



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 00598HK 601598SH

CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

INTERIM REPORT 2022



SINOTRANS

Important Notice

1. 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.
2. All Directors were present at the Board Meeting.
3. This Interim Report is unaudited.
4. Feng Boming, person in charge of the Company; Wang Jiuyun, Chief Financial Officer; and Ding Guilin, person in charge of the Financial Department (person in charge of accounting), hereby make the statement that they warrant the financial statements contained in this Interim Report are true, accurate and complete.
5. Proposal for profit distribution or proposal for conversion of common reserve fund into share capital during the Reporting Period considered and approved by the Board

The Board proposed that the interim dividend for 2022 is RMB0.10 per share (tax included) based on the total share capital registered on the record date of the equity distribution (the shares in the special accounts for repurchase of the Company deducted). As at the date of the disclosure of this Interim Report, the total share capital was 7,400,803,875 shares, and the total number of shares in the special accounts for repurchase of the Company was 81,211,800 shares (including 35,659,000 H Shares and 45,552,800 A Shares), based on which, the total dividend allotment is expected to be RMB731,959,207.50 (tax included), accounting for 31.46% of the net profit attributable to the shareholders of the Company in the first half of 2022. The proposal is subject to the approval of the general meeting of the Company.

6. Risk disclaimer of forward-looking statements

✓Applicable Not applicable

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

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

No

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

No

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

No

10. 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 – (I) Potential Risks" in this Report.

11. Others

✓Applicable Not applicable

The Company's 2022 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

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Documents Available for Check	<ol style="list-style-type: none">1. Financial statements signed and sealed by person in charge of the Company, chief financial officer and the person in charge of the Financial Department2. Original copies of all documents and announcements of the Company which have been disclosed to the public on the media meeting the requirements of the CSRC and the website of the SSE during the Reporting Period3. The 2022 Interim Report disclosed on the website of SEHK
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Highlights of the First Half of 2022



Net cash flows from operating activities
▲ **155%**



Net profits attributable to shareholders of the Company (RMB)
2.3 billion
▲ **7.6%**



Net of non-recurring profit or loss (RMB)
2.1 billion
▲ **16.4%**



ROE
6.84%



Interim dividend (RMB) *
0.10 per share



Logistics

Revenue (RMB) **14.9** billion ▲ **27%**

Contract Logistics

Revenue ▲ **17%**

Business volume ▲ **10%**

Project Logistics

Revenue ▲ **87%**

Segment profit* ▲ **75%**



Air Channel

Segment profit ▲ **37%**

Controllable capacity **112** thousand tons

Air freight forwarding

Revenue ▲ **21%**

Segment profit ▲ **41%**

Cross-border e-commerce logistics

Segment profit ▲ **29%**



Sea Freight Forwarding

Segment profit ▲ **28%**



Railway Freight Forwarding

Revenue ▲ **53%**

*Note: The Board has proposed 2022 interim dividend of RMB0.10 per share, which is subject to the approval of the general meeting.
Segment profit = Segment operating profit - investment income

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	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 2022 to 30 June 2022
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 34.85% of the issued share capital of the Company at the date of this Report
Sinotrans & CSC Group	Sinotrans & CSC and its subsidiaries
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*	Wang Hong

*Note: On 27 July 2022, Mr. Wang Hong resigned as the chairman of the Board due to his work re-allocation; On 23 August 2022, Mr. Feng Boming was elected as the chairman of the Board, while the Company has not completed the procedure of the industrial and commercial registration of legal representative.

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. CHANGES IN BASIC INFORMATION

Initial date of registration of the Company	20 November 2002
Registered address of the Company	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
Query index of changes during the Reporting Period	Not applicable

Chapter 2

General Information and Key Financial Indicators

IV. CHANGES IN INFORMATION DISCLOSURE AND PREPARATION LOCATIONS

Name of disclosure newspapers selected by the Company	China Securities Journal, Securities Times
Website for publishing the Interim Report	www.sse.com.cn, www.hkexnews.hk
Location for Interim Report stock	10/F, Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China
Query index of changes during the Reporting Period	Not applicable

V. OVERVIEW OF COMPANY STOCK

Class of share	Place of listing	Stock abbreviation	Stock code
H-Share	SEHK	Sinotrans	00598
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
Legal counsel as to PRC law engaged by the Company	Name	Jia Yuan Law Offices
	Office address	F408, Ocean Plaza 158 Fuxing Men Nei Street, Xicheng District, Beijing
Legal counsel as to Hong Kong law engaged by the Company	Name	Baker & McKenzie
	Office address	14/F One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
A-Share registrar and transfer office of the Company	Name	China Securities Depository & Clearing Corp. Ltd. Shanghai Branch
	Office address	No. 188 South Yanggao Road, Pudong New Area, Shanghai
H-Share registrar and transfer office of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Shops 1712-1716, 17th 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

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key accounting data	Reporting Period (January to June)	Corresponding period of last year		Change as compared to the corresponding period of last year
		Restated	Before restatement	
Operating income	55,191,474,275.97	61,676,887,227.64	61,676,723,089.91	-10.52%
Net profits attributable to shareholders of the Company	2,326,678,920.04	2,162,568,947.46	2,162,515,209.01	7.59%
Net profits net of non-recurring profit or loss attributable to shareholders of the Company	2,137,669,206.11	1,836,195,770.32	1,836,195,770.32	16.42%
Net cash flows from operating activities	672,990,030.59	263,569,882.06	263,421,160.87	155.34%

	As at the end of the Reporting Period	As at the end of last year		Change as compared to the end of last year
		Restated	Before restatement	
Net assets attributable to shareholders of the Company	33,884,995,603.56	33,101,217,492.24	33,098,978,709.06	2.37%
Total assets	79,524,295,130.99	74,306,364,795.24	74,302,892,214.71	7.02%

Chapter 2

General Information and Key Financial Indicators

(II) Key Financial Indicators

Key financial indicators	Reporting Period (January to June)	Corresponding period of last year		Change as compared to the corresponding period of last year
		Restated	Before restatement	
Basic earnings per share (RMB per share)	0.3146	0.2922	0.2922	7.67%
Diluted earnings per share (RMB per share)	0.3146	0.2922	0.2922	7.67%
Basic earnings per share, net of non-recurring profit or loss (RMB per share)	0.2891	0.2481	0.2481	16.53%
Weighted average return on net assets (%)	6.84	6.87	6.87	Decreased by 0.03 percentage point
Weighted average return on net assets, net of non-recurring profit or loss (%)	6.28	5.83	5.83	Increased by 0.45 percentage point

Explanations on the key accounting data and financial indicators of the Company

Applicable Not applicable

In the first half of 2022, the revenue of Sinotrans reached RMB55.191 billion, the profit attributable to shareholders of the Company was RMB2.327 billion, increased by 7.59% year-on-year, which was mainly due to the fact that Sinotrans overcame the obstacles of changing international situations and scattered outbreaks of the pandemic domestically, stuck to the strategy of channel and product construction, strengthened the customer development, particularly the operation quality of two major segments, sea freight forwarding and air freight forwarding was consistently enhanced, thus the results of the Company saw an obvious improvement.

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

Applicable Not applicable

Chapter 2

General Information and Key Financial Indicators

IX. NON-RECURRING GAINS AND LOSSES ITEMS AND AMOUNTS

✓Applicable □Not applicable

Unit: Yuan Currency: RMB

Non-recurring gains and losses items	Amount (if applicable)	Note
Gains and losses from disposal of non-current assets	158,677,835.94	
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	137,996,348.39	
Capital occupation fees charged from the non-financial enterprises and counted into the current profits or losses of the Company	1,656,717.24	
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	-62,592.89	
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	53,360.67	
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	-77,752,318.36	

Chapter 2

General Information and Key Financial Indicators

Non-recurring gains and losses items	Amount	Note (if applicable)
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	13,644,057.24	
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		
Other non-operating income and expenses other than the above items	-21,643,136.29	
Other gains and losses classified to non-recurring profits or losses	46,200,035.95	Additional VAT deduction
Less: Impact on income tax	-42,217,824.62	
Effects of non-controlling interests (after tax)	-27,542,769.34	
Total	189,009,713.93	

Explanation on defining the non-recurring gains and losses items listed in the “Explanatory Announcement No. 1 for Companies Offering Securities to the Public — Non-operating Profit or Loss” as recurring gains or losses items

Applicable Not applicable

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 Business of the Company and Its Business Model

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

The Group’s principal businesses include logistics, forwarding and related business and e-commerce business. As the core business, logistics business focus on high-growth, high value-added 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 and e-commerce business. As the innovative business, As the developing segment, the e-commerce business mainly serves fast developing e-commerce clients, leveraging on the Company’s controllable capacity and resources consolidation capability to provide cross-border end-to-end service, so as to ensure the high quality and stable development of client’s supply chain.

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 to 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.

Chapter 3

Management Discussion and Analysis

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 “Belt and Road”, 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.

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 multi-modal 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, multi-modal 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, trunkline 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 is 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.

Chapter 3 Management Discussion and Analysis

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 network covering China and reaching 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.

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, Air China, ASL Airlines, Atlas Air), core overseas agents and domestic logistics service providers. Through the layout of the transportation capacity of European line, American line and Asian line in the air channels, we have stably operated 11 chartered 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 the PRC. 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 multimodal transportation. As at 30 June 2022, self-operated cross-border railway express platform of the Company covers over 50 routes (including 13 routine weekly routes at present) from Changsha, Dongguan, Shenzhen, Shenyang, Xinxiang, Weihai, Deyang and other places. Meanwhile, the Company's self-operated and agent international trains have a cumulative transportation volume of 790,000 TEUs, of which the volume of China Europe trains exceeds 660,000 TEUs.

Chapter 3

Management Discussion and Analysis

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, 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 yard operation**, 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 11 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, and push forward the construction of platform and products, so as 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 online public services and digital whole-chain services by the Company to the platform customers through the unified online logistics e-commerce platform, namely Y2T. Public services cover freight rate inquiry, visual order tracking, online payment, etc. The whole-chain service area covers China, Japan, South Korea, Southeast Asia, etc. **Logistics equipment sharing platform** refers to the Company providing logistics equipment leasing Service, including containers and mobile fridge containers, tracking and monitoring services.

The e-commerce business of the Company aims at turning into platform operation 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.

Chapter 3

Management Discussion and Analysis

(II) Industry Development

1. *China's economy maintained growth amid the complex and severe international situation*

In the first half of 2022, the downside risk of the world economy has been rising due to the complex international situation and geopolitical conflicts, and accelerated policy tightening of major economies. The World Bank lowered its forecast for global economic growth in 2022 from 4.1% to 2.9%, and the International Monetary Fund also lowered its forecast for global economic growth in 2022 from 4.4% to 3.6%. In spite of the negative impacts such as more complex and severe international environment and the scattered and frequent occurrence of domestic epidemics, China's foreign trade imports and exports have shown strong resilience, and the fundamentals of the long-term economic improvement have not changed. In the first half of 2022, the gross domestic product (GDP) stood at RMB56.26 trillion, representing a year-on-year increase of 2.5%. China's foreign trade imports and exports value recorded a year-on-year increase of 9.4%, of which, exports grew by 13.2% year-on-year; and imports grew by 4.8% year-on-year. Since May, the positive changes in the domestic economy have increased significantly, and gradual progress has been made in the epidemic prevention and control work, with obvious effect of resumption of work and production, consumption continued to recover, and the industrial economy generally stabilized and rebounded.

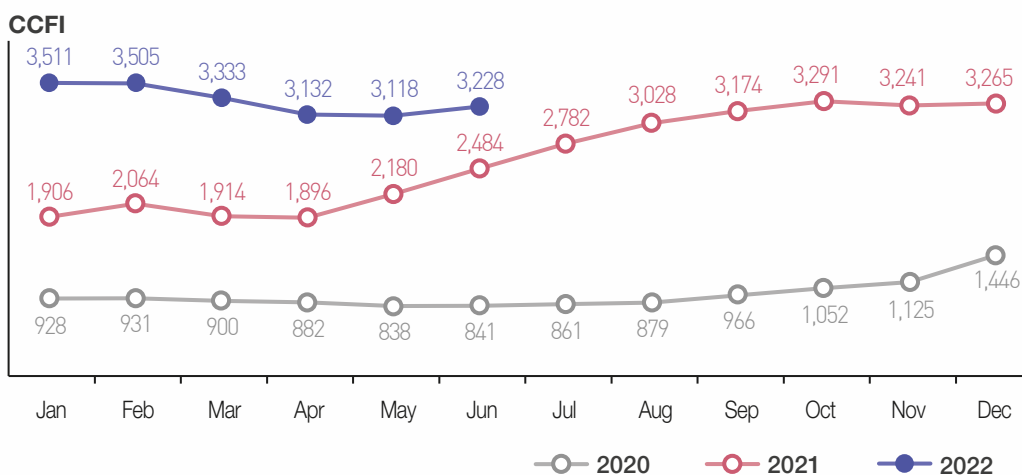
2. *China's logistics market showed a stable recovery despite of the increased challenges facing by the international supply chain stability*

From an international perspective, geopolitical conflicts have led to the obstruction of logistics in some regions, and rising energy prices which have increased logistics operation costs. At the same time, global port congestion is still ongoing, and freight rates in the shipping and air freight markets have fluctuated significantly, increasing the uncertainties of global supply chain. Due to the repeated epidemics, logistics operations in some regions of China have been greatly impacted, whereas, with the continuous implementation of China's economic stabilization policy and the improvement of the domestic epidemic prevention and control situation, the domestic logistics market shown a stable recovery trend. In the first half of 2022, the total value of China's social logistics reached RMB159.6 trillion, representing a year-on-year increase of 3.1% (15.7% in the corresponding period of last year). The total revenue of the logistics industry amounted to RMB6.0 trillion, representing a year-on-year increase of 6.1%. The Logistics Industry Prosperity Index averaged 49.4% in the first half of the year, of which 52.1% was reached in June 2022, rebounding to the expansion range.

Chapter 3 Management Discussion and Analysis

3. The maritime transport saw a weakening demand with freight rates declining from earlier peaks

In the first half of 2022, market demand for global container shipping was under downward pressure as demand for imports from major economies such as Europe and the United States decreased due to factors such as high inflation in Europe and the United States and the Russia-Ukraine tension. In the first half of 2022, China's container port throughput grew by 3.0% year-on-year, much lower than the growth rate in previous years (15.0% in the corresponding period of last year and 7% in the last year). According to the statistics of the General Administration of Customs of the PRC, the volume of import and export cargo under supervision was 2.479 billion tons in the first half of 2022, representing a decrease of 6.9% year-on-year. In terms of freight rates, the average of China Export Container Freight Index (CCFI) has begun to show signs of receding, although it is still at a historical high as compared with the corresponding period of last year. According to some studies, freight rates are expected to remain oscillate with a flat range, or even rise in the short term, supported by the upcoming peak season of shipment and supply bottlenecks such as port congestion. However, looking ahead, the weakening consumer demand and high inventories gradually impact container shipping, which will grow at a more limited scale in the second half of the year. Moreover, with new shipping capacity gradually put into the market from the end of 2022 onwards, new balance for the supply and demand of capacity is yet to be identified. According to forecasts and analysis of the CAS Center for Forecasting Science, the growth of the container shipping industry will slow down, with the growth rate of China's container port throughput decreasing compared to 2021, which is due to that a majority of the top 20 global container ports are located in China.



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4. *The supply of air transportation capacity is gradually recovering, and the freight market price is decreasing*

According to statistics from the International Air Transport Association (IATA), in the first half of 2022, global air freight demand decreased by 4.3% over the same period of the previous year, but it increased by 2.2% compared with the level before COVID-19 (2019). From a global perspective, the gradual normalization of commercial flights has brought continuous growth in the supply of bellyhold capacity, and the recovery of production in Asia has driven air freight demand. In terms of growth rate, the air freight volume of airlines in Asia Pacific in June 2022 decreased by 2.1% compared with the same period in 2021, but it was significantly improved compared with May (a decrease of 6.6%); the freight volume of airlines in North America in June 2022 recorded a year-on-year decrease of 6.3%, and demand in the Asia-North America market remained weak; the freight volume of airlines in Europe in June 2022 recorded a year-on-year decrease of 13.5%, the weakest performance of all regions. In June, IATA predicted that the global air freight volume will reach a new high in 2022, and the scale is expected to reach 68.4 million tons (a year-on-year increase of 4.27%), but the average freight rate per kilogram will decrease by 10.25% compared with 2021.

According to statistics from the Civil Aviation Administration of China, air freight has recovered to a relatively high level in the first half of 2022, of which international freight has achieved positive growth. The industry-wide cargo and mail transportation volume totaled 3.077 million tons, representing a year-on-year decrease of 17.9%, and a recovery to 87.5% of the same period in 2019. The market demand for civil aviation international freight is still at a high level.

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5. *The China-Europe Railway Express was significantly hit by conflicts, while the China-Laos Railway saw strong demand*

In the first half of 2022, the China-Europe Railway Express continued to give full play to its advantages of international railway transport and its role of strategic channels. The total number of China-Europe Railway Express trains launched nationwide was 7,473, with the volume of 720 thousand TEUs dispatched, representing a year-on-year increase of 2% and 2.6% respectively and a comprehensive heavy container rate of 98%. In the second half of 2022, with the completion and operation of the capacity expansion and renovation of the international freight yard at the Manzhouli Port (one of the important port stations of the Eastern Corridor of China-Europe Railway Express), the capacity of the return China-Europe Railway Express will be further released, but the European business has shrunk remarkably due to the Russia-Ukraine situation. In addition, the China-Laos Railway has established a convenient international logistics channel between China and ASEAN since its full operation in December 2021. Various provinces and cities in China have launched cross-border freight trains on the China-Laos Railway, which transported more than 100 kinds of goods such as electronics, photovoltaic and cold chain fruits to nearly 10 countries and regions such as Thailand, Malaysia and Singapore.

6. *The cross-border e-commerce market embraced an enormous size but the growth rate has declined*

According to the information from 100EC.cn, China's cross-border e-commerce market size was RMB14.2 trillion in 2021, representing a year-on-year increase of 13.6% and accounting for 36.32% of China's total goods imports and exports of RMB39.1 trillion. Due to the European tax reform and the pandemic, the operations of certain cross-border e-commerce enterprises were disrupted, while the resumption of production in foreign countries has, to a certain extent, affected the increase in demand for China's cross-border e-commerce exports. In 2021, the growth rate of China's cross-border e-commerce volume decreased by 5.45% than that of the previous year. It is expected that China's cross-border e-commerce market will shift from rapid growth to steady improvement and its industry growth rate will decline.

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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 30 provinces, autonomous regions, municipalities and special administrative areas in China. The Group has more than 12 million sq.m. of land resource in mainland China, more than 4 million sq.m. of warehouses, over 2.4 million sq.m. of yards and 11 river terminals with more than 4,400 meters of coastal line, while also operates approximately 4 million sq.m. of rented warehouses. The self-owned overseas network of the Group covers 41 countries and regions with 67 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, formulate customized and whole supply chain solutions, which include all complicated logistics segments and implement integrated network-wide operation. The Company focuses on key industries, including consumer products and retail, automobile and industrial manufacturing, electronics and high-tech products, medical and health, buyers consolidation, engineering energy, chemical, and cold chain, and provides tailor-made integrated logistics solutions and implements the integrated whole network operation 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, and has made positive exploration and contributions to promote the integrated development of logistics and manufacturing undertaking the responsibilities of central enterprises.

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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. To this end, it strengthened the product research, development and design capabilities and channel capacity construction, continuously improved the standardized product systems and operation scheme and kept searching for solutions featured with cost-efficiency, high performance, good experience and services. Furthermore, Sinotrans also improved its information systems and promoted new products by digital marketing, which enables it to provide end-to-end one-stop whole supply chain logistics service to domestic and international enterprises and satisfy comprehensive logistics demands of customers in a fast and high-efficient manner.

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

With more than 70 years of history and experience, the Group has established good brand recognition in the logistics industry at home and abroad and has been granted many important awards in the industry. As an AAAAAA 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 leading 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.

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5. Accelerating the integration of both smart logistics and green logistics in operation to empower business development and promote industrial transformation

On the one hand, the Company strengthens the top-level design empowered by technology and makes continuous efforts in innovative technology and digitalized R&D. In the first half of the year, the Company released its IT structure management rules, which specified the positioning, design concepts and management mechanisms of various information systems, and promoted the construction of the main systems of overseas, trucking, air, land and sea channels to make space for improvements of channel service capabilities. During the Reporting Period, the Company had further improved its R&D capability and scientific and technological innovation capabilities, and obtained another 18 patents (14 for inventions) and 39 software copyrights. Sinotrans Innovative Technology Co., Ltd., a technology subsidiary of the Company, was awarded the “Golden Pegasus”-2021 TOP10 Smart Logistics Enterprise jointly issued by the Committee of China International Logistics Week and China Logistics Times in July 2022.

On the other hand, the large-scale application of smart logistics technology has been accelerated to promote the establishment of a new model of technology-driven business development. Sinotrans has made constant efforts in the large-scale application of “scenario + technology” and “customer + technology”, forming innovation systems of Series Smart and Series Digital products, among which “Series Smart” products place special emphasis on promoting the efficiency of “AI+RPA” solutions for direct major customers and sharing centers, while “Series Digital” products, from the perspective of supply chain management, create benchmark products such as logistics control tower and whole-process visualization, and strive to improve service ability and service level for customers. Specifically, leveraging on visual recognition technology and warehouse businesses as an entry point, Series Smart – Tire Industry Digital Smart Solution is designed to provide customers in the tire industry with overall supply chain solutions, which have improved the total outbound efficiency of the implementing projects by more than 40%. Besides, the joint venture of self-driving technology commenced formal operations on 1 April 2022, opening up new L4 self-driving lines from Changshu, Jiangsu to Nansha, Guangzhou. The Company also keeps promoting the commercial application verification of self-driving trunk line in the transportation scenario, with the cumulative mileage of self-driving reaching 73,000 kilometers.

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III. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) Overall operations during the Reporting Period

In the first half of 2022, international environment was complex and volatile, facing the stagflation risks of high inflation and stagflation with low economic growth, the global economy showed obvious trend of slowing down. China's economy was also under great downward pressure due to the change in international environment, the multiple outbreaks of the pandemic domestically and other unexpected factors. Nevertheless, China has efficiently coordinated the pandemic prevention and control and the economic and social development, and effectively implemented a package of policy measures to stabilize the economy, as the result, the economy has maintained stability on the whole. In the first half of 2022, China's GDP was RMB56.26 trillion, representing a year-on-year growth of 2.5%; among which, the total retail sales of social consumer goods fell by 0.7% year-on-year. The amount of China's total goods imports and exports expanded 9.4% year on year to RMB19.8 trillion. The growth rate of container throughput of ports in China dropped to 3% from 7% for the full year of 2021. Regarding the shipping market, affected by the domestic pandemic and high oil price, demand growth was lower than expected in certain regions of China; and the congestion in overseas ports has not been completely relieved yet. For the air freight market, the industry-wide cargo and mail transportation volume in China dropped by 17.9% year-on-year in the first half of 2022, due to the adverse effects of rising costs, declining efficiency and reduced effective capacity supply brought about by the Ukraine crisis and the repeated outbreaks of the pandemic.

