1,519,924,346.73
Less: cash and cash equivalents	11,292,435,757.31	10,389,909,366.83
Net liability	3,714,565,800.61	4,243,980,525.84
Shareholders' equity	32,250,778,496.68	30,264,714,912.98
Shareholders' equity and net liabilities	35,965,344,297.29	34,508,695,438.82
Leverage ratio	10%	12%

XII. CONTINGENCIES

Item	Closing amount	Opening amount
Total external guarantees:	—	—
– Loan guarantee for fellow subsidiaries	7,172,678,982.44	5,218,799,782.72
– Loan guarantee for joint ventures	10,882,711.86	31,320,737.22
– Loan guarantee for associates	106,294,399.10	98,340,000.00
Total	7,289,856,093.40	5,348,460,519.94

Note 1: Ningbo Shipping Agency Co., Ltd., a subsidiary of the Group, provides payment guarantee on port handling and tally charges to MEGA TREND Shipping Limited and BAL Container Line Co., Ltd. at the request of port. All of the about guarantees have provided counter guarantee measures.

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XII. CONTINGENCIES (CONTINUED)

(1) AS OF 31 DECEMBER 2020, THE GROUP'S SIGNIFICANT PENDING LITIGATION AND ARBITRATION WERE AS FOLLOWS

Concerned Parties	Litigation/deputy content	Amounts involved (RMB10,000)	Recognised expected liabilities (RMB10,000)	Litigation/deputy status
Beijing Zhonghe Pawn Co., Ltd.	In 2011, the other party announced that it had entered into a logistics supervision agreement with the Group, and the Group was involved in a dispute between the other party and a third party.	1,358.47	–	First trial
Xiamen Aviation Development Co.,Ltd.	The default was caused by the failure to release the goods in time due to the seizure of the third party warehouse.	16,325.53	–	First trial
Shanxi Coke Group International Trade Co., Ltd.	The Group provided import customs clearance and inspection agency services to the other party and a third party in 2013. The other party failed to release the goods in accordance with the agreed instructions and a dispute arose with the third party, which involved the Group.	3,459.06	–	Retrial in progress
Shanghai Oriental Pearl Import & Export Co., Ltd.	The Group purchased drugs from the company and sold the same to third parties during 2018 and 2019. Third parties did not make payment to drug purchaser due to their default on payment.	12,058.15	–	First trial
Taizhou Medical City Huaying Trading Co., Ltd.	The Group purchased drugs from counterparties for sale to third parties in 2016 and did not make payments to the sellers of the drugs because the third parties defaulted on the payments.	8,666.12	–	Second trial in progress
Tianjin Qirun Investment Co., Ltd.	The Group provided warehousing and storage services to the other party in 2011 and a dispute arose because the storage site for the goods was seized by the court and the goods could not be handed over to a third party with the permission of the other party.	8,180.00	8,229.17	Second trial in progress
China Energy Construction Group Tianjin Electric Power Construction Co., Ltd.	The Group provided transportation services to the other party in 2016 and had a dispute with the other party due to a dispute over the allocation of responsibility for cargo damage	1,838.67	1,692.36	Arbitration in progress

(2) AS AT 31 DECEMBER 2020, THE GROUP HAD NO CONTINGENT LIABILITIES ARISING FROM OTHER EVENTS

See Note XIII for details of the Group's capital expenditure commitments.

(3) AS AT 31 DECEMBER 2020, THE GROUP HAD NO CONTINGENT ASSETS ARISING FROM CONTINGENCIES.

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XIII CAPITAL COMMITMENTS

Item	Closing amount	Opening amount
Capital expenditures contracted but not recognised in the financial statements	—	—
– Purchase and construction of assets	1,508,391,352.62	1,422,293,185.96
– Port investment projects	83,271,980.86	261,388,045.54
– Investments in associates, joint ventures and other invested entities (Note 1)	63,981,400.07	56,831,235.05
Total	1,655,644,733.55	1,740,512,466.55

Note 1: On 1 February, 2018, according to the *National Development and Reform Commission's approval on the approval of China Merchants Logistics Group Co., Ltd. to jointly establish the China-Belarus Industrial Investment Fund Project* (Fa Gai Wai Zi No.214 [2018]), the China-Belarus Industrial Investment fund was established in the Cayman Islands and adopted a limited partnership. The Group's subsidiary, Sinotrans Logistics Group Co., Ltd. is a limited partner and has agreed to contribute USD15 million. As of 31 December 2020, it has invested USD6.8536 million, and the amount committed but not funded is approximately RMB53,154,744.07.

In November 2020, the Group contributed RMB13,038,080.00 in accordance with the Articles of Association of Land and Sea New Channel, and has actually contributed RMB3,211,424.00, and the amount committed but not contributed is RMB10,826,656.00.

XIV. NON-ADJUSTMENT EVENTS AFTER THE BALANCE SHEET DATE

According to the resolution of the 24th meeting of the second session of the Board of Directors, the Company plans to distribute cash dividend of RMB0.12 per share (tax included) based on the total share capital of 7,400,803,875 shares as at 31 December 2020 (2019: RMB0.12 per share (tax included)). The total dividend is expected to be RMB888,096,465.00. The profit distribution plan needs to be approved by the general meeting of Shareholders of the Company.

XV. EXCHANGE OF NON-MONETARY ASSETS

The Group had no exchange of non-monetary assets during the year.

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XVI. DEBT RESTRUCTURING

(1) CREDITOR DISCLOSURES

Debt restructuring methods	Book balance of debts	Accrued credit impairment provision	Amount of loss on debt restructuring	Increase in long-term equity investments	Percentage of debtor's equity (%)
Conversion of debt to equity instruments	2,645,914.67	304,775.65	-912,478.58	666,498.09	0.004

Note 1: Sinotrans South China and Sinotrans Fujian, subsidiaries of the Group, entered into debt restructuring agreements with Antong Holding Co., Ltd. ("Antong Holding"), under which Antong Holding was granted 166,209 of its own shares at a price of RMB9.50 per share and RMB1,066,938.00 in cash to offset the Group's debt of RMB2,645,914.67 at a price of RMB4.01 per share, and the Group reversed the provision for credit losses of RMB304,775.65 and recognised a loss on debt restructuring of RMB912,478.58.

