



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 0598HK 601598SH

CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

INTERIM REPORT 2021



SINOTRANS



Important Notice

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

- Absent Directors

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

- The Interim Report is unaudited.
- 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 Interim Report are true, accurate and complete.
- Proposal for profit distribution or proposal for conversion of common reserve fund into share capital during the Reporting Period considered by the Board

No

- 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.

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

No

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

No

- Whether more than half of the directors of the Company cannot guarantee the truthfulness, accuracy and completeness of the Interim Report

No

- Significant risk alert

The Company has described the potential risks in detail in this Report. Please refer to "Chapter 3 Management Discussion and Analysis – V. OTHER DISCLOSURES – (III) Potential Risks" in this Report.

- Others

✓Applicable Not applicable

The Company's 2021 interim 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 Simplified Chinese, Traditional Chinese and English. In case of any discrepancy, the Simplified 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

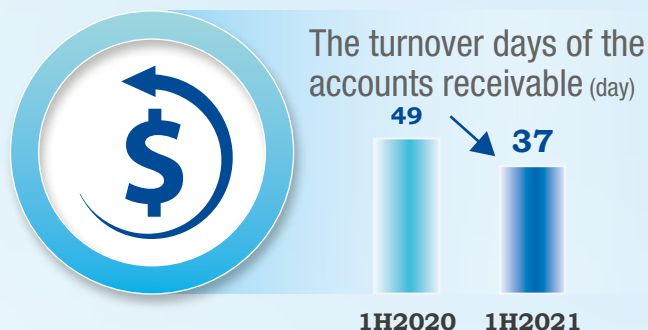
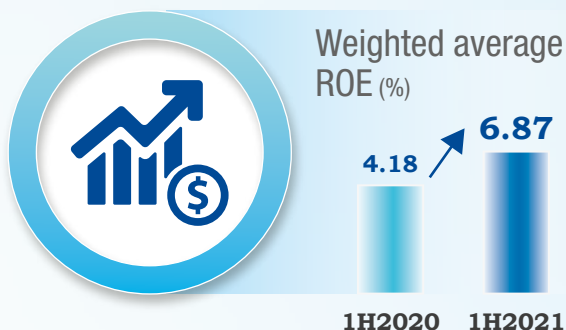
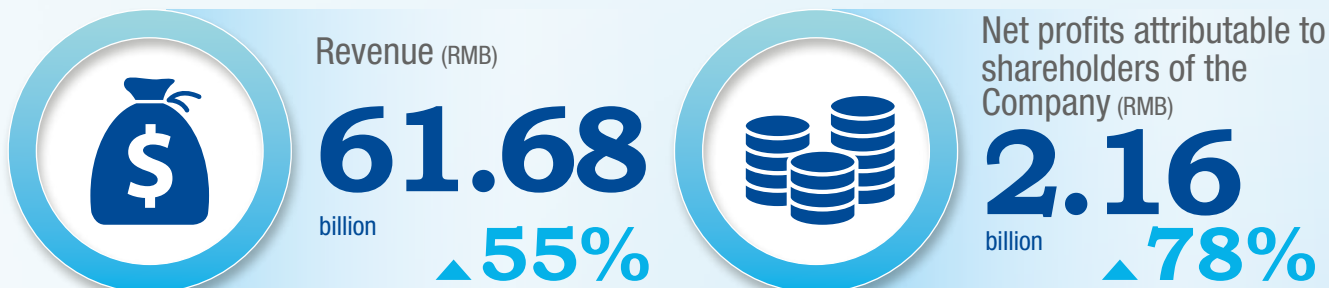
CONTENTS



Highlights of the First Half of 2021	4
Chapter 1 Definitions	5
Chapter 2 General Information and Key Financial Indicators	7
Chapter 3 Management Discussion and Analysis	11
Chapter 4 Corporate Governance	43
Chapter 5 Environment and Social Responsibility	48
Chapter 6 Significant Matters	52
Chapter 7 Changes of Shares and Particulars of Shareholders	61
Chapter 8 Particulars of Preferred Shares	67
Chapter 9 Particulars of Bonds	68
Chapter 10 Financial Report	73

Documents Available for Check Financial statements signed and sealed by legal representative, chief financial officer and the person in charge of the Financial Department.
Original copies of all documents and announcements of the Company which have been disclosed to the public on the newspapers designated by the CSRC and the website of the SSE during the Reporting Period.
The 2021 Interim Report disclosed on the website of SEHK.

Highlights of the First Half of 2021



Air Channel

1,185 chartered flights

460 thousand tons **▲80%**

Revenue of air freight forwarding **▲23%**

Revenue of cross-border e-commerce logistics **▲190%**



Sea Freight Forwarding

Revenue **▲65%**

Segment Profit **▲44%**



Railway Freight Forwarding

Revenue **▲84%**

Segment Profit **▲66%**



Contract logistics

Revenue **▲18%**

Segment Profit **▲14%**

Segment profit = operating profit - investment income from joint ventures and associates

Chapter 1 Definitions

In this Report, unless the context otherwise indicates, the following terms 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, who 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
Group	The Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong
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\$

Chapter 1

Definitions

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
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
Model Code	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the SEHK Listing Rules
PRC	the People's Republic of China
Reporting Period	the period from 1 January 2021 to 30 June 2021
RMB	Renminbi, the lawful currency of the PRC
SEHK Listing Rules	Rules Governing the Listing of Securities on the SEHK
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 and aggregately holds 36.01% of the issued share capital of the Company at the date of this Report
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 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/ Company Secretary	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
Historical changes of Registered address of the Company	Nil
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 newspapers selected by the Company	China Securities Journal, Securities Times
Website for publishing the Interim Report designated by CSRC	www.sse.com.cn
Website for publishing the Interim Report designated by SEHK	www.hkex.com.hk
Location for Interim Report stock	10/F, Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China

Chapter 2

General 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

Applicable Not applicable

Public certified accountants engaged by the Company	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
Compliance legal counsel engaged by the Company (domestic)	Name	Beijing DeHeng Law Offices
	Office address	12/F, Tower B, Focus Place, 19 Finance Street, Xicheng 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
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
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

Chapter 2

General Information and Key Financial Indicators

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

IX. NON-RECURRING GAINS AND LOSSES ITEMS AND AMOUNTS

Applicable Not applicable

Non-recurring gains and losses items	Unit: Yuan Currency: RMB	
	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	56,416,309.96	
Tax returns and abatement that are examined and approved beyond authority, or without official approval documents or occasional		
Government subsidies recognized in current profits or losses, 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	127,744,862.90	
Capital occupation fees charged from the non-financial enterprises and counted into the current profits or losses of the Company	2,003,925.47	
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		
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		
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 profits or losses of subsidiaries from the merger of enterprise under common control from the beginning of the period to the date of the merger		
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	169,513,984.41	
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	35,193,514.83	
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		
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	7,075,471.70	
Other non-operating income and expenses other than the above items	-13,291,824.49	
Other gains and losses classified to non-recurring profits or losses	34,143,432.64	Additional VAT deduction
Impact on non-controlling interests	-5,517,706.09	
Impact on income tax	-86,962,532.64	
Total	326,319,438.69	

X. OTHERS

Applicable Not applicable

Chapter 3 Management Discussion and Analysis

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

(I) Principal Businesses and Business Model of the Company

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 niche markets 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 digitalized and smart logistics enterprise.

1. Logistics

Based on the different demands of customers, Sinotrans provides tailor-made integrated logistics solutions covering the entire value chain of customers, 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, distribution 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 managed 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 buyers 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 trains. 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 countries and regions around the world, especially the ones along the “Road and Belt” 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 3

Management Discussion and Analysis

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 general packaged chemicals. The Company has a set of integrated service system for warehousing, transportation (including liquid tank container), freight forwarding, multimodal transport and bonded logistics, and forms a whole-network layout focusing on East China, North China and Southwest regions, and synergizing public resources in Northeast 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 regulations.

Cold chain logistics mainly provides service to customers in brand catering, retailing and supermarkets, food processing and circulation industry, and import and export trade. We can provide one-stop end-to-end service including integrated storage, trunk-line transportation and distribution in cold chain service, as well as international cold-chain supply chain. The Company has established national cold chain logistics network, and has strong overall solution service ability of warehousing, trunk line 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 facilities. The cold chain industry is driven by consumption upgrade and technological improvement, and is 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", letting the solution lead the whole process, focusing on selected target industries, to 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 space booking, arranging transportation, container delivery, container loading, storage, port concentration and dispatch, 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 between major ports in China and all the trading countries and regions.

Chapter 3 Management Discussion and Analysis

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. Leveraging the air transportation channel, Sinotrans operated 15 routine routes and controlled overseas access, to facilitate the capability 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, self-operated cross-border railway express platform of the Company covers over 40 routes (including 13 routine weekly routes) from Changsha, Dongguan, Shenzhen, Shenyang, Xinxiang, Weihai, Xi'an and other places, dispatched over 5,200 trips in total.

In terms of **shipping agency**, Sinotrans is a leading shipping agency service provider in China, with branches in more than 70 ports along the coast of China and the Yangtze River. Sinotrans also has 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 rate, China's port container throughput volume, air cargo and mail volume and balance between supply and demand.

Forwarding and related business is the cornerstone of business development, it will closely stick to the customers' demand, emphasize on customer-driven, 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.

Chapter 3

Management Discussion and Analysis

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 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, 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 logistics equipment leasing service, including containers and mobile cold containers, tracking and monitoring services.

The e-commerce business of the Company aims at turning into platform and building ecology system. The Company 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 digitalized 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 industrial chain, and form a "four streams into one" platform ecosystem.

(II) Industry Development

1. *The global economy gradually recovered and China's economy sustained a steady growth momentum*

In the first half of 2021, the global economy was gradually recovering from the depression in 2020. The global economic growth will reach 5.6% in 2021 according to the World Bank's latest forecast. The economy of China showed a stable and sound growth momentum. The gross domestic product (GDP) stood at RMB53.22 trillion, representing a year-on-year increase of 12.7% and an average increase of 5.3% over the past two years. China's foreign trade imports and exports value totaled RMB18.07 trillion, representing a year-on-year increase of 27.1%, of which, exports amounted to RMB9.85 trillion, representing a year-on-year increase of 28.1%; and imports volume amounted to RMB8.22 trillion, representing a year-on-year increase of 25.9%. From the perspective of trading partners, the bilateral trade volume between China and the top three trading partners, i.e., ASEAN, the EU and the United States were RMB2.66 trillion, RMB2.52 trillion and RMB2.21 trillion, respectively, representing a year-on-year increase of 27.8%, 26.7% and 34.6%, respectively, and accounting for 14.7%, 13.9% and 12.2% of China's total foreign trade value.

Chapter 3 Management Discussion and Analysis

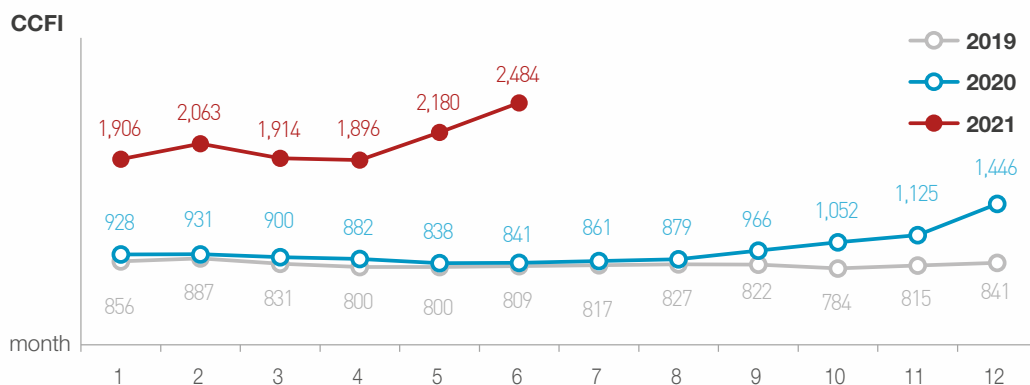
2. *China's logistics operated in a stable and positive manner with an increasing demand*

In the first half of 2021, the logistics market of China expanded strongly, where the logistics activities were still booming and the industry prosperity index remained at a high level, showing a broadly stable trend. The logistics demand increased steadily with stronger emerging momentum, and the logistics services supply maintained a moderate position with a continuously increasing market size. Meanwhile, the development trend of industry fragmentation, industry integration, platform competition and digital transformation became apparent. In the first half of 2021, the total value of China's social logistics reached RMB150.9 trillion, representing a year-on-year increase of 15.7% in terms of comparable prices (-0.5% in the corresponding period of last year) and an average increase of 7.3% over the past two years. The total revenue of the logistics industry amounted to RMB5.7 trillion, representing a year-on-year increase of 22.8% and an average increase of 9.3% over the past two years, which is higher than the corresponding period of 2019 and indicates the logistics supply has further improved. The Logistics Industry Prosperity Index was in a higher range and averaged 54.5%.

3. *The shipping capacity continued to be in short supply and the freight index hit a new high*

In the first half of 2021, port efficiency declined as affected by the continuous spread of the COVID-19 pandemic (the "Pandemic") and the canal congestion. According to statistics from Shanghai Shipping Exchange, the complex punctuality rate of major global shipping routes hit historical low, and dropped to 23.34% in June 2021. Meanwhile, with the gradual recovery of the global economy, transportation demand rebounded sharply year-on-year. As a result, the shipping capacity market was extremely off balance, and the freight rates were maintained at a high level and are expected to continue until 2022.

China's export container shipping market continued to perform strongly with continuous rising freight rates in the sea freight market. China's export container freight index ("CCFI") rose to 2,483.60 points in June 2021 (the recent trends are shown in the following figure). From January to June 2021, China's container port throughput was 138.18 million TEUs, representing a year-on-year increase of 15.0%.



Chapter 3

Management Discussion and Analysis

4. The global freight demand recorded a robust growth and the air freight market was short of capacity supply

Affected by the Pandemic, combined with the strong demand for export e-commerce, the global air freight forwarding business has maintained an active market. According to statistics from the International Air Transport Association (IATA), in the first half of 2021, the global air cargo demand recorded a growth of 8% as compared to the corresponding period of 2019. In June 2021, the global air cargo demand was 9.9% higher as compared to June 2019. In terms of growth speed, North America airlines increased by 5.9%, Middle East airlines increased by 2.1%, and European airlines increased by 1.6%. IATA predicts the total global air cargo volume is expected to reach 63.10 million tons in 2021, basically flat with the peak before the Pandemic in 2018.

According to statistics from the Civil Aviation Administration of China, in the first half of 2021, the global air cargo market was seen a buoyant demand, posting an industry-wide cargo and mail transportation volume of 3.743 million tons, representing a year-on-year increase of 24.6% and an increase of 6.4% over the corresponding period of 2019. Among them, cargo aircraft transportation continued to maintain a rapid growth, posting cargo and mail transportation volume of 1.522 million tons, representing a significant increase of 44.2% over the corresponding period of 2019.

5. The international railway operation saw a rapid growth in scale and a steady improvement in quality

In the first half of 2021, the China Europe Railway Express gave full play to its unique advantages of international railway transport and undertook the demands transferred from sea and air transport. Due to the dual circulation strategy and the transportation of anti-Pandemic materials, the scale of railway operation realized a year-on-year increase. The China Europe Railway Express ran 7,377 trips and sent out 707 thousand TEUs, representing a year-on-year increase of 43% and 52% respectively, recording a new high and being the 14th consecutive month to maintain more than 1,000 trips. Meanwhile, the operation quality was also improved steadily, recording a comprehensive heavy container rate of 98%.

6. The market size of cross-border e-commerce increased rapidly and drove the demand for logistics to a continuous growth

In respect of the development of global cross-border e-commerce, the overall market size has maintained a rapid growth momentum and the global online shopping penetration rate has improved significantly to 65%. According to the reports of 100EC.cn, the cross-border e-commerce volume was approximately RMB10.5 trillion in 2019 and RMB12.5 trillion in 2020. With the increase in the number of cross-border e-commerce comprehensive experimental zones, the scale of the cross-border e-commerce market will further increase, and it is expected that the cross-border e-commerce value will reach RMB14.6 trillion in 2021. Thus, with the estimation of 20%, the scale of China's cross-border e-commerce logistics market is expected to reach RMB2.92 trillion in 2021.

Chapter 3 Management Discussion and Analysis

II. 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 special administrative areas in China. The Group has more than 10 million sq.m. of land resource in mainland China more than 4 million sq.m. of warehouses, over 2 million sq.m. of yards and 10 river terminals with more than 4,000 meters of coastal line, while also operates approximately 3 million sq.m. of rented warehouses. The self-owned overseas network of the Group covers 40 countries and regions with 65 self-owned business outlets worldwide. Meanwhile, the Group also implements industry-finance integration and 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 more than 70 years of deep cultivation and accumulation in the field of international freight forwarding and integrated logistics, the Company forms strong logistics operation, coordination and resource integration 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 manufacturing resources scattered around the world to 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 leaders in such industries 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.

Chapter 3

Management Discussion and Analysis

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 channels construction of sea, land, air, trucking and multimodal transport channels 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 the air transportation channel, Sinotrans adapts various measures including chartered planes and BSA (block space agreement), and makes full use of the synergistic advantages of heavy cargo of air freight forwarding and light cargo of e-commerce logistics to achieve the optimization of operational efficiency and profitability.

4. Leading Industry Position, Good Brand Image and Profound Brand Customers and Suppliers

With more than 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 among 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. Increasing Efforts in Innovative Technology and Digital Research & Development and Application to Promote Digital Transformation and Develop Smart Logistics

The Company continues to improve the core capabilities of innovative technology and digitalization, strengthens the promotion of technological innovation and digital research and development, and expands and deepens the development of smart logistics applications to realize empowerment in business and value creation through technological innovation and digitalization.

- 1) **Further improving technological innovation and digitalization capabilities.** The Company comprehensively implements the innovation and digitalization plan set out in the “14th Five-Year Plan”, promotes the integration of IT organizations and the convergence and optimization of digital resources to give full play to the intensive value of technological innovation and digital research and development and application, and strengthens the construction of talent teams with innovative technology and digital technology. As of the end of the Reporting Period, the Company’s technology research and development team consists of 646 persons.

Chapter 3 Management Discussion and Analysis

- 2) **Rapid progress in promoting technological innovation and digital research and development.** As of the end of the Reporting Period, the Company declared 91 new invention patents and 194 software copyrights; promoted the transformation of technologic achievements including container packing algorithm, IoT software and hardware, intelligent container detection, and visual recognition systems for receiving and delivering goods into product, focused on the digitalization of full-scenario and full-chain logistics and initiated the research and development of a new batch of innovative application solutions, and all have achieved phased results. As of the end of the Reporting Period, the Company received 18 awards for innovation granted by the government of different levels (above the provincial and ministerial level) and organizations in the industry.
- 3) **Significant progress and results in expanding and deepening smart logistics application.** (1) The promotion of AI+RPA (artificial intelligence + robotic process automation) technology applications, which increased the number of new business automation processes by 10% from the beginning of the year; (2) the launch of smart mobile cold storage products, which began to gain high market recognition and 367 standard cold FEUs were leased in the first half of the year, representing a year-on-year increase of more than 25 times; (3) the technology optimization and upgrading and the promotion of integrated applications of the cross-border e-commerce export platform, which provided a strong support to the rapid growth of the relevant business income; (4) the application of SDCC, an independently developed trucking management information platform of the Company, which facilitated the launch and application of 732 projects during the Reporting Period; and (5) the significant improvement of service capacity of the Y2T online platform, which resulted in a revenue increase by 187% in the first half of the year from the corresponding period of last year.

III. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) Overall operations during the Reporting Period

In the first half of 2021, the global economy and trade experienced gradual recovery, among which, the recovery of Chinese economy was in the leading position. In the first half of 2021, the GDP of China was RMB53.22 trillion, representing a year-on-year growth of 12.7%, the aggregate value of foreign trade of China was RMB18.07 trillion, increased by 27.1% as compared with the corresponding period of last year, showing strong trade development resilience. As for the logistics market, the container throughput of ports in China increased by 15% year-on-year; the cargo volume of foreign trade increased by 9.2% year-on-year. The operational efficiency of ships and containers was affected by the Pandemic, the container shipping market was in the situation of high level freight, and lack of capacity supply, which brought challenges to the smooth operation of supply chain. In the meanwhile, influenced by the Pandemic in the different countries and regions, the supply of international air transportation capacity was not sufficient, the total capacity supply was 11% lower than the pre-Pandemic situation; but the demand was strong in the market, the cargo volume already reached the pre-Pandemic situation, the freight level stabilized and rebound.

Chapter 3

Management Discussion and Analysis

Facing the macro and the new industrial situation, Sinotrans focused on the core of “5 channels+1 platform+ product divisions”, seized the market opportunities, speeded up in constructing the layout of whole-network operation, effectively improved the whole supply chain operation capability, and realized jointly increase in both operation quality and profitability. In the first half of 2021, the revenue of Sinotrans reached RMB61.68 billion, increased by 55% year-on-year; the net profit attributable to shareholders of the Company was RMB2.16 billion, increased by 78% year-on-year. The reason for such increase mainly was that the performance of air transportation channel, sea freight forwarding and contract logistics experienced growth, and the investment income from joint ventures and associates saw a great increase during the Reporting Period. The turnover days of the accounts receivable was 37 days, 12.1 days faster than the first half of 2020, and the interest-bearing debt ratio gradually decreased, thus the capability of financial management and control further improved.

1. Enhanced high quality operation

(1) Logistics

① **Consumer products and retail industry:** focusing on the clients’ all-channel demands and covering both online and offline operation, we further built our whole-network operation ability, which helped us to obtain more than 20 new clients. On one hand, to meet the online operation demands of the clients, we focused on the logistics solution of sharing storage for both to B and to C products; on the other hand, we fully brought out the advantage of whole-network operation to promote the self-developed trucking management information platform, SDCC, to business scenarios. For instance, through our Y2T platform and SDCC system, we are providing logistics service to certain client with nation-wide logistics demands, our service covers truck line transportation, city distribution, national wide product circulation and inventory management of more than 30 factories and nearly 20 warehouses of the client; and such service accomplished the service KPIs with no discrepancy. ② **Automobiles and industrial manufacture industry:** we extended the service up and down the industrial chain of existing clients. In the niche markets of tire manufacture, we built a whole industrial chain solutions covering the logistics scenarios of storage and trucking service for the up-stream material and final products, as well as the design of foldable tire pallet, and post-sale distribution. At the same time, considering the inbound logistics, we focused on the big scale clients and continued to push forward the cooperation with manufactories and spare parts manufactures. ③ **Chemical industry:** we expended the layout of key resources, continued to push forward the investment projects of logistics bases in Shanghai, Zhanjiang and Weihai. In the first half of 2021, the segment profit of chemical logistics increased 35% and profit rate increased.

(2) Forwarding and related business

Full-container-load (FCL) products, through the extension of service chain and additional services, the unit profit of FCL service increased. Through continue centralized purchasing of shipping capacities in South-Ease Asia line, the Middle East-India Pakistan line and the Europe-Mediterranean line, we improved the ability of shipping line products. **Less-container-load (LCL) products,** as the first national standardized product, “Sinotrans E-LCL” largely explored the LCL market in Eastern China market, adding 4 hubs, 4 satellite warehouses, and formed the domestic grid allocation of “19 hubs+ 34 satellite warehouses”. In the first half of 2021, “Sinotrans E-LCL” completed the business volume of 3.51 million cubic meters, increased by 71% year-on-year.

Chapter 3 Management Discussion and Analysis

Air transportation products, we continuously constructed the air channel, and added new controllable capacity. During the first half of 2021, we newly launched chartered plane routes like Hong Kong-Liège, Hong Kong-Riyadh-Dubai, Hong Kong-Addis Ababa-Sao Paulo, Weihai-Osaka, Guangzhou-Mexico, etc. During the Reporting Period, Sinotrans operated 15 routine routes, and launched aggregately 1,185 chartered flights. We also promoted the standardized full-chain products from major Chinese ports to Germany/Netherlands, east America/west America, we also developed full chain products for electronic goods to meet customers' demand and featured 39 airport-airport flight route products, 31 full-chain products/services and 39 standardized full-chain products.

Railway express products, Sinotrans operated 13 routine weekly freight train routes, opened international transfer channel in the cities including Shenyang, Weihai and Shenzhen, and developed sea-rail multi-model transportation products. The two routes of the Company, Shenyang – Suifenhe and Changsha – Eriqianliot, were included in the mapped routes, and became routine weekly routes. The Company actively formulated the concentration and distribution solutions, to circle the hubs. In the first half of 2021, the Company launched 841 international railway express trips, handling 97 thousand TEUs, respectively increased by 26% and 44% year-on-year.

(3) **E-commerce business**

Cross-border e-commerce logistics, while actively exploring sizeable direct e-commerce clients, the Company also developed 9710/9810 based export logistics service products for the middle and small size sellers. In the first half of 2021, the revenue and segment profit of cross-border e-commerce logistics increased by 190% and 104% respectively compared with the first half of 2020. **Logistics e-commerce platform (Y2T)**, the Company newly launched China-Japan-Korea and South East Asia products online, and newly linked 329 public logistics resource providers, increased 726 registered corporates, the daily page view (PV) increased to 72,000 times and the online service ability was largely enhanced. In the first half of 2021, the revenue of Y2T increased by 187%.

2. **Refined and enhanced overseas network and domestic resource allocation**

In terms of the overseas network allocation, in the first half of 2021, Sinotrans pushed forward the organization consolidation in Japan, South Korea and Australia, and established subsidiary in South Africa. The Company promoted the establishment of organizations in Western and Middle-east Europe with KLG as the core, and also continuously brought out the synergies between KLG and the existing business including cross-border e-commerce logistics and contract logistics. **In terms of domestic resource allocation**, the Company continuously followed the logistics resources in Beijing, Shanghai and Jiaying, and the projects like Taicang Logistics Park saw positive progress.

Chapter 3

Management Discussion and Analysis

3. *Focusing on application scenarios, empowering business development with smart logistics*

The Company focused on the application of digitalized scenarios, accelerated the intelligentization of logistics, and had positive progress in the fields of the promotion and application of logistics technology, data-driven business operations, business process and operation automation, and 4PL (fourth party logistics). In order to collaborate with the new trend of unmanned inbound operation of automobile manufacturing industry, the Company jointly performed trail of man-machine coordination solution with certain client in automobile industry. The Company also cooperated with sizeable clients in key industries regarding the creative solution of “incorporative logistics control tower of storage and distribution”, aiming at increasing the turnover of cargo, and lowering the logistics cost of clients, which gradually showed the effect on improving the client stickiness and market development. The visual-collection based algorithm was put into trail to detect the deformation of containers in yard operation of “Sinotrans E-LCL”, and the accuracy of container deformation inspection was over 99%. The Company developed 4PL solutions based on digital products of logistics control towers and successfully promoted the 4PL+3PL overall solution to sizable customers, which has further improved customers’ supply chain management capabilities and logistics operations capabilities.

(II) Business Highlights

1

Leveraging the advantage of controllable capacity to ensure the smooth operation of full air transportation chain

Sinotrans continued the construction of air transportation channel, and coordinated the existing capacity of both block space agreements and chartered planes, formulate fully visualized capacity network; and through the mixture of e-commerce light cargo and air freight forwarding heavy cargo, the Company optimized the loading rate, and continuously increased the competitive advantages in air transportation business. In the first half of 2021, Sinotrans operated 15 regular chartered flight routes, launched 1,067 regular flights and 118 temporary flights in total. Through the construction of air transportation route products, whole-chain products and standardized whole-chain products, the Company serviced clients of different demands, resulting in leap forward growth in business volume, revenue and profit. In the first half of 2021, the total business volume of air transportation channel of the Company was 460 thousand tones, representing a year-on-year growth of 80%, and the revenue and segment profit increased by 100% and 54% year-to-year, respectively.

2

Cultivated niche markets in contract logistics, promoted continuous business development by technology and solutions innovation

In the situation of stable recovery in domestic economy, the contract logistics of Sinotrans continued to develop and promote the nation-wide trucking system and performed smart logistics technology innovation regarding the actual demands of clients. We deeply cultivated niche market in contract logistics, improved the capability of solutions, extended the service chain, and realized breakthrough in niche markets like new energy automobiles and semiconductor. In the first half of 2021, the business volume, revenue and segment profit of contract logistics all realized double digits growth; the volume was 17.3 million tons, increased by 13% year-on-year, the revenue reached RMB9.02 billion, increased by 18% and the segment profit was RMB366 million, increased by 14%.

Chapter 3 Management Discussion and Analysis

3 *Optimized railway express operation, refined regular route operation*

In the first half of 2021, the freight train operation of the Company continued increasing trend and operated stably. The total number of freight trains launched was 841 with the volume of 97 thousand TEUs, a 44% increase in terms of container volume; among which, the volume of China-Europe Express train was 762, with the volume of 89 thousand TEUs, increased by 50% year-on-year. During the Reporting Period, the revenue from rail freight forwarding was RMB2.12 billion, increased by 84%, while the segment profit was RMB81 million, increased by 66%. The Company operated 13 routine routes, two of them were newly included in the mapped chart and the Company stably maintained operation of high frequency and high efficiency in selected routes in 2021.

4 *“Sinotrans E-LCL” carried on the product standardization construction, fully let out the growth potential of the product*

“Sinotrans E-LCL” continued to enrich the content of the products, developed export LCL service for the “Bay Area” China-Europe Express train in Shenzhen, newly operated rail-sea multi-model transportation service; we accelerated the network deployment, added 4 new hubs and 4 satellite warehouses, and formed the domestic service network allocation of “19 hubs+ 34 satellite warehouses”. We also actively constructed digitalized operation system, in the first half of 2021, the automated bill processing rate increased to 78%, the full-process visualization coverage rate reached 95%, the online statistics docking rate of clients’ EDI increased by 169%, and automated bill processing rate increased by 10%. In the first half of 2021, the volume of “Sinotrans E-LCL” increased by 71%, and the revenue increased by 58% year-on-year.

(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 joint ventures and associates)

Logistics

In the first half of 2021, external revenue from the Group’s logistics business amounted to RMB11,734 million, representing an increase of 16.49% from RMB10,073 million for the corresponding period last year; and the segment profit amounted to RMB445 million, representing an increase of 37.41% from RMB324 million for the corresponding period last year. The main reason for such development was that the Company deeply cultivated niche markets in contract logistics, by means of innovation in technology and solutions, developed new clients and extended service chain, and realized breakthrough in new energy automobiles and semi-conductor fields to drive the overall growth of the segment. In the first half of 2021, the revenue of contract logistics segment of the Company was RMB9,015 million, increased by 17.90% year-on-year, and the segment profit increased by 14.40% to RMB366 million.

Chapter 3 Management Discussion and Analysis

Forwarding and related business

In the first half of 2021, external revenue from the Group's forwarding and related business amounted to RMB42,264 million, representing an increase of 56.55% from RMB26,997 million of last year; and the segment profit amounted to RMB1,114 million, representing an increase of 24.88% from RMB892 million for the corresponding period of last year. The reason for the growth in revenue was that the freight rate continued to maintain in a high level, and the business volume of the Company achieved fast increase in the meantime. In the sea freight forwarding, the Company extended the service chain, enhanced the service ability of shipping line products to drive the segment profit to increase by RMB110 million, representing an increase rate of 44.06% year-on-year; in the air freight forwarding, the Company further promoted the air transportation channel, added controllable capacity by ways of chartered plane and BSA (block space agreement) to elevate the profitability, and the segment profit increased by RMB49 million, representing an increase rate of 37.64%; in the railway freight forwarding, the Company continued to develop normalized selected routes, advance the centralized purchase of domestic capacity, lower the cost and improve the profitability and the segment profit increased by RMB32 million, representing an increase rate of 66.07%.

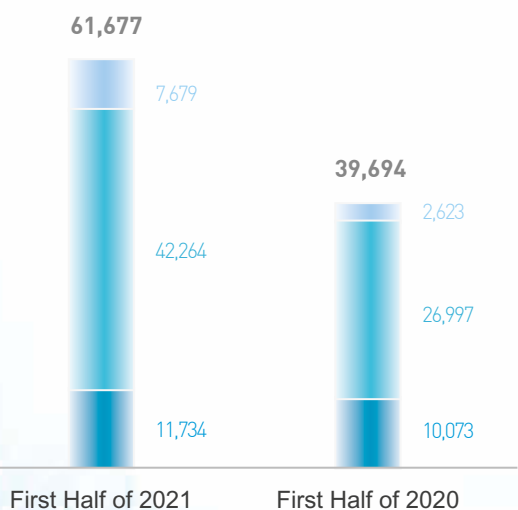
E-commerce business

In the first half of 2021, external revenue from the Group's e-commerce business amounted to RMB7,679 million, representing an increase of 192.75% from RMB2,623 million for the corresponding period of last year; and the segment profit amounted to RMB100 million, representing an increase of 68.30% from RMB59 million for the corresponding period of last year. The major reason was that the cross-border e-commerce segment of the Company actively explored sizeable direct e-commerce clients and coordinated the controllable air transportation capacity to realize remarkable increase in the results of cross-border e-commerce business. In the first half of 2021, the cross-border e-commerce logistics segment of the Company realized a revenue of RMB7,547 million, increased by 189.88%, and the segment profit reached RMB87 million, increased by 104.36% as compared with the corresponding period of last year.

Financial Performance of Business Segments

External Revenue

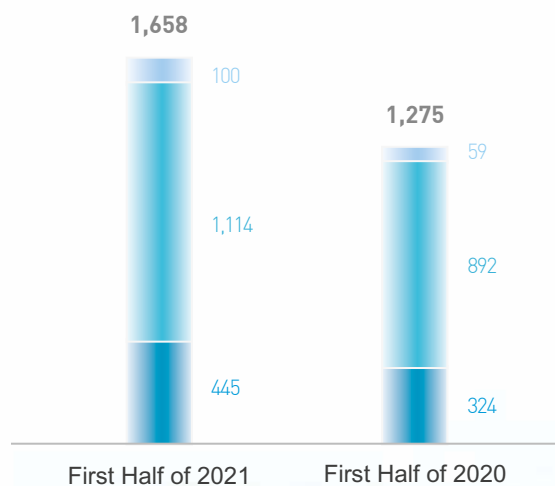
(RMB million)



■ Logistics ■ Forwarding and related business
■ E-commerce business

Segment Profit

(RMB million)

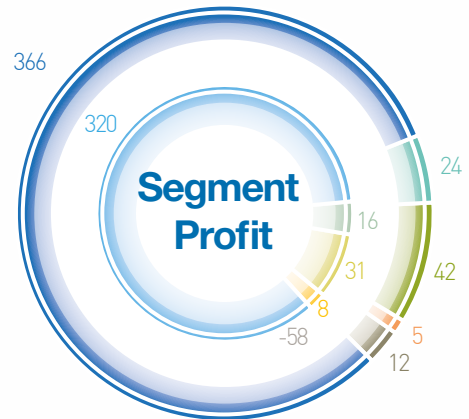


■ Logistics ■ Forwarding and related business
■ E-commerce business

Chapter 3 Management Discussion and Analysis

Logistics

(RMB million)



First Half of 2021

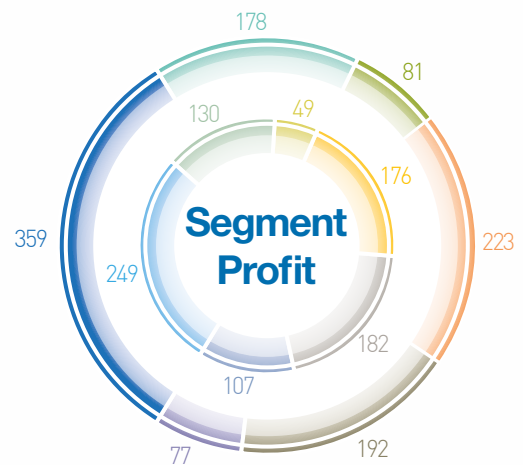
- Contract Logistics
- Project Logistics
- Chemical Logistics
- Cold-chain Logistics
- Other Services

First Half of 2020

- Contract Logistics
- Project Logistics
- Chemical Logistics
- Cold-chain Logistics
- Other Services

Forwarding and related business

(RMB million)



First Half of 2021

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

First Half of 2020

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

Chapter 3

Management Discussion and Analysis

(IV) Operation Statistics of Principal Business

The volume of **contract logistics** was 17.31 million tonnes (15.34 million tonnes in 1H 2020); the volume of **project logistics** was 3.28 million tonnes (2.60 million tonnes in 1H 2020); the volume of **chemical logistics** was 1.61 million tonnes (1.52 million tonnes in 1H 2020); the volume of **cold chain logistics** was 0.43 million tonnes (0.42 million tonnes in 1H 2020).

The volume of **sea freight forwarding** was 6.88 million TEUs (5.83 million TEUs in 1H 2020); the volume of **air channel** was 460 thousand tonnes (including 87 thousand tons of cross-border e-commerce logistics business), which was 255 thousand tonnes in 1H 2020 (including 33 thousand tons of cross-border e-commerce logistics business); the volume of **rail freight forwarding** was 151 thousand TEUs (79 thousand TEUs in 1H 2020); the volume of **shipping agency** was 12.55 million TEUs (11.44 million TEUs in 1H 2020); the volume of **warehouse and yard service** was 10.51 million tonnes (8.33 million tonnes in 1H 2020).

The volume of **cross-border e-commerce logistics** was 244.86 million units (92.17 million units in 1H 2020); the volume of **logistics e-commerce platform** was 592 thousand TEUs (118 thousand TEUs in 1H 2020); the volume of **logistics equipment sharing platform** was 79 thousand TEUs/day (81 thousand TEUs/day in 1H 2020).

Significant changes in the Company's operations and significant events that have a significant impact on the Company's operations and are expected to have a significant impact in the future during the Reporting Period

Applicable Not applicable

Chapter 3 Management Discussion and Analysis

IV. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

1 Analysis Statement of Changes to Relevant Items in Financial Statements

Unit: Yuan Currency: RMB

Item	Amount for the Reporting Period	Amount for the corresponding period of last year	Change (%)
Operating income	61,676,723,089.91	39,693,676,126.08	55.38
Operating cost	58,854,170,153.96	37,418,226,955.14	57.29
Selling expenses	465,252,690.83	393,373,867.49	18.27
Administrative expenses	1,398,783,034.89	1,173,651,357.16	19.18
Research and development expenses	66,020,398.33	52,979,013.84	24.62
Finance costs	176,420,746.21	185,474,787.89	-4.88
Net cash flows from operating activities	263,421,160.87	519,563,054.18	-49.30
Net cash flows from investment activities	-116,279,213.81	-1,137,948,038.18	N/A
Net cash flows from financing activities	1,251,400,873.42	-246,727,547.92	N/A

The change in operating income and cost was primarily due to the increase of business volume and freight rates, the revenue of three major business segments all increased during the Reporting Period.

The change in selling expenses was primarily due to that the operating results greatly increased during the Reporting Period, and the provision of sales performance related incentives increased accordingly; at the same time, there was policy related social security insurance concession in the first half of last year which led to a lower comparable base of remuneration expense.

The change in administrative expenses was primarily due to that the operating results greatly increased during the Reporting Period, and progress-based incentives accrued accordingly, resulting in the increase in cost; at the same time, there was policy related social security insurance concession in the first half of last year which led to a lower comparable base of remuneration expense.

Chapter 3

Management Discussion and Analysis

The change in research and development expenses was primarily due to that the Company speeded up efforts in IT system research and development in order to accelerate digital construction.

The change in finance costs was primarily due to the decline in borrowing interest rates in the Reporting Period led to a year-on-year decrease in interest expenses, partially offset by recorded foreign exchange losses in respect of net assets held in US dollars due to the appreciation of Renminbi.

The change in net cash flows from operating activities was primarily due to that cash outflows paid for employees were relatively small because of the favorable policies in relation to social security insurance concession during the corresponding period of last year, and the rapid growth in business this year was affected by operating factors such as the increase in prepayment of chartered plane.

The change in net cash flows from investment activities was primarily due to the large amount of cash outflows for the acquisition of equity interests in KLG Group in the corresponding period of last year, and there was no such matter in the Reporting Period.

The change in net cash flows from financing activities was due to the increase in net borrowings inflows.

2 Others

(1) *Particulars of Material Changes in the Company's Business Type, Profit Composition or Profit Sources*

Applicable Not applicable

(2) *Cash Flow*

	For the six months ended 30 June	
	2021 In RMB yuan	2020 In RMB yuan
Net cash flows from operating activities	263,421,160.87	519,563,054.18
Net cash flows from investing activities	-116,279,213.81	-1,137,948,038.18
Net cash flows from financing activities	1,251,400,873.42	-246,727,547.92
Effect of changes in exchange rate on cash and cash equivalents	-49,245,788.79	-23,805,980.64
Net increase in cash and cash equivalents	1,349,297,031.69	-888,918,512.56
Balance of cash and cash equivalents at the end of the period	12,641,732,789.00	9,500,990,854.27

Chapter 3 Management Discussion and Analysis

Analysis of Cash Flows from Operating Activities

The net cash flows from operating activities decreased by RMB256 million from RMB520 million for the corresponding period of last year to RMB263 million for the six months ended 30 June 2021. The decrease was mainly due to the following reasons: the cash received from sales of goods and provision of services was approximately RMB62.733 billion (RMB39.533 billion in the corresponding period of last year), and the cash paid for goods and services was RMB58.523 billion (RMB35.134 billion in the corresponding period of last year). The net amount was RMB4.210 billion (RMB4.398 billion in the corresponding period of last year), representing a decrease of RMB188 million over the corresponding period of last year; at the same time, cash paid to and for employees increased by RMB488 million over the corresponding period of last year.

Analysis of Cash Flows from Investment Activities

The net cash flows from investment activities for the six months ended 30 June 2021 amounted to RMB-116 million, mainly including additions in property, machine and equipment of RMB502 million, additions in intangible assets and other assets of RMB40 million, and investment in joint ventures and associates and financial assets of RMB53 million, partially offset by withdrawal of bank structural deposits of RMB300 million, disposal of property, machine and equipment of RMB136 million, cash proceeds from investment income of RMB35 million and repayment from related parties of RMB4 million.

The net cash flows from investment activities for the six months ended 30 June 2020 amounted to RMB-1.138 billion, mainly including additions in property, machine and equipment of RMB678 million, additions in intangible assets and other assets of RMB56 million, cash payment for the acquisition of the subsidiaries of RMB522 million, loans to related parties of RMB5 million and increase in investment in associates of RMB3 million, partially offset by the repayment from related parties of RMB51 million, disposal of property, machine and equipment of RMB46 million, cash consideration from disposal of financial assets of RMB22 million and collection of investment in joint ventures and associates of RMB7 million.

Analysis of Cash Flows from Financing Activities

The net cash flow generated from financing activities for the six months ended 30 June 2021 amounted to RMB1.251 billion, mainly including new borrowings of RMB4.420 billion, cash received from the issuance of medium-term notes of RMB2.000 billion and minority shareholders' investment in subsidiaries of RMB61 million, partially offset by cash repayment of borrowings of RMB2.548 billion, cash repayment of bonds of RMB2.000 billion, cash repayment of interest of RMB175 million, subsidiaries' dividend payment to minority shareholders of RMB48 million and lease payment of RMB417 million.

Chapter 3

Management Discussion and Analysis

The net cash flow generated from financing activities for the six months ended 30 June 2020 amounted to RMB-247 million, mainly including new borrowings of RMB1.551 billion, capital increase from non-controlling shareholders of RMB53 million and loans from related parties of RMB40 million, partially offset by cash repayment of borrowings of RMB1.246 billion, cash repayment of interest of RMB215 million, lease payment of RMB328 million, repayment of loans from related parties of RMB59 million and dividend payment of RMB43 million.

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

Applicable Not applicable

1. Gain from changes in fair value for the Reporting Period was RMB168.1524 million, there was none in corresponding period of last year. It mainly refers to the Group held 10,000,000 shares of JD logistics, Inc. (hereinafter referred to as "JD Logistics") through CHINA MERCHANTS LOGISTICS SYNERGY LIMITED, the beginning balance of the Reporting Period of such investment amounted to RMB185.7091 million. JD Logistics got listed in SEHK during the Reporting Period (HK.02618), with the closing price being HK\$42.30 on 30 June 2021, which caused the gain from changes in fair value of the Group increased RMB168.1136 million during the Reporting Period. During the holding period, the price fluctuation of JD Logistics shares will affect profit or loss from changes in fair value of the Group, so as to affect the net profit of the Group.
2. Gains on disposal of assets for the Reporting Period was RMB45.0252 million, representing an increase of RMB31.1369 million as compared with RMB13.8883 million for the corresponding period of last year, mainly due to the gains on disposal of non-current assets from the disposal of properties and land use right and the early termination of lease agreement of the Group in the Reporting Period.

Chapter 3 Management Discussion and Analysis

(III) Analysis of Assets and Liabilities

✓Applicable □Not applicable

1. Assets and Liabilities

Unit: Yuan Currency: RMB

Item	Amount at the end of the Reporting Period	Percentage of the amount at the end of the Reporting Period to total assets (%)	Amount at the end of last year	Percentage of the amount at the end of last year to total assets (%)	Percentage of the amount at the end of the Reporting Period as compared to that of last year (%)
Held-for-trading financial assets	831,144.19	0.00	303,292,565.44	0.46	-99.73
Bills receivable	31,270,273.56	0.04	50,643,103.40	0.08	-38.25
Accounts receivable	14,338,201,560.07	19.73	11,020,529,018.23	16.74	30.10
Prepayments	4,157,004,618.97	5.72	2,708,263,877.18	4.11	53.49
Other non-current assets	458,813,068.84	0.63	258,945,064.36	0.39	77.19
Short-term borrowings	2,354,865,609.64	3.24	502,472,110.58	0.76	368.66
Bills payable	42,700,000.00	0.06	25,717,690.68	0.04	66.03
Other payables	2,696,495,337.97	3.71	1,681,611,338.42	2.55	60.35
Non-current liabilities due within one year	2,170,085,347.25	2.99	6,251,548,647.08	9.50	-65.29
Bonds payable	1,997,057,534.25	2.75	-	-	N/A
Other non-current liabilities	392,814,348.11	0.54	196,349,994.80	0.30	100.06

Other description:

- (1) The change in held-for-trading financial assets was primarily due to that the bank structural deposits of RMB300 million made last year expired at the end of the Reporting Period.
- (2) The change in bills receivable was primarily due to the decrease in the commercial acceptance bill not due for acceptance at the end of the Reporting Period.
- (3) The change in accounts receivable was in line with the increase of revenue during the Reporting Period.
- (4) The change in prepayments was primarily due to the increase in prepayments, particularly the increase in prepayment of chartered planes, as a result of the sound development of each business segment.
- (5) The change in other non-current assets was primarily due to the new compensation for demolition and relocation from the government in respect of the Lanshi Port project, an entrusted asset under the management of the Group, in the Reporting Period.

Chapter 3

Management Discussion and Analysis

- (6) The change in short-term borrowings was primarily due to that the Group obtained new borrowings of RMB2 billion in the Reporting Period.
- (7) The change in bills payable was primarily due to that the settlement of bills of some subsidiaries has increased during the Reporting Period.
- (8) The change in other payables was primarily due to the declaration of payment of 2020 annual dividend of RMB888 million during the Reporting Period.
- (9) The change in non-current liabilities due within one year was primarily due to the expiration of the corporate bonds of RMB2 billion and the extension of the long-term borrowings of a subsidiary of the Group.
- (10) The change in bonds payable was primarily due to that the Company issued the medium term notes with a total amount of RMB2 billion.
- (11) The change in other non-current liabilities was primarily due to the increase in liabilities related to Lanshi Port project, a trusted asset under the management of the Group, of RMB200 million in the Reporting Period, which refers to the compensation for demolition and removal from the government.

2. Overseas Assets

Applicable Not applicable

(1) *Asset Size*

Including: overseas assets of RMB19,053,694,290.65, accounting for 26.22% of total assets.

(2) *Description of Overseas Assets*

Applicable Not applicable

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

Applicable Not applicable

The major restricted assets of the Group mainly consist 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 RMB78.7242 million at the end of the Reporting Period, primarily including guaranteed deposit of RMB11.7044 million and interest receivable of unexpired bank deposits of RMB59.3081 million.

To finance the building of the logistics center under “Project Tsing Yi 181”, Global Traffic Limited (hereinafter, “Global Traffic”), a subsidiary of the Group, entered into a facility agreement with China Development Bank for the facilities of HK\$2.9 billion. China Merchants Holdings (Hong Kong) Company Limited, a related party of the Group, provided a full guarantee. Meanwhile, Global Traffic entered into a debenture with China Development Bank on 26 June 2015, under which the Global Traffic was the charger. As of 30 June 2021, the restricted assets with limited right of use were accounted in investment properties and intangible assets.

Chapter 3 Management Discussion and Analysis

Sinotrans Chemical International Logistics Co., Ltd., a subsidiary of the Group, used fixed assets with a carrying amount of RMB50.2332 million and intangible assets with a carrying amount of RMB30.4976 million as collateral for long-term loans of Nantong Sinotrans Chemical Logistics Co., Ltd.

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

4. **Other Description**

Applicable Not applicable

(IV) 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 RMB8.817 billion, representing an increase of RMB1.066 billion as compared to RMB7.752 billion at the beginning of the year, representing a year-on-year increase rate of 13.75%, primarily due to the increase of RMB916 million from the profit or loss adjustment of DHL-Sinotrans International Air Courier Ltd and increase of RMB93 million from the profit or loss adjustment of China Merchants Loscam International Co., Ltd for the Reporting Period.