In response to the intricate and changing macro and industrial environment, the Company upheld the general keynote of "seeking progress in stability" and insisted on gaining "revenue with profitability and profits with cash flows". We coordinated the general and key points, the stock and increments, as well as development and safety, and constantly enhanced the resilience of high-quality development. Therefore, all our work made obvious progress and key segments saw enhanced profitability. In the first half of 2022, our revenue reached RMB55.191 billion, and the net profit attributable to the Shareholder of the Company was RMB2.327 billion, up by 7.59% year-on-year; the net cash inflow from operating activities was RMB673 million, representing a year-on-year increase of RMB409 million, reflecting a healthy financial position and strong liquidity.

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To coordinate the construction of products and channels to establish a backbone logistics network in key overseas regions

In the first half of the year, the Product and Integration Department was established at the headquarters of the Company to further strengthen product construction and enhance product competitiveness. **In terms of the air freight channel**, the Company formulated the layout and planning for air freight route network and developed new routes to Southeast Asia and South America. In the first half of the year, a total of 15 charter plane routes were operated, ensuring a controllable capacity (including chartered planes and block space agreements) of 112,000 tons. Meanwhile, the Company actively explored the ACMI operation model (where the airline as a lessor provides the aircraft with crew, maintenance and insurance for the lessee) seeking for deepened cooperation with hub airports. **In terms of the shipping channel**, the normalized operation of new channel for South China to Southeast Asia had been established. In particular, the Company launched a shipping route to Southeast Asia with freight consolidated to Nansha from various regions such as Jiangmen and Foshan, then loaded on international liners to Vietnam and Thailand, connecting multiple links such as barge services, shipping and extended overseas operation to provide end-to-end large-scale and stable services for customers. **In terms of the trucking channel**, the Company, closely focusing on guarantee of supply in a smooth manner, operated 43 temporary connection sites and launched 34 road-railway-water anti-pandemic channels to ensure the stable operation of 213 projects impacted by the pandemic. **In terms of the land channel**, for the first time, the Company aggregately launched more than 1,000 international freight trains in a half year, with the growth rate of self-operated freight trains outperforming the market, especially the self-operated China-Europe Railway Express whose business volume saw a year-on-year increase of 33%. Moreover, the Company was the first to launch the “Bay Area Route” railway of Shenzhen-Laos-Thailand route, and the freight forwarding volume for the overseas sections of China-Laos Railway ranking first in China.

Sinotrans (Hong Kong) Holdings Co, Ltd. (中國外運(香港)控股有限公司), an integrated operation and management platform of Sinotrans in Hong Kong was formally established in the first half of the year, to coordinate its allocation of resources in Hong Kong and promote the synergistic development of air freight, contract logistics, through-truck and barge services. In addition, the Company incorporated a wholly-owned subsidiary in Singapore, fundamentally established a national backbone logistics network in Southeast Asia.

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To accelerate business model innovation and tap business growth potential

Firstly, a combination of “3PL+4PL” – business model innovation, the Company gradually explored a new business model from providing traditional logistics services (3PL) to sharing the value of supply chain optimization with customers (4PL), thereby providing a number of customers with new services including industrial consulting, logistics layout and design of digitalization and logistics solutions. In the first half of the year, the Company tried to engage in two major industries of photovoltaics and fast-moving consumer goods, and the annual revenue is expected to exceed RMB1.5 billion. **Secondly, “omni-channel inventory management” – logistics service model innovation**, the contract logistics business takes digitization as a starting point to deploy a new format of omni-channel through a system linking customer end and C end customers, so as to realize the sharing of various resources. After applying such model, one of our customers, a world-leading retail membership supermarket, has increased related project operational efficiency, data accuracy and data analysis ability by 30%, 50%, and 20%, respectively. **Thirdly, global smart customs service – digital and intelligent innovation**, based on the needs of a large household appliance enterprise customer, the application of mapping knowledge domain for global customs service is being developed to provide customers with comprehensive digitization, intelligence and global customs coding of global customs service throughout the whole process of customs clearance information and data.

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To strengthen customer cooperation to achieve mutual benefit and win-win results

Firstly, comprehensively deepening cooperation with strategic customers. In the first half of the year, the headquarters of the Company established Strategic Accounts Department to improve the resource allocation to and overall management of strategic customers at the headquarters. On the basis of deep insight into the changes in customer needs, the Company has identified four types of classical customers, and established corresponding organizational systems and marketing systems. The Company cooperated with a large communication technology company to create digital supply chain solutions such as global supply chain visualization, and build a resilient supply chain. The Company cooperated with a large home appliance enterprise to promote the transformation and upgrading of the Company's sea freight forwarding business and the layout in Southeast Asia while helping manufacturing brands go overseas. The Company cooperated with a large cross-border e-commerce company to promote the rapid improvement of air freight service capabilities under the "forwarder + carrier" model of Sinotrans. The Company cooperated with a large food manufacture group to create an integrated and large-scale new service model of "3PL + 4PL" through the logistics control tower. **Secondly, vigorously strengthening customer relationship management.** In the first half of the year, the Company continued to improve customer data analysis, improved customer satisfaction through customer management, to meet the needs of core customers.

To focus on the strategy of "emission peaking and carbon neutrality" and accelerate scientific and technological innovation

Firstly, by developing an empowering innovation and digitalization system, the Company released an overall design and management mechanism at company level, and promoted the development of main systems of overseas, trucking, air, land and shipping channels, pursuant to which 56% of the principal business was completed through the operation of main systems. **Secondly, by promoting the establishment of a new model of business development led by technology,** the overall outbound efficiency of pilot warehouses with "tire industry + digital intelligent solutions" has been improved by more than 40%, while the total mileage of jointly operated L4 level self-driving reached 73,000 kilometers. **Thirdly, by thoroughly implementing the philosophy of green development,** the "emission peaking and carbon neutrality" working group of Sinotrans has been formed to put forward the vision of green development of "being a supplier of green supply chain solutions and services, being a leader of green logistics ecosystem", and to actively promote the fusion application of carbon reduction technology and businesses, and initiate the planning of "emission peaking and carbon neutrality" pilot demonstration projects, such as the provision of tailored green solutions for customers and the implementation of research on the application status quo and demand of distributed photovoltaics.

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To deepen reform, stimulate innovation and trigger vitality

In the first half of the year, on one hand, the Company continued to promote the deepening of reform and the work of “open competition mechanism to select the best candidates”. The Company began to study and formulate a long-term mechanism for reform, while steadily promoted the work of “open competition mechanism to select the best candidates” with the focus on planned new projects for key difficulties of the Company, therefore further stimulating the entrepreneurial enthusiasm of the front-line staff. **Other than that, the Company issued the Guidance on Medium- and Long-Term Incentive to guide and stimulate innovation, in which the Company explores the pilot implementation of excess profit-sharing incentive.** The Company selected grassroots entities that are in line with the strategic direction and have development potential, and determine the incentive list and reward share based on individual performance results by setting challenging business objectives and stepwise sharing rules, so as to promote the common development of core management personnel and business backbones with the Company.

To continue to prevent and control risks and fully solidify the defense for safe operation

In terms of overseas risk prevention, the Company has formed a special work plan for preventing and defusing overseas project risks, and strengthened research on key countries to form quantitative risk indicators and track them. **In terms of credit risk control,** the Company focused on strengthening the coordination of financing, business operation and risk management, and implemented hierarchical management and normalized supervision. **In terms of safety risk prevention,** the Company focused on strengthening safety through cultural construction, and made every effort to build a long-term safety mechanism with full participation, whole process integration, comprehensive supervision and full support.

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(II) 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 – contract logistics business has resumed growth by turning the stock into increment

In the first half of 2022, external revenue from the Group's logistics business amounted to RMB14,910 million, representing an increase of 27.06% from RMB11,734 million for the corresponding period of last year; and the segment profit amounted to RMB454 million, representing an increase of 2.12% from RMB445 million for the corresponding period of last year. The main reason was that the Group deeply cultivated niche markets in contract logistics and project logistics, strengthened and refined existing business, actively explored new quality business, thus overcame the obstacles to achieve great increase in revenue. Meanwhile, the outbreak of the pandemic domestically caused the extra cost in terms of transportation and pandemic prevention and control, and certain customers' production was temporarily affected by the pandemic, so that dragged down the segment profit.

Contract logistics focuses on industries such as consumer products and retail, electronic technology products, automobile and industrial manufacturing as well as medical and health industry. This segment overcame the adverse impact of the pandemic and stabilized the stock and expanded the increment by enhancing omni-channel capabilities and applying automation technologies to upgrade products, expand logistics and transportation in the new energy industry. Its industry customer structure has been optimized by strengthening internal coordination and high-level marketing, and establishing a long-term communication and cooperation mechanism with key customers. Through the improvement of basic operation, the optimization of operation path and the application of new technologies such as intelligent scheduling, visual identification and photovoltaics, a digital, green and efficient "benchmark warehouse" for comprehensive warehousing operation has been built, with warehousing efficiency being continuously improved. **Chemical logistics** obtained a national pass as the first batch of 3A-level hazardous chemicals businesses in Shanghai. During the pandemic, this segment made every effort to allocate resources to meet customer needs, and continued to expand new business for existing customers. By promoting the integrated operation of "freight forwarding + collection and distribution port platform + warehousing resources" for import and export business in Shanghai, its operation efficiency and competitiveness have been improved, and an "import and export channel for packaging chemicals" has been built. Combined with the logistics operation scenarios of hazardous chemicals, this segment promoted the digital construction of all links and processes of operation and production management, and initially completed the construction of a digital platform for the safety management of hazardous chemicals. **Cold chain logistics** strived to overcome the impact of the pandemic outbreak in Shanghai, obtained new warehousing resources in Chengdu and Zhengzhou, and actively expanded incremental business. This segment has developed cold chain import and export railway express products, exploring import and export whole-process solutions, and striving to build a business structure of three major sectors, i.e. "domestic warehousing and distribution, import logistics and trunk line transportation".

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Forwarding and Related Business – actively optimized customer structure, the capabilities of transportation channels have been continuously enhanced

In the first half of 2022, external revenue from the Group's forwarding and related business amounted to RMB33,248 million, representing a decrease of 21.33% from RMB42,264 million of the first half of last year; and the segment profit amounted to RMB1,268 million, representing an increase of 13.81% from RMB1,114 million for the corresponding period of last year. Because, firstly, the Group actively adjusted the business structure, reduced part of low-margin service, which led to the decrease in the revenue; but at the same time, with the continuous high level of shipping freight rate, the profit elasticity of sea freight forwarding business has increased accordingly, which led to a year-on-year increase of 28.21% in segment profit; secondly, the Group continued to strengthened the construction of air transportation channel, to gradually achieve the "freight forwarder + carrier" business model, and the revenue of air freight forwarding increased by RMB778 million year-on-year, with an increase of 20.92%, at the same time, the Group maintained the scale of controllable capacity which increased the resilience of air freight forwarding business, as a result, the segment profit increased 41.36% to RMB252 million, the increase rate was much faster than that of the revenue.

In respect of sea freight forwarding, Sinotrans gave full play to the operation advantages of sea, land and air networks, while maintaining business volume, expanding customer increments and increasing multi-link services to improve business quality by shifting ports and changing land transport to sea transport during the outbreak of the epidemic in Shanghai and Hong Kong to retain the existing customers. At the same time, through the opening of sea transport channel from South China to Southeast Asia as well as the centralized procurement of shipping capacity, Sinotrans recorded an increase in operational efficiency and a decrease in operation costs. **In respect of air freight forwarding**, Sinotrans firmly transformed to the "freight forwarding + carrier" model, and explored the Southeast Asian and South American markets through self-operated charter planes. For import business, Sinotrans improved its profitability while stabilizing the basic foundation under the pressures from repeated epidemics and the Ukraine crisis through streamlined operations and exploitation of providing high added-value services. In addition, Sinotrans actively explored digital products. In the first half of the year, Sinotrans carried out comprehensive upgrade in several aspects including customer service, product display, intelligent achievements by providing route inquiry, space booking, cargo tracking and other online services related to air logistics to the customers in international trading industry around the world, so as to realize the close connection between all offline air transport service capabilities and online services of Sinotrans. Meanwhile, in the first half of the year, Sinotrans began to publicly release the Sinotrans Weekly Air Freight Rate Index obtained through intelligent algorithm based on the big data of air logistics, which effectively reflected the trend of air freight rate for export. **In respect of railway freight forwarding**, Sinotrans overcame the adverse effects brought by the Ukrainian Crisis, and expanded 5 new routes including Shenyang-Frankfurt route, Chifeng-Russia route and Quanzhou-Russia route. In the first half of the year, Sinotrans recorded a year-on-year increase of 18% in the number of self-operated freight trains launched, and maintained its first-mover advantage in terms of overseas agents as one of the first batch of operators to participate in the China-Laos railway in China.

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E-commerce Business – focusing on product design, achieving improvement in the quality of operation

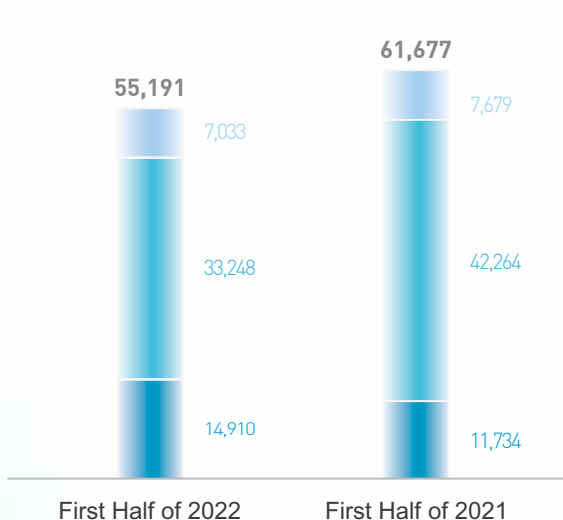
In the first half of 2022, external revenue from the Group's e-commerce business amounted to RMB7,033 million, representing a decrease of 8.40% from RMB7,679 million for the corresponding period of last year; the major reason was that affected by the tariff reform in the EU and the weak demand of the overseas market, the export volume of e-commerce business was lower than expectation; and the segment profit amounted to RMB154 million, representing an increase of 54.60% from RMB100 million for the corresponding period of last year. In the first half of 2022, the revenue of cross-boarder e-commerce logistics dropped by RMB1,081 million, representing a rate of 14.33%; while at the same time, the Group actively adjusted the customer structure, enlarged the proportion of high-margin customers, which resulted in an increase of RMB25 million in segment profit, by 28.61% year-on-year.

Cross-border e-commerce logistics strengthened the construction of products. Based on changes in the external market environment and its own resource advantages, it focused on the design and development of two core products, FBA first trip and small packages on express lines, aiming to create standard full-chain products with a high degree of automation. In the first half of 2022, standardized FBA products and small package products for Europe, America, Japan and South Korea were launched. **Logistics e-commerce platform – Y2T** focused on three product lines: full-chain, logistics control tower, and trucking platform, with a year-on-year increase of 16.6% in the business volume.

Financial Performance of Business Segments

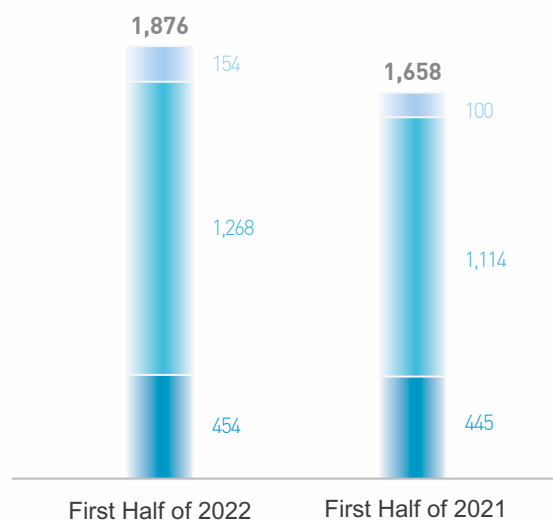
External Revenue

(RMB million)



Segment Profit

(RMB million)



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

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

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(RMB million)		Reporting Period (January to June)	Corresponding Period of last year
Logistics			
Contract Logistics	External Revenue	10,528	9,015
	Segment Profit	367	366
Project Logistics	External Revenue	2,334	1,249
	Segment Profit	41	24
Chemical Logistics	External Revenue	1,035	840
	Segment Profit	38	42
Forwarding and Related Buseinss			
Sea Freight Forwarding	External Revenue	23,874	33,380
	Segment Profit	461	359
Air Freight Forwarding	External Revenue	4,497	3,719
	Segment Profit	252	178
Railway Freight Forwarding	External Revenue	3,254	2,124
	Segment Profit	78	81
Shipping Agency	External Revenue	2,354	3,234
	Segment Profit	263	223
Storage and Yard Operation	External Revenue	1,702	1,622
	Segment Profit	156	192
Air Channel*	External Revenue	10,963	11,266
	Segment Profit	364	265
E-commerce Business			
Cross-border E-commerce Logistics	External Revenue	6,466	7,547
	Segment Profit	112	87
Logistics Equipment Sharing Platform	External Revenue	86	65
	Segment Profit	36	25

* Air Channel= Air Freight Forwarding + Cross-border E-commerce Logistics

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Management Discussion and Analysis

(III) Operation Statistics of Principal Business

In the first half of 2022, the volume of **contract logistics** was 19.06 million tonnes (17.31 million tonnes in 1H 2021); the volume of **project logistics** was 3.60 million tonnes (3.28 million tonnes in 1H 2021); the volume of **chemical logistics** was 1.64 million tonnes (1.61 million tonnes in 1H 2021); the volume of **cold chain logistics** was 0.42 million tonnes (0.43 million tonnes in 1H 2021).

In the first half of 2022, the volume of **sea freight forwarding** was 6.67 million TEUs (6.88 million TEUs in 1H 2021); the volume of **air channel** was 394 thousand tonnes (including 74 thousand tons of cross-border e-commerce logistics business), which was 460 thousand tonnes in 1H 2021 (including 87 thousand tons of cross-border e-commerce logistics business); the volume of **rail freight forwarding** was 190 thousand TEUs (151 thousand TEUs in 1H 2021); the volume of **shipping agency** was 13.61 million TEUs (12.55 million TEUs in 1H 2021); the volume of **warehouse and yard operation** was 10.81 million tonnes (10.51 million tonnes in 1H 2021).

In the first half of 2022, the volume of **cross-border e-commerce logistics** was 155.52 million units (244.86 million units in 1H 2021); the volume of **logistics equipment sharing platform** was 76 thousand TEUs/day (79 thousand TEUs/day in 1H 2021).

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	55,191,474,275.97	61,676,887,227.64	-10.52%
Operating cost	51,790,424,862.82	58,854,289,446.20	-12.00%
Selling expenses	532,869,095.62	465,252,690.83	14.53%
Administrative expenses	1,587,831,183.18	1,398,783,034.89	13.52%
Finance costs	-47,549,146.81	176,411,185.40	-126.95%
Research and development expenses	48,918,182.36	66,020,398.33	-25.90%
Net cash flows from operating activities	672,990,030.59	263,569,882.06	155.34%
Net cash flows from investment activities	-911,162,843.79	-116,279,213.81	N/A
Net cash flows from financing activities	-591,548,829.76	1,251,400,873.42	-147.27%
Effect of changes in exchange rate on cash and cash equivalents	240,141,519.84	-49,245,788.79	N/A
Net increase in cash and cash equivalents	-589,580,123.12	1,349,445,752.88	-143.69%
Balance of cash and cash equivalents at the end of the period	13,621,782,117.50	12,643,856,520.86	7.73%

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- (1) The change in operating income and cost was because the Group actively adjusted the business structure, reduced part of low-margin service, and led to a decrease in the revenue.
- (2) The change in selling expenses was mainly because the provision of sales related incentives increased in line with the increase of the segment profit.
- (3) The change in administrative expenses was mainly because the provision of bonus based on the profit realization of each business segment, the increase of employees' salary as a result of adjustment of social security base and other factors, and the impact of the Company's continuous increase in technical service investment.
- (4) 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.
- (5) The change in research and development expenses was primarily due to the fact that the Company speeded up efforts in IT system research and development in order to accelerate digital construction. And some projects had been capitalized during the Reporting Period, resulting in a decrease in the amount of research and development expenses.
- (6) The change in net cash flows from operating activities was primarily due to the fact that the Company focused on improving the management of cash flow from operating activities and continuously strengthened the management of accounts receivable, and the cash flow collection status continuously improved. In the first half of 2022, the cash received from sales of goods and provision of services by the Group was approximately RMB56.340 billion (RMB62.733 billion in the corresponding period of last year), the cash paid for goods and services was RMB50.987 billion (RMB58.523 billion in the corresponding period of last year), and the net amount was RMB5.353 billion (RMB4.210 billion in the corresponding period of last year); at the same time, cash paid to and for employees increased by RMB381 million over the corresponding period of last year.

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- (7) The change in net cash flows from investment activities was primarily due the fact that the Company received RMB300 million bank structured deposits in the corresponding period of last year, and there was no such matter in the Reporting Period; In addition, the cash expenditure paid by the Company for investment in subsidiaries and joint ventures and associates increased significantly in the current period. In the first half of 2022, investment in the property, machine and equipment by the Group was RMB579 million, investment in the intangible assets and other assets was RMB143 million, and investment in joint ventures and associates and financial assets of RMB55 million, partially offset by withdrawal of bank structural deposits of RMB6 million, disposal of property, machine and equipment of RMB26 million, cash proceeds from investment income of RMB42 million and repayment from related parties of RMB2 million.

The net cash outflows from investment activities for the corresponding period of last year amounted to RMB116 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.

- (8) The change in net cash flows from financing activities was due to the decrease in net borrowings inflows. In the first half of 2022, new borrowings of the Group was RMB1.462 billion, cash received from the minority shareholders' investment in subsidiaries was RMB44 million, partially offset by cash repayment of borrowings of RMB1.276 billion, cash repayment of interest of RMB137 million, subsidiaries' dividend payment to minority shareholders of RMB64 million and lease payment of RMB368 million.

The net cash flow generated from financing activities for the corresponding period of last year 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.