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

1. CASH AND BANK BALANCES

Item	Closing amount			Opening amount		
	Amount in original currency	Exchange rate	Amount in RMB	Amount in original currency	Exchange rate	Amount in RMB
Cash on hand	—	—	170,838.00	—	—	146,977.29
Including: RMB	56,743.16	1.0000	56,743.16	86,202.96	1.0000	86,202.96
USD	15,043.74	6.5249	98,158.90	6,347.01	6.9726	44,255.19
Others	-	-	15,935.94	-	-	16,519.14
Cash in bank	—	—	4,616,224,890.34	—	—	4,072,817,027.79
Including: RMB	4,518,450,875.79	1.0000	4,518,450,875.79	3,849,788,308.08	1.0000	3,849,788,308.08
USD	14,925,338.95	6.5249	97,386,344.13	31,929,055.84	6.9726	222,628,534.73
Others	-	-	387,670.42	-	-	400,184.98
Other cash and bank balances	—	—	40,526,468.90	—	—	253,975.55
Including: RMB	40,526,468.90	1.0000	40,526,468.90	253,975.55	1.0000	253,975.55
Total	—	—	4,656,922,197.24	—	—	4,073,217,980.63
Including: total amount deposited abroad	—	—	291,228.26	—	—	54,875.13

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

1. CASH AND BANK BALANCES (CONTINUED)

(1) Restricted use of cash and cash equivalents at the end of the year

Item	Closing balance	Opening balance	Reasons for restricted use
Credit card deposits	134,797.50	134,797.50	Credit card deposits
Security margin	106,859.76	—	Security margin
Performance bond	300,000.00	—	Performance guarantee
Interest receivables	39,984,811.64	119,178.05	Not yet settled
Total	40,526,468.90	253,975.55	—

2. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivables	583,464,420.77	988,181,425.04
Less: Credit loss provision	55,630,418.06	64,261,468.67
Total	527,834,002.71	923,919,956.37

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(2) Classification of accounts receivable

Item	Carrying amount					Credit loss provision					Closing amount of original value		
	Less than 180 days		More than 3 years		Total	Aging		Total	Net value	Original currency		Accrual reason	
	180 days	1 to 2 years	2 to 3 years	More than 3 years		Less than 180 days	180 days to 1 year				1 to 2 years		2 to 3 years
Low-risk portfolio	58,075,396.02	4,465,572.46	8,668,730.39	963,668.77	2,923,537.26	75,086,895.50	-	-	-	75,086,895.50	RMB, Note 1	75,086,895.50	
Normal risk portfolio	346,335,913.18	94,148,408.27	48,025,777.90	5,696,636.69	13,510,789.23	508,377,525.27	2,481,496.64	2,977,351.36	30,963,944.14	5,696,636.69	452,747,107.21	USD Note 2	508,377,525.27
Including: aging portfolio	346,199,692.14	91,776,692.37	32,877,575.87	-	13,510,789.23	484,364,279.61	2,284,915.60	605,725.46	15,215,742.11	-	452,747,107.21		484,364,279.61
Payment nature portfolio	196,381.04	2,371,825.90	15,748,202.03	5,696,636.69	-	24,013,245.66	198,581.04	2,371,825.90	15,748,202.03	5,696,636.69	-		24,013,245.66
Significant impairment risk items	-	-	-	-	-	-	-	-	-	-	-		-
Total	404,471,339.80	98,613,960.73	57,294,508.29	6,660,295.46	16,434,328.49	583,464,420.77	2,481,496.64	2,977,351.36	30,963,944.14	5,696,636.69	527,834,002.71	-	583,464,420.77

Note 1: The receivables in the Group's low-risk portfolio are mainly receivables from related parties within the scope of China Merchants Group's consolidated statement and joint ventures and associates of the Group, which have low credit risk. If the credit risk of the above-mentioned units deteriorates, the Group should adjust them to the normal class portfolio or significant impairment risk items;

Note 2: The Group's normal risk portfolio consists of receivables other than low-risk portfolio items and significant impairment risk items. "Aging" is a significant credit risk characteristic of the portfolio; the expected credit loss rate, determined by the aging migration rate and the historical loss rate, adjusted prospectively, represents a reasonable estimate of expected credit losses; the Group's significant impairment risk items are accounts receivable items that are subject to significant impairment risk, such as those involved in lawsuits and customers' operating difficulties.

Note 3: The Group's significant impairment risk items are accounts receivable items with an original value of RMB10 million or more and are subject to a significant risk of impairment.

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Overall aging of accounts receivable

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	503,085,290.53	86.22	5,459,048.00	899,178,166.37	90.99	7,063,114.33
1 to 2 years (including 2 years)	57,294,508.29	9.82	30,963,944.14	46,034,707.72	4.66	18,288,155.46
2 to 3 years (including 3 years)	6,650,295.46	1.14	5,696,636.69	9,704,396.45	0.98	7,929,531.72
More than 3 years	16,434,326.49	2.82	13,510,789.23	33,264,154.50	3.37	30,980,667.16
Total	583,464,420.77	100.00	55,630,418.06	988,181,425.04	100.00	64,261,468.67

(4) Accounts receivable of low-risk portfolio

Item	Carrying amount	Lifetime expected credit loss rate	Credit loss provision
Accounts receivables from related parties	75,086,895.50	—	—
Total	75,086,895.50	—	—

(5) Accounts receivable of normal risk portfolio

1) Portfolio of expected credit loss by aging

Item	Carrying amount	Lifetime expected credit loss rate	Credit loss provision
Within 1 year (including 1 year)	437,975,914.51	0.66	2,890,641.06
1 to 2 years (including 2 years)	32,877,575.87	46.28	15,215,742.11
2 to 3 years (including 3 years)	—	82.15	—
More than 3 years	13,510,789.23	100.00	13,510,789.23
Total	484,364,279.61	—	31,617,172.40

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(5) Accounts receivable of normal risk portfolio (Continued)

2) Individual assessment of expected credit loss (not significant impairment risk items)