(1) *Major equity investment*

Applicable Not applicable

(2) *Major non-equity investment*

Applicable Not applicable

Chapter 3 Management Discussion and Analysis

(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 Reporting Period	Addition	Disposal during the Reporting Period	Cost at the end of the Reporting Period	Change in fair value - At the beginning of the Reporting Period	Change in fair value - At the end of the Reporting Period	Investment income
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	177,335,730.80		-2,001,769.77		175,333,961.03	14,342,510.79	14,342,510.79	
China Merchants Logistics Synergy Limited Partnership	Self-financing	165,458,129.82		-1,867,695.14		163,590,434.68	20,250,924.68	188,364,481.47	
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	-50,481,143.61	
SINO-BLR Industrial Investment Fund	Self-financing	46,890,242.29	17,318,757.81			64,209,000.10	-14,616,171.92	-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			
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	13,528,759.93	14,365,293.06	
Pankorea Yingkou Ferry Co., Ltd.	Self-financing	2,896,775.00				2,896,775.00			
Pingze Container Port Co., Ltd.* (平澤集裝箱碼頭有限公司)	Self-financing	2,915,905.46		-137,116.11		2,778,789.35			145,800.00
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			
Antong Holdings	Self-financing	666,498.09				666,498.09		31,579.71	
Chengdu Rongjie Technology Co., Ltd.* (成都蓉捷科技有限公司)	Self-financing	400,000.00				400,000.00			
Sichuan Tianhua Co., Ltd.	Self-financing	134,680.92				134,680.92			
China Ferry Terminal Limited* (中國客運碼頭有限公司)	Self-financing	123,831.36		-1,397.81		122,433.55	-123,831.36	-122,433.55	
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			1,060,000.00
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	7,250.64		1,143.36		8,394.00	18,816.71	24,672.39	
Structural deposit	Self-financing	300,000,000.00			300,000,000.00	0.00			
"20 Sinotrans ABN001 Preference" Targeted Asset-Backed Notes	Self-financing	2,500,000.00			2,500,000.00	0.00			155,754.62
Total		1,213,135,172.07	17,318,757.81	-4,006,835.47	302,500,000.00	923,947,094.41	-17,080,134.78	151,908,788.34	1,361,554.62

Chapter 3 Management Discussion and Analysis

(V) Disposal of Major Assets and Equity

Applicable Not applicable

(VI) 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	100.00	2,062,794.38	729,567.97	783,720.49	22,303.25
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and express services	905,481,720.00	100.00	1,352,998.97	1,019,792.78	1,085,929.66	111,455.12
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100.00	933,164.56	372,202.46	667,782.32	17,376.46
Sinotrans Eastern Company Limited	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100.00	738,268.49	259,691.62	1,594,849.55	22,794.72
Sinotrans Central China Co., Ltd.	Freight forwarding and logistics	645,339,941.77	100.00	535,722.41	176,413.47	681,359.94	15,062.28

Chapter 3 Management Discussion and Analysis

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)
DHL-Sinotrans International Air Courier Ltd	International express	US\$14.50 million	50.00	754,249.47	486,398.90	1,015,782.00	183,269.17
China Merchants Loscam International Co., Ltd	Pallet leasing	US\$101	45.00	675,486.61	386,325.45	92,867.75	20,643.60
Wuhan Port Container Co., Ltd.	Containers handling and freight forwarding	RMB400 million	30.00	77,516.39	56,910.99	7,969.79	3,656.21

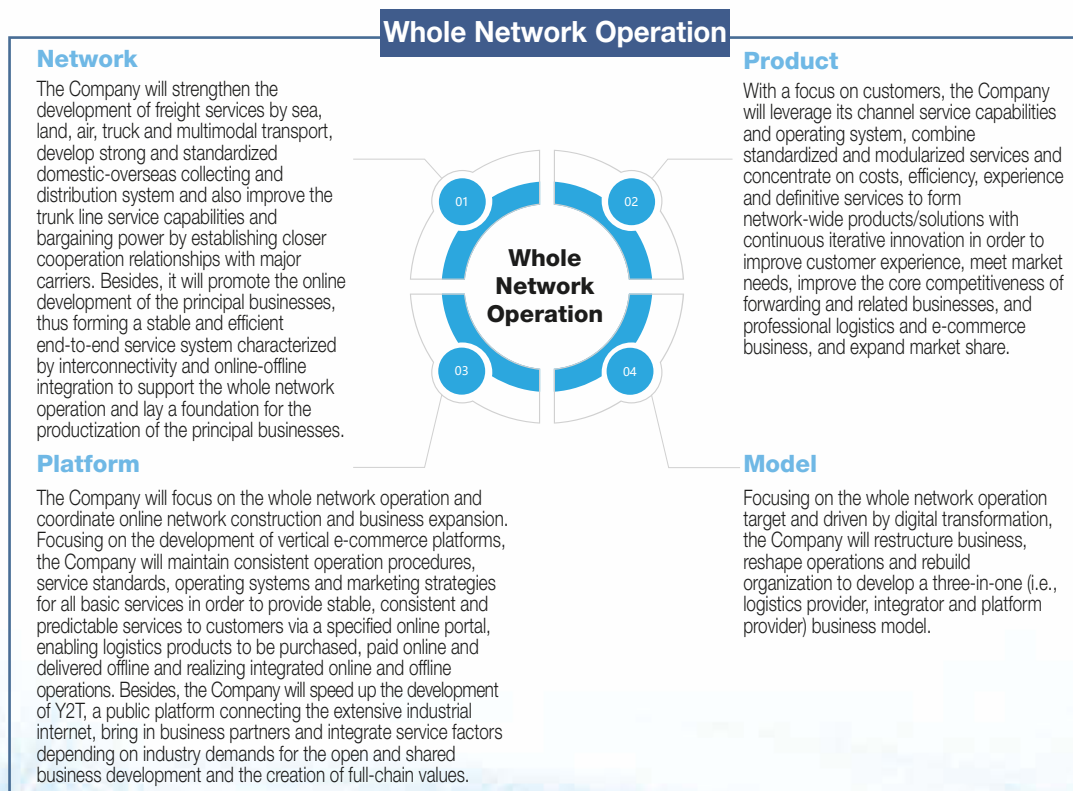
(VII) Structured Entities Controlled by the Company

Applicable Not applicable

V. OTHER DISCLOSURES

(I) Development Strategy of the Company

During “14th Five-Year” Plan period, the Group will focus on the whole network operation and develop a differentiated strategy of “network + product + platform + model” on the basis of logistics network, with the core competitiveness of network-wide products, enabling online network construction and business expansion through platform and driving the development of a three-in-one business model by means of digital transformation to realize digitalized products, network organizations, intelligent operation, and platform-based ecology and systematic management.



Chapter 3 Management Discussion and Analysis

(II) Operating Plans For the Second Half of the Year

2021 is the opening year for the “14th Five-Year” Plan, in the second half of the year, the Company will continue stick to the core of “5 channels+ 1 platform + product divisions” to promote the realization of the “14th Five-Year” Plan, and the Company will focus on the following aspects:

1. **Accelerate the product construction**

The logistics service of the Company will focus on the domestic macro circulation, matching the whole-network operation capability and develop leading solutions.

We will continuously optimize and promote our solutions, especially trucking channel construction based on the experience of nation-wide operation for big clients. The Company plans to open 6 selected trucking trunk lines, and increase the participating trucking capacity consolidated on the SDCC system. At the same time, the Company will seize the opportunity of “carbon peak and carbon neutralization”, focus on the heavy cargo transportation related to wind power industry to expand the business scale. Under the circumstance that the macro economy, the industrial environment and other external factors don't go through substantial fluctuation.

Forwarding and related business of the Company will focus on expanding the end-to-end international supply chain products. For FCL products,

we will continue the concentration of capacity demand in the existing centralized purchasing lines; and start the centralized purchasing of Japan and Korea line and Southern America line. As at the end of 2021, we will complete the construction of 3 full-chain controllable shipping route products. **For LCL products,** we will accelerate the market exploration in Eastern China and the construction of satellite warehouses and further refine the network layout. **For air transportation products,** we will continue to enrich the port-to-port standardized shipping line products from major Chinese ports to Europe/Japan and Korea/Asia Pacific lines and standardized airport – airport full-chain products to Europe and North America lines. **For railway express products,** we will focus on elevate the operation quality, realize the information system docking with multiple platforms including the freight system of China State Railway Group Co., Ltd. to realize information exchange in terms of freight enquiry and tracking.

In e-commerce business, the Company will root to forge the products, build online/offline unified products with the support of platform construction.

We will expend the import ports of products under the code of 1210, accelerate the development of warehouse-warehouse products under the codes of 9710 and 9810 to serve the export to B/b ends with middle Europe and South-Ease Asia as trial areas. We will provide export solutions to brands, provide full-chain logistics service to e-commerce platform, middle size and small size sellers, and we will strengthen the sales and marketing to direct e-commerce clients and brands, further optimizing the existing customer base. Y2T Technology Co., Ltd. (運易通科技有限公司) will initiate the pre-A round financing to introduce more strategic investors.

2. **Accelerate the reformation of operation and technology empowerment**

We will accelerate to construct the platform based on channels and products, forge the management process which faces the operation model of whole-network operation from four aspects of products, sales, operation and resources. We will further promote the application of technology to improve the whole supply chain service capability; we will further promote the automated RPA process and other projects to achieve cost reduction and efficiency increase of business operations and improve customer experience.

Chapter 3

Management Discussion and Analysis

3. *Orderly promote the two macro layouts*

Servicing the dual circulation of domestic and international markets, we will orderly allocate the overseas resources. The Company will “deeply cultivate Hong Kong, finely cultivate South-East Asia”. We will optimize the layout of Southeast Asia, add new units in Viet Nam and Laos, and continuously refine the overseas coverage of North-East Asia full-chain products. We will plan the Trans-Asian Railway Channel, seize the opportunity of the launching of China-Laos railway, and open the chartered freight train be Laos-Thailand sea-rail multi-model railway. With KLG as the core, we will promote the network allocation in France, Belgium and Poland, and enhance the localized service capability and the sales and marketing capability of return cargo. **We will optimize and refine the resource allocation, improving the resource efficiency and profitability.** We will continuously obtain logistics resources in key areas, and orderly work on the separation of light and heavy assets.

(III) Potential Risks

Applicable Not applicable

In the first half of 2021, considering the development trend of COVID-19 and the economic situation, and based on the actual position, the Company has identified the significant risks it is possibly exposed to. At the same time, the Company has formulated relevant counter measures and carried out relevant risk management work in line with the overall business objectives and annual business planning, details of which are as follows:

(1) *Macro-economy risk*

In 2021, the global economic growth picks up and the expectation for a moderate recovery is increasing. However, due to the complex international political and economic situation, compounded with the decreased efficiency of logistics turnover and lack of capacity supply impacted by the Pandemic prevention and quarantine measures in different countries and areas, the global shipping freight price and air freight price maintained in high level, and the safety and security of supply chain are facing significant challenges, which may adversely affect the operations of the Group.

Counter measures: The Company strengthens the tracking, research and analysis of the macroeconomic situation, industrial policies, monetary and fiscal policies of major economies involved in the business, dynamically adjusts the resource allocation and business structure, leverages on the advantages of railway and cross-border chartered flight business, focuses on the development of logistics service for consumer products and automobiles, strengthens the expansion of domestic business, and constantly improves profitability and comprehensive competitiveness; accelerates the process of informatization and digitization, coordinates regional subsidiaries and overseas subsidiaries to build end-to-end service capabilities and promote the replication of domestic mature experience to overseas areas, pays attention to the needs of leading overseas corporate customers, improves overseas sales capabilities, and develops overseas logistics markets.

Chapter 3 Management Discussion and Analysis

(2) Industry competition risk

Generally, the concentration of the logistics industry is relatively low and the products and services provided are highly homogenized. At present, driven by the Pandemic, policies and markets, various logistics sub-segments are showing a trend of increasing concentration. Cross-industry competitors such as e-commerce companies and shipping companies continue to enter the market, and investment in smart logistics technology applications is also increasing, resulting in intensified market competition. Inadequate innovation capabilities, underperformance in the integration of new product design, research and development, and platform, and failure to control key resources, improve product structure and utilize logistics technology support to improve service quality to achieve differentiated operations may result in the failure of the Group to form core competitive edge and lead to the risk of declining business volume and market share.

Counter measures: The Group strengthens its research on the changes in market competition pattern and industry trends, builds an operating network of “5 channels + 1 platform + product divisions”. The Company intensifies the construction of air, water, land and other channels to ensure its independent controllability, safety and reliability of resources, and solve the pain points and difficulties of customers; relies on the collaboration between product divisions and regional subsidiaries to generate economies of network and scale; leverages on the Y2T platform to facilitate the online operation of principal business, and uses digital products to drive and expand growth; and strengthens the support to the network-wide operation strategy of the Company to maintain its competitiveness in related sectors.

(3) Operational risk

The Group aims to provide customers with whole-process supply chain services, which involve many logistics operation scenarios and processes. Failure to develop full-scenario connection capabilities, full-link service capabilities, full-network integration capabilities and public aggregation capabilities due to insufficient support of business processes, data, systems, and organization may affect the operational efficiency, quality, and brand of the Company. Lack of comprehensive risk prevention measures and emergency response plans, or lack of risk compliance awareness, and failure to implement relevant control measures as required may result in risk events, therefore, the Group may suffer economic losses.

Counter measures: The headquarter of the Company, together with its business lines and digital teams, have increased the research on services links, and through the effective integration of domestic and foreign networks and online and offline networks, connect all processes, systems and data and strengthen business order management and operation process digitization; review and update the internal control system of the Company in a regular manner to improve the internal control process of key business areas; use a digital warning model updated from time to time to improve the efficiency and accuracy of risk prevention and control; strengthen the risk control responsibilities of personnel at all levels and provide more trainings to relevant personnel to improve the compliance awareness and risk prevention and control awareness of front-line operators, regulate their operational behaviors, and prevent the occurrence of significant risks and losses from the source.

Chapter 3

Management Discussion and Analysis

(4) **Procurement management risk**

The full supply chain management needs the enhancement of the integration of related logistics resources. The changes in the economic environment bring challenges to the quality and cost of procurement from suppliers. In practice, there may be problems, such as scarcity of procurement resources, significant fluctuations in purchase price and inadequate review and monitoring of supplier performance, resulting in the failure to guarantee the quality of products or services provided by the supplier, or to meet the expectation due to higher costs and the existence of performance risk, thereby bringing losses to the Group.

Counter measures: The Group uniformly strengthens the policy research and guidance on supplier management, manages the suppliers at different levels and in different categories, formulates unified standards, standardizes supplier management procedures, and promotes systematic management through the establishment of various systems; standardizes the pre-regulation and review of major procurement to prevent significant process risks; shares supplier resources, strengthens inspection, analysis and evaluation of supplier's contract performance information, and improves the quality of subsequent procurement; increases analysis and forecast of business and customers and improves the utilization rate of procurement resources to prevent significant risks of procurement cost.

(5) **Credit control and accounts receivable risk**

Due to the changes of economic environment, such as the recurring Pandemic and high freight rates, as well as the complexity and dynamics of customer credit investigation and evaluation, there may be risks of failure to adjust customer credit and complete collection of accounts receivables in time due to changes in customer credit status that are not detected and tracked timely, resulting in economic losses of the Group.

Counter measures: The Company strengthens the research and policy response to relevant credit risks, focuses on the enhancement of prior access and evaluation and the application of digital technology to provide early warning in the event, strengthens the collaboration of business, finance, risk management and control functions to build the three lines of defense for long-term credits and accounts receivable governance, and conducts special management on the long-aged accounts receivable to improve the effect of collection, and prevent and eliminate the accounts receivable risk with both mechanisms and effective measures.

(IV) Other Disclosures

Applicable Not applicable

1. **Merger of Sinoair by absorption**

On 31 May 2018, the proposal on merger of Sinoair (a subsidiary of the Company) by absorption through share swap was considered and approved at the Company's 2018 extraordinary general meeting and the class meetings. 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-dominated 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 (adjusted), and the issuing price was RMB5.24 per share (adjusted). On 18 January 2019, A Shares (5,255,916,875 shares in total) 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. As at the date of this Report, 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.

Chapter 3 Management Discussion and Analysis

2. **Income Tax**

During the Reporting Period, the Group's income tax expenses amounted to RMB450 million, representing an increase of 44.13% as compared to RMB312 million for the corresponding period of last year, mainly due to the increase in operating results.

3. **Capital Expenditures**

For the six months ended 30 June 2021, the Group's capital expenditure amounted to RMB587 million, among which RMB356 million was used for the construction of infrastructures, ports and terminals facilities and other projects, RMB24 million was used to purchase land use right and software, RMB165 million was used to purchase assets such as machineries, containers and vehicles, and RMB41 million was used for renovation and improvement of assets.

4. **Securities Investment**

As at 30 June 2021, the listed equity investments held by the Group was RMB375 million, the details of which are set out in Note IX. 2, 13 and 14 to the financial statements.

5. **Contingent Liabilities and Guarantees**

As at 30 June 2021, contingent liabilities mainly comprised outstanding lawsuits of the Group arising from its ordinary course of business amounting to RMB267 million (31 December 2020: RMB66 million).

Please see "XI. MATERIAL CONTRACTS AND PERFORMANCE – (II) Guarantee Performed and Unfulfilled During the Reporting Period" under "Chapter 6 Significant Matters" of the this Report for details of the guarantees.

6. **Borrowings and Bonds**

As at 30 June 2021, the Group's total borrowings amounted to RMB10.687 billion (31 December 2020: RMB8,989 million), which comprised 2,842 million denominated in RMB, 413 million in US dollars, 1,722 million in Euro and 5,710 million in Hong Kong dollars. Of the above borrowings, RMB222 million is payable within a year.

As at 30 June 2021, the Group's total bonds payable amounted to RMB3,394 million (31 December 2020: RMB3,421 million). Of the above bonds, RMB1,397 million is payable within a year.

Details of borrowings and bonds of the Group as at 30 June 2021 are set out in Note IX. 27, 36 and 37 to the financial statements.

7. **Secured and Guaranteed Borrowings**

Details of the Group's secured and guaranteed borrowings are set out in Note X. 4(6) to the financial statements.

Chapter 3

Management Discussion and Analysis

8. Debt-to-Asset Ratio

As at 30 June 2021, the debt-to-asset ratio of the Group was 53.84% (31 December 2020: 51.00%), which was calculated by dividing total liabilities by total assets of the Group as at 30 June 2021.

9. Government Subsidies

For the six months period ended 30 June 2021, government subsidies received by the Group in relation to profit amounted to RMB694 million in total, details of which are set out in Note IX.61 to the financial statements.

10. Employees

Number of employees: 33,241 as at 30 June 2021 (31 December 2020: 34,628).

Training plan: as at 30 June 2021, the offline training of the Group accumulated to 423,974.5 hours with 39,615 person times, while 858,285 online courses were completed (633,156.92 learning hours in total). During the Reporting Period, the training programs of the Group mainly included trainings on corporate strategy and corporate culture, training of prevention of the Pandemic, fundamental working skills, business knowledge, elevation of management skills and leadership, new employee orientation and self-learning by employees, etc. With the development of the Group, to ensure the constant elevation of the staff quality, the Group 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.

Remuneration policy: A remuneration and benefit management system that matches the Company's characteristics has been established pursuant to the Labour Contract Law and relevant laws and regulations to formalise remuneration management. Emolument will be paid for the position and performance of the staffs, and the talents. The remuneration standards and adjustment plans will be determined based on the Company's cost and budget management range, with reference to market statistics.

Details of employees' remuneration are set out in Note IX.31 to the financial statements.

11. Interim dividend

The Board did not recommend to distribute any interim dividend for the six months ended 30 June 2021.

12. 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 dollars, Hong Kong dollars and Euro. Details are set out in Note XI to the financial statements.

Chapter 4 Corporate Governance

I. BRIEF INTRODUCTION OF SHAREHOLDERS' GENERAL MEETINGS

Sessions of meeting	Date	Inquiry index of designated website for publication of the resolutions	Disclosure date of the publication of the resolutions	Meeting resolutions
2020 Annual General Meeting 2021 First H Shareholders' Class Meeting 2021 First A Shareholders' Class Meeting	10 June 2021	The websites of SSE (www.sse.com.cn), and SEHK (www.hkex.com.hk)	11 June 2021	All resolutions were passed

Preferred shareholders whose voting rights have been restored request to convene an extraordinary general meeting

Applicable Not applicable

Explanations of general meetings

Applicable Not applicable

- The Company has successively convened 2020 Annual General Meeting, 2021 First H Shareholders' Class Meeting and 2021 First A Shareholders' Class Meeting (the "Class Meetings") on 10 June 2021.
- 2020 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 2020; (2) the resolution in relation to the Work Report of the Supervisory Committee for the year 2020; (3) the resolution in relation to debriefing the Work Report of the Independent Non-executive Directors for the year 2020; (4) the resolution in relation to the Final Financial Accounts Report of the Company for the year 2020; (5) the resolution in relation to the Annual Report of the Company and its summary for the year 2020; (6) the resolution in relation to the financial budget of the Company for the year 2021; (7) the resolution in relation to the profit distribution plan of the Company for the year 2020; (8) the resolution in relation to the re-appointment of auditor for the year 2021; (9) the resolution in relation to the Directors' remuneration for the year 2020; (10) the resolution in relation to the renewal of Liability Insurance for Directors, Supervisors and Senior Management members of the Company; (11) the resolution in relation to the adjustment of business scope; (12) the resolution in relation to the amendment to the Articles of Association; (13) the resolution in relation to the general mandate to issue, allot and deal with Shares; (14) the resolution in relation to the general mandate to repurchase H Shares; (15) the resolution in relation to the Updated Mandate of the issue of Debt Financing Instruments; (16) the resolution in relation to the estimated guarantees of the Company for the year 2021; (17) the election of the persons as executive Directors and non-executive Directors of the Company; (18) the election of the persons as independent non-executive Directors of the Company; (19) the re-appointment of the persons as Supervisors of the Company. Among them, the Resolution No.14 has also been approved by the Class Meetings.

Chapter 4 Corporate Governance

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

Applicable Not applicable

Name	Position	Changes
Su Jian	Non-executive Director	Resigned
Liu Weiwu	Non-executive Director	Elected
Song Dexing	Non-executive Director	Re-designated
Li Guanpeng	Chairman of the Board	Resigned
Liu Yingjie	Chairman of the Supervisory Committee	Resigned

Explanations of changes of Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

- On 28 April 2021, the Board received the resignation letter of Mr. Su Jian, a non-executive Director of the Company, regarding his resignation as a Director due to work re-allocation with effect from 28 April 2021.
- The 2020 Annual General Meeting convened on 10 June 2021 considered and approved, among other resolutions, the Resolution of Election of Non-independent Directors of the Company, to elect Mr. Liu Weiwu as a non-executive Director of the Company, and elect Mr. Song Dexing, former executive Director as a non-executive Director of the Company, with effect from 10 June 2021.
- On 24 August 2021, Mr. Li Guanpeng, the chairman of the Board, tendered his resignation to the Board and resigned as the chairman of the Board and the Director of the Company with effect from 25 August 2021 due to his work re-allocation.
- On 24 August 2021, Mr. Liu Yingjie, the chairman of the Supervisory Committee, tendered his resignation to the Supervisory Committee and resigned as the chairman of the Supervisory Committee and the Supervisory of the Company with effect from 25 August 2021 due to his work re-allocation.

For details, please refer to relevant announcements of the Company disclosed on the websites of SSE (www.sse.com.cn) and SEHK (www.hkex.com.hk).

III. PROPOSALS OF PROFIT DISTRIBUTION OR CONVERSION OF COMMON RESERVE FUND INTO SHARE CAPITAL

(I) Profit Distribution Proposal and Proposal of Conversion of Common Reserve Fund into Share Capital for the Half Year

Whether to distribute or to convert	No
Number of bonus share per 10 shares (share)	0
Amount of dividend per 10 shares (tax included)	0
Number of shares converted per 10 shares (share)	0
Notes to proposals of profit distribution or conversion of capital reserve fund into share capital	Nil

Chapter 4 Corporate Governance

(II) Implementation of the Profit Distribution Plan for the Year 2020

The 2020 Annual Profit Distribution Plan of the Company has been considered and approved at the 2020 Annual General Meeting of the Company on 10 June 2021. The 2020 annual dividend of RMB1.2 per ten shares (tax included), i.e. RMB0.12 per share (tax included) was declared based on the total share capital of 7,400,803,875 Shares, amounting to RMB888,096,465.00 in total (tax included). The aforesaid dividend has been fully distributed in cash on 28 July 2021.

IV. 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

(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

V. CORPORATE GOVERNANCE

During the Reporting Period, the Company strictly abided by the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China promulgated by the CSRC and other applicable laws and regulations, as well as the requirements on corporate governance by the SSE and SEHK, kept improving its corporate governance structure and enhanced the level of corporate governance by promoting the standardized and systematic management.

The Company has reviewed and adopted the principles and provisions of the CG Code as set out in Appendix 14 of the SEHK Listing Rules during the period from 1 January 2021 to 30 June 2021 as our code on corporate governance, and has complied with all code provisions set out in the CG Code.

Chapter 4 Corporate Governance

(I) The Board

The 2020 Annual General Meeting convened on 10 June 2021 considered and approved, among other resolutions, the “Resolution about Election of Non-independent Directors” and “Resolution about Election of Independent Non-executive Directors”. Mr. Li Guanpeng and Mr. Song Rong were elected as executive Directors, Mr. Song Dexing, Mr. Liu Weiwu, Mr. Xiong Xianliang, Mr. Jiang Jian and Mr. Jerry Hsu were elected as non-executive Directors, and Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing and Ms. Li Qian were elected as independent non-executive Directors. On 11 June 2021, the Company convened the first meeting of the third session of the Board to consider and approve among other resolutions, the “Resolution for Election of the Company’s Chairman and Vice-Chairman”, to elect Mr. Li Guanpeng and Mr. Song Dexing as the chairman and the vice chairman of the third session of the Board, respectively.

The Company has published the list of the Board members with their roles and positions on the websites of SEHK, SSE and the Company. Each Director of the Company acknowledges his/her responsibilities as a Director and is aware of the Company’s operation procedure, business activities and development.

During the Reporting Period, the Company convened 3 Board meetings and considered and approved 25 resolutions including periodic reports, the “14th Five-Year” Plan, related party transactions, and election of Directors.

(II) Changes in Information of Directors, Supervisors and Senior Management

During the Reporting Period, the Company’s non-executive Director Mr. Su Jian resigned. On 10 June 2021, Mr. Liu Weiwu was elected as a non-executive Director, and Mr. Song Dexing, former executive Director, was elected as a non-executive Director at the general meeting of shareholders. Other than the above mentioned information, there was no disclosable changes regarding the Directors, Supervisors or the Senior Management as required by the Rule 13.51B of the SEHK Listing Rules during the Reporting Period.

(III) Strategy Committee

As at 30 June 2021, the Strategy Committee comprised chairman of the Board Mr. Li Guanpeng, vice chairman Mr. Song Dexing, executive Director Mr. Song Rong, non-executive Director Mr. Xiong Xianliang and independent non-executive Director Mr. Song Haiqing, with Mr. Li Guanpeng acting as the chairman of the Strategy Committee.

(IV) Audit Committee

As at 30 June 2021, the Audit Committee comprised all independent non-executive Directors, namely Mr. Meng Yan, Mr. Wang Taiwen, Mr. Song Haiqing and Ms. Li Qian, with Mr. Meng Yan acting as the chairman of the Audit Committee. During the Reporting Period, the Company convened 3 Audit Committee meetings and considered and approved resolutions such as periodic reports, internal control evaluation reports, and reappointment of auditors.

The Audit Committee of the Company and ShineWing Certified Public Accountants LLP, the Company’s auditor, have reviewed the unaudited consolidated interim financial statements of the Company and its subsidiaries for the six months ended 30 June 2021.

Chapter 4 Corporate Governance

(V) Remuneration Committee

As at 30 June 2021, the Remuneration Committee comprised all independent non-executive Directors, namely Ms. Li Qian, Mr. Wang Taiwen, Mr. Meng Yan, and Mr. Song Haiqing, with Ms. Li Qian acting as the chairman of the Remuneration Committee. During the Reporting Period, the Company convened 1 Remuneration Committee meeting, considering and approving the resolution on performance appraisal and remuneration of Directors and Senior Management.

(VI) Nomination Committee

As at 30 June 2021, the Nomination Committee comprised all independent non-executive Directors and chairman of the Board, namely Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing, Ms. Li Qian and Mr. Li Guanpeng, with Mr. Wang Taiwen acting as the chairman of the Nomination Committee. During the Reporting Period, the Company held 1 meeting of the Nomination Committee, considering and approving the resolution about the nomination of non-independent Directors and independent Directors.

(VII) Supervisory Committee

As at 30 June 2021, the Supervisory Committee comprises 1 shareholder-representative Supervisor, 2 independent Supervisors and 2 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. During the Reporting Period, the Company held 3 meetings of the Supervisory Committee, considering and approving 9 resolutions, such as periodic reports and the election of the chairman of the Supervisory Committee.

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

The Company has adopted the Model Code contained in Appendix 10 to the SEHK Listing Rules as the code of conduct for securities transactions by the Company's Directors and Supervisors.

The Directors and Supervisors have confirmed, following specific enquiries made by the Company that they have complied with the required standards set out in the Model Code and the Company's code of conduct regarding securities transactions by Directors and Supervisors for the six months from 1 January 2021 to 30 June 2021.

Chapter 5

Environment and Social Responsibility

I. ENVIRONMENTAL INFORMATION

(I) 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

(II) Environmental Information on Companies other than Key Pollutant Discharging Units

Applicable Not applicable

1. *Particulars of administrative penalties due to environmental issues*

Applicable Not applicable

2. *Disclosure of other environmental information with reference to key pollutant discharging units*

Applicable Not applicable

The Company is not a key pollutant discharging unit as published by the environmental protection authorities. The Company attaches great importance to energy conservation and environmental protection and earnestly studies and implements the thoughts of ecological civilization to enhance the sense of responsibility and mission of ecological environmental protection. In production and operation activities, the Company unswervingly follows the path of ecological-focused green development, abides by the relevant laws and regulations of environmental protection, and insists on integrating environmental protection into operation and management to promote business development fueled by green logistics.

3. *Reasons for non-disclosure of other environmental information*

Applicable Not applicable

(III) Subsequent Development of or Changes in the Disclosure of Environmental Information During the Reporting Period

Applicable Not applicable

Chapter 5 Environment and Social Responsibility

(IV) Information in relation to Ecological Protection, Pollution Prevention and Control, and Environmental Responsibility Performance

Applicable Not applicable

In the first half of 2021, the Company continued to promote high-quality sustainable development and built a new development pattern by strengthening daily management and control, optimizing processes, improving technology, and integrating resources. In establishing an organizational mechanism, the Company has continuously strengthened the construction of energy conservation and environmental protection management organization, identified the main responsibility of environmental protection, improved the responsibility chain of energy conservation and environmental protection, and formulated the “Energy Conservation and Environmental Protection Management Regulations of Sinotrans Limited” (《中國外運股份有限公司節能環保管理規定》) and the “Comprehensive Emergency Response Plan for Urgent Environmental Incidents of Sinotrans Limited” (《中國外運股份有限公司突發環境事件綜合應急預案》) as important management tools to ensure the smooth implementation and continuous progress of energy conservation and environmental protection work; in terms of supervision and management, the Company has focused on the improvement of sense of responsibility, intensified supervision measures, organized subsidiaries to identify major environmental problems under the requirements of environmental laws and regulations and standards for the preparation of a “Rectification Account for Major Environmental Issues” (《突出環境問題整改台賬》) and made rectification thereunder case by case in order to make environmental risks under strict control and eliminate accidents; and for the management of pollutant discharges, all units generating waste water have implemented the rain and sewage flow diversion requirements, set up pretreatment facilities such as sedimentation tanks and septic tanks, and conducted regular inspections and maintenance to ensure compliance with discharge standards.

(V) Measures Taken to Reduce Carbon Emissions and Effects during the Reporting Period

Applicable Not applicable

In the first half of 2021, the Company improved its recognition of “carbon peak and carbon neutrality” and had a deep understanding of the importance of the “two carbon” related goals, and spared no effort to achieve “carbon peak and carbon neutrality” in a scientific and practical manner. The Company, together with the relative professional institutions, is conducting researches on the “carbon peak and carbon neutrality”, projects to further clarify the situation and approach of the “carbon peak and carbon neutrality” work; the Company actively adjusted its business model, and applied information technology and digital capabilities such as the Y2T platform and intelligent loading planning system to develop multimodal transportation business and improve the effective matching of cargo sources and transportation resources, continuously optimized routes, reduced the vacancy rate of vehicles and ships and other transportation tools, gave full play to the advantages of logistics in the systematic organization, specialized work allocation, collaborative cooperation and agile adjustment of the supply chain, strengthened the collaboration and resource sharing among the enterprises in the platform and the ecologically related enterprises, improved the allocation efficiency of production and circulating resources and reduced carbon emissions; the Company continued to optimize the energy consumption structure,

Chapter 5

Environment and Social Responsibility

promoted the digital and intelligent upgrading of logistics parks in Wuhan Yangluo, Jiaying Zhapu, etc., further eliminated high energy-consuming and heavy-polluting equipment, vigorously promoted the application of new energies, including photovoltaic power generation, shore power and LNG fuel, and continued to promote the development of energy-efficient, less-emission and pollution-free facilities and equipment; and in promoting energy conservation and carbon reduction, the Company organized the fourth session of “Telling the Energy Conservation Stories” (講好節能故事), a micro-video, photo and essay contest, to further create a sound atmosphere of energy conservation, advocate the establishment of a scientific consumption concept, deepen employees’ awareness of energy conservation and environmental protection and consolidate the existing achievements in energy conservation and environmental protection.

During the Reporting Period, the Company had a total energy consumption equivalent to 40,568 tons of standard coal, representing a decrease of 0.71% as compared to the corresponding period of last year, hence realizing a good energy conservation and environmental protection position where operating income has increased and energy consumption has been steadily reduced.

II. DETAILS ON CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY ALLEVIATION, RURAL REVITALIZATION AND OTHER WORKS

Applicable Not applicable

(I) Annual Planning

2021 is the starting year of comprehensively implementing the rural revitalization strategy. Sinotrans closely focused on the rural revitalization strategy, with China Merchants Group Foundation as a professional unified platform for public welfare. By taking the “three batches (三個一批)” assistance measures, namely intensifying the development of talent pool, building a batch of rural revitalization demonstration sites and fostering a batch of industrial cluster for regional development, and with the “three stabilities and three promotions (三穩三興)”, namely stabilizing organization, service and employment and promoting talent cultivation, industry development and governance, as the aim of our assistance works, the Sinotrans will ensure steady implementation of assistance policies and measures in a 5-year transitional period, and assist Weining, Guizhou Province, Qichun, Hubei Province, Yecheng and Shache, Xinjiang Autonomous Region and other targeted assisting counties to consolidate the achievements in poverty alleviation and boost rural revitalization on an ongoing basis.

Chapter 5 Environment and Social Responsibility

(II) Work Progress in the First Half of the Year

Sinotrans donated RMB9 million through the China Merchants Group Foundation for the rural revitalization projects in 2021, which was planned and implemented by the China Merchants Group Foundation. As of the end of June 2021, 3 projects have been initiated and RMB6.13 million has been allocated. The main poverty alleviation and rural revitalization projects that Sinotrans has participated in were as follows:

1. Xinjiang Yecheng Basic Medical Improvement Project. The transportation in remote mountainous towns and relocation sites for poverty alleviation in Yecheng County is inconvenient, the overall medical service level in such areas is low, and the current medical facilities and equipment are not sufficient to meet the medical needs of the people. In order to ensure that people in remote villages and towns enjoy timely and convenient basic medical services and improve the operation capacity of township hospitals for emergency patients, the project invested RMB5 million to purchase 10 ambulances for 8 remote mountainous towns and relocation sites for poverty alleviation in Yecheng County.
2. Xinjiang “Making Visit, Delivering Benefits and Gathering Morale (訪惠聚)” Village Assistance Project. The project invested RMB1.7 million to support the construction of a two-story village-level clinic with an area of 225 square meters in Youleigunjiayi (8) Village, Tieti Township, Yecheng County, and purchased beds, electrocardiogram and blood routine examination equipment; and supported 9 and 10 Village, Boxireke Township to expand the walnut processing plants, including construction of new staff dormitories, staff homes, toilets and other ancillary facilities, and acquisition of related equipment, aiming to improve the quality of employment, which benefited more than 3,300 people.
3. The Comprehensive Community Development Project in Yongren County, Chuxiong Prefecture, Yunnan Province. The project continued to provide care and services to rural children in distress and disadvantaged groups, and promoted sustainable rural development by introducing and supporting professional social service organizations and improving the capabilities of grassroots cadres.

(III) Subsequent Plans

In the second half of the year, Sinotrans will focus on orderly and effective implementation of the projects to ensure their performance, especially to further improve its public service capacities in Qichun County and Yecheng County. In addition, Sinotrans will proactively participate in consumption-based assistance and continue to purchase “27° Agricultural” charity brand products to help farmers achieve stable income growth.

Chapter 6 Significant Matters

I. PERFORMANCE OF COMMITMENTS

(I) Commitments during or Carried forward to the Reporting Period by the Actual Controllers, Shareholders, Related Parties, Acquirers of the Company and the Company and Other Relevant Parties

Applicable Not applicable

II. NON-OPERATING CAPITAL OCCUPIED BY CONTROLLING SHAREHOLDERS AND OTHER RELATED PARTIES DURING THE REPORTING PERIOD

Applicable Not applicable

III. VIOLATION OF GUARANTEES

Applicable Not applicable

IV. AUDIT OF THE INTERIM REPORT

Applicable Not applicable

V. CHANGES AND HANDLING OF MATTERS INVOLVED IN NON-STANDARD AUDIT OPINIONS OF ANNUAL REPORT IN THE LAST YEAR

Applicable Not applicable

VI. MATTERS RELATED TO BANKRUPTCY AND REORGANIZATION

Applicable Not applicable

VII. 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

Chapter 6 Significant Matters

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

Applicable Not applicable

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

Applicable Not applicable

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Material Related Party Transactions

The material related party transactions undertaken by the Group for the six months ended 30 June 2021 are set out in Note X to the unaudited consolidated interim financial statements.

(II) The Related Party Transactions in Relation to The Ordinary Operations

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

- (1) On 28 October 2020, the Company renewed the Master Services Agreement with China Merchants, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the annual cap of the amount of transportation and logistics services provided by the Group to China Merchants Group is RMB2,500 million, RMB3,250 million and RMB4,225 million in 2021, 2022 and 2023, respectively; the annual cap of the amount of transportation and logistics services received by the Group from China Merchant Group is RMB3,500 million, RMB4,550 million and RMB5,915 million in 2021, 2022 and 2023, respectively. For the six months ended 30 June 2021, the transportation and logistics services provided by the Group to China Merchants Group amounted to RMB466 million, while the transportation and logistics services received from China Merchants Group was RMB1,133 million.

Chapter 6 Significant Matters

- (2) On 28 October 2020, the Company entered into a Master Lease Agreement with China Merchants, the term of which is from 1 January 2021 to 31 December 2023. The annual cap and the actual amount incurred during the Reporting Period are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Categories	Annual cap of 2021	Actual amount in the first half of 2021	Annual cap of 2022	Annual cap of 2023
the lease of properties and storage facilities as the lessee from the related party	57,000	13,520.43	62,700	68,970
the lease of properties and storage facilities as the lessor to the related party	4,000	621.31	4,600	5,290
the lease of containers and other equipment as the lessee from the related party	1,500	302.63	1,700	1,930
the lease of containers and other equipment as the lessor to the related party	20,000	4,059.28	23,000	26,450

- (3) On 28 October 2020, the Board considered and approved the resolution on continuing related party transactions with China Merchants Bank from 2021 to 2023, and the cap of deposit balance is RMB4,000 million and the cap of loan balance is RMB5,000 million. As at 30 June 2021, the Group's deposit balance and loan balance at China Merchants Bank were RMB711 million and RMB235 million, respectively.

Chapter 6 Significant Matters

- (4) On 28 October 2020, the Company entered into a Daily Related Party Transaction Framework Agreement with 4 related joint ventures, namely DHL-Sinotrans International Air Courier Ltd. (DHL-Sinotrans, 中外運-敦豪國際航空快件有限公司), New Land Bridge (Lianyungang) Terminal Co., Ltd. (New Land Bridge (新陸橋(連雲港)碼頭有限公司), Shanghai United Cold Chain Logistics Co., Ltd. (Shanghai United Cold Chain, 上海聯和冷鏈物流有限公司), and Nissin-Sinotrans International Logistics Co., Ltd. (Nissin-Sinotrans, 中外運-日新國際貨運有限公司), the term of which is from 1 January 2021 to 31 December 2023. The annual cap and the actual amount incurred during the Reporting Period are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Categories	Joint ventures	Actual amount in			
		Annual cap of 2021	the first half of 2021	Annual cap of 2022	Annual cap of 2023
Provide services to related parties (The Company provides logistics services for related parties)	DHL-Sinotrans	16,000	2,296.63	19,000	22,500
	Shanghai United Cold Chain	3,000	189.71	3,500	4,500
	Nissin-Sinotrans	8,000	797.03	9,500	11,500
Accept services provided by related parties (Related parties provide logistics services to the Company)	DHL-Sinotrans	27,000	3,260.55	32,500	39,000
	New Land Bridge	12,000	807.84	14,500	17,500

The above-mentioned daily related party transactions have been reviewed and approved by the Company's Extraordinary General Meeting of Shareholders on 22 December 2020. For details, please refer to relevant announcements dated 28 October 2020 and 22 December 2020 published by the Company on the websites of SSE (www.sse.com.cn) and SEHK (www.hkex.com.hk).

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

(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

Chapter 6 Significant Matters

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

Chapter 6 Significant Matters

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

Unit: Yuan Currency: RMB

Related parties	Capital provided to related parties			Capital provided by related parties to listed 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	4,941,381,973.27	-563,065,507.07	4,378,316,466.20	751,253,023.57	518,867,809.57	1,270,120,833.14
Joint ventures and associates	683,315,500.68	273,399,612.07	956,715,112.75	602,930,411.06	-109,445,764.27	493,484,646.79
Other related parties	11,548.09	-11,548.09	0.00	500,551.32	-500,551.32	0.00
Total	5,624,709,022.04	-289,677,443.09	5,335,031,578.95	1,354,683,985.95	408,921,493.98	1,763,605,479.93
Reasons for related claims and liabilities	Proceeds in dealings with related companies					
The impact of related claims and liabilities on the operating results and financial condition of 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) Financial business between the Company and the Financial Company that has associated relationship, between the financial company controlled by the Company and the related parties

Applicable Not applicable

On 28 October 2020, the Company entered into a Financial Services Agreement with the Finance Company, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the maximum daily outstanding balance of the deposit placed by the Group with the Finance Company, the maximum daily outstanding balance of the loan (including accrued interest and handling fees) granted by the Finance Company to the Group and other financial service fees per year at the Finance Company shall not exceed RMB5 billion, RMB10 billion, and RMB20 million respectively. For the six-month period ended 30 June 2021, the Group's maximum daily deposit balance at Finance Company and outstanding loan balance granted by the Finance Company to the Group were RMB4,781 million and RMB311 million respectively, and the total fees of other financial service was RMB778.1 thousand. The above-mentioned daily related party transaction has been reviewed and approved by the Company's Extraordinary General Meeting of Shareholders on 22 December 2020. For details, please refer to relevant announcements dated 28 October 2020 and 22 December 2020 published by the Company on the websites of SSE (www.sse.com.cn) and SEHK (www.hkex.com.hk).

Chapter 6 Significant Matters

1. Deposit business

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	The cap of daily outstanding deposit balance	Deposit interest rate range	Balances at the beginning of the period	Amount of the transaction	Balances at the end of the period
Finance Company	Other companies controlled by the same parent company and ultimate controlling party	5,000,000,000.00	1.495%-3.8%	4,782,890,960.94	-546,481,889.86	4,236,409,071.08
Total	/	/	/	4,782,890,960.94	-546,481,889.86	4,236,409,071.08

2. Loan business

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	The cap of loan balance	Loan interest rate range	Balances at the beginning of the period	Amount of the transaction	Balances at the end of the period
Finance Company	Other companies controlled by the same parent company and ultimate controlling party	10,000,000,000	1.20%-3.85%	106,012,534.37	7,880,049.23	113,892,583.60
Total	/	/	/	106,012,534.37	7,880,049.23	113,892,583.60

3. Credit business or other financial business

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Business type	Total	Actual amount
Finance Company	Other companies controlled by the same parent company and ultimate controlling party	Comprehensive credit	8,000,000,000.00	802,490,325.19

4. Other explanation

Applicable Not applicable

(VII) Other Material Related Party Transactions

Applicable Not applicable

(VIII) Others

Applicable Not applicable

Chapter 6 Significant Matters

XI. MATERIAL CONTRACTS AND PERFORMANCE

1. Trusteeship, Contracting and Leasing

Applicable Not applicable

2. Significant Guarantees Performed and Unfulfilled during the Reporting Period

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)			Type of guarantee	Main debt situation	Whether the guarantee has been fulfilled		Is the guarantee overdue	Is counter guarantee available	Guarantee provided to the related parties	Related relationships	
				beginning date	Guarantee maturity date	Guarantee maturity date			Collateral (if any)	fulfilled					
Sinotrans South China Company Limited	Subsidiary	Shenzhen Haixing Harbor Development Co., Ltd.	98,184,899.10	1 July 2019	1 July 2019	1 July 2037	Financing guarantee/ Joint liability guarantee	Performed Normally	Nil	No	No	-	No	Yes	Associate
Sinotrans South China Company Limited	Subsidiary	Dongguan Port Container Port Co., Ltd.	0	27 August 2015	27 August 2015	9 January 2021	Financing guarantee/ General guarantee	Paid Off	Nil	Yes	No	-	No	Yes	Joint venture
Sinotrans Bulk Logistics Company Limited	Subsidiary	Sinotrans Sarens Logistics Company	9,815,779.33	6 June 2016	1 July 2016	30 June 2021	Financing guarantee/ General guarantee	Performed Normally	Nil	No	No	-	No	Yes	Joint venture
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)														110,360,678.43	
Guarantees provided by the Company 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)														4,688,979,176.58	
Total guarantees (including guarantees to subsidiaries) provided by the Company															
Total guaranteed amount (A+B)														4,799,339,856.01	
Total guaranteed amount as a percentage of the net asset value of the Company (%)														14.31	
Of which:															
Guaranteed amount provided for shareholders, actual controller and their related parties (C)														-	
Debt guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)														1,980,398,000.00	
Total guaranteed amount in excess of 50% of net asset value (E)														-	
Total guaranteed amount of the above three items (C+D+E)														1,980,398,000.00	
Statement on the contingent joint liability in connection with unexpired guarantees														Nil	
Details of guarantee															
(1) In addition to the above guarantees, the Company and its holding subsidiaries provide guarantees for the credit applied for by companies within the scope of the consolidated statements. As at 30 June 2021, the total credit guarantees were RMB5,129 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 30 June 2021, the balance of guarantees was RMB2.36 million.															
(3) The Company's subsidiaries Sinotrans South China Company Limited provided financing guarantee for Dongguan Port Container Port Co., Ltd., which has paid off the debt on 9 January 2021.															
(4) The Company's subsidiaries Sinotrans Bulk Logistics Company Limited provided financing guarantee for Sinotrans Sarens Logistics Company, which has paid off the debt on 1 July 2021.															

Chapter 6 Significant Matters

3. Other Material Contracts

Applicable Not applicable

XII. EXPLANATION OF OTHER SIGNIFICANT MATTERS

Applicable Not applicable

1. Events after the Balance Sheet Date

As approved by the CSRC, the Company issued unsecured corporate bonds on 23 July 2021, with a face value of RMB100 and a total amount of RMB2 billion (21 Sinotrans 01 Corporate Bond). The bonds have a maturity of 5 years, with fixed coupon and effective interest rates of 3.15% and 3.16% per annum, respectively, and are repayable on an annual basis, and the principal is repaid at maturity.

Apart from the above, the Group had no other non-adjustment events after the balance sheet date required disclosure.

Chapter 7

Changes of Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in Shares

1. Table of Changes in Shares

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

2. Particulars of Changes in Shares

Applicable Not applicable

3. Effect of Changes in Shares on Financial Indicators such as Earnings per Share and Net Assets per Share within the Period from the End of the Reporting Period to Disclosure Date of the Interim Report (if any)

Applicable Not applicable

4. Other Contents that the Company Deems Necessary or Security Regulatory Authorities Require to Disclose

Applicable Not applicable

(II) Changes in Restricted Shares

Applicable Not applicable

II. PARTICULARS OF SHAREHOLDERS

(I) Number of Shareholders:

Number of ordinary Shareholders at the end of the Reporting Period (shareholders)	51,913
Number of preferred Shareholders with restored voting rights at the end of the Reporting Period (shareholders)	N/A

Note: At the end of the Reporting Period, the Company has 51,788 A shareholders and 125 registered H shareholders.