2. **Particulars of Material Changes in the Company's Business Type, Profit Composition or Profit Sources**

Applicable Not applicable

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

Applicable Not applicable

1. The accumulated amount of change in the fair value in the Reporting Period was RMB -77.8180 million, representing a decrease of RMB245.9705 million compared with RMB168.1524 million of the 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 closing price of JD Logistics (HK.02618) was HK\$17.12 per share on 30 June 2022, representing a decrease of HK\$9.33 compared with HK\$26.45 at the beginning of 2022, resulting in a decrease of RMB77.8146 million in the fair value of JD Logistics held by the Group 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. The credit loss impairment was RMB56.8156 million in the Reporting Period, representing an increase of RMB53.9247 million compared with RMB2.8909 million of the corresponding period of last year, mainly due to the forward-looking adjustment to the expected credit loss rate by the Group in accordance with the principle of prudence at the end of last year in order to prevent relevant risks.
3. The accumulated amount of income from asset disposal in the Reporting Period was RMB6.5430 million, representing a decrease of RMB38.4821 million compared with RMB45.0252 million of the corresponding period of last year, mainly due to the fact that the Group’s subsidiary received disposal gains of non-current assets from transfer shareholding interests of logistics parks and termination of warehouse lease contract in advance, and there is no such matter in the Reporting Period.
4. The accumulated amount of non-operating income in the Reporting Period was RMB25.0074 million, representing a decrease of RMB12.5192 million compared with RMB37.5266 million of the corresponding period of last year, mainly due to the fact that the Group’s subsidiary received compensation for demolition last year, and there is no such matter in the Reporting Period.

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(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	Other description
Prepayments	6,437,126,843.55	8.09%	4,777,591,388.82	6.43%	34.74%	Note 1
Other receivables	2,239,596,394.42	2.82%	1,705,746,796.58	2.30%	31.30%	Note 2
Other current assets	361,052,899.82	0.45%	602,376,774.19	0.81%	-40.06%	Note 3
Other non-current assets	506,437,282.96	0.64%	350,443,237.65	0.47%	44.51%	Note 4
Short term borrowings	695,771,710.11	0.87%	438,453,511.69	0.59%	58.69%	Note 5
Bills payable	118,171,341.37	0.15%	59,800,000.00	0.08%	97.61%	Note 6
Other payables	3,000,981,152.26	3.77%	1,847,365,679.22	2.49%	62.45%	Note 7
Estimated liabilities	148,151,699.77	0.19%	313,130,896.83	0.42%	-52.69%	Note 8

Other description:

Note 1: The change in prepayments was mainly due to the prepayments increased in certain business segment during the Reporting Period, particularly the increase in prepayment of chartered planes, as affected by comprehensive factors of external market and business-peak season.

Note 2: The change in other receivables was mainly due to the fact that the equity transfer consideration was not received for the new disposal of equity of a subsidiary at the end of the Reporting Period, as well as the deposits, securities deposits and government subsidies receivable increased during the Reporting Period.

Note 3: The change in other current assets was primarily due to the decrease in input tax to be deducted of the Group during the Reporting Period.

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Note 4: The change in other non-current assets was primarily due to the increase in prepayments for the equipment and land use rights of the Group during the Reporting Period.

Note 5: The change in short-term borrowings was primarily due to the fact that the subsidiaries of the Group obtained new short-term borrowings of RMB310 million, while RMB38 million of short-term loans have been repaid upon maturity during the Reporting Period.

Note 6: The change in bills payable was primarily due to the fact that the settlement of bills increased in the rail freight forwarding business of certain subsidiary during the Reporting Period.

Note 7: The change in other payables was primarily due to the declaration of payment of 2021 annual dividend of RMB1,341 million, which has not been paid as at the end of the Reporting Period.

Note 8: The change in estimated liabilities was primarily due to the payment for the compensation for pending litigation by the subsidiary at the end of last year.

2. Overseas Assets

Applicable Not applicable

(1) *Asset Size*

Overseas assets was equivalent to RMB19,485,974,210.56, accounting for 24.50% of total assets.

(2) *Description of Overseas Assets Accounts for a High Proportion*

Applicable Not applicable

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

Applicable Not applicable

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

The capital in the accounts of the subsidiaries of the Company, which was under supervision and with limited right of use, amounted to RMB124.0247 million at the end of the period, primarily interest receivable of unexpired bank deposits of RMB99.0487 million and the guaranteed deposit of RMB18.8504 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 2022, the restricted assets with limited right of use were accounted in investment properties and intangible assets.

Sinotrans Chemical International Logistics Co., Ltd., a subsidiary of the Company, used fixed assets with a carrying amount of RMB59.1570 million and intangible assets with a carrying amount of RMB29.7842 million as collateral for long-term loans of Nantong Sinotrans Chemical Logistics Co., Ltd., and secured the fixed assets with a carrying amount of RMB38.4189 million and the intangible assets with a carrying amount of RMB15.8109 million as the collateral for the long-term loans of the headquarter of Sinotrans Chemical International Logistics Co., Ltd.

Sinotrans South China Company Limited, a subsidiary of the Company, used fixed assets with a carrying amount of RMB184.7065 million and intangible assets with a carrying amount of RMB65.4834 million as collateral for its long-term loans.

4. **Other Description**

Applicable Not applicable

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(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 RMB9.471 billion, representing an increase of RMB1.059 billion as compared to RMB8.412 billion at the beginning of the year, representing a year-on-year increase rate of 12.59%, primarily due to the increase of RMB929 million from the profit adjustment of DHL-Sinotrans International Air Courier Ltd. and the increase of RMB95 million from the profit adjustment of China Merchants Loscam International Co., Ltd.

(1) Major equity investment

Applicable Not applicable

(2) Major non-equity investment

Applicable Not applicable

(3) Financial assets at fair value

Applicable Not applicable

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Unit: Yuan Currency: RMB

Item/Company name	Source of funds	Cost at the beginning of the year	Acquisition during the Reporting Period	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 Air Logistics Co., Ltd.	Self-financing	223,636,365.50			223,636,365.50				
Nanjing Port Longtan Container Co., Ltd.	Self-financing	177,335,730.80			177,335,730.80	-42,240,558.52	-42,240,558.52		
China Merchants Logistics Synergy Limited Partnership	Self-financing	160,739,742.09	7,392,140.78		168,131,882.87	56,092,955.76	-21,721,642.87		
Ouyeel Co., Ltd.	Self-financing	147,747,600.00			147,747,600.00				
SINO-BLR Industrial Investment Fund, L.P.	Self-financing	64,209,000.10			64,209,000.10	-11,188,812.50	-11,188,812.50		
Shenyang Airport Logistics Co., Ltd.	Self-financing	33,730,000.00			33,730,000.00	-18,800,000.00	-18,800,000.00		
Air China Limited	Self-financing	8,076,871.60			8,076,871.60	18,259,499.01	25,413,299.57		
Pingze Container Port Co., Ltd.	Self-financing	2,606,178.64	-99,676.61		2,506,502.03			65,712.50	
Pankorea Yingkou Ferry Co., Ltd.	Self-financing	2,896,775.00			2,896,775.00				
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 Co., Ltd.	Self-financing	666,498.09			666,498.09	-33,251.80	-31,589.71		
Sichuan Tianhua Co., Ltd.	Self-financing	134,680.92			134,680.92				
China Ferry Terminal Services Limited	Self-financing	120,300.05	5,532.39		125,832.44	-120,300.05	-125,832.44		
Shaanxi Sinotrans Sanyuan Coal Co., Ltd.	Self-financing	100,000.00			100,000.00				
Sinomaritime Shipping Agency (Taizhou) Co., Ltd.	Self-financing	100,000.00			100,000.00				
Beijing Bitech Co., Ltd.	Self-financing	46,500.00			46,500.00				
China Merchants Port Holdings Company Limited	Self-financing	7,228.64			7,228.64	33,312.80	35,177.23		
HNA Group Co., Ltd.	Self-financing	21,955.92			21,955.92	-1,120.20	-4,256.76		
China Sinotrans Tashkent Co., LTD (中國外運塔什干有限公司)	Self-financing	12,678.05		583.04	13,261.09				
Shenzhen Soling Industrial Co., Ltd	Self-financing		58,629.76		58,629.76		-1,957.76		
Total		822,993,430.40	0	7,357,209.36	0	830,350,639.76	2,001,724.50	-68,666,173.76	65,712.50

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(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 (ten thousand)	Net assets (ten thousand)	Operating income (ten thousand)	Net profit (ten thousand)
Sinotrans Logistics Co., Ltd	Logistics	1,444,000,000.00	100.00	2,219,622.97	785,326.03	944,564.23	34,525.43
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and express service	905,481,720.00	100.00	1,202,832.95	786,244.86	1,022,238.69	25,927.73
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100.00	1,010,869.11	431,177.17	594,955.72	31,333.83
Sinotrans Eastern Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100.00	836,813.10	270,376.89	477,019.70	24,230.78
Sinotrans Central China Co., Ltd.	Freight forwarding and logistics	645,339,941.77	100.00	757,332.38	181,525.72	744,477.16	15,390.04

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2. Major Subsidiaries Invested in by the Company

Currency: RMB

Company Name	Nature of business	Registered capital	Shareholding (%)	Total assets (ten thousand)	Net assets (ten thousand)	Income (ten thousand)	Net profit (ten thousand)
DHL-Sinotrans International Air Courier Ltd.	International express	US\$14.50 million	50.00	951,220.63	643,110.33	1,008,947.30	185,845.59
China Merchants Loscam International Co., Ltd.	Pallet leasing	US\$101	45.00	732,510.64	377,771.30	98,252.68	21,149.43
Shenzhen Haixing Harbor Development Co., Ltd.	Warehouse and port services	RMB530.73 million	33.00	309,647.07	111,825.04	27,813.80	8,989.68

(VII) Structured Entities Controlled by the Company

Applicable Not applicable

V. OTHER DISCLOSURES

(I) Potential Risks

Applicable Not applicable

1. Macro-economy Risk

Affected by the turbulence of the international political situation and the situation of domestic epidemic prevention and control, the domestic economic growth slowed down in the first half of 2022, and the volatility and uncertainty of import and export trade and corresponding logistics markets further increased, which may hinder the growth of domestic core trading ports business and adversely affect the business development of the Group.

Counter measures: The Group continuously 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 cross-border chartered plane service and the railway freight forwarding business. In the meanwhile, based on serving both domestic and international cycles, the Group optimizes the allocation of overseas resources in the countries along “the Belt and Road”, and advances in an orderly manner in network construction, capacity-building, resource allocation and overseas collaboration.

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2. Industry Competition Risk

With the continuous improvement of industry concentration, the diversified ownership reform of freight airlines, and the 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. The Group may face the risk of insufficient core competitiveness and declining business volume and market share.

Counter measures: The Group strengthens its research on the changes in market competition pattern and industry trends, precisely lays out of channels, transportation capacity and overseas resources focusing on the construction of supply side capacity and relying on strategic customer needs, to create a viable and market value standardized product solution, further strengthen customer marketing and market development, study the resource matching of existing strategic customers and comprehensive business solutions, improving the proportion of existing strategic customers, and strengthening the Company's increment as a lasting driving force.

3. Operational Risk

The Group aims to provide customers with whole supply chain services, which involve various logistics operation scenarios and processes. The Company's operational efficiency may be affected and the achievement of the whole network operation goal would be hindered if its network layout and assets layout are advanced slowly, channel construction and product construction are not in place, and the overall operational capability remains low. 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 Company further strengthens the top-level design of the organizational structure of the whole network operation, focuses on the transformation from operational effectiveness to organizational effectiveness, and comprehensively promotes digital transformation by building strong customers, strong products and strong operations. Meanwhile, the Company enhances the standardization of business operation process and the education and training for front-line operators to standardize business operation to improve their awareness of compliance and risk prevention, and strengthens inspection in key sectors to avoid significant risks or crisis.

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4. **Procurement Management Risk**

The whole 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, carries out hierarchical and classified management of suppliers, formulates unified standards, standardizes supplier management processes, and promotes systematic management by building 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**

With the gradual normalization of global pandemic prevention and control efforts, the supply and demand in the international industry chain and supply chain returned to normal, and the price level in shipping, ports and logistics markets may fall, and there might even be a significant drop in prices and oversupply. The Group is exposed to repayment risk of accounts receivable caused by the deterioration of customers' operation when the transportation price leaped high then finished low, and credit default risk may be increased, which will affect the operational efficiency of the Group if the credit risk is accumulated or intensified.

Counter measures: The Company continues improving its credit risk management system, establishing a comprehensive internal control process which covers customer access, limit management, real-time monitoring and early alert and response. The Company also closely tracks the risk of contract performance by improving system construction, regularly monitoring the creditworthiness of contract counterparties, strengthening the change and monitoring of risk exposures, so as to keep track of risks and provide early alert, implement the responsibility of collecting accounts receivable and speed up the reconciliation and recovery of accounts receivable, as well as to take precautionary measures.

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

In the second half of 2022, external unstable factors will increase, and the triple pressure of shrinking domestic demand, supply shock, and weakening expectations continue to exist. However, due to the improving epidemic prevention and control situation and the effects of policies, domestic economic growth is expected to remain within a reasonable range. In the second half of 2022, the Company will continue to improve the quality of its operations and strive to achieve “stable and positive performance”, mainly focusing on key issues such as the layout of key overseas regions, the construction of product channels and solutions, and the transformation of customer-driven business models.

- 1. Overseas development:** As for **Hong Kong and Southeast Asia**, it will further strengthen the overall planning of network construction and product channel construction, seek opportunities for acquisitions, and focus on expanding business scale and market influence. As for **Europe**, it will continue to promote the synergy between KLG Group and existing business segments such as air freight, and promote FBA and full-chain products (such as small packages). As for **Middle East/South Asia and Africa**, it will re-plan the development path, develop the joint business development strategy and operation model of Djibouti, Ethiopia, North Africa, the Middle East and other regions, and allocate resources scientifically and reasonably.
- 2. Product channel construction:** As for **air freight channel**, on the basis of consolidating the advantages of channels in Europe and America, it will accelerate the deployment of transportation capacity resources in Southeast Asia, South America, the Middle East and other regions, and accelerate the design and launch of cross-border e-commerce logistics products. As for **shipping channel**, focusing on the strategy of finely developing the market of Southeast Asia, it will promote the gradual opening of shipping channels in South China, East China and other regions, and continue to operate shipping channels in key markets such as Vietnam and Thailand. As for **land channel**, it will continue to promote the lean operation and market expansion of China-Europe Railway Express and the China-Laos-Thailand Channel.
- 3. Developing solution: Contract logistics** will focus on the consumer goods and automobile and manufacture sectors by designing industrial-class professional solutions, so as to serve as the driver of marketing activities. In particular, it will replicate the “3PL+4PL” model for consumer goods based on the current classical customers, striving to develop logistics solutions applicable for the whole sector; and in terms of the automobile and manufacture sector, the logistics solution for in-bound logistics for components will be further promoted.
- 4. Relationship with strategic customers:** The Company will further deepen its understanding of industrial segments to identify the sore points of customers, so as to design practical solutions, which, coupling with relevant resource investment, will become the core competitiveness of Sinotrans. Thereby, the Company will develop a high-level partnership in different dimensions with its strategic customers, and such strong correlation between customer demand and corporate strategy will lead to more cooperation and be taken as a model for demonstration. Thus, the marketing management system for the strategic and core customers of Sinotrans will be reshaped in reality, which will in turn advance the business transformation and upgrade.

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(III) Other Disclosures

Applicable Not applicable

1. **Merger of Sinoair by absorption**

On 31 May 2018, the proposal on merger of Sinoair by absorption through share swap was considered and approved at the Company's 2018 extraordinary general meeting and the class 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). In the meanwhile, 3,904,279,644 domestic shares held by China Merchants and Sinotrans & CSC have been transferred to the same number of A Shares. 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.

2. **Income Tax**

During the Reporting Period, the Group's income tax expenses amounted to RMB555 million, representing an increase of 23.17% as compared to RMB450 million for the corresponding period of last year, mainly due to the increase in operating results.

3. **Capital Expenditures**

During the Reporting Period, the Group's capital expenditure amounted to RMB860 million, among which RMB309 million was used for the construction of infrastructures, ports and terminals facilities and other projects, RMB307 million was used to purchase land use right and software, RMB202 million was used to purchase assets such as machineries, containers and vehicles, and RMB42 million was used for renovation and improvement of assets.

4. **Securities Investment**

As at 30 June 2022, the listed equity investments held by the Group was RMB181 million, the details of which are set out in Note IX. 2, 13 and 14 to the Financial Statements under "Chapter 10 Financial Report" of this Report.

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5. **Contingent Liabilities and Guarantees**

As at 30 June 2022, contingent liabilities mainly comprised outstanding lawsuits of the Group arising from its ordinary course of business amounting to RMB266 million (31 December 2021: RMB58 million).

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

6. **Borrowings and Bonds**

As at 30 June 2022, the Group’s total borrowings amounted to RMB8.974 billion (31 December 2021: RMB8.640 billion), which comprised 1,378 million denominated in RMB, 303 million in US dollars, 1,540 million in Euro and 5,753 million in Hong Kong dollars. Of the above borrowings, RMB910 million is payable within a year.

As at 30 June 2022, the Group’s total bonds payable amounted to RMB3,997 million (31 December 2021: RMB4,063 million). Of the above bonds payable, 62.54 million is payable within a year.

Details of borrowings and bonds of the Group as at 30 June 2022 are set out in Note IX. 27, 36 and 37 to the Financial Statements under “Chapter 10 Financial Report” of this Report.

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 under “Chapter 10 Financial Report” of this Report.

8. **Debt-to-Asset Ratio**

As at 30 June 2022, the debt-to-asset ratio of the Group was 54.81% (31 December 2021: 52.83%), which was calculated by dividing total liabilities by total assets of the Group as at 30 June 2022.

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9. **Government Subsidies**

For the six months ended 30 June 2022, government subsidies received by the Group in relation to income amounted to RMB609 million in total, details of which are set out in Note IX. 62 to the Financial Statements under “Chapter 10 Financial Report” of this Report.

10. **Employees**

Number of employees: 33,379 as at 30 June 2022 (31 December 2021: 33,794).

Training plan: as at 30 June 2022, the offline training of the Group accumulated to 2,068,714 hours with 70,895 person times, while 288,886 online courses were completed (227,535.7 learning hours in total). During the Reporting Period, the training contents of the Group mainly included strategy and corporate culture, COVID-19 epidemic prevention, safety production, employee basic work skills, employee business knowledge, management skills and leadership improvement, new employee induction, employee self-learning, etc. With the development of the Group, to ensure the constant elevation of the staff quality, the Group will increase the employees’ access to training 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 and 40 to the Financial Statements under “Chapter 10 Financial Report” of this Report.

Chapter 3

Management Discussion and Analysis

11. Interim dividend

Based on the operating performance and cash flow of the first half of 2022, and taking into account the interests of shareholders, the Company's future development needs and capital situation, the Board has considered and approved the Resolution in Relation to Profit Distribution Proposal for the First Half of 2022 at the 15th meeting of the third session of the Board, the details of which are as follows: The proposed interim dividend for 2022 is RMB0.10 per share (tax included) based on the total share capital registered on the record date of the equity distribution (the total number of shares in the special accounts for repurchase of the Company deducted). As at the date of disclosure of this Interim Report, the total share capital was 7,400,803,875 shares, and the total number of shares in the special accounts for repurchase of the Company was 81,211,800 shares (including 35,659,000 H Shares and 45,552,800 A Shares), based on which, the distribution of cash dividends is expected to be RMB731,959,207.50 (tax included), which accounting for 31.46% of the net profit attributable to the shareholders of the Company in the first half of 2022.

Pursuant to the Articles of Association of the Company, cash dividends payable to the holders of A Shares of the Company shall be paid in RMB, and cash dividends payable to the holders of H Shares of the Company shall be calculated and declared in RMB, and paid in HK\$. The exchange rate for dividends payable in HK\$ is the average exchange rate of RMB to HK\$ published by the People's Bank of China during the week (18 August 2022 to 24 August 2022) preceding the date of recommendation of the 2022 interim dividend by the Board.

Independent Directors of the Company have expressed their independent opinions in agreement with the above-mentioned resolution, which is still subject to the approval by the shareholders at the general meeting of the Company. After the resolution is considered and approved at the general meeting, it is expected that the Company will distribute the cash dividend on or before 18 November 2022. The Company will make further announcement(s) on the closure of books for holders of H shares or record date for A shares and the expected date of payment in relation to the payment of cash dividends in the notice of the general meeting or after the convening of the general meeting.

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 under "Chapter 10 Financial Report" of this Report.

Chapter 3 Management Discussion and Analysis

13. Repurchase, Sale or Redemption of Securities

(1) Repurchase of A Shares

The Board convened a meeting on 27 April 2022, considered and approved, among other things, the A Share repurchase plan, and agreed that the Company proposes to use, up to RMB299 million of its own funds to repurchase 24,640,000 to 49,280,000 A Shares of the Company through centralized price bidding for the purpose of the implementation of the share option incentive scheme; the repurchase price shall not exceed 150% of the average trading price of the Company's shares within 30 trading days prior to the date of the approval of the resolution on the share repurchase by the Board (i.e., not exceed RMB6.06 per share, which was adjusted to RMB5.88 per share as the distribution of 2021 annual dividends on 15 July 2022) (inclusive); the period of the repurchase will not exceed 9 months from the date of approval by the Board (i.e., 28 April 2022 to 27 January 2023).

As of 30 June 2022, the Company has repurchased 45,552,800 A Shares from the SSE, accounting for 0.62% of the total number of shares issued by the Company on 30 June 2022. The highest repurchase price was RMB4.04 per share, the lowest price was RMB3.76 per share, and the total amount of funds paid was RMB179,730,097 (excluding transaction costs).

(2) Repurchase of H Shares

On 31 May 2022, the 2021 Annual General Meeting, the 2022 First A Share Class Meeting and the 2022 First H Share Class Meeting respectively reviewed and approved the general mandate to repurchase the Company's H Shares to the Board with the total number of H Shares proposed to be repurchased not exceeding 214,488,700 shares, and shall be subject to the relevant requirements of the SEHK Listing Rules on sufficient public shareholding, repurchase price and so on.

As of 30 June 2022, the Company has repurchased 22,803,000 H Shares from the SEHK, accounting for 0.31% of the total number of shares and 1.06% of the total number of H Shares issued by the Company on 30 June 2022. The highest repurchase price was HK\$2.34 per share, the lowest price was HK\$2.14 per share, and the total amount of funds paid was HK\$51,256,850 (excluding transaction costs).

Except for the disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any listed securities of the Company during the period from 1 January 2022 to 30 June 2022.

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
2022 First Extraordinary General Meeting	24 January 2022	The websites of SSE (www.sse.com.cn), and SEHK (www.hkexnews.hk)	25 January 2022	All deliberated resolutions were passed
2021 Annual General Meeting	31 May 2022		1 June 2022	
2022 First H Shareholders' Class Meeting				
2022 First A Shareholders' Class Meeting				

Request for convening an extraordinary general meeting by preference shareholders with recovered voting rights

Applicable Not applicable

Explanations of general meetings

Applicable Not applicable

- The Company convened 2022 First Extraordinary General Meeting on 24 January 2022, which has considered and approved the proposals: (1) the resolution in relation to the Share Option Incentive Scheme (draft) and a summary thereof; (2) the resolution in relation to the Appraisal Measures for Implementation of the Share Option Incentive Scheme; (3) the resolution in relation to the grant of a mandate to the board of directors to deal with matters regarding the Share Option Incentive Scheme.
- The Company has successively held 2021 Annual General Meeting, 2022 First H Shareholders' Class Meeting and 2022 First A Shareholders' Class Meeting (the "Class Meetings") on 31 May 2022.