Debtor's name	Book balance	Credit loss provision	Expected credit loss rate (%)	Reasons for accrual
Entity 1	4,837,320.72	4,837,320.72	100.00	Not expected to be recovered
Entity 2	4,601,096.44	4,601,096.44	100.00	Not expected to be recovered
Entity 3	1,645,012.42	1,645,012.42	100.00	Not expected to be recovered
Entity 4	1,379,397.23	1,379,397.23	100.00	Not expected to be recovered
Entity 5	1,345,170.85	1,345,170.85	100.00	Not expected to be recovered
Entity 6	1,274,422.82	1,274,422.82	100.00	Not expected to be recovered
Entity 7	928,360.12	928,360.12	100.00	Not expected to be recovered
Entity 8	757,357.68	757,357.68	100.00	Not expected to be recovered
Entity 9	699,704.92	699,704.92	100.00	Not expected to be recovered
Entity 10	558,320.91	558,320.91	100.00	Not expected to be recovered
Others	5,987,081.55	5,987,081.55	100.00	Not expected to be recovered
Total	24,013,245.66	24,013,245.66	—	—

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(6) Changes in the credit loss provision for accounts receivable during the year

Item	Opening balance	Accrual	Changes in the year			Closing balance
			Recovery or reversal	Write-back or write-off	Other changes	
Current year	64,261,468.67	-6,604,963.63	-	2,122,028.57	95,941.59	55,630,418.06
Prior year	72,836,730.09	-4,190,479.56	4,384,781.86	-	-	64,261,468.67

(7) There were no credit loss provisions reversed or recovered during the year.

(8) The Company had no accounts receivable actually written off during the year.

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Whether arising from related party transaction
Entity 1	Logistics business	1,021,869.74	Unrecoverable	No
Entity 2	Logistics business	696,736.68	Unrecoverable	No
Entity 3	Logistics business	403,422.15	Unrecoverable	No
Total		2,122,028.57		

(9) The Company had no outstanding debts of shareholders holding more than 5% (including 5%) of the voting shares of the Company at the end of the year.

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For the Year ended 31 December 2020

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(10) Receivables from related parties

Company name	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Hunan Zhongnan International Inland Port Co., Ltd.	Subsidiary	15,691,557.56	2.69
Sinotrans Northeast Co., Ltd. Shenyang Branch	Subsidiary	14,875,618.79	2.55
Sinotrans Shenzhen International Logistics Co., Ltd.	Subsidiary	11,730,930.08	2.01
Longyan Sinotrans Logistics Co., Ltd.	Subsidiary	10,763,210.30	1.84
Sinotrans Middle East Co., Ltd.	Subsidiary	7,969,821.80	1.37
Sinotrans North China Co., Ltd.	Subsidiary	3,910,344.06	0.67
Sinotrans South China Co., Ltd. Dongguan Branch	Subsidiary	2,838,957.89	0.49
Others	—	7,306,455.02	1.26
Total	—	75,086,895.50	12.88

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For the Year ended 31 December 2020

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(11) Top five accounts receivable at the end of the year

Company name	Relationship with the Company	Amount	Aging	Credit loss provision	Proportion of total accounts receivable (%)
Entity 1	Non-related party	68,119,819.86	Within 1 year	449,590.81	11.68
Entity 2	Non-related party	47,276,408.57	Within 1 year	312,024.30	8.10
Entity 3	Non-related party	32,896,017.60	Within 2 years	368,092.10	5.64
Entity 4	Non-related party	21,671,424.19	Within 2 years	4,184,645.76	3.71
Entity 5	Non-related party	17,708,320.71	Within 2 years	193,020.09	3.04
Total	—	187,671,990.93	—	5,507,373.06	32.17

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(12) Derecognition of accounts receivable due to transfer of financial assets

Company name	Derecognition amount	Gains and losses related to derecognition (losses are presented as "-")
Entity 1	73,594,624.48	-723,533.40
Entity 2	37,608,955.18	-369,746.23
Entity 3	21,150,745.00	-207,940.06
Entity 4	19,883,105.48	-195,477.47
Entity 5	17,147,529.53	-168,583.11
Entity 6	13,598,195.03	-133,688.41
Entity 7	12,017,707.32	-118,150.11
Entity 8	11,117,084.19	-109,295.78
Entity 9	10,415,053.79	-102,393.88
Entity 10	8,566,945.89	-84,224.51
Entity 11	7,868,560.00	-77,358.45
Entity 12	7,828,594.20	-76,965.53
Entity 13	7,715,121.74	-75,849.95
Entity 14	7,011,544.90	-68,932.85
Entity 15	6,925,162.94	-68,083.60
Entity 16	6,705,305.14	-65,922.10
Entity 17	6,615,704.17	-65,041.20
Entity 18	6,327,455.78	-62,207.34
Entity 19	6,289,912.27	-61,838.23
Entity 20	6,140,946.75	-60,373.70
Entity 21	6,046,430.80	-59,444.49
Entity 22	5,134,225.06	-50,476.29
Entity 23	4,957,542.97	-48,739.27

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. ACCOUNTS RECEIVABLE (CONTINUED)

(12) Derecognition of accounts receivable due to transfer of financial assets (Continued)

Company name	Derecognition amount	Gains and losses related to derecognition (losses are presented as "-")
Entity 24	4,873,380.75	-47,911.84
Entity 25	4,871,148.25	-47,889.89
Entity 26	4,737,197.02	-46,572.97
Entity 27	4,531,541.59	-44,551.10
Entity 28	4,146,427.75	-40,764.92
Entity 29	4,131,061.00	-40,613.84
Entity 30	4,088,864.10	-40,198.99
Others	152,130,500.28	-1,495,645.90
Total	494,176,573.35	-4,858,415.41

Note 1: As described in Note IX.2, on 18 December 2020, the Company completed the issuance of the first installment of the Receivables Asset-Backed Notes for 2020 in the China Interbank Market Dealers Association for a total amount of RMB500 million, with the underlying assets being the Group's eligible receivables. The Company's management believes that the Company transferred substantially all the risks and rewards of ownership of the underlying assets and therefore derecognized the related accounts receivable.

(13) There were no transfers of accounts receivable during the year, such as securitisation and factoring of accounts receivable, which continue to involve the assets and liabilities formed.

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	1,700,000.00	31,467,958.31
Including: bank acceptance bills	1,700,000.00	31,467,958.31
Total	1,700,000.00	31,467,958.31

Note 1: The accepting bank of bank acceptance bills held by the Group that are measured at fair value and the changes in which are recognized in other comprehensive income are mainly large commercial banks with high credit ratings, and the maturity period usually does not exceed 6 months, with very low credit risk. At the balance sheet date, the carrying amount of bank acceptance received approximates to the fair value.