Chapter 7

Changes of Shares and Particulars of Shareholders

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

Unit: share

Name of shareholders (Full Name)	Increase or decrease during the Reporting Period	Shareholding of the top 10 shareholders		Number of restricted shares	Pledged or frozen status		Nature of shareholders
		Number of shares held at the end of the Reporting Period	Percentage (%)		Shares of status	Number	
Sinotrans & CSC Holdings Co., Ltd	0	2,472,216,200	33.40	2,461,596,200	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	273,000	2,107,560,399	28.48	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)	104,756,204	207,013,854	2.80	0	Nil	0	Overseas legal person
DEUTSCHE POST BETEILIGUNGEN HOLDING	0	35,616,000	0.48	0	Unknown	Unknown	Overseas legal person
China Everbright Bank -BOCOM Schroder Hongguang Due within One Year Mixed Securities Investment Fund (中國光大銀行股份有限公司— 交銀施羅德鴻光一年持有期混 合型證券投資基金)	24,999,965	24,999,965	0.34	0	Nil	0	Unknown
Abu Dhabi Investment Authority (阿布達比投資局)	18,673,845	23,256,938	0.31	0	Nil	0	Overseas legal person
Chen Jingjian	2,736,584	16,745,003	0.23	0	Nil	0	Domestic natural person
Jiang Chunsheng	3,936,900	11,093,800	0.15	0	Nil	0	Domestic natural person
Agricultural Bank of China Co., Ltd.-Full Goal CSI 500 Index Enhanced Securities Investment Fund (LOF) (中國農業銀行股份 有限公司—富國中證500指數增 強型證券投資基金(LOF))	-928,100	10,609,944	0.14	0	Nil	0	Unknown

Chapter 7

Changes of Shares and Particulars of Shareholders

Shareholding of the top 10 holders of unrestricted shares

Name of shareholders	Number of unrestricted shares	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,107,560,399	Foreign shares listed overseas	2,107,560,399
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	207,013,854	Ordinary shares denominated in RMB	207,013,854
China Merchants Group Limited	157,913,995	Ordinary shares denominated in RMB	157,913,995
DEUTSCHE POST BETEILIGUNGEN HOLDING	35,616,000	Foreign shares listed overseas	35,616,000
China Everbright Bank -BOCOM Schroder Hongguang Due within One Year Mixed Securities Investment Fund (中國光大銀行股份有限公司－ 交銀施羅德鴻光一年持有期混合型證券投資基金)	24,999,965	Ordinary shares denominated in RMB	24,999,965
Abu Dhabi Investment Authority (阿布達比投資局)	23,256,938	Ordinary shares denominated in RMB	23,256,938
Chen Jingjian	16,745,003	Ordinary shares denominated in RMB	16,745,003
Jiang Chunsheng	11,093,800	Ordinary shares denominated in RMB	11,093,800
Sinotrans & CSC Holdings Co., Ltd.	10,620,000	Ordinary shares denominated in RMB	10,620,000
Agricultural Bank of China Co., Ltd.-Full Goal CSI 500 Index Enhanced Securities Investment Fund (LOF) (中國農業銀行股份有限公司－富國中證500 指數增強型證券投資基金(LOF))	10,609,944	Ordinary shares denominated in RMB	10,609,944
Explanations of the repurchase of special accounts among the top 10 shareholders	Nil		
Explanation of the above-mentioned shareholders' entrusted voting rights, been entrusted voting rights, and waiver of voting rights	Nil		
Explanations on the related-party relations or acting in concert among the above shareholders	Sinotrans & CSC is a wholly-owned subsidiary of China Merchants.		
Explanations on the shares and voting rights restored of preferred shareholders	N/A		

Chapter 7

Changes of Shares and Particulars of Shareholders

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

✓Applicable □Not applicable

Unit: share

No.	Name of shareholders of restricted shares	Number of restricted shares	Availability of the restricted shares for listing and trading		Restriction conditions
			Available time for listing and trading	Number of additional shares available for listing and trading	
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 relationships 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 of Shares and Particulars of Shareholders

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

As at 30 June 2021, 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 SEHK 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	Percentage
			in total issued Share capital	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)	321,164,000 (L)	H Shares	4.34%	14.97%
Brown Brothers Harriman & Co. (Note 3)	193,235,892 (L)	H Shares	2.61%	9.01%
	193,235,892 ((P)	H Shares	2.61%	9.01%
FIDELITY FUNDS (Note 4)	150,133,732 (L)	H Shares	2.03%	7.00%
LSV ASSET MANAGEMENT (Note 5)	172,161,000 (L)	H Shares	2.33%	8.03%

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

Notes:

- As of 30 June 2021, 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 SEHK, 321,164,000 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 SEHK, Brown Brothers Harriman & Co. held 193,235,892 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 SEHK, FIDELITY FUNDS held 150,102,000 H Shares (long position) in the capacity of beneficial owner, and 31,732 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 SEHK, LSV ASSET MANAGEMENT held 126,518,500 H Shares (long position) in the capacity of investment manager. 45,642,500 H Shares (long position) are deemed interest through its general partnership interest in certain limited partnerships.

Chapter 7

Changes of Shares and Particulars of Shareholders

Save as disclosed above, as at 30 June 2021, 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 SEHK pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO.

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

Applicable Not applicable

III. PARTICULARS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes in Shareholding of Current and Resigned Directors, Supervisors and Senior Management During the Reporting Period

Applicable Not applicable

Other information

Applicable Not applicable

(II) The Equity Incentives Granted to the Directors, Supervisors and Senior Management During the Reporting Period

Applicable Not applicable

(III) Other Information

Applicable Not applicable

Interests and Short Positions of the Directors, Supervisors and Chief Executives

As at 30 June 2021, so far as the Directors of the Company were aware, none of the Directors, Supervisors, chief executives or their associates had any interests in any shares or debentures and short positions of the Company or any associated corporation of the Company which were required to be notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they are deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of SFO to be recorded in the register kept by the Company referred to therein, or which were required to be notified to the Company and SEHK pursuant to the Model Code.

IV. CHANGES OF CONTROLLING SHAREHOLDERS OR ACTUAL CONTROLLERS

Applicable Not applicable

V. REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, none of the members of the Group has repurchased, sold or redeemed any listed securities of the Company.

Chapter 8 Particulars of Preferred Shares

Applicable Not applicable



Chapter 9 Particulars of Bonds

I. ENTERPRISE BONDS, CORPORATE BONDS AND DEBT FINANCING INSTRUMENTS OF NON-FINANCIAL ENTERPRISES

Applicable Not applicable

(I) Enterprise Bonds

Applicable Not applicable

(II) Corporate Bonds

Applicable Not applicable

1. Basic Information of Corporate Bonds

Unit: Hundred million Yuan Currency: RMB

Name of bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of bond	Interest rate (%)	Manner of payment of principal and interest	Transaction site	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
Sinotrans Limited 2016 Corporate Bond (Second Tranche)	16 SINOTRANS 03	136654	24 August 2016	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	Nil	Nil	Nil
Sinotrans Limited 2021 Corporate Bonds Public Issued to Professional Investors (First Tranche)	21 SINOTRANS 01	188446	23 July 2021	26 July 2021	26 July 2026	20	3.15 (The issuer will adjust the option of coupon rate and the investor's option to sell back at the end of the third year)	Annual interest, no compound interest, repayment of principal upon maturity	SSE	Nil	Nil	Nil

Counter measure of the Company for the risk of terminating the listing transaction of the bonds

Applicable Not Applicable

Overdue bonds unredeemed

Applicable Not Applicable

Explanations of overdue bonds

Applicable Not Applicable

Chapter 9 Particulars of Bonds

2. *Triggering and Implementation of Issuer or Investor Option Clauses and Investor Protection Clauses*

Applicable Not Applicable

3. *Adjustment of Credit Rating Results*

Applicable Not Applicable

4. *The Implementation and Changes of Guarantees, Debt Repayment Plans and Other Debt Repayment Safeguard Measures During the Reporting Period and Their Impact*

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.

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.

5. *Explanation of Other Situations of Corporate Bonds*

Applicable Not Applicable

The Company redeemed the principal and interest of the "16 Sinotrans 01" corporate bond of RMB2.064 billion on 2 March 2021, and redeemed the principal and interest of the "16 Sinotrans 03" corporate bond of RMB1.39995 billion on 24 August 2021.

Chapter 9 Particulars of Bonds

(III) Debt Financing Instruments of Non-financial Enterprises in the Inter-bank Bond Market

Applicable Not Applicable

1. Basic Information of Debt Financing Instruments of Non-financial Enterprises

Unit: Hundred million Yuan Currency: RMB

Name of bond	Short name	Code	Date of issuance	Value date	Maturity date	Balance of bond	Interest rate (%)	Manner of payment of principal and interest	Transaction site	Investor suitability arrangements (if any)	Trading mechanism	Whether there is a risk of terminating the listing transaction
Sinotrans Limited First Tranche of Medium-term Notes in 2021	21 SINOTRANS	102101041	7 June 2021	9 June 2021	9 June 2024	20	3.50	Annual interest, no compound interest, repayment of principal upon maturity	Inter-bank Bond Market	Nil	Nil	Nil

Counter measure of the Company for the risk of terminating the listing transaction of the bonds

Applicable Not Applicable

Overdue bonds unredeemed

Applicable Not Applicable

Explanations of overdue bonds

Applicable Not Applicable

2. Triggering and Implementation of Issuer or Investor Option Clauses and Investor Protection Clauses

Applicable Not Applicable

3. Adjustment of Credit Rating Results

Applicable Not Applicable

Chapter 9 Particulars of Bonds

4. The Implementation and Changes of Guarantees, Debt Repayment Plans and Other Debt Repayment Safeguard Measures During the Reporting Period and Their Impact

Applicable Not Applicable

After the issuance of the medium-term notes, 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.

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.

5. Explanation of Other Situations of Debt Financing Instruments of Non-financial Enterprises

Applicable Not Applicable

(IV) The Company's Loss in the Scope of Consolidated Statements During the Reporting Period Exceeded 10% of Its Net Assets at the End of the Previous Year

Applicable Not Applicable

Chapter 9 Particulars of Bonds

(V) Key Accounting Data and Financial Indicators

Applicable Not Applicable

Unit: Yuan Currency: RMB

Main indicators	As at the end of the Reporting Period	As at the end of last year	Changes as compared to the end of last year (%)
Current ratio	1.32	1.16	13.79
Quick ratio	1.32	1.16	13.79
Debt-to-asset ratio (%)	53.84	51.00	Increase by 2.84 percentage points

	Reporting Period (January to June)	Corresponding period of last year	Changes as compared to the corresponding period of last year (%)
Net profits net of non-recurring profit or loss attributable to shareholders of the Company	1,836,195,770.32	1,087,610,969.83	68.83
EBITDA total debt ratio	0.24	0.18	33.45
Interest coverage ratio	13.79	6.88	100.31
Cash interest coverage ratio	4.97	4.91	1.12
EBITDA interest coverage ratio	18.91	10.63	77.89
Loan re-payment rate(%)	100.00	100.00	0.00
Interest payment ratio (%)	100.00	100.00	0.00

Note: Net profits net of non-recurring profit or loss attributable to shareholders of the Company, EBITDA total debt ratio, interest coverage ratio, and EBITDA interest coverage ratio increased over 30% year-on-year mainly due to the year-on-year increase in operating performance, the net profit indicator increased significantly.

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

Chapter 10

Consolidated Statement of Financial Position

30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Current assets			
Cash and bank balances	IX. 1	12,720,456,959.30	11,369,322,581.85
Held-for-trading financial assets	IX. 2	831,144.19	303,292,565.44
Derivative financial assets			
Bills receivable	IX. 3	31,270,273.56	50,643,103.40
Accounts receivable	IX. 4	14,338,201,560.07	11,020,529,018.23
Receivables financing	IX. 5	593,780,716.50	577,786,410.97
Prepayments	IX. 6	4,157,004,618.97	2,708,263,877.18
Other receivables	IX. 7	1,821,920,768.28	1,593,167,531.67
Including: Dividends receivable	IX. 7	65,748,876.61	44,020,348.80
Inventories	IX. 8	71,511,940.49	81,759,661.09
Including: Raw materials	IX. 8	31,275,570.77	29,011,779.44
Finished goods	IX. 8	27,633,880.70	38,479,091.01
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	IX. 9	13,325,000.00	12,325,000.00
Other current assets	IX. 10	546,314,663.70	540,085,070.29
Total current assets		34,294,617,645.06	28,257,174,820.12
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	IX. 11	59,784,162.01	63,372,794.47
Long-term equity investments	IX. 12	8,817,159,819.27	7,751,580,775.52
Other equity instrument investments	IX. 13	22,442,164.66	21,605,631.53
Other non-current financial assets	IX. 14	1,052,582,573.91	871,156,840.33
Investment properties	IX. 15	2,163,554,189.34	2,204,247,204.69
Fixed assets	IX. 16	12,924,688,606.20	12,442,176,585.16
Including: Original value of fixed assets	IX. 16	21,309,753,641.86	20,530,548,181.93
Accumulated depreciation	IX. 16	8,362,082,463.69	8,065,475,001.23
Provision for impairment of fixed assets	IX. 16	22,982,571.97	23,009,285.22
Construction in progress	IX. 17	1,876,862,197.21	2,678,713,748.77
Right-of-use assets	IX. 18	2,080,875,808.53	2,288,566,739.29
Intangible assets	IX. 19	6,190,265,826.41	6,134,410,069.01
Development expenditure	IX. 20	130,569,064.98	131,900,907.13
Goodwill	IX. 21	2,187,567,229.01	2,278,747,212.67
Long-term prepaid expenses	IX. 22	210,895,431.32	208,284,268.95
Deferred tax assets	IX. 23	208,695,331.95	227,816,029.93
Other non-current assets	IX. 24	458,813,068.84	258,945,064.36
Total non-current assets		38,384,755,473.64	37,561,523,871.81
Total assets		72,679,373,118.70	65,818,698,691.93

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 of
Accounting work

Mai Lina
Person-in-charge of
Accounting Department

Chapter 10

Consolidated Statement of Financial Position

30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Current liabilities			
Short-term borrowings	IX. 27	2,354,865,609.64	502,472,110.58
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	IX. 28	42,700,000.00	25,717,690.68
Accounts payable	IX. 29	13,063,341,150.67	10,691,734,667.49
Advances from customers			
Contract liabilities	IX. 30	3,597,294,118.23	2,787,963,766.90
Employee remuneration payable	IX. 31	1,432,597,395.22	1,658,444,322.93
Including: Wages payable	IX. 31	1,221,471,124.72	1,449,280,516.71
Welfare payable	IX. 31	17,605,967.42	550,903.92
# Including: Employee bonus and welfare fund			
Taxes and dues payable	IX. 32	424,935,432.83	482,450,266.69
Including: Taxes payable	IX. 32	418,005,616.06	469,651,680.17
Other payables	IX. 33	2,696,495,337.97	1,681,611,338.42
Including: Dividends payable	IX. 33	965,981,428.15	50,028,253.71
Held-for-sale liabilities			
Non-current liabilities due within one year	IX. 34	2,170,085,347.25	6,251,548,647.08
Other current liabilities	IX. 35	197,711,315.62	205,522,931.03
Total current liabilities		25,980,025,707.43	24,287,465,741.80
Non-current liabilities			
Long-term borrowings	IX. 36	8,110,695,067.93	6,256,458,851.14
Bonds payable	IX. 37	1,997,057,534.25	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	IX. 38	1,627,621,441.20	1,800,066,318.62
Long-term payables	IX. 39	216,712,508.22	196,455,630.50
Long-term employee remuneration payable	IX. 40	2,623,380.55	2,681,752.27
Estimated liabilities	IX. 41	193,852,870.15	231,187,267.06
Deferred income	IX. 42	409,022,868.14	416,551,170.88
Deferred tax liabilities	IX. 23	199,115,823.89	180,703,468.18
Other non-current liabilities	IX. 43	392,814,348.11	196,349,994.80
Total non-current liabilities		13,149,515,842.44	9,280,454,453.45
Total liabilities		39,129,541,549.87	33,567,920,195.25

Chapter 10

Consolidated Statement of Financial Position

30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020
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 reserves	IX. 45	6,072,184,122.09	6,072,104,617.90
Less: Treasury shares			
Other comprehensive income	IX. 66	-192,025,281.03	-112,613,046.75
Including: Translation difference of the financial			
statements in foreign currency	IX. 66	-272,095,591.68	-250,714,569.50
Special reserves	IX. 46	82,162,378.01	69,249,908.68
Surplus reserves	IX. 47	1,097,484,710.77	1,097,484,710.77
Including: Statutory surplus reserves	IX. 47	1,097,484,710.77	1,097,484,710.77
Discretionary surplus reserves			
Retained earnings	IX. 48	17,208,405,497.73	15,920,974,640.15
Total equity attributable to shareholders of the Company		31,669,015,302.57	30,448,004,705.75
Non-controlling interests		1,880,816,266.26	1,802,773,790.93
Total shareholders' equity		33,549,831,568.83	32,250,778,496.68
Total liabilities and shareholders' equity		72,679,373,118.70	65,818,698,691.93

The notes form an integral part of the financial statements

Chapter 10

Statement of Financial Position of the Company

30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Current assets			
Cash and bank balances	XVII. 1	6,324,897,683.33	4,656,922,197.24
Held-for-trading financial assets			302,500,000.00
Derivative financial assets			
Bills receivable			
Accounts receivable	XVII. 2	727,415,875.25	527,834,002.71
Receivables financing	XVII. 3	9,823,472.19	1,700,000.00
Prepayments		12,332,297.88	10,398,545.77
Other receivables	XVII. 4	8,658,648,179.08	8,424,750,386.84
Including: Dividends receivable	XVII. 4	62,629,261.03	46,872,094.63
Inventories			
Including: Raw materials			
Finished goods			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		232,232,373.34	244,007,172.47
Other current assets		36,852,606.01	59,714,021.50
Total current assets		16,002,202,487.08	14,227,826,326.53
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	XVII. 5	1,477,110,099.90	1,599,395,501.60
Long-term equity investments	XVII. 6	19,444,031,213.66	19,396,507,240.24
Other equity instrument investment			
Other non-current financial assets		1,084,330,382.81	1,084,330,382.81
Investment properties			
Fixed assets		33,729,224.03	38,540,881.15
Including: Original value of fixed assets		124,555,053.30	124,042,154.19
Accumulated depreciation		90,825,829.27	85,501,273.04
Provision for impairment of fixed assets			
Construction in progress		5,176,367.06	5,176,367.06
Right-of-use assets		529,407,840.96	542,244,825.71
Intangible assets		124,736,288.47	136,720,584.32
Development expenditure		123,367,799.45	124,437,385.89
Goodwill			
Long-term prepaid expenses		911,649.38	1,631,376.64
Deferred tax assets			
Other non-current assets			
Total non-current assets		22,822,800,865.72	22,928,984,545.42
Total assets		38,825,003,352.80	37,156,810,871.95

The notes form an integral part of the financial statements

Chapter 10

Statement of Financial Position of the Company

30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Current liabilities			
Short-term borrowings	XVII. 7	2,001,805,555.56	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		599,337,053.74	469,833,151.49
Advances from customers			
Contract liabilities		21,895,642.12	21,398,726.09
Employee remuneration payables		86,087,264.84	109,295,977.00
Including: Wages payable		60,165,453.98	83,337,973.11
Welfare payable		5,556,013.91	
# Including: Employee bonus and welfare fund			
Taxes and dues payable		1,894,937.97	11,893,687.34
Including: Taxes payable		1,682,734.44	11,681,483.81
Other payables		9,030,220,129.31	10,559,092,586.22
Including: Dividends payable		888,431,094.85	334,629.85
Held-for-sale liabilities			
Non-current liabilities due within one year		1,413,873,041.41	3,437,749,202.11
Other current liabilities			
Total current liabilities		13,155,113,624.95	14,609,263,330.25
Non-current liabilities			
Long-term borrowings	XVII. 8	109,750,000.00	109,750,000.00
Bonds payable	XVII. 9	1,997,057,534.25	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		561,004,360.27	569,718,133.89
Long-term payables			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		2,667,811,894.52	679,468,133.89
Total liabilities		15,822,925,519.47	15,288,731,464.14

Chapter 10

Statement of Financial Position of the Company

30 June 2021

Unit: RMB

Item	Note	30 June 2021	31 December 2020
Shareholders' equity:			
Share capital		7,400,803,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	XVII. 10	10,764,008,546.37	10,764,008,546.37
Less: Treasury shares			
Other comprehensive income		-14,551,804.06	-13,438,056.58
Including: Translation difference of the financial statements in foreign currency		-409,087.19	704,660.29
Special reserves		3,762,540.35	3,693,848.35
Surplus reserves		1,097,484,710.77	1,097,484,710.77
Including: Statutory surplus reserves		1,097,484,710.77	1,097,484,710.77
Discretionary surplus reserves			
Retained earnings	XVII. 11	3,750,569,964.90	2,615,526,483.90
Total shareholders' equity		23,002,077,833.33	21,868,079,407.81
Total liabilities and shareholders' equity		38,825,003,352.80	37,156,810,871.95

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

Unit: RMB

Item	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
I. Total operating income	IX. 49	61,676,723,089.91	39,693,676,126.08
Including: Operating income	IX. 49	61,676,723,089.91	39,693,676,126.08
II. Total operating costs	IX. 49	61,067,358,434.09	39,305,867,255.86
Including: Operating costs	IX. 49	58,854,170,153.96	37,418,226,955.14
Tax and surcharges	IX. 50	106,711,409.87	82,161,274.34
Selling expenses	IX. 51	465,252,690.83	393,373,867.49
Administrative expenses	IX. 52	1,398,783,034.89	1,173,651,357.16
Research and development expenses	IX. 53	66,020,398.33	52,979,013.84
Finance costs	IX. 54	176,420,746.21	185,474,787.89
Including: Interest expenses	IX. 54	195,843,781.71	255,730,682.53
Interest income	IX. 54	64,070,071.08	82,423,861.38
Net exchange loss (net gain denoted by “-”)	IX. 54	36,572,454.67	12,090,390.03
Add: Other income	IX. 55	723,828,178.31	642,682,349.85
Investment income (loss denoted by “-”)	IX. 56	1,156,701,645.92	580,899,833.38
Including: Share of results of joint ventures and associates	IX. 56	1,148,967,850.65	581,298,071.77
Income from derecognition of financial assets measured at amortised cost (loss denoted by “-”)			
Hedging income (loss denoted by “-”)			
Gain from changes in fair value (loss denoted by “-”)	IX. 57	168,152,429.79	
Credit loss impairment (loss denoted by “-”)	IX. 58	-2,890,853.04	-62,831,097.11
Impairment of assets (loss denoted by “-”)			
Income from disposal of assets (loss denoted by “-”)	IX. 59	45,025,163.23	13,888,297.34
III. Operating profit (loss denoted by “-”)		2,700,181,220.03	1,562,448,253.68
Add: Non-operating income	IX. 60	37,526,632.97	37,801,457.35
Including: Government grants	IX. 60	14,023,459.15	23,509,684.89
Less: Non-operating expenses	IX. 62	34,873,876.91	35,759,092.53
IV. Total profit (total loss denoted by “-”)		2,702,833,976.09	1,564,490,618.50
Less: Income tax expenses	IX. 63	450,362,339.28	312,466,533.40
V. Net profit (net loss denoted by “-”)		2,252,471,636.81	1,252,024,085.10
(I) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the Company (net loss denoted by “-”)		2,162,515,209.01	1,215,350,161.87
2. Profit or loss attributable to non-controlling interests (net loss denoted by “-”)		89,956,427.80	36,673,923.23
(II) Classified by the continuity of operations			
1. Net profit from continuing operations (net loss denoted by “-”)		2,252,471,636.81	1,252,024,085.10
2. Net profit from discontinued operations (net loss denoted by “-”)			

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021

Item	Note	Unit: RMB	
		Six months ended 30 June 2021	Six months ended 30 June 2020
VI. Other comprehensive income, net of tax	IX. 66	-64,756,551.31	8,571,560.47
Other comprehensive income attributable to shareholders of the Company, net of tax	IX. 66	-66,400,120.71	34,539,857.40
(I) Other comprehensive income not to be subsequently reclassified to profit or loss	IX. 66	13,848,646.70	-2,425,059.33
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	IX. 66	13,848,646.70	-2,425,059.33
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	IX. 66	-80,248,767.41	36,964,916.73
1. Other comprehensive income to be reclassified to profit or loss under the equity method	IX. 66	-58,867,745.23	-20,207,038.51
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 financial statements in foreign currency	IX. 66	-21,381,022.18	57,171,955.24
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax	IX. 66	1,643,569.40	-25,968,296.93
VII. Total comprehensive income		2,187,715,085.50	1,260,595,645.57
Total comprehensive income attributable to shareholders of the Company	IX. 66	2,096,115,088.30	1,249,890,019.27
Total comprehensive income attributable to non-controlling interests	IX. 66	91,599,997.20	10,705,626.30
VIII. Earnings per share:			
Basic earnings per share	IX. 64	0.29	0.16
Diluted earnings per share	IX. 64	0.29	0.16

The notes form an integral part of the financial statements

Chapter 10 Statement of Profit or Loss and Other Comprehensive Income of the Company

For the six months ended 30 June 2021

Unit: RMB

Item	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
I. Operating income	XVII. 12	1,544,414,693.99	1,111,408,150.24
Less: Operating costs	XVII. 12	1,418,785,404.53	983,003,480.45
Tax and surcharges		168,589.77	185,247.10
Selling expenses		46,718,274.84	39,595,373.78
Administrative expenses		132,991,221.18	98,772,387.97
Research and development expenses		43,649,249.83	41,024,085.49
Finance costs	XVII. 13	9,932,659.33	-59,426,587.52
Including: Interest expenses	XVII. 13	114,122,195.12	113,774,080.78
Interest income	XVII. 13	117,495,024.29	140,112,585.07
Net exchange loss (net gain denoted by “-”)	XVII. 13	11,830,948.09	-25,889,765.99
Add: Other income		6,600.00	
Investment income (loss denoted by “-”)	XVII. 14	2,128,510,808.65	2,104,338,238.08
Including: Share of results of joint ventures and associates	XVII. 14	52,932,136.69	36,404,500.12
Income from derecognition of financial assets measured at amortised cost (loss denoted by “-”)			
Hedging income (loss denoted by “-”)			
Gain from changes in fair value (loss denoted by “-”)			
Credit loss impairment (loss denoted by “-”)		1,225,038.78	7,477,864.23
Impairment of assets (loss denoted by “-”)			
Income from disposal of assets (loss denoted by “-”)			-475.58
II. Operating profits (loss denoted by “-”)		2,021,911,741.94	2,120,069,789.70
Add: Non-operating income		484,596.41	339,784.55
Including: Government grants			
Less: Non-operating expenses		370,139.83	2,007,918.36
III. Total profit (total loss denoted by “-”)		2,022,026,198.52	2,118,401,655.89
Less: Income tax expenses			
IV. Net profit (net loss denoted by “-”)		2,022,026,198.52	2,118,401,655.89
Net profit from continuing operations (net loss denoted by “-”)		2,022,026,198.52	2,118,401,655.89
Net profit from discontinued operations (net loss denoted by “-”)			

Chapter 10

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

For the six months ended 30 June 2021

Unit: RMB

Item	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
V. Other comprehensive income, net of tax			-156,693.88
(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			-156,693.88
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 financial statements in foreign currency			-156,693.88
7. Others			
VI. Total comprehensive income		2,022,026,198.52	2,118,244,962.01

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

Item	Note	Unit: RMB	
		Six months ended 30 June 2021	Six months ended 30 June 2020
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		62,733,092,589.55	39,532,504,240.67
Tax rebate received		2,489,678.21	5,662,755.53
Cash received from other operating activities	IX. 67	931,444,434.10	992,297,222.01
Sub-total of cash inflows from operating activities		63,667,026,701.86	40,530,464,218.21
Cash paid for goods and services		58,523,142,087.30	35,134,203,455.79
Cash paid to and on behalf of employees		3,561,375,584.15	3,073,352,639.28
Cash paid for taxes and dues		756,307,068.67	641,090,773.01
Cash paid for other operating activities	IX. 67	562,780,800.87	1,162,254,295.95
Sub-total of cash outflows from operating activities		63,403,605,540.99	40,010,901,164.03
Net cash flows from operating activities	IX. 67	263,421,160.87	519,563,054.18
II. Cash flows from investment activities			
Cash received from disposal of investments		302,655,754.62	22,001,712.16
Cash received from investment income		35,384,961.83	7,377,020.17
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		136,113,213.23	45,549,842.09
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities	IX. 67	4,200,000.00	50,954,211.86
Sub-total of cash inflows from investment activities		478,353,929.68	125,882,786.28
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		541,712,514.10	734,389,799.48
Cash paid for investments		52,894,516.80	2,500,000.00
Net cash paid for acquisition of subsidiaries and other operating units			521,941,024.98
Cash paid for other investment activities	IX. 67	26,112.59	5,000,000.00
Sub-total of cash outflows from investment activities		594,633,143.49	1,263,830,824.46
Net cash flows from investment activities		-116,279,213.81	-1,137,948,038.18
III. Cash flows from financing activities:			
Cash received from capital contributions		61,317,750.00	52,838,252.00
Including: Cash received by subsidiaries from capital contributions of non-controlling interests		61,317,750.00	52,838,252.00
Cash received from borrowings		6,419,662,545.84	1,551,443,357.29
Cash received from other financing activities	IX. 67		39,912,768.23
Sub-total of cash inflows from financing activities		6,480,980,295.84	1,644,194,377.52
Cash paid for repayment of debts		4,548,449,169.97	1,246,035,037.18
Cash paid for distribution of dividends or profits or settlement of interest	IX. 67	222,892,634.11	258,088,096.56
Including: Dividends and profits paid by the subsidiaries to non-controlling interests		47,655,028.21	43,148,412.68
Cash paid for other financing activities	IX. 67	458,237,618.34	386,798,791.70
Sub-total of cash outflows from financing activities		5,229,579,422.42	1,890,921,925.44
Net cash flows from financing activities		1,251,400,873.42	-246,727,547.92
IV. Effect of foreign exchange rate changes		-49,245,788.79	-23,805,980.64
V. Net increase in cash and cash equivalents	IX. 68	1,349,297,031.69	-888,918,512.56
Add: Balance of cash and cash equivalents at the beginning of the period	IX. 68	11,292,435,757.31	10,389,909,366.83
VI. Balance of cash and cash equivalents at the end of the period	IX. 68	12,641,732,789.00	9,500,990,854.27

The notes form an integral part of the financial statements

Chapter 10

Statement of Cash Flows of the Company

For the six months ended 30 June 2021

Unit: RMB

Item	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		1,329,717,640.70	1,450,765,402.89
Tax rebate received			
Cash received from other operating activities		112,474,207.11	120,193,754.93
Sub-total of cash inflows from operating activities		1,442,191,847.81	1,570,959,157.82
Cash paid for goods and services		1,264,527,333.16	966,772,508.17
Cash paid to and on behalf of employees		165,978,112.41	151,164,628.49
Cash paid for taxes and dues		311,598.12	425,857.26
Cash paid for other operating activities		116,721,952.52	446,890,182.57
Sub-total of cash outflows from operating activities		1,547,538,996.21	1,565,253,176.49
Net cash flows from operating activities	XVII. 15	-105,347,148.40	5,705,981.33
II. Cash flow from investment activities:			
Cash received from disposal of investments		302,655,754.62	5,500,000.00
Cash received from investment income		2,065,073,914.21	2,103,792,572.25
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		357,753.20	585.60
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities		131,679,844.85	95,255,059.84
Sub-total of cash inflows from investment activities		2,499,767,266.88	2,204,548,217.69
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		7,979,809.79	25,021,589.41
Cash paid for investments			90,929,753.74
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid for other investment activities		170,191,346.03	181,584,489.79
Sub-total of cash outflows from investment activities		178,171,155.82	297,535,832.94
Net cash flows from investment activities		2,321,596,111.06	1,907,012,384.75
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		4,200,000,000.00	500,000,000.00
Cash received from other financing activities		12,637,361.82	8,423,986.40
Sub-total of cash inflows from financing activities		4,212,637,361.82	508,423,986.40
Cash paid for repayment of debts		2,200,000,000.00	1,000,000,000.00
Cash paid for distribution of dividends or profits or settlement of interest		130,462,150.77	99,254,800.11
Cash paid for other financing activities		2,446,986,127.76	2,273,196,691.67
Sub-total of cash outflows from financing activities		4,777,448,278.53	3,372,451,491.78
Net cash flows from financing activities		-564,810,916.71	-2,864,027,505.38
IV. Effect of foreign exchange rate changes		-968,136.80	2,960,476.97
V. Net increase in cash and cash equivalents	XVII. 15	1,650,469,909.15	-948,348,662.33
Add: Balance of cash and cash equivalents at the beginning of the period	XVII. 15	4,616,395,728.34	4,072,964,005.08
VI. Balance of cash and cash equivalents at the end of the period	XVII. 15	6,266,865,637.49	3,124,615,342.75

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

Item	Six months ended 30 June 2021										Total shareholders' equity			
	Share capital	Preferred shares	Other equity instruments	Other	Capital reserve	Less: Treasury shares	Other comprehensive income	Including Translation difference of the financial statements in foreign currency	Special reserve	Surplus reserve		Retained earnings	Sub-total	Non-controlling interests
(V) Internal transfers of shareholders' equity														
1. Capital transferred from capital reserve											13,012,113.57			
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. Closing balance of the current period	7,400,805,875.00				6,072,194,122.09		-192,025,281.03	-272,065,591.68	82,162,376.01	1,097,494,710.77	17,208,405,497.73	31,669,015,302.57	1,680,816,266.26	33,549,831,568.83

The notes form an integral part of the financial statements

Chapter 10 Statement of Changes in Equity of the Company

For the six months ended 30 June 2021

Unit: RMB

Item	Six months ended 30 June 2021						Including: Translation difference of the financial statements in foreign currency	Retained earnings	Sub-total		
	Share capital	Preferred shares	Other equity instruments Perpetual bonds	Others	Capital reserve	Less: Treasury shares				Other comprehensive income	Surplus reserve
I. Closing balance of the prior year	7,400,803,875.00				10,764,008,546.37		704,660.29	2,615,526,463.90	3,693,848.35	1,097,464,710.77	21,868,079,407.81
Add: Changes in accounting policies											
Correction of prior errors											
Others											
II. Opening balance of the current period	7,400,803,875.00				10,764,008,546.37		704,660.29	2,615,526,463.90	3,693,848.35	1,097,464,710.77	21,868,079,407.81
III. Increases/decreases in the current period (decreases denoted by "-")											
(I) Total comprehensive income											
(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											
2. Use of special reserve											
(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 related earnings											
5. Transfer of other comprehensive income into related earnings											
6. Others											
IV. Closing balance of the current period	7,400,803,875.00				10,764,008,546.37		-409,087.19	3,750,569,964.90	3,762,540.35	1,097,464,710.77	23,002,077,833.33

The notes form an integral part of the financial statements

Chapter 10

Statement of Changes in Equity of the Company

For the six months ended 30 June 2021

Unit: RMB

Item	Share capital	Other equity instruments				Capital reserve	Less: Treasury shares	Other comprehensive income	Including: Translation difference of the financial statements in foreign currency	Special reserve	Surplus reserve	Retained earnings	Sub-total
		Preferred shares	Perpetual bonds	Others	Others								
I. Closing balance of the prior year	7,400,803,975.00				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	
Add: Changes in accounting policies													
Correction of prior errors													
Others													
II. Opening balance of the current period	7,400,803,975.00				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	
III. Increases/decreases in the current period (decreases denoted by "-")													
(I) Total comprehensive income													
(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													
2. Use of special reserve													
(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 related earnings													
5. Transfer of other comprehensive income into related earnings													
6. Others													
IV. Closing balance of the current period	7,400,803,975.00				10,764,008,546.37		-13,127,595.65	1,015,121.22	4,066,718.36	899,046,022.99	2,950,227,082.89	22,004,994,649.96	

The notes form an integral part of the financial statements

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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, 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: Guanpeng Li.

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 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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 30 June 2021, 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 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 30 June 2021; as well as the consolidated and the Company’s operating results and cash flows for the period ended 30 June 2021.

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 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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 combination involving entities under common control and business combination 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 value at the date of acquisition from the controlling party's perspective. The difference between the carrying value 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, liabilities incurred to the former owners of the acquiree and the equity interests issued 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.

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

5. Goodwill

Goodwill resulting from business combinations 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 value, the impairment loss is allocated first to reduce the carrying value 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 value 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.

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.

The consolidation of subsidiaries begins when the Group obtains control of the subsidiary and ends when the Group loses control of the subsidiary.

For subsidiaries disposed 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

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.

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

Interests in the subsidiaries not belong to the Company are accounted for as non-controlling interests and shall be presented as "non-controlling interests" under the shareholders' equity 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 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 total comprehensive income item 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 value 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 value 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.

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

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 which 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.

A 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.

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

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 (“New Revenue Standards”)*, 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 value 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).

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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, recognition 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 measured 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 measured at fair value through other comprehensive income. 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 investments in other equity instruments.

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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, recognition 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 value 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 financial interest rate by the effective interest rate. The carrying value of assets is used to calculate and determine interest income.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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, recognition 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. 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.

For all contract assets, bills receivable and accounts receivable formed by transactions regulated by New 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

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 measured 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 measured 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 value 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.

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.);

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

- (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;
- (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;

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

- (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.

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 has occurred event.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

9. Financial Instruments (Continued)

9.2 Impairment of financial instruments (Continued)

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, 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.

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 value 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 value of the financial asset is written down directly. Such write-down constitutes derecognition of the related financial asset.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

9. Financial Instruments (Continued)

9.3 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 value of the related liabilities is equal to the carrying value 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 value of the related liabilities is equal to the carrying value 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 value 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

9. Financial Instruments (Continued)

9.3 Transfer of financial assets (Continued)

If the partial transfer of financial assets meets the conditions for the derecognition, the total carrying value 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 value 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

9. Financial Instruments (Continued)

9.4 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 key management within the Group Staff reports; (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 recognized 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

9. Financial Instruments (Continued)

9.4 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 recognizes 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 measured 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 value of the financial liability and gains or losses are included in profit or loss. The recalculated carrying value 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 value 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

9. Financial Instruments (Continued)

9.4 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 value 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

9. Financial Instruments (Continued)

9.5 Derivative instruments and embedded derivative instruments (Continued)

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:

- (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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

10. Inventories

The Group's inventories mainly include 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.

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 value, 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

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.

11.2 Determination of initial investment cost

For the long-term equity investment acquired through business combination involving entities 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 value of the ultimate controlling party's consolidated financial statements on the acquisition date. The difference between the initial investment cost and the carrying value 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 value 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 entities 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 profits and losses of the current period when incurred.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

11. Long-Term Equity Investment (Continued)

11.2 Determination of initial investment cost (Continued)

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.

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 invested entity, 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 adopting 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 invested unit. The carrying value of long-term equity investment shall be adjusted accordingly. The carrying value 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 value 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 invested unit 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.

When it is recognised that the net loss of the invested unit shall be shared, the carrying value 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

11. Long-Term Equity Investment (Continued)

11.4 Disposal of long-term equity investment

At the time of the disposal of long-term equity investments, the difference between its carrying value 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.

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 value 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

11. Long-Term Equity Investment (Continued)

11.4 Disposal of long-term equity investment (Continued)

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 value 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 invested party 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 value 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.

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 value and relevant taxes and fees shall be recorded into the current profit and loss.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

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 value of the replaced part shall be derecognised. Other subsequent expenditures, when incurred, shall be included in the current profits and losses.

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 value and relevant taxes and fees shall be recorded into the current profit and 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

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 phase are recognized as intangible assets if both of the following conditions are met, and expenditures during the development phase that do not meet the following conditions are recognized 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 phase expenditures and development phase 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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 value, the difference between the amount and the carrying value of the asset shall be calculated and the asset impairment provision shall be included in the current profits and losses.

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 recognized 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 value of the assets is higher than the difference between the following two items, the excess is provided for impairment and recognized 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 recognized, 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 value 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 value of the asset after the reversal does not exceed the carrying value of the asset at the date of reversal assuming no provision for impairment was made.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 value 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 remunerations, 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 remunerations payable as liabilities 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 all the employee remunerations that the Group needs to pay to employees within 12 months after the end of the annual reporting period for the relevant services provided by employees, with the exception of post-employment benefits and termination benefits. Short-term remunerations include wages, bonuses, allowances and subsidies, employee benefits, social insurance premiums such as medical insurance, work injury insurance and maternity insurance, housing provident fund, trade union funds and employee education funds, short-term paid absences, short-term profit-sharing plans, non-monetary benefits and other short-term remunerations. During the accounting period when 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

19. Employee Remunerations (Continued)

Post-employment benefits refer 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 remunerations 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 internal retirement benefits to employees who accept internal retirement arrangements. Internal retirement benefit 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 internal 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 benefit 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 employees, 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 termination benefits.

Other long-term employee benefits refer to all employee remunerations except short-term remunerations, post-employment benefits and termination benefits.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

20. Share-Based Payments

The Group's share-based payments are transactions in which equity instruments are granted for the purpose of obtaining services from employees or other parties. The Group's share-based payments are equity-settled share-based payments.

For equity-settled share-based payments in exchange for services rendered by employees, the Group measures the fair value of the equity instruments granted to employees at the grant date. The amount of this fair value is charged to related cost or expense on a straight-line basis over the waiting period based on the best estimate of the number of exercisable equity instruments; when exercisable immediately after the grant, it is charged to related cost or expense at the grant date, with a corresponding increase in other equity instruments.

21. 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.

22. Revenue Recognition

The Group recognises revenue at the transaction price apportioned to the performance obligation in the contract when it is satisfied, 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: (I) The customer acquires and consumes the economic benefits from the Group's performance as the Group performs; (II) The customer is able to control the goods under construction in the Group's performance; (III) 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

22. Revenue Recognition (Continued)

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 recognizes 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. The Group's unconditional (that is, time-dependent) right to collect considerations from customers are presented separately as receivables.

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

22. Revenue Recognition (Continued)

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*.

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

22. Revenue Recognition (Continued)

The Group's specific operating revenue recognition principles are as follows:

Revenue from forwarding and related business: Revenue in the Group's forwarding and related business for originating business is recognised on the date of departure of the vessel/aircraft departure/loading of the cargo; and for destination business, the revenue is recognised on the date of delivery of the cargo to the agreed delivery point.

Revenue from logistics and e-commerce business: The Group provides clients with point to point transport services in logistics and e-commerce; 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. As the logistics and e-commerce business services provided by the Group are usually completed within a relatively short period of time within an accounting period, services provided across accounting periods are not material to the Group and therefore the Group recognises the realisation of revenue at the point of completion for the above services.

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 to acquire a contract are charged to profit or loss when incurred, except when clearly borne by the customer.

The cost of performing 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 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

23. 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.

Government grants relating to assets 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.

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 income and expenditure.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

24. 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 capitalisation 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 capitalized; 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 specialized borrowings are capitalized; exchange differences on foreign-currency general borrowings are recorded in profit or loss for the current period.

25. Income Taxes

Income taxes consist of current income taxes and deferred income taxes.

25.1 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.

25.2 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 value of certain items of assets and liabilities and their tax bases, and for temporary differences arising from differences between the carrying value 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

25. Income Taxes (Continued)

25.2 Deferred tax assets and deferred tax liabilities (Continued)

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 income 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 utilized.

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.

Current income taxes and deferred income taxes are recorded in other comprehensive income or equity, except for current income taxes and deferred income taxes related to transactions and events directly in other comprehensive income or equity, and the carrying value of deferred income tax adjusted goodwill resulting from business combinations, in which the remaining current income tax and deferred income tax expense or gain is recorded in current profit or loss.

At the balance sheet date, the carrying value of deferred tax assets is reviewed and the carrying value 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.

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

25. Income Taxes (Continued)

25.3 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.

26. Foreign Currency Operations and Translation of Foreign Currency Statements

26.1 Foreign currency operations

Foreign currency transactions are translated at initial recognition using the spot exchange rate at the date of the transaction.

At the balance sheet date, monetary items denominated in foreign currencies are translated into the local 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 special borrowings eligible for capitalisation are capitalised to the cost of the related assets during the capitalisation period; (2) 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 balance 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 "Exchange differences on translation of foreign operations" 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

26. Foreign Currency Operations and Translation of Foreign Currency Statements (Continued)

26.2 Translation of foreign operations

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-period actuals are shown on the basis of amounts translated from the prior-year and prior-period financial statements.

Upon the disposal of the Group’s entire shareholder’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 exchange differences on translation of foreign operations shown in the other comprehensive income line item in the balance sheet 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 exchange differences on translation of foreign operations 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 exchange differences on translation of foreign operations 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

27. 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.

For contracts entered into or modified after the date of initial performance, the Group assesses whether the contract is a lease or contains a lease at the date of commencement or modification of the contract. The Group does not reassess whether a contract is a lease or contains a lease unless the terms and conditions of the contract have changed.

27.1 The Group as lessee

27.1.1 Separation of leases

Where a 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.

27.1.2 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 which 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 value of the right-of-use asset is adjusted accordingly.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

27. Leases (Continued)

27.1 The Group as lessee (Continued)

27.1.2 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-of-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.

27.1.3 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.

27.1.4 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;
- 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

27. Leases (Continued)

27.1 The Group as lessee (Continued)

27.1.4 Lease liability (Continued)

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. If it is included in the cost of related assets in accordance with other standards such as *Accounting Standards for Business Enterprises No. 1 – Inventory*, the provisions shall apply.

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. If it is included in the cost of related assets in accordance with other standards such as *Accounting Standards for Business Enterprises No. 17 – Borrowing Costs*, the provisions shall apply.

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 value 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.

27.1.5 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

27. Leases (Continued)

27.1 The Group as lessee (Continued)

27.1.6 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 COVID-19 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 modification occurs and the following conditions are also met, the Group accounts for the lease modification as a separate lease:

- The lease modification 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 modification 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.

27.2 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 amortised over the lease term on the same basis as rental income, and are recognised in profit or loss over the period.

27.2.1 Separation 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.

27.2.2 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

27. Leases (Continued)

27.2 The Group as lessor (Continued)

27.2.3 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.

27.2.4 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 amortised 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.

27.2.5 The Group records finance lease business 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;
- 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

27. Leases (Continued)

27.2 The Group as lessor (Continued)

27.2.5 The Group records finance lease business as lessor (Continued)

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.

27.2.6 Sublease

The Group, as a sublease lessor, accounts for the original lease and the sublease contract as two separate contracts. The Group classifies subleases based on the right-of-use assets arising from the original lease, rather than the underlying assets of the original lease.

27.2.7 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 COVID-19 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:

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 modification 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

27. Leases (Continued)

27.2 The Group as lessor (Continued)

27.2.7 Lease modification (Continued)

If a modification 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 value 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.

27.3 Sale and leaseback transactions

27.3.1 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 value 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.

27.3.2 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

28. Held for Sale

The Group classifies held for sale when it recovers the carrying value 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 value or fair value less costs to sell. If the carrying value is higher than the fair value less costs to sell, the carrying value 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 amortised, 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.

29. Safety Production Cost

The Group extracts safety production costs in accordance with the *Administrative Measures on the Withdrawal and Use of Safety Production Costs by Enterprises No. 16 of 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 costs 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

30. 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 value 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 value 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 value 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.

31. Discontinued Operation

Discontinued operations are those components of the Group that meet one of the following conditions and can be separately distinguished, and which have been disposed of or classified as held for sale:

- (1) The component represents a separate major business or a major area of operation;
- (2) The component is part of an associated plan for the proposed disposal of a separate major business or a separate major operating area;
- (3) The component is a subsidiary acquired exclusively for resale.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

32. 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 value 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 value 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 value. For the exchange-in assets, the carrying value 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.

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 value, the total carrying value 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 value of the exchange-out asset is apportioned in proportion to the relative or other reasonable proportion of the original carrying value of each exchange-in asset.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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

32. Non-Monetary Asset Exchange (Continued)

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 value 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 value 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 value, no gain or loss is recognised on derecognition of each exchange-out asset.

33. Debt Restructuring

33.1. Recording debt restructuring obligations as 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 value of the settled debt and the carrying value 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 value 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 value of the settled debts and the carrying value of the transferred assets and the sum of the recognised amounts of the equity instruments and restructured debts shall be included in the current profits or losses.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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

33. Debt Restructuring (Continued)

33.2. Recording debt restructuring obligations as 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 investment properties includes the fair value of the abandoned creditor's rights and other costs such as taxes that are directly attributable to the assets. 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 value of abandoned creditor's rights should be recognised in profit or loss for the current period.

When a debt restructuring that converts debt into an equity instrument results in the Group converting a claim into an equity investment in an associate or joint venture, the Group measures the cost of its initial investment at the fair value of the relinquished claim and other costs directly attributable to the asset, such as taxes. The difference between the fair value and the carrying value of the relinquished claim is recognized in profit or loss for the current period.

For debt restructuring using modification of other terms, the Group recognizes and measures the restructured claims in accordance with the provisions of *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, 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 value of the abandoned creditor's rights is recognised in profit or loss for the current period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 value 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 on-going 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 value 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.

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

1.2 Derecognition of transfers of financial assets (Continued)

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.

1.4 Goodwill impairment

As at 30 June 2021, the carrying value of goodwill is RMB2,187,567,229.01. 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 asset group 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

1.5 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.

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.

1.6 Impairment of long-term equity investments

As at 30 June 2021, the carrying value of the Group's investment in associates amounted to RMB4,258,866,320.88 (31 December 2020: RMB4,162,590,995.79); the carrying value of the Group's investment in joint ventures as at 30 June 2021 amounted to RMB4,558,293,498.39 (31 December 2020: RMB3,588,989,779.73). 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 value. If the carrying value of the long-term equity investment is greater than the estimated recoverable amount, an impairment provision is made accordingly.

1.7 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

1.8 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.

1.9 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.

1.10 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.

1.11 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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. 14* (Cai Kuai [2021] No. 1) on 26 January 2021, which regulates the accounting treatment of social capital parties to government and social capital cooperation (PPP) project contracts and the accounting treatment of changes in the basis for determining the relevant contractual cash flows as a result of the reform of the benchmark interest rate. The Group has adopted the above interpretations and provisions for the preparation of the financial statements for the period ended 30 June 2021. The *Interpretation of Accounting Standards for Business Enterprises No. 14* has no significant impact on the Group and the Company.

2. Changes of Accounting Estimates and Effects

There are no changes in accounting estimates of the Group during the period.

3. Correction of Prior Errors and Impact

There is no correction of prior errors of the Group during the period.

4. Other Adjustments

There are no other adjustments disclosed of the Group during the period.

VII. TAXES

1. Main Tax Categories and Rates

Tax categories	Tax bases	Tax rates
Value-added tax	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%/13% of the sales amount calculated under the relevant tax law)	3%-13%
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 1)	Taxable income	0-30.62%

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

VII. TAXES (CONTINUED)

1. Main Tax Categories and Rates (Continued)

Note 1: 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, China	16.50%
Japan	30.62%
Belarus	18%
The British Virgin Islands	0.00%
Netherlands	25%
Romania	16%
United Kingdom	19%

2. Tax Preferences and Approvals

2.1 Enterprise income tax

- (1) According to the *Announcement on the Continuation of Enterprise Income Tax Policy for Western Development* issued by the Ministry of Finance, the General Administration of Taxation and the National Development and Reform Commission on 23 April 2020 (Ministry of Finance Announcement No. 23 of 2020), from 1 January 2021 to 31 December 2030, 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 60% of the total revenue of the enterprises 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 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.
- (3) 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

VII. TAXES (CONTINUED)

2. Tax Preferences and Approvals (Continued)

2.1 Enterprise income tax (Continued)

- (4) 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.
- (5) In accordance with the No. 326 of the *Decree 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 the reporting period, 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.
- (6) In accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on Certain Issues of Enterprise Income Tax Treatment of Enterprise Reorganisation Business* (Cai Shui [2009] No. 59), the *Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Treatment Issues Related to the Promotion of Enterprise Restructuring* (Cai Shui [2014] No. 109) and the *Announcement of the State Administration of Taxation on the Administration of Enterprise Income Tax for the Transfer of Assets (Equity)* (State Administration of Taxation Announcement [2015] No. 40), the deferred enterprise 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* (Cai Shui [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* (State Administration of Taxation Announcement [2016] No. 16), 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%.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 Sinoair 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 of Ministry of Finance, the State Taxation Administration and the General Administration of Customs 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 No. 326 of the *Decree 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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%.
- (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* (Cai Shui [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. 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 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 Period

No.	Name	Grade	Enterprise type	Registered place	Principal place of business	Business nature	Paid-in capital	Total share holding ratio of the Group (%)	Total voting ratio of the Group (%)	Acquisition method	Remark
1	Sinotrans South China Co., Ltd.	2nd	1	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Freight forwarding, logistics and 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 and 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 and logistics	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 and 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, Fujian Province	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	--
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	--
26	SE Logistics Holding B.V.	2nd	3	Netherlands	Netherlands	Logistics	7,780.50	100.00	100.00	3	--

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021

(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 Period (Continued)

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 involving entities under common control; 3. business combination not involving entities under common control; 4. others.