2021 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 2021; (2) the resolution in relation to the Work Report of the Supervisory Committee for the year 2021; (3) the resolution in relation to the Final Financial Accounts Report of the Company for the year 2021; (4) the resolution in relation to the Annual Report of the Company and its summary for the year 2021; (5) the resolution in relation to the financial budget of the Company for the year 2022; (6) the resolution in relation to the profit distribution plan of the Company for the year 2021; (7) the resolution in relation to the re-appointment of auditor for the year 2022; (8) the resolution in relation to the Directors' remuneration for the year 2021; (9) the resolution in relation to the renewal of Liability Insurance for Directors, Supervisors and senior management members of the Company; (10) the resolution in relation to the Administrative Measures for External Donations of the Company; (11) the resolution in relation to the general mandate to issue, allot and deal with Shares; (12) the resolution in relation to the general mandate to repurchase H Shares; (13) the resolution in relation to the Updated Mandate of the issue of Debt Financing Instruments; (14) the resolution in relation to the estimated guarantees of the Company for the year 2022. Among them, the Resolution No.12 has 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
Li Shichu	Vice President	Appointed
Gao Xiang	Vice President	Appointed
He Fei	Vice President	Appointed
Chen Xianmin	Vice President	Resigned

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

Applicable Not applicable

- On 23 February 2022, the 9th meeting of the third session of the Board, considered and approved the "Proposal on the Appointment of Vice Presidents of the Company", agreed to appoint Mr. Li Shichu and Mr. Gao Xiang as Vice Presidents of the Company.
- On 15 June 2022, the 12th meeting of the third session of the Board, considered and approved the "Proposal on the Appointment of Vice President of the Company", agreed to appoint Mr. He Fei as a Vice President of the Company.
- On 15 June 2022, the Board received the resignation letter from Mr. Chen Xianmin, the Vice President of the Company, regarding his resignation as the Vice President due to work re-allocation with effect from 15 June 2022.

Chapter 4 Corporate Governance

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	Yes
Number of bonus share per 10 shares (share)	0
Amount of dividend per 10 shares (tax included)	1.00
Number of shares converted per 10 shares (share)	0
Notes to proposals of profit distribution or conversion of capital reserve fund into share capital	Please see “Chapter 3 Management Discussion and Analysis – V. OTHER DISCLOSURES – (III) Other Disclosures II. Interim dividend”

(II) Implementation of the Profit Distribution Plan for the Year 2021

The 2021 Annual Profit Distribution Plan of the Company has been considered and approved at the 2021 Annual General Meeting of the Company on 31 May 2022. The Company distributed cash dividend of RMB0.18 per shares (tax included) to all shareholders on the basis of 7,400,803,875 shares of the total share capital registered minus 45,552,800 shares repurchased in the repurchase account on the A-share record date for the dividend distribution, amounting to RMB1,323,945,193.50 in total (tax included). The aforesaid cash dividend has been fully distributed on 15 July 2022.

Chapter 4 Corporate Governance

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

Summary of the matters

Inquiry index

According to the authorization of the general meeting, the Company held the 8th meeting of the third session of the Board and the 1st meeting of the Supervisory Committee successively on 25 January 2022, considered and approved the "Proposal on Granting Share Options to the Participants under the Company's Share Option Incentive Scheme (Phase I)", and agreed to grant 73.9258 million share options to 186 Participants with the grant date being 25 January 2022. For details, please refer to the Announcement on the Resolutions of the 9th meeting of the third session of the Board (Lin 2022-009) published by the Company on the website of SSE and relevant announcement published on the website of SEHK.

The websites of SSE (www.sse.com.cn), and SEHK (www.hkexnews.hk)

On 1 March 2022, the Company has completed the registration for the Grant of the Share Option Incentive Scheme (Phase I) at Shanghai Branch of China Securities Depository and Clearing Corporation Limited. For details, please refer to the Announcement on the Completion of the Registration for the Company's Share Option Incentive Scheme (Phase I) (Lin 2022-011) published by the Company on the website of SSE and relevant announcement published on the website of SEHK.

(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

Chapter 4 Corporate Governance

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 2022 to 30 June 2022 as our code on corporate governance, and has complied with all code provisions set out in the CG Code.

(I) The Board

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 5 Board meetings and considered and approved 33 resolutions including periodic reports, the Share Option Incentive Scheme, the share repurchase plan, and related party transactions.

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

During the Reporting Period, Mr. Li Shichu and Mr. Gao Xiang were appointed as the Vice Presidents of the Company by the Board on 25 February 2022, Mr. He Fei was appointed as the Vice President of the Company by the Board on 15 June 2022, and Mr. Chen Xianmin resigned as the Vice President Of the Company due to the work re-allocation on 15 June 2022. 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.

Note: On 27 July 2022, Mr. Wang Hong resigned as the chairman of the Board and non-executive Director due to his work re-allocation. On 23 August 2022, Mr. Feng Boming was appointed as a non-executive Director and the chairman of the Board, with his term of office from 23 August 2022 to the date of conclusion of the third session of the Board.

(III) Strategy Committee

As at 30 June 2022, the Strategy Committee comprised chairman of the Board Mr. Wang Hong (being the chairman of the Strategy Committee), vice chairman Mr. Song Dexing, executive Director Mr. Song Rong, non-executive Director Mr. Deng Weidong and independent non-executive Director Mr. Song Haiqing.

Note: Mr. Wang Hong resigned as the chairman of the Strategy Committee on 27 July 2022, and Mr. Feng Boming was appointed as the chairman of the Strategy Committee on 23 August 2022.

Chapter 4 Corporate Governance

(IV) Audit Committee

As at 30 June 2022, the Audit Committee comprised all independent non-executive Directors, namely Mr. Meng Yan (being the chairman of the Audit Committee), Mr. Wang Taiwen, Mr. Song Haiqing and Ms. Li Qian. 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 Group for the six months ended 30 June 2022.

(V) Remuneration Committee

As at 30 June 2022, the Remuneration Committee comprised all independent non-executive Directors, namely Ms. Li Qian (being the chairman of the Remuneration Committee), Mr. Wang Taiwen, Mr. Meng Yan, and Mr. Song Haiqing. During the Reporting Period, the Company convened 1 Remuneration Committee meeting, considering and approving the resolution on the performance appraisal and remuneration of Directors and Senior Management.

(VI) Nomination Committee

As at 30 June 2022, the Nomination Committee comprised all independent non-executive Directors and chairman of the Board, namely Mr. Wang Taiwen (being the chairman of Nomination Committee), Mr. Meng Yan, Mr. Song Haiqing, Ms. Li Qian and Mr. Wang Hong. During the Reporting Period, the Company held 2 meetings of the Nomination Committee, considering and approving the resolution about the nomination of vice presidents of the Company.

Note: On 27 July 2022, Mr. Wang Hong resigned as a member of the Nomination Committee. On 27 July 2022, the Nomination Committee held a meeting and considered and approved the resolution about the nomination of Mr. Feng Boming as a non-executive Director. On 23 August 2022, Mr. Feng Boming was appointed as a member of the Nomination Committee.

(VII) Supervisory Committee

As at 30 June 2022, the Supervisory Committee comprises 1 shareholder-representative Supervisor, 2 independent Supervisors and 2 staff-representative Supervisors, namely Mr. Huang Bilie (being the chairman of the Supervisory Committee), Mr. Kou Suiqi, Mr. Zhou Fangsheng, Mr. Fan Zhaoping and Mr. Wang Shengyun. During the Reporting Period, the Company held 2 meetings of the Supervisory Committee, considering and approving 7 resolutions, such as periodic reports and the grant of share options.

(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 2022 to 30 June 2022.

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 2022, Sinotrans continued improving its energy-saving and environmental protection system, optimizing its energy consumption structure and promoting green development with smart logistics, which attained noticeable results. Firstly, the Company further developed its energy-saving and environmental protection organization, appointed and equipped professional staff, and systematically considered and implemented strategies based on recruitment, training, utilisation and incentive to stimulate the vitality and management effectiveness of talents. Secondly, the Company launched a special investigation and rectification of energy saving and emission reduction data evaluation and carbon emission data quality issues, and conducted a restudy, re-deployment and re-implementation of energy saving and emission reduction work. Thirdly, we encouraged our subsidiaries to actively replace energy-saving equipment and continuously improve the utilization efficiency of large machinery and equipment. Fourthly, we organized various activities such as the 5th “Telling the Energy Conservation Stories” (講好節能故事), 2022 Energy Saving Promotion Week and Low Carbon Day to continuously strengthen publicity and education, and strive to create a positive atmosphere for energy saving and environmental protection.

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

Applicable Not applicable

Sinotrans has thoroughly implemented the concept of green logistics development and clearly defined its vision of green development. In the first half of 2022, the Company established the working organization of the “emission peaking and carbon neutrality” project, completed the investigation and calculation of its total carbon emissions, and formed the first draft of its “emission peaking and carbon neutrality” action plan. Meanwhile, the Company actively promoted the integration of carbon reduction technology and business, sorted out green development strategy measures, launched the planning of “emission peaking and carbon neutrality” pilot demonstration projects, carried out research on the process and demand of distributed photovoltaic applications, so as to discuss in depth with other central enterprises on the commercial cooperation in clean energy applications, and actively carry out the strategic cooperation of “emission peaking and carbon neutrality” and global supply chain. The Company is honored as an entity to be the rotating president of Green Logistics Branch of China Federation of Logistics and Purchasing (CFLP) (中國物流與採購聯合會綠色物流分會) and has been invited to participate in the formulation of two industries standards related to green logistics.

During the Reporting Period, the Company’s total energy consumption was 31,506 tons of standard coal, with a year-on-year decrease of 24.71%, and achieved phased results in energy saving and emission reduction.

Chapter 5 Environment and Social Responsibility

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

Applicable Not applicable

(I) Annual Planning

In 2022, by taking the China Merchants Foundation as a professional unified public welfare platform, Sinotrans will focus on “consolidating and expanding the achievements in poverty alleviation as well as effective bridging of rural revitalization” by keeping up its efforts and standards unchanged, continuing to improve the level of public services such as medical care, education and employment, industrial promotion and deepening of consumption assistance and other works, with a view to lay a solid foundation for rural regions such as Fuyun County and Yecheng County in Xinjiang and Qingyuan District in Jiangxi to achieve leaps in quality development.

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

During the Reporting Period, Sinotrans donated RMB7 million through the China Merchants Foundation for rural revitalization projects in 2022, which was planned and implemented by the China Merchants Foundation. Meanwhile, the headquarters of the Company signed the Responsibility Letter of Consumption-based Assistance of Sinotrans (《中國外運消費幫扶責任書》) with its subordinate companies to actively expand the channels of and innovate to promote consumption-based assistance through benefits for the labor union, cooperation with 27° agricultural public welfare products to customize products, and etc. Since 2022, the projects for rural revitalization that Sinotrans participated in are as follows:

1. Xinjiang Fuyun County Dure Town Assistance Project. Dure Town of Fuyun County, Altay, Xinjiang is a new support point for the Group’s rural revitalization. Based on the advantages of large freight traffic in Dure Town, the Group supported Fuyun County to build a logistics distribution center for agricultural and sideline products in Dure Town by building a new 1,850 square meter production building and auxiliary buildings, with about 12 shops for retail, catering, vehicle maintenance, and accommodation. After the completion of the project, the collective income of the village will be increased by renting shops, and 50-150 positions will be provided. The annual per capita income of the employed people will increase by RMB30,000 to RMB100,000.

Chapter 5 Environment and Social Responsibility

2. Xinjiang “Making Visit, Delivering Benefits and Gathering Morale (訪惠聚)” Village Assistance Project. We supported the First Secretaries assigned by the Group to villages in Yecheng County, Xinjiang and the village working teams to carry out livelihood improvement projects in such villages. We supported the cultural street construction project in Youleigunjiayi (8) Village, Tieti Township, Yecheng County through purchasing LCD TVs for cultural squares, renovating canals, decorating walls and roads in the village, and building gates to further supplement public cultural facilities in rural areas. We supported Village 9 of Boxireke Township in Yecheng County to build an elderly activity center and purchase some supporting facilities to solve the problem of lack of activity places for the elderly. We supported Village 10 of Boxireke Township in Yecheng County to build a village-level clinic and an elderly activity center, in a bid to improve the village-level medical service and meet the entertainment and cultural needs of the elderly.
3. Newly built dormitory of Donggu Ethnic Primary School in Qingyuan, Jiangxi. Donggu She Ethnic Autonomous Township, Qingyuan District, Jiangxi Province is the Base of the Red Revolution. The subordinate ethnic primary school is the only full-time primary school in the township, with more than 1,200 students. Due to the inconvenient transportation in the mountainous area, the farthest village is 20 kilometers away from the school, and the existing dormitory buildings of the school fail to fully meet the accommodation needs of teachers and students. In order to improve the educational conditions in remote mountainous areas, we assisted the construction of a comprehensive building for Donggu Ethnic Primary School in Qingyuan District, which was used as a cultural auditorium and dormitory for teachers and students. At present, the main project of the complex building has been capped on 2 May 2022, and it is planned to be put into use before 1 September.

(III) Subsequent Plans

In the second half of the year, Sinotrans will continue to carry out rural development, rural construction, rural governance and other key work in a solid and orderly manner, promote the smooth and effective implementation of projects, and constantly summarize and refine the characteristic measures and typical experience of rural revitalization, so as to achieve the work objectives with both quality and quantity.

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

Commitment background	Commitment Type	Commitment Parties	Summary of the commitment	Time and term of the commitment	Is there is a deadline for the performance	Is there a timely and strict performance
Commitments related to material asset restructuring (Note 15)	Shares lock-up	Sinotrans & CSC, China Merchants	Note 1	28 February 2018; 18 January 2019 -17 July 2022	Yes	Yes
	Others	Sinotrans & CSC, China Merchants	Note 2	28 February 2018; Effective permanently	No	Yes
	Resolving related-party transaction	Sinotrans & CSC, China Merchants	Note 3	28 February 2018; Effective permanently	No	Yes
	Others	the Company	Note 4	13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC, China Merchants	Note 5	13 April 2018; Effective permanently	No	Yes
	Others	All Directors, Supervisors and Senior Management of the Company	Note 6	13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC, the Company, all Directors, and Senior Management of the Company	Note 7	13 April 2018; 18 January 2019 – 17 January 2022	Yes	Yes
	Others	the Company	Note 8	13 April 2018; Effective permanently	No	Yes
	Avoiding horizontal competition	Sinotrans & CSC	Note 9	13 April 2018; Effective permanently	No	Yes
	Avoiding horizontal competition	China Merchants	Note 10	13 April 2018; Effective permanently	No	Yes
	Resolving defective title of lands and other items	Sinotrans & CSC	Note 11	13 April 2018; Effective permanently	No	Yes
	Resolving defective title of lands and other items	China Merchants	Note 12	13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC, China Merchants	Note 13	13 April 2018; Effective permanently	No	Yes
	Others	Sinotrans & CSC, China Merchants	Note 14	14 January 2019; Effective permanently	No	Yes

Chapter 6 Significant Matters

- Note 1: Within thirty-six months from the listing date of A shares of the Company, the covenantor shall not transfer or entrust others to manage the shares issued prior to the merger by absorption held directly or indirectly by itself (excluding H shares) and the Company shall not repurchase such shares. Within six months from the listing date of A shares of the Company, if the closing prices of the A shares for 20 consecutive trading days are below the issue price, or the closing price as at the end of the six-month period after listing is below the issue price, the lockup period will be automatically extended for another six months. The lockup period of the relevant restricted shares has expired on 17 July 2022, and has been listed and circulated on the next day.
- Note 2: The covenantor shall maintain mutual independence in terms of personnel, finance, asset, business and organization in accordance with the provisions of the relevant law, regulation and normative documents.
- Note 3: The covenantor undertakes to avoid and reduce related-party transactions with the Company. For related-party transactions that are unavoidable or where there are sufficient reasons, the covenantor shall sign a standard and formal related-party transaction agreement, shall perform the transaction in accordance with a fair and reasonable market price and shall fulfil the related-party transaction decision-making process and information disclosure obligation; the covenantor shall not prejudice the legitimate interests of the Company and other non-related shareholders through related-party transactions. The covenantor undertakes to procure corporates under its control (except the Company) to comply with the aforementioned commitment.
- Note 4: The covenantor undertakes to accelerate the development of the principal business of the Company; to boost the profitability of the Company; to enhance the internal management of the Company and cost control; to continuously improve corporate governance so as to provide institutional safeguard for the development of the Company; to further improve the profit distribution system and strengthen the investor return mechanism.
- Note 5: The covenantor undertakes to not go beyond its power and interfere the operation management activities of the Company and to not impair the interests of the Company.
- Note 6: The covenantors undertake to perform their duties faithfully and diligently to protect lawful interests of the Company and all shareholders; not to transfer benefits to other entities or individuals without compensation or on unfair terms; to constrain the consumption if it is business-related; not to invest with or spend the Company's assets outside the performance of their duties; that the Board shall formulate salary system which is in line with the implementation of the return remedial measures; that if a shareholding incentive policy shall be implemented, the conditions for exercising the option under the policy to be announced shall be in line with the implementation of the return remedial measures; that if the CSRC promulgates new rules for regulating return remedial measures and their commitments, the covenantors shall issue supplementary commitments.
- Note 7: Within three years from the listing date of A shares of the Company, if the closing prices of the A shares for 20 consecutive trading days are below the latest audited net assets per share of the Company other than due to force majeure and malicious speculation of a third party, subject to law, regulation, normative documents and the listing rules of the place of listing and under the premise that the shareholding will be in compliance with the listing requirement, measures including but not limited to increase in shareholding of the A share by SinoTrans & CSC Group and repurchase of the A share by the Company will be taken legally to stabilize the share price of the Company's A shares.
- Note 8: Except in the case of special circumstances, the Company may distribute dividend in cash, provided that the Company is profitable in that year and the aggregate undistributed profit is positive. The profits distributed in cash for each year shall not be less than 10% of the distributable realized profit in that year. In connection with the dividend payment, the Board shall put forward a policy of differentiated cash dividend distribution according to the circumstances, pursuant to the procedures set forth in the Articles of Association. In 2018 to 2020, subject to the satisfaction of cash dividend payment conditions, the profits distributed in cash by the Company in any three consecutive years in aggregate shall not be less than 30% of the average distributable profits in such three years.

Chapter 6 Significant Matters

Note 9: The covenantor shall take effective measures to avoid horizontal competition. The covenantor has some subsidiaries that are engaged in integrated logistics business (the “Excluded Companies”). As of the date of this letter of commitment, the Excluded Companies have blemishes in terms of their asset ownership, subject qualification, profitability and other aspects, and, therefore, do not meet the requirement for injection to the Company. The covenantor undertakes to gradually realize the withdrawal of the Excluded Companies from integrated logistics business operation within three years from the listing date of A shares of the Company so as to thoroughly resolve the issue of substantial competition. Except for the companies entrusted to the Company, there is no competition between the covenantor and other companies under its control and the Company. The covenantor and other companies under its control do not, directly or indirectly, engage in any business or activity, in any form, that competes with or may compete with the principal business of the Company. During the period when the covenantor is the controlling shareholder of the Company, if the regulatory authority or the Company believes that there is substantial competition between the covenantor and the Company, the covenantor shall offer the Company the right of first refusal.

The commitment of controlling shareholder, Sinotrans & CSC, to gradually realize the withdrawal of the Excluded Companies from integrated logistics business operation within three years from the listing date of A shares of the Company so as to thoroughly resolve the issue of substantial competition has been postponed until 17 January 2025, which has been approved by the general meeting. For details, please refer to the relevant announcements of the Company dated 27 October 2021, 11 November 2021 and 30 November 2021 disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk).

Note 10: The covenantor shall take effective measures to avoid horizontal competition. There is no competition between the covenantor and other companies under its control (the China Merchants and its subsidiaries) and the Company. The covenantor and other companies under its control do not, directly or indirectly, engage in any business or activity, in any form, that competes with or may compete with the principal business of the Company. During the period where the covenantor is the controlling shareholder of the Company, if the regulatory authority or the Company believes that there is substantial horizontal competition between the covenantor and the Company, the covenantor shall offer the Company the right of first refusal.

Note 11: The covenantor shall fully support and facilitate the Company and its subsidiaries to achieve completeness of the certificates of title for assets including lands, estates and properties. After the completion of the merger by absorption, where the Company suffers actual loss from the problem that exist in the land use rights and the ownership of property assets held prior to the merger by absorption, or where there are indemnities, penalties, taxes or other fees that arise from the operation of defective land use rights and property assets by the Company and its subsidiaries after the merger by absorption, the covenantor undertakes to fully compensate the Company and its subsidiaries in a timely manner by way of cash within 30 days after the Company have determined the actual loss or relevant fees legally.

Note 12: The covenantor shall fully support and facilitate the Company and its subsidiaries to achieve completeness of the certificates of title for assets including lands and properties. After the completion of the merger by absorption, where the Company and its subsidiaries suffer actual loss from the problems that exist in the land use rights and the ownership of property assets held prior to the merger by absorption, the Company and its subsidiaries shall be fully compensated in a timely manner by way of cash within 180 days after the Company and its subsidiaries have determined the relevant fees legally.

Note 13: After the completion of the merger by absorption, if the Company suffers loss or assumes any responsibility from the payment issue of social insurance or housing provident fund prior to the merger by absorption, the covenantor undertakes to assume the corresponding indemnity after determining that loss or responsibility legally.

Note 14: If the covenantor reduced its directly and indirectly held shares (excluding H shares) issued by Sinotrans before the merger by absorption within two years after the expiration of the lockup period, the reduction price shall not be lower than the issue price (if the exit dividend and/or right is carried out due to the distribution of cash dividends, shares dividends, share capital conversion, issuance of new shares, etc., the reduction price shall be adjusted accordingly in accordance with the relevant provisions of the CSRC and the SSE); in the meanwhile, the covenantor shall comply with the relevant provisions of the CSRC and the SSE on the reduction of shares.

Note 15: For the full text of the above commitments, please refer to the “Section I Important Statements and Tips” in the Announcement on the Listing through the merger by absorption of Sinoair by Sinotrans Limited and the Financial Statements for the Third Quarter of 2018” issued by the Company on the website of SSE (www.sse.com) on 15 January 2019.

Chapter 6 Significant Matters

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

Applicable Not applicable

III. IRREGULAR 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

Applicable Not applicable

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

Chapter 6 Significant Matters

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 2022 are set out in Note X to the Financial Statements under “Chapter 10 Financial Report”.