- (1) The Company had no outstanding bank acceptances bills due to defective endorsement at the end of the year.
- (2) The Company had no pledged bills receivable at the end of the year.
- (3) Bills receivable endorsed or discounted at year-end and not yet due at the balance sheet date

Type	Amount derecognised at the end of the year	Amount not derecognised at the end of the year
Bank acceptance bills	57,510,933.07	–
Total	57,510,933.07	–

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. RECEIVABLES FINANCING (CONTINUED)

- (4) As at 31 December 2020, the Company has no bills converted to accounts receivable due to non-performance by the drawer(31 December 2019: Nil).
- (5) There was no credit loss provision, as the Company was of the view that neither the exists of significant credit risk on bank acceptance bills held by the Company, nor incurred any material losses due to the defaults from bank (the amount of expected bills receivable can be collected in full), as at 31 December 2020 and 31 December 2019.
- (6) The balances stated above had no bills receivable from shareholders holding more than 5% (including 5%) of the voting shares of the Company.
- (7) The aging of the bills receivable as mentioned above is less than 360 days.

4. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivables	–	–
Dividend receivables	46,872,094.63	90,850,271.49
Other receivables	8,377,878,292.21	9,633,449,885.96
Total	8,424,750,386.84	9,724,300,157.45

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(1) Dividend receivables

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase of the year	Decrease of the year	Exchange differences on translation of statements in foreign currency	Closing balance	Reason for non-recovery	Whether an impairment occurs and its judgment basis
Dividend receivables with the aging of less than 1 year	-	-	1,890,576,277.35	1,888,715,293.63	-	1,860,983.72	—	—
Including: Sinotrans Almajdouie Middleeast Co. Ltd.	-	-	3,514,780.00	1,653,796.28	-	1,860,983.72	Announced but not issued yet	No
Sinotrans Air Transportation Development Co., Ltd.	-	-	1,100,148,265.96	1,100,148,265.96	-	-	—	No
Sinotrans Central China Co., Ltd.	-	-	274,867,673.89	274,867,673.89	-	-	—	No
Sinotrans South China Co., Ltd.	-	-	195,927,485.16	195,927,485.16	-	-	—	No
Sinotrans Changjiang Co., Ltd.	-	-	130,299,764.48	130,299,764.48	-	-	—	No
Sinotrans Logistics Co., Ltd.	-	-	76,400,721.85	76,400,721.85	-	-	—	No
Sinotrans Fujian Co., Ltd.	-	-	40,321,396.67	40,321,396.67	-	-	—	No
China Marine Shipping Agency Co., Ltd.	-	-	15,000,000.00	15,000,000.00	-	-	—	No
Sinotrans Japan Co., Ltd.	-	-	10,388,489.56	10,388,489.56	-	-	—	No
Sinotrans Chongqing Co., Ltd.	-	-	9,757,210.60	9,757,210.60	-	-	—	No
Jiangsu Jiangyin Port Group Co., Ltd.	-	-	8,775,000.00	8,775,000.00	-	-	—	No
Sinotrans Northeast Co., Ltd.	-	-	6,777,370.34	6,777,370.34	-	-	—	No
Nissin-Sinotrans International Logistics Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	-	—	No
Sinotrans Heavy-lift Logistics Co., Ltd.	-	-	4,789,265.22	4,789,265.22	-	-	—	No
Sinotrans Korea Shipping Co., Ltd.	-	-	4,468,209.41	4,468,209.41	-	-	—	No
Sinotrans Hubei Company Limited	-	-	2,902,110.91	2,902,110.91	-	-	—	No
Ma'anshanTianshun Port Co., Ltd.	-	-	700,000.00	700,000.00	-	-	—	No
Shanghai Tongyun International Logistics Co., Ltd.	-	-	408,163.27	408,163.27	-	-	—	No
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	130,370.03	130,370.03	-	-	—	No
Dividend receivables with the aging over 1 year	90,850,271.49	-	199,890,293.06	245,729,453.64	-	45,011,110.91	—	—
Including: China United Tally	20,000,000.00	-	-	-	-	20,000,000.00	Note 1	No
Sinotrans Eastern Company Limited	10,904,887.09	-	199,890,293.06	199,890,293.06	-	10,904,887.09	Support for subsidiary development	No
Sinotrans Anhui Co., Ltd.	8,067,261.02	-	-	-	-	8,067,261.02		No
Tradex International Co., Ltd.	3,241,600.00	-	-	-	-	3,241,600.00		No
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	-	-	2,797,362.80	Payment approval process not completed	No
Sinotrans North China Co., Ltd.	45,839,160.58	-	-	45,839,160.58	-	-	—	No
Total	90,850,271.49	-	2,090,466,570.41	2,134,444,747.27	-	46,872,094.63	—	—

Note 1: See note IX. 7.(2) note 2 for details of the issuance of dividends by China United Tally.

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VII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables

1) Analysis by nature

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount
Related party transactions	8,282,878,921.15	-	8,282,878,921.15	9,569,192,074.81	-	9,569,192,074.81
Advance	81,518,729.61	-	81,518,729.61	51,032,079.78	-	51,032,079.78
Deposits, collateral	9,299,200.99	-	9,299,200.99	10,418,752.74	-	10,418,752.74
Petty cash	3,719,289.12	-	3,719,289.12	96,443.97	-	96,443.97
Others	462,151.34	-	462,151.34	2,710,534.66	-	2,710,534.66
Total	8,377,878,292.21	-	8,377,878,292.21	9,633,449,885.96	-	9,633,449,885.96

2) Analysis by aging

Item	Closing amount			Opening amount		
	Carrying amount	Proportion (%)	Credit loss provision	Carrying amount	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,029,157,740.61	12.28	-	6,026,180,127.85	62.55	-
1 to 2 years (including 2 years)	3,931,571,048.87	46.93	-	115,498,366.23	1.20	-
2 to 3 years (including 3 years)	74,542,452.62	0.89	-	141,416,177.54	1.47	-
More than 3 years	3,342,607,050.11	39.90	-	3,350,355,214.34	34.78	-
Total	8,377,878,292.21	100.00	-	9,633,449,885.96	100.00	-

3) The Company has no credit loss provisions accrued, recovered or reversed during the year.

4) The Company has no other receivables actually written off during the reporting year.