2. Business Combination Under Common Control

The Group did not have any business combination under common control during the period.

3. Business Combination Not Under Common Control

The Group did not have any business combination not under common control during the period.

4. Disposal of Subsidiaries During the Period

Subsidiary	Disposal price of equity	Shareholding disposal ratio (%)	Share disposal method	Point of loss of control	Basis for determining the point of loss of control	The difference between the disposal price and the share of the net assets of the subsidiary at the consolidated financial statement level corresponding to the disposal of investment	Carrying			Gain or loss from remeasurement of equity interest at fair value	Methodology and key assumptions for determining the fair value of the remaining equity interest at the date of loss of control	Transfer of other comprehensive income related to equity investment in original subsidiaries to investment profit or loss
							Ratio of the remaining equity interest at the date of loss of control	value of the remaining equity interest at the date of loss of control	Fair value of the remaining equity interest at the date of loss of control			
Shanghai Huayou International Logistics Co., Ltd.	-	100.00	Bankruptcy liquidation	2021-04-20	Note 1	10,670,263.62	--	--	--	--	--	-1,200,238.29

Note 1: According to the Notice of Shanghai Railway Transport Court ([2021] Shanghai 7101 Bankruptcy No. 35), on 2 April 2021, the case of Shanghai Huayou International Logistics Co., Ltd. was adjudicated by the Shanghai Railway Transport Court to be in bankruptcy liquidation. On 20 April 2021, Everbright Law Firm was appointed as the administrator of Shanghai Huayou International Logistics Co., Ltd. Therefore, Shanghai Huayou International Logistics Co., Ltd. has been excluded from the scope of consolidation of the Group since 20 April 2021.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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	Shareholding ratio (%)	Voting ratio (%)	Registered capital	Investment	Reasons for not being included in the scope of consolidation
1	Xinjiang Xintie Sinotrans Logistics Co., Ltd.	51.00	51.00	RMB10 million	RMB5.1 million	As agreed in the Articles of Xinjiang Xintie 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 Xintie 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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

30 June 2021

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the period	Dividends paid to non-controlling interests in the period	Cumulative non-controlling interests at the end of the period
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	11,938,863.24	-	209,274,300.33
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-4,568,822.53	-	192,744,680.20

30 June 2020

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the period	Dividends paid to non-controlling interests in the period	Cumulative non-controlling interests at the end of the period
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	8,601,472.05	-	199,867,454.48
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-37,362,672.13	-	244,073,692.05

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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	Closing balance/Accumulated amount in current period		Opening balance/Accumulated amount in prior period	
	China Merchants		China Merchants	
	Sinotrans Chemical International Logistics Co., Ltd.	Great Stone Investment Consulting (Shenzhen) Co., Ltd.	Sinotrans Chemical International Logistics Co., Ltd.	Great Stone Investment Consulting (Shenzhen) Co., Ltd.
Current assets	767,758,612.17	179,183,526.64	748,416,985.61	215,399,618.44
Non-current assets	315,380,389.27	608,243,491.46	308,479,655.58	594,779,265.12
Total assets	1,083,139,001.44	787,427,018.10	1,056,896,641.19	810,178,883.56
Current liabilities	430,781,578.16	134,101,925.92	446,748,636.03	127,937,234.26
Non-current liabilities	33,794,567.16	320,623,961.42	23,761,986.33	344,496,978.67
Total liabilities	464,576,145.32	454,725,887.34	470,510,622.36	472,434,212.93
Operating revenue	840,192,843.52	384,718,273.88	821,176,719.79	250,299,879.02
Net profits attributable to shareholders of the Company	29,261,919.70	-7,877,280.22	21,082,039.35	-64,418,400.22
Profits and losses attributable to non- controlling interests	2,336,543.81	-	2,394,726.13	-
Total comprehensive income attributable to shareholders of the Company	29,261,919.70	-5,043,539.87	21,082,039.35	-108,512,961.30
Total comprehensive income attributable to non-controlling interests	2,336,543.81	-	2,394,726.13	-
Net cash flows from operating activities	29,758,947.88	59,774,268.88	69,986,180.10	4,717,847.70

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 2021, “Closing” means 30 June 2021, “Current period” means from 1 January 2021 to 30 June 2021, and “Prior period” means from 1 January 2020 to 30 June 2020.

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	--	--	4,674,767.75	--	--	4,736,644.39
Including: RMB	842,113.76	1.0000	842,113.76	1,319,191.14	1.0000	1,319,191.14
USD	129,493.32	6.4601	836,539.81	139,768.55	6.5249	911,975.81
HKD	33,808.68	0.8321	28,132.20	105,812.90	0.8416	89,052.14
JPY	752,832.88	0.0584	43,965.44	689,564.01	0.0632	43,580.45
EUR	22,597.99	7.6862	173,692.68	95,338.89	8.0250	765,094.59
Others	--	--	2,750,323.86	--	--	1,607,750.26
Cash at banks	--	--	12,637,058,021.25	--	--	11,287,699,112.92
Including: RMB	8,175,307,162.43	1.0000	8,175,307,162.43	7,408,996,482.04	1.0000	7,408,996,482.04
USD	542,830,859.17	6.4601	3,506,741,633.32	474,671,219.07	6.5249	3,097,182,237.31
HKD	356,317,918.56	0.8321	296,492,140.03	351,155,648.32	0.8416	295,532,593.63
JPY	1,139,839,180.14	0.0584	66,566,608.12	960,577,164.91	0.0632	60,708,476.82
EUR	58,117,834.31	7.6862	446,705,298.10	30,976,008.84	8.0250	248,582,470.94
Others	--	--	145,245,179.25	--	--	176,696,852.18
Other cash and bank balances	--	--	78,724,170.30	--	--	76,886,824.54
Including: RMB	72,949,666.26	1.0000	72,949,666.26	76,886,824.54	1.0000	76,886,824.54
USD	893,872.24	6.4601	5,774,504.04	-	6.5249	-
Total	--	--	12,720,456,959.30	--	--	11,369,322,581.85
Including: Total amount deposited abroad	--	--	2,179,425,613.39	--	--	2,640,992,477.41

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 bank balances at the end of the period

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivable	59,308,143.91	41,392,404.75	Not yet settled
Guarantee money	11,704,449.14	13,721,821.74	Bank deposits
Funds deposited subject to restrictions on the litigation (Note 1)	515,981.32	14,609,605.29	Court freeze
Others	7,195,595.93	7,162,992.76	— —
Total	78,724,170.30	76,886,824.54	— —

Note 1: The decrease in the funds deposited subject to restrictions on the litigation during the period was mainly due to the release of the freeze on bank accounts by the court resulting from the settlement of the lawsuit-related cases of Sinoair and Sinotrans North China Co., Ltd., subsidiaries of the Group.

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
Held-for-trading equity instrument investments	831,144.19	792,565.44
Total	831,144.19	303,292,565.44

Note 1: The opening balance of held-for-trading debt instrument investments mainly consists of RMB300 million unit structured deposits of Bank of Beijing purchased by the Company on 28 December 2020, expired on 6 April 2021.

3. Bills Receivable

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptance bills	31,270,273.56	50,643,103.40
Total	31,270,273.56	50,643,103.40

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Bills Receivable (Continued)

(2) There was no bills receivable being pledged at the end of the period.

(3) **Bills receivable that have been endorsed or discounted at the end of the period and are not yet due at the balance sheet date**

Type	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Commercial acceptance bills	-	16,918,000.00
Total	-	16,918,000.00

(4) At the end of the period, there were no bills that were converted to accounts receivable due to non-performance by the drawer.

(5) As at 30 June 2021 and 31 December 2020, 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 credit loss provision 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 within 360 days.

4. Accounts Receivable

(1) **Overall status of accounts receivable**

Item	Closing balance	Opening balance
Accounts receivable	14,796,207,094.27	11,486,821,585.10
Less: Credit losses provision	458,005,534.20	466,292,566.87
Total	14,338,201,560.07	11,020,529,018.23

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts Receivable (Continued)

(2) Classification of accounts receivable

Item	Original value						Credit loss provision						Credit loss accrual reasons	Closing balance	
	Aging						Aging								Original currency
	Within 180 days	180 days to 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total	Within 180 days	180 days to 1 year	1 year to 2 years	2 years to 3 years	Over 3 years	Total			
Low risk portfolio	102,111,759.43	1,074,636.39	2,186,663.97	282,918.64	188,901.30	105,866,679.73	-	-	-	-	-	-	105,866,679.73	RMB, USD, Note 1	105,866,679.73
Normal risk portfolio	13,908,037,453.64	345,276,914.67	14,377,524.14	651,095,919.36	131,065,278.24	14,615,107,580.05	92,383,728.83	4,256,676.69	74,616,955.72	33,512,638.23	131,065,278.24	382,817,289.71	14,232,344,680.34	HKD, Others	14,615,161,980.05
Including:	13,903,367,001.51	342,895,609.79	117,271,849.94	351,986,538.02	106,022,552.55	14,504,734,606.81	91,763,545.49	2,261,795.34	54,273,412.15	28,914,001.17	106,022,552.55	283,236,305.70	14,221,519,301.11		14,504,734,606.81
Aging portfolio														Note 2	
Nature of payment portfolio	4,470,742.13	2,530,304.88	26,400,674.20	29,912,926.34	47,042,725.69	110,407,373.24	600,185.34	1,994,882.35	20,945,543.57	29,590,657.06	47,042,725.69	99,591,994.01	10,825,579.23		110,407,373.24
Significant impairment risk items	-	1,002,191.52	17,432,228.40	26,024,483.49	30,729,331.08	75,188,234.49	-	1,002,191.52	17,432,228.40	26,024,483.49	30,729,331.08	75,188,234.49	-	Note 3	75,188,234.49
Total	14,010,149,503.07	347,333,742.58	163,309,416.51	91,416,921.49	183,993,510.92	14,796,207,694.27	92,383,728.83	5,258,670.21	92,051,844.12	84,537,141.72	183,794,699.32	458,005,534.20	14,338,201,560.07	--	14,796,207,694.27

Note 1: The receivables in the Group's low-risk portfolio are mainly receivable from related parties, joint ventures, associates and their subsidiaries within the scope of China Merchants Group's consolidated financial statements, which have low credit risk. If the credit risk of the above-mentioned deteriorates, the Group should adjust them to the normal risk items or significant impairment risk items.

Note 2: The accounts receivable in 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-significant 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 accounts receivables with an original value of RMB10 million or more and are subject to a significant risk of impairment.

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	14,357,503,245.65	97.04	97,622,599.04	11,031,057,337.95	96.03	86,611,908.33
1 to 2 years (including 2 years)	163,303,416.51	1.10	92,051,184.12	215,937,118.36	1.88	149,271,029.62
2 to 3 years (including 3 years)	91,416,921.49	0.62	84,537,141.72	66,269,878.04	0.58	60,648,517.60
Over 3 years	183,983,510.62	1.24	183,794,609.32	173,557,250.75	1.51	169,761,111.32
Total	14,796,207,094.27	100.00	458,005,534.20	11,486,821,585.10	100.00	466,292,566.87

(4) Accounts receivable of low risk portfolio

Item	Carrying amount	Expected credit loss rate over the entire life (%)	Credit loss provision
Accounts receivable from related parties	105,856,879.73	—	—
Total	105,856,879.73	—	—

(5) Accounts receivable of normal risk portfolio

1) Expected credit loss portfolio based by aging

Item	Carrying amount	Expected credit loss rate over the entire life (%)	Credit loss provision
Within 1 year (including 1 year)	14,246,263,611.30	0.66	94,025,339.83
1 to 2 years (including 2 years)	117,271,849.94	46.28	54,273,412.15
2 to 3 years (including 3 years)	35,196,593.02	82.15	28,914,001.17
Over 3 years	106,022,552.55	100.00	106,022,552.55
Total	14,504,754,606.81	—	283,235,305.70

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts Receivable (Continued)

(5) Accounts receivable of normal risk portfolio (Continued)

2) Non-significant impairment risk items for individual assessment of expected credit losses

Company name	Carrying amount	Credit loss provision	Expected credit loss rate (%)	Reason for accrual
Entity 1	7,709,254.60	4,407,243.61	57.17	Partially expected to be unrecoverable
Entity 2	6,656,136.50	6,656,136.50	100.00	Involved in a lawsuit
Entity 3	6,204,569.75	6,204,569.75	100.00	Not expected to be recovered
Entity 4	6,146,043.69	4,625,935.36	75.27	Involved in a lawsuit
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	Not expected to be recovered
Entity 7	4,837,320.72	4,837,320.72	100.00	Not expected to be recovered
Entity 8	4,772,343.63	4,500,000.02	94.29	Involved in a lawsuit
Entity 9	4,613,904.77	4,613,904.77	100.00	Involved in a lawsuit
Entity 10	2,994,837.01	2,994,837.01	100.00	Involved in a lawsuit
Entity 11	2,978,427.40	2,978,427.40	100.00	Involved in a lawsuit
Entity 12	2,936,204.33	2,936,204.33	100.00	Involved in a lawsuit
Entity 13	2,323,897.30	2,323,897.30	100.00	Not expected to be recovered
Entity 14	2,180,499.00	1,090,249.50	50.00	Involved in a lawsuit
Entity 15	1,757,234.80	1,757,234.80	100.00	Not expected to be recovered
Entity 16	1,489,574.50	1,489,574.50	100.00	Not expected to be recovered
Entity 17	1,451,645.54	1,451,645.54	100.00	Not expected to be recovered
Entity 18	1,331,737.23	1,331,737.23	100.00	Not expected to be recovered
Entity 19	1,291,069.70	1,291,069.70	100.00	Not expected to be recovered
Entity 20	1,007,351.62	1,007,351.62	100.00	Not expected to be recovered
Others	35,741,873.93	31,101,207.13	87.02	Not expected to be recovered, Involved in a lawsuit
Total	110,407,373.24	99,581,994.01	-- --	

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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) Significant impairment risk items for individual assessment of expected credit losses

Debtor	Carrying amount	Credit loss provision	Expected credit loss rate (%)	Reason for accrual
Entity 1	26,504,718.16	26,504,718.16	100.00	Not expected to be recovered
Entity 2	24,781,848.68	24,781,848.68	100.00	Not expected to be recovered
Entity 3	12,976,547.62	12,976,547.62	100.00	Not expected to be recovered
Entity 4	10,925,120.03	10,925,120.03	100.00	Not expected to be recovered
Total	75,188,234.49	75,188,234.49	--	--

(7) Changes in credit loss provision of accounts receivable during the period

Item	Opening balance	Accrual	Changes in current period			Closing balance
			Recovery or reversal	Carry forward or write-off	Other changes	
Current period	466,292,566.87	28,673,733.57	34,664,160.06	-	-2,296,606.18	458,005,534.20
Prior period	422,140,110.85	36,307,311.44	374,314.69	1,070,869.44	4,421,148.16	461,441,970.29

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 credit loss provision during the period

Company name	Book balance 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	Reversed or recovered amount
Entity 1	9,604,768.92	Payment recovery	High recovery risk with long aging accounts	9,604,768.92	9,604,768.92
Entity 2	14,931,350.12	Payment recovery	High recovery risk with long aging accounts	14,931,350.12	4,012,385.69
Entity 3	3,965,210.94	Payment recovery	High recovery risk with long aging accounts	3,965,210.94	3,965,210.94
Entity 4	4,601,096.44	Payment recovery	High recovery risk with long aging accounts	4,601,096.44	2,843,861.64
Entity 5	1,645,012.42	Payment recovery	High recovery risk with long aging accounts	1,645,012.42	1,645,012.42
Entity 6	1,345,170.85	Payment recovery	High recovery risk with long aging accounts	1,345,170.85	1,345,170.85
Entity 7	1,310,000.00	Payment recovery	High recovery risk with long aging accounts	1,310,000.00	1,310,000.00
Others	10,121,608.62	Payment recovery	High recovery risk with long aging accounts	10,121,608.62	9,937,749.60
Total	47,524,218.31	--	--	47,524,218.31	34,664,160.06

(9) There was no actual write-off of accounts receivable during the period.

(10) As at 30 June 2021, the Group had no outstanding debts of shareholders holding more than 5% (including 5%) of the voting shares of the Company.

(11) Top five in terms of accounts receivable

Company name	Relationship with the Group	Amount	Aging	Credit loss provision	Percentage of total accounts receivable (%)
Entity 1	Client	241,962,106.81	Within 1 year	1,627,352.81	1.64
Entity 2	Client	115,331,511.84	Within 1 year	761,187.98	0.78
Entity 3	Client	114,133,072.00	Within 1 year	753,579.49	0.77
Entity 4	Client	107,058,050.23	Within 1 year	707,957.11	0.72
Entity 5	Client	94,557,314.61	Within 1 year	624,078.68	0.64
Total	--	673,042,055.49	--	4,474,156.07	4.55

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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
DHL-Sinotrans International Air Courier Ltd.	Joint ventures of the Group	17,004,062.06	Within 1 year	0.11	-
Sinotrans Container Lines Co., Ltd.	Under the control of the ultimate controlling party	15,250,753.28	Within 1 year	0.10	-
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Under the control of the ultimate controlling party	8,531,300.99	Within 1 year	0.06	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group	4,673,968.11	Within 1 year	0.03	-
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Joint ventures of the Group	4,132,631.92	Within 1 year	0.03	-
Nanjing Tanker Corporation	Under the control of the ultimate controlling party	3,879,149.15	Within 1 year	0.03	-
Weihai Weidong Shipping Co., Ltd.	Associates of the Group	3,146,238.71	Within 1 year	0.02	-
Dalian Port Container Logistics Co., Ltd.	Under the control of the ultimate controlling party	2,767,457.03	Within 1 year	0.02	-
Nissin-Sinotrans International Logistics Co., Ltd.	Joint ventures of the Group	2,423,701.95	Within 1 year	0.02	-
China Merchants Logistics Group Nanjing Co., Ltd.	Associates of the Group	2,386,129.08	Within 1 year	0.02	-
Sinotrans Sarens Logistics Co., Ltd.	Joint ventures of the Group	2,337,657.65	Within 1 year	0.02	-
China Yangtze River Shipping Co., Ltd.	Under the control of the ultimate controlling party	2,157,371.00	Within 1 year	0.01	-
GSC Wuhan Qingshan Shipyard Co., Ltd.	Under the control of the ultimate controlling party	1,875,626.80	Within 1 year	0.01	-
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Joint ventures of the Group	1,849,854.12	Within 1 year	0.01	-
Qingdao Yujiachang Container Storage And Transportation Co., Ltd.	Associates of the Group	1,716,860.09	Within 1 year	0.01	-
GSC Singapore International Shipping Co., Ltd.	Under the control of the ultimate controlling party	1,593,657.34	Within 1 year	0.01	-
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Subsidiary of associates of the Group	1,581,372.16	Within 1 year	0.01	-
Shanghai Tongyun International Logistics Co., Ltd.	Joint ventures of the Group	1,420,704.17	Within 1 year	0.01	-
Sinotrans Shaanxi Co., Ltd.	Under the control of the ultimate controlling party	1,306,137.18	Within 1 year	0.01	-
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Under the control of the ultimate controlling party	1,230,062.00	Within 1 year	0.01	-
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Subsidiary of associates of the Group	1,110,875.33	Within 1 year	0.01	-
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group	1,110,036.75	Within 1 year	0.01	-
Yangtza Navigation (Hong Kong) Co.,Ltd	Under the control of the ultimate controlling party	1,048,736.61	Within 1 year	0.01	-
China Merchants Godown,Wharf&Transportation Company Limited	Under the control of the ultimate controlling party	1,029,603.08	Within 1 year	0.01	-
CSC Cargo Co., Ltd.	Under the control of the ultimate controlling party	1,026,563.68	Within 1 year	0.01	-
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Associates of the Group	1,014,614.19	Within 1 year	0.01	-
Maxx Logistics Fzco.	Joint ventures of the Group	1,012,389.00	Within 1 year	0.01	-
Others	--	17,239,366.30	--	0.10	-
Total	--	105,856,879.73	--	0.72	-

(13) There were no accounts receivable derecognized due to the transfer of financial assets during the period.

(14) There was no transfer of accounts receivable, such as securitization and factoring with accounts receivable, that continues to be involved in the formation of assets and liabilities during the period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Receivables Financing

Type	Closing balance	Opening balance
Bills receivable	593,780,716.50	577,786,410.97
Including: Bank acceptance bills	593,780,716.50	577,786,410.97
Total	593,780,716.50	577,786,410.97

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 balance of bank acceptance bills receivable approximates to the fair value.

(1) The Group had RMB872,881.75 of unaccepted bank acceptance bills due to defective endorsement at the end of the period, 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 period.

(3) **Bills receivable endorsed or discounted at the end of the period and not yet due at the balance sheet date**

Type	Amount derecognised at the end of the period	Amount not derecognised at the end of the period
Bank acceptance bills	350,745,712.04	–
Total	350,745,712.04	–

Note 1: The Group determines whether the bank acceptance bills receivable should be derecognised upon discounting or endorsement based on the credit risk rating of the acceptance bank. As the bankers of the bank acceptance bills obtained by the Group are mainly large commercial banks and listed joint-stock commercial banks with high credit ratings, and other bank acceptance bills do not account for a significant proportion and the individual amounts are small and numerous, the Group derecognizes bank acceptance bills upon discounting or endorsement based on the materiality principle, unless public information indicates that there are significant abnormal changes in the credit risk of the acceptance bankers.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Receivables Financing (Continued)

- (4) On 30 June 2021, the Group did not convert the bills receivable (Bank acceptance bills) into accounts receivable due to the inability of the drawer to perform the contract (31 December 2020: Nil).
- (5) As at 30 June 2021 and 31 December 2020, 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 credit loss provision was made.
- (6) Among the above balances, there are no bills receivable from shareholders holding more than 5% (including 5%) voting shares 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)	4,092,092,169.23	2,629,946,549.00
1 to 2 years (including 2 years)	34,213,125.28	41,101,739.58
2 to 3 years (including 3 years)	9,123,846.16	14,127,026.32
Over 3 years	21,575,478.30	23,088,562.28
Total	4,157,004,618.97	2,708,263,877.18

(2) **Large prepayments with the aging of more than one year are as follows:**

Company name	Closing balance	Aging	Reasons for non-settlement
Shanghai Wusongkou International Cruise Port Development Co., Ltd.	8,687,307.54	Over 3 years	Business not completed
Entity 1	5,000,000.00	1 to 2 years	Business not completed
Entity 2	5,000,000.00	1 to 2 years	Business not completed
Total	18,687,307.54	--	--

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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Prepayments (Continued)

(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	242,683,474.99	Within 1 year	5.84	Business not completed
Entity 2	Supplier	179,427,281.10	Within 1 year	4.32	Business not completed
Entity 3	Supplier	173,223,743.63	Within 1 year	4.17	Business not completed
Entity 4	Supplier	107,114,125.64	Within 1 year	2.58	Business not completed
Entity 5	Supplier	76,158,251.58	Within 1 year	1.83	Business not completed
Total	--	778,606,876.94	--	18.74	--

(4) As at 30 June 2021, the Group had no outstanding amounts due from shareholders holding 5% (including 5%) voting shares of the Company.

7. Other Receivables

Item	Closing balance	Opening balance
Interest receivable	1,385,311.72	1,345,690.81
Dividends receivable	65,748,876.61	44,020,348.80
Other receivables	1,754,786,579.95	1,547,801,492.06
Total	1,821,920,768.28	1,593,167,531.67

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Other Receivables (Continued)

(1) Interest receivable

1) Classification of interest receivable

Item	Closing balance	Opening balance
Interest on entrusted loans	1,385,311.72	1,345,690.81
Total	1,385,311.72	1,345,690.81

2) Significant overdue interest receivable

Loan unit	Closing balance	Overdue time	Reason for overdue	Whether an impairment occurred and judgment basis
Maxx Logistics Fzco.	1,385,311.72	3 years	Funding support for joint ventures	Funding support for joint ventures, expected to be recovered without impairment
Total	1,385,311.72	--	--	--

- 3) The management of the Group believes that it is unnecessary to make impairment provision for the interest receivable as at 30 June 2021.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 in current period	Decrease in current period	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividends receivable aged within 1 year	21,222,986.00	-	57,113,489.64	35,384,961.83	42,951,513.81	--	--
Including: New Land Bridge (Lianyungang) Terminal Co., Ltd.	5,214,801.28	-	14,774,466.36	703,546.02	19,285,721.62	Declared not issued	No
Wuhan Port Container Co., Ltd.	6,000,000.00	-	15,000,000.00	6,000,000.00	15,000,000.00	Declared not issued	No
Chengdu Bonded Logistics Investment Co., Ltd.	-	-	5,744,808.47	-	5,744,808.47	Declared not issued	No
Sinotrans Almajdouie Middle East Co., Ltd.	1,860,983.72	-	-	-	1,860,983.72	Incomplete payment approval process	No
Taizhou Yiyou Shipping Agency Co., Ltd.	-	-	1,060,000.00	-	1,060,000.00	Declared not issued	No
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	8,147,201.00	-	-	8,147,201.00	-	--	--
Weihai Weidong Shipping Co., Ltd.	-	-	8,616,375.00	8,616,375.00	-	--	--
Wuhu Sanshan Port Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	--	--
Qingdao Huasheng Airport Logistics Co., Ltd.	-	-	2,962,038.04	2,962,038.04	-	--	--
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	-	-	1,659,185.44	1,659,185.44	-	--	--
Shenzhen Haiyitong Technology Co., Ltd.	-	-	1,110,000.00	1,110,000.00	-	--	--
Shanghai Tongyun International Logistics Co., Ltd.	-	-	1,040,816.33	1,040,816.33	-	--	--
Pingze Container Terminal Co., Ltd.	-	-	145,800.00	145,800.00	-	--	--
Dividends receivable aged 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
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	-	2,797,362.80	Incomplete payment approval process	No
Total	44,020,348.80	-	57,113,489.64	35,384,961.83	65,748,876.61	--	--

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 period.

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(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

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, collateral	860,343,577.15	87,183,675.89	773,159,901.26	866,295,180.88	95,326,957.76	770,968,223.12
Government grants	516,810,498.91	-	516,810,498.91	361,610,305.35	-	361,610,305.35
Related party payments	140,963,957.03	-	140,963,957.03	139,172,418.88	-	139,172,418.88
Advances	85,004,531.85	23,339,560.45	61,664,971.40	130,686,320.93	19,473,187.70	111,213,133.23
Reserves	46,751,159.66	1,343,805.64	45,407,354.02	50,692,121.05	2,198,787.76	48,493,333.29
Compensation	34,766,072.78	20,949,535.73	13,816,537.05	28,330,402.63	22,108,602.30	6,221,800.33
Others	231,605,388.37	28,642,028.09	202,963,360.28	124,744,913.72	14,622,635.86	110,122,277.86
Total	1,916,245,185.75	161,458,605.80	1,754,786,579.95	1,701,531,663.44	153,730,171.38	1,547,801,492.06

2) Analysis by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,349,436,982.97	70.42	2,042,853.10	1,185,781,291.10	69.69	6,115,923.49
1 to 2 years (including 2 years)	194,983,409.66	10.18	8,467,764.50	164,165,262.51	9.65	6,234,954.59
2 to 3 years (including 3 years)	107,581,948.21	5.61	2,637,084.90	95,955,704.08	5.64	1,124,535.29
Over 3 years	264,242,844.91	13.79	148,310,903.30	255,629,405.75	15.02	140,254,758.01
Total	1,916,245,185.75	100.00	161,458,605.80	1,701,531,663.44	100.00	153,730,171.38

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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) Credit loss provision of other receivables

Credit loss provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit losses	Expected credit losses over the entire life (not credit-impaired)	Expected credit losses over the entire life (credit-impaired)	
Opening balance	6,115,923.49	53,922,311.74	93,691,936.15	153,730,171.38
Opening balance in current period	-	-	-	-
- Transfer to stage 2	-572,516.96	572,516.96	-	-
- Transfer to stage 3	-1,521.82	-	1,521.82	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Provision in current period	-3,484,445.25	10,156,993.25	2,738,086.30	9,410,634.30
Reversal in current period	-	-	529,354.77	529,354.77
Carry forward in current period	-	-	-	-
Write-off in current period	-	-	-	-
Other changes	-14,586.36	-458,353.56	-679,905.19	-1,152,845.11
Closing balance	2,042,853.10	64,193,468.39	95,222,284.31	161,458,605.80

4) Credit loss provision accrued, recovered or reversed during the period

Item	Opening balance	Accrual	Changes in current period			Closing balance
			Recovery or reversal	Carry forward or write-off	Other changes	
Current period	153,730,171.38	9,410,634.30	529,354.77	-	-1,152,845.11	161,458,605.80
Prior period	162,685,716.52	-3,369,310.01	-	-	773,380.39	160,089,786.90

Major provisions for the bad debt amount recovered or reversed during the period:

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	Reversed or recovered amount
Entity 1	3,661,602.58	Payment recovery	High recovery risk with long aging accounts	3,661,602.58	308,326.77
Entity 2	221,028.00	Payment recovery	High recovery risk with long aging accounts	221,028.00	221,028.00
Total	3,882,630.58	--	--	3,882,630.58	529,354.77

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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)

5) The Group had no actual write-off of other receivables during the period.

6) **Outstanding debts of shareholders holding more than 5% (including 5%) 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	47,500,000.00	–	40,000,000.00	
Total	47,500,000.00	–	40,000,000.00	

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	141,489,526.10	Within 1 year	7.38	–	Railway express subsidy
Entity 2	Non-related party	110,259,800.00	Within 1 year, 1 to 2 years	5.75	–	Railway subsidy, security deposits
Entity 3	Non-related party	94,522,923.08	Within 1 year	4.93	–	Railway express subsidy
Entity 4	Non-related party	71,726,905.99	Within 1 year	3.74	–	Railway express subsidy
Entity 5	Non-related party	52,036,855.67	Within 1 year	2.72	–	Railway express subsidy
Total	--	470,036,010.84	--	24.52	- --	

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

8) Receivables from related parties

Entity name	Relationship with the Group	Amount	Proportion to total other receivables (%)
SINOTRANS & CSC	Under the control of the ultimate controlling party	47,500,000.00	2.48
Shenyang Jinyun Automobile Logistics Co., Ltd.	Joint ventures of the Group	23,258,645.15	1.21
CSC Cargo Co., Ltd.	Under the control of the ultimate controlling party	18,877,058.04	0.99
Maxx Logistics Fzco.	Joint ventures of the Group	15,307,779.11	0.80
DHL-Sinotrans International Air Courier Ltd.	Joint ventures of the Group	5,807,975.41	0.30
Sinotrans Logistics (Pakistan) Limited	Joint ventures of the Group	3,259,457.13	0.17
Guangxi Yunyu Port Co., Ltd.	Associates of the Group	2,680,000.00	0.14
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group	2,308,165.86	0.12
China Merchants Bonded Logistics Co., Ltd.	Under the control of the ultimate controlling party	2,229,063.08	0.12
Sinotrans Turkey Limited	Joint ventures of the Group	2,187,137.65	0.11
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Joint ventures of the Group	2,154,197.59	0.11
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Associates of the Group	2,071,741.00	0.11
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Under the control of the ultimate controlling party	1,647,290.88	0.09
Sinotrans Philippines Inc.	Joint ventures of the Group	1,048,087.90	0.05
Others	--	10,627,358.23	0.55
Total	--	140,963,957.03	7.35

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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)

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	Railway express subsidy	141,489,526.10	Within 1 year	RMB100 million was recovered in July 2021, and the remaining amount is expected to be recovered in December 2021
Entity 2	Railway express subsidy	110,000,000.00	Within 1 year, 1 to 2 years	RMB68 million is expected to be recovered in September 2021, and the remaining amount is expected to be recovered in 2022
Entity 3	Railway express subsidy	94,522,923.08	Within 1 year	RMB48.3 million was recovered in July 2021, and the remaining amount is expected to be recovered in December 2021
Entity 4	Railway express subsidy	71,726,905.99	Within 1 year	The full recovery is expected in December 2021
Entity 5	Railway express subsidy	52,036,855.67	Within 1 year	The full recovery is expected in December 2021
Entity 6	Railway express subsidy	16,617,399.44	Within 1 year, 1 to 2 years	RMB10 million is expected to be recovered in June 2022, and the remaining amount is expected to be recovered in the second half of 2022.
Entity 7	Railway express subsidy	13,038,054.63	Within 1 year	The full recovery is expected in September 2021
Entity 8	Railway express subsidy	11,905,000.00	Within 1 year	The full recovery is expected in September 2021
Entity 9	Railway express subsidy	4,443,000.00	Within 1 year	The full recovery is expected in August 2021
Entity 10	Railway express subsidy	650,300.00	Within 1 year	The full recovery is expected in September 2021
Entity 11	Railway express subsidy	300,534.00	Within 1 year	The full recovery is expected in December 2021
Entity 12	Railway express subsidy	80,000.00	Within 1 year	The full recovery is expected in December 2021
Total	--	516,810,498.91	--	--

Note: The government railway express subsidies for the Group are in accordance with the preferential policies of the region, and monthly or quarterly declared in the preferential standards.

- 10) There were no other receivables derecognized due to the transfer of financial assets during the period.
- 11) There was no transfer of other receivables, such as securitization and factoring with other receivables, that continues to be involved in the formation of assets and liabilities during the period.
- 12) There were no prepayments transferred to other receivables during the period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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	34,271,521.59	2,995,950.82	31,275,570.77	32,007,730.26	2,995,950.82	29,011,779.44
Goods in stock (finished goods)	30,679,323.99	3,045,443.29	27,633,880.70	41,524,534.30	3,045,443.29	38,479,091.01
Revolving materials (packaging, low-value consumables, etc.)	14,359,489.02	1,757,000.00	12,602,489.02	16,025,790.64	1,757,000.00	14,268,790.64
Total	79,310,334.60	7,798,394.11	71,511,940.49	89,558,055.20	7,798,394.11	81,759,661.09

(2) Provision for price reduction of inventories

Item	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Provision	Others	Reversal or carry forward	Others	
Raw materials	2,995,950.82	-	-	-	-	2,995,950.82
Goods in stock (finished goods)	3,045,443.29	-	-	-	-	3,045,443.29
Revolving materials (packaging, low-value consumables, etc.)	1,757,000.00	-	-	-	-	1,757,000.00
Total	7,798,394.11	-	-	-	-	7,798,394.11

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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	13,325,000.00	12,325,000.00
Total	13,325,000.00	12,325,000.00

10. Other Current Assets

Item	Closing balance	Opening balance
Deductible VAT taxation expenses	535,442,517.91	515,375,029.53
Prepaid taxes	10,872,145.79	24,710,040.76
Subtotal	546,314,663.70	540,085,070.29
Less: Impairment provision	-	-
Total	546,314,663.70	540,085,070.29

11. Long-Term Receivables

Item	Closing balance			Opening balance			Range of discount rates at the end of the period
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount	
Amounts due from associates and joint ventures (Note 1)	70,070,000.00	-	70,070,000.00	72,670,000.00	-	72,670,000.00	1.2%, 12.5%
Other long-term receivables (Note 2)	63,435,431.46	60,396,269.45	3,039,162.01	63,326,784.90	60,298,990.43	3,027,794.47	--
Total	133,505,431.46	60,396,269.45	73,109,162.01	135,996,784.90	60,298,990.43	75,697,794.47	--
Less: Long-term receivables due within one year	13,325,000.00	-	13,325,000.00	12,325,000.00	-	12,325,000.00	--
Long-term receivables due after one year	120,180,431.46	60,396,269.45	59,784,162.01	123,671,784.90	60,298,990.43	63,372,794.47	--

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Long-Term Receivables (Continued)

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 an 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 30 June 2021, the balance of the borrowing was RMB27.32 million (31 December 2020: RMB29.92 million), of which RMB6.2 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 an 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 30 June 2021, the balance of the loan was RMB42.75 million (31 December 2020: RMB42.75 million), of which RMB7.125 million was due within one year.

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 30 June 2021, the long-term receivables from Sinoair to Uni-top Industry amounted to RMB60,396,269.45. 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) There were no long-term receivables derecognised by transfer of financial assets as at 30 June 2021.
- (2) There were no assets and liabilities from the transfer of long-term receivables and the continued involvement as at 30 June 2021.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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

(1) Classification of long-term equity investments

Item	Opening balance	Increase in current period	Decrease in current period	Other increases (decreases)	Effects from changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investments in joint ventures	3,593,010,052.87	997,939,559.67	28,219,276.60	-	-	-416,564.41	4,562,313,771.53
Investments in associates	4,170,673,390.65	127,815,808.93	27,688,413.04	-	-	-3,943,305.06	4,266,857,481.48
Subtotal	7,763,683,443.52	1,125,755,368.60	55,907,689.64	-	-	-4,359,869.47	8,829,171,253.01
Less: Impairment provision of long-term equity investments	12,102,668.00	-	-	-	-	-91,234.26	12,011,433.74
Total	7,751,580,775.52	--	--	--	--	--	8,817,159,819.27

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

(2) Details of long-term equity investments

Investee	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	Charges in current period			Effects from translation in foreign currency statements	Closing balance	Closing balance of impairment provision
									Other changes in equity	Cash dividends and profits declared	Impairment provision			
Joint ventures	1,804,922,367.01	3,593,010,032.87	4,020,273.14	-	9,800,000.00	-	988,076,784.26	-	62,775.41	-28,219,276.60	-	-416,604.41	4,582,313,771.53	4,020,273.14
DHL-Sinotrans International Air Courier Ltd.	69,144,335.07	151,648,688.86	-	-	-	-	916,345,842.00	-	-	-	-	-	2,431,994,510.86	-
Dongguan Port Container Terminals Co., Ltd.	376,633,333.00	330,717,938.22	-	-	-	-	2,294,430.40	-	-	-	-	-	333,012,368.62	-
New Land Bridge (Lianyungang) Terminal Co., Ltd.	132,385,575.46	211,720,561.62	-	-	-	-	5,676,616.89	-	-	-14,774,466.36	-	-	202,622,712.15	-
Sinotrans High-Tech Logistics Suzhou Co., Ltd.	105,691,247.29	192,894,126.84	-	-	-	-	6,288,041.46	-	62,348.19	-	-	-	199,244,516.49	-
Wuhu Sanghai Port Co., Ltd.	140,000,000.00	138,551,913.46	-	-	-	-	2,887,342.67	-	-	-5,000,000.00	-	-	136,439,256.13	-
Chengdu Bonded Logistics Investment Co., Ltd.	95,000,000.00	127,047,888.04	-	-	-	-	2,286,672.97	-	-	-5,744,808.47	-	-	123,569,732.54	-
Sinotrans Sevens Logistics Co., Ltd.	82,570,000.00	103,997,344.69	-	-	-	-	4,717,191.68	-	-	-	-	-	108,704,536.67	-
Nissan-Sinotrans International Logistics Co., Ltd.	553,636,261.25	87,608,447.33	-	-	-	-	6,348,765.18	-	-	-	-	-	94,157,182.51	-
Shenyang Jinjun Automobile Logistics Co., Ltd.	100,000,000.00	95,265,467.11	-	-	-	-	-1,703,205.73	-	-	-	-	-	93,562,261.38	-
Sinotrans Suzhou Logistics Center Co., Ltd.	97,888,300.00	91,951,072.24	-	-	-	-	942,843.90	-	-	-	-	-	92,892,916.24	-
Shanghai Tongyun International Logistics Co., Ltd.	40,949,168.75	85,619,033.39	-	-	-	-	2,350,237.38	-	-	-1,040,816.33	-	-	87,128,454.64	-
Sinotrans Airmax (Shanghai) International Aviation Express Delivery Co., Ltd.	193,112,400.00	51,161,597.26	-	-	-	-	13,203,777.41	-	-	-	-	-	64,365,374.67	-
Ningbo Dagang Container Co., Ltd.	49,655,251.00	52,865,403.64	-	-	-	-	2,005,679.04	-	-	-	-	-	54,871,082.68	-
Qingdao Port Dongjiekou Sinotrans Logistics Co., Ltd.	51,000,000.00	54,008,382.62	-	-	-	-	112,993.19	-	-	-	-	-	54,121,380.81	-
SFG Sinotrans Container Depot Co., Ltd.	30,000,000.00	44,366,336.95	-	-	-	-	7,347,362.79	-	-	-	-	-	51,713,699.74	-
Sinotrans FFS Cold Chain Logistics Co., Ltd.	90,000,000.00	51,604,453.53	-	-	-	-	-82,347.05	-	-	-	-	-	50,742,106.48	-
Shanghai Wa-Hong Yoshida International Logistics Co., Ltd.	58,288,343.25	48,196,099.85	-	-	-	-	-588,353.99	-	-	-	-	-	47,597,743.86	-
Ningbo Taping Int'l Trade Transportation Co., Ltd.	17,372,235.90	36,324,979.55	-	-	-	-	747,383.97	-	-	-	-	-	37,072,363.52	-
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	32,500,000.00	30,224,711.41	-	-	-	-	-250,398.00	-	-	-	-	-	29,974,313.41	-
Dalian Hiron Express Logistics Co., Ltd.	16,419,324.68	25,631,206.63	-	-	-	-	-	-	-	-	-	-	25,631,206.63	-
Max Logistics Fzco.	1,887,400.00	25,268,875.94	-	-	-	-	607,144.92	-	-	-	-331,491.51	-	25,544,529.35	-
Ningbo Dagang New Century Container Co., Ltd.	19,615,780.28	23,277,259.16	-	-	-	-	1,857,744.41	-	-	-	-	-	25,135,003.57	-
Sinotrans Logistics Pakistan Limited	1,457,004.00	17,825,341.75	-	-	-	-	2,347,342.95	-	-	-	-	-	20,172,684.70	-
Wenzhou Comprehensive Bonded Zone Hengxin Supply Chain Management Co., Ltd.	14,700,000.00	16,144,388.94	-	-	-	-	764,400.00	-	-	-	-	-	16,908,788.94	-
Shanghai United Cold Chain Logistics Co., Ltd.	15,000,000.00	15,455,507.31	-	-	-	-	981,782.55	-	-	-	-	-	16,437,289.86	-
Xuzhou Marquan Foreign Transport Co., Ltd.	15,242,491.77	12,873,454.89	-	-	-	-	119,193.76	-	-	-	-	-	12,992,648.65	-
Xinjiang New Railway Foreign Transportation Logistics Co., Ltd.	5,100,000.00	10,842,288.16	-	-	-	-	1,243,662.72	-	-	-	-	-	12,086,950.88	-
Suzhou Sinotrans Zhongji International Freight Co., Ltd.	6,723,579.00	11,609,386.56	-	-	-	-	-108,524.06	-	-	-	-	-	11,500,872.50	-
Jiangsu Nanjing Sinotrans Supply Chain Management Co., Ltd. (Note 1)	4,900,000.00	-	-	-	4,900,000.00	-	11,053.65	-	-	-	-	-	4,911,053.65	-
Jingjiang Sinotrans Bonded Logistics Co., Ltd. (Note 2)	2,450,000.00	-	-	-	2,450,000.00	-	-	-	-	-	-	-	2,450,000.00	-
Yantai Comprehensive Bonded Zone Baoyunlong Supply Chain Management Co., Ltd. (Note 3)	2,450,000.00	-	-	-	2,450,000.00	-	-	-	-	-	-	-	2,450,000.00	-
Others	55,678,026.31	83,838,804.72	4,020,273.14	-	-	-	9,972,166.30	-	427.22	-1,559,183.44	-	-85,072.90	92,067,139.90	4,020,273.14

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

(2) Details of long-term equity investments (Continued)

Investee	Investment cost	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment or loss under equity method	Changes in current period				Effects from transaction in foreign currency statements	Closing balance		
								Other comprehensive income adjustments	Cash dividends and profits declared	Impairment provision	Others				
Associates															
China Merchants Lascam International Holdings Co., Ltd.	3,624,979,664.96	4,170,673,390.65	8,082,394.66	-	25,775,758.99	-	180,891,066.39	58,867,745.23	16,728.78	27,688,413.04	-	-3,943,305.06	-	4,266,857,461.48	7,991,160.60
Shenzhen Haining Harbor Development Co., Ltd.	2,012,021,979.89	2,365,034,946.27	-	-	-	-	92,896,199.57	58,867,745.23	-	-	-	-	-	2,399,063,400.61	-
China Merchants Haiwan Development Investment Co., Ltd.	449,368,642.42	373,204,769.81	-	-	-	-	-6,115,617.17	-	-	-	-	-	-	367,089,152.64	-
Jiangsu Jiangyin Port Group Co., Ltd.	351,328,381.51	334,288,259.91	-	-	-	-	-	-	-	-	-	-3,773,453.51	-	330,514,806.40	-
China Merchants Logistics Group Ningbo Co., Ltd.	59,319,000.00	232,173,253.92	-	-	-	-	35,704,349.38	-	-	-	-	-	-	267,877,603.30	-
Weihai Weidong Shipping Co., Ltd.	152,200,000.00	192,386,120.93	-	-	-	-	11,667,088.89	-	30,435.43	-	-	-	-	204,083,625.25	-
Wuhan Port Container Co., Ltd.	206,722,602.90	196,589,388.58	-	-	-	-	7,374,793.66	-	-8,616,375.00	-	-	-	-	195,327,483.44	-
Shanghai Pan Storage Co., Ltd.	127,189,584.38	175,538,372.44	-	-	-	-	10,988,828.74	-	-14,617.49	-15,000,000.00	-	-	-	171,492,368.69	-
Zhejiang Seaport Changyong Port Co., Ltd.	78,173,640.00	76,641,324.80	-	-	-	-	378,603.49	-	-	-	-	-	-	77,019,928.29	-
Maersk Tianjin Port Co., Ltd.	20,100,000.00	41,270,793.22	-	-	-	-	2,274,384.12	-	-	-	-	-	-	43,545,377.34	-
Qingdao Huasheng Airport Logistics Co., Ltd.	18,000,000.00	23,317,279.25	-	-	-	-	75,357.35	-	-	-2,982,038.04	-	-	-	31,393,946.01	-
Shenyang Fujun Cold Chain Logistics Co., Ltd.	20,000,000.00	17,762,792.26	-	-	-	-	1,869,155.62	-	-	-	-	-	-	22,224,396.83	-
Eurasian Rail Gateway Closed Joint-Stock Company (Note 4)	19,080,978.81	3,141,875.82	-	-	15,949,102.99	-	-179,982.09	-	-	-	-	-	-	18,963,436.88	-
Land and Sea New Channel Operation Co., Ltd. (Note 5)	14,038,080.00	4,252,818.51	-	-	9,826,656.00	-	-	-	-	-	-	-	-	14,079,474.51	-
Shanghai Hahui International Container Repair Co., Ltd.	12,451,024.91	12,683,816.23	-	-	-	-	79,934.52	-	-	-	-	-	-	12,773,710.75	-
Others	81,006,350.14	91,073,990.04	8,082,394.66	-	-	-	2,697,679.49	-	910.84	-11,110,000.00	-	-169,851.55	-	92,492,728.82	7,991,160.60
Total	5,439,932,031.97	7,763,683,443.52	12,102,688.00	-	35,575,758.99	-	1,148,967,660.65	-58,867,745.23	79,504.19	-55,907,689.64	-	-4,339,889.47	-	6,829,171,253.01	12,011,433.74

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

(2) Details of long-term equity investments (Continued)

Note 1: Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd. (hereinafter referred to as Nantong Supply Chain) was established on 31 December 2020 by Sinotrans Eastern Company Limited (hereinafter referred to as Sinotrans Eastern), a subsidiary of the Group, and Jiangsu Hai'an Trade Logistics Group Co., Ltd. (hereinafter referred to as Hai'an Trade). Hai'an Trade subscribed RMB5.1 million with a shareholding ratio of 51%, Sinotrans Eastern subscribed RMB4.9 million with a shareholding ratio of 49%. As at 30 June 2021, Sinotrans Eastern has paid RMB4.9 million. According to the *Articles of Association* of Nantong Supply Chain, Sinotrans Eastern and Hai'an Trade jointly control Nantong Supply Chain, so the equity method is adopted for accounting.

Note 2: Jingjiang Sinotrans Bonded Logistics Co., Ltd. (hereinafter referred to as Jingjiang Bonded) was established on 9 May 2021 by Sinotrans Eastern, a subsidiary of the Group, and Jingjiang Bonded Logistics Center Co., Ltd. (hereinafter referred to as Jingjiang Logistics). Jingjiang Logistics subscribed RMB2.55 million with a shareholding ratio of 51%, Sinotrans Eastern subscribed RMB2.45 million with a shareholding ratio of 49%. According to the *Articles of Association* of Jingjiang Bonded, Sinotrans Eastern and Jingjiang Logistics jointly control Jingjiang Bonded, so the equity method is adopted for accounting.

Note 3: Yantai Comprehensive Bonded Zone Baoyuntong Supply Chain Management Co., Ltd. (hereinafter referred to as Yantai Baoyuntong) was established on 2 April 2021 by Sinotrans Central China Co., Ltd. (hereinafter referred to as Sinotrans Central China), a subsidiary of the Group, and Yantai Bonded Development Investment Co., Ltd. (hereinafter referred to as Yantai Bonded Development). Yantai Bonded Development subscribed RMB5.1 million with a shareholding ratio of 51%, Sinotrans Eastern subscribed RMB4.9 million with a shareholding ratio of 49%. As at 30 June 2021, Sinotrans Central China has paid RMB2.45 million. According to the *Articles of Association* of Yantai Baoyuntong, Sinotrans Central China and Yantai Bonded Development jointly control Yantai Baoyuntong, so the equity method is adopted for accounting.

Note 4: Eurasian Rail Gateway Closed Joint-Stock Company (hereinafter referred to as Eurasian Rail) was established on 18 June 2020 by China Merchants Great Stone Trading Logistics Co., Ltd. (hereinafter referred to as China Merchants Great Stone), a subsidiary of the Group, Duisburg Port Group, Belarusian State Railway, Huopai Logistics and Duisburg Port Agency Ltd. The registered capital was EUR9.025 million, of which China Merchants Great Stone subscribed EUR2.79775 million, equivalent to RMB15,949,102.99, with a shareholding ratio of 31%. China Merchants Great Stone has appointed three directors to participate in the financial and operational management decisions of Eurasian Rail, which can exercise significant influence over Eurasian Rail and thus the equity method is adopted for accounting. As at 30 June 2021, Eurasian Rail is still in the preparation stage.