(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. During the Reporting Period, the transportation and logistics services provided by the Group to China Merchants Group amounted to RMB343 million, while the transportation and logistics services received from China Merchants Group was RMB878 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	Annual cap of 2022	Actual amount of the Reporting Period	Annual cap of 2023
the lease of properties and storage facilities as the lessee from the related party	57,000	62,700	9,279.19	68,970
the lease of properties and storage facilities as the lessor to the related party	4,000	4,600	470.38	5,290
the lease of containers and other equipment as the lessee from the related party	1,500	1,700	232.80	1,930
the lease of containers and other equipment as the lessor to the related party	20,000	23,000	4,101.01	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 2022, the Group's deposit balance and loan balance at China Merchants Bank were RMB311 million and RMB241 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 for the Company providing/accepting logistics for/from related parties incurred during the Reporting Period are as follows:

Unit: Ten Thousand Yuan Currency: RMB

Categories	Related joint ventures	Annual cap of 2021	Annual cap of 2022	Actual amount of the Reporting Period	Annual cap of 2023
Provide services to related parties	DHL-Sinotrans	16,000	19,000	3,855.58	22,500
	Shanghai United Cold Chain	3,000	3,500	79.80	4,500
	Nissin-Sinotrans	8,000	9,500	3,862.86	11,500
Accept services from related parties	DHL-Sinotrans	27,000	32,500	3,772.53	39,000
	New Land Bridge	12,000	14,500	2,079.56	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.hkexnews.hk).

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

Chapter 6 Significant Matters

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

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

Applicable Not applicable

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

Applicable Not applicable

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

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

Applicable Not applicable

(IV) Material Related Party Transactions involving Joint External Investments

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

Applicable Not applicable

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

Applicable Not applicable

3. Events Not Disclosed in the Temporary Announcements

Applicable Not applicable

Chapter 6 Significant Matters

(V) Claims and Liabilities between Related Parties

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

Applicable Not applicable

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

Applicable Not applicable

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	5,069,491,916.72	1,140,791,046.78	3,928,700,869.94	771,416,768.01	1,024,077,192.54	1,795,493,960.55
Joint ventures and associates	646,461,679.77	-61,260,283.83	585,201,395.94	495,376,243.50	-20,037,758.25	475,338,485.25
Other related parties	0.00	0.00	0.00	99,564.01	-99,564.01	0.00
Total	5,715,953,596.49	-1,202,051,330.61	4,513,902,265.88	1,266,892,575.52	1,003,939,870.28	2,270,832,445.80
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.					

Chapter 6 Significant Matters

(VI) Financial Business between the Company and its Related Financial Company, and between the Financial Company Controlled by the Company and its 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. During the Reporting Period, the Group's maximum daily deposit balance at Finance Company and outstanding loan balance granted by the Finance Company to the Group were RMB4,880 million and RMB1,270 million respectively, and the total fees of other financial service was RMB184.1 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.hkexnews.hk).

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
					Total deposit of the period	Total withdrawals of the period	
Finance Company	Other company controlled by the same parent company and ultimate controlling party	5,000,000,000.00	1.495%-3.8%	4,946,560,325.53	38,114,272,310.56	39,269,725,040.58	3,791,107,595.51
Total	/	/	/	4,946,560,325.53	38,114,272,310.56	39,269,725,040.58	3,791,107,595.51

Chapter 6 Significant Matters

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
					Total loans of the period	Total repayments of the period	
Finance Company	Other company controlled by the same parent company and ultimate controlling party	10,000,000,000	1.20%-3.85%	114,423,098.94	1,370,393,269.42	1,124,853,812.56	359,962,555.80
Total	/	/	/	114,423,098.94	1,370,393,269.42	1,124,853,812.56	359,962,555.80

3. Credit business or other financial business

Applicable Not applicable

Unit: Yuan Currency: RMB

Related party	Related relationship	Business type	Amount of the transaction	
			Total	Actual amount
Finance Company	Other companies controlled by the same parent company and ultimate controlling party	Comprehensive credit	8,000,000,000.00	639,997,609.52

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. Entrustment, Contracting and Leasing

Applicable Not applicable

2. Significant Guarantees Performed and Unfulfilled During the Reporting Period

Applicable Not applicable

Unit: Yuan Currency: RMB

Guarantors	Relation between the guarantors and the listed company	The guaranteed party	The guaranteed amount	External guarantee of the Company (excluding those provided to subsidiaries)					Whether the guarantee has been fulfilled	Is the guarantee overdue	Guarantee overdue amount	Is counter guarantee available	Guarantee provided to the related parties	Related relationships
				Date of the guarantee (the date of the agreement)	Guarantee beginning date	Guarantee maturity date	Type of guarantee	Main debt situation						
Sinotrans South China Company Limited	Wholly-owned subsidiaries	Shenzhen Haixing Harbor Development Co., Ltd.	328,882,614.55	1 July 2019	1 July 2019	1 July 2037	Financing guarantee/ Joint liability guarantee	Performed Normally	No	No	-	No	Yes	Associates ventures
Total guaranteed amount during the Reporting Period (excluding guarantees provided to subsidiaries)													-	
Balance of total guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)													328,882,614.55	
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)													4,630,815,860.55	
Total guarantees (including guarantees to subsidiaries) provided by the Company														
Total guaranteed amount (A+B)													4,959,698,475.10	
Total guaranteed amount as a percentage of the net asset value of the Company (%) Of which:													13.80	
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)													2,135,290,480.00	
Total guaranteed amount in excess of 50% of net asset value (E)													-	
Total guaranteed amount of the above three items (C+D+E)													2,135,290,480.00	
Statement on the contingent joint liability in connection with unexpired guarantees							Nil							
Details of guarantee							In addition to the above guarantees, the Company and its holding subsidiaries provide guarantees for the credit lines applied for by companies within the scope of the consolidated statements. As at 30 June 2022, the total credit guarantees was RMB6.51 billion.							

3. Other Material Contracts

Applicable Not applicable

XII. EXPLANATION OF OTHER SIGNIFICANT MATTERS

Applicable Not applicable

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

The Board convened a meeting on 27 April 2022, considered and approved the Proposal on the A Share Repurchase Plan through centralized bidding, and agreed that the Company used its own funds to repurchase A Shares of the Company through centralized price bidding for the purpose of the implementation of the share option incentive scheme. As of 30 June 2022, the Company has repurchased 45,552,800 A Shares through centralized bidding transactions, accounting for about 0.62% of the total share issued by the Company. For details, please refer to the Report on Repurchase of A shares of the Company through Centralized Bidding Transaction (Lin 2022-025) and the Update Announcement on Repurchase of A Shares of the Company through Centralized Bidding Transaction (Lin 2022-036) disclosed by the Company on the website of SSE (www.sse.com.cn) on 11 May 2022 and 5 July 2022 respectively.

On 31 May 2022, the Company held the 2021 Annual General Meeting and the Class Meetings, reviewed and passed the Proposal on General Mandate to Repurchase H shares, and agreed to authorize the Board to repurchase H shares that do not exceed 10% of total number of H shares as and when appropriate. As of 30 June 2022, the Company has repurchased 22,803,000 H Shares, accounting for about 0.31% of the total issued Shares and 1.06% of the total number of H Shares issued by the Company as at 30 June 2022. The Company will cancel the H shares repurchased in accordance with the relevant provisions of the Hong Kong Stock Exchange.

(II) Changes in Restricted Shares

Applicable Not applicable

Chapter 7

Changes of Shares and Particulars of Shareholders

II. PARTICULARS OF SHAREHOLDERS

(I) Number of Shareholders:

Number of ordinary Shareholders at the end of the Reporting Period (shareholders)	72,957
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 72,830 A shareholders and 127 registered H shareholders.

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

Unit: share

Name of Shareholders (Full Name)	Shareholding of the Top 10 Shareholders						
	Increase or decrease during the Reporting Period	Number of Shares Held at the End of the Reporting Period	Percentage (%)	Number of shares Lockup	Pledged or Frozen Status Shares of	Number	Nature of Shareholders
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	-1,000	2,107,540,399	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)	-44,251,063	110,398,595	1.49	0	Nil	0	Overseas legal person
DEUTSCHE POST BETEILIGUNGEN HOLDING GMBH	0	35,616,000	0.48	0	Unknown	Unknown	Overseas legal person
Chen Jingjian	-514,103	15,840,900	0.21	0	Nil	0	Domestic natural person
Jiang Chunsheng	0	11,385,300	0.15	0	Nil	0	Domestic natural person
Agricultural Bank of China Co., Ltd.-China Securities 500 Open-end Trading Index Securities Investment Fund (中國農業銀行股份有限公司-中證500交易型開放式指數證券投資基金)	-1,996,200	7,043,714	0.10	0	Nil	0	Unknown
China Life Insurance Company Limited - Dividends - Individual Dividends - 0051 - FH002 Shanghai (中國人壽保險股份有限公司-分紅-個人分紅- 005L-FH002滬)	6,510,141	7,006,241	0.09	0	Nil	0	Unknown
Chen Shiyu	1,614,447	6,748,447	0.09	0	Nil	0	Domestic natural person

Chapter 7

Changes of Shares and Particulars of Shareholders

Shareholding of the Top 10 Holders of Unrestricted Shares

Name of shareholders	Number of		Class and number of shares	
	shares unlock-up	Class		Number
HKSCC NOMINEES LIMITED	2,107,540,399	Foreign shares listed overseas		2,107,540,399
China Merchants Group Limited	157,913,995	Ordinary shares denominated in RMB		157,913,995
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	110,398,595	Ordinary shares denominated in RMB		110,398,595
DEUTSCHE POST BETEILIGUNGEN HOLDING GMBH	35,616,000	Foreign shares listed overseas		35,616,000
Chen Jingjian	15,840,900	Ordinary shares denominated in RMB		15,840,900
Jiang Chunsheng	11,385,300	Ordinary shares denominated in RMB		11,385,300
Sinotrans & CSC Holdings Co., Ltd	10,620,000	Ordinary shares denominated in RMB		10,620,000
Agricultural Bank of China Co., Ltd.-China Securities 500 Open-end Trading Index Securities Investment Fund (中國農業銀行股份有限公司-中證500交易型開放式指數證券投資基金)	7,043,714	Ordinary shares denominated in RMB		7,043,714
China Life Insurance Company Limited – Dividends -Individual Dividends – 005I – FH002 Shanghai (中國人壽保險股份有限公司-分紅-個人分紅-005L-FH002滬)	7,006,241	Ordinary shares denominated in RMB		7,006,241
Chen Shiyu	6,748,447	Ordinary shares denominated in RMB		6,748,447
Explanations of the repurchase of special accounts among the top 10 shareholders		As at the end of the Reporting Period, the number of shares held in the Sinotrans Special Securities Account for Repurchase (中國外運股份有限公司回購專用證券帳戶) was 45,552,800 shares, accounting for 0.62% of the total issued share capital of the company.		
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		Nil		

Chapter 7

Changes of Shares and Particulars of Shareholders

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

Applicable Not applicable

Unit: Share

No.	Name of shareholders 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. Accordingly, the above restricted shares have been listed and circulated since 18 July 2022. For details, please refer to the Announcement on Listing and Circulating the Restricted A Shares Issued for Absorption and Merger of Sinoair through Share Swap (Lin 2022-039) published by the Company on the website of SSE (www.sse.com) on 13 July 2022.

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

As at 30 June 2022, so far as the Directors of the Company were aware, the following persons (other than Directors, Supervisors and chief executives) had interests and short positions in the Shares of the Company which were required to be disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO, or to be recorded in the register kept by the Company pursuant to Section 336 of SFO.

Chapter 7

Changes of Shares and Particulars of Shareholders

Name	Corporate interests	Class of Shares	Percentage in total issued Share capital	Percentage in issued H Share capital
China Merchants (Note 1)	4,072,813,639 (L)	A Shares	55.03%	–
	192,978,000 (L)	H Shares	2.61%	9.00%
Pandanus Associates Inc. (Note 2)	300,152,000 (L)	H Shares	4.06%	13.99%
Brown Brothers Harriman & Co. (Note 3)	173,390,294 (L)	H Shares	2.34%	8.08%
	173,390,294 (P)	H Shares	2.34%	8.08%
LSV ASSET MANAGEMENT (Note 4)	172,161,000 (L)	H Shares	2.33%	8.03%

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

Notes:

- As of 30 June 2022, China Merchants held 57.64% of the Company's total issued shares. China Merchants directly held 1,600,597,439 A Shares (long position), indirectly held 2,472,216,200 A Shares (long position) and 107,183,000 H Shares (long position) through Sinotrans & CSC, its wholly-owned subsidiary, and indirectly held 85,795,000 H Shares (long position) through China Merchants Investment Development (Hong Kong) Limited, its wholly-owned subsidiary. Sinotrans & CSC indirectly held 107,183,000 H Shares (long position) through its subsidiaries, of which Sinotrans (Hong Kong) Holdings Ltd. held 106,683,000 H Shares (long position), Sinotrans Shipping Inc. held 500,000 H Shares (long position).
- According to the Disclosure of Interests Form submitted by Pandanus Associates Inc. on the website of Hong Kong Stock Exchange, 300,152,000 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 47,248,000 H Shares (long position) are reported as unlisted derivatives settled in cash.
- According to the Disclosure of Interests Form submitted by Brown Brothers Harriman & Co. on the website of Hong Kong Stock Exchange, Brown Brothers Harriman & Co. held 173,390,294 H Shares (long position) in the capacity of agent, all of which were lending pool.
- According to the Disclosure of Interests Form submitted by LSV ASSET MANAGEMENT on the website of Hong Kong Stock Exchange, 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.

Save as disclosed above, as at 30 June 2022, so far as the Directors of the Company were aware, there was no other person (other than Directors, Supervisors or chief executives) who had any interests and short positions in the Shares of the Company which would fall to be recorded in the register kept by the Company pursuant to Section 336 of SFO and disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO.

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

Applicable Not applicable

Chapter 7

Changes of Shares and Particulars of Shareholders

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

Name	Position	<i>Unit: Share</i>				
		Number of share options held at the beginning of the Reporting Period	Number of newly granted share options in the Reporting Period	Exercisable shares during the Reporting Period	Share option exercised during the Reporting Period	Number of share options held at the end of the Reporting Period
Song Rong	Executive Director, President	0	1,286,800	0	0	1,286,800
Liu Weiwu	Director	0	643,400	0	0	643,400
Jiang Jian	Director	0	643,400	0	0	643,400
Tian Lei	Vice President, General Counsel	0	835,800	0	0	835,800
Wang Jiuyun	Chief Financial Officer	0	768,800	0	0	768,800
Li Shichu	Vice President, Board Secretary	0	768,800	0	0	768,800
Gao Xiang	Vice President, Chief Digital Officer	0	898,800	0	0	898,800
Chen Xianmin	Vice President	0	962,800	0	0	962,800
Total	/	0	6,808,600	0	0	6,808,600

Note: On 15 June 2022, the Board received the resignation letter from Mr. Chen Xianmin, the Vice President of the Company, regarding his resignation as the Vice President due to work re-allocation with effect from 15 June 2022.

Chapter 7

Changes of Shares and Particulars of Shareholders

(III) Other Information

Applicable Not applicable

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

As at 30 June 2022, so far as the Directors of the Company were aware, the interests or short positions of the Directors, Supervisors, chief executives or their associates in the shares or debentures of the Company or any associated corporation of the Company which were required to be notified to the Company and Hong Kong Stock Exchange 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 Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Category of Shares	Nature of interests	Number of Shares interested (Note 1)	Approximate percentage of the total number of the relevant class of Shares of the Company (%)	Approximate percentage of the issued share capital of the Company (%)
Song Rong	Director	A Shares	Beneficial Owner	1,286,800(L) (Note 2)	0.02	0.02
Liu Weiwu	Director	A Shares	Beneficial Owner	643,400(L) (Note 2)	0.01	0.01
Jiang Jian	Director	A Shares	Beneficial Owner	643,400(L) (Note 2)	0.01	0.01

Note 1: (L) means long position in the shares.

Note 2: Such interests relate to share options granted to the Directors on 25 January 2022 pursuant to Share Option Incentive Scheme of the Company.

Save as disclosed above, as at 30 June 2022, 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 Hong Kong Stock Exchange 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 Hong Kong Stock Exchange pursuant to the Model Code.

IV. CHANGES OF CONTROLLING SHAREHOLDERS OR ACTUAL CONTROLLERS

Applicable Not applicable

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 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	Annual interest, no compound interest, one-time repayment of principal upon maturity	SSE	Nil	Nil	No

Note: The issuer will adjust the option of coupon rate and the investor's option to sell back at the end of the third year.

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 and their impact of Guarantees, Debt Repayment Plans and Other Debt Repayment Safeguard Measures During the Reporting Period and Their Impact*

Applicable Not applicable

Status	Implementation	Change	Situation after the Change	Reasons for the change	Whether the change has been approved by the authority	The impact of the change on the rights and interests of bond investors
After the issuance of the Corporate Bonds, the Company has formulated safeguard measures for the use of funds as planned, the safe payment of interest and redemption of bonds, the details of which please see Note 1.	During the Reporting Period, the debt repayment plan and other debt repayment supporting measures have not been changed and are implemented normally, which are in line with the relevant undertakings in the prospectus.	No	Nil	Nil	No	Nil

Note 1: The Company further strengthens the management of assets and liabilities, liquidity management and the management of the use of proceeds according to the debt structure, ensures that the funds are used as planned, and timely and fully prepares 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.

5. *Explanation of Other Situations of Corporate Bonds*

Applicable Not applicable

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 MTN001	102101041	7 June 2021	9 June 2021	9 June 2024	20	3.50	Annual interest, no compound interest, repayment of principal upon maturity	National Association of Financial Market Institutional Investors	Nil	Nil	No

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 and their impact of Guarantees, Debt Repayment Plans and Other Debt Repayment Safeguard Measures During the Reporting Period and Their Impact*

Applicable Not applicable

Status	Implementation	Change	Situation after the Change	Reasons for the change	Whether the change has been approved by the authority	The impact of the change on the rights and interests of bond investors
After the issuance of the medium-term notes, the Company further strengthens the management of assets and liabilities, liquidity management and the management of the use of proceeds according to the debt structure, ensures that the funds are used as planned, and timely and fully prepares the funds for the annual interest payment and principal repayment upon maturity, so as to fully protect the interests of investors.	During the Reporting Period, the debt repayment plan and other debt repayment supporting measures have not been changed and have been implemented normally, which are in line with the relevant undertakings in the prospectus.	No	Nil	Nil	No	Nil

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	As at the end of	Changes as
	the Reporting		end of last year
	Period	last year	end of last year
			(%)
Current ratio	1.40	1.50	-6.67
Quick ratio	1.40	1.50	-6.67
Debt-to-asset ratio (%)	54.81	52.83	Increased by 1.98 percentage points
	Reporting Period	Corresponding	Changes as
	(January to June)	period of last	compared to the
		year	corresponding
			period of last
			year (%)
Net profits net of non-recurring profit or loss attributable to shareholders of the Company	2,137,669,206.11	1,836,195,770.32	16.42
EBITDA total debt ratio	0.28	0.24	15.18
Interest coverage ratio	14.56	13.79	5.59
Cash interest coverage ratio	8.25	4.97	66.11
EBITDA interest coverage ratio	19.65	18.91	3.91
Loan repayment rate (%)	100.00	100.00	0.00
Interest payment ratio (%)	100.00	100.00	0.00

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

Chapter 10

Consolidated Statement of Financial Position

30 June 2022

Item	Note	30 June 2022	31 December 2021
<i>Unit: RMB</i>			
Current assets			
Cash and bank balances	IX.1	13,745,806,776.32	14,496,865,493.60
Held-for-trading financial assets	IX.2	851,685.41	794,623.45
Derivative financial assets			
Bills receivable	IX.3	35,605,982.60	43,212,806.04
Accounts receivable	IX.4	16,816,907,455.72	14,187,336,226.97
Receivables financing	IX.5	478,362,651.36	462,137,019.79
Prepayments	IX.6	6,437,126,843.55	4,777,591,388.82
Other receivables	IX.7	2,239,596,394.42	1,705,746,796.58
Including: Dividends receivable	IX.7	49,030,839.30	41,721,139.60
Inventories	IX.8	59,725,772.02	68,997,091.32
Including: Raw materials	IX.8	26,710,595.77	28,527,131.13
Goods in stock (finished goods)	IX.8	16,900,403.32	25,594,444.81
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	IX.9	15,151,236.52	15,909,170.38
Other current assets	IX.10	361,052,899.82	602,376,774.19
Total current assets		40,190,187,697.74	36,360,967,391.14
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	IX.11	46,220,000.00	47,604,170.38
Long-term equity investments	IX.12	9,471,029,361.16	8,412,239,568.62
Other equity instrument investments	IX.13	33,490,171.17	26,336,370.61
Other non-current financial assets	IX.14	727,342,609.42	797,864,160.84
Investment properties	IX.15	2,261,180,707.03	2,174,711,358.92
Fixed assets	IX.16	14,202,270,489.95	14,068,406,610.80
Including: Original value of fixed assets	IX.16	23,365,886,624.92	22,839,800,741.73
Accumulated depreciation	IX.16	9,002,439,545.96	8,612,838,000.17
Provision for impairment of fixed assets	IX.16	161,176,589.01	158,556,130.76
Construction in progress	IX.17	852,905,625.78	1,070,736,580.52
Right-of-use assets	IX.18	2,188,418,758.24	2,159,508,484.97
Intangible assets	IX.19	6,320,858,978.83	6,226,403,585.97
Development expenditure	IX.20	131,877,575.97	133,018,588.83
Goodwill	IX.21	2,096,459,680.18	1,982,398,248.66
Long-term prepaid expense	IX.22	245,607,589.33	236,049,377.05
Deferred tax assets	IX.23	250,008,603.23	259,677,060.28
Other non-current assets	IX.24	506,437,282.96	350,443,237.65
Total non-current assets		39,334,107,433.25	37,945,397,404.10
Total assets		79,524,295,130.99	74,306,364,795.24