5) Outstanding debts of shareholders holding more than 5% (inclusive) of the voting shares of the Company

Company name	Closing balance		Opening balance	
	Amount owed	Amount of credit loss provision	Amount owed	Amount of credit loss provision
Sinotrans & CSC	40,000,000.00	-	26,984,913.17	-
Total	40,000,000.00	-	26,984,913.17	-

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

6) Other receivables with the top five closing balances

Company name	Relationship with the Company	Amount	Aging	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Sinotrans Logistics Co., Ltd.	Subsidiary	2,740,709,830.84	Within 2 years	32.71	-	Related party transactions
Sinotrans (HK) Logistics Limited	Subsidiary	1,578,142,649.23	More than 1 to 3 years	18.84	-	Related party transactions
Sinotrans South China Co., Ltd.	Subsidiary	1,444,456,113.84	Within 1 year, More than 1 to 3 years	17.24	-	Related party transactions
Sinotrans Eastern Company Limited	Subsidiary	423,469,028.92	More than 1 to 3 years	5.05	-	Related party transactions
Sinotrans Central China Co., Ltd.	Subsidiary	293,165,593.15	Within 2 years	3.50	-	Related party transactions
Total	—	6,479,943,215.98	—	77.34	-	—

- 7) As of 31 December 2020, the Company had no other receivables involving government grants.

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Notes to the Financial Statements

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

8) Receivables from related parties

Company name	Relationship with the Company	Amount	Proportion to total other receivables (%)
Sinotrans Logistics Co., Ltd.	Subsidiary	2,740,709,830.84	32.71
Sinotrans (HK) Logistics Limited	Subsidiary	1,578,142,649.23	18.84
Sinotrans South China Co., Ltd.	Subsidiary	1,444,456,113.84	17.24
Sinotrans Eastern Company Limited	Subsidiary	423,469,028.92	5.05
Sinotrans Central China Co., Ltd.	Subsidiary	293,165,593.15	3.50
Sinotrans Logistics Development Co., Ltd.	Subsidiary	263,357,219.59	3.14
Sinotrans Fujian Co., Ltd.	Subsidiary	172,626,609.03	2.06
Sinotrans Changjiang Co., Ltd.	Subsidiary	169,266,688.95	2.02
Sinotrans Northeast China Co., Ltd.	Subsidiary	150,000,000.00	1.79
Sinotrans Logistics Investment Holding Co., Ltd.	Subsidiary	132,283,430.82	1.58
Ningbo Meishan Bonded Port Area Sinotrans International Logistics Co., Ltd.	Subsidiary	130,507,814.21	1.56
Sinotrans Guangxi Co., Ltd.	Subsidiary	110,195,250.58	1.32
Sinotrans Land Bridge Transportation Co., Ltd.	Subsidiary	84,681,795.65	1.01
Shenzhen Sinotrans Logistics Co., Ltd.	Subsidiary	80,137,561.33	0.96
Sinotrans Heavy-lift Logistics Co., Ltd.	Subsidiary	78,826,695.83	0.94
Chongqing Sinotrans Logistics Co., Ltd.	Subsidiary	62,814,900.00	0.75
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,660,000.00	0.68
Sinotrans Cold Chain Logistics Co., Ltd.	Subsidiary	52,228,463.30	0.62
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,900,000.00	0.49
SINOTRANS&CSC	Controlled by the same ultimate controlling party	40,000,000.00	0.48
Sinotrans Chemical International Logistics Co., Ltd.	Subsidiary	23,569,347.27	0.28
Shanghai Sinotrans Cold Chain Transportation Co., Ltd.	Subsidiary	20,000,000.00	0.24
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Subsidiary	20,000,000.00	0.24
Others	—	114,879,928.81	1.37
Total	—	8,282,878,921.15	98.87

9) The Company has no other receivables transferred from financial assets to derecognition.

10) The Company has no other receivables to transfer, such as securitization and factoring of other receivables as the subject matter, and continues to be involved in the formation of assets and liabilities.

11) The Company has no prepayments transferred to other receivables.

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Notes to the Financial Statements

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. LONG-TERM RECEIVABLES

Item	Closing balance			Opening balance			Discount rate range at the end of the year
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount	
Related party loan	1,599,395,501.60	-	1,599,395,501.60	1,395,344,773.34	-	1,395,344,773.34	1.2%, 12.5%
Total	1,599,395,501.60	-	1,599,395,501.60	1,395,344,773.34	-	1,395,344,773.34	—

Note 1: As of 31 December 2020, the Company's long-term receivables amounted to RMB1,843,402,674.07, of which long-term receivables due within one year amounted to RMB244,007,172.47. The Company's long-term receivables included entrusted loans to subsidiaries of RMB1,770,732,674.07 and loans to Suzhou Logistics Center, a joint venture of the Company, of RMB42,750,000.00 and loans to Shanghai Pu'an of RMB29,920,000.00, of which long-term receivables due within one year amounted to RMB231,922,172.47, RMB7,125,000.00 and RMB4,960,000.00, respectively. For details of the loans to joint ventures, please refer to Note IX.11.

6. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Increase of the year	Decrease of the year	Other increase (decrease)	Effects of changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investment in subsidiary	17,533,006,382.49	1,076,429,753.74	-	-	-	-	18,609,436,136.23
Investment in joint venture	420,206,520.63	36,970,847.89	8,922,943.27	-1,321,488.62	-	-	446,932,936.63
Investment in associate	282,640,543.33	75,094,946.03	9,475,000.00	-8,122,321.98	-	-	340,138,167.38
Subtotal	18,235,853,446.45	1,188,495,547.66	18,397,943.27	-9,443,810.60	-	-	19,396,507,240.24
Less: impairment provision of long-term equity investments	-	-	-	-	-	-	-
Total	18,235,853,446.45	1,188,495,547.66	18,397,943.27	-9,443,810.60	-	-	19,396,507,240.24

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VII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Details of long-term equity investments