Note 5: Land and Sea New Channel Operation Co. Ltd. (hereinafter referred to as Land and Sea New Channel), formerly known as China-Singapore Southbound Channel (Chongqing) Logistics Development Co., Ltd., was established on 14 July 2017 by Sinotrans Chongqing Co., Ltd. (hereinafter referred to as Sinotrans Chongqing), a subsidiary of the Group, Guangxi Beibu Gulf International Port Group Co., Ltd., Chongqing International Logistics Group Co., Ltd. and Minsheng Shipping Co., Ltd. Sinotrans Chongqing initially invested RMB1 million, with a shareholding ratio of 10%. In November 2020, Sinotrans Chongqing subscribed an additional capital of RMB13.03808 million according to the *Articles of Association* of Land and Sea New Channel, with a actual contribution of RMB3.211424 million in 2020 and RMB9.826656 million in 2021. As at 30 June 2021, the shareholding ratio was 8.7738%. Sinotrans Chongqing has appointed one director to participate in the financial and operational management decisions of Land and Sea New Channel, which can exercise significant influence over Land and Sea New Channel and thus the equity method is adopted for accounting.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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 impairment provision of long-term equity investments are as follows:

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current period	Decrease in current period		Effects from translation in foreign currency statements	Closing balance
				Decrease	Reason for decrease		
Beijing China Merchants Science City Real Estate Development Co., Ltd.	5,415,696.00	—	—	-	-	-61,132.50	5,354,563.50
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	4,020,273.14	—	—	-	-	-	4,020,273.14
Beijing Sima Ling Clothing Co., Ltd.	1,378,540.80	—	—	-	-	-15,561.00	1,362,979.80
Beijing Shungang Clothing Accessories Co., Ltd.	1,288,158.06	—	—	-	-	-14,540.76	1,273,617.30
Total	12,102,668.00	—	—	-	-	-91,234.26	12,011,433.74

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

(4) Significant joint venture investments

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding Ratio (%)	Voting ratio (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit for the period	Net profit of the investee attributable to the parent company for the period
Joint ventures											
DHL-Sinotrans International Air Courier Ltd.	--	--	USD14.5M	50.00	50.00	7,542,494,726.88	2,678,505,705.56	4,863,989,021.32	10,157,819,996.16	1,832,691,684.00	1,832,691,684.00
Dongguan Port Container Port Co., Ltd.	Beijing, PRC	Air-freight courier	RMB670M	49.00	49.00	1,482,822,808.41	803,005,729.59	679,817,078.82	110,100,571.46	4,682,511.02	4,682,511.02
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Dongguan, PRC	Harbour operating	RMB395M	42.00	42.00	537,372,577.98	54,997,549.04	482,455,028.94	137,018,887.46	13,372,897.36	13,372,897.36
Chengdu Bonded Logistics Investment Co., Ltd.	Lianyungang, PRC	Port development, freight forwarding	RMB175M	54.29	54.29	252,749,378.23	25,096,063.60	227,647,324.63	17,047,750.13	4,211,959.79	4,211,959.79
Total	--	--	--	--	--	9,815,233,491.50	3,561,545,037.79	6,253,688,453.71	10,421,987,205.21	1,854,959,052.17	1,854,959,052.17

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021

(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 material joint ventures

Item	Closing balance/Accumulated amount in current period				Opening balance/Accumulated amount in prior period			
	DHL-Sinotrans International Air Courier Ltd.	Dongguan Port Container Terminals Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.	DHL-Sinotrans International Air Courier Ltd.	Dongguan Port Container Terminals Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.
Current assets	6,640,661,821.87	149,829,826.95	218,578,060.13	64,849,124.57	4,891,324,211.44	173,122,256.46	224,974,880.44	58,312,528.29
Non-current assets	901,832,905.01	1,332,792,981.46	318,794,517.85	187,894,253.66	970,429,494.94	1,356,226,575.48	329,219,336.81	191,241,452.26
Total assets	7,542,494,726.88	1,482,622,808.41	537,372,577.98	252,743,378.23	5,861,753,706.38	1,529,348,831.94	554,194,217.25	249,553,980.55
Current liabilities	2,474,189,484.43	27,794,655.59	48,152,539.77	25,096,053.60	2,616,326,525.46	31,818,107.67	43,406,583.20	15,536,909.18
Non-current liabilities	204,316,221.13	775,211,074.00	6,785,009.27	-	214,129,843.62	822,596,156.47	6,548,201.61	-
Total liabilities	2,678,505,705.56	803,005,729.59	54,937,549.04	25,096,053.60	2,830,456,369.08	854,414,264.14	49,954,784.81	15,536,909.18
Net assets	4,863,989,021.32	679,617,078.82	482,435,028.94	227,647,324.63	3,031,297,337.30	674,934,567.80	504,239,432.44	234,017,071.37
Share of net assets calculated at the shareholding ratio	2,431,994,510.66	333,012,368.62	202,622,712.15	123,589,732.54	1,515,648,668.66	330,717,938.22	211,780,561.62	127,047,888.04
Adjustments	-	-	-	-	-	-	-	-
Carrying value of equity investments in joint ventures	2,431,994,510.66	333,012,368.62	202,622,712.15	123,589,732.54	1,515,648,668.66	330,717,938.22	211,780,561.62	127,047,888.04
Fair value of equity investments with public offer	-	-	-	-	-	-	-	-
Operating income	10,157,819,996.16	110,100,571.46	137,018,887.46	17,047,750.13	8,636,707,376.76	86,376,769.72	132,762,416.54	15,857,906.45
Finance costs	-29,143,505.63	16,237,897.16	-1,330,823.77	-327,167.02	-15,069,969.89	19,432,742.61	-1,150,230.07	-238,860.97
Income tax expenses	660,657,913.73	-	4,457,632.45	900,692.14	331,297,505.06	-	4,403,571.47	642,236.98
Net profit	1,832,691,684.00	4,662,511.02	13,372,897.36	4,211,959.79	903,429,419.00	-22,609,051.88	13,210,714.42	3,160,571.95
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	1,832,691,684.00	4,662,511.02	13,372,897.36	4,211,959.79	903,429,419.00	-22,609,051.88	13,210,714.42	3,160,571.95
Dividends from joint ventures for the period	-	-	703,546.02	-	-	-	260,740.00	-

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 associate investments

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding Ratio (%)	Voting ratio (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating income for the period	Net profit for the period	Net profit of the investee attributable to the parent company for the period
Associates											
China Merchants Logistic International Holdings Co., Ltd.	The British Virgin Islands	Logistics equipment leasing	USD101	45.00	45.00	6,754,866,104.34	2,891,611,625.00	3,863,254,479.34	928,677,501.70	206,435,939.05	206,435,939.05
Shenzhen Haxing Harbor Development Co., Ltd.	Shenzhen, PRC	Warehouse and port services	RMB530.73 million	33.00	33.00	2,910,253,628.28	1,797,862,256.64	1,112,391,371.64	11,861,614.45	-18,532,173.24	-18,532,173.24
China Merchants Logistics Group Nanjing Co., Ltd.	Nanjing, PRC	Logistic	RMB50 million	45.00	45.00	207,835,882.80	34,699,668.95	173,136,213.85	151,506,695.21	25,926,819.73	25,926,819.73
Wuhan Port Container Co., Ltd.	Wuhan, PRC	Containers handling and freight forwarding	RMB400 million	30.00	30.00	775,163,929.01	206,053,992.64	569,109,936.37	79,697,937.98	36,562,095.81	36,562,095.81
Total	--	--	--	--	--	10,648,119,544.43	4,930,227,543.23	5,717,892,001.20	1,171,833,749.34	250,392,741.35	250,392,741.35

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(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 material associates

Item	Closing balance/Accumulated amount in current period				Opening balance/Accumulated amount in prior period			
	China Merchants Loecam Holdings Co., Ltd.	Shenzhen Haixing Harbor Development Co., Ltd.	China Merchants Logistics Group Nanjing Co., Ltd.	Wuhan Port Container Co., Ltd.	China Merchants Loecam International Holdings Co., Ltd.	Shenzhen Haixing Harbor Development Co., Ltd.	China Merchants Logistics Group Nanjing Co., Ltd.	Wuhan Port Container Co., Ltd.
Current assets	1,350,550,008.35	189,948,839.69	137,463,047.24	242,854,497.06	1,236,668,697.65	85,233,282.68	170,465,951.99	254,782,636.35
Non-current assets	5,404,316,095.99	2,720,304,668.59	70,382,835.56	532,309,431.95	5,642,590,254.67	2,260,088,203.89	70,043,254.37	582,668,660.27
Total assets	6,754,866,104.34	2,910,253,508.28	207,835,882.80	775,163,929.01	6,879,258,952.32	2,345,271,486.57	240,509,206.36	817,450,896.62
Current liabilities	2,609,050,088.32	1,300,534,925.57	34,215,251.80	61,512,642.53	2,784,526,780.22	847,631,054.21	92,839,188.98	59,310,521.47
Non-current liabilities	282,561,536.68	487,327,331.07	484,417.15	144,541,350.11	307,096,880.19	366,716,887.48	528,277.57	175,543,811.63
Total liabilities	2,891,611,625.00	1,797,862,256.64	34,699,668.95	206,053,992.64	3,091,623,660.41	1,214,347,941.69	93,367,446.55	234,854,333.10
Net assets	3,863,254,479.34	1,112,391,371.64	173,136,213.85	569,109,936.37	3,787,635,691.91	1,130,923,544.88	147,141,759.81	582,596,563.52
Share of net assets calculated at the shareholding ratio	1,738,464,515.70	367,089,152.64	77,911,296.23	170,739,980.91	1,704,436,061.36	373,204,769.81	66,213,791.91	174,778,969.66
Adjustments	660,598,984.91	-	126,172,329.02	759,402.78	660,598,984.91	-	126,172,329.02	759,402.78
Carrying value of equity investments in associates	2,399,063,400.61	367,089,152.64	204,083,625.25	171,492,383.69	2,365,034,946.27	373,204,769.81	192,386,120.93	175,538,372.44
Fair value of equity investments with public offer	-	-	-	-	-	-	-	-
Operating income	928,677,501.70	11,861,614.45	151,596,695.21	79,697,937.96	838,445,498.00	13,270,354.04	126,367,156.39	33,055,672.59
Finance costs	7,632,913.49	-112,735.37	20,192.79	-1,273,086.60	27,371,959.55	-14,075.51	7,222.93	-618,047.11
Income tax expenses	104,779,460.64	-	3,670,272.74	8,800,000.00	61,157,983.49	-	1,810,714.61	-
Net profit	206,435,999.05	-18,532,173.24	25,926,819.73	36,562,095.81	153,931,325.90	-10,957,432.66	25,556,461.63	748,965.61
Other comprehensive income	-130,817,211.62	-	-	-	-44,904,530.02	-	-	-
Total comprehensive income	75,618,787.43	-18,532,173.24	25,926,819.73	36,562,095.81	109,026,795.88	-10,957,432.66	25,556,461.63	748,965.61
Dividends from associates for the period	-	-	-	6,000,000.00	-	-	-	-

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 immaterial joint ventures and associates

Item	Closing balance/ Accumulated amount in current period	Opening balance/ Accumulated amount in prior period
Joint ventures:	--	--
Total carrying value of investments	1,467,074,174.42	1,403,794,743.19
Total amount of the following items calculated at the shareholding ratio	--	--
Net profit	61,533,222.00	36,529,526.10
Other comprehensive income	-	-
Total comprehensive income	61,533,222.00	36,529,526.10
Associates:	--	--
Total carrying value of investments	1,117,137,758.69	1,056,426,786.34
Total amount of the following items calculated at the shareholding ratio	--	--
Net profit	51,474,786.36	19,476,599.71
Other comprehensive income	-	-
Total comprehensive income	51,474,786.36	19,476,599.71

(9) The Group had 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 period (or net profit shared for the period)	Cumulative unrecognised losses at the end of the period
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	-682,493.45	-92,882.63	-775,376.08
Total	-682,493.45	-92,882.63	-775,376.08

As at 30 June 2021, there were no material restrictions on the Group's ability to transfer funds from joint ventures or associates to the Group.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Other Equity Instrument Investments

(1) Details of other equity instrument investments

Item	Reasons for designation as other equity instrument investments	Closing balance	Opening balance	Dividend income
Other equity instrument investments – Listed company equity instrument investments	--	22,442,164.66	21,605,631.53	--
Including: Air China Limited	Strategic purpose holding	22,442,164.66	21,605,631.53	--
Total	--	22,442,164.66	21,605,631.53	--

(2) Other equity instruments at the end of the period

Item	Dividend income recognised during the period	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	--	14,365,293.06	--	--	Strategic purpose holding	--

(3) The Group had no investment in other equity instruments derecognised during the period.

14. Other Non-Current Financial Assets

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value through profit or loss	1,052,582,573.91	871,156,840.33
Including: Equity instrument investments (Note 1)	1,052,582,573.91	871,156,840.33
Total	1,052,582,573.91	871,156,840.33

Note 1: As at 30 June 2021, other non-current financial assets were equity instrument investments held by the Group, mainly comprising: the Group's investment in China Merchants Logistics Synergy Limited Partnership of RMB351,954,916.15; investment in China Southern Airlines Cargo Logistics (Guangzhou) Co., Ltd. of RMB223,636,365.50; investment in Nanjing Port Longtan Container of RMB189,676,471.82; investment in Ouyee Cloud Commerce Co., Ltd. of RMB147,747,600.00; investment in SINO-BLR Industrial Investment Fund, L.P. of RMB49,592,828.18; investment in China United Tally Co., Ltd. of RMB40,960,000.00; investment in Shenyang Airport Logistics Co., Ltd. of RMB33,730,000.00, etc.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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	2,373,343,072.99	113,964,157.79	2,487,307,230.78
Effects from changes in the scope of consolidation	—	—	—
Acquisition for the period	—	—	—
Conversion of fixed assets to investment properties	132,643,185.03	—	132,643,185.03
Conversion of intangible assets to investment properties	—	—	—
Disposal for the period	22,930,934.64	—	22,930,934.64
Transfer from investment properties to fixed assets	76,691,167.10	—	76,691,167.10
Other transfer-out	—	—	—
Effects from translation in foreign currency statements	-23,845,713.86	—	-23,845,713.86
Closing balance	2,382,518,442.42	113,964,157.79	2,496,482,600.21
II. Accumulated depreciation and accumulated amortisation	—	—	—
Opening balance	247,044,314.60	34,486,853.48	281,531,168.08
Effects from changes in the scope of consolidation	—	—	—
Accrued amount for the period	39,130,395.01	1,394,248.75	40,524,643.76
Conversion of fixed assets to investment properties	24,183,671.50	—	24,183,671.50
Conversion of intangible assets to investment properties	—	—	—
Disposal for the period	3,720,591.97	—	3,720,591.97
Transfer from investment properties to fixed assets	9,119,095.44	—	9,119,095.44
Other transfer-out	—	—	—
Effects from translation in foreign currency statements	-1,982,985.28	—	-1,982,985.28
Closing balance	295,535,708.42	35,881,102.23	331,416,810.65
III. Impairment provision	—	—	—
Opening balance	1,528,858.01	—	1,528,858.01
Closing balance	1,511,600.22	—	1,511,600.22
IV. Net amount	—	—	—
Opening balance	2,124,769,900.38	79,477,304.31	2,204,247,204.69
Closing balance	2,085,471,133.78	78,083,055.56	2,163,554,189.34

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investment Properties (Continued)

(2) Closing carrying amount significant investment properties without the title certificate and reason

Item	Carrying amount	Reason for not obtaining the title certificate
Tianzhu Airport Logistics Center	142,839,062.51	Incomplete procedures and process
Block C, Building 339, Chengdu	26,919,282.66	Firefighting not yet accepted
Total	169,758,345.17	--

16. Fixed Assets

Item	Closing balance	Opening balance
Fixed assets	12,924,688,606.20	12,442,063,895.48
Disposal of fixed assets	-	112,689.68
Total	12,924,688,606.20	12,442,176,585.16

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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	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
Acquisition for the period	8,402,681.36	551,397.08	42,424,045.45	131,931,925.62	183,310,049.51
Transfer of construction in progress for the period	205,504,237.37	521,758,973.29	823,827.84	179,304,373.24	907,391,411.74
Transfer of investment properties for the period	76,691,167.10	-	-	-	76,691,167.10
Disposal and scrap for the period	44,566,803.76	-	71,124,992.12	118,196,334.37	233,888,130.25
Transfer to investment properties for the period	132,643,185.03	-	-	-	132,643,185.03
Effects from translation in foreign currency statements	980,394.19	-	-10,691,759.22	-9,967,832.65	-19,679,197.68
Other decreases	1,942,246.17	-	5,159.29	29,250.00	1,976,655.46
Closing balance	12,375,822,398.10	1,551,988,267.53	1,443,231,427.16	5,938,711,549.07	21,309,753,641.86
II. Accumulated depreciation	---	---	---	---	---
Opening 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
Accrued amount for the period	232,708,194.65	17,523,915.03	62,674,804.34	185,457,772.47	498,364,686.49
Transfer of investment properties for the period	9,119,095.44	-	-	-	9,119,095.44
Disposal and scrap for the period	16,889,216.06	-	56,944,749.24	98,522,678.78	172,356,644.08
Other decreases	1,466,727.75	-	-	13,641.61	1,480,369.36
Transfer to investment properties for the period	24,183,671.50	-	-	-	24,183,671.50
Effects from translation in foreign currency statements	-651,215.72	-	-5,789,170.81	-6,415,248.00	-12,855,634.53
Closing balance	3,725,554,970.42	526,317,456.35	1,004,926,854.81	3,105,283,182.11	8,362,082,463.69
III. Impairment provision	---	---	---	---	---
Opening balance	3,921,918.22	-	19,087,367.00	-	23,009,285.22
Closing balance	3,895,204.97	-	19,087,367.00	-	22,982,571.97
IV. Net amount	---	---	---	---	---
Opening balance	8,732,555,723.46	520,884,355.84	457,732,126.98	2,730,891,689.20	12,442,063,895.48
Closing balance	8,646,372,222.71	1,025,670,811.18	419,217,205.35	2,833,428,366.96	12,924,688,606.20
Net mortgaged assets at the end of the period	50,233,212.77	-	-	-	50,233,212.77

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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)

2) Fixed assets fully depreciated at the end of the period but still in use and temporary idleness, disposal and scrap of fixed assets for the period

Item	Amount	Remark
1. Original value of fixed assets fully depreciated at the end of the period but still in use	3,110,916,196.93	--
2. Original value of temporarily idle fixed assets at the end of the period	6,455,870.61	--
3. Disposal and scrap of fixed assets for the period	--	--
(1) Original value of disposal and scrap of fixed assets for the period	233,888,130.25	--
(2) Net value of disposal and scrap of fixed assets for the period	61,531,486.17	--
(3) Gains and losses from disposal and scrap of fixed assets for the period	22,520,084.62	--

3) Temporary idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment provision	Carrying amount	Remark
Machinery, equipment, furniture, appliances and other equipment	5,058,011.31	4,968,475.42	-	89,535.89	--
Buildings	1,397,859.30	798,350.38	-	599,508.92	--
Total	6,455,870.61	5,766,825.80	-	689,044.81	--

4) Fixed assets rented through operating lease

Item	Carrying amount
Machinery, equipment, furniture, appliances and other equipment	585,181,571.38
Buildings	424,404,150.73
Motor vehicles and vessels	6,099,283.13
Total	1,015,685,005.24

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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)

5) Significant fixed assets without the title certificate

Item	Closing carrying amount	Reason for not obtaining the title certificate
Warehouse of China Merchants Logistics Group Guangxi Co., Ltd.	230,058,167.86	Progressing
Nanchang Distribution Center	88,183,415.96	Part of the land has been expropriated and new land certificates are still being processed
Northeast regional logistics center warehouse	87,599,918.69	After merging the land certificate, the house property certificate of the warehouse shall be processed
Harbin Distribution Center Phase II	82,732,069.22	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 0	74,308,692.07	Progressing
Caidian Logistics Base	60,534,437.12	Progressing
Office building of Sinotrans (Changchun) Logistics Co., Ltd.	49,597,857.40	Progressing
Supply Chain Logistics Export Processing Base	46,879,093.83	Progressing
Pudong International Airport Storage Project	42,835,020.06	Progressing
Office building of Sinotrans (Zhengzhou) Airport Logistics Co., Ltd.	39,152,473.33	The procedure is not complete, and temporarily suspended
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 5	38,988,534.68	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 1	37,773,463.22	Progressing
Rongcheng 7-11 warehouse and office building	35,565,216.68	Progressing
Changchun Distribution Center Warehouse No. 1	35,494,423.59	Progressing
Changchun Distribution Center Warehouse No. 7	32,541,593.78	Progressing
Office building 1, Tianzhu Airport Logistics Park	31,277,670.23	Progressing
Changchun Distribution Center Warehouse No. 3	30,010,849.17	Progressing
Changchun Distribution Center Warehouse No. 0	29,696,653.51	Progressing
Changchun Distribution Center Warehouse No. 5	26,376,921.71	Progressing
Block C, Building 339, Chengdu	26,151,360.29	Firefighting not yet accepted
Warehouse supporting 1	24,458,013.76	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	23,186,896.25	Progressing
Zhangzhou Distribution Center 1 # Warehouse	17,291,789.58	Planning completion acceptance is blocked, and is being actively negotiated for

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(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)

5) Significant fixed assets without the title certificate (Continued)

Item	Closing carrying amount	Reason for not obtaining the title certificate
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 02	14,993,838.24	Temporary suspension of demolition
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 01	14,787,104.25	Temporary suspension of demolition
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 2	13,077,989.96	Failed acceptance
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse 04	13,074,503.45	Temporary suspension of demolition
Zhangzhou Distribution Center 2 # Warehouse	12,560,885.08	Planning completion acceptance is blocked, and is being actively negotiated for
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 3	12,122,025.15	Failed acceptance
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No.3	11,033,002.86	Temporary suspension of demolition
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 5# Warehouse	10,302,836.88	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 4# Warehouse	8,057,115.15	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 3# Warehouse	8,051,731.13	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 1# Warehouse	8,035,243.49	Progressing
Sinotrans Logistics Zhenjiang Co., Ltd. phase II 2# Warehouse	8,025,264.36	Progressing
Phase I Complex Building	7,095,381.77	Progressing
Total	1,331,911,453.76	--

(2) Disposal of fixed assets

Item	Closing balance	Opening balance
Machinery, furniture, appliances and other equipment	-	112,689.68
Total	-	112,689.68

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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
Shaanxi Company Distribution Center	373,902,076.05	-	373,902,076.05	348,361,952.24	-	348,361,952.24
Meishan Consolidation Procurement Logistics Center Project	331,395,283.63	-	331,395,283.63	331,395,283.63	-	331,395,283.63
Jiaozhou Smart Logistics Warehouse	271,799,764.89	-	271,799,764.89	239,271,961.72	-	239,271,961.72
Qingdao Logistics Center Project	172,224,009.69	-	172,224,009.69	167,074,509.39	-	167,074,509.39
Yunnan Company Distribution Center	104,352,232.58	-	104,352,232.58	71,686,332.42	-	71,686,332.42
Sinotrans Chengdu Qingbaijiang Cold Chain Logistics Park Project	80,073,752.57	-	80,073,752.57	67,903,497.27	-	67,903,497.27
Sinotrans Tianjin Airport Comprehensive Logistics Base Project	75,441,654.47	-	75,441,654.47	71,021,250.24	-	71,021,250.24
Lianyungang Shanghe Logistics Park Project	74,383,321.08	-	74,383,321.08	64,268,414.82	-	64,268,414.82
Comprehensive Bonded Zone Storage Project	47,922,631.31	-	47,922,631.31	52,550,203.72	-	52,550,203.72
Jinxia Logistics Center	38,991,518.26	-	38,991,518.26	9,841,073.80	-	9,841,073.80
Dockside 500-day shoreline modification and expansion declaration project	36,938,638.43	-	36,938,638.43	29,441,083.79	-	29,441,083.79
Nantong Warehouse Phase II and Canopy	28,505,070.58	-	28,505,070.58	30,663,841.43	-	30,663,841.43
Zhengzhou Airport Logistics Park Warehouse 1	23,019,007.00	-	23,019,007.00	23,483,962.14	-	23,483,962.14
Fangchenggang Dongwan Phase II Project	21,285,282.57	-	21,285,282.57	21,285,282.57	-	21,285,282.57
Warehouse equipment installation and integration (Smart logistics)	20,297,144.59	-	20,297,144.59	20,297,144.59	-	20,297,144.59
Cold storage	15,450,093.99	-	15,450,093.99	15,450,093.99	-	15,450,093.99
Public Terminal in High-tech Zone of Jiangmen City	13,667,277.16	-	13,667,277.16	883,913,543.00	-	883,913,543.00
Zhenjiang Distribution Center	12,970,622.81	-	12,970,622.81	12,902,567.91	-	12,902,567.91
Xinjiang Ganquanbao Distribution Center	12,075,680.21	-	12,075,680.21	12,075,680.21	-	12,075,680.21
Terminal expansion project	11,999,756.27	-	11,999,756.27	7,778,784.80	-	7,778,784.80
Other projects	110,267,379.07	100,000.00	110,167,379.07	218,869,299.99	20,822,014.90	198,047,285.09
Total	1,876,962,197.21	100,000.00	1,876,862,197.21	2,699,535,763.67	20,822,014.90	2,678,713,748.77

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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 balance at the end of the period

Item	Budget	Opening balance	Increase in current period	Effects from changes in the scope of consolidation	Transfer to fixed assets or intangible assets	Other decreases	Closing balance	Proportion of project investment to budget amount (%)	Project Progress (%)	Accumulated amount of interest capitalisation for the period	Including: Amount of interest capitalisation for the period	Interest capitalisation rate for the period	Sources of funds
Shaanxi Company Distribution Center	460,000,000.00	348,361,952.24	25,540,123.81	-	-	-	373,902,076.05	81.28	90.00	23,855,351.24	3,982,721.23	4.04	Bank loan, Self-owned capital
Méixian Consolidation Procurement													
Logistics Center Project	435,271,674.30	331,385,283.63	-	-	-	-	331,385,283.63	76.14	99.00	5,536,849.16	-	-	Bank loan, Self-owned capital
Jiaozhou Smart Logistics Warehouse	570,000,000.00	239,271,961.72	32,627,803.17	-	-	-	271,799,764.89	47.88	65.00	-	-	-	Self-owned capital
Qingdao Logistics Center Project	173,750,000.00	167,074,609.39	5,149,500.30	-	-	-	172,224,089.69	99.12	95.00	5,840,470.69	-	-	Bank loan, Self-owned capital
Yunnan Company Distribution Center	219,704,582.49	71,686,332.42	32,665,900.16	-	-	-	104,352,232.58	47.88	54.00	3,209,996.11	840,633.27	4.04	Bank loan, Self-owned capital
Sino-trans Chengdu Qingdaijiang Cold Chain													
Logistics Park Project	261,237,354.74	67,993,497.27	12,170,255.30	-	-	-	80,073,752.57	30.65	70.00	297,416.70	278,649.40	2.94	Bank loan, Self-owned capital
Sino-trans Tianjin Airport Comprehensive													
Logistics Base Project	101,370,980.00	71,021,250.24	4,429,404.23	-	-	-	75,441,654.47	74.42	74.42	-	-	-	Self-owned capital
Lianyungang Shengjie Logistics Park Project	375,000,000.00	64,268,414.82	10,114,906.26	-	-	-	74,383,321.08	19.84	45.00	-	-	-	Self-owned capital
Comprehensive Bonded Zone													
Storage Project	78,090,000.00	52,560,203.72	285,503.08	-	-	4,913,075.49	47,922,681.31	61.37	98.00	-	-	-	Self-owned capital
Public Terminal in High-tech Zone of Jiangmen City	1,189,000,000.00	883,913,543.00	111,081,400.20	-	979,547,196.80	1,780,469.24	13,867,277.16	83.53	90.00	21,833,616.82	5,475,153.80	4.16	Bank loan, Self-owned capital
Total	3,883,424,551.53	2,297,446,948.45	233,855,796.51	-	979,547,196.80	6,893,544.73	1,545,162,003.43	--	--	60,073,670.92	10,577,157.70	--	--

(3) There was no significant impairment of construction in progress during the period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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	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
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Increase of the period	215,943,556.76	-	-	3,775,348.70	839,917.03	203,064.12	220,761,886.61
Renewal of current lease	163,595,575.60	-	-	-	33,261.85	101,423.02	163,730,260.47
Decrease of the period (Note 1)	446,064,701.98	-	-	220,456.35	2,017,402.16	101,685.01	448,404,245.50
Effects from translation in foreign currency statements	-21,152,976.32	-	-	-166,990.90	-9,930.73	-40,460.65	-21,370,358.60
Closing balance	3,581,867,225.87	1,935,660.63	1,706,060.05	22,536,011.06	22,797,856.07	21,755,859.36	3,652,598,673.04
II. Accumulated depreciation	--	--	--	--	--	--	--
Opening 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
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Accrued amount for the period	362,359,649.20	193,566.06	428,999.28	3,090,494.26	2,593,832.76	1,909,885.29	370,576,426.85
Decrease of the period (Note 1)	239,964,624.53	-	-	133,084.75	1,965,052.08	101,685.01	242,164,446.37
Effects from translation in foreign currency statements	-5,886,329.08	-	-	-86,307.70	-10,118.61	-20,751.35	-6,003,506.74
Closing balance	1,525,625,867.52	387,132.13	1,302,631.08	14,308,362.91	13,686,149.20	16,412,721.67	1,571,722,864.51
III. Impairment provision	--	--	--	--	--	--	--
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount	--	--	--	--	--	--	--
Opening 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
Closing balance	2,056,241,358.35	1,548,528.50	403,428.97	8,227,648.15	9,111,706.87	5,343,137.69	2,080,875,808.53

Note 1: The decrease of right-of-use assets in original value and accumulated depreciation of buildings for the period was mainly due to the expiration of lease contract or lease change.

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 period's profit or loss accounted were RMB220,240,412.32 (prior period: RMB182,372,475.34), and the lease expenses for low-value assets were RMB6,762,450.30 (prior period: RMB6,519,534.34).

The lease terms of the Group have no agreement on variable lease payment. The total cash outflow related to leasing in this year was RMB644,002,951.10 (prior period: RMB517,190,801.38).

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Intangible Assets

Item	Amortisation period	Opening balance	Effects from changes in the scope of consolidation	Increase in current period	Decrease in current period	Reclassification	Effects from translation in foreign currency statements	Closing balance
I. Total original value	--	7,873,709,059.47	-	245,856,908.41	29,252,415.23	-	-37,853,565.47	8,052,459,987.18
Including: Land use rights (Note 1)	10-99 years	6,638,603,803.87	-	222,215,295.89	28,340,231.48	-	-16,308,199.86	6,816,170,668.42
Trademark rights	--	5,007,651.46	-	-	-	-	-	5,007,651.46
Softwares	5 years	660,802,220.96	-	22,449,511.52	853,006.10	58,867.93	-768,022.96	681,689,571.35
Others	5, 9 years	569,295,383.18	-	1,192,101.00	59,177.65	-58,867.93	-20,777,342.65	549,592,095.95
II. Total accumulated amortisation	--	1,680,385,033.69	-	134,103,046.10	6,745,016.65	-	-4,462,859.14	1,803,280,204.00
Including: Land use rights (Note 1)	10-99 years	1,169,250,575.54	-	68,507,587.83	5,904,538.19	-	-693,976.77	1,231,159,648.41
Trademark rights	--	1,990.53	-	765.12	-	-	-	2,755.65
Softwares	5 years	422,978,201.84	-	38,305,623.81	840,478.46	33,347.75	-519,313.40	459,957,381.54
Others	5, 9 years	88,154,265.78	-	27,289,069.34	-	-33,347.75	-3,249,568.97	112,160,418.40
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 value	--	6,134,410,069.01	--	--	--	--	--	6,190,265,826.41
Including: Land use rights	10-99 years	5,465,465,828.33	--	--	--	--	--	5,581,123,620.01
Trademark rights	--	5,660.93	--	--	--	--	--	4,895.81
Softwares	5 years	237,824,019.12	--	--	--	--	--	221,732,189.81
Others	5, 9 years	431,114,560.63	--	--	--	--	--	387,405,120.78

Note 1: The decrease of land use rights in the original value and accumulated amortisation for the period was mainly due to the sale of land by Sinoair, a subsidiary of the Group.

(1) Closing carrying value 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	21,950,475.20	In negotiation with the government for
Land use rights of Sinotrans container yard in Kaishan District, Dayaowan	3,006,419.52	Currently in communication with the seller for processing
Total	24,956,894.72	--

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Development Expenditure

Item	Opening balance	Increase in current period			Decrease in current period			Effects from translation in foreign currency statements	Closing balance
		Effects from changes in the scope of consolidation	Internal development expenditures	Others	Transfer to intangible assets	Inclusion in current profit or loss	Others		
ABCDT Digital Technology	43,072,847.71	-	5,692,464.37	7,250,865.61	626,077.82	12,450,714.36	-	-	42,939,385.51
Y2T platform	27,069,528.35	-	-	-	-	-	-	-	27,069,528.35
The company's strategic major customer									
logistics control tower construction project	10,140,566.04	-	-	-	-	-	-	-	10,140,566.04
Shipping system optimisation and operation projects	8,649,500.47	-	-	-	-	-	-	-	8,649,500.47
Master Data Platform Construction and Implementation Project	5,217,353.98	-	-	-	-	-	-	-	5,217,353.98
HR system	1,989,883.46	-	1,487,709.42	1,894,993.16	-	1,487,709.42	-	-	3,884,876.62
Guanwu Cloud Construction	3,469,339.53	-	-	-	-	-	-	-	3,469,339.53
Booking centre construction project	3,434,787.75	-	-	-	-	-	-	-	3,434,787.75
Smart Field Construction Project (2019)	2,783,018.87	-	-	-	-	-	-	-	2,783,018.87
Logistics system optimisation and operation projects	2,667,692.06	-	55,547.67	70,754.72	-	126,302.39	-	-	2,667,692.06
CFS Construction Operation Center Project	877,405.65	-	-	701,924.52	-	-	-	-	1,579,330.17
Financial sharing operation platform system construction South China pilot project (2019)	765,849.06	-	568,808.16	724,528.30	-	568,808.16	-	-	1,490,377.36
Public Cloud	1,353,465.42	-	-	-	-	-	-	-	1,353,465.42
Asset System	-	-	983,593.74	1,252,867.92	-	983,593.74	-	-	1,252,867.92
MICE Logistics Management System	1,227,350.95	-	-	-	-	-	-	-	1,227,350.95
Procurement of external logistics data services	1,544,709.41	-	348,098.73	443,396.21	792,452.80	395,268.54	-	-	1,148,483.01
BMS Project	1,072,169.81	-	734,710.55	935,849.06	-	1,670,559.61	-	-	1,072,169.81
WMS software service fee	507,526.78	-	523,523.29	-	-	-	-	-	1,031,050.07
Unified settlement project	1,018,147.96	-	-	-	-	-	-	-	1,018,147.96
Golden Chain Logistics Platform	970,873.79	-	-	-	-	-	-	-	970,873.79
Others	14,068,890.08	-	30,445,964.90	21,130,150.18	9,138,663.71	48,337,442.11	-	-	8,168,899.34
Total	131,900,907.13	-	40,840,420.83	34,405,329.68	10,557,194.33	66,020,398.33	-	-	130,569,064.98

Note: The increase of development expenditure in others for the period are mainly the investment of external R & D entrusted by the Group.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Goodwill

(1) Details of goodwill:

Investee	Formation	Opening balance	Increase in current period		Decrease in current period		Effects from translation in foreign currency statements	Closing balance
			Business combination	Other increases	Derecognition of disposal of subsidiaries	Other decreases		
7 companies including KLG Europe Eersel B.V.	Combination not under common control	2,159,738,397.00	-	-	-	-	-91,179,983.66	2,068,558,413.34
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	--	2,583,817,543.24	-	-	-	-	-91,179,983.66	2,492,637,559.58
Goodwill impairment provision	--	305,070,330.57	--	--	--	--	--	305,070,330.57
Total net goodwill	--	2,278,747,212.67	--	--	--	--	--	2,187,567,229.01

(2) Details of goodwill impairment provision

Investee	Opening balance	Effects from changes in the scope of consolidation		Effects from translation in foreign currency statements		Decrease in current period	Closing balance
		Provision in current period	Provision in current period	Provision in current period	Provision in current period		
Shenzhen Henglu Logistics Limited Company	134,843,091.03	-	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	148,512,392.37	-	-	-	-	-	148,512,392.37
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	18,772,759.40	-	-	-	-	-	18,772,759.40
Keppel Logistics (Hong Kong) Limited	2,942,087.77	-	-	-	-	-	2,942,087.77
Total	305,070,330.57	-	-	-	-	-	305,070,330.57

Note: As at 30 June 2021, the operating environment, strategy and performance of the Group's asset group or portfolio of asset groups for which goodwill has been amortized to a material amount have not deviated significantly from the judgment and expectation made as at 31 December 2020, and the Group has determined that there is no indication of impairment or further impairment of the aforementioned asset group or portfolio of asset groups for which goodwill has been amortized to a material amount.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Long-Term Prepaid Expenses

Long-term prepaid expenses are shown by item as follows:

Item	Opening balance	Effects from changes in the scope of consolidation	Transfer from fixed assets	Increase in current period	Amortisation for the period	Effects from translation in foreign currency statements	Other decreases	Closing balance	Reasons for other decreases
Modification of assets	175,789,863.46	-	-	32,210,109.34	25,503,991.98	-274,029.62	3,974,439.52	178,247,511.68	Reclassification adjustment
Software expenses	7,485,798.85	-	-	-	1,811,679.18	-	-	5,674,119.67	--
Others	25,008,606.64	-	-	3,486,506.30	5,447,620.56	-48,131.93	-3,974,439.52	26,973,799.97	Reclassification adjustment
Total	208,284,268.95	-	-	35,696,615.64	32,763,291.72	-322,161.55	-	210,895,431.32	--

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	82,385,713.10	329,321,585.28	75,323,051.95	301,900,178.41
Impairment provision unapproved by tax authorities	50,096,244.22	200,763,357.76	47,068,495.87	192,552,140.76
Deductible losses	22,703,644.77	89,974,366.12	36,623,224.85	146,492,899.40
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	5,657,246.10	22,628,984.40	5,515,911.10	22,063,644.40
Depreciation of fixed assets	2,748,218.35	10,992,873.4	2,646,736.99	10,586,947.96
Other deductible temporary differences	50,528,309.43	224,277,594.58	60,943,341.00	253,019,752.88
Total	219,767,572.62	900,551,548.12	233,768,958.41	949,208,350.39

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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	575,282,855.83	597,428,537.90
Deductible losses	1,829,307,936.46	1,542,330,234.83
Total	2,404,590,792.29	2,139,758,772.73

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
2021	84,016,500.37	115,326,616.64	— —
2022	87,019,957.48	93,962,334.72	— —
2023	347,265,555.68	347,265,555.68	— —
2024	386,000,572.04	386,000,572.04	— —
2025	589,408,328.01	599,775,155.75	— —
2026	335,597,022.88	—	— —
Deductible losses without maturity date	—	—	— —
Total	1,829,307,936.46	1,542,330,234.83	— —

(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	163,390,672.55	687,414,636.52	174,315,658.34	734,872,942.90
Changes in fair value of held-for-trading financial assets and liabilities	27,738,736.87	168,113,556.79	—	—
Depreciation and amortisation	17,159,120.31	69,040,007.10	10,257,450.21	41,253,486.89
Other taxable temporary differences	1,899,534.83	7,889,751.56	2,083,288.11	8,752,473.63
Total	210,188,064.56	932,457,951.97	186,656,396.66	784,878,903.42

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Deferred Income Tax (Continued)

(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 period	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 period	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets	-11,072,240.67	208,695,331.95	-5,952,928.48	227,816,029.93
Deferred tax liabilities	-11,072,240.67	199,115,823.89	-5,952,928.48	180,703,468.18

24. Other Non-Current Assets

Item	Closing balance	Opening balance
Lanshi Port related assets (Note 1)	434,530,223.55	234,686,047.29
Prepayment for land use rights	23,265,050.27	23,265,050.27
Others	1,017,795.02	993,966.80
Total	458,813,068.84	258,945,064.36

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 of gain and risk of loss) and related liabilities of Langshi Port and related areas. Until the liquidation of Langshi Port and related areas was completed, the assets equity and related liabilities shall be accounted for other non-current assets and other non-current liabilities respectively. Keppel Foshan received compensation of RMB199.84 million for the closure compensation of Lanshi Port during the period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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	18,900,045.07	20,884,814.50	Note 1
Investment properties	1,888,102,786.13	1,943,027,037.93	Note 2
Fixed assets	50,233,212.77	51,358,931.77	Note 3
Intangible assets	1,005,493,578.51	1,029,131,117.81	Note 2, Note 3
II. Other reasons	--	--	--
Including: Cash and bank balances	59,824,125.23	56,002,010.04	Note 1
Other non-current assets-Lanshi			
Port related assets	434,530,223.55	234,686,047.29	Note 4
Total	3,457,083,971.26	3,335,089,959.34	--

Note 1: The cash and bank balances under restricted use right at the end of the period 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 Group (Hong Kong) Co., Ltd, 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 Chemical International Logistics Co., Ltd. (hereinafter referred to as Chemical Logistics), a subsidiary of the Group, used fixed assets with a carrying value of RMB50,233,212.77 and intangible assets with a carrying value of RMB30,497,607.75 as collateral for long-term borrowings of Nantong Sinotrans Chemical Logistics Co., Ltd.

Note 4: The details are described in Note IX. 24 "Other non-current assets".

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Asset Impairment Provision and Credit Loss Provision

Item	Effect of changes in the scope of consolidation				Reversal for the period	Write-off for the period	Other increases in the period	Other decreases in the period	Effects from translation in foreign currency statements	Closing balance
	Opening balance	Provision for the period								
Credit loss provision for accounts receivable	466,292,566.87	-	28,673,733.57	34,664,160.06	-	-	-	-	-2,296,606.18	458,005,534.20
Credit loss provision for other receivables	153,730,171.38	-	9,410,634.30	529,354.77	-	-	-	-	-1,152,845.11	161,458,605.80
Provision for price reduction of inventories	7,798,394.11	-	-	-	-	-	-	-	-	7,798,394.11
Impairment provision for long-term receivables	60,298,990.43	-	-	-	-	-	-	-	97,279.02	60,396,269.45
Impairment provision for long-term equity investments	12,102,668.00	-	-	-	-	-	-	-	-91,234.26	12,011,433.74
Impairment provision for investment properties	1,528,858.01	-	-	-	-	-	-	-	-17,257.79	1,511,600.22
Impairment provision for fixed assets	23,009,285.22	-	-	-	-	-	-	-	-26,713.25	22,982,571.97
Impairment provision for construction in progress	20,822,014.90	-	-	-	20,722,014.90	-	-	-	-	100,000.00
Impairment provision for intangible assets	58,913,956.77	-	-	-	-	-	-	-	-	58,913,956.77
Impairment provision for goodwill	305,070,330.57	-	-	-	-	-	-	-	-	305,070,330.57
Total	1,109,567,236.26	-	38,084,367.87	35,193,514.83	20,722,014.90	-	-	-	-3,487,377.57	1,088,248,696.83

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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
Fiduciary loans	2,354,865,609.64	502,472,110.58
Total	2,354,865,609.64	502,472,110.58

Note 1: On 25 February 2021, the Company borrowed RMB2 billion from Bank of China with a maturity of 12 months and an effective interest rate of 3.25% per annum.

(2) The Group had no short-term borrowings outstanding at the end of the period.

28. Bills Payable

Category	Closing balance	Opening balance
Bank acceptance bill	42,700,000.00	25,717,690.68
Total	42,700,000.00	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)	12,652,634,206.57	96.86	10,267,426,587.05	96.03
1 to 2 years (including 2 years)	159,930,919.01	1.22	226,782,906.46	2.12
2 to 3 years (including 3 years)	129,860,267.03	0.99	74,988,888.78	0.70
Over 3 years	120,915,758.06	0.93	122,536,285.20	1.15
Total	13,063,341,150.67	100.00	10,691,734,667.49	100.00

Note 1: The above aging analysis of accounts payable is based on the time of purchasing goods or receiving services.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Accounts Payable (Continued)

(2) Significant accounts payable aged over 1 year

Company name	Amount owed	Aging	Reasons for non-repayment
Entity 1	40,758,982.04	1 to 3 years, Over 3 years	Unsettled
Entity 2	24,110,295.51	1 to 3 years, Over 3 years	Unsettled
Entity 3	12,891,560.96	1 to 3 years, Over 3 years	Unsettled
Entity 4	12,158,244.53	1 to 3 years, Over 3 years	Unsettled
Entity 5	11,027,943.54	Over 3 years	Unsettled
Entity 6	9,149,006.79	1 to 2 years	Unsettled
Entity 7	7,949,431.98	1 to 3 years, Over 3 years	Unsettled
Entity 8	7,197,827.50	Over 3 years	Unsettled
Total	125,243,292.85	--	--

- (3) There are no accounts payable from shareholders holding more than 5% (including 5%) of the voting shares of the Company at the end of the period.

30. Contract Liabilities

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Forwarding and related business advanced receipt	2,965,455,167.85	2,346,284,335.77
Logistics business advanced receipt	404,264,790.93	387,987,300.56
E-commerce business advanced receipt	227,574,159.45	53,692,130.57
Subtotal	3,597,294,118.23	2,787,963,766.90
Less: Contract liabilities included in other non-current liabilities	-	-
Total	3,597,294,118.23	2,787,963,766.90

- (2) The revenue amount included in the carrying balance of contract liabilities at the beginning of the period recognised in the current period was RMB2,169,984,650.48, including contract liabilities arising from forwarding and related business advanced receipt of RMB1,826,207,734.38, contract liabilities arising from logistics business advanced receipt of RMB301,986,165.24, contract liabilities arising from e-commerce business advanced receipt of RMB41,790,750.86.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Contract Liabilities (Continued)

(3) Qualitative and quantitative analysis of contract liabilities

As at 30 June 2021, the transaction price, net of estimated output tax, apportioned by the Group to the outstanding logistics and transportation service contracts was RMB3,597,294,118.23 (31 December 2020: RMB2,787,963,766.90). This amount represents the amount of revenue that the Group expects to recognize when the customer obtains control of the services in the future. The Group expects that RMB3,597,294,118.23 will be recognised as revenue in one year from the current reporting period.

(4) Significant changes in contract liabilities during the period

Item	Change amount	Reason
Forwarding and related business advanced receipt	619,170,832.08	Business scale growth
E-commerce business advanced receipt	173,882,028.88	Business scale growth
Total	793,052,860.96	--

31. Employee Remuneration Payable

(1) Classification of employee remuneration payable

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term compensation	1,555,535,769.33	2,976,426,810.92	3,195,013,012.62	1,336,949,567.63
II. Post-employment benefits defined contribution plans	59,348,459.38	320,785,849.28	322,984,073.84	57,150,234.82
III. Termination benefits	31,191,281.37	13,730,984.66	19,521,024.06	25,401,241.97
IV. Other benefits due within one year	–	–	–	–
V. Others	12,368,812.85	5,864,560.93	5,137,022.98	13,096,350.80
Total	1,658,444,322.93	3,316,808,205.79	3,542,655,133.50	1,432,597,395.22

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Employee Remuneration Payable (Continued)

(2) Short-term compensation

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Wages, bonuses, allowances and subsidies	1,449,280,516.71	2,301,275,302.45	2,529,084,694.44	1,221,471,124.72
II. Employee welfare benefits	550,903.92	100,377,626.13	83,322,562.63	17,605,967.42
III. Social insurance premiums	11,547,152.63	151,712,904.35	153,792,939.07	9,467,117.91
Including: Medical insurance	9,115,689.42	131,310,320.46	133,633,718.66	6,792,291.22
Work-related injury insurance	1,875,154.54	10,237,238.32	9,980,698.88	2,131,693.98
Maternity insurance	554,468.70	7,086,351.47	7,143,918.28	496,901.89
Others	1,839.97	3,078,994.10	3,034,603.25	46,230.82
IV. Housing provident fund	4,829,268.18	162,255,310.29	161,215,691.51	5,868,886.96
V. Trade union funds and staff education funds	45,400,943.44	40,850,254.71	35,334,688.42	50,916,509.73
VI. Short-term paid absences	–	–	–	–
VII. Short-term profit-sharing scheme	–	–	–	–
VIII. Other short-term compensation	43,926,984.45	219,955,412.99	232,262,436.55	31,619,960.89
Total	1,555,535,769.33	2,976,426,810.92	3,195,013,012.62	1,336,949,567.63

(3) Defined contribution plan

Item	Opening balance	Increase of the period	Decrease of the period	Closing balance
I. Basic endowment insurance premiums	6,073,157.62	237,595,643.63	231,847,917.26	11,820,883.99
II. Unemployment insurance premiums	1,818,903.26	7,616,652.98	7,533,183.60	1,902,372.64
III. Enterprise annuity contributions	51,456,398.50	75,573,552.67	83,602,972.98	43,426,978.19
Total	59,348,459.38	320,785,849.28	322,984,073.84	57,150,234.82

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Employee Remuneration Payable (Continued)

(3) Defined contribution plan (Continued)

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 prior 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 8% of the total wages of the prior year, and is distributed to the individual account of employees on the basis of 8% 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 RMB313,169,196.30 and RMB7,616,652.98 (prior period: RMB123,145,055.38 and RMB25,772,848.64) to the endowment insurance and unemployment insurance plan respectively for the current period. As at 30 June 2021, the Group has RMB55,247,862.18 and RMB1,902,372.64 (31 December 2020: RMB57,529,556.12 and RMB1,818,903.26) of contributions payable to the pension and unemployment insurance plan which are due and unpaid during the reporting period. The contributions payable were paid after the reporting period.