The notes form an integral part of the financial statements

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

Feng Boming
Person-in-charge
of the Company

Wang Jiuyun
Person-in-charge for
Accounting work

Ding Guilin
Person-in-charge of
Accounting Department

Chapter 10

Consolidated Statement of Financial Position

30 June 2022

Unit: RMB

Item	Note	30 June 2022	31 December 2021
Current liabilities			
Short-term borrowings	IX.27	695,771,710.11	438,453,511.69
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	IX.28	118,171,341.37	59,800,000.00
Accounts payable	IX.29	15,996,221,738.37	13,868,678,889.96
Advances from customers			
Contract liabilities	IX.30	5,140,440,468.63	4,313,543,976.24
Employee remuneration payable	IX.31	1,849,630,915.57	1,980,502,961.29
Including: Wages payable	IX.31	1,607,166,888.34	1,752,290,639.33
Welfare payable	IX.31	10,261,615.92	803,693.78
# Including: Employee bonus and welfare fund			
Taxes and dues payable	IX.32	522,273,632.65	501,388,748.49
Including: Taxes payable	IX.32	509,937,522.51	492,472,352.79
Other payables	IX.33	3,000,981,152.26	1,847,365,679.22
Including: Dividends payable	IX.33	1,400,606,834.94	64,040,629.95
Held-for-sale liabilities			
Non-current liabilities due within one year	IX.34	970,288,707.37	946,334,185.61
Other current liabilities	IX.35	370,420,619.52	317,808,684.84
Total current liabilities		28,664,200,285.85	24,273,876,637.34
Non-current liabilities			
Long-term borrowings	IX.36	8,064,041,860.44	7,962,070,435.92
Bonds payable	IX.37	3,997,080,438.38	3,996,465,534.26
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	IX.38	1,683,163,744.97	1,714,149,755.92
Long-term payables	IX.39	147,762,523.12	117,923,603.36
Long-term employee remuneration payable	IX.40	2,544,692.50	2,579,073.52
Estimated liabilities	IX.41	148,151,699.77	313,130,896.83
Deferred income	IX.42	412,317,043.86	426,110,625.78
Deferred tax liabilities	IX.23	189,013,540.20	179,851,893.45
Other non-current liabilities	IX.43	277,701,867.48	269,904,394.78
Total non-current liabilities		14,921,777,410.72	14,982,186,213.82
Total liabilities		43,585,977,696.57	39,256,062,851.16

Chapter 10

Consolidated Statement of Financial Position

30 June 2022

Item	Note	30 June 2022	31 December 2021
<i>Unit: RMB</i>			
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	6,089,075,905.08	6,077,192,371.14
Less: Treasury shares	IX.46	223,810,987.59	
Other comprehensive income	IX.67	-317,427,378.89	-315,591,219.89
Including: Translation difference of the financial			
statements in foreign currency	IX.67	-372,786,714.53	-326,825,567.83
Special reserves	IX.47	93,939,004.04	82,387,493.19
Surplus reserves	IX.48	1,408,009,237.81	1,408,009,237.81
Including: Statutory surplus reserves	IX.48	1,408,009,237.81	1,408,009,237.81
Discretionary surplus reserves			
Retained earnings	IX.49	19,434,405,948.11	18,448,415,734.99
Total equity attributable to shareholders of the Company		33,884,995,603.56	33,101,217,492.24
Non-controlling interests		2,053,321,830.86	1,949,084,451.84
Total shareholders' equity		35,938,317,434.42	35,050,301,944.08
Total liabilities and shareholders' equity		79,524,295,130.99	74,306,364,795.24

The notes form an integral part of the financial statements

Chapter 10

Statement of Financial Position of the Company

30 June 2022

Unit: RMB

Item	Note	30 June 2022	31 December 2021
Current assets			
Cash and bank balances	XVIII.1	6,216,650,425.19	6,927,571,945.22
Held-for-trading financial assets			
Derivative financial assets			
Bills receivable	XVIII.2		1,747,848.96
Accounts receivable	XVIII.3	983,536,336.66	619,069,995.89
Receivables financing	XVIII.4	19,015,635.82	16,840,375.57
Prepayments		92,346,006.34	75,683,743.80
Centralized management of receivables			
Other receivables	XVIII.5	9,396,640,288.77	8,755,521,497.17
Including: Dividends receivable	XVIII.5	51,085,701.51	26,872,094.63
Inventories		64,513.60	
Including: Raw materials			
Goods in stock (finished goods)			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		265,402,403.86	320,564,380.15
Other current assets		34,675,947.71	42,795,224.10
Total current assets		17,008,331,557.95	16,759,795,010.86
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	XVIII.6	1,526,606,306.93	1,437,069,069.04
Long-term equity investments	XVIII.7	20,265,263,562.91	19,264,369,045.23
Other equity instrument investment			
Other non-current financial assets		1,391,198,262.79	1,344,220,519.51
Investment properties			
Fixed assets		25,418,524.46	29,215,420.53
Including: Original value of fixed assets		126,532,922.76	126,062,286.67
Accumulated depreciation		101,114,398.30	96,846,866.14
Provision for impairment of fixed assets			
Construction in progress		7,063,589.39	7,607,295.59
Right-of-use assets		492,039,772.84	504,937,903.95
Intangible assets		188,266,162.59	185,478,684.93
Development expenditure		98,163,682.76	109,136,614.44
Goodwill			
Long-term prepaid expenses		668,935.17	876,376.14
Deferred tax assets			
Other non-current assets			9,212,264.18
Total non-current assets		23,994,688,799.84	22,892,123,193.54
Total assets		41,003,020,357.79	39,651,918,204.40

The notes form an integral part of the financial statements

Chapter 10

Statement of Financial Position of the Company

30 June 2022

Unit: RMB

Item	Note	30 June 2022	31 December 2021
Current liabilities			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		666,974,662.40	503,550,038.75
Advances from customers			
Contract liabilities		83,346,260.63	64,847,778.03
Employee remuneration payable		103,135,474.79	122,066,594.23
Including: Wages payable		79,320,923.45	98,593,696.60
Welfare payable			
# Including: Employee bonus and welfare fund			
Taxes and dues payable		2,617,950.51	3,438,156.81
Including: Taxes payable		2,016,373.03	2,850,140.47
Other payables		10,672,496,776.43	10,146,253,004.47
Including: Dividends payable		1,343,793,006.16	
Held-for-sale liabilities			
Non-current liabilities due within one year		79,704,294.06	83,912,326.12
Other current liabilities			
Total current liabilities		11,608,275,418.82	10,924,067,898.41
Non-current liabilities			
Long-term borrowings	XVIII.8	102,625,000.00	102,625,000.00
Bonds payable	XVIII.9	3,997,080,438.38	3,996,465,534.26
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		531,584,441.65	540,127,884.27
Long-term payables			
Long-term employee remuneration payable			
Estimated liabilities			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		4,631,289,880.03	4,639,218,418.53
Total liabilities		16,239,565,298.85	15,563,286,316.94

Chapter 10

Statement of Financial Position of the Company

30 June 2022

Unit: RMB

Item	Note	30 June 2022	31 December 2021
Shareholders' equity:			
Share capital		7,400,803,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	XVIII.10	10,781,206,739.40	10,767,113,557.58
Less: Treasury shares		223,810,987.59	
Other comprehensive income		-14,551,804.06	-14,551,804.06
Including: Translation difference of the financial statements in foreign currency		-409,087.19	-409,087.19
Special reserves		4,226,571.21	3,992,511.38
Surplus reserves		1,408,009,237.81	1,408,009,237.81
Including: Statutory surplus reserves		1,408,009,237.81	1,408,009,237.81
Discretionary surplus reserves			
Retained earnings	XVIII.11	5,407,571,427.17	4,523,264,509.75
Total shareholders' equity		24,763,455,058.94	24,088,631,887.46
Total liabilities and shareholders' equity		41,003,020,357.79	39,651,918,204.40

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period ended 30 June 2022

Unit: RMB

Item	Note	January-June 2022	January-June 2021
I. Total operating income	IX. 50	55,191,474,275.97	61,676,887,227.64
Including: Operating income	IX. 50	55,191,474,275.97	61,676,887,227.64
II. Total operating cost		54,044,368,041.89	61,067,468,955.88
Including: Operating costs	IX. 50	51,790,424,862.82	58,854,289,446.20
Tax and surcharges	IX. 51	131,873,864.72	106,712,200.23
Selling expenses	IX. 52	532,869,095.62	465,252,690.83
Administrative expenses	IX. 53	1,587,831,183.18	1,398,783,034.89
Research and development expenses	IX. 54	48,918,182.36	66,020,398.33
Finance costs	IX. 55	-47,549,146.81	176,411,185.40
Including: Interest expenses	IX. 55	217,975,576.09	195,843,781.71
Interest income	IX. 55	78,074,350.57	64,079,951.35
Net exchange losses (net gains denoted by "-")	IX. 55	-201,286,318.95	36,572,454.67
Add: Other income	IX. 56	669,244,093.83	723,828,178.31
Investment income (losses denoted by "-")	IX. 57	1,328,335,463.38	1,156,701,645.92
Including: Income from investments in associates and joint ventures	IX. 57	1,180,283,531.21	1,148,967,850.65
Income from derecognition of financial assets measured at amortised cost (losses denoted by "-")	IX. 57		
Hedging income (losses denoted by "-")			
Gains from changes in fair value (losses denoted by "-")	IX. 58	-77,818,030.86	168,152,429.79
Credit loss impairment (losses denoted by "-")	IX. 59	-56,815,560.83	-2,890,853.04
Impairment of assets (losses denoted by "-")			
Income from disposal of assets (losses denoted by "-")	IX. 60	6,543,026.37	45,025,163.23
III. Operating profit (losses denoted by "-")		3,016,595,225.97	2,700,234,835.97
Add: Non-operating income	IX. 61	25,007,395.13	37,526,632.97
Including: Government grants	IX. 62	6,595,626.53	14,023,459.15
Less: Non-operating expenses	IX. 63	39,657,931.94	34,873,876.91
IV. Total profit (total losses denoted by "-")		3,001,944,689.16	2,702,887,592.03
Less: Income tax expenses	IX. 64	554,724,496.11	450,362,216.77
V. Net profit (net losses denoted by "-")		2,447,220,193.05	2,252,525,375.26
(I) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the Company (net losses denoted by "-")		2,326,678,920.04	2,162,568,947.46
2. Profit or loss attributable to non-controlling interests (net losses denoted by "-")		120,541,273.01	89,956,427.80
(II) Classified by the continuity of operations		2,447,220,193.05	2,252,525,375.26
1. Net profit from continuing operations (net losses denoted by "-")		2,447,220,193.05	2,252,525,375.26
2. Net profit from discontinued operations (net losses denoted by "-")			

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Period ended 30 June 2022

Item	Note	Unit: RMB	
		January-June 2022	January-June 2021
VI. Other comprehensive income, net of tax	IX. 67	-28,370,057.74	-64,756,551.31
Other comprehensive income attributable to shareholders of the Company, net of tax	IX. 67	-1,836,159.00	-66,400,120.71
(I) Other comprehensive income not to be subsequently reclassified to profit or loss	IX. 67	7,153,800.56	13,848,646.70
1. Change in amount 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. 67	7,153,800.56	13,848,646.70
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. 67	-8,989,959.56	-80,248,767.41
1. Other comprehensive income to be reclassified to profit or loss under the equity method	IX. 67	36,971,187.14	-58,867,745.23
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 differences of the financial statements in foreign currency	IX. 67	-45,961,146.70	-21,381,022.18
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax		-26,533,898.74	1,643,569.40
VII. Total comprehensive income		2,418,850,135.31	2,187,768,823.95
Total comprehensive income attributable to shareholders of the Company		2,324,842,761.04	2,096,168,826.75
Total comprehensive income attributable to non-controlling interests		94,007,374.27	91,599,997.20
VIII. Earnings per share:			
Basic earnings per share	IX. 65	0.31	0.29
Diluted earnings per share	IX. 65	0.31	0.29

The notes form an integral part of the financial statements

Chapter 10

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

Period ended 30 June 2022

Unit: RMB

Item	Note	January-June 2022	January-June 2021
I. Operating income	XVIII. 12	2,532,395,619.96	1,544,414,693.99
Less: Operating costs	XVIII. 12	2,380,603,784.39	1,418,785,404.53
Tax and surcharges		320,832.75	168,589.77
Selling expenses		41,743,612.13	46,718,274.84
Administrative expenses		151,519,253.33	132,991,221.18
Research and development expenses		65,813,083.73	43,649,249.83
Finance costs	XVIII. 13	-56,838,837.59	9,932,659.33
Including: Interest expenses	XVIII. 13	117,719,635.63	114,122,195.12
Interest income	XVIII. 13	125,625,136.41	117,495,024.29
Net exchange losses (net gains denoted by “-”)	XVIII. 13	-50,346,452.65	11,830,948.09
Add: Other income		52,715.40	6,600.00
Investment income (losses denoted by “-”)	XVIII. 14	2,281,993,082.69	2,128,510,808.65
Including: Income from investments in associates and joint venture	XVIII. 14	982,463,708.96	52,932,136.69
Income from derecognition of financial assets measured at amortised cost (losses denoted by “-”)	XVIII. 14		
Hedging income (losses denoted by “-”)			
Gains from changes in fair value (losses denoted by “-”)			
Credit loss impairment (losses denoted by “-”)		-5,934,269.15	1,225,038.78
Impairment of assets (losses denoted by “-”)			
Income from disposal of assets (losses denoted by “-”)		-3,932.43	
II. Operating profits (losses denoted by “-”)		2,225,341,487.73	2,021,911,741.94
Add: Non-operating income		36,477.92	484,596.41
Including: Government grants		13,200.00	
Less: Non-operating expenses		382,341.31	370,139.83
III. Total profit (total losses denoted by “-”)		2,224,995,624.34	2,022,026,198.52
Less: Income tax expenses			
IV. Net profit (net losses denoted by “-”)		2,224,995,624.34	2,022,026,198.52
Net profit from continuing operations (net losses denoted by “-”)		2,224,995,624.34	2,022,026,198.52
Net profit from discontinued operations (net losses denoted by “-”)			

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

Period ended 30 June 2022

Item	Note	January-June 2022	January-June 2021
V. Other comprehensive income, net of tax			
(I) Other comprehensive income not to be subsequently reclassified to profit or loss			
1. Changes in amount 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			
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			
7. Others			
VI. Total comprehensive income		2,224,995,624.34	2,022,026,198.52

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Cash Flows

Period ended 30 June 2022

Item	Note	Unit: RMB	
		January-June 2022	January-June 2021
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		56,340,014,761.06	62,733,531,400.95
Tax rebate received		56,780,527.44	2,489,678.21
Cash received from other operating activities	IX. 68	933,087,707.16	931,454,314.37
Sub-total of cash inflows from operating activities		57,329,882,995.66	63,667,475,393.53
Cash paid for goods and services		50,987,123,974.84	58,523,413,984.90
Cash paid to and on behalf of employees		3,941,945,632.33	3,561,375,584.15
Cash paid for taxes and dues		904,888,826.39	756,308,192.38
Cash paid for other operating activities	IX. 68	822,934,531.51	562,807,750.04
Sub-total of cash outflows from operating activities		56,656,892,965.07	63,403,905,511.47
Net cash flows from operating activities	IX. 68	672,990,030.59	263,569,882.06
II. Cash flows from investment activities			
Cash received from disposal of investments		5,608,500.00	302,655,754.62
Cash received from investment income		41,888,646.34	35,384,961.83
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		26,040,847.26	136,113,213.23
Net cash received from disposal of subsidiaries and other operating units	IX. 68		
Cash received from other investment activities	IX. 68	2,200,000.00	4,200,000.00
Sub-total of cash inflows from investment activities		75,737,993.60	478,353,929.68
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		722,361,354.67	541,712,514.10
Cash paid for investments		54,700,000.00	52,894,516.80
Net cash paid for acquisition of subsidiaries and other operating units	IX. 68	186,293,644.60	
Cash paid for other investment activities	IX. 68	23,545,838.12	26,112.59
Sub-total of cash outflows from investment activities		986,900,837.39	594,633,143.49
Net cash flows from investment activities		-911,162,843.79	-116,279,213.81
III. Cash flows from financing activities:			
Cash received from capital contributions		44,000,000.00	61,317,750.00
Including: Cash received by subsidiaries from capital contributions of non-controlling interests		44,000,000.00	61,317,750.00
Cash received from borrowings		1,462,226,983.40	6,419,662,545.84
Cash received from other financing activities	IX. 68		
Sub-total of cash inflows from financing activities		1,506,226,983.40	6,480,980,295.84
Cash paid for repayment of debts		1,275,715,000.94	4,548,449,169.97
Cash paid for distribution of dividends or profits or settlement of interest	IX. 68	228,299,442.24	222,892,634.11
Including: Dividends and profits paid by the subsidiaries to non-controlling interests	IX. 68	64,351,165.34	47,655,028.21
Cash paid for other financing activities	IX. 68	593,761,369.98	458,237,618.34
Sub-total of cash outflows from financing activities		2,097,775,813.16	5,229,579,422.42
Net cash flows from financing activities		-591,548,829.76	1,251,400,873.42
IV. Effect of foreign exchange rate changes		240,141,519.84	-49,245,788.79
V. Net increase in cash and cash equivalents	IX. 69	-589,580,123.12	1,349,445,752.88
Add: Balance of cash and cash equivalents at the beginning of the period	IX. 69	14,211,362,240.62	11,294,410,767.98
VI. Balance of cash and cash equivalents at the end of the period	IX. 69	13,621,782,117.50	12,643,856,520.86

The notes form an integral part of the financial statements

Chapter 10

Statement of Cash Flows of the Company

Period ended 30 June 2022

Unit: RMB

Item	Note	January-June 2022	January-June 2021
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		2,180,189,512.44	1,329,717,640.70
Tax rebate received			
Cash received from other operating activities		232,347,703.56	112,474,207.11
Sub-total of cash inflows from operating activities		2,412,537,216.00	1,442,191,847.81
Cash paid for goods and services		2,264,745,666.41	1,264,527,333.16
Cash paid to and on behalf of employees		154,521,484.58	165,978,112.41
Cash paid for taxes and dues		320,832.75	311,598.12
Cash paid for other operating activities		281,499,373.69	116,721,952.52
Sub-total of cash outflows from operating activities		2,701,087,357.43	1,547,538,996.21
Net cash flows from operating activities	XVIII. 15	-288,550,141.43	-105,347,148.40
II. Cash flows from investment activities:			
Cash received from disposal of investments			302,655,754.62
Cash received from investment income		1,275,315,766.85	2,065,073,914.21
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		113,607.37	357,753.20
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities		113,603,813.57	131,679,844.85
Sub-total of cash inflows from investment activities		1,389,033,187.79	2,499,767,266.88
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		11,708,206.88	7,979,809.79
Cash paid for investments		65,408,552.00	
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid for other investment activities		580,481,211.82	170,191,346.03
Sub-total of cash outflows from investment activities		657,597,970.70	178,171,155.82
Net cash flows from investment activities		731,435,217.09	2,321,596,111.06
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		1,000,000,000.00	4,200,000,000.00
Cash received from other financing activities		98,545,321.86	12,637,361.82
Sub-total of cash inflows from financing activities		1,098,545,321.86	4,212,637,361.82
Cash paid for repayment of debts		1,000,000,000.00	2,200,000,000.00
Cash paid for distribution of dividends or profits or settlement of interest		107,250,406.30	130,462,150.77
Cash paid for other financing activities		1,087,122,255.19	2,446,986,127.76
Sub-total of cash outflows from financing activities		2,194,372,661.49	4,777,448,278.53
Net cash flows from financing activities		-1,095,827,339.63	-564,810,916.71
IV. Effect of foreign exchange rate changes		90,079,619.97	-968,136.80
V. Net increase in cash and cash equivalents	XVIII. 15	-562,862,644.00	1,650,469,909.15
Add: Balance of cash and cash equivalents at the beginning of the period	XVIII. 15	6,680,346,115.38	4,616,395,728.34
VI. Balance of cash and cash equivalents at the end of the period	XVIII. 15	6,117,483,471.38	6,266,865,637.49

The notes form an integral part of the financial statements

Chapter 10

Consolidated Statement of Changes in Equity

Period ended 30 June 2022

Items	January-June 2022										Total shareholders' equity		
	Equity attributable to shareholders of the Company					Including: translation difference of the statements in foreign currency							
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Surplus reserves	Special reserves	Retained Earnings	Sub-total	Non-controlling interests	
(V) Internal transfers of shareholders' equity													
1. Share capital transferred from capital reserves													
2. Share capital transferred from surplus reserves													
3. Recovery of losses by surplus reserves													
4. Transfer of changes in defined benefit plans into retained earnings													
5. Transfer of other comprehensive income into retained earnings													
6. Others													
IV. Balance at the end of current period	7,400,803,875.00				6,089,075,905.08	223,810,987.59	-317,427,378.89	-372,786,714.53	93,939,004.04	19,434,405,948.11	33,884,995,605.56	2,063,321,830.86	35,938,317,454.42

The notes form an integral part of the financial statements

Chapter 10 Statement of Changes in Equity of the Company

Period ended 30 June 2022

Unit: RMB

Items	January-June 2022						Including: translation difference of the statements in foreign currency	Retained Earnings	Sub-total											
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Others	Capital reserves				Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves							
I. Closing balance of the prior year	7,400,803,875.00					10,767,113,557.58	-409,087.19	4,523,264,509.75	24,088,631,887.46											
Add: changes in accounting policies																				
Correction of prior errors																				
Others																				
II. Balance at the beginning of current period (increases/decreases in current period (decreases denoted by "-"))	7,400,803,875.00					10,767,113,557.58	-409,087.19	4,523,264,509.75	24,088,631,887.46											
III. (I) Total comprehensive income																				
(II) Capital contributed and reduced by shareholders						14,083,181.82	223,810,987.59	884,306,917.42	674,823,171.48											
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								2,224,995,624.34	2,224,995,624.34											
4. Others																				
(III) Appropriation and use of special reserves						14,083,181.82	223,810,987.59													
1. Appropriation of special reserves																				
2. Use of special reserves																				
(IV) Profit distribution																				
1. Appropriation of surplus reserves including: Statutory surplus reserves																				
Discretionary surplus reserves																				
2. Distribution to shareholders																				
3. Others																				
(V) Internal transfers of shareholders' equity																				
1. Share capital transferred from capital reserves																				
2. Share capital transferred from surplus reserves																				
3. Recovery of losses by surplus reserves																				
4. Transfer of changes in defined benefit plans into retained earnings																				
5. Transfer of other comprehensive income into retained earnings																				
6. Others																				
IV. Balance at the end of current period	7,400,803,875.00					10,781,206,739.40	223,810,987.59	5,407,571,427.17	24,763,455,056.94											

The notes form an integral part of the financial statements

Chapter 10 Statement of Changes in Equity of the Company

Period ended 30 June 2022

Unit: RMB

Items	Other equity instruments						January-June 2021				Subtotal	
	Share capital	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Including: difference of the statements in foreign currency	Special reserves	Surplus reserves		Retained earnings
I. Closing balance of the prior year	7,400,803,875.00				10,764,008,546.37		-13,438,056.58	704,660.29	3,693,848.35	1,097,484,710.77	2,615,526,483.90	21,868,079,407.81
Add: changes in accounting policies												
Correction of prior errors												
Others												
II. Balance at the beginning of current period	7,400,803,875.00				10,764,008,546.37		-13,438,056.58	704,660.29	3,693,848.35	1,097,484,710.77	2,615,526,483.90	21,868,079,407.81
III. Increases/decreases in current period												
(I) Total comprehensive income							-1,113,747.48	-1,113,747.48	68,692.00		1,135,043,481.00	1,133,998,425.52
(II) Capital contributed and reduced by shareholders											2,022,026,198.52	2,022,026,198.52
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 reserves												
1. Appropriation of special reserves									68,692.00			68,692.00
2. Use of special reserves									100,775.36			100,775.36
(IV) Profit distribution									-32,083.36			-32,083.36
1. Appropriation of surplus reserves												
Including: Statutory surplus reserves												
Discretionary surplus reserves												
2. Distribution to shareholders												
3. Others												
(V) Internal transfers of shareholders' equity												
1. Share capital transferred from capital reserves												
2. Share capital transferred from surplus reserves												
3. Recovery of losses by surplus reserves												
4. Transfer of changes in defined benefit plans into retained earnings												
5. Transfer of other comprehensive income into retained earnings												
6. Others												
IV. Balance at the end of current period	7,400,803,875.00				10,764,008,546.37		-14,551,804.06	-409,087.19	3,762,540.35	1,097,484,710.77	3,750,569,964.90	23,022,077,833.33

The notes form an integral part of the financial statements

Chapter 10

Notes to the Financial Statements

For the period ended 30 June 2022

(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 57.93% and 42.07% 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.