1) Investment in subsidiaries

Invested Company	Opening balance	Increase of the year	Decrease of the year	Closing balance	Impairment provision for the year	Year-end impairment provision
Sinotrans Air Transport Development Co., Ltd.	8,297,884,810.19	-	-	8,297,884,810.19	-	-
Sinotrans Logistics Co., Ltd.	3,749,751,354.67	985,500,000.00	-	4,735,251,354.67	-	-
Sinotrans South China Co., Ltd.	1,272,219,038.71	-	-	1,272,219,038.71	-	-
Sinotrans Eastern Co., Ltd.	1,079,345,218.38	-	-	1,079,345,218.38	-	-
Sinotrans Changjiang Co., Ltd.	791,516,900.00	-	-	791,516,900.00	-	-
Sinotrans Central China Co., Ltd.	629,117,947.59	-	-	629,117,947.59	-	-
Wide Shine Development Limited	430,372,292.05	-	-	430,372,292.05	-	-
Trade Sky International Limited	341,057,315.76	-	-	341,057,315.76	-	-
Sinotrans Fujian Co., Ltd.	200,932,169.33	-	-	200,932,169.33	-	-
Sinotrans Northeast Co. Ltd	44,070,246.26	90,929,753.74	-	135,000,000.00	-	-
Sinotrans North China Co., Ltd.	134,456,656.87	-	-	134,456,656.87	-	-
Sinotrans Heavy-lift Logistics Co., Ltd.	134,428,500.00	-	-	134,428,500.00	-	-
Sinotrans Hubei Co., Ltd.	121,144,778.00	-	-	121,144,778.00	-	-
Sinotrans Innovation Technology Co., Ltd.	100,000,000.00	-	-	100,000,000.00	-	-
Sinotrans Logistics Investment Holding Co., Ltd.	97,238,088.71	-	-	97,238,088.71	-	-
Shandong Sinotrans Asia-Europe Internet of Things Operation Co., Ltd.	30,600,000.00	-	-	30,600,000.00	-	-
Others	78,871,065.97	-	-	78,871,065.97	-	-
Total	17,533,006,382.49	1,076,429,753.74	-	18,609,436,136.23	-	-

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Details of long-term equity investment (Continued)

2) Investments in associates and joint ventures

Invested Company	Investment costs	Opening balance	Additional investment	Negative investment	Gains or losses recognized on investments under the equity method	Change in the current year				Effect of translation of foreign currency statements	Closing balance	Impairment provision closing balance
						Adjustments to other comprehensive income	Other equity change	Declaration of cash dividends and profit	Impairment provision			
Joint ventures	430,179,118.65	420,206,520.63	-	-	36,970,847.89	-	-	-8,922,943.27	-	-1,321,488.62	446,932,936.63	-
Wuhu Sanstan Port Co., Ltd.	140,000,000.00	131,197,382.31	-	-	7,354,551.15	-	-	-	-	-	138,551,913.46	-
Sinotrans Suzhou Logistics Centre Co., Ltd.	97,898,300.00	90,780,776.20	-	-	1,169,296.14	-	-	-	-	-	91,950,072.34	-
Nissin-Sinotrans International Logistics Co., Ltd.	55,518,961.25	63,194,512.03	-	-	9,413,905.30	-	-5,000,000.00	-	-	-	67,608,417.33	-
Sinotrans Pfeiffer Cold Chain Logistics Co., Ltd.	90,000,000.00	49,469,563.64	-	-	2,134,889.89	-	-	-	-	-	51,604,453.53	-
Shanghai Tongyun International Logistics Co., Ltd.	16,068,835.00	32,654,106.41	-	-	1,335,249.12	-	-408,163.27	-	-	-	33,581,192.26	-
Sinotrans Logistics (Pakistan) (Pvt.) Ltd.	1,457,004.00	9,820,247.11	-	-	8,005,094.64	-	-	-	-	-	17,825,341.75	-
Shanghai Lianhe Cold Chain Logistics Co., Ltd.	15,000,000.00	13,824,407.19	-	-	1,631,100.12	-	-	-	-	-	15,455,507.31	-
Others	14,246,018.40	9,265,545.74	-	-	5,926,761.53	-	-3,514,780.00	-	-	-1,321,488.62	10,356,038.65	-
Associates	158,807,867.00	282,640,543.33	-	-	75,094,946.03	-	-9,475,000.00	-	-	-8,122,321.98	340,138,167.38	-
Shanghai Puan Storage Co., Ltd.	78,173,640.00	76,293,861.28	-	-	347,463.52	-	-	-	-	-	76,641,324.80	-
Ma'anistanTianshun Port Co., Ltd.	21,000,000.00	28,981,796.79	-	-	3,041,791.87	-	-700,000.00	-	-	-	31,323,588.66	-
China International Exhibition Transportation Co., Ltd.	315,227.00	8,263,812.64	-	-	-141,490.66	-	-	-	-	-8,122,321.98	-	-
Jiangsu Jiangyin Port Group Co., Ltd.	59,319,000.00	169,101,072.62	-	-	71,847,181.30	-	-8,775,000.00	-	-	-	232,173,253.92	-
Total	588,986,985.65	702,847,063.96	-	-	112,065,793.92	-	-18,397,943.27	-	-	-9,443,810.60	787,071,104.01	-

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

- (3) No impairment provision for long-term equity investment during the year
- (4) There were no cases related to restrictions on the ability to transfer funds to investment enterprises during the year

7. LONG-TERM BORROWINGS

Type of Borrowing	Closing balance	Opening balance	Year-end interest rate range (%)
Credit loans	109,750,000.00	616,875,000.00	1.20
Total	109,750,000.00	616,875,000.00	—
Less: Long-term loans due within one year	—	500,000,000.00	—
Including: Credit loans	—	500,000,000.00	—
Long-term borrowings due more than one year	109,750,000.00	116,875,000.00	—

- (1) There were no long-term borrowings overdue at the end of the year.

(2) The top five long-term borrowings at the end of the year

Name of entity	Start date of the borrowing	Termination of borrowing	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	RMB	Foreign currency	RMB
Agricultural Development Bank of China	2016-8-10	2026-8-10	RMB	1.20	-	42,750,000.00	-	42,750,000.00
Agricultural Development Bank of China	2015-11-20	2034-11-17	RMB	1.20	-	40,000,000.00	-	40,000,000.00
Agricultural Development Bank of China	2016-2-29	2033-2-28	RMB	1.20	-	27,000,000.00	-	27,000,000.00

- (3) No rollover of long-term borrowings at the end of the year.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

8. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2016 corporate bonds (phase I) – RMB2,000M	–	2,052,367,210.99
2016 corporate bonds (phase II) – RMB1,500M	–	1,367,119,232.80
Total	–	3,419,486,443.79

Note 1: See note IX. 37 for details of bonds payable of the Company.