32. Taxes and Dues Payable

Item	Closing balance	Opening balance
Enterprise income tax	305,267,474.76	336,668,508.11
Value-added tax	61,684,101.89	71,101,333.18
Property tax	22,426,835.54	16,712,723.33
Individual income tax	13,677,039.03	32,397,489.68
Land use tax	10,104,458.48	9,976,428.81
Stamp duty	2,320,449.66	2,576,713.00
Urban maintenance & construction tax	2,169,505.25	2,400,304.27
Education surcharge	1,596,758.07	1,968,850.72
Deed tax	342,654.39	342,654.39
Other taxes	5,346,155.76	8,305,261.20
Total	424,935,432.83	482,450,266.69

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other Payables

Item	Closing balance	Opening balance
Interest payables	31,769,336.64	29,875,857.94
Dividends payable	965,981,428.15	50,028,253.71
Other payables	1,698,744,573.18	1,601,707,226.77
Total	2,696,495,337.97	1,681,611,338.42

(1) Interest payable

1) Details of interest payable

Item	Closing balance	Opening balance
Interest on long-term payables	23,924,237.87	22,026,685.58
Interest on short-term borrowings	4,835,098.77	4,839,172.36
Interest on long-term borrowings with interest payable in installments	3,010,000.00	3,010,000.00
Total	31,769,336.64	29,875,857.94

2) Significant overdue interest

Creditor	Overdue amount	Reason for overdue
SINOTRANS & CSC	30,359,924.70	No repayment request from related parties
Total	30,359,924.70	--

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other Payables (Continued)

(2) Dividends payable

Item	Company name	Closing balance	Opening balance
Ordinary share dividend	Public shares	399,693,458.17	334,629.85
	SINOTRANS & CSC	332,791,663.92	36,125,719.92
	China Merchants Group Co., Ltd.	192,071,692.68	–
	Employee Stock Ownership Association	15,744,378.53	–
	Guangdong Sanshui Development Holding Investment Co., Ltd.	11,200,000.00	–
	Guangdong Nanhai Food Import & Export Co., Ltd.	8,004,430.55	7,054,430.55
	Guangdong Food Import and Export Group Co., Ltd.	6,403,544.44	5,643,544.44
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	Nantong Economic and Technological Development Zone Holding Group Co., Ltd.	–	797,669.09
Total	– –	965,981,428.15	50,028,253.71

(3) Other payables

1) Other payables by nature of payment

Item	Closing balance	Opening balance
Deposits and guarantees collected	487,071,088.13	464,961,149.77
Financial transactions with non-related parties	288,339,520.15	301,542,591.14
Current payables to related parties	306,670,739.05	309,491,922.84
Payment for project, equipment and land	214,172,346.59	192,446,311.05
Advances and receivables payable	159,349,520.66	169,391,156.50
Others	243,141,358.60	163,874,095.47
Total	1,698,744,573.18	1,601,707,226.77

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other Payables (Continued)

(3) Other payables (Continued)

2) Aging analysis of other payables

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	1,175,079,599.46	69.17	1,127,198,398.96	70.37
1 to 2 years (including 2 years)	325,904,237.76	19.19	226,790,557.12	14.16
2 to 3 years (including 3 years)	39,174,351.23	2.31	61,986,893.42	3.87
Over 3 years	158,586,384.73	9.33	185,731,377.27	11.60
Total	1,698,744,573.18	100.00	1,601,707,226.77	100.00

3) Significant other payables aged over 1 year

Company name	Amount owed	Aging	Reasons for non-repayment
Red Braves Finance Ltd.	108,692,236.24	1 to 2 years	No agreed term
Entity 1	56,245,700.00	1 to 2 years	Not yet due for settlement
China Merchants Logistics Group Nanjing Co., Ltd.	43,732,916.26	1 to 2 years	Not yet due for settlement
Entity 2	34,978,370.07	1 to 2 years	Not yet due for settlement
SINOTRANS & CSC	24,051,000.00	1 to 2 years, Over 3 years	No agreed term
Shanghai Tongyun International Logistics Co., Ltd.	14,100,000.00	Over 3 years	Not yet due for settlement
Sinotrans Guangxi Company	12,348,975.91	2 to 3 years, Over 3 years	Failure to meet payment terms
Total	294,149,198.48	--	--

4) Other payables with significant balances at the end of the period

Company name	Amount owed	Aging	Nature or content
Red Braves Finance Ltd.	108,692,236.24	1 to 2 years	Current payables to related parties
Entity 1	96,284,180.93	Within 1 year	Others
China Merchants Logistics Group Nanjing Co., Ltd.	72,941,760.10	Within 1 year, 1 to 2 years	Current payables to related parties
Entity 2	62,036,008.83	Within 1 year, 1 to 2 years	Others
Entity 3	44,404,751.97	Within 1 year	Payment for project, equipment and land
Entity 4	41,082,412.20	Within 1 year	Payment for project, equipment and land
Entity 5	35,078,060.34	Within 1 year, 1 to 2 years	Payment for project, equipment and land
Sichuan Sinotrans Storage Service Co., Ltd.	25,469,813.30	Within 1 year	Current payables to related parties
SINOTRANS & CSC	24,051,000.00	1 to 2 years, Over 3 years	Current payables to related parties
Entity 6	15,874,347.72	Within 1 year	Deposits and guarantees collected
Total	525,914,571.63	--	--

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other Payables (Continued)

(3) Other payables (Continued)

5) Amounts due to shareholders holding more than 5% (including 5%) of the voting shares of the Company

Company name	Closing balance	Opening balance
SINOTRANS & CSC	24,051,000.00	24,087,232.00
Total	24,051,000.00	24,087,232.00

34. Non-Current Liabilities Due Within One Year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	221,696,121.40	2,229,849,340.84
Including: Guaranteed loans	54,330,797.87	2,100,236,597.06
Mortgage loans	126,415,561.49	105,249,977.30
Secured borrowings	12,081,281.36	10,372,880.28
Fiduciary loans	28,868,480.68	13,989,886.20
Lease liabilities due within one year	547,567,802.37	596,532,696.24
Bonds payable due within one year	1,396,589,506.80	3,420,736,443.82
Long-term payables due within one year	4,231,916.68	4,430,166.18
Total	2,170,085,347.25	6,251,548,647.08

35. Other Current Liabilities

Item	Closing balance	Opening balance
Pending output VAT	197,711,315.62	205,522,931.03
Total	197,711,315.62	205,522,931.03

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 period (%)
Guaranteed loans	4,363,299,879.79	4,445,655,697.78	1.50-2.10
Mortgage loans	1,748,572,431.94	1,800,626,129.16	1.50-4.19
Fiduciary loans	1,839,168,514.21	1,908,645,625.00	1.10-1.27
Secured borrowings	381,350,363.39	331,380,740.04	4.16-8.30
Total	8,332,391,189.33	8,486,308,191.98	—
Less: Long-term borrowings due within one year	221,696,121.40	2,229,849,340.84	—
Including: Guaranteed loans	54,330,797.87	2,100,236,597.06	—
Mortgage loan	126,415,561.49	105,249,977.30	—
Secured borrowings	12,081,281.36	10,372,880.28	—
Fiduciary loans	28,868,480.68	13,989,886.20	—
Long-term borrowings due after one year	8,110,695,067.93	6,256,458,851.14	—

(1) Top five long-term borrowings in closing balance (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	Domestic currency	Foreign currency	Domestic currency
DBS Bank	2021-06-25	2024-06-24	HKD	1.50	2,423,650,000.00	2,016,719,165.00	-	-
DBS Bank	2017-12-22	2023-12-21	HKD	1.55	1,427,940,000.00	1,188,188,874.00	1,432,769,566.93	1,205,818,867.53
China Development Bank	2015-06-30	2027-12-31	HKD	2.96	1,298,876,436.19	1,080,795,082.55	1,347,237,251.88	1,133,834,871.18
Export-Import Bank	2020-12-16	2027-12-16	EUR	1.10	115,000,000.00	883,913,000.00	115,000,000.00	922,875,000.00
China Development Bank	2020-12-16	2027-12-16	EUR	1.27	109,000,000.00	837,795,800.00	109,000,000.00	874,725,000.00

(2) The Group had no extended long-term borrowings at the end of the period.

(3) Maturities of long-term borrowings are analysed as follows

Item	Closing balance	Opening balance
Within 1 year	221,696,121.40	2,229,849,340.84
1 to 2 years (including 2 years)	173,159,943.84	196,498,835.43
2 to 5 years (including 5 years)	5,737,975,401.22	3,549,904,955.08
Over 5 years	2,199,559,722.87	2,510,055,060.63
Total	8,332,391,189.33	8,486,308,191.98

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Bonds Payable

(1) Bonds payable

Item	Closing balance	Opening balance
2021 medium term notes (phase I)	1,997,057,534.25	–
Total	1,997,057,534.25	–

Note 1: The Group's bonds payable 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 million (2016 corporate bonds (phase I) – RMB2,000 million). 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. The Company was fully repaid on 2 March 2021.

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 million (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. As at 30 June 30 2021, the carrying balance of the bonds was RMB1,392,562,109.54 and was presented as non-current liabilities due within one year.

On 7 June 2021, with the registration approval of the National Association of Financial Market Institutional Investors (ZSXZ [2021] MTN486), the Company issued the 2021 medium term notes (phase I) (21 Sinotrans MTN001) with a nominal value of RMB100 and a total amount of RMB2 billion. The bonds were issued with a term of 3 years, with fixed coupon and effective interest rates of 3.50% and 3.55%, respectively.

(2) The maturities of bonds payable are analysed as follows

Item	Closing balance	Opening balance
Within 1 year	1,396,589,506.80	–
2 to 5 years (including 5 years)	1,997,057,534.25	–
Over 5 years	–	–
Total	3,393,647,041.05	–

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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	Effects from changes in the scope of consolidation	Issued in current period	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from translation in foreign currency statements	Closing balance	Amounts in closing balances classified to non-current liabilities due within one year
2021 medium term notes (phase II)	2,000,000,000.00	2021-06-07	3 years	2,000,000,000.00	-	-	1,997,000,000.00	4,027,397.26	57,534.25	-	-	2,001,084,931.51	4,027,397.26
2016 corporate bonds (phase II) - RMB1500M	1,500,000,000.00	2016-08-24	5 years	1,500,000,000.00	1,367,569,232.82	-	-	24,975,000.00	17,876.72	-	-	1,392,562,109.54	1,392,562,109.54
2016 corporate bonds (phase II) - RMB2000M	2,000,000,000.00	2016-03-02	5 years	2,000,000,000.00	2,053,167,211.00	-	-	10,802,290.41	133,698.59	2,064,103,200.00	-	-	-
Total	5,500,000,000.00	--	--	5,500,000,000.00	3,420,736,443.82	-	1,997,000,000.00	39,804,687.67	209,109.56	2,064,103,200.00	-	3,393,647,041.05	1,396,589,506.80

38. Lease Liabilities

(1) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	2,756,622,279.44	3,047,481,039.36
Unrecognised finance charges expenses	581,433,035.87	650,882,024.50
Less: Lease liabilities due within one year	547,567,802.37	596,532,696.24
Lease liabilities due after one year	1,627,621,441.20	1,800,066,318.62

(2) Maturity of lease liabilities

Item	Closing balance
Minimum lease payments under non-cancellable operating leases:	--
Year 1 after balance sheet date	629,976,824.15
Year 2 after balance sheet date	383,629,116.18
Year 3 after balance sheet date	243,527,345.04
Future years	1,499,488,994.07
Total	2,756,622,279.44

The Group is not exposed to significant liquidity risk in relation to its lease liabilities.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Long-Term Payables

Item	Closing balance	Opening balance
Related party loans	189,660,973.58	196,761,958.93
Others	31,283,451.32	4,123,837.75
Total	220,944,424.90	200,885,796.68
Less: Long-term payables due within one year	4,231,916.68	4,430,166.18
Long-term payables due after one year	216,712,508.22	196,455,630.50

(1) The top 5 items with the largest closing balance

Item	Closing balance	Opening balance
Guangdong Sinotrans Co., Ltd. (Note 1)	91,938,455.02	91,938,455.02
SINOTRANS & CSC (Note 2)	84,718,773.77	89,718,773.77
Shen International Holdings (Shenzhen) Co., Ltd. (Note 3)	27,200,000.00	–
Ocean Lifter I Limited (Note 4)	8,771,828.11	10,674,563.96
Guangdong Shilong Port Authority	3,396,889.80	3,396,890.26
Total	216,025,946.70	195,728,683.01

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 period 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, RMB11.0 million in 2020 and RMB5 million in the current period, leaving a principal amount of RMB64.72 million outstanding at the end of the period;

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 Shenzhen International Logistics Co., Ltd., a subsidiary of the Group, borrowed RMB27.2 million from Shen International Holdings (Shenzhen) Co., Ltd. in 2021 with a loan term of 3 years. The loan effective interest rate is executed at 4.35% per annum. Interest will be paid quarterly and the principal will be repaid at maturity.

Note 4: 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 long-term payables of USD2.31 million in the new growth period, a loan term of 4 years, and a loan interest rate of LIBOR plus 2.6%. As at 30 June 2021, of the above long-term payables, USD333,200 has been paid and USD655,100 is presented as non-current liabilities due within one year.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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
Within 1 year	4,231,916.68	4,430,166.18
1 to 2 years (including 2 years)	64,718,773.77	73,115,664.03
2 to 5 years (including 5 years)	131,993,734.45	103,339,966.47
Over 5 years	20,000,000.00	20,000,000.00
Total	220,944,424.90	200,885,796.68

40. Long-Term Employee Remuneration Payable

Item	Opening balance	Provision for the period	Payment for the period	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	1,012,794.06	-	11,500.00	-	-	-	-	1,001,294.06
II. Termination benefits	354,052.45	-	44,976.72	-	-	-	-	309,075.73
III. Other long-term benefits	1,314,905.76	-	1,895.00	-	-	-	-	1,313,010.76
Total	2,681,752.27	-	58,371.72	-	-	-	-	2,623,380.55

41. Estimated Liabilities

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current period	Decrease in current period	Effects from translation in foreign currency statements	Closing balance	Reason
Pending litigation (Note 1)	170,631,358.10	-	34,670,301.85	61,043,472.76	-	144,258,187.19	Reverse, 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)	15,089,018.46	-	-	-	-	15,089,018.46	--
Others	22,874,103.92	-	-	10,961,226.00	-	11,912,877.92	Reverse, reimbursement and accruals based on risk items
Total	231,187,267.06	-	34,670,301.85	72,004,698.76	-	193,852,870.15	--

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Estimated Liabilities (Continued)

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 losses of the estimated liabilities accrued for such pending litigation as at 30 June 2021 was RMB144,258,187.19 (31 December 2020: RMB170,631,358.10).

Note 2: The one-time housing subsidy was an estimated liabilities 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. The contract agreed 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 in current period	Decrease in current period	Closing balance
Government grants	416,551,170.88	9,704,250.00	17,232,552.74	409,022,868.14
Total	416,551,170.88	9,704,250.00	17,232,552.74	409,022,868.14

Items involving government grants

Item	Opening balance	New grants increase in current period	Amount included		Other changes	Closing balance	Related to assets/revenue
			in non-operating income for the period	Amount included in other income for the period			
Special subsidy for logistics	259,672,595.97	-	2,243,459.04	7,149,493.19	-	250,279,643.74	Asset-related
Land restitution	62,265,353.25	2,402,432.00	24,226.20	752,744.28	-	63,890,814.77	Asset-related
Relocation compensation	66,218,677.30	-	-	2,938,603.98	-	63,280,073.32	Asset-related
Others	28,394,544.36	7,301,818.00	-	4,124,026.05	-	31,572,336.31	Revenue-related
Total	416,551,170.88	9,704,250.00	2,267,685.24	14,964,867.50	-	409,022,868.14	--

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Other Non-Current Liabilities

Item	Closing balance	Opening balance
Liabilities associated with Langshi Port (Note 1)	392,814,348.11	196,349,994.80
Total	392,814,348.11	196,349,994.80
Less: Other non-current liabilities due within one year	-	-
Other non-current liabilities due after one year	392,814,348.11	196,349,994.80

Note 1: The liabilities related to Langshi Port are detailed in Note IX.24.

44. Share Capital

Item	Opening balance		Increase in current period	Decrease in current period	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 Reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Share capital premium	6,056,467,842.94	-	-	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	1,007,606,447.21	-	-	1,007,606,447.21
II. Other capital reserves	15,636,774.96	79,504.19	-	15,716,279.15
1. Other changes in equity in investees other than net gains and losses, other comprehensive income and profit distributions	15,636,774.96	79,504.19	-	15,716,279.15
2. Others	-	-	-	-
Total	6,072,104,617.90	79,504.19	-	6,072,184,122.09
Including: Exclusively state-owned capital reserve	-	-	-	-

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Special Reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Production safety costs	69,249,908.68	38,821,649.01	25,909,179.68	82,162,378.01
Total	69,249,908.68	38,821,649.01	25,909,179.68	82,162,378.01

Note 1: In accordance with the *Administrative Measures on the Withdrawal and Use of Safety Production Costs by Enterprises No. 16 of 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.

47. Surplus Reserves

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	1,097,484,710.77	–	–	1,097,484,710.77
Total	1,097,484,710.77	–	–	1,097,484,710.77

Note 1: According to the provisions of the Articles of Association of the Company, the statutory surplus reserve fund 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.

48. Retained Earnings

Item	Amount in current period	Amount in prior year
Closing balance of prior year	15,920,974,640.15	14,170,510,834.74
Add: Adjustments to opening retained earnings	–	-1,074,863.03
Including: Change of accounting policies	–	–
Change in scope of consolidation under the same control	–	-1,074,863.03
Opening balance	15,920,974,640.15	14,169,435,971.71
Increase in current period	2,175,527,322.58	2,841,636,098.34
Including: Net profit attributable to shareholders of the Company for the period	2,162,515,209.01	2,754,422,810.84
Others	13,012,113.57	87,213,287.50
Decrease in current period	888,096,465.00	1,090,097,429.90
Including: Drawdown of statutory surplus for the period	–	198,438,687.78
Distribution of profits	888,096,465.00	888,096,465.00
Others	–	3,562,277.12
Closing balance of current period	17,208,405,497.73	15,920,974,640.15

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Operating Income, Costs

Item	Current period		Prior period	
	Income	Costs	Income	Costs
Forwarding and related business	42,263,711,995.28	40,571,415,002.47	26,997,376,357.98	25,772,182,987.28
Logistics	11,734,374,722.16	10,687,936,481.96	10,073,323,152.79	9,149,237,765.44
E-commerce	7,678,636,372.47	7,594,818,669.53	2,622,976,615.31	2,496,806,202.42
Total	61,676,723,089.91	58,854,170,153.96	39,693,676,126.08	37,418,226,955.14

- (1) The transaction prices apportioned to the consideration received or receivable from customers but with performance obligations outstanding (or partially outstanding) and the expected timing of recognition as revenue at the end of the period are as follows:

Item	Within 1 year	1 to 2 years	2-3 years	Over 3 years	Total
Forwarding and related business	2,965,455,167.85	-	-	-	2,965,455,167.85
Logistics	404,264,790.93	-	-	-	404,264,790.93
E-commerce	227,574,159.45	-	-	-	227,574,159.45

- (2) Operating income classified by recognition time point

From January to June 2021

Item	Forwarding and related business	Logistics	E-commerce
Operating income	--	--	--
Including: Recognition at a certain point in time	42,263,711,995.28	11,734,374,722.16	7,567,518,046.58
Recognition within a certain time period	-	-	-
Lease income	-	-	111,118,325.89
Total	42,263,711,995.28	11,734,374,722.16	7,678,636,372.47

From January to June 2020

Item	Forwarding and related business	Logistics	E-commerce
Operating income	--	--	--
Including: Recognition at a certain point in time	26,997,376,357.98	10,073,323,152.79	2,560,587,593.56
Recognition within a certain time period	-	-	-
Lease income	-	-	62,389,021.75
Total	26,997,376,357.98	10,073,323,152.79	2,622,976,615.31

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Operating Income, Costs (Continued)

(3) The income was adjusted in the current period for the performance obligations already performed (or partially performed) in the prior year was RMB0.00.

50. Tax and Surcharges

Item	Current period	Prior period
Property tax	48,948,508.32	37,776,031.49
Land use tax	20,595,697.00	15,843,699.95
Stamp duty	14,737,405.20	10,674,117.84
Urban maintenance & construction tax	11,188,712.95	8,582,471.12
Education surcharge	6,939,862.95	6,662,920.59
Others	4,301,223.45	2,622,033.35
Total	106,711,409.87	82,161,274.34

51. Selling Expenses

Item	Current period	Prior period
Employee benefits	385,458,135.22	313,287,573.75
Business entertainment expenses	17,701,674.71	9,218,703.81
Depreciation and amortization charges on other assets	11,063,935.23	10,338,497.86
Travel expenses	8,777,230.65	6,254,396.00
Depreciation of right-of-use assets	6,771,072.51	10,103,059.87
Rent	5,872,735.22	3,372,820.75
Office expenses	5,859,233.22	5,666,919.49
Vehicle expenses	5,641,603.18	5,708,317.28
Others	18,107,070.89	29,423,578.68
Total	465,252,690.83	393,373,867.49

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Administration Expenses

Item	Current period	Prior period
Employee benefits	1,019,278,798.84	812,334,890.57
Depreciation and amortization charges on other assets	125,991,437.62	124,778,949.06
Technical service fee for communication network	35,753,918.51	34,086,042.84
Depreciation of right-of-use assets	33,967,668.28	33,730,961.72
Property and utilities and gas fees	33,808,303.32	30,439,355.52
Intermediary service fee	22,260,618.37	35,294,856.34
Business entertainment expenses	19,198,806.41	13,502,159.09
Office expenses	15,136,992.51	12,129,696.87
Vehicle expenses	14,797,292.54	13,072,047.67
Travel expenses	13,606,728.13	8,382,142.91
Others	64,982,470.36	55,900,254.57
Total	1,398,783,034.89	1,173,651,357.16

53. Research and Development Expenses

Item	Current period	Prior period
Information System Development	66,020,398.33	52,979,013.84
Total	66,020,398.33	52,979,013.84

54. Financial Costs

Item	Current period	Prior period
Interest expense	210,181,447.42	264,376,265.68
Including: Bank and other loans	118,814,505.39	152,824,082.73
Bond interest	40,013,797.23	57,126,575.35
Interest expenses on lease liabilities	51,353,144.80	54,425,607.60
Less: Capitalized interest expense	14,337,665.71	8,645,583.15
Less: Interest income	64,070,071.08	82,423,861.38
Net loss on exchange (net gain denoted by a "-")	36,572,454.67	12,090,390.03
Others	8,074,580.91	77,576.71
Total	176,420,746.21	185,474,787.89

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Other Income

Item	Current period	Prior period
Railway Express subsidy	658,500,188.50	577,931,334.12
Additional deduction for value-added tax	34,143,432.64	26,116,035.10
Relocation compensation	2,938,603.98	2,938,603.98
Land restitution	752,744.28	752,744.28
Others	27,493,208.91	34,943,632.37
Total	723,828,178.31	642,682,349.85

56. Investment Income

Item	Current period	Prior period
Income from long-term equity investments under the equity method	1,148,967,850.65	581,298,071.77
Investment income from the disposal of long-term equity investments (Note 1)	9,470,025.33	54,338.58
Investment income from the disposal of receivables financing	-3,097,784.68	-1,002,750.29
Investment income from the disposal of held-for-trading financial assets	155,754.62	333,320.23
Investment income from holding other non-current financial assets	1,205,800.00	216,853.09
Total	1,156,701,645.92	580,899,833.38

Note 1: The Group generated a gain of RMB9.47 million from the disposal of Shanghai Huayou International Logistics Co., Ltd. For details, please refer to the Note VIII, 4.

The Group has no significant restrictions on the repatriation of investment income.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Gain From Changes in Fair Value

Item	Current period	Prior period
Other non-current financial assets	168,113,556.79	–
Held-for trading financial assets	38,873.00	–
Total	168,152,429.79	–

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 RMB168.1542 million, mainly including the change in fair value of equity investments in China Merchants Logistics Synergy Limited Partnership of RMB168.1136 million.

58. Credit Loss Impairment

Item	Current period	Prior period
Impairment losses on bills receivable	–	-300,000.00
Impairment loss on accounts receivable	5,990,426.49	-35,932,996.75
Impairment losses on other receivables	-8,881,279.53	3,369,310.01
Impairment losses on long-term receivables	–	-29,967,410.37
Total	-2,890,853.04	-62,831,097.11

59. Income From Disposal of Assets

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Gain on disposal of non-current assets	45,025,163.23	13,888,297.34	45,025,163.23
Including: Gain on disposal of fixed assets	20,598,963.22	11,244,605.52	20,598,963.22
Gain on disposal of intangible assets	5,738,518.68	–	5,738,518.68
Gain on disposal of construction in progress	–	–	–
Others	18,687,681.33	2,643,691.82	18,687,681.33
Total	45,025,163.23	13,888,297.34	45,025,163.23

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Non-Operating Income

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Government grants	14,023,459.15	23,509,684.89	14,023,459.15
Liquidated damages, indemnities	5,385,090.16	5,626,177.01	5,385,090.16
Government incentives for land acquisition and storage	5,305,381.60	–	5,305,381.60
Unpayable accounts payable	4,716,031.84	1,953,787.50	4,716,031.84
Income from scrapping of non-current assets	3,294,097.84	3,288,649.72	3,294,097.84
Others	4,802,572.38	3,423,158.23	4,802,572.38
Total	37,526,632.97	37,801,457.35	37,526,632.97

Type of government grants	Current period	Prior period	Asset-related/Revenue-related
Relocation compensation	6,311,097.44	11,593,312.16	Revenue-related
Railway Express subsidy	2,243,459.04	7,558,314.98	Asset-related
Others	5,468,902.67	4,358,057.75	Revenue-related, asset-related
Total	14,023,459.15	23,509,684.89	— —

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Government Grants

Details of government grants

Item	Current period	Prior period
Government grants obtained related to assets:	—	—
Land restitution	2,402,432.00	—
Fixed assets investment subsidy	—	5,000,000.00
Investment value-added subsidy	—	2,069,029.00
Subtotal	2,402,432.00	7,069,029.00
Government grants obtained related to revenues:	—	—
Railway Express subsidy	651,350,695.31	574,289,751.13
Relocation compensation	6,311,097.44	11,593,312.16
Others	36,115,677.33	39,062,767.11
Subtotal	693,777,470.08	624,945,830.40
Total	696,179,902.08	632,014,859.40
Less: Government grants included in deferred income	9,704,250.00	7,869,029.00
Add: Government grants transferred from deferred income to current profit or loss	17,232,552.74	15,930,169.24
Less: Government grants to offset related costs	—	—
Government grants included in current profit and loss	703,708,204.82	640,075,999.64
Including: Government grants included in other income	689,684,745.67	616,566,314.75
Government grants included in non-operating income	14,023,459.15	23,509,684.89

62. Non-Operating Expenses

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Pending litigation losses (Note 1)	23,263,986.85	22,323,100.00	23,263,986.85
Compensation, liquidated damages and penalty expenses	6,432,213.81	9,693,760.86	6,432,213.81
Loss on destruction and retirement of non-current assets	1,372,976.44	2,109,076.80	1,372,976.44
Donation expenditure	35,547.20	779,477.86	35,547.20
Others	3,769,152.61	853,677.01	3,769,152.61
Total	34,873,876.91	35,759,092.53	34,873,876.91

Note 1: The pending litigation losses mainly represented the Group's accrual of pending litigation losses totaling RMB31.064 million for cargo losses and other business disputes incurred in the ordinary course of business; Sinotrans Yangtze River Company Limited, a subsidiary of the Group, reversed the pending litigation losses of RMB7.8 million accrued in prior years in the current period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Income Tax Expenses

(1) Income tax expenses table

Item	Current period	Prior period
Current income tax	408,846,166.44	344,377,765.21
Deferred income tax adjustment	41,516,172.84	-31,911,231.81
Total	450,362,339.28	312,466,533.40

(2) Process of adjusting accounting profit and income tax expense

Item	Current period
Accounting profit	2,702,833,976.09
Income tax expense at the rate of 25% (prior period: 25%)	675,708,494.02
Tax implications of non-deductible expenses	35,266,347.32
Income not subject to tax	-287,582,351.32
Unrecognised deductible temporary differences and deductible losses	86,234,247.82
Utilization of deductible temporary differences and deductible losses in prior years	-20,026,242.93
Effect of different tax rates applicable to subsidiaries in other regions	-17,604,693.38
Withholding tax based on the expected current earnings of subsidiaries, joint ventures and associates established outside the parent company's domicile	1,864,755.62
Impact of the subsidiary tax credit	-16,367,681.25
Change in deferred income tax asset/liability balance at the beginning of the period due to tax rate adjustments	-
Unrecognised taxable temporary differences	-
Retroactive payment (refund) taxes of previous year	-7,130,536.62
Others	-
Income tax expenses	450,362,339.28

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Earnings Per Share

Basic earnings per share is calculated based on net income attributable to the Company's ordinary shareholders for the period, divided by the weighted average number of common shares outstanding.

Item	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue	--	--
Net profit attributable to shareholders of the Company for the period	2,162,515,209.01	1,215,350,161.87
Including: Net profit from continuing operations	2,162,515,209.01	1,215,350,161.87
Shares	--	--
Weighted average of the Company's outstanding ordinary shares	7,400,803,875.00	7,400,803,875.00
Basic earnings per share (RMB/share)	0.29	0.16
Diluted earnings per share (RMB/share)	0.29	0.16

Note: The Company had no dilutive potential ordinary shares outstanding for January-June 2021 and January-June 2020.

65. Leases

(1) The Group as lessor

1) Operating lease details

Item	Amount
I. Income status	--
Lease income	111,118,325.89
Income related to variable lease payments not included in lease receipts	-
II. Undiscounted lease payments to be received after the balance sheet date	323,624,701.46
Year 1	137,743,236.35
Year 2	87,194,761.38
Year 3	48,630,909.93
Year 4	26,735,949.29
Year 5	10,132,392.38
Over 5 years	13,187,452.13

- 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) Revenue relating to operating leases for the period amounted to RMB111,118,325.89 (prior period: RMB62,389,021.75), of which income related to variable lease receipts not included in lease payments amounted to 0.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Leases (Continued)

(2) The Group as lessee

Item	Amount
Interest expenses of lease liabilities	51,353,144.80
Short-term lease costs included to current profit or loss	220,240,412.32
Lease costs for low-value assets	6,762,450.30
Variable lease payments not included in the measurement of lease liability	–
Income from sublease of right-of-use assets	7,711,613.15
Total cash outflows related to leases	644,002,951.10
Gains and losses associated with sale leaseback transactions	–

66. Other Comprehensive Income Attributable to Shareholders of the Company

(1) Items of other comprehensive income and their income tax effects and transfers to profit or loss

Item	Amount in current period			Amount in prior period		
	Amount before taxes	Income taxes	Net amount after taxes	Amount before taxes	Income taxes	Net amount after taxes
I. Other comprehensive income not subsequently reclassified to profit or loss	13,848,646.70	–	13,848,646.70	-2,425,059.33	–	-2,425,059.33
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	13,848,646.70	–	13,848,646.70	-2,425,059.33	–	-2,425,059.33
4. Changes in fair value attributable to changes in credit risk	–	–	–	–	–	–
5. Other comprehensive income not subsequently reclassified to profit or loss	–	–	–	–	–	–
II. Other comprehensive income to be reclassified to profit or loss	-80,248,767.41	–	-80,248,767.41	36,964,916.73	–	36,964,916.73
1. Other comprehensive income to be reclassified to profit or loss under the equity method	-58,867,745.23	–	-58,867,745.23	-20,207,038.51	–	-20,207,038.51
Less: Transfer to profit or loss in the period previously charged to other comprehensive income	–	–	–	–	–	–
Subtotal	-58,867,745.23	–	-58,867,745.23	-20,207,038.51	–	-20,207,038.51
2. Translation difference of the financial statements in foreign currency	-22,581,260.47	–	-22,581,260.47	57,171,955.24	–	57,171,955.24
Less: included in other comprehensive income in the prior period and transferred into profit and loss in the current period	-1,200,238.29	–	-1,200,238.29	–	–	–
Subtotal	-21,381,022.18	–	-21,381,022.18	57,171,955.24	–	57,171,955.24
3. Other comprehensive income to be reclassified to profit or loss	–	–	–	–	–	–
Total other comprehensive income	-66,400,120.71	–	-66,400,120.71	34,539,857.40	–	34,539,857.40

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Other Comprehensive Income Attributable to Shareholders of the Company (Continued)

(2) Reconciliation of items of other comprehensive income

30 June 2021

Item	Opening balance	Add: changes in current period (Negative numbers are denoted by a "-")	Closing balance
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	19,619,762.67	836,533.13	20,456,295.80
Other comprehensive income to be reclassified to profit or loss under the equity method	116,774,627.33	-58,867,745.23	57,906,882.10
Translation difference of the financial statements in foreign currency	-250,714,569.50	-21,381,022.18	-272,095,591.68
Subtotal	-112,613,046.75	-79,412,234.28	-192,025,281.03

30 June 2020

Item	Opening balance	Add: changes in current period (Negative numbers are denoted by a "-")	Closing balance
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	-9,739,308.76	117,681,817.31
Other comprehensive income to be reclassified to profit or loss under the equity method	59,419,169.05	-20,207,038.51	39,212,130.54
Translation difference of the financial statements in foreign currency	-346,519,139.10	57,171,955.24	-289,347,183.86
Subtotal	-157,971,711.23	27,225,607.97	-130,746,103.26

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Items in the Consolidated Cash Flow Statement

(1) Cash received/paid from/for operating/investing/financing activities

1) Cash received from other operating activities

Item	Amount in current period
Government grants	541,821,878.30
Collection and advance payment	182,221,724.47
Income from leasing assets	111,118,325.89
Interest income	64,070,071.08
Others	32,212,434.36
Total	931,444,434.10

2) Cash paid for other operating activities

Item	Amount in current period
Deposits, guarantees, collection and advance payment, etc.	144,093,446.15
Information technology costs	94,996,088.47
Liquidated damages and other compensation	67,012,692.64
Property and utilities and gas fees	38,100,303.47
Business entertainment expenses	36,900,481.12
Intermediary service fee	27,817,248.08
Short-term low-value lease costs	23,073,521.18
Travel expenses	22,383,958.78
Office expenses	20,996,225.73
Vehicle expenses	20,438,895.72
Others	66,967,939.53
Total	562,780,800.87

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Items in the Consolidated Cash Flow Statement (Continued)

(1) Cash received/paid from/to operating/investing/financing activities (Continued)

3) Cash received from other investing activities

Item	Amount in current period
Repayment from Shanghai Puan Storage Co., Ltd.	2,600,000.00
Temporary loan of Dalian Jingda International Freight Forwarding Co., Ltd.	1,600,000.00
Total	4,200,000.00

4) Cash paid for other investing activities

Item	Amount in current period
Net cash from the disposal of Shanghai Huayou International Logistics Co., Ltd.	26,112.59
Total	26,112.59

5) Cash paid for other financing activities

Item	Amount in current period
Principal and interest on lease liabilities	417,000,088.48
Payment of the remaining price for the purchase of minority interest in Shanghai Huaxing International Container Freight Transportation Co., Ltd.	41,237,529.86
Total	458,237,618.34

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Items in the Consolidated Cash Flow Statement (Continued)

(2) Supplementary information of the cash flow statement

Item	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	2,252,471,636.81	1,252,024,085.10
Add: Impairment of assets	-	-
Credit impairment loss	2,890,853.04	62,831,097.11
Depreciation of fixed assets, investment properties and right-of-use assets	909,465,757.10	859,211,394.81
Amortisation of intangible assets	134,103,046.10	125,984,146.79
Amortisation of long-term prepaid expenses	32,763,291.72	45,305,404.18
Losses from disposal of assets (gain denoted by "-")	-45,025,163.23	-13,888,297.34
Losses from destroy and scrap of non-current assets (gains denoted by "-")	-1,921,121.40	-1,179,572.92
Losses from changes in fair value (gains denoted by "-")	-168,152,429.79	-
Financial costs (income denoted by denoted "-")	195,843,781.70	255,730,682.53
Investments losses (income denoted by "-")	-1,156,701,645.92	-580,899,833.38
Decrease in deferred tax assets (increase denoted by "-")	19,120,697.98	-24,530,516.82
Increase in deferred tax liabilities (decrease denoted by "-")	22,395,474.86	-7,380,714.99
Decrease in inventories (increase denoted by "-")	10,247,720.60	16,521,993.13
Decrease in operating receivables (reduction denoted by "-")	-4,930,035,605.74	-1,273,040,125.33
Increase in operating payables (reduction denoted by "-")	2,985,954,867.04	-197,126,688.69
Net cash flows from operating activities	263,421,160.87	519,563,054.18
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	-	-
Business combination under common control	-	-
3. Net changes in cash and cash equivalents:	--	--
Closing cash balance	12,641,732,789.00	9,500,990,854.27
Less: Opening cash balance	11,292,435,757.31	10,389,909,366.83
Add: Adjustments of the classification of account settlement reserves at the beginning of the period	-	-
Net increase in cash and cash equivalents	1,349,297,031.69	-888,918,512.56

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Items in the Consolidated Cash Flow Statement (Continued)

(3) Net cash from acquisition and disposal of subsidiaries for the current period

Item	Amount in current period
I. Information on the acquisition of subsidiaries	--
1. Price of acquisition of subsidiaries	--
2. Cash or cash equivalents paid in the current period for business combinations that occurred in the current period:	--
Less: Cash and cash equivalents held by the Company on the date of purchase	--
Add: Cash or cash equivalents paid in the current period for business combinations that occurred in prior periods	--
3. Net cash paid for acquisition of subsidiaries	--
4. Net assets of subsidiaries acquired	--
Current assets	--
Non-current assets	--
Current liabilities	--
Non-current liabilities	--
II. Information about the disposal of subsidiaries	--
1. Price of disposal of subsidiaries	-
2. Cash or cash equivalents received in the period from the disposal of subsidiaries in the period	-
Less: Cash and cash equivalents held by the Company at the time of loss of control	26,112.59
Add: Received cash or cash equivalents by subsidiaries in the period over the disposal in prior period	-
3. Received net cash by disposal of subsidiaries	-26,112.59
4. Dispose of the net assets of subsidiaries	-
Current assets	9,467,127.03
Non-current assets	112,689.68
Current liabilities	20,250,080.33
Non-current liabilities	-

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

67. Items in the Consolidated Cash Flow Statement (Continued)

(4) Cash paid for distribution of dividends, profits or settlement of interest

Item	Current period	Prior period
Cash paid for interest repayment	175,237,605.90	214,939,683.88
Dividends and profits paid by subsidiaries to minority shareholders	47,655,028.21	43,148,412.68
Total	222,892,634.11	258,088,096.56

68. Cash and Cash Equivalents

Item	Closing balance	Opening balance
I. Cash	12,641,732,789.00	11,292,435,757.31
Including: Cash on hand	4,674,767.75	4,736,644.39
Bank deposits readily available for payment	12,637,058,021.25	11,287,699,112.92
Other Cash and bank balances readily available for payment	—	—
II. Cash equivalents	—	—
III. Balance of cash and cash equivalents at the end of the period	12,641,732,789.00	11,292,435,757.31
Including: Use of restricted cash and cash equivalents by the Company or subsidiaries within the Group	—	—

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

69. Foreign Currency Monetary Items

Item	Foreign currency balance at the end of the period	Exchange rate of translation	Closing balance in RMB
Cash and bank balances	—	—	4,471,358,016.85
Including: USD	543,854,224.73	6.4601	3,513,352,677.17
HKD	356,351,727.24	0.8321	296,520,272.23
JPY	1,140,592,013.02	0.0584	66,610,573.56
EUR	58,140,432.30	7.6862	446,878,990.78
Others	—	—	147,995,503.11
Accounts receivable	—	—	5,814,827,077.21
Including: USD	773,571,281.34	6.4601	4,997,347,834.58
HKD	561,507,192.97	0.8321	467,230,135.27
JPY	354,957,676.00	0.0584	20,729,528.28
EUR	6,171,378.32	7.6862	47,434,448.04
Others	—	—	282,085,131.04
Long-term receivables	—	—	42,161,212.00
Including: HKD	50,668,443.70	0.8321	42,161,212.00
Accounts payable	—	—	4,309,708,161.27
Including: USD	520,383,693.37	6.4601	3,361,730,697.54
HKD	485,346,850.77	0.8321	403,857,114.53
JPY	864,993,701.78	0.0584	50,515,632.18
EUR	33,832,004.19	7.6862	260,039,550.61
Others	—	—	233,565,166.41
Short-term borrowings	—	—	46,877,184.69
Including: USD	7,256,417.81	6.4601	46,877,184.69
Non-current liabilities due within one year	—	—	526,338,628.28
Including: USD	9,079,129.83	6.4601	58,652,086.61
HKD	157,831,511.03	0.8321	131,331,600.33
EUR	43,760,888.52	7.6862	336,354,941.34
Long-term borrowings	—	—	7,594,050,541.07
Including: USD	48,286,423.88	6.4601	311,935,126.91
HKD	6,716,831,023.72	0.8321	5,589,075,094.84
EUR	220,270,136.00	7.6862	1,693,040,319.32
Long-term payables	—	—	8,771,828.11
Including: USD	1,357,847.11	6.4601	8,771,828.11

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Segment Reporting

In accordance with the Group's internal organisational structure, management requirements and internal reporting system, the Group's operations are divided into three 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Segment Reporting (Continued)

Information of reporting segments

From January to June 2021

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	--	--	--	--	--	--
Income from external transaction	42,263,711,995.28	11,734,374,722.16	7,678,636,372.47	-	-	61,676,723,089.91
Income from inter-segment transaction	1,312,600,412.25	73,435,380.08	271,942,300.21	-	-1,657,978,092.54	-
Total operating income from segments	43,576,312,407.53	11,807,810,102.24	7,950,578,672.68	-	-1,657,978,092.54	61,676,723,089.91
Operating costs	41,721,791,664.43	11,325,624,243.63	7,691,872,222.06	328,070,303.97	-	61,067,358,434.09
Impairment of assets	-	-	-	-	-	-
Credit loss impairment	-4,907,239.12	9,152,291.30	-7,135,905.22	-	-	-2,890,853.04
Gain (loss) from changes in fair value	-	-	-	168,152,429.79	-	168,152,429.79
Investment income	42,364,614.52	8,867,120.86	936,833,995.53	168,635,915.01	-	1,156,701,645.92
Including: Income from investments in associates and joint ventures	42,364,614.52	8,867,120.86	936,833,995.53	160,902,119.74	-	1,148,967,850.65
Income from the disposal of assets	-	-	-	45,025,163.23	-	45,025,163.23
Other income	576,712,748.19	27,051,540.71	120,057,289.41	6,600.00	-	723,828,178.31
Operating profit	1,156,090,454.44	453,821,431.40	1,036,519,530.13	53,749,804.06	-	2,700,181,220.03
Non-operating income	14,428,605.79	7,730,061.74	121,818.86	15,246,146.58	-	37,526,632.97
Non-operating expenses	3,502,775.48	8,728,982.14	22,421.93	22,619,697.36	-	34,873,876.91
Total profit	1,167,016,284.75	452,822,511.00	1,036,618,927.06	46,376,253.28	-	2,702,833,976.09
Income taxes	312,765,445.69	81,657,732.47	55,621,655.85	317,505.27	-	450,362,339.28
Net profit	854,250,839.06	371,164,778.53	980,997,271.21	46,058,748.01	-	2,252,471,636.81
Total assets	35,229,938,571.18	20,324,772,809.02	8,671,503,132.26	8,453,158,606.24	-	72,679,373,118.70
Total liabilities	13,825,893,520.53	4,786,861,227.07	2,253,566,849.15	18,263,219,953.12	-	39,129,541,549.87

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Segment Reporting (Continued)

Information of reporting segments (Continued)

From January to June 2020

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	--	--	--	--	--	--
Income from external transaction	26,997,376,357.98	10,073,323,152.79	2,622,976,615.31	-	-	39,693,676,126.08
Income from inter-segment transaction	930,170,470.39	105,627,417.05	176,233,460.14	-	-1,212,031,347.58	-
Total operating income from segments	27,927,546,828.37	10,178,950,569.84	2,799,210,075.45	-	-1,212,031,347.58	39,693,676,126.08
Operating costs	26,637,163,463.05	9,761,324,170.37	2,596,005,294.61	311,374,327.83	-	39,305,867,255.86
Impairment of assets	-	-	-	-	-	-
Credit loss impairment	-42,777,845.90	-17,104,077.87	-7,100,734.42	4,151,561.08	-	-62,831,097.11
Gain (loss) from changes in fair value	-	-	-	-	-	-
Investment income	14,238,252.98	6,209,311.92	463,982,609.86	96,469,658.62	-	580,899,833.38
Including: Income from investments in associates and joint ventures	14,238,252.98	6,209,311.92	463,982,609.86	96,867,897.01	-	581,298,071.77
Income from the disposal of assets	-	-	-	13,888,297.34	-	13,888,297.34
Other income	574,388,815.39	28,931,607.01	39,361,927.45	-	-	642,682,349.85
Operating profit	906,062,117.40	330,035,823.48	523,215,123.59	-196,864,810.79	-	1,562,448,253.68
Non-operating income	11,543,539.00	11,939,131.23	324,572.88	13,994,214.24	-	37,801,457.35
Non-operating expenses	23,539,948.94	2,333,622.63	20,290.64	9,865,230.32	-	35,759,092.53
Total profit	894,065,707.46	339,641,332.08	523,519,405.83	-192,735,826.87	-	1,564,490,618.50
Income taxes	224,645,456.52	71,272,273.38	16,263,796.06	285,007.44	-	312,466,533.40
Net profit	669,420,250.94	268,369,058.70	507,255,609.77	-193,020,834.31	-	1,252,024,085.10
Total assets	31,655,127,382.71	22,726,609,199.12	6,110,156,920.25	3,631,629,493.14	-	64,123,522,995.22
Total liabilities	10,900,193,765.23	5,916,392,924.73	776,091,881.12	15,890,667,869.57	-	33,483,346,440.65

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

70. Segment Reporting (Continued)

Information of reporting segments (Continued)

From January to June 2021

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	--	--	--	--	--	--
Depreciation and amortisation expenses	473,011,051.80	518,179,492.63	50,083,057.37	35,058,493.12	-	1,076,332,094.92
Capital expenditures	270,178,525.75	191,119,621.65	43,581,035.67	36,833,331.03	-	541,712,514.10
Non-cash expenses other than depreciation and Amortisation	4,907,239.12	-9,152,291.30	7,135,905.22	-	-	2,890,853.04
Increase in long-term equity investments in associates and joint ventures arising from the accounting under the equity method	23,918,900.50	24,249,816.22	936,833,995.53	80,576,331.50	-	1,065,579,043.75

From January to June 2020

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	--	--	--	--	--	--
Depreciation and amortisation expenses	420,429,971.94	491,503,793.73	43,805,825.41	29,107,354.51	-	984,846,945.59
Capital expenditures	306,520,472.76	128,903,332.29	58,251,224.91	135,819,510.01	-	629,494,539.97
Non-cash expenses other than depreciation and Amortisation	42,763,194.96	17,104,077.87	7,100,734.42	-4,151,561.08	-	62,816,446.17
Increase in long-term equity investments in associates and joint ventures arising from the accounting under the equity method	6,260,768.66	6,209,311.92	463,982,609.86	73,017,232.56	-	549,469,923.00

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP 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 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
Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	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
Beijing Sinotrans Logistics Center Co., Ltd.	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 Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dalian Port & Barge Company	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
Dandong Port Group Co., Ltd.	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
Guangdong Yide Port 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
Guangxi Sinotrans Nanning Storage and Transportation Company	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

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. The Main Related Parties that have Transactions with the Group But Not Have a Control Relationship are as Follows: (Continued)

Name of related party	Nature
Associated Maritime Company (Hong Kong) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Jiuling Transport & Storage Company	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
SINOTRANS Henan, Jiuling Transport & Storage Co.	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 Jiangsu Logistics 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
Ming Wah International 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
Ningbo Daxie Merchants International Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Qingdao China Changjiang Bunker (Sinopec) 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
Shanghai Xinyangshan Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SCSC International Merchant&Shipping (Hong Kong) Company Limited	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
Shanghai Sinotrans Qiantang 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
Shenzhen Chiwan Tug 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

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. The Main Related Parties that have Transactions with the Group But Not Have a Control Relationship are as Follows: (Continued)

Name of related party	Nature
Shenzhen Merchants Home Technology Co., Ltd.	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
Shenzhen Merchants Shekou International Cruise Home Port 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
Shenzhen China Merchants Xunlong Shipping Co., 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 Suzhou Storage 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
Wuhan Merchants Roll-on – roll Transportation 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
Yangtza Navigation (Hong Kong) 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
Yingkou Port Integrated Logistics 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
Yiu Lian Dockyards 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
Zhanjiang Port (Group) 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
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. The Main Related Parties that have Transactions with the Group But Not Have a Control Relationship are as Follows: (Continued)

Name of related party	Nature
Zhangzhou China Merchants Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Merchants Tugboat Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Ocean SHIPPING Tally 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
CSC Cargo 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
Changjiang International Freight & Forwarding Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Gangrong Big Data 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
China Merchants Bonded Logistics 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
China Merchants International Terminal (Qingdao) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Container Service 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 Group Limited	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
China Merchants Investment Development Company Limited	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
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. The Main Related Parties that have Transactions with the Group But 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
Sinotrans Alashankou Company	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 Gansu 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 Hebei 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 Jiangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong Suzhong Logistics 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
Sinotrans Shaanxi Co., Ltd.	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 & CSC	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
China Changjiang Bunker (Sinopec) Co., Ltd.	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 International Trading Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Liaoning Container Company	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

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. The Main Related Parties that have Transactions with the Group But Not Have a Control Relationship are as Follows: (Continued)

Name of related party	Nature
Chongqing Wanqiao Traffic Technology Development 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
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
Red Braves Finance Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shipping Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Medlink Supply Chain Management Co., Ltd.	A joint venture of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	A joint venture of the Group
Chengdu Bonded Logistics Investment Ltd	A joint venture of the Group
Dalian Jingda International Freight Forwarding Co., Ltd.	A joint venture of the Group
Dongguan Port Container Terminals Co., Ltd.	A joint venture of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	A joint venture of the Group
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	A joint venture of the Group
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	A joint venture of the Group
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Rongyun (Xiamen) Supply Chain Co., Ltd.	A joint venture of the Group
SIPG Sinotrans Container Depot Co., Ltd.	A joint venture of the Group
Shanghai United Cold Chain Logistics Co., Ltd.	A joint venture of the Group
Shanghai Tongyun International Logistics Co., Ltd.	A joint venture of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	A joint venture of the Group
China United Tally (Shenzhen) Co., Ltd.	A joint venture of the Group
Shenyang Jinyun Automobile Logistics Co., Ltd.	A joint venture of the Group