Chapter 10

Notes to the Financial Statements

For the period ended 30 June 2022

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

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

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 the 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.

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 H-share shareholders’ meeting 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: Wang Hong.

Chapter 10

Notes to the Financial Statements

For the period ended 30 June 2022

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

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

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”.

II. BASIS FOR THE PREPARATION

The Group has evaluated its ability to continue as a going concern for the 12 months from 30 June 2022, including, but not limited to, an assessment for the potential impact of COVID-19, and has not identified any events or circumstances that may cast a significant doubt over its ability to continue as a going concern. Therefore, the financial statements are prepared on a going concern and accrual basis and are prepared in accordance with the *Accounting Standards for Business Enterprises* and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as “Accounting Standards for Business Enterprises”), and the relevant disclosures required by the *Rules for Compiling Information Disclosure of Public Securities Companies No. 15 – General Provisions on Financial Reporting* (revised in 2014) of CSRC and relevant provisions, the disclosure requirements of the *Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange* (the “Listing Rules”) and based on the accounting policies and accounting estimates as described in the note “IV. Significant Accounting Policies and Accounting Estimates”.

III. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements prepared by the Group 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 of 30 June 2022; as well as the consolidated and the Company’s operating results and cash flows for the period of January-June 2022.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 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 observation 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.

4. BUSINESS COMBINATION

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. BUSINESS COMBINATION (Continued)

4.1 Business combination involving entities under common control

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

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

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

4.2 Business combination not involving entities under common control

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

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

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. GOODWILL

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

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

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

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

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

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

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

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the subsidiaries acquired through business combination under common control or combined parties under absorption merge, 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' or combined parties' 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 or the date of control by the ultimate controlling party.

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 in full on consolidation.

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

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

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

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. JOINT ARRANGEMENT

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

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

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

8. CASH AND CASH EQUIVALENTS

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

9. FINANCIAL INSTRUMENTS

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

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

Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value through profit or loss, related transaction costs are directly included in profit or loss; for other types of financial assets and financial liabilities, related transaction costs are included in the initially recognised amount. When the Group initially recognises receivables and notes receivable 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*, The transaction price as defined by the revenue standard is initially measured.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

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

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

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

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

9.1 Classification and measurement of financial assets

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

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.1 Classification and measurement of financial assets (Continued)

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 assets, the financial assets are classified as financial assets measured at fair value through other comprehensive income. If such financial assets are classified as accounts receivable and bills receivable measured at fair value through other comprehensive income at the acquisition time, they are listed as receivables financing; if such financial assets have a maturity period of more than one year, they are listed as other debt investments, and if they mature within one year (including one year) from the balance sheet date, they are listed as non-current assets due within one year; if the acquisition time limit is within one year (including one year), they are 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 assets are 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.

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.1 Classification and measurement of financial assets (Continued)

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 amortized cost*

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

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

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

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.1 Classification and measurement of financial assets (Continued)

9.1.2 Financial assets at fair value through other comprehensive income (Continued)

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 amount of the financial assets listed in the statement of financial position.

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

9.2.1 Significant increase in credit risk

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

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.).

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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.
- (13) Whether the expected performance and repayment behavior of the debtor change significantly.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

- (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.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 bills receivable, accounts receivable, other receivables, 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 amount of the financial asset and the present value of the estimated future cash flow discounted at the original effective interest rate.

The Group considers the following factors in measuring the expected credit losses of financial instruments: an unbiased probabilistic weighted average amount determined by evaluating a range of possible outcomes; time value of money; reasonable and evidence-based information about past events, current conditions and projections of future economic conditions that can be obtained at the end of the reporting period without unnecessary additional cost or effort.

9.2.4 Write-off of financial assets

When the Group no longer has a reasonable expectation that the contractual cash flows from a financial asset will be fully or partially recovered, the carrying amount of the financial asset is written down directly. Such write-down constitutes derecognition of the related financial asset.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.3 Transfer of financial assets

Financial assets that meet one of the following conditions shall be derecognised: (1) The contractual right to collect the cash flow of the financial assets is terminated; (2) The financial assets have been transferred, and almost all the risks and rewards in the ownership of the financial assets have been transferred to the transferee; (3) The financial assets have been transferred, though the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, it does not retain control over the financial assets.

If the Group neither transfers nor retains almost all the risks and rewards in the ownership of the financial assets, and retains control over the financial assets, it shall continue to recognise the transferred financial assets according to the extent to which it continues to be involved in the transferred financial assets, and recognise the relevant liabilities accordingly. The Group measures the related liabilities in the following ways:

- For the transferred financial assets at amortised cost, the carrying amount of the related liabilities is equal to the carrying amount of the continued involvement in the transferred financial assets less the amortised cost of the rights retained by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the amortised cost of the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). Relevant liabilities are not designated as financial liabilities measured at fair value through profit or loss.
- For the transferred financial assets at fair value, the carrying amount of the related liabilities is equal to the carrying amount of the continued involvement in the transferred financial assets minus the fair value of rights retained by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). The fair value of the right and obligation shall be the fair value measured on an independent basis.

The overall transfer of financial assets meets the conditions for derecognition, for the classification of financial assets measured at amortised cost and the classification of financial assets measured at fair value through other comprehensive income, the difference between the carrying amount of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulative amount of changes in fair value originally recorded in other comprehensive income is recorded in the current profit or loss. For non-tradable equity instruments designated by the Group to be measured at fair value through other comprehensive income, the accumulated gains or losses previously recorded in other comprehensive income shall be transferred from other comprehensive income and be recorded in retained earnings.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.3 Transfer of financial assets (Continued)

If the partial transfer of financial assets meets the conditions for the derecognition, the total carrying amount of the financial assets before the transfer shall be allocated between the part of the derecognition and the part of the continuing recognition according to their respective relative fair value on the transfer date. The difference between the sum of the consideration received in the part of the recognition of termination and the accumulative amount of the fair value changes originally recorded in other comprehensive income plus the carrying amount allocated to the part of the derecognition on the date of derecognition shall be recorded into the current profit or loss.

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.

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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)

- 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.

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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)

9.4.1.2 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 amount of the financial liability and gains or losses are included in profit or loss. The recalculated carrying amount of the financial liability is determined based on the discounted present value of the contractual cash flow to be renegotiated or modified at the original effective interest rate of the financial liability. For all costs or expenses incurred by revising or renegotiating the contract, the Group adjusts the carrying amount of the revised financial liability and amortises it over the remaining period of the revised financial liability.

9.4.1.2.1 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when a specific debtor fails to repay the debt in accordance with the terms of the original or modified debt instrument. Subsequent to initial recognition, for financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss or financial liabilities formed by failing to meet derecognition or continuing to involve in the transferred financial assets, they are measured at the higher of the amount of loss provisions and the initial recognition amount after deducting the accumulated amortisation amount determined in accordance with the relevant provisions of the revenue standard.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.4 Classification of financial liabilities and equity instruments (Continued)

9.4.2 Derecognition of financial liabilities

If all or part of the current obligation of the financial liabilities has been released, the recognition of the financial liabilities or part thereof shall be terminated. The Group (debtor) and the creditor enter into an agreement to replace the original financial liabilities with new financial liabilities, and if the contract terms of the new financial liabilities and the original financial liabilities are substantially different, the Group derecognises the original financial liabilities and simultaneously recognise the new financial liabilities.

If the recognition of financial liabilities is derecognised in whole or in part, the difference between the carrying amount of the part to be derecognised and the consideration paid (including the transferred non-cash assets or the new financial liabilities) shall be recorded into profit or loss of the current period.

9.4.3 Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the Group's assets after deducting all liabilities. The Group issues (including refinancing), repurchases, sales or write-offs of equity instruments as changes in equity. The Group does not recognise changes in the fair value of equity instruments. Transaction costs associated with an equity transaction are deducted from the equity.

The distribution of equity instruments holders by the Group are treated as profit distribution, and the stock dividends issued by the Group does not affect the total amount of shareholders' equity.

9.5 Derivative instruments and embedded derivative instruments

Derivative financial instruments include forward foreign exchange contracts, currency exchange rate swap contracts, interest rate swap contracts and foreign exchange options contracts, etc. Derivative instruments are initially measured at fair value on the signing date of relevant contracts, and are subsequently measured at fair value.

For the mixed contracts composed of the embedded derivative instruments and the main contract, if the main contract belongs to financial assets, the Group does not split the embedded derivative instruments from the mixed contracts, but applies the accounting standards for the classification of financial assets as a whole to the mixed contracts.

If the main contract contained in the mixed contracts does not belong to financial assets and meets the following conditions, the Group will split the embedded derivative instruments from the mixed contracts and deal it as separate derivative financial instruments.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.5 Derivative instruments and embedded derivative instruments (Continued)

- (1) The economic characteristics and risks of embedded derivative instruments are not closely related to the one's of main contract.
- (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.

9.7 Compound instrument

Convertible bonds issued by the Group that contain both a liability and a conversion option to convert the liability into its own equity instrument are initially recognized separately by splitting them. Of these, conversion options that are settled by exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments are accounted for as equity instruments.

On initial recognition, the fair value of the liability portion is determined at the current market price of a similar bond that does not have a conversion option. The difference that the overall issue price of the convertible bonds less the fair value of the liability portion, is included in other equity instruments as the value of the conversion option for bondholders to convert the bonds into equity instruments.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (Continued)

9.7 Compound instrument (Continued)

For subsequent measurement, the liability portion of convertible bonds is measured at amortized cost using the effective interest method; the value of the conversion option classified as an equity instrument continues to be retained in the equity instrument. No loss or gain arises upon maturity or conversion of the convertible bonds.

Transaction costs incurred for the issuance of convertible bonds are apportioned between the liability portion and the equity instrument portion based on their respective relative fair values. Transaction costs related to the equity instrument portion are recognized directly in the equity instrument; those related to the liability portion are recognized in the carrying amount of the liability and amortized over the term of the convertible bonds using the effective interest method.

10. INVENTORIES

The Group's inventories mainly include raw materials, goods in stock and reusable materials, 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 amount, the original amount of the write-down is reversed and charged to the profit or loss for the current period.

The Group adopts perpetual inventory system as the inventory accounting system.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT

11.1 Determination basis for joint control and significant influence

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 amount of the ultimate controlling party's consolidated financial statements on the acquisition date. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. To issue equity securities as the cost of business combination, the initial investment cost of the long-term equity investment shall be the share of the owner's equity of the acquiree in the carrying amount of the final ultimate controlling party's consolidated financial statements on the acquisition date, The face value of the total issued shares are recognised as share capital. The difference between the initial investment cost adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

As for the long-term equity investment acquired through business combination not involving 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.

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENT (Continued)

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 adopting 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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 amount of long-term equity investment shall be adjusted accordingly. The carrying amount of long-term equity investment shall be reduced accordingly by calculating the share of the profit distribution or cash dividend declared by investee. The carrying amount of long-term equity investment shall be adjusted and included in capital reserve for other changes in the owner's equity of investee rather than net or and loss, other comprehensive income and profit distribution. When recognising the share of the net profit and loss of the investee, the net profit of investee shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the invested unit at the acquisition date. If the accounting policies and periods adopted by the 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, unrealized 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 amount of the long-term equity investment and other long-term interests that substantially constitute the net investment of the invested unit shall be written down to zero. In addition, if the Group has the obligation to bear additional losses to the investee entity, it shall recognise the estimated liabilities according to the expected obligations and record them into the current investment loss. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 amount and the actual price obtained shall be recorded into the current profit and loss. For long-term equity investment accounted for using equity method, the remaining shares after disposal are still accounted for using the equity method. Other comprehensive income recognised by equity method is accounted for on the same basis as the assets or liabilities directly disposed of by the investee, and is carried forward proportionately to the current profit and loss; Owner's equity is carried forward proportionately to the current profit and loss. For long-term equity investments accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, other comprehensive income recognised due to the use of the equity method before gaining control over the investee is accounted for on the same basis as the relevant assets or liabilities directly disposed of by the investee, and is carried forward proportionately to the current profit and loss; the net assets of the investee recognised due to the use of the equity method are excluded from the equity method. Changes in net profit or loss, other comprehensive income and other equity other than profit distributions are carried forward on a pro rata basis to the current period's profit or loss.

Where the Group loses control over the investee due to the disposal of part of its equity investment, when preparing individual financial statements, the remaining equity after disposal can exercise joint control or exert significant influence on the investee, it shall be accounted for using the equity method instead, and the residual equity shall be accounted for using the equity method when it is deemed to be acquired; if the residual equity after disposal cannot exercise joint control or exert significant influence on the investee, it shall be accounted for according to the relevant provisions of the financial instruments recognition and measurement standards, and the difference between its fair value and carrying amount on the date of loss of control shall be included in the profits and losses of the current period. Other comprehensive income recognised as a result of the equity method of accounting before the Group acquired control over the investee is accounted for on the same basis as the assets or liabilities associated with the direct disposal of the investee when control over the investee is lost. Changes in owner's equity other than net gains and losses, other comprehensive income and profit distribution are carried forward to current gains and losses when the control of the investee is lost. Among them, if the residual equity after disposal is accounted for by equity method, other comprehensive income and other owners' equity are carried forward proportionally; if the residual equity after disposal is accounted for according to the criteria of recognition and measurement of financial instruments, all other comprehensive income and other owners' equity are carried forward.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 amount on the date of the loss of joint control or significant impact shall be included in the profits and losses of the current period. Other comprehensive income recognised by the original equity method shall be accounted for on the same basis as the assets or liabilities directly disposed of by the invested entity when the equity method is terminated. Owner's equity recognised by the 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 amount of each disposal price and the long-term equity investment corresponding to the disposal equity shall be recognised as other comprehensive income for the current period. When losing control, the difference shall be transferred from other comprehensive income to profit or loss of the same period.

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 uses the cost model for subsequent measurement of investment properties and depreciates or amortises in accordance with policies consistent with those for buildings or land use rights.

An investment property is derecognised when it is disposed of, or permanently withdrawn from use, and no economic benefits are expected from its disposal.

The difference of the disposal income of the sale, transfer, scrap or destruction of the investment properties after deducting its carrying amount and relevant taxes and fees shall be recorded into the current profit and loss.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 amount 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	Useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	5-30	0-5	3.17-20.00
Port and terminal facilities	20-40	5	2.38-4.75
Motor vehicles and vessels	5-25	5	3.80-19.00
Machinery, equipment, furniture, appliances and other equipment	5-25	5	3.80-19.00

Estimated residual value refers to the amount obtained by the Group from the disposal of the fixed asset after deducting the estimated disposal expenses, assuming that the expected service life of the fixed asset has been completed and is in the expected state at the end of its service life.

When a fixed asset is disposed of or is not expected to generate economic benefits through use or disposal, the recognition of the fixed asset shall be terminated. The difference of the disposal income from the sale, transfer, scrapping or destruction of fixed assets after deducting its carrying amount and relevant taxes and fees shall be recorded into the current profit 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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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 recognised 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 recognised in current profit or loss:

- (1) Completion of intangible asset so that it can be used or sold is technically feasible.
- (2) Intention to complete the intangible asset for use or for sale.
- (3) The ways in which intangible assets generate economic benefits include proving the existence of a market for the products produced by using the intangible assets or the existence of a market for the intangible assets themselves.
- (4) Having sufficient technical, financial and other resources to support the completion of the development of the intangible assets, and having the ability to use or sell the intangible assets.
- (5) Expenditure attributable to the development stage of the intangible asset can be measured reliably.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. INTANGIBLE ASSETS (Continued)

15.2 Research and development expenditures (Continued)

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.

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 measured using the cost method, fixed assets, construction in progress, right-of-use assets, intangible assets with definite useful lives and assets related to contract costs. If there is an indication that such assets are impaired, the recoverable amount is estimated. For intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, the impairment test shall be conducted every year regardless of whether there are signs of impairment.

If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined on the basis of the asset group to which the asset belongs. The recoverable amount is the higher of the net amount of the fair value of the asset or group of assets minus the disposal expenses and the present value of the expected future cash flow.

If the recoverable amount of an asset is less than its carrying amount, the difference between the amount and the carrying amount of the asset shall be calculated and the asset impairment provision shall be included in the current 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 amount 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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL (Continued)

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 amount of the asset, the original provision for impairment of the asset is reversed and recognized in profit or loss for the current period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

18. ESTIMATED LIABILITIES

When the contingent obligation is the current obligation undertaken by the Group, and the performance of the obligation is likely to lead to outflow of economic benefits, and the amount of the obligation can be measured reliably, it is recognised as an estimated liability.

At the end of the reporting period, the estimated liabilities are measured in accordance with the best estimate of the expenditure required to fulfill the relevant current obligations, taking into account the risk, uncertainty and time value of money related to contingencies. If the time value of money has a significant impact, the best estimate is determined by the amount discounted by the expected future cash outflow.

If all or part of the expenditure required to pay off the estimated liabilities is expected to be compensated by a third party, the amount of compensation shall be recognised as an asset when it is basically confirmed that it can be received, and the confirmed amount of compensation shall not exceed the carrying amount of the estimated liabilities.

19. EMPLOYEE REMUNERATIONS

Employee remunerations refer to the remuneration or compensation in various forms provided by the Group for the purpose of obtaining the service provided by the employee or the termination of labor relations. Employee remunerations include short-term 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.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. EMPLOYEE REMUNERATIONS (Continued)

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 and work injury 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.

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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

19. EMPLOYEE REMUNERATIONS (Continued)

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.

20. SHARE-BASED PAYMENT

Share-based payments are transactions that grant equity instruments for obtaining services rendered by employees or other parties. The Group's share-based payment is the equity-settled share-based payment.

The equity-settled share-based payment in exchange for services rendered by employees shall be measured at the fair value of equity instruments granted by the Group to employees at grant date. The amount of fair value, shall be included in related cost or expense by straight-line method, during the vesting period based on the best available estimate of the number of equity instruments expected to vest; if the equity instruments granted vest immediately, shall be recognized in related cost or expense at grant date, with a corresponding increase in capital reserve.

21. BONDS PAYABLE

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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. REVENUE RECOGNITION (Continued)

Where a contract contains two or more performance obligations, the Group allocates the transaction price to each individual performance obligation in proportion to the relative proportions of the individual sale price of the goods or services committed to by each individual performance obligation at the commencement date of the contract. However, where there is conclusive evidence that the contractual discount or variable consideration relates to only one or more (but not all) of the performance obligations in the contract, the Group apportions the contractual discount or variable consideration to the relevant one or more performance obligations. The individual selling price is the price at which the Group sells goods or services to a customer individually. Where individual selling prices are not directly observable, the Group estimates the individual selling price, taking into account all relevant information that is reasonably available and using observable inputs to the maximum extent possible.

Where there is variable consideration in a contract, the Group determines the best estimate of the variable consideration based on expectations or the most likely amount to occur. The transaction price that includes variable consideration does not exceed the amount by which it is highly unlikely that there will be a material reversal of the cumulative recognised revenue at the time the related uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of the variable consideration that should be included in the transaction price.

Where the customer pays non-cash consideration, the Group determines the transaction price by reference to the fair value of the non-cash consideration. If the fair value of the non-cash consideration cannot be reasonably estimated, the Group determines the transaction price indirectly by reference to the separate selling price of the goods or services that the Group promises to transfer to the customer.

Where there is consideration payable to a customer under a contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the Group offsets the consideration payable against the transaction price and reduces current revenue at the later of the point at which the related revenue is recognised and the customer consideration is paid (or promised to be paid).

For sales with a quality assurance clause, the quality assurance constitutes a single performance obligation if it provides a separate service in addition to the assurance to the customer that the goods or services sold comply with established standards. Otherwise, the Group accounts for the quality assurance obligation in accordance with the provisions of *Accounting Standards for Business Enterprises No. 13 – Contingencies*.

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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. REVENUE RECOGNITION (Continued)

The Group determines whether it is the principal obligor or agent at the time of the transaction based on whether it has control over the goods or services prior to the transfer of the goods or services to the customer. If the Group has control over the goods or services before transferring them to the customer, the Group is the principal obligor and recognises revenue based on the total consideration received or receivable; otherwise, the Group is the agent and recognises revenue based on the amount of commission or fee to which it is expected to be entitled, which is net of the total consideration received or receivable, less the price payable to other related parties, or based on the established commission Amount or percentage, etc. determined.

When the Group receives advance payments from customers for the sale of goods or services, it first recognises the payments as a liability and then converts them to revenue when the related performance obligations are fulfilled. When the Group's advance receipts are not required to be returned and it is probable that the customer will waive all or part of its contractual rights, the Group recognises the above amount as revenue ratably in accordance with the pattern of the customer's exercise of contractual rights, if the Group expects to be entitled to the amount related to the contractual rights waived by the customer; otherwise, the Group transfers the relevant balance of the above liability only when it is highly unlikely that the customer will demand performance of the remaining performance obligation to Income.

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

Revenue from forwarding and related 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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. REVENUE RECOGNITION (Continued)

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.

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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. INCOME TAXES (Continued)

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 amount of certain items of assets and liabilities and their tax bases, and for temporary differences arising from differences between the carrying amount and tax bases of items that are not recognised as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

Generally, all temporary differences are recognised for related deferred income tax purposes. However, for deductible temporary differences, the Group recognises a related deferred tax assets to the extent that it is more likely than not that the Group will be able to realize the taxable income used to offset the deductible temporary differences. In addition, related deferred 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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. INCOME TAXES (Continued)

25.2 Deferred tax assets and deferred tax liabilities (Continued)

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 amount 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 amount of deferred tax assets is reviewed and the carrying amount of deferred tax assets is written down to the extent that it is more likely than not that sufficient taxable income will not be available in the future to offset the benefit of the deferred tax assets. To the extent that it is probable that sufficient taxable income will be available, the amount of the write-down is reversed.

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 tax assets and deferred 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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS (Continued)

26.1 Foreign currency operations (Continued)

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 book 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.

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 approximate exchange rate at the spot exchange 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".