(2) The maturity dates of bonds payable are analysed as follows:

Item	Closing balance	Opening balance
1 to 2 years	–	3,419,486,443.79
Total	–	3,419,486,443.79

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

8. BONDS PAYABLE (CONTINUED)

(3) Statement of changes in bonds payable

Name of bonds	Face value	Date of issue	Bond term	Amount issued	Opening balance	Effects of changes in the scope of consolidation	Interest accrued by face value	Premium or discount amortisation	Repayments and interest payments during the year	Effects from translation of foreign currency statements	Closing balance	Amounts in closing balances classified to non-current liabilities due within one year
2016 corporate bonds (phase I) - RMB2,000M	2,000,000,000.00	2016-3-2	5 years	2,000,000,000.00	2,652,367,210.99	-	64,000,000.00	800,000.01	64,000,000.00	-	2,053,672,110.00	2,053,672,110.00
2016 corporate bonds (phase II) - RMB1,500M	1,500,000,000.00	2016-8-24	5 years	1,500,000,000.00	1,367,119,232.80	-	49,950,000.01	450,000.01	49,950,000.00	-	1,367,559,232.82	1,367,559,232.82
Total	3,500,000,000.00	-	-	3,500,000,000.00	3,419,486,443.79	-	113,950,000.01	1,250,000.02	113,950,000.00	-	3,421,736,443.82	3,421,736,443.82

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

9. CAPITAL RESERVE

2020

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
I. Share capital premium	10,764,553,016.02	-	-	10,764,553,016.02
1. Capital invested by investors	10,845,010,221.40	-	-	10,845,010,221.40
2. Others	-80,457,205.38	-	-	-80,457,205.38
II. Other capital reserves	-544,469.65	-	-	-544,469.65
1. Others	-544,469.65	-	-	-544,469.65
Total	10,764,008,546.37	-	-	10,764,008,546.37
Including: Exclusively state-owned exclusive capital reserves	-	-	-	-

2019

Item	Opening balance	Increase in the year	Decrease in the year	Closing balance
I. Share capital premium	5,114,068,361.96	5,730,941,859.44	80,457,205.38	10,764,553,016.02
1. Capital invested by investors	5,114,068,361.96	5,730,941,859.44	-	10,845,010,221.40
2. Others	-	-	80,457,205.38	-80,457,205.38
II. Other capital reserves	-544,469.65	-	-	-544,469.65
1. Others	-544,469.65	-	-	-544,469.65
Total	5,113,523,892.31	5,730,941,859.44	80,457,205.38	10,764,008,546.37
Including: Exclusively state-owned exclusive capital reserves	-	-	-	-

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. RETAINED EARNINGS

Item	Current year	Prior year
Closing balance of the prior year	1,719,921,892.00	1,920,223,092.41
Add: Adjustments of retained earnings at the beginning of the year	-	-23,003,108.98
Including: Change in accounting policy	-	-23,003,108.98
Opening balance	1,719,921,892.00	1,897,219,983.43
Increase of the year	1,984,386,877.76	872,007,124.80
Including: Net profit for the year	1,984,386,877.76	872,007,124.80
Decrease of the year	1,088,782,285.86	1,049,305,216.23
Including: Appropriation to the statutory reserve funds during the year	198,438,687.78	87,200,712.48
Distributed profits	888,096,465.00	962,104,503.75
Others	2,247,133.08	-
Closing balance of current year	2,615,526,483.90	1,719,921,892.00

11. OPERATING INCOME

Item	Current year		Prior year	
	Income	Cost	Income	Cost
Forwarding and related	1,476,414,451.55	1,349,487,474.61	-	-
Logistics	1,199,627,034.56	999,356,684.13	2,245,250,205.67	1,898,168,727.92
Total	2,676,041,486.11	2,348,844,158.74	2,245,250,205.67	1,898,168,727.92

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. OPERATING INCOME (CONTINUED)

- (1) At the end of the year, the transaction prices apportioned to the consideration received or receivable from customers but for which performance obligations have not yet been fulfilled (or partially fulfilled) and the expected timing of recognition as income are:

Item	Within 1 year	1-2 years	2-3 years	Over 3 years	Total
Logistics	21,398,726.09	-	-	-	21,398,726.09

- (2) Operating income by point of recognition

2020

Item	Forwarding and related	Logistics	E-commerce
Operating income	—	—	—
Including: Confirmation at a point in time	1,476,414,451.55	1,199,627,034.56	-
Confirmation within a certain time period	-	-	-
Rental income	-	-	-
Total	1,476,414,451.55	1,199,627,034.56	-

2019

Item	Forwarding and related	Logistics	E-commerce
Operating income	—	—	—
Including: Confirmation at a point in time	-	2,245,250,205.67	-
Confirmation within a certain time period	-	-	-
Rental income	-	-	-
Total	-	2,245,250,205.67	-

- (3) Amount of income adjusted in the current year for performance obligations that have been fulfilled (or partially fulfilled) in the prior year was RMB0.00.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

12. FINANCE COSTS

Item	Current year	Prior year
Interest expenses	218,151,681.02	286,047,476.73
Including: Bank and other borrowings	73,387,736.70	124,039,032.19
Bond interests	115,200,000.03	131,793,633.44
Expense of lease liabilities	29,563,944.29	30,214,811.10
Less: Capitalised interest costs	-	-
Less: Interest income	267,876,446.72	266,607,689.45
Net foreign exchange losses (net gains expressed with “-”)	96,078,192.31	-23,490,882.03
Others	2,320,168.49	3,623,898.46
Total	48,673,595.10	-427,196.29

13. INVESTMENT INCOME

Item	Current year	Prior year
Income from long-term equity investments accounted for under the cost method	2,071,938,257.11	893,536,878.71
Income from long-term equity investments accounted for under the equity method	112,065,793.92	57,309,117.59
Investment income from held-for-trading financial assets during the holding period	-	118,290.30
Investment income from disposal of held-for-trading financial assets	338,607.47	-
Investment income from other non-current financial assets during the holding period	130,370.03	10,000,000.00
Income from derecognition of financial assets at amortised cost	-4,858,415.41	-14,526,454.50
Total	2,179,614,613.12	946,437,832.10