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. The Main Related Parties that have Transactions with the Group But Not Have a Control Relationship are as Follows: (Continued)

Name of related party	Nature
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	A joint venture of the Group
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	A joint venture of the Group
New Land Bridge (Lianyungang) Terminal Co., Ltd.	A joint venture of the Group
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Logistics (Pakistan) Limited	A joint venture of the Group
Sinotrans Philippines Inc.	A joint venture of the Group
Sinotrans Suzhou Logistics Center Co., Ltd.	A joint venture of the Group
Sinotrans Turkey Limited	A joint venture of the Group
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	A joint venture of the Group
DHL-Sinotrans International Air Courier Ltd.	A joint venture of the Group
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	A joint venture of the Group
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	A joint venture of the Group
Nissin-Sinotrans International Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Sarens Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	A joint venture of the Group
China-Vietnam Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Maxx Logistics Fzco.	A joint venture of the Group
Sinotrans Almajdouie Middle East Co.,Ltd	A joint venture of the Group
Shenyang Henglu Logistics Co., Ltd.	An associate of the Group
Guangxi Yunyu Port Co., Ltd.	An associate of the Group
Jiangsu Jiangyin Port Group Co., Ltd	An associate of the Group
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	An associate of the Group
Land and Sea New Channel Operation Co. Ltd.	An associate of the Group
Ma'anshan Tianshun Port Co., Ltd.	An associate of the Group
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	An associate of the Group
Nantong Sinotrans Prince Port Storage Co., Ltd.	An associate of the Group
Qingdao Huasheng Airport Logistics Co., Ltd.	An associate of the Group

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. The Main Related Parties that have Transactions with the Group But Not Have a Control Relationship are as Follows: (Continued)

Name of related party	Nature
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	An associate of the Group
Shanghai Puan Storage Co., Ltd.	An associate of the Group
Shenzhen Haiyitong Technology Co., Ltd.	An associate of the Group
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Tianjin Shiyun Logistics Co., Ltd.	An associate of the Group
Weihai Weidong Shipping Co., Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	An associate of the Group
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd	An associate of the Group
China Merchants Logistics Group Nanjing Co., Ltd.	An associate of the Group
Sinotrans Huajie International Logistics (Beijing) 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
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	An associate of the ultimate controlling party
China Merchants Bank Co., Ltd.	An associate of the ultimate controlling party
Ocean Network Express (China) Ltd.	Other related parties

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows

(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, etc. 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 Airline 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.
- 2) On 28 October 2020, the Company renewed the integrated logistics services agreement with China Merchants for the provision and receipt of transportation logistics services by related parties, and the new integrated logistics services agreement is valid from 1 January 2021 to 31 December 2023. Pursuant to the new agreement, the pricing of the Group's connected transactions with China Merchants 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 2021, RMB3.25 billion in 2022 and RMB4.225 billion in 2023; the limits for the acceptance of transportation and logistics services by the Group from related parties shall not exceed RMB3.5 billion in 2021 and RMB4.55 billion in 2022. 2023 not to exceed RMB5,915 million.
- 3) 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 28 October 2020, the Company renewed the expiring property lease framework agreement with China Merchants, effective from 1 January 2021 to 31 December 2023. Under the new agreement, the pricing of the Group's connected transactions with China Merchants 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 RMB825 million for 2021, RMB920 million for 2022 and RMB1026 million for 2023.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(1) Pricing policy and basis (Continued)

- 4) On 28 October 2020, the Company renewed the Financial Services Agreement with China Merchants Group Finance Company Limited (hereinafter referred to as the Finance Company), a subsidiary of China Merchants Group, which is effective from 1 January 2021 to 31 December 2023, and agreed that the end-of-day deposit balance with the Finance Company The maximum daily outstanding loan balance (including accrued interest and fees) is capped at RMB5 billion, the maximum daily outstanding loan balance (including accrued interest and fees) is capped at RMB10 billion, and the total amount of other financial service fees incurred in each year is capped at RMB20 million.
- 5) On 28 October 2020, the Company and DHL-Sinotrans International Air Courier Ltd., New Land Bridge (Lianyungang) Terminal Co. Ltd. and Nissin-Sinotrans International Logistics Co., Ltd. signed the Framework Agreement on Routine Related Transactions, which will be effective from 1 January 2021 to 31 December 2023. The agreement stipulates that the pricing of such daily related transactions will follow the principle of fairness and reasonableness, based on fair market prices, and in principle will not deviate from the prices or charges of independent third parties.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services

1) Purchase of goods and provision of services

Name of related party	Content of related party transactions	Amount in current period	Amount in prior period
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	--	501,963,466.90	398,410,985.26
Sinotrans Container Lines Co., Ltd.	Transportation and related service	267,530,141.15	156,373,535.89
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related service	62,935,526.70	165,699.89
China Merchants Group Finance Co., Ltd.	Interest income	35,484,670.53	37,834,600.48
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related service	27,445,308.98	23,743,602.34
Associated Maritime Company (Hong Kong) Limited	Transportation and related service	25,085,596.20	-
China Yangtze River Shipping Co., Ltd.	Transportation and related service	11,187,718.87	1,248,867.64
Sinotrans Sunny Express Co., Ltd.	Transportation and related service	7,862,639.49	40,397,238.68
Hong Kong Ming Wah Shipping Company Limited	Transportation and related service	7,507,760.99	18,766,229.12
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related service	6,804,874.73	-
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related service	6,302,537.12	5,167,924.56
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related service	6,170,958.40	-
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related service	4,027,831.02	2,164,263.20
CSC Cargo Co., Ltd.	Transportation and related service	3,373,719.66	6,028,563.25
China Merchants Gangrong Big Data Co., Ltd.	Transportation and related service	3,060,352.69	-
CSC Singapore International Shipping Co., Ltd.	Transportation and related service	2,893,279.23	-
Dalian Port Container Logistics Co., Ltd.	Transportation and related service	2,580,754.84	-
Nanjing Tanker Corporation	Transportation and related service	2,124,857.95	9,556,915.89
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related service	2,099,654.32	193,256.11
Sinotrans Shaanxi Co., Ltd.	Transportation and related service	1,936,684.37	4,859,791.19
Nanjing YangYang Chemicals Transport & Trade Co., Ltd.	Transportation and related service	1,867,031.89	2,051,813.89
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related service	1,332,772.55	1,116,809.62
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Transportation and related service	1,160,492.07	1,420,000.00
Sinotrans Liaoning Container Company	Transportation and related service	1,011,787.43	-
Sinotrans Gansu Co., Ltd.	Transportation and related service	272,665.00	12,434,051.43
China Merchants International Terminal (Qingdao) Limited	Transportation and related service	183,960.81	1,011,481.25
Shanghai Sinotrans Qiantang Co., Ltd.	Transportation and related service	29,000.00	3,098,028.94
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	-	51,672,381.48

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

1) Purchase of goods and provision of services (Continued)

Name of related party	Content of related party transactions	Amount in current period	Amount in prior period
Sinotrans Hebei Co., Ltd.	Transportation and related service	-	1,252,157.83
Sinotrans Henan Bonded Logistics Co., Ltd.	Transportation and related service	-	3,272,763.47
Changjiang International Freight & Forwarding Company	Transportation and related service	-	1,879,719.10
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Transportation and related service	-	1,862,226.00
Others	Transportation and related service etc.	9,690,889.91	10,839,064.01
Joint ventures	--	110,937,959.87	130,009,904.86
Ningbo Taiping Int'l Trade Transportation Co., Ltd.	Transportation and related service	44,664,841.87	34,137,988.53
DHL-Sinotrans International Air Courier Ltd.	Transportation and related service	22,966,250.28	20,818,089.27
SIPG Sinotrans Container Depot Co., Ltd.	Transportation and related service	12,575,479.44	-
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related service	7,970,260.91	7,426,648.09
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related service	3,582,438.84	3,064,116.79
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related service	2,781,322.59	6,411,237.37
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related service	2,749,694.93	16,294,793.85
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Transportation and related service	2,171,049.86	5,855,598.60
Shanghai United Cold Chain Logistics Co., Ltd.	Transportation and related service	1,897,130.59	1,289,990.23
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related service	1,872,046.82	20,728,357.95
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related service	1,749,966.63	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related service	1,568,130.36	2,480,774.56
Beijing Medlink Supply Chain Management Co., Ltd.	Transportation and related service	1,281,676.79	-
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related service	749,561.93	1,899,906.90
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related service	192,407.35	2,352,724.70
Maxx Logistics Fzco.	Transportation and related service	-	3,097,232.90
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related service	-	1,115,162.54
Others	Transportation and related service etc	2,165,700.68	3,037,282.58

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(2) Related party transactions in the purchase and sale of goods, and the provision and receipt of services (Continued)

1) Purchase of goods and provision of services (Continued)

Name of related party	Content of related party transactions	Amount in current period	Amount in prior period
Associate of the ultimate controlling party	--	59,688,380.24	92,549,712.85
Weihai Weidong Shipping Co., Ltd.	Transportation and related service	36,724,212.12	40,456,027.95
China Merchants Logistics Group Nanjing Co., Ltd.	Transportation and related service	6,204,155.89	6,142,506.97
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related service	4,047,619.06	4,047,619.04
Land and Sea New Channel Operation Co. Ltd.	Transportation and related service	2,748,179.27	2,105,793.04
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related service	1,663,506.02	3,428,517.14
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related service	399,485.03	2,185,372.46
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related service	-	4,217,479.68
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related service	-	9,842,516.60
Tianjin Shiyun Logistics Co., Ltd.	Transportation and related service	-	10,090,212.00
Shanghai Puan Storage Co., Ltd.	Transportation and related service	-	2,053,511.53
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd	Transportation and related service	-	2,034,369.59
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related service	4,384,176.77	4,977,922.61
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Transportation and related service	2,489,947.27	-
Others	Transportation and related service etc.	1,027,098.81	967,864.24
Associates of the ultimate controlling party	--	469,774.39	109,034,726.98
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related service	469,774.39	101,233,462.87
China Merchants Bank Co., Ltd.	Transportation and related service	-	7,801,264.11
Other related parties	--	-	21,660,465.31
Ocean Network Express (China) Ltd.	Transportation and related service	-	21,660,465.31
Total purchase of goods and provision of service	--	673,059,581.40	751,665,795.26

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (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	Amount in current period	Amount in prior period
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	--	1,169,393,501.92	777,020,729.69
Sinotrans Container Lines Co., Ltd.	Transportation and related service	746,001,467.51	395,933,629.90
Nanjing Tanker Corporation	Transportation and related service	116,392,049.48	48,276,478.80
Sinotrans Hebei Co., Ltd.	Transportation and related service	32,507,113.40	21,227,023.77
Shenzhen Merchants Home Technology Co., Ltd.	Purchase of goods	25,362,652.40	12,079,227.67
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related service	23,384,729.69	-
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Transportation and related service	20,117,072.19	-
Zhanjiang Port (Group) Co., Ltd.	Transportation and related service	18,332,845.31	-
Dandong Port Group Co., Ltd.	Transportation and related service	16,543,493.17	-
Sinotrans Sunny Express Co., Ltd.	Transportation and related service	15,520,671.75	74,565,506.09
Sinotrans Shaanxi Co., Ltd.	Transportation and related service	13,488,208.26	15,821,247.18
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related service	13,129,531.91	3,219,917.46
Dalian Port & Barge Company	Transportation and related service	11,991,052.09	24,106,727.00
SCSC International Merchant & Shipping (Hong Kong) Company Limited	Transportation and related service	9,608,170.00	-
China Merchants Bonded Logistics Co., Ltd.	Transportation and related service	7,544,642.15	7,288,467.44
Zhengzhou Merchants Logistics Co., Ltd.	Transportation and related service	7,300,495.98	6,711,968.80
Dalian Container Terminal Co., Ltd.	Transportation and related service	6,754,507.97	24,552,681.54
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related service	5,454,807.10	-
China Merchants Property Management Co., Ltd.	Transportation and related service	5,167,338.24	4,785,060.04
China Merchants International Terminal (Qingdao) Limited	Transportation and related service	4,277,968.12	3,249,560.44
China Merchants Group Finance Company Limited	Interest expense	4,081,545.66	28,262,607.63
Yingkou Port Integrated Logistics Co., Ltd.	Transportation and related service	4,019,686.48	-
Shenzhen Chiwan Tug Co., Ltd.	Transportation and related service	3,864,314.94	9,832,191.76
Wuhan Merchants Roll-on - roll Transportation Co., Ltd.	Transportation and related service	3,540,241.69	-
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Property management fee	3,347,425.33	-
Yangtza Navigation (Hong Kong) Co., Ltd.	Transportation and related service	2,535,467.76	-
Zhangzhou China Merchants Port Co., Ltd.	Transportation and related service	2,417,303.92	-
Yiu Lian Dockyards Limited	Transportation and related service	2,125,180.59	-
Shenzhen Lianda Tug Co., Ltd.	Transportation and related service	2,006,688.67	1,598,906.67
Sinotrans Jiangsu Co., Ltd.	Property management fee	1,886,792.46	-
Zhangzhou China Merchants Tugboat Company Limited	Transportation and related service	1,774,811.07	-
China Merchants Property Management Co., Ltd.	Property management fee	1,738,716.71	-
Zhanjiang Port International Container Terminal Co., Ltd.	Transportation and related service	1,728,172.87	-
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related service	1,695,240.25	3,668,570.50
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related service	1,557,538.89	2,023,232.98
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related service	1,466,146.20	1,806,795.18
China Merchants Container Service Co., Ltd.	Transportation and related service	1,405,061.41	51,040.00

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (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	Amount in current period	Amount in prior period
Sinotrans Jiangsu Logistics Co., Ltd.	Transportation and related service	1,318,869.04	-
Sinotrans Gansu Co., Ltd.	Transportation and related service	1,082,188.50	14,930.00
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Transportation and related service	1,078,095.27	-
Guangdong Yide Port Co., Ltd.	Transportation and related service	1,068,637.88	-
Zhangzhou China Ocean SHIPPING Tally Co., Ltd.	Transportation and related service	1,008,804.72	-
Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	Transportation and related service	499,988.19	12,479,015.00
Sinotrans Liaoning Container Company	Transportation and related service	381,561.45	1,603,000.00
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related service	243,275.78	2,997,539.94
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Transportation and related service	240,000.00	2,391,531.84
Sinotrans Alashankou Company	Transportation and related service	114,056.25	3,519,299.93
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related service	84,403.67	1,236,296.00
Shenzhen Merchants Property Management Co., Ltd.	Property management fee	54,801.79	5,914,717.08
Ningbo Daxie Merchants International Terminal Co., Ltd.	Transportation and related service	-	4,881,677.35
Shanghai Yangtze Maritime Development Co., Ltd.	Transportation and related service	-	10,946,002.00
Ming Wah (Singapore) Agency Co., Ltd.	Transportation and related service	-	5,373,943.46
Shanghai Foreign Trade Warehouse Pudong Company	Transportation and related service	-	4,095,085.59
Sinotrans Hebei Jiuling Transport & Storage Company	Transportation and related service	-	4,002,400.57
Sinotrans Henan Bonded Logistics Co., Ltd.	Transportation and related service	-	2,361,889.69
Sinotrans Guangxi Nanning Storage and Transportation Company	Transportation and related service	-	1,703,707.67
Sinotrans Erlian Co., Ltd.	Transportation and related service	-	1,659,111.01
Beijing Sinotrans Logistics Center Co., Ltd.	Transportation and related service	-	1,523,785.62
CSC Cargo Co., Ltd.	Transportation and related service	-	1,360,325.35
Sinotrans Suzhou Storage Co., Ltd.	Transportation and related service	-	1,358,409.55
SINOTRANS Guangxi Nanning Container Transportation Company	Transportation and related service	-	1,318,665.70
Others	Transportation and related service etc.	22,149,667.76	17,218,555.49
Joint ventures	--	134,403,034.21	145,101,352.91
DHL-Sinotrans International Air Courier Ltd.	Transportation and related service	32,605,464.02	44,945,058.86
Beijing Sinotrans Huaili Logistics Co., Ltd.	Transportation and related service	20,866,940.27	9,280,097.55
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related service	12,775,488.82	5,650,487.86
Sinotrans Turkey Limited	Transportation and related service	12,089,678.83	5,132,811.77
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Transportation and related service	8,078,432.39	15,272,385.39
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related service	7,170,619.98	3,514,077.29
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Transportation and related service	7,034,036.37	-
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related service	6,796,594.09	-
Ningbo Taiping Int'L Trade Transportation Co., Ltd.	Transportation and related service	5,426,535.57	3,168,284.20
Dongguan Port Container Terminals Co., Ltd.	Transportation and related service	4,084,097.63	-
Sinotrans Suzhou Logistics Center Co., Ltd.	Transportation and related service	3,297,873.82	5,768,363.55
Sinotrans Logistics (Pakistan) Limited	Transportation and related service	3,075,967.87	25,335,318.25

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (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	Amount in current period	Amount in prior period
Shenyang Jinyun Automobile Logistics Co., Ltd.	Transportation and related service	2,684,860.43	1,404,617.19
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Transportation and related service	1,860,740.78	2,047,358.37
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related service	1,507,449.48	10,135,672.30
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related service	326,239.94	1,723,485.86
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	688,317.62	1,620,334.29
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related service	34,700.00	2,687,890.89
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related service	240.00	1,209,365.25
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Transportation and related service	-	1,499,219.74
Others	Transportation and related service	3,998,756.30	4,706,524.30
Associates and their subsidiaries	--	218,357,998.23	216,350,710.42
China Merchants Logistics Group Nanjing Co., Ltd.	Transportation and related service	68,186,557.29	48,005,384.81
Weihai Weidong Shipping Co., Ltd.	Transportation and related service	45,480,710.85	35,316,676.17
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	Transportation and related service	31,249,194.18	29,461,052.11
Land and Sea New Channel Operation Co. Ltd.	Transportation and related service	17,548,952.60	8,357,653.34
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related service	12,556,751.57	11,419,080.26
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related service	11,597,693.58	11,753,439.82
Jiangsu Jiangyin Port Group Co., Ltd.	Transportation and related service	7,364,265.89	4,742,135.43
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related service	7,222,395.26	15,081,965.92
Shenyang Henglu Logistics Co., Ltd.	Transportation and related service	5,008,747.78	5,112,448.15
Ma'anshan Tianshun Port Co., Ltd.	Transportation and related service	4,093,630.30	4,713,725.66
Qingdao Huasheng Airport Logistics Co., Ltd.	Transportation and related service	3,439,908.92	2,620,811.16
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related service	3,023,850.03	1,616,244.26
Wuhan Port Container Co., Ltd.	Transportation and related service	803,709.40	5,357,435.02
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	Transportation and related service	-	1,236,663.45
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related service	-	29,022,572.25
Tianjin Shiyun Logistics Co., Ltd.	Transportation and related service	-	1,185,505.10
Others	Transportation and related service etc	781,630.58	1,347,917.51
Associate of the ultimate controlling party	--	6,788,684.12	272,371.76
China Merchants Bank Co., Ltd.	Interest expense, handling charges	6,788,684.12	272,371.76
Other related parties	--	-	428,805,442.20
Ocean Network Express (China) Ltd.	Transportation and related service	-	428,805,442.20
Total services received	--	1,528,943,218.48	1,567,550,606.98

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(3) Balance of major creditor's rights and debts

Item	Name of related party	Closing balance	Opening balance
Cash and bank balances	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	4,236,409,071.08	4,782,890,960.94
	China Merchants Group Finance Co., Ltd.	4,236,409,071.08	4,782,890,960.94
	Associate of the ultimate controlling party	710,852,552.42	450,866,869.91
	China Merchants Bank Co., Ltd.	710,852,552.42	450,866,869.91
Accounts receivable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	49,225,106.93	53,758,038.98
	Sinotrans Container Lines Co., Ltd.	15,250,753.28	15,809,235.15
	Sinotrans Container Lines (Hong Kong) Co., Ltd.	8,531,300.99	5,747,954.80
	Nanjing Tanker Corporation	3,879,149.15	2,636,473.23
	Dalian Port Container Logistics Co., Ltd.	2,767,457.03	153,690.00
	China Yangtze River Shipping Co., Ltd.	2,157,371.00	-
	CSC Wuhan Qingshan Shipyard Co., Ltd.	1,875,626.80	1,739,228.73
	CSC Singapore International Shipping Co., Ltd.	1,593,657.34	1,092,790.00
	Sinotrans Shaanxi Co., Ltd.	1,306,137.18	-
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	1,230,062.00	1,698,949.71
	Yangtza Navigation (Hong Kong) Co., Ltd.	1,048,736.61	1,609,459.96
	China Merchants Godown, Wharf & Transportation Company Limited	1,029,603.08	-
	CSC Cargo Co., Ltd.	1,026,563.68	-
	Shenzhen Chiwan International Freight Forwarding Co., Ltd.	650,625.00	1,264,544.50
	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	-	8,426,263.46
	Long Link Limited	-	1,608,662.47
	Yingkou Port Integrated Logistics Co., Ltd.	-	1,267,241.35
	Sinotrans International Trading Co., Ltd.	-	1,085,422.02
	Chongqing Wanqiao Traffic Technology Development Co., Ltd.	-	1,010,832.20
	Others	6,878,063.79	8,607,291.40
	Joint ventures and associates and their subsidiaries	56,608,302.80	55,042,025.10
	DHL-Sinotrans International Air Courier Ltd.	17,004,062.06	9,558,797.40
	Beijing Sinotrans Huali Logistics Co., Ltd.	4,673,968.11	4,330,325.83
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	4,132,631.92	-
	Weihai Weidong Shipping Co., Ltd.	3,146,238.71	2,329,054.14
	Nissin-Sinotrans International Logistics Co., Ltd.	2,423,701.95	4,636,846.93
	China Merchants Logistics Group Nanjing Co., Ltd.	2,386,129.08	2,130,845.31
Sinotrans Sarens Logistics Co., Ltd.	2,337,657.65	1,526,439.16	
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	1,849,854.12	2,050,449.15	
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	1,716,860.09	-	
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	1,581,372.16	1,967,518.64	
Shanghai Tongyun International Logistics Co., Ltd.	1,420,704.17	-	

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Loscam Supply Chain Management (Jiaxing) Co., Ltd.	1,110,875.33	1,272,041.70
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	1,110,036.75	1,362,686.85
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	1,014,614.19	-
	Maxx Logistics Fzco.	1,012,389.00	1,147,593.64
	Beijing Medlink Supply Chain Management Co., Ltd.	859,075.08	1,279,699.54
	Tianjin Runfeng Logistics Co., Ltd.	856,296.40	1,001,017.22
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	312,202.20	8,772,696.47
	Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd	-	2,382,258.42
	Others	7,659,633.83	9,293,754.70
	Associate of the ultimate controlling party	23,470.00	23,470.00
	COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	23,470.00	23,470.00
	Other related parties	-	7,348.09
	Total accounts receivable	105,856,879.73	108,830,882.17
Other receivables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	75,687,448.05	72,167,529.68
	SINOTRANS & CSC	47,500,000.00	40,000,000.00
	CSC Cargo Co., Ltd.	18,877,058.04	18,877,058.04
	China Merchants Bonded Logistics Co., Ltd.	2,229,063.08	3,072,138.24
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	1,647,290.88	-
	Zhengzhou Merchants Logistics Co., Ltd.	606,527.24	4,007,808.08
	Others	4,827,508.81	6,210,525.32
	Joint ventures and associates and their subsidiaries	65,276,508.98	67,004,889.20
	Shenyang Jinyun Automobile Logistics Co., Ltd.	23,258,645.15	23,219,247.88
	Maxx Logistics Fzco.	15,307,779.11	15,410,585.55
	DHL-Sinotrans International Air Courier Ltd.	5,807,975.41	6,121,402.32
	Sinotrans Logistics (Pakistan) Limited	3,259,457.13	2,770,814.99
	Guangxi Yunyu Port Co., Ltd.	2,680,000.00	2,500,000.00
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	2,308,165.86	3,850,000.00
	Sinotrans Turkey Limited	2,187,137.65	1,820,766.84
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	2,154,197.59	2,256,211.78
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	2,071,741.00	-
	Sinotrans Philippines Inc.	1,048,087.90	-
	Shenyang Henglu Logistics Co., Ltd.	986,203.44	946,079.54
	Sinotrans Suzhou Logistics Center Co., Ltd.	941,299.43	949,928.36
	Dalian Jingda International Freight Forwarding Co., Ltd.	-	1,600,000.00
	China United Tally (Shenzhen) Co., Ltd.	-	1,000,000.00
	Others	3,265,819.31	4,559,851.94
	Total other receivables	140,963,957.03	139,172,418.88

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Dividends receivable	Joint ventures and associates	41,891,513.81	21,222,986.00
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	19,285,721.62	5,214,801.28
	Wuhan Port Container Co., Ltd.	15,000,000.00	6,000,000.00
	Chengdu Bonded Logistics Investment Ltd	5,744,808.47	-
	Sinotrans Almajdouie Middle East Co.,Ltd	1,860,983.72	1,860,983.72
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	-	8,147,201.00
Interests receivable	Joint ventures and associates	1,385,311.72	1,345,690.81
	Maxx Logistics Fzco.	1,385,311.72	1,345,690.81
Prepayments	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	16,994,840.14	32,565,443.67
	Sinotrans Hebei Co., Ltd.	4,971,073.35	5,306,227.75
	Yingkou Xingang Ore Terminal Co., Ltd.	4,388,910.00	3,193,795.00
	Yingkou Port Integrated Logistics Co.,Ltd	2,625,754.56	1,949,858.87
	Sinotrans Shaanxi Co., Ltd.	1,998,131.60	5,816.90
	Sinotrans Container Lines Co., Ltd.	1,001,827.16	-
	Dandong Port Group Co., Ltd.	865,133.89	11,484,330.49
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	698,569.93	2,897,199.94
	Zhanjiang Port (Group) Co., Ltd.	148,754.69	2,484,015.69
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	37,599.30	1,517,359.50
	CSC Cargo Co., Ltd.	-	1,335,422.66
	Others	259,085.66	2,391,416.87
	Joint ventures and associates and their subsidiaries	10,607,453.02	16,485,260.47
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	2,500,000.00	1,005,796.42
	Sinotrans Suzhou Logistics Center Co., Ltd.	1,814,146.03	-
	DHL-Sinotrans International Air Courier Ltd.	1,322,059.91	-
	Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	1,144,537.39	-
	Sinotrans Logistics (Pakistan) Limited	-	4,231,086.51
	Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd	-	3,427,403.87
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	-	3,210,691.01
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	1,215,500.00
	Others	3,826,709.69	3,394,782.66
	Other related parties	-	4,200.00
Total prepayments		27,602,293.16	49,054,904.14

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Non-current assets due within one year	Joint ventures and associates	13,325,000.00	12,325,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00	7,125,000.00
	Shanghai Puan Storage Co., Ltd.	6,200,000.00	5,200,000.00
Long-term receivables	Joint ventures and associates	56,745,000.00	60,345,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	35,625,000.00	35,625,000.00
	Shanghai Puan Storage Co., Ltd.	21,120,000.00	24,720,000.00
Accounts payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	180,308,636.19	160,351,603.61
	Sinotrans Container Lines Co., Ltd.	83,837,465.30	43,223,651.76
	Sinotrans Sunny Express Co., Ltd.	10,165,517.00	11,692,195.22
	SCSC International Merchant & Shipping (Hong Kong) Company Limited	8,702,091.00	15,543,280.00
	Zhengzhou Merchants Logistics Co., Ltd.	7,740,078.60	5,244,734.96
	Sinotrans Henan, Jiuling Transport & Storage Co.	7,442,435.67	6,806,586.61
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	5,716,475.77	2,005,930.25
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	5,634,824.26	1,110,030.15
	Dalian Container Terminal Co., Ltd.	4,861,945.00	6,579,033.40
	Shanghai Sinotrans Qiantang Co., Ltd.	4,806,362.09	3,226,070.56
	Zhanjiang Port (Group) Co., Ltd.	4,541,182.04	5,601,903.31
	China Merchants Godown, Wharf & Transportation Company Limited	4,037,614.67	913,238.21
	Nanjing Tanker Corporation	3,147,035.68	18,616,667.77
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	3,131,623.06	-
	Sinotrans Hebei Co., Ltd.	2,615,818.29	3,761,196.19
	Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	2,357,722.00	-
	Shenzhen Chiwan Tug Co., Ltd.	2,278,720.00	624,708.00
	Sinotrans Jiangsu Logistics Co., Ltd.	2,112,550.08	1,598,976.05
	China Merchants Bonded Logistics Co., Ltd.	1,357,063.80	975,599.19
	Sinotrans Gansu Co., Ltd.	1,267,155.60	-
	Sinotrans Shaanxi Co., Ltd.	1,261,890.32	1,865,655.85
	Wuhan Merchants Roll-on - roll Transportation Co., Ltd.	1,052,135.66	2,686,280.27
	Shenzhen Lianda Tug Co., Ltd.	1,018,788.00	-
	Ningbo Daxie Merchants International Terminal Co., Ltd.	822,263.98	10,632,055.55
	Zhanjiang Port International Container Terminal Co., Ltd.	65,351.80	1,248,767.03
	Sinotrans Nantong Suzhong Logistics Co., Ltd.	-	2,536,850.00
	Yangtza Navigation (Hong Kong) Co., Ltd.	-	1,291,093.71
	Others	10,334,526.52	12,567,099.57

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Joint ventures and associates and their subsidiaries	148,528,775.86	160,368,892.41
	China Merchants Logistics Group Nanjing Co., Ltd.	53,645,000.05	28,015,017.10
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	10,134,249.43	15,297,123.02
	Weihai Weidong Shipping Co., Ltd.	7,177,208.05	3,301,288.00
	Beijing Sinotrans Huaili Logistics Co., Ltd.	7,054,934.80	-
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	6,359,782.00	5,085,009.62
	Sinotrans Logistics (Pakistan) Limited	6,076,774.63	12,039,547.89
	China-Vietnam Sinotrans Logistics Co., Ltd.	5,434,480.34	2,734,243.11
	Sinotrans Sarens Logistics Co., Ltd.	5,208,068.47	9,198,211.26
	Shenzhen Haiyitong Technology Co., Ltd.	4,574,600.16	5,659,970.91
	Sinotrans Turkey Limited	4,135,522.56	10,892,260.59
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	4,023,707.01	4,310,858.14
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	3,910,597.00	6,134,187.37
	Sinotrans Suzhou Logistics Center Co., Ltd.	3,524,850.45	2,282,465.31
	Shenyang Henglu Logistics Co., Ltd.	3,163,857.89	4,169,210.13
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	2,568,575.12	6,455,367.40
	Dongguan Port Container Terminals Co., Ltd.	2,462,040.49	525,684.25
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	2,267,197.95	2,028,431.22
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	1,990,429.20	278,168.75
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	1,374,150.57	-
	Ma'anshan Tianshun Port Co., Ltd.	1,195,046.02	5,900,267.46
	Ningbo Taiping Int'L Trade Transportation Co., Ltd.	1,180,287.80	340,410.44
	Qingdao Huasheng Airport Logistics Co., Ltd.	690,795.51	1,039,586.61
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	606,418.52	1,589,262.44
	Shenyang Jinyun Automobile Logistics Co., Ltd.	582,069.54	1,337,446.01
	DHL-Sinotrans International Air Courier Ltd.	559,215.26	1,797,299.42
	Wuhan Port Container Co., Ltd.	245,749.70	2,517,782.36
	Land and Sea New Channel Operation Co. Ltd.	-	8,088,957.61
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	-	4,072,076.44
	Jiangsu Jiangyin Port Group Co., Ltd	-	2,804,983.90
	Others	8,383,167.34	12,473,775.65
	Other related parties	-	500,551.32
	Total accounts payable	328,837,412.05	321,221,047.34

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Other payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	204,953,910.98	198,000,601.93
	Red Braves Finance Ltd.	108,692,236.24	109,516,832.19
	Sichuan Sinotrans Storage Service Co., Ltd.	25,469,813.30	24,686,640.24
	SINOTRANS & CSC	24,051,000.00	24,087,232.00
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	15,423,217.68	-
	Sinotrans Guangxi Company	12,348,975.91	15,434,273.65
	Sinotrans Henan, Jiuling Transport & Storage Co.	4,633,459.14	5,633,459.14
	Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	2,500,000.00	2,500,000.00
	Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	1,846,000.00	1,846,000.00
	Shanghai Sinotrans Qiantang Co., Ltd.	1,318,667.50	-
	Sinotrans Jiangsu Co., Ltd.	1,242,063.74	1,800,000.00
	China Merchants Godown, Wharf & Transportation Company Limited	1,113,083.08	1,122,149.88
	China Merchants Property Management Co., Ltd.	1,006,167.98	-
	Sinotrans Guangxi Guigang Company	826,000.00	1,243,800.00
	Sinotrans Shanghai (Group) Co., Ltd.	786,298.28	1,270,553.04
	Dalian Port Group Co., Ltd.	-	4,085,912.00
	Others	3,696,928.13	4,773,749.79
	Joint ventures and associates	101,716,828.07	111,491,320.91
	China Merchants Logistics Group Nanjing Co., Ltd.	72,941,760.10	80,536,543.28
	Shanghai Tongyun International Logistics Co., Ltd.	14,100,000.00	14,100,000.00
	China United Tally (Shenzhen) Co., Ltd.	7,000,000.00	8,000,000.00
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	2,486,200.00	2,486,200.00
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	2,029,460.21	-
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,086,761.80	1,086,861.80
	Rongyun (Xiamen) Supply Chain Co., Ltd.	1,000,000.00	1,000,000.00
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	-	2,450,000.00
	Others	1,072,645.96	1,831,715.83
	Total other payables	306,670,739.05	309,491,922.84
Dividends payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	524,935,616.46	36,197,979.78
	SINOTRANS & CSC	332,791,663.92	36,125,719.92
	China Merchants Group Limited	192,071,692.68	-
	Sinotrans Jiangxi Company	72,259.86	72,259.86
Interest payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	30,359,924.70	29,875,857.94
	SINOTRANS & CSC	30,359,924.70	29,516,073.91
	Red Braves Finance Ltd.	-	359,784.03

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Contract liabilities	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	26,009,187.63	24,052,487.01
	Associated Maritime Company (Hong Kong) Limited	14,782,173.29	16,378,179.52
	Hong Kong Ming Wah Shipping Company Limited	9,509,492.61	717,191.16
	China Merchants Investment Development Company Limited	1,070,754.71	1,070,754.71
	Ming Wah International Shipping Company Limited	-	2,807,334.17
	China Merchants Food (China) Co., Limited	-	2,118,036.92
	Others	646,767.02	960,990.53
	Joint ventures and associates	7,857,693.47	3,894,939.76
	Shanghai Tongyun International Logistics Co., Ltd.	3,082,919.99	-
	Tianjin Runfeng Logistics Co., Ltd.	1,691,634.00	1,076,834.00
	DHL-Sinotrans International Air Courier Ltd.	1,380,961.42	1,754,269.27
	Others	1,702,178.06	1,063,836.49
	Total contract liabilities	33,866,881.10	27,947,426.77
Long-term payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	185,429,056.90	192,331,792.75
	Guangdong Sinotrans Co., Ltd.	91,938,455.02	91,938,455.02
	SINOTRANS & CSC	84,718,773.77	89,718,773.77
	Ocean Lifter I Limited	8,771,828.11	10,674,563.96
Short-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	106,182,869.39	104,716,909.37
	China Merchants Group Finance Co., Ltd.	106,182,869.39	104,716,909.37
	Associate of the ultimate controlling party	200,000,000.00	300,000,000.00
	China Merchants Bank Co., Ltd.	200,000,000.00	300,000,000.00
Long-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	7,709,714.21	1,295,625.00
	China Merchants Group Finance Company Limited	7,709,714.21	1,295,625.00
	Associate of the ultimate controlling party	30,115,730.61	17,923,202.87
	China Merchants Bank Co., Ltd.	30,115,730.61	17,923,202.87
Non-current liabilities due within one year	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	4,231,916.68	4,430,166.18
	Ocean Lifter I Limited	4,231,916.68	4,430,166.18
	Associate of the ultimate controlling party	5,265,618.78	9,252,055.11
	China Merchants Bank Co., Ltd.	5,265,618.78	9,252,055.11

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(4) Related and entrusted management

On 1 January 2017, the Company renewed the *Custody Agreement* with SINOTRANS & CSC, which stipulates that SINOTRANS & CSC will trust the operation and management of some of its subsidiaries to the Company, and the Company will receive custodian fees from SINOTRANS & CSC based on the custodian costs determined on the basis of labor cost costs as agreed in the agreement, for the period 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 custody income of RMB7,075,500 (Prior period: RMB7,075,500) in aggregate from SINOTRANS & CSC.

(5) Other related party transactions

1) The Group as the lessor

Name of lessee	Type of leased assets	Rental income recognised for the current period	Rental income recognised for the prior period
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation equipment	21,342,058.18	14,060,093.33
Sinotrans Container Lines Co., Ltd.	Transportation equipment	10,870,597.69	20,237,981.06
Sinotrans Sunny Express Co.,Ltd	Buildings, Transportation equipment	5,285,438.19	11,047,794.79
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	4,047,619.06	4,047,619.04
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Buildings	2,165,487.63	2,165,487.62
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation equipment	1,599,062.70	1,496,625.74
China Yangtze River Shipping Co., Ltd.	Transportation equipment	1,067,450.48	1,166,399.17
Others	Buildings, Transportation equipment, others	428,181.42	402,500.00
Total	--	46,805,895.35	54,624,500.75

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(5) Other related party transactions (Continued)

2) The Group as the lessee

Name of lessor	Type of leased assets	Rental expenditure for current period	Rental expenditure for the prior period
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Lands and buildings	27,581,284.08	26,526,995.47
Beijing Sinotrans Land Transportation Co., Ltd.	Lands and buildings	18,310,879.20	18,812,448.18
Beijing Sinotrans Logistics Center Co., Ltd.	Lands and buildings	16,287,467.82	14,907,936.48
Shanghai Foreign Trade Warehouse Pudong Company	Lands and buildings	8,246,647.50	7,396,614.79
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Lands and buildings	8,036,749.44	7,615,185.78
Sinotrans Shanghai (Group) Co., Ltd.	Lands and buildings	5,813,900.00	6,584,551.30
Sinotrans Nantong Co., Ltd.	Lands and buildings	4,777,200.00	-
Shanghai Sinotrans Zhanghuabang Storage & Transportation Co., Ltd.	Lands and buildings	3,760,312.50	3,372,713.95
Shandong Sinotrans Co., Ltd.	Lands and buildings	2,962,000.00	2,785,059.71
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Lands and buildings	2,596,540.64	-
Shanghai Sinotrans Qiantang Co., Ltd.	Lands and buildings	2,375,700.00	-
Fujian Sinotrans Majiang Storage Company	Lands and buildings	2,030,626.83	3,030,711.90
Wenzhou Sinotrans Logistics Co., Ltd.	Lands and buildings	1,709,817.00	-
China Merchants International Terminal (Qingdao) Limited	Lands and buildings	1,648,000.00	1,155,999.47
Guangdong Sinotrans Huangpu Co., Ltd.	Lands and buildings	1,594,813.01	561,567.23
Sinotrans Hebei Company Yuanshi Warehouse	Lands and buildings	1,524,258.42	1,401,823.08
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Lands and buildings	1,511,000.00	684,871.20
Sinotrans Guangxi Nanning Storage and Transportation Company	Lands and buildings	1,393,312.30	1,492,800.00
Sinotrans Liaoning Company	Lands and buildings	1,340,519.28	1,285,620.12
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Company	Lands and buildings	1,235,272.50	1,107,945.36
Sinotrans Guangxi Nanning Container Transportation Company	Lands and buildings	1,226,909.28	1,310,400.00
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Lands and buildings	1,191,500.00	1,191,459.54
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Lands and buildings	1,132,000.00	-
Sinotrans Jinling Company	Lands and buildings	1,083,883.50	340,570.29
Others	Lands and buildings, Transportation equipment, other assets.	18,860,022.65	21,734,911.02
Total	--	138,230,615.95	123,300,184.87

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(6) Related guarantees

1) The Group as the guarantor

Financing guarantees:

Guaranteed parties	Guaranteed balance in the end of the period	Guaranteed balance at the beginning of the period	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
SE Logistics Holding BV.	1,721,708,800.00	1,797,600,000.00	2020-12-08	2027-12-07	No
China Assess Investment Limited	1,188,238,800.00	1,201,804,800.00	2017-12-22	2023-12-21	No
China Merchants Shipping and Enterprises Company Limited	792,159,200.00	801,203,200.00	2017-12-22	2023-12-21	No
Jiangmen High-tech Port Development Co., Ltd.	380,855,553.38	330,729,681.81	2018-12-18	2021-12-17	No
China Merchants Great Stone Trade Logistics Co.,Ltd.	365,349,544.10	395,635,884.63	2016-05-31	2031-05-30	No
Sinotrans Logistics Co., Ltd.	200,000,000.00	50,000,000.00	2020-10-16	2021-10-16	No
Shenzhen Haixing Port Development Co., Ltd.	98,184,899.10	98,184,899.10	2019-07-01	2037-07-01	No
Sinotrans Sarens Logistics Co., Ltd.	9,815,779.33	10,882,711.86	2016-07-01	2021-06-30	No
China Merchants Shipping Enterprises CO.,Ltd	-	2,345,705,416.00	2018-06-24	2021-06-24	Yes
Sinotrans Logistics Co., Ltd.	-	150,000,000.00	2020-12-22	2021-10-22	Yes
China Merchants Logistics Shenzhen Co., Ltd.	-	100,000,000.00	2020-06-12	2021-06-12	Yes
Dongguan Port Container Terminals Co., Ltd.	-	8,109,500.00	2015-08-27	2021-01-09	Yes

Credit guarantees:

The Group provides guarantee for its subsidiaries to apply for credit lines from China Merchants Group Finance Co.,Ltd and China Merchants Bank Co., Ltd. The credit lines are generally valid for one year, and the credit lines can be used on a rolling revolving basis during the validity period. As at 30 June 2021, the Group has provided a credit line of guarantee for its subsidiary amounting to RMB5,129,000,000.

Operating guarantees:

The Group provides operating guarantees for its subsidiaries and joint ventures and associates to operate project logistics, loading and unloading operations, bidding business, shipping booking agency, warehousing services and other businesses and asset transactions for carrying out the above-mentioned operating businesses. As at 30 June 2021, the balance of operating guarantees provided for subsidiary and joint ventures and associates was RMB40,667,279.10.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(6) Related guarantees (Continued)

2) The Group as the guaranteed party

Guarantor	Guaranteed balance at the end of the period	Guaranteed balance at the beginning of the period	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
China Merchants Group (Hong Kong) Co.,Ltd (Note 1)	1,080,795,082.55	1,133,834,871.18	2015-06-25	2030-06-30	No

Note 1: In order to finance the construction of the logistics center of the "Tsing Yi 181 Project" in Hong Kong, Kongwell Logistics, a subsidiary of the Company, signed a credit agreement with China Development Bank and obtained a total credit facility of HK\$2,900,000,000 (equivalent to RMB2,413,090,000). 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 (principal)	Starting date	Maturity date	Description
Borrowed				
China Merchants Bank Co., Ltd.	200,000,000.00	2020-12-16	2021-10-22	Short-term borrowings
China Merchants Group Finance Co., Ltd.	106,073,180.02	2020-09-03	2022-06-08	Short-term borrowings
China Merchants Bank Co., Ltd.	35,345,730.61	2020-08-11	2028-05-10	Long-term borrowings, Non-current liabilities due within one year
China Merchants Group Finance Co., Ltd.	7,709,714.21	2020-12-04	2023-12-03	Long-term borrowings
Guangdong Sinotrans Co., Ltd.	91,938,455.02	2012-12-31	2022-12-31	Long-term payables
SINOTRANS & CSC	64,718,773.77	2014-09-10	No specific maturity date	Long-term payables
SINOTRANS & CSC	20,000,000.00	2016-03-07	2034-03-06	Long-term payables
Ocean Lifter I Limited	12,681,353.50	2020-06-15	2024-06-11	Long-term payable, Non-current liabilities due within one year
Lent				
Sinotrans Suzhou Logistics Center Co., Ltd.	42,750,000.00	2016-08-17	2026-08-17	Long-term receivables, Non-current assets due within one year
Shanghai Puan Storage Co., Ltd.	27,320,000.00	2017-04-18	2024-12-30	Long-term receivables, Non-current assets due within one year

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(8) Remuneration of directors, supervisors, general managers and senior managers

1) Remuneration of directors, supervisors and general managers

Item	Amount in current period	Amount in prior period
Directors:	--	--
Fee	332,400.00	313,568.44
Other remuneration	-	-
- Wages, allowances and non-cash benefits	1,023,030.44	1,006,532.68
- Discretionary bonuses	-	-
- Contributions under the pension plan	214,758.72	167,140.80
Supervisors:	--	--
Fee	107,400.00	101,319.04
Other remuneration	--	--
- Wages, allowances and non-cash benefits	508,506.44	389,072.68
- Discretionary bonuses	74,862.00	109,350.00
- Contributions under the pension plan	120,752.16	63,139.20

Note 1: The directors' fees disclosed above paid to the independent non-executive directors.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (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	Total
Current period						
Directors:	---	---	---	---	---	
- Guanpeng Li	-	523,815.22	-	109,479.36	-	633,294.58
- Dexing Song	-	-	-	-	-	-
- Rong Song	-	499,215.22	-	105,279.36	-	604,494.58
- Jian Su (Resignation)	-	-	-	-	-	-
- Xianliang Xiong	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	-
- Kewei Xu	-	-	-	-	-	-
- Taiwen Wang	83,100.00	-	-	-	-	83,100.00
- Yan Meng	83,100.00	-	-	-	-	83,100.00
- Haiqing Song	83,100.00	-	-	-	-	83,100.00
- Qian Li	83,100.00	-	-	-	-	83,100.00
Supervisors:	---	---	---	---	---	
- Yingjie Liu	-	-	-	-	-	-
- Fangsheng Zhou	53,700.00	-	-	-	-	53,700.00
- Zhaoping Fan	53,700.00	-	-	-	-	53,700.00
- Xiaodong Ren (Resignation)	-	244,881.22	37,428.00	58,560.48	-	340,869.70
- Zheng Mao	-	263,625.22	37,434.00	62,191.68	-	363,250.90
Prior period						
Directors:	---	---	---	---	---	
- Guanpeng Li	-	515,566.34	-	87,770.40	-	603,336.74
- Dexing Song	-	-	-	-	-	-
- Rong Song	-	490,966.34	-	79,370.40	-	570,336.74
- Jian Su	-	-	-	-	-	-
- Xianliang Xiong	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	-
- Kewei Xu	-	-	-	-	-	-
- Taiwen Wang	78,392.11	-	-	-	-	78,392.11
- Yan Meng	78,392.11	-	-	-	-	78,392.11
- Haiqing Song	78,392.11	-	-	-	-	78,392.11
- Qian Li	78,392.11	-	-	-	-	78,392.11
Supervisors:	---	---	---	---	---	
- Yingjie Liu	-	-	-	-	-	-
- Fangsheng Zhou	50,659.52	-	-	-	-	50,659.52
- Zhaoping Fan	50,659.52	-	-	-	-	50,659.52
- Xiaodong Ren (Resignation)	-	136,120.34	71,922.00	26,535.36	-	234,577.70
- Zheng Mao	-	252,952.34	37,428.00	36,603.84	-	326,984.18

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(8) Remuneration of directors, supervisors, general managers and senior managers (Continued)

3) Five highest paid individuals

Of the five highest paid individuals for current period, 2 of them are directors (prior period: 2), and details of their remuneration are set out above. The details of the remuneration of the remaining 3 (prior period: 3) highest paid individuals who are not directors or supervisors for the current period are as follows:

Item	Amount in current period	Amount in prior period
Salary, allowance and non-cash benefits	1,178,459.86	1,202,279.07
Discretionary bonuses	–	–
Contributions to the pension scheme	247,003.92	156,010.76
Other remuneration	–	–

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 in current period	The number of individuals in prior period
Less than HKD1,000,000	3	3
HKD1,000,001 to HKD1,500,00	0	0
HKD1,500,001 to HKD2,000,000	0	0
HKD2,000,001 to HKD2,500,000	0	0

- 4) None of the directors of the Company has waived or agreed to waive any remuneration during the period, except for the directors of Dexing Song, Jian Su, Xianliang Xiong, Jian Jiang and Kewei Xu, who did not receive any remuneration from the Company during the period. During the previous record periods, the Company did not pay any remuneration to any of the directors, supervisors or the five highest paid individuals as an inducement to join or upon joining the Company or as compensation for loss of office.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(8) Remuneration of directors, supervisors, general managers and senior managers (Continued)

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	Amount in current period	Amount in prior period
Salary, allowance and non-cash benefits	4,068,486.02	3,535,437.21
Discretionary bonuses	74,862.00	109,350.00
Contributions to the pension scheme	882,763.92	484,832.28
Other remuneration	-	-
Total	5,026,111.94	4,129,619.49

(9) Transfer of related party assets

Related party	Content of related transactions	Amount in current period	Amount in prior period
Beijing SinoTrans Logistics Center Co., Ltd.	Transfer of intangible assets	-	249,622.65

(10) Related party deposits

The difference between deposits and withdrawals of the Group's deposits with China Merchants Bank Co., Ltd. from January to June 2021 was a net deposits of RMB259,985,682.51, and the difference between deposits and withdrawals of the Group's deposits with China Merchants Group Finance Co., Ltd. from January to June 2021 was a net withdrawal of RMB546,481,889.86.

(11) Trademark Licensing

The Group signed a Trademark License Agreement with SINOTRANS&CSC in March 2015, authorizing the Group to use ten trademarks, such as "SINOTRANS" of SINOTRANS&CSC with registration number 779072 for a term from 1 March 2015 to 28 February 2025 without compensation.

(12) Others

From January to June 2021, the Group has no other related transactions that need to be disclosed (January to June 2020: none).

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

X. RELATED-PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. Significant Related Transactions Occurred Between the Group and the Above Related Parties During the Period as Follows (Continued)

(13) Related party commitment

Item	Closing balance	Opening balance
Related party commitments	1,160,777,857.27	1,271,688,241.61

Note: All of the above commitments are related party lease commitments.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial instruments include cash and bank balances, 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 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 engages in risk management with the objective of striking an appropriate balance between risks and rewards, minimizing the negative impact of risks on the Group's operating results, and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the Group's basic strategy for risk management is to identify and analyze the various risks to which the Group is exposed, establish appropriate risk tolerance floors and conduct risk management, and monitor the various risks in a timely and reliable manner to keep them within the limits.

The Group uses sensitivity analysis techniques to analyze the possible impact of reasonable and probable changes in risk variables on current profit or loss or shareholders' equity. Since changes in any risk variable rarely occur in isolation and the correlation that exists between variables will have a significant effect on the ultimate amount of the impact of changes in a particular risk variable, the following is performed under the assumption that changes in each variable are independent.

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk Management Objectives and Policies (Continued)

(1) Market risk

1) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign exchange risk relates primarily to USD, HKD and EUR. The Group's other major business activities are denominated and settled in RMB, except for the Group's companies established in the Hong Kong Special Administrative Region and outside Hong Kong, which make purchases and sales in the registered local currency. As at 30 June 2021, changes in the fair value or future cash flows arising from changes in exchange rates of assets and liabilities in respect of the USD, HKD and EUR balances as described in the table below may have an impact on the Group's results of operations.

Item	Assets		Liabilities	
	Closing balance	Opening balance	Closing balance	Opening balance
HKD	805,911,619.50	726,431,104.51	6,124,263,809.70	6,188,297,357.05
USD	8,510,700,511.75	6,628,147,823.67	3,787,966,923.86	3,660,983,608.23
EUR	494,313,438.82	295,960,785.01	2,289,434,811.27	1,922,611,037.04
Total	9,810,925,570.07	7,650,539,713.19	12,201,665,544.83	11,771,892,002.32

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 optimizing the structure of net foreign currency assets.

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:

Exchange rate changes	Current period		Prior period	
	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	236,133,024.08	236,133,024.08	174,988,836.15	174,988,836.15
USD devaluation by 5% against RMB	-236,133,024.08	-236,133,024.08	-174,988,836.15	-174,988,836.15
HKD appreciation by 5% against RMB	-265,885,652.10	-265,885,652.10	-298,775,281.01	-298,775,281.01
HKD devaluation by 5% against RMB	265,885,652.10	265,885,652.10	298,775,281.01	298,775,281.01
EUR appreciation by 5% against RMB	-89,753,733.11	-89,753,733.11	-82,375,764.42	-82,375,764.42
EUR devaluation by 5% against RMB	89,753,733.11	89,753,733.11	82,375,764.42	82,375,764.42

Unit: RMB

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk Management Objectives and Policies (Continued)

(1) Market risk (Continued)

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 exposed to interest rate risk are short-term borrowings and long-term borrowings.

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

	Current period		Prior period	
	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%	-39,174,620.09	-39,174,620.09	-43,343,803.98	-43,343,803.98
Interest rate is lowered by 0.5%	39,174,620.09	39,174,620.09	43,343,803.98	43,343,803.98

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 held by the Group, other equity instrument investments and other non-current financial assets 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 Group 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 period			Prior period		
		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%	73,114.42	-	73,114.42	4,203.88	-	4,203.88
Other non-current financial assets		35,195,491.62	-	35,195,491.62	-	-	-
Other equity instruments investments		-	2,244,216.47	2,244,216.47	-	23,809,018.62	23,809,018.62
Held-for-trading financial assets	Stock price falls by 10%	-73,114.42	-	-73,114.42	-4,203.88	-	-4,203.88
Other non-current financial assets		-35,195,491.62	-	-35,195,491.62	-	-	-
Other equity instruments investments		-	-2,244,216.47	-2,244,216.47	-	-23,809,018.62	-23,809,018.62

(2) Credit risk

As at 30 June 2021, the maximum credit risk exposure that is likely to cause financial losses to the Group was due primarily 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".

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 cash equivalents 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk Management Objectives and Policies (Continued)

(2) Credit risk (Continued)

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 30 June 2021, 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 rate over the entire life (%)	Carrying amount	Credit loss provision
Within 1 year (including 1 year)	0.66	14,246,263,611.30	94,025,339.83
1 to 2 years (including 2 years)	46.28	117,271,849.94	54,273,412.15
2 to 3 years (including 3 years)	82.15	35,196,593.02	28,914,001.17
More than 3 years	100.00	106,022,552.55	106,022,552.55
Total	--	14,504,754,606.81	283,235,305.70

The above expected credit loss rates throughout the renewal period are based on historical actual credit loss rates and take into account current conditions and projections of future economic conditions. During the period from 1 January 2021 to 30 June 2021, there have been no changes to the Group's valuation approach and material assumptions, except for the update of the impact related to the COVID-19 outbreak.

As at 30 June 2021, the maximum amount of financial guarantees provided by the Group for joint ventures and associates was RMB108,000,678.43. For details of the financial guarantee contracts, please refer to Note X, 4." (6) Related guarantees". As at 30 June 2021, the management of the Group assessed the overdue status of the relevant borrowings under the guarantees, the financial position of the relevant borrowers and the economic situation of the industry in which the debtors operate, and concluded that there was no significant increase in the relevant credit risk since the initial recognition of such part of the financial guarantee contracts. Accordingly, the Group has no financial guarantee contracts classified as requiring a loss provision to be measured at an amount equal to the expected credit losses over the entire life of the contract, and the above financial guarantee contracts are measured at the amount of their loss provision for expected credit losses over the next 12 months. During the period from 1 January 2021 to 30 June 2021, there have been no changes in the Group's assessment approach and material assumptions, except for the update of the impact related to the COVID-19 outbreak.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk Management Objectives and Policies (Continued)

(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.

The Group's unused bank borrowing facilities at the end of the period amounted to RMB18,615 million (31 December 2020: RMB19,702 million).

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	12,720,456,959.30	12,720,456,959.30	-	-	12,720,456,959.30
Held-for-trading financial assets	831,144.19	831,144.19	-	-	831,144.19
Bills receivable	31,270,273.56	31,270,273.56	-	-	31,270,273.56
Accounts receivable	14,338,201,560.07	14,338,201,560.07	-	-	14,338,201,560.07
Receivables financing	593,780,716.50	593,780,716.50	-	-	593,780,716.50
Other receivables	1,821,920,768.28	1,821,920,768.28	-	-	1,821,920,768.28
Other current assets	546,314,663.70	546,314,663.70	-	-	546,314,663.70
Other equity instrument investments	22,442,164.66	-	-	22,442,164.66	22,442,164.66
Other non-current financial assets	1,052,582,573.91	-	-	1,052,582,573.91	1,052,582,573.91
Long-term receivables	59,784,162.01	3,641,298.61	61,039,614.83	7,139,250.00	71,820,163.44
Short-term borrowings	2,354,865,609.64	2,402,756,744.98	-	-	2,402,756,744.98
Long-term borrowings	8,110,695,067.93	146,399,149.98	6,312,785,485.26	2,293,278,808.05	8,752,463,443.29
Accounts payable	13,063,341,150.67	13,063,341,150.67	-	-	13,063,341,150.67
Other payables	2,696,495,337.97	2,696,495,337.97	-	-	2,696,495,337.97
Non-current liabilities due					
within one year	2,170,085,347.25	2,247,756,258.16	-	-	2,247,756,258.16
Other current liabilities	197,711,315.62	197,711,315.62	-	-	197,711,315.62
Bonds payable	1,997,057,534.25	74,027,397.26	2,210,191,780.82	-	2,284,219,178.08
Lease liabilities	1,627,621,441.20	-	603,904,565.58	1,649,880,929.07	2,253,785,494.65
Long-term payables	216,712,508.22	8,417,059.88	218,611,459.79	25,621,323.05	252,649,842.72

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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 recognized 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 amortized 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

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 period			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	731,144.19	-	100,000.00	831,144.19
1. Financial assets at fair value through profit or loss	731,144.19	-	100,000.00	831,144.19
(II) Receivables financing	-	593,780,716.50	-	593,780,716.50
(III) Other equity instrument investments	22,442,164.66	-	-	22,442,164.66
(IV) Other non-current financial assets	351,954,916.15	-	700,627,657.76	1,052,582,573.91
Total assets measured at fair value on a continuous basis	375,128,225.00	593,780,716.50	700,727,657.76	1,669,636,599.26

(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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

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					Effects from translation in foreign currency statements	Closing balance	Unrealized gains or losses for the period through profit or loss on assets held at the end of the reporting period
				Included in profit or loss	Charge to other comprehensive income	Purchase	Issuance	Sale	Settlement	Others			
Held-for-trading financial assets	2,600,000.00	-	-	-	-	-	-	2,500,000.00	-	-	-	100,000.00	-
Financial assets at fair value through profit or loss	2,600,000.00	-	-	-	-	-	-	2,500,000.00	-	-	-	100,000.00	-
-- Investments in equity instruments	100,000.00	-	-	-	-	-	-	-	-	-	-	100,000.00	-
-- Investment in debt instruments	2,500,000.00	-	-	-	-	-	-	2,500,000.00	-	-	-	-	-
Other non-current financial assets	871,156,840.33	-	185,709,054.50	-	-	17,318,757.81	-	-	-	-	-2,138,885.88	700,627,657.76	-
Financial assets at fair value through profit or loss	871,156,840.33	-	185,709,054.50	-	-	17,318,757.81	-	-	-	-	-2,138,885.88	700,627,657.76	-
-- Investments in equity instruments	871,156,840.33	-	185,709,054.50	-	-	17,318,757.81	-	-	-	-	-2,138,885.88	700,627,657.76	-
Total	873,756,840.33	-	185,709,054.50	-	-	17,318,757.81	-	2,500,000.00	-	-	-2,138,885.88	700,727,657.76	-

Note 1: The total dividend income and gain on disposal of ongoing Level III fair value measurement items are amounted to RMB1,361,554.62 for the period (not included in current period gains and losses)

Sensitivity analysis of unobservable inputs:

Indicator changes	Current period	
	Effects on total profit	Pre-tax effects on shareholders' equity
Lack of market liquidity discount increased by 5%	-35,036,382.89	-35,036,382.89
Lack of market liquidity discount decreased by 5%	35,036,382.89	35,036,382.89

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021

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

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. Fair Value (Continued)

(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 equity interest in JD Logistics, Inc. held through China Merchants Logistics Synergy Limited Partnership was initially included in level 3 financial instruments measured at fair value. On 28 May 2021, JD Logistics, Inc. was successfully listed on the Hong Kong Stock Exchange (HK.02618), and was adjusted to be the level 1 fair value measurement financial instruments.

(7) Changes in valuation techniques occurred during the period and reasons for the changes

There were no changes in valuation techniques of the Group during the period.

(8) Fair value of financial assets and financial liabilities 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 approximates their fair value as at 30 June 2021.

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 FY2021 and FY2020. The Group's leverage ratios at the date of the statement of financial position were as follows:

Item	30 June 2021	31 December 2020
Short-term borrowings	2,354,865,609.64	502,472,110.58
Non-current liabilities due within one year	2,170,085,347.25	6,251,548,647.08
Long-term borrowings	8,110,695,067.93	6,256,458,851.14
Bonds payable	1,997,057,534.25	–
Long-term payables	216,712,508.22	196,455,630.50
Lease liabilities	1,627,621,441.20	1,800,066,318.62
Less: cash and cash equivalents	12,641,732,789.00	11,292,435,757.31
Net liability	3,835,304,719.49	3,714,565,800.61
Shareholders' equity	33,549,831,568.83	32,250,778,496.68
Shareholders' equity and net liabilities	37,385,136,288.32	35,965,344,297.29
Leverage ratio	10.26%	10.33%

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XII. CONTINGENCIES

Item	Closing balance	Opening balance
Total external guarantees:	—	—
– Loan guarantee for fellow subsidiaries	4,648,311,897.48	7,172,678,982.44
– Loan guarantee for joint ventures	9,815,779.33	10,882,711.86
– Loan guarantee for associates	98,184,899.10	106,294,399.10
Total	4,756,312,575.91	7,289,856,093.40

Note 1: China Marine Shipping Agency Ningbo Co., Ltd., a subsidiary of the Group, has provided payment guarantees to Mega Trend Shipping Limited, Bal Container Line Co., Ltd. at the request of the port for the charges received and paid on behalf of the port for handling cargoes. All of the above guarantees have been provided with counter-guarantee measures.

(1) As at 30 June 2021, the Group's significant pending litigation and arbitration were as follows

Concerned Parties	Litigation/deputy content	Amounts	Recognised	Litigation/ deputy status
		involved (RMB10,000)	expected liabilities (RMB10,000)	
Xiamen Aviation Development Co., Ltd.	The Group provided transportation services to the other party in 2020 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.	16,325.53	–	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
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 Group was involved because the other party failed to release the goods in accordance with the agreed instructions and a dispute arose with the third party.	3,459.06	–	Retrial in progress
China Eastern Air Holding Company	The other party enters into a lease contract with the Group, and the Group subleases to a third party. The Group was involved because the third party defaults on rent payments.	2,001.39	–	First trial
China Energy Construction Group Tianjin Electric Power Construction Co., Ltd.	The Group provided transportation services to the other party in 2016 and dispute arose due to the allocation of responsibility for cargo damage.	1,692.36	1,692.36	Arbitration in progress
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

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XII. CONTINGENCIES (CONTINUED)

(2) Contingent liabilities arising from other matters of the Group as at 30 June 2021

The details of the Group's capital expenditure commitments was described in Note XIII.

(3) As at 30 June 2021, the Group had no contingent events forming contingent assets.

XIII. CAPITAL COMMITMENTS

Item	Closing amount	Opening amount
Capital expenditures contracted but not recognised in the financial statements	—	—
– Purchase and construction of assets	1,184,786,278.30	1,508,391,352.62
– Port investment projects	24,913,890.84	83,271,980.86
– Investments in associates, joint ventures and other invested entities (note)	185,371,667.33	63,981,400.07
Total	1,395,071,836.47	1,655,644,733.55

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. China Merchants Logistics Group Co., Ltd., a subsidiary of the Group, is a limited partner and has agreed to contribute USD15 million. As at 30 June 2021, it has invested USD9.5246 million, and the amount committed but not funded is approximately RMB35,371,667.33.

On 11 June 2021, the Company signed a *Partnership Agreement* with related parties, China Merchants Innovation Investment Management Co. Ltd, Shenzhen China Merchants Innovation Investment Fund Center(Limited Partnership), to jointly established China Merchants Sinotrans Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership) (tentative name, subject to business registration). The Company, as a limited partner, contributed RMB150 million. As at 30 June 2021, the aforementioned partnership has not been registered for establishment.

XIV. NON-ADJUSTMENT EVENTS AFTER THE DATE OF THE BALANCE SHEET

On 23 July 2021, the Company was approved by CSRC to issue unsecured corporate bonds with a face value of RMB100 and a total amount of RMB2 billion (21 Sinotrans 01 Corporate Bond). The bonds have a maturity of 5 years, with fixed coupon and effective interest rates of 3.15% and 3.16% per annum, respectively, and are repayable on an annual basis, and the principal is repaid at maturity.

Apart from the above, the Group had no other non-adjustment events disclosed required after the balance sheet date required.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XV. EXCHANGE OF NON-MONETARY ASSETS

The Group had no exchange of non-monetary assets during the period.

XVI. DEBT RESTRUCTURING

The Group had no debt restructuring in the current period.

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

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	--	--	165,948.57	--	--	170,838.00
Including: RMB	154,111.52	1.0000	154,111.52	56,743.16	1.0000	56,743.16
USD	2.74	6.4601	17.70	15,043.74	6.5249	98,158.90
Others	--	--	11,819.35	--	--	15,935.94
Cash in bank	--	--	6,266,699,688.92	--	--	4,616,224,890.34
Including: RMB	5,325,916,308.22	1.0000	5,325,916,308.22	4,518,450,875.79	1.0000	4,518,450,875.79
USD	145,586,797.65	6.4601	940,505,271.50	14,925,338.95	6.5249	97,386,344.13
Others	--	--	278,109.20	--	--	387,670.42
Other cash and bank balances	--	--	58,032,045.84	--	--	40,526,468.90
Including: RMB	58,032,045.84	1.0000	58,032,045.84	40,526,468.90	1.0000	40,526,468.90
Total	--	--	6,324,897,683.33	--	--	4,656,922,197.24
Including: total amount deposited abroad	--	--	185,640.01	--	--	291,228.26

(1) Restricted use of cash and cash equivalents at the end of the year

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivables	57,790,388.58	39,984,811.64	Not yet settled
Credit card deposits	134,797.50	134,797.50	Credit card deposits
Security margin	106,859.76	106,859.76	Security margin
Performance bond	--	300,000.00	Performance guarantee
Total	58,032,045.84	40,526,468.90	--

2. Accounts Receivable

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivables	781,821,254.53	583,464,420.77
Less: Credit loss provision	54,405,379.28	55,630,418.06
Total	727,415,875.25	527,834,002.71

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Accounts Receivable (Continued)

(2) Classification of accounts receivable

Item	Original value				Credit loss provision				Original currency	Net value	Total	Closing amount of original value	Accrual reason
	Less than 180 days	180 days to 1 year	1 to 2 years	2 to 3 years	Less than 180 days	1 to 2 years	2 to 3 years	More than 3 years					
Low-risk portfolio	181,532,945.67	717,998.97	3,103,310.41	11,900,137.61	-	-	-	-	199,837,571.41	RMB, USD	199,837,571.41	Note 1	
Normal risk portfolio	403,823,432.07	102,784,198.74	47,284,235.93	16,869,200.33	2,665,234.68	24,480,117.43	14,963,751.81	11,422,616.05	54,405,379.28		527,578,303.84	Note 2	
Including: aging portfolio	403,823,432.07	102,587,617.70	42,449,959.95	9,554,333.50	2,665,234.68	677,078.27	19,645,841.45	9,683,064.01	40,620,103.39		527,578,303.84		
Payment nature portfolio	-	196,581.04	4,834,275.98	7,114,866.83	-	4,834,275.98	7,114,866.83	1,739,552.04	13,885,275.89		13,885,275.89		
Significant impairment risk items	-	-	-	-	-	-	-	-	-		-	Note 3	
Total	585,356,377.74	103,502,197.71	50,389,546.34	28,569,337.94	2,665,234.68	24,480,117.43	14,963,751.81	11,422,616.05	54,405,379.28	--	727,415,975.25	--	781,021,254.53

Note 1: The receivables in the Group's low-risk portfolio are mainly receivables from subsidiaries, and related parties, joint venture, associate and their subsidiaries within the scope of China Merchants Group's consolidated statements, which have low credit risk. If the credit risk of the above-mentioned 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.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

VII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT 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)	688,828,575.45	88.11	3,538,893.99	503,085,290.53	86.22	5,459,048.00
1 to 2 years (including 2 years)	50,393,546.34	6.45	24,480,117.43	57,294,508.29	9.82	30,963,944.14
2 to 3 years (including 3 years)	28,569,337.94	3.65	14,963,751.81	6,650,295.46	1.14	5,696,636.69
More than 3 years	14,029,794.80	1.79	11,422,616.05	16,434,326.49	2.82	13,510,789.23
Total	781,821,254.53	100.00	54,405,379.28	583,464,420.77	100.00	55,630,418.06

(4) Accounts receivable of low-risk portfolio

Item	Carrying amount	Expected credit loss rate over the entire life	Credit loss provision
Accounts receivables from related parties	199,837,571.41	—	—
Total	199,837,571.41	—	—

(5) Accounts receivable of normal risk portfolio

1) Expected credit loss portfolio by aging

Item	Carrying amount	Expected credit loss rate over the entire life	Credit loss provision
Within 1 year (including 1 year)	506,411,049.77	0.66	3,342,312.95
1 to 2 years (including 2 years)	42,449,959.95	46.28	19,645,841.45
2 to 3 years (including 3 years)	9,554,333.50	82.15	7,848,884.98
More than 3 years	9,683,064.01	100.00	9,683,064.01
Total	568,098,407.23	—	40,520,103.39

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Accounts Receivable (Continued)

(5) Accounts receivable of normal risk portfolio (Continued)

2) Non-significant impairment risk items for individual assessment of expected credit losses

Debtor's name	Carrying amount	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	1,757,234.80	1,757,234.80	100.00	Not expected to be recovered
Entity 3	1,331,737.23	1,331,737.23	100.00	Not expected to be recovered
Entity 4	928,360.13	928,360.13	100.00	Not expected to be recovered
Entity 5	926,500.00	926,500.00	100.00	Not expected to be recovered
Entity 6	699,704.92	699,704.92	100.00	Not expected to be recovered
Others	3,404,418.09	3,404,418.09	100.00	Not expected to be recovered
Total	13,885,275.89	13,885,275.89	--	--

(6) Changes in the credit loss provision for accounts receivable during the period

Item	Opening balance	Accrual	Changes in current period			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current period	55,630,418.06	8,900,567.19	10,125,605.97	-	-	54,405,379.28
Prior period	64,261,468.67	-7,477,864.23	-	-	-7,671.23	56,775,933.21

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Accounts Receivable (Continued)

(7) Reversal or recovery of credit losses provision during the period

Company name	Book balance of accounts receivable	Reason for reversal or recovery	Basis for determining the original credit losses provision	Amount of accumulated credit losses provision before reversal or recovery	Reversal or Recovered amount
Entity 1	4,601,096.44	Payment recovery	High recovery risk with long aging accounts	4,601,096.44	2,843,861.64
Entity 2	1,645,012.42	Payment recovery	High recovery risk with long aging accounts	1,645,012.42	1,645,012.42
Entity 3	1,345,170.85	Payment recovery	High recovery risk with long aging accounts	1,345,170.85	1,345,170.85
Entity 4	1,274,422.82	Payment recovery	High recovery risk with long aging accounts	1,274,422.82	347,922.82
Others	7,463,281.00	Payment recovery	High recovery risk with long aging accounts	7,463,281.00	3,943,638.24
Total	16,328,983.53	--	--	16,328,983.53	10,125,605.97

(8) There was no actual write-off of accounts receivable during the period.

(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 period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Accounts Receivable (Continued)

(10) Accounts receivable from related parties

Entity name	Relationship with the Company	Amount	Proportion of total accounts receivable (%)
Sinotrans (Shenyang) International Freight Train Co., Ltd.	Subsidiary	74,498,211.50	9.53
Hunan Zhongnan International Inland Port Co., Ltd.	Subsidiary	67,298,054.21	8.61
Sinotrans Central China Co., Ltd.	Subsidiary	14,623,061.14	1.87
Sinotrans Shenzhen International Logistics Co., Ltd.	Subsidiary	11,587,899.69	1.48
Sinotrans South China Co., Ltd. Dongguan Branch	Subsidiary	9,667,742.22	1.24
Sinotrans Middle East Co., Ltd.	Subsidiary	5,953,349.20	0.76
Others	--	16,209,253.45	2.07
Total	--	199,837,571.41	25.56

(11) Top five in terms of accounts receivable

Entity name	Relationship with the Company	Amount	Aging	Credit loss provision	Proportion of total accounts receivable (%)
Sinotrans (Shenyang) International Freight Train Co., Ltd.	Subsidiary	74,498,211.50	Within 1 year	-	9.53
Hunan Zhongnan International Land Port Co., Ltd.	Subsidiary	67,298,054.21	Within 1 year	-	8.61
Entity 1	Non-related party	52,178,127.26	Within 1 year	344,375.64	6.67
Entity 2	Non-related party	32,343,319.22	Within 1 year, 1 to 2 years	891,288.41	4.14
Entity 3	Non-related party	27,338,036.09	Within 1 year	180,431.04	3.50
Total	--	253,655,748.28	--	1,416,095.09	32.45

(12) There were no accounts receivable derecognized due to the transfer of financial assets during the period.

(13) There was no transfer of accounts receivable, such as securitization and factoring with accounts receivable, that continues to be involved in the formation of assets and liabilities during the period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

3. Receivables Financing

Type	Closing balance	Opening balance
Bills receivable	9,823,472.19	1,700,000.00
Including: bank acceptance bills	9,823,472.19	1,700,000.00
Total	9,823,472.19	1,700,000.00

Note 1: Bank acceptance bills held by the Company 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 received approximates to the fair value.

- (1) The Company had no outstanding bank acceptances due to defective endorsement at the end of the period.
- (2) The Company had no pledged notes receivable at the end of the period.
- (3) There were no notes receivable endorsed or discounted and outstanding at the balance sheet date at the end of the period.
- (4) As at 30 June 2021, the Company had no notes receivable (bank acceptances) to accounts receivable due to non-performance by the drawer (31 December 2020: none).
- (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 30 June 2020 and 31 December 2020.
- (6) Among the above balances, there are no bills receivable from shareholders holding more than 5% (including 5%) of the voting shares of the Company.
- (7) The maturity dates of bills receivable mentioned above are all within 360 days.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Other Receivables

Item	Closing balance	Opening balance
Interest receivables	-	-
Dividend receivables	62,629,261.03	46,872,094.63
Other receivables	8,596,018,918.05	8,377,878,292.21
Total	8,658,648,179.08	8,424,750,386.84

(1) Dividend receivables

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase in current period	Decrease in current period	Effects from translation in foreign currency statements	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividend receivables aged within 1 year	1,860,983.72	-	2,080,831,080.61	2,065,073,914.21	-	17,618,150.12	---	---
Including: Sino-trans (Japan) Co., Ltd.	-	-	9,228,508.99	-	-	9,228,508.99	Declared not issued	No
Sino-trans Korea Shipping Co., Ltd.	-	-	6,528,657.41	-	-	6,528,657.41	Declared not issued	No
Sino-trans Air Transport Development Co., Ltd.	-	-	1,201,835,957.02	1,201,835,957.02	-	-	---	No
Sino-trans Central China Co., Ltd.	-	-	223,223,479.82	223,223,479.82	-	-	---	No
Sino-trans Eastern Company Limited	-	-	214,327,211.87	214,327,211.87	-	-	---	No
Sino-trans South China Co., Ltd.	-	-	160,877,972.55	160,877,972.55	-	-	---	No
Sino-trans Changjiang Co., Ltd.	-	-	103,046,936.26	103,046,936.26	-	-	---	No
Sino-trans North China Co., Ltd.	-	-	47,875,221.85	47,875,221.85	-	-	---	No
Sino-trans Logistics Co., Ltd.	-	-	46,775,842.49	46,775,842.49	-	-	---	No
Sino-trans Fujian Co., Ltd.	-	-	31,009,858.32	31,009,858.32	-	-	---	No
Sino-trans Northeast Co., Ltd.	-	-	13,789,745.81	13,789,745.81	-	-	---	No
Sino-trans Chongqing Company	-	-	9,551,751.94	9,551,751.94	-	-	---	No
China Marine Shipping Agency Co., Ltd.	-	-	7,000,000.00	7,000,000.00	-	-	---	No
Wuhu Sanshan Port Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	-	---	No
Sino-trans Almajdouie Middle East Co., Ltd.	1,860,983.72	-	-	-	-	1,860,983.72	Incomplete payment approval process	No
Shanghai Tongyun International Logistics Co., Ltd.	-	-	408,163.27	408,163.27	-	-	---	No
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	351,773.01	351,773.01	-	-	---	No
Dividend receivables aged over 1 year	45,011,110.91	-	-	-	-	45,011,110.91	---	---
Including: China United Tally Co., Ltd.	20,000,000.00	-	-	-	-	20,000,000.00	Note 1	No
Sino-trans Eastern Company Limited	10,904,887.09	-	-	-	-	10,904,887.09	Support the development of subsidiary	No
Sino-trans Anhui Co., Ltd.	8,067,261.02	-	-	-	-	8,067,261.02	Incomplete payment approval process	No
Trade Sky International Limited	3,241,600.00	-	-	-	-	3,241,600.00	Incomplete payment approval process	No
China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	-	-	2,797,362.80	Incomplete payment approval process	No
Total	46,872,094.63	-	2,080,831,080.61	2,065,073,914.21	-	62,629,261.03	---	---

Note 1: Details of dividends paid by China United Tally are described in Note IX.7(2).

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Other Receivables (Continued)

(2) 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
Related party transactions	8,466,230,890.86	-	8,466,230,890.86	8,282,878,921.15	-	8,282,878,921.15
Advances	113,939,367.75	-	113,939,367.75	81,518,729.61	-	81,518,729.61
Deposits, collateral	10,069,536.41	-	10,069,536.41	9,299,200.99	-	9,299,200.99
Petty cash	5,777,401.03	-	5,777,401.03	3,719,289.12	-	3,719,289.12
Others	1,722.00	-	1,722.00	462,151.34	-	462,151.34
Total	8,596,018,918.05	-	8,596,018,918.05	8,377,878,292.21	-	8,377,878,292.21

2) Analysis by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,494,672,641.55	17.39	-	1,029,157,740.61	12.28	-
1 to 2 years (including 2 years)	454,831,551.32	5.29	-	3,931,571,048.87	46.93	-
2 to 3 years (including 3 years)	2,229,071,096.90	25.93	-	74,542,452.62	0.89	-
More than 3 years	4,417,443,628.28	51.39	-	3,342,607,050.11	39.90	-
Total	8,596,018,918.05	100.00	-	8,377,878,292.21	100.00	-

- 3) The Company has no credit loss provisions accrued, recovered or reversed during the period.
- 4) The Company has no other receivables actually written off during the period.
- 5) **Outstanding debts of shareholders holding more than 5% (including 5%) of the voting shares of the Company**

Entity name	Closing balance		Opening balance	
	Amount owed	Credit loss provision	Amount owed	Credit loss provision
SINOTRANS & CSC	47,500,000.00	-	40,000,000.00	-
Total	47,500,000.00	-	40,000,000.00	-

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Other Receivables (Continued)

(2) Other receivables (Continued)

6) Other receivables with the top five closing balances pooled by debtor

Entity name	Relationship with the Company	Amount	Aging	Proportion to total other receivables (%)	Credit loss provision	Nature or content
Sinotrans Logistics Co., Ltd.	Subsidiary	2,612,309,273.56	Within 1 year, 1 to 2 years, 2 to 3 years	30.39	-	Related party transactions
Sinotrans (HK) Logistics Limited	Subsidiary	1,558,094,897.50	1 to 3 years, over 3 years	18.13	-	Related party transactions
Sinotrans South China Co., Ltd.	Subsidiary	1,443,620,787.33	Within 1 year, 1 to 3 years, over 3 years	16.79	-	Related party transactions
Sinotrans Eastern Company Limited	Subsidiary	429,780,228.92	Within 1 year, 2 to 3 years, over 3 years	5.00	-	Related party transactions
Sinotrans Central China Co., Ltd.	Subsidiary	355,904,470.56	Within 1 year, 1 to 3 years	4.14	-	Related party transactions
Total	--	6,399,709,657.87	--	74.45	-	--

7) As at 30 June 2021, the Company has no other receivables from government grants.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Other Receivables (Continued)

(2) Other receivables (Continued)

8) Receivables from related parties

Entity name	Relationship with the Company	Amount	Proportion to total other receivables (%)
Sinotrans Logistics Co., Ltd.	Subsidiary	2,612,309,273.56	30.39
Sinotrans (HK) Logistics Limited	Subsidiary	1,558,094,897.50	18.13
Sinotrans South China Co., Ltd.	Subsidiary	1,443,620,787.33	16.79
Sinotrans Eastern Company Limited	Subsidiary	429,780,228.92	5.00
Sinotrans Logistics Development Co., Ltd.	Subsidiary	355,904,470.56	4.14
Sinotrans Central China Co., Ltd.	Subsidiary	295,165,101.23	3.43
Sinotrans Zhejiang Co., Ltd.	Subsidiary	229,909,313.51	2.67
Sinotrans Fujian Co., Ltd.	Subsidiary	173,217,853.84	2.02
Sinotrans Changjiang Co., Ltd.	Subsidiary	166,116,739.15	1.93
Sinotrans Logistics Investment Holding Co., Ltd.	Subsidiary	135,940,000.00	1.58
Sinotrans (Ningbo) Meishan Free Trade Port International Logistics Co., Ltd.	Subsidiary	130,590,000.00	1.52
Sinotrans Northeast Co. Ltd	Subsidiary	113,861,448.00	1.32
Sinotrans Guangxi Co., Ltd.	Subsidiary	112,487,496.81	1.31
Sinotrans Heavy-lift Logistics Co., Ltd.	Subsidiary	97,618,368.10	1.14
Sinotrans Landbridge Transportation Co., Ltd.	Subsidiary	95,014,725.65	1.11
Shenzhen Sinotrans Logistics Co., Ltd.	Subsidiary	80,137,561.33	0.93
Shanghai Sinotrans Cold Chain Transportation Co., Ltd.	Subsidiary	68,823,785.42	0.80
Chongqing Sinotrans Logistics Co., Ltd.	Subsidiary	59,520,050.00	0.69
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,660,000.00	0.66
SINOTRANS & CSC	Controlled by the same ultimate controlling party	47,500,000.00	0.55
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,900,000.00	0.48
Sinotrans Chemical International Logistics Co., Ltd.	Subsidiary	23,640,333.15	0.28
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Subsidiary	20,000,000.00	0.23
Others	--	119,418,456.80	1.39
Total	--	8,466,230,890.86	98.49

- 9) There were no other receivables derecognized due to the transfer of financial assets during the period.
- 10) There was no transfer of other receivables, such as securitization and factoring with accounts receivable, that continues to be involved in the formation of assets and liabilities during the period.
- 11) There were no prepayments transferred to other receivables.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

5. Long-Term Receivables

Item	Closing balance			Opening balance			Discount rate range at the end of the period
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount	
Related party loan	1,477,110,099.90	-	1,477,110,099.90	1,599,395,501.60	-	1,599,395,501.60	1.2% to 12.5%
Total	1,477,110,099.90	-	1,477,110,099.90	1,599,395,501.60	-	1,599,395,501.60	--

Note 1: As at 30 June 2021, the Company's long-term receivables amounted to RMB1,709,342,473.24, of which long-term receivables due within one year amounted to RMB232,232,373.34. The Company's long-term receivables included entrusted loans to subsidiary of RMB1,639,272,473.24 and loans to Suzhou Logistics Center, a joint venture of the Company, of RMB42,750,000.00 and loans to Shanghai Pu'an of RMB27,320,000.00, of which long-term receivables due within one year were RMB218,907,373.34, RMB7,125,000.00 and RMB6,200,000.00, respectively, and the loans to joint ventures are described in Note IX. 11.

6. Long-Term Equity Investments

(1) Classification of long-term equity investments

Item	Opening balance	Increase in current period	Decrease in current period	Other increase (decrease)	Effects of changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investment in subsidiary	18,609,436,136.23	-	-	-	-	-	18,609,436,136.23
Investment in joint venture	446,932,936.63	16,773,826.47	5,408,163.27	-	-	-	458,298,599.83
Investment in associate	340,138,167.38	36,158,310.22	-	-	-	-	376,296,477.60
Subtotal	19,396,507,240.24	52,932,136.69	5,408,163.27	-	-	-	19,444,031,213.66
Less: impairment provision of long-term equity investments	-	-	-	-	-	-	-
Total	19,396,507,240.24	52,932,136.69	5,408,163.27	-	-	-	19,444,031,213.66

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

6. Long-Term Equity Investments (Continued)

(2) Details of long-term equity investments

1) Investment in subsidiaries

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Impairment provision for the period	Closing balance of impairment provision
Sinotrans Air Transport Development Co., Ltd.	8,297,884,810.19	-	-	8,297,884,810.19	-	-
Sinotrans Logistics Co., Ltd.	4,735,251,354.67	-	-	4,735,251,354.67	-	-
Sinotrans South China Co., Ltd.	1,272,219,038.71	-	-	1,272,219,038.71	-	-
Sinotrans Eastern Company Limited	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	135,000,000.00	-	-	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 Company Limited	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	18,609,436,136.23	-	-	18,609,436,136.23	-	-

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

VII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

6. Long-Term Equity Investments (Continued)

(2) Details of long-term equity investments (Continued)

2) Investments in associates and joint ventures

Investee	Investment cost	Opening balance	Increase in investment	Decrease in investment	Investment profits or loss under the equity method	Change in the current period				Closing balance	Closing balance of impairment provision	
						Investment profits or loss under the equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared			Impairment provision
Joint ventures												
Wuhu Saristan Port Co., Ltd.	430,179,119.65	446,932,936.63	-	-	16,773,826.47	-	-	-	-5,408,163.27	-	-	458,298,599.83
Shoiraans Suzhou Logistics Center Co., Ltd.	140,000,000.00	138,551,913.46	-	-	2,867,342.67	-	-	-	-5,000,000.00	-	-	136,439,256.13
Nisrin-Shoiraans International Logistics Co., Ltd.	97,888,300.00	91,950,072.34	-	-	942,849.90	-	-	-	-	-	-	92,892,916.24
Shoiraans PFIS Cold Chain Logistics Co., Ltd.	55,518,961.25	87,608,417.33	-	-	6,546,765.18	-	-	-	-	-	-	94,157,182.51
Shanghai Tongyun International Logistics Co., Ltd.	90,000,000.00	51,604,453.53	-	-	-862,347.05	-	-	-	-	-	-	50,742,106.48
Shoiraans Logistics (Pakistan) Limited	16,668,835.00	33,581,192.26	-	-	921,661.80	-	-	-	-408,163.27	-	-	34,094,690.79
Shanghai United Cold Chain Logistics Co., Ltd.	1,467,004.00	17,825,341.75	-	-	2,347,342.95	-	-	-	-	-	-	20,172,684.70
Others	15,000,000.00	15,455,507.31	-	-	961,782.55	-	-	-	-	-	-	16,437,289.86
Associates												
Shanghai Pean Storage Co., Ltd.	14,246,016.40	10,356,038.65	-	-	3,006,434.47	-	-	-	-	-	-	13,362,473.12
Maanshan Transhub Port Co., Ltd.	158,492,640.00	340,138,167.38	-	-	36,153,310.22	-	-	-	-	-	-	376,296,477.60
Jiangsu Jieyangin Port Group Co., Ltd.	78,173,640.00	76,641,324.80	-	-	376,603.49	-	-	-	-	-	-	77,019,928.29
	21,000,000.00	31,323,568.66	-	-	75,357.35	-	-	-	-	-	-	31,398,946.01
	59,319,000.00	232,173,253.92	-	-	35,704,349.38	-	-	-	-	-	-	267,877,603.30
Total	568,671,758.65	787,071,104.01	-	-	52,892,136.69	-	-	-	-5,408,163.27	-	-	834,595,077.43

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

6. Long-Term Equity Investments (Continued)

- (3) No impairment provision for long-term equity investment during the period.
- (4) The Company had no restrictions on its ability to transfer funds to invested companies.

7. Short-Term Borrowings

(1) Classification of short-term borrowings

Type of Loan	Closing balance	Opening balance
Fiduciary loans	2,001,805,555.56	—
Total	2,001,805,555.56	—

- (2) The Company had no short-term borrowings outstanding at the end of the period.

8. Long-Term Borrowings

Type of Loan	Closing balance	Opening balance	Interest rate range (%) at the end of the period
Fiduciary loans	109,750,000.00	109,750,000.00	1.20
Total	109,750,000.00	109,750,000.00	—
Less: Long-term loans due within one year	—	—	—
Including: Credit loans	—	—	—
Long-term borrowings due more than one year	109,750,000.00	109,750,000.00	—

- (1) There were no long-term borrowings outstanding at the end of the period.

(2) Long-term borrowings at the end of the period

Name of entity	Start date of the borrowing	Termination of borrowing	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	Local currency	Foreign currency	Local currency
Agricultural Development Bank of China	2016-08-10	2026-08-10	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	2016-02-29	2033-02-28	RMB	1.20	—	27,000,000.00	—	27,000,000.00

- (3) No rollover of long-term borrowings at the end of the period.

Chapter 10 Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

VII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

9. Bonds Payable

(1) Bonds payable

Item	Closing balance	Opening balance
2021 medium term notes (phase I)	1,997,057,534.25	–
Total	1,997,057,534.25	–

Note 1: The details of bonds payable are described in Note IX.37.

(2) The maturity dates of bonds payable are analysed as follows

Item	Closing balance	Opening balance
Within 1 year	1,396,589,506.80	–
2 to 5 years	1,997,057,534.25	–
Total	3,393,647,041.05	–

(3) Bonds payable increase/decrease statement

Name of bonds	Face value	Date of issue	Bond term	Amount issued	Opening balance	Effects from changes in the scope of consolidation	Issue in current period	Interest accrued at face value	Amortisation of premium and discount	Current repayments and interest payments	Effects from translation in foreign currency statements	Closing balance	Amounts in closing balances classified to non-current liabilities due within one year
2021 medium term notes (phase I)	2,000,000,000.00	2021-06-07	3 years	2,000,000,000.00	–	–	1,997,000,000.00	4,027,397.26	57,534.25	–	–	2,001,084,931.51	4,027,397.26
2016 corporate bonds (phase I) – RMB1,500M	1,500,000,000.00	2016-08-24	5 years	1,500,000,000.00	1,367,569,232.82	–	–	24,975,000.00	17,876.72	–	–	1,392,562,109.54	1,392,562,109.54
2016 corporate bonds (phase I) – RMB2,000M	2,000,000,000.00	2016-03-02	5 years	2,000,000,000.00	2,053,167,211.00	–	–	10,802,290.41	133,698.59	2,064,103,200.00	–	–	–
Total	5,500,000,000.00	--	--	5,500,000,000.00	3,420,736,443.82	–	1,997,000,000.00	39,804,687.67	209,109.56	2,064,103,200.00	–	3,393,647,041.05	1,396,589,506.80

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

10. Capital Reserves

Item	Opening balance	Increase in current period	Decrease in current period	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 capital reserve	-	-	-	-

11. Retained Earnings

Item	Amount in current period	Amount in prior year
Closing balance of the prior year	2,615,526,483.90	1,719,921,892.00
Add: Adjustments to opening retained earnings	-	-
Including: Change in accounting policy	-	-
Opening balance	2,615,526,483.90	1,719,921,892.00
Increase in the current period	2,022,026,198.52	1,984,386,877.76
Including: Net profit for the period	2,022,026,198.52	1,984,386,877.76
Decrease in the current period	886,982,717.52	1,088,782,285.86
Including: Drawdown of statutory surplus for the period during the period	-	198,438,687.78
Distributed profits	888,096,465.00	888,096,465.00
Others	-1,113,747.48	2,247,133.08
Closing balance of current period	3,750,569,964.90	2,615,526,483.90

12. Operating Income, Costs

Item	Accumulated amount in current period		Accumulated amount in prior period	
	Revenue	Cost	Revenue	Cost
Forwarding and related business	869,445,704.27	820,783,128.20	484,387,917.76	484,337,794.18
Logistics	674,968,989.72	598,002,276.33	627,020,232.48	498,665,686.27
Total	1,544,414,693.99	1,418,785,404.53	1,111,408,150.24	983,003,480.45

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

12. Operating Income, Costs (Continued)

- (1) At the end of the period, 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 revenue are:

Item	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Logistics	21,895,642.12	–	–	–	21,895,642.12

- (2) Operating income by point of recognition

From January to June 2021

Item	Forwarding and related business	Logistics	E-commerce
Operating income	--	--	--
Including: Recognition at a point in time	869,445,704.27	674,968,989.72	–
Recognition within a certain time period	–	–	–
Lease income	–	–	–
Total	869,445,704.27	674,968,989.72	–

From January to June 2020

Item	Forwarding and related	Logistics	E-commerce
Operating income	--	--	--
Including: Recognition at a point in time	484,387,917.76	627,020,232.48	–
Recognition within a certain time period	–	–	–
Lease income	–	–	–
Total	484,387,917.76	627,020,232.48	–

- (3) The income was adjusted in the current period for the performance obligations already performed (or partially performed) in the prior year was RMB0.00.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

13. Finance Costs

Item	Accumulated amount in current period	Accumulated amount in prior period
Interest expense	114,122,195.12	113,774,080.78
Including: Bank and other loans	59,774,848.48	41,862,898.65
Bond interest	40,013,797.23	57,126,575.35
Interest expenses of lease liabilities	14,333,549.41	14,784,606.78
Less: Capitalized interest costs	-	-
Less: Interest income	117,495,024.29	140,112,585.07
Net loss on exchange (net gains denoted by "-")	11,830,948.09	-25,889,765.99
Others	1,474,540.41	-7,198,317.24
Total	9,932,659.33	-59,426,587.52

14. Investment Income

Item	Accumulated amount in current period	Accumulated amount in prior period
Income from long-term equity investments under the cost method	2,075,071,144.33	2,067,470,047.70
Income from long-term equity investments under the equity method	52,932,136.69	36,404,500.12
Investment income from disposal of held-for-trading financial assets	155,754.62	333,320.23
Investment income from other non-current financial assets during the holding period	351,773.01	130,370.03
Total	2,128,510,808.65	2,104,338,238.08

Note 1: The Company has no significant restrictions on the repatriation of investment income.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

15. Supplementary Information of the Parent Company in the Cash Flow Statement

Item	Accumulated amount in current period	Accumulated amount in prior period
1.Reconciliation of net profit to cash flows from operating activities	--	--
Net profit	2,022,026,198.52	2,118,401,655.89
Add: Impairment of assets	-	-
Credit impairment losses	-1,225,038.78	-7,477,864.23
Depreciation of fixed assets, investment properties and right-of-use assets	18,977,637.47	18,095,333.63
Amortisation of intangible assets	20,174,569.41	15,814,407.02
Amortisation of long-term prepaid expenses	337,677.92	290,490.06
Losses from disposal of assets (gains denoted by "-")	-	475.58
Losses from destroy and scrap of non-current assets (gains denoted by "-")	-286,256.77	-
Losses from changes in fair value (gains denoted by "-")	-	-
Financial costs (income denoted by "-")	114,122,195.12	113,774,080.78
Investments losses (income denoted by "-")	-2,128,510,808.65	-2,104,338,238.08
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 "-")	-248,627,143.34	345,989,582.65
Increase in operating payables (decrease denoted by "-")	97,663,820.70	-494,843,941.97
Net cash flows from operating activities	-105,347,148.40	5,705,981.33
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	-	-
Conversation of the balance of salary difference in the prior years into national capital	-	-
3.Net changes in cash and cash equivalents:	--	--
Closing balance of cash	6,266,865,637.49	3,124,615,342.75
Less: Opening balance of cash	4,616,395,728.34	4,072,964,005.08
Add: Adjustments of the classification of account settlement reserves at the beginning of the period	-	-
Net increase in cash and cash equivalents	1,650,469,909.15	-948,348,662.33

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVIII.SUPPLEMENTARY INFORMATION

1. Non-recurring statement of profit or loss for the period

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 Group's non-recurring profit or loss for the six months ended 30 June 2021 are as follows:

Item	Accumulated amount in current period	Accumulated amount in prior period	Description
Profit or loss on the disposal of non-current assets	56,416,309.96	13,942,635.92	— —
Tax returns and reliefs approved beyond authority, or no official approval document or occasional	—	—	— —
Government grants included in current profit or loss	127,744,862.90	148,752,177.33	— —
Capital occupancy fees from non-financial enterprises included in current profit or loss	2,003,925.47	2,514,349.03	— —
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	—	—	— —
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	—	—	— —
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 the same control from the beginning of the year to the date of combination	—	—	— —
Profit or loss arising from contingencies irrelevant to the normal business operations of the company	—	—	— —

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

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

XVIII.SUPPLEMENTARY INFORMATION (CONTINUED)

1. Non-recurring statement of profit or loss for the period (Continued)

Item	Accumulated amount in current period	Accumulated amount in prior period	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 measured at fair value whose changes are included in the current profit or loss and financial liabilities measured at fair value whose changes are included in current profit or loss, and income from investments from disposal of financial assets measured at fair value whose changes are included in the current profit or loss, financial liabilities measured at fair value whose changes are included in current profit or loss	169,513,984.41	550,173.32	— —
Reversal of provision for impairment of receivables subject to separate impairment tests	35,193,514.83	374,314.69	— —
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	7,075,471.70	7,075,471.70	— —
Other non-operating income and expenses other than the above	-13,291,824.49	-21,467,320.07	— —
Other profit or loss meeting the definition of non-recurring profit or loss	34,143,432.64	26,116,035.10	Note 1
Subtotal	418,799,677.42	177,857,837.02	— —
Income tax effects	-86,962,532.64	-42,106,154.07	— —
Effects of non-controlling interests (after tax)	-5,517,706.09	-8,012,490.91	— —
Total	326,319,438.69	127,739,192.04	— —

Note 1: Other items of profit or loss that meet the definition of non-operating profit or loss are mainly the value added tax credit obtained by the Group in the current period.

Chapter 10

Notes to the Financial Statements

For the six months ended 30 June 2021

(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 the six months ended 30 June 2021 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	6.87	0.29	0.29
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	5.83	0.25	0.25

XIX. OTHER SIGNIFICANT EVENTS

On 10 June 2021, holding the 2020 Annual General Meeting of Shareholders, the 2021 First Class Meeting of H Share and the 2021 First Class Meeting of A Share, the Company examined and approved *Proposal on Application for General Authorization to Repurchase H Shares*, and agreed to grant the Board of Directors a general authorization. The Board of Directors, based on demand and market conditions, and in compliance with *the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities* on the Hong Kong Stock Exchange, timely decides to repurchase no more than 10% of the total number of issued H shares of the Company on the date of approval of the authorization by the General Meeting of Shareholders (The total number of issued H shares of the Company was 2,144,887,000 on the date of approval of the authorization by the General Meeting of Shareholders). The term of general authorization is from the date of resolution authorized at the General Meeting of Shareholders to the earliest of the following three dates: (1) at the end of the next Annual General Meeting of the Company; or (2) 12 months expired after the approval of the repurchase authorization resolution; or (3) the revocation or amendment of the resolution by a special resolution passed by the General Meeting of Shareholders, of the Company. If the Board of Directors of the Company exercises the above general authorization, in accordance with relevant regulations, the Company will cancel the repurchased H shares in accordance with the law, and the registered capital of Company will be reduced accordingly. As at the date of approval of this report, the Board of Directors of the Company has not yet decided to repurchase the issued H shares of the Company pursuant to the above general authorization.

Apart from the above, the Group has no other significant events disclosed during the period.

XX. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for the six months ended 30 June 2021 were approved for issuance by the Board of Directors of the Company on 24 August 2021.

Chairman: Li Guanpeng

Submission Date as Approved by the Board: 24 August 2021

Revision History

Applicable Not applicable



中國外運股份有限公司
SINOTRANS LIMITED

Address: Sinotrans Building Tower B, Building 10,
No. 5 Anding Road, Chaoyang District, Beijing, China

Postcode: 100029

Fax: 8610 52296519

Email: ir@sinotrans.com

Company website: <http://www.sinotrans.com>