Note 1: The Group has no significant restrictions on the repatriation of investment income.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

14. SUPPLEMENTARY INFORMATION OF THE STATEMENT OF CASH FLOW OF THE COMPANY

Item	Current year	Prior year
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	1,984,386,877.76	872,007,124.80
Add: Impairment of assets	-	-
Credit impairment losses	-6,604,963.63	-8,748,187.28
Depreciation of fixed assets and investment properties	12,262,977.49	10,621,044.51
Depreciation of right-of-use assets	25,996,943.43	25,788,972.50
Amortisation of intangible assets	35,091,305.20	28,952,087.42
Amortisation of long-term prepaid expenses	592,592.35	516,830.25
Losses from disposal of assets (gains denoted by "-")	-97,167.95	1,364,048.45
Losses from destroy and scrapping of non-current assets (gains denoted by "-")	15,222.82	35,685.07
Losses from changes in fair value (gains denoted by "-")	50,481,143.61	-
Financial cost (income denoted by "-")	260,147,012.89	271,399,834.95
Investment losses (income denoted by "-")	-2,179,614,613.12	-946,437,832.10
Decrease in deferred tax assets (increase denoted by "-")	-	-
Increase in deferred tax liabilities (decrease denoted by "-")	-	-
Decrease in inventories (increase denoted by "-")	-	-
Decrease in operating receivables (increase denoted by "-")	59,668,422.73	-398,270,715.01
Increase in operating payables (decrease denoted by "-")	-296,292,216.99	123,447,421.25
Net cash flows from operating activities	-53,966,463.41	-19,323,685.19
2. Major investing and financing activities not involving cash receipts and payments:		
Conversion of debts into capital	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets under finance lease	-	-
Transfer of the balance of prior annual wage differentials to the national capital	-	-
3. Net changes in cash and cash equivalents:		
Closing balance of cash	4,616,395,728.34	4,072,964,005.08
Less: Opening balance of cash	4,072,964,005.08	2,232,379,636.67
Add: Adjustment to the classification of the provision for client settlements at the beginning of the year	-	-
Net increase in cash and cash equivalents	543,431,723.26	1,840,584,368.41

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII.SUPPLEMENTARY INFORMATION

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR

In accordance with the *Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-operating Profit or Loss (2008)* issued by the China Securities Regulatory Commission, the Company's non-recurring profit or loss for 2020 are as follows:

Item	Current year	Prior year	Description
Profit or loss on the disposal of non-current assets	36,872,665.25	203,048,696.02	—
Tax returns and reliefs that are approved beyond authority, have no official approval document or occasional	—	—	—
Government grants included in current profit or loss	317,362,769.02	269,249,478.94	—
Capital occupancy fees from non-financial enterprises included in current profit or loss	4,696,765.71	11,513,523.89	—
Income from the fair value of identifiable net assets of invested entities when the investment cost of the enterprise for the acquisition of subsidiaries, associates and joint ventures is less than the investment obtained	—	43,242,304.47	—
Profit or loss from exchange of non-monetary assets	—	—	—
Profit or loss on entrusting others to invest or manage assets	—	—	—
Asset impairment provision due to force majeure factors such as natural disasters	—	—	—
Profit or loss from debt restructuring	-912,478.58	15,487,084.02	—
Enterprise restructuring costs	—	—	—
Profit or loss in excess of fair value arising from transactions with materially unfair transaction prices	—	—	—
Current net profit or loss of subsidiaries from the business combination under common control from the beginning of the year to the date of acquisition	767,861.96	—	—
Profit or loss arising from contingencies irrelevant to the normal business operations of the company	—	—	—

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII.SUPPLEMENTARY INFORMATION (CONTINUED)

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR (CONTINUED)

Item	Current year	Prior year	Description
In addition to the effective hedging business related to the normal business operations of the company, profit or loss from changes in fair value of financial assets at fair value through profit or loss and financial liabilities measured at fair value through profit or loss, and income from investments from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss	-20,301,938.07	20,186,939.33	—
Reversal of provision for impairment of receivables subject to separate impairment tests	4,151,524.79	20,095,517.46	—
Profit or loss from external entrusted loans	-	-	—
Profit or loss from changes in fair value of investment properties subsequently measured using the fair value model	-	-	—
Effects of one-time adjustment to current profit or loss on current profit or loss according to tax and accounting and other laws and regulations	-	-	—
Trusteeship fee income from entrusted operations	39,150,943.40	25,471,698.11	—
Other non-operating income and expenses other than the above	96,064,534.33	-122,254,654.08	—
Other profit or loss meeting the definition of non-recurring profit or loss	60,020,588.34	318,572,149.70	Note 1
Subtotal	537,873,236.15	804,612,737.86	—
Income tax effects	-125,289,569.51	-67,515,400.08	—
Effects of non-controlling interests (after tax)	-12,528,926.86	-6,052,715.61	—
Total	400,054,739.78	731,044,622.17	—

Note 1: Other items of profit or loss that meet the definition of non-operating profit or loss are mainly the value added tax additional deduction obtained by the Group during the year.

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Notes to the Financial Statements

For the Year ended 31 December 2020

(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. SUPPLEMENTARY INFORMATION (CONTINUED)

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with the *Explanatory Announcement No. 9 on Information Disclosure for Companies Offering Securities to the Public – Calculation and Disclosure of Return on Net Assets and Earnings per Share (as amended in 2010)* issued by CSRC, the weighted average return on net assets, basic earnings per share and diluted earnings per share of the Group for 2020 are as follows:

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to shareholders of the Company	9.35	0.37	0.37
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	7.99	0.32	0.32

XIX. OTHER SIGNIFICANT EVENTS

The Group has no other significant events to disclose during the year.

XX. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for the year 2020 have been approved for presentation by the Board of Directors of the Company on 30 March 2021.

Chapter 13

Documents Available for Check

Documents Available for Check The financial statements of the Company stamped and signed by the Legal Representative, the officer in charge of the accounting and the chief of the auditor.

Original copy of the auditor's report sealed by the auditor, and signed and sealed by the certified public accountants.

Original copies of all documents and announcements of the Company disclosed on the newspapers designated by the China Securities Regulatory Commission during the reporting period.

Chairman: Li Guanpeng
Submission date for Board approval: 30 March 2021

Revision History

Applicable Not applicable



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