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Notes to the Financial Statements

For the period ended 30 June 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. FOREIGN CURRENCY OPERATIONS AND TRANSLATION OF FOREIGN CURRENCY STATEMENTS (Continued)

26.2 Translation of foreign operations (Continued)

Opening amount of the period and actual amount of prior period are presented in accordance with the amounts translated from the prior year's 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.

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.

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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (Continued)

27.1 The Group as lessee (Continued)

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 amount of the right-of-use asset is adjusted accordingly.

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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (Continued)

27.1 The Group as lessee (Continued)

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.

Variable lease payments that are index- or rate-dependent are determined at initial measurement based on an index or rate at the lease term start date. Variable lease payments that are not included in the measurement of lease liabilities are recognised in current profit or loss or costs of the related assets when they are actually made.

After the start date of the lease term, the Group calculates the interest expense of the lease liability for each period during the lease term at a fixed periodic interest rate and records it in current profit or loss or costs of the related assets.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (Continued)

27.1 The Group as lessee (Continued)

27.1.4 Lease liability (Continued)

After the lease term starts, the Group premeasured the lease liability and adjusts the corresponding right-of-use asset if any of the following occurs; if the carrying amount of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Group recognises the difference in profit or loss for the current period:

- In the event of a change in the lease term or a change in the valuation of a purchase option, the Group remeasures the lease liability at the present value of the lease payments after the change and at a revised discount rate.
- Where there is a change in the amount expected to be payable based on the remaining value of the guarantee or in the index or rate used to determine lease payments, the Group remeasures the lease liability to the present value of the changed lease payments and the original discount rate. Where changes in lease payments result from changes in floating interest rates, the revised discount rate is used.

27.1.5 Short-term leases and low-value asset leases

The Group elects not to recognise right-of-use assets and lease liabilities for short-term leases and low-value asset leases. 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. Low-value asset leases 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 low-value asset leases 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.

27.1.6 Lease modification

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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (Continued)

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.

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.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (Continued)

27.2 The Group as lessor (Continued)

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.

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.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (Continued)

27.2 The Group as lessor (Continued)

27.2.7 Lease modification

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.

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 amount of the leased asset is the net investment in the lease as at the effective date of the lease modification.
- Had the modification been effective at the lease start date, the lease would have been classified as a finance lease, and the Group would have accounted for it in accordance with the provisions of *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* for the modification or renegotiation of contracts.

Chapter 10 Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (Continued)

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 amount of the original asset that relates to the right of use acquired through leaseback, and recognises gain or loss only on the right transferred to the lessor.

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.

28. HELD FOR SALE

The Group classifies held for sale when it recovers the carrying amount of a non-current asset or disposal group primarily through a sale, including a non-monetary asset exchange with commercial substance, rather than through the continued use of the non-current asset or disposal group.

A non-current asset or disposal group classified as held for sale is subject to both: (1) Immediate sale in its current condition, as is customary for the sale of such an asset or disposal group in similar transactions, and (2) a sale is highly probable, i.e. the Group has resolved on a plan to sell and has received firm purchase commitments and the sale is expected to be completed within one year.

The Group measures non-current assets held for sale or disposal groups at the lower of their carrying amount or fair value less costs to sell. If the carrying amount is higher than the fair value less costs to sell, the carrying amount is written down to the fair value less costs to sell, and the amount of the write-down is recognised as an impairment loss on the asset, which is recognised in profit or loss and an impairment provision for assets held for sale. If the fair value of non-current assets held for sale, net of selling expenses, increases at subsequent balance sheet dates, the amount previously written down is restored and reversed within the amount of the impairment loss recognised after classification as held for sale, and the reversed amount is recognised in profit or loss for the current period.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. HELD FOR SALE (Continued)

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 Cai Qi [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.

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 transfer of financial assets meets the criteria for derecognition of the whole financial asset, the difference between the consideration received and the corresponding carrying amount is transferred and recognised in profit or loss for the period, and the cumulative change in fair value of the relevant financial asset originally recognised directly in shareholders' equity is also recognised in profit or loss for the period; if the conditions for derecognition of the partial transfer are met, the carrying amount of the whole financial asset involved in the transfer, between the part that is derecognised and the part that is not derecognised, the relative fair value of each is apportioned and the apportioned carrying amount is treated on an overall transfer versus partial transfer basis. If the conditions for derecognition are not met, the consideration received is recognised as a financial liability.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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 amount of the exchange-out asset is recognised in current profit or loss upon derecognition. If there is sufficient evidence that the fair value of the exchange-in asset is more reliable, the fair value of the exchange-in asset and the relevant tax payable are used as the initial measurement amount of the exchanged asset; for the exchange-out asset, the difference between the fair value of the exchange-in asset and the carrying amount of the exchange-out asset is charged to the profit or loss for the current period upon derecognition.

Non-monetary asset exchanges that do not meet the condition of being measured at fair value are measured at carrying amount. For the exchange-in assets, the carrying amount of the exchange-out asset and the relevant tax payable are used as the initial measurement amount of the exchange-in asset; for the exchange-out assets, no gain or loss is recognised upon derecognition.

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.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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 net amount of the total fair value of the exchange-out assets less the fair value of the exchange-in financial assets is apportioned according to the relative proportion of the fair value of each exchange-in asset other than the exchange-in financial assets, and the amount apportioned to each exchange-in asset plus the relevant taxes payable, is initially measured as the cost of each exchange-in asset; where there is sufficient evidence that the fair value of the exchange-in assets is more reliable, the fair value of each exchange-in asset and the related taxes payable are used as the initial measurement of the cost of each exchange-in asset. Where the non-monetary asset exchange is measured at carrying amount, the total carrying amount of the exchange-out asset is apportioned to each exchange-in asset in proportion to the relative proportion of the fair value of each exchange-in asset, and the amount apportioned plus the relevant taxes payable are recognised as the initial measurement amount of each exchange-in asset. If the fair value of the exchange-in asset cannot be measured reliably, the carrying amount of the exchange-out asset is apportioned in proportion to the relative or other reasonable proportion of the original carrying amount of each exchange-in asset.

Where multiple assets are exchanged simultaneously in a non-monetary asset exchange, if the exchange is measured at fair value, the difference between the fair value of each exchange-out asset and its carrying amount is recognised in profit or loss upon derecognition of each exchange-out asset; if there is sufficient evidence that the fair value of the exchange-in asset is more reliable, the total fair value of the exchange-in asset is apportioned to each exchange-out asset in proportion to the relative proportion of the fair value of each exchange-out asset. The difference between the amount apportioned to each exchange-out asset and the carrying amount of each exchange-out asset is recognised in profit or loss on derecognition of each exchange-out asset. Where non-monetary asset exchange is measured at carrying amount, no gain or loss is recognised on derecognition of each exchange-out asset.

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 amount of the settled debt and the carrying amount of the transferred assets is recognised in profit or loss for the current period.

A debt restructuring that converts a debt into an equity instrument is derecognised when the settled debt meets the conditions for derecognition. The equity instrument is measured at its fair value upon initial recognition, and if the fair value cannot be reliably measured, it is measured at the fair value of the settled debt. The difference between the carrying amount of the settled debt and the amount recognised for the equity instrument is recognised in profit or loss for the current period.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. DEBT RESTRUCTURING (Continued)

33.1 Recording debt restructuring obligations as debtor (Continued)

Debt restructuring by modifying other terms shall be recognised and measured in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments and Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments*.

If debt restructuring is carried out by using multiple assets to pay off debts or combination, equity instruments and restructured debts shall be recognised and measured according to the above-mentioned methods. The difference between the carrying amount of the settled debts and the carrying amount of the transferred assets and the sum of the recognised amounts of the equity instruments and restructured debts shall be included in the current profits or losses.

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 amount 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 amount 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*.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. DEBT RESTRUCTURING (Continued)

33.2 Recording debt restructuring obligations as creditor (Continued)

If debt restructuring is carried out by using multiple assets to pay off debts or combination, firstly, the transferred financial assets and creditor's right restructured are recognised and measured in accordance with the provisions of *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*, and then The net amount of the fair value of the abandoned creditor's rights after deducting the recognised amount of the transferred financial assets and the restructured creditor's rights are allocated in proportion to the fair value of each asset other than the transferred financial assets, and on this basis, the cost of each asset is determined separately in accordance with the above method. The difference between the fair value and the carrying amount of the abandoned creditor's rights is recognised in profit or loss for the current period.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note IV, the inherent uncertainty in operating activities requires the Group to make judgments, estimates and assumptions about the carrying amount of statement items that cannot be measured accurately. These judgments, estimates and assumptions are based on historical experience of the management and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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 amount of assets and liabilities in the future are as follows:

1.1 Classification of financial assets

The classification and measurement of financial assets is dependent on the contractual cash flow test and the business model test. The Group is required to consider all relevant evidence available at the date of the business model assessment, including the manner in which the enterprise evaluates and reports the performance of financial assets to key management personnel, the risks that affect the performance of financial assets and their management, and the manner in which the relevant business management personnel are compensated. The Group is also required to make a judgment 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.

Chapter 10 Notes to the Financial Statements

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V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (Continued)

1.2 Derecognition of transfers of financial assets

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 judgment of consolidation will determine whether the derecognition analysis should be performed at the level of the consolidation entity, or at the level of the single entity from which the financial assets are transferred.

The Group is required to analyse the contractual cash flow rights and obligations related to the transfer of financial assets to determine whether it meets the conditions for derecognition based on the following judgments.

- Whether the authority to obtain the contractual cash flows has been transferred; or whether the cash flows have met the “pass through” requirements and transferred to an independent third party.
- Assess the degree of risk and reward transfer in the ownership of financial assets. The Group uses significant accounting estimates and judgments in estimating cash flows and other factors that affect the degree of risk and reward transfer before and after the transfer.

1.3 Recognition of expected credit losses

Significant increase in credit risk: In assessing the expected credit losses on financial assets, the Group is required to judge whether the credit risk on financial assets has increased significantly since acquisition, taking into account both qualitative and quantitative information and incorporating forward-looking information in the process.

Establishment of asset groups with similar credit risk characteristics: When expected credit losses are measured on a portfolio basis, financial instruments are grouped together based on similar risk characteristics. The Group continually assesses whether these financial instruments continue to have similar credit risk characteristics to ensure that should the credit risk characteristics change, the financial instruments will be reclassified appropriately. This may result in the creation of a new group or the reclassification of assets into an existing portfolio to better reflect the similar credit risk characteristics of such assets.

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Notes to the Financial Statements

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

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (Continued)

1.3 Recognition of expected credit losses (Continued)

Use of models and assumptions: The Group uses different models and assumptions to assess the expected credit losses on financial assets. The Group uses judgment to determine the most applicable model for each class of financial asset and the assumptions used to determine these models, including those related to key drivers of credit risk.

Forward-looking information: In assessing expected credit losses, the Group uses reasonable and informed forward-looking information that is based on assumptions about the future course of different economic drivers and how these economic drivers may interact with each other.

Default rate: The default rate is an important input for expected credit risk. The default rate is an estimate of the likelihood of default in a given period in the future and is calculated involving historical data, assumptions and expectations of future conditions.

Loss given default: The loss given default is an estimate of the losses incurred in the event of default. It is based on the difference between the contractual cash flows and the cash flows expected to be received by the borrower and takes into account the cash flows generated by the collateral and the overall credit enhancement.

1.4 Goodwill impairment

As at 30 June 2022, the carrying amount of goodwill is RMB2,096,459,680.18. 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.

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.

Chapter 10 Notes to the Financial Statements

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V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

1. KEY ASSUMPTIONS AND UNCERTAINTY IN ACCOUNTING ESTIMATES (Continued)

1.5 Recognition of deferred income tax (Continued)

The Group operates in many countries and regions and collects the income tax payable in each region according to the local tax law and relevant regulations. The Group will calculate and make provision for deferred income tax liabilities in accordance with the requirements of relevant state agencies, the Group's development strategy and the distribution plan of retained earnings of subsidiaries, associates and joint ventures, as well as the provisions of the relevant tariff law. If the actual distribution of future profits exceeds expectations, the corresponding deferred income tax liabilities will be recognised and recorded in profits and losses at a relatively early period between the change of distribution plan and the announcement of profit distribution.

1.6 Impairment of long-term equity investments

As at 30 June 2022, the carrying amount of the Group's investment in associates amounted to RMB4,174,724,254.18 (31 December 2021: RMB4,090,348,488.40); the carrying amount of the Group's investment in joint ventures as at 30 June 2022 amounted to RMB5,296,305,106.98 (31 December 2021: RMB4,321,891,080.22). For long-term equity investments that have indications of impairment, the Group determines whether a long-term equity investment is impaired by estimating the recoverable amount of the long-term equity investment and comparing it with its carrying amount. If the carrying amount of the long-term equity investment is greater than the estimated recoverable amount, an impairment provision is made accordingly.

1.7 Fair value of financial instruments

For financial instruments lacking active market, the Group adopts valuation method to determine their fair value. Valuation methods make the best use of observable market information; when observable market information is not available, an estimate is made of the significant unobservable information included in the valuation method.

Observable input values refer to input values that can be obtained from market data. The input value reflects the assumptions that market participants use to price related assets or liabilities.

Non-observable input values refer to input values that cannot be obtained from market data. The input value shall be determined based on the best available information on the assumptions used by market participants in pricing the relevant assets or liabilities.

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For the period ended 30 June 2022

(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 XIII. "Contingencies". Management uses its judgment to determine whether a related legal dispute should be provided for as a provision or disclosed as a contingent liability.

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Notes to the Financial Statements

For the period ended 30 June 2022

(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. 15* (Cai Kuai [2021] No. 35) on 30 December 2021, which provides for the accounting treatment of products or by-products produced before fixed assets reach their intended useable state or during the research and development process for external sales, the presentation related to centralized management of funds and the judgment of loss contracts, and requires the provisions of the accounting treatment of products or by-products produced before fixed assets reach their intended useable state or during the research and development process for external sales and the judgment of loss contracts to be effective from 1 January 2022. The Group has prepared the financial statements for the period of January-June 2022 in accordance with the above requirements. The requirements related to accounting treatment of products or by-products produced before fixed assets reach their intended useable state or during the research and development process for external sales and the judgment of loss contracts in *Interpretation of Accounting Standards for Business Enterprises No. 15* have no significant impact on the Group and the Company.

2. CHANGES OF ACCOUNTING ESTIMATES AND EFFECTS

There is no change in significant 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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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)	0%, 3%, 6%, 9%, 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%
Urban land use tax	The actual amount of land area	0.6-30 RMB/m ²
Enterprise income tax (Note)	Taxable income	0-38%

Note: 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	38%
Korea	21.86%
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 of the Ministry of Finance, the General Administration of Taxation and the National Development and Reform Commission on the Continuation of Enterprise Income Tax Policy for Western Development* (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%.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (Continued)

2.1 Enterprise income tax (Continued)

- (2) According to the *Notice of the Ministry of Finance and the General Administration of Taxation on the Further Implementation of the Preferential Policies on Small Meager-Profit Enterprises Income Taxes* (Announcement of the Ministry of Finance and the General Administration of Taxation No. 13 of 2022), for small meager-profit enterprise, the portion of annual taxable income exceeding RMB1 million but less than RMB3 million shall be reduced by 25% into taxable income and subject to corporate income tax at a rate of 20%. During the reporting period, small meager-profit enterprises of the Group satisfying the conditions enjoyed the above-mentioned preferential policies on income taxes.
- (3) According to the *Announcement of the State Administration of Taxation on Issues Related to the Implementation of Preferential Income Tax Policies for High and New Technology Enterprises* (State Administration of Taxation Announcement No. 24 of 2017), after an enterprise obtains the qualification of high-tech enterprise, it shall declare to enjoy tax preferences from the year in which the issuance time of the high-tech enterprise certificate is indicated, and shall go through the filing procedures with the tax authorities in charge as required. Sinotrans Logistics North China Co., Ltd., a subsidiary of the Group, was certified as a high-tech enterprise on 2 December 2020 and enjoys a preferential income tax rate of 15% from 2020 to 2022.
- (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 is 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. are exempted from enterprise income tax.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (Continued)

2.1 Enterprise income tax (Continued)

- (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) on the application of special tax treatment, during the reporting period, the Group deferred the payment of enterprise income tax by applying special tax treatment to the internal equity and asset transfers that met the requirements of the aforesaid notices and announcements.

2.2 Value-added tax

- (1) In accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on Comprehensively Launching a Pilot Project for the Levy of Value-added Tax in Place of Business Tax* (Cai Shui [2016] No. 36), the international freight forwarding business operated by the Group enjoys the tax concession of exemption from VAT.
- (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. During the reporting period, the Group was subject to VAT at a rate of 5% on the rental of real estate that satisfied the above conditions.
- (3) According to 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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

VII. TAXES (CONTINUED)

2. TAX PREFERENCES AND APPROVALS (Continued)

2.2 Value-added tax (Continued)

- (4) 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%. In accordance with the *Notice of the Ministry of Finance and the General Administration of Taxation on VAT Policies Relating to Promote Relief Development on Industries with Difficult Service Sector* (Announcement of the Ministry of Finance and the General Administration of Taxation No. 11 of 2022), the execution period of the above policies is extended to 31 December 2022. During the reporting period, subsidiaries of the Group enjoyed the aforesaid preferential policies on taxes.

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.

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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 shareholding 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	60,869,000.00	100.00	100.00	1	—
16	Sinotrans Brazil Logistics Co., Ltd.	2nd	3	Brazil	Brazil	Integrated logistics	2,065,554.43	100.00	100.00	1	—
17	Sinotrans (HK) Logistics Limited	2nd	3	HKSAR	HKSAR	Freight forwarding and logistics	530,557.66	100.00	100.00	2	—
18	Sanawat Al-Khler Company For General Trading And Marine Services	2nd	3	Iraq	Iraq	Integrated logistics	292,842.00	100.00	100.00	1	—
19	Sinotrans Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	1,346,761,911.29	100.00	100.00	2	—
20	Sinotrans Innovative Technology Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Integrated logistics	100,000,000.00	100.00	100.00	1	—
21	Sinotrans Cold Chain Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	66,000,000.00	100.00	100.00	1	—
22	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	—
23	Sinotrans Logistics Investment Holdings Co., Ltd.	2nd	1	Beijing	Beijing	Logistics	433,110,000.00	100.00	100.00	2	—
24	SE Logistics Holding B.V.	2nd	3	Netherlands	Netherlands	Logistics	7,780.50	100.00	100.00	3	—
25	Sinotrans Overseas Development Co., Ltd.	2nd	3	HKSAR	HKSAR	Freight forwarding	10,611.78	100.00	100.00	1	—

Note: In current period, Sinotrans Japan Co., Ltd. and Sinotrans Korea Shipping Co., Ltd. were adjusted from the secondary subsidiary of the Group to the subsidiary of Sinotrans Overseas Development Co., Ltd..

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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 COMBINATIONS UNDER COMMON CONTROL

(1) Business combination under common control occurring in the current period

Name of combined party	The proportion of equity acquired in business combination	Basis for business combination under common control	Combining date	Basis for determining the combining date	Income of	Net profit of	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period
					the combined party from the beginning of the period of combining to the combining date	the combined party from the beginning of the period of combining to the combining date		
Sinotrans Inner Mongolia Bonded Logistics Co., Ltd.	100%	See notes for details	31 March 2022	See notes for details	1,868,965.09	53,360.67	164,137.73	53,738.45

Note: Sinotrans North China Co., Ltd. (hereinafter referred to as Sinotrans North China), a subsidiary of the Group, signed the *State-Owned Property Rights Transfer Agreement* with Sinotrans Inner Mongolia Co., Ltd. in February 2022, and obtained 100% equity of Sinotrans Inner Mongolia Bonded Logistics Co., Ltd. (hereinafter referred to as Inner Mongolia Bonded) for RMB2.2694 million. Sinotrans North China and Inner Mongolia Bonded were controlled by China Merchants Group before and after the combination, and the control is not temporary, so the combination is a business combination under common control. By 31 March 2022, Sinotrans North China and Inner Mongolia Bonded have completed the necessary property handover procedures and payment, and the combining date is determined as 31 March 2022.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL (Continued)

(2) Combination costs

Item	Sinotrans Inner Mongolia Bonded Logistics Co., Ltd.
Cash	2,269,400.00
Book value of non-cash assets	–
Total combined cost	2,269,400.00

(3) Book value of assets and liabilities of the combined party on the combining date

Item	Sinotrans Inner Mongolia Bonded Logistics Co., Ltd.	
	Combining date	End of last year
Assets:	2,786,697.05	3,472,580.53
Cash and bank balances	1,542,774.00	1,636,926.38
Receivables	506,099.56	268,180.97
Prepayments	714,661.87	1,558,119.89
Other current assets	16,141.08	1,664.14
Fixed assets	7,020.54	7,689.15
Liabilities:	494,553.20	1,233,797.35
Payables	315,081.84	–
Contract liabilities	162,720.77	1,214,828.98
Employee remuneration payable	15,176.98	14,922.48
Taxes and dues payable	1,573.61	4,045.89
Net assets:	2,292,143.85	2,238,783.18
Less: Non-controlling interests	–	–
Net assets acquired	2,292,143.85	2,238,783.18

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL OCCURRED DURING THE PERIOD

(1) Significant business combinations not under common control that occurred during the period

Name of the acquiree	Point of acquisition of equity	Cost of acquisition of equity	Shareholding acquisition ratio (%)	Method of acquisition of equity	Purchase day	Basis for determining the purchase date	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree at the end of the period from the date of purchase
Sinotrans Logistics Nanjing Co., Ltd.	31 March 2022	188,889,625.38	45.00	Cash acquisition	31 March 2022	See notes for details	78,953,904.01	4,799,956.82

Note: Sinotrans Logistics Investment Holdings Co., Ltd. (hereinafter referred to as Sinotrans Logistics Investment), a subsidiary of the Group, signed the *Equity Transfer Agreement of Sinotrans Logistics Nanjing Co., Ltd.* with Jing'an Hongda Wuhua Investment Partnership (limited partnership) (hereinafter referred to as Hongda Wuhua) on 25 March 2022. According to the agreement, Sinotrans Logistics Investment acquired 45% equity of Sinotrans Logistics Nanjing Co., Ltd. (hereinafter referred to as Sinotrans Logistics Nanjing) held by Hongda Wuhua with RMB188,889,625.38 in cash. Before this acquisition, the group held 45% of the equity of Sinotrans Logistics Nanjing through its subsidiary Sinotrans Logistics Co., Ltd (hereinafter referred to as Sinotrans Logistics), which is an associated enterprise of the Group (see note IX, 12 for details). On 28 March 2022, Sinotrans Logistics Nanjing completed the industrial and commercial change registration, and the Group held 90% of the equity of Sinotrans Logistics Nanjing in total. On 31 March 2021, the Group completed the payment of all purchase prices and completed the transfer of management rights with Hongda Wuhua. Since the Group can lead the relevant activities of Sinotrans Logistics Nanjing and enjoy variable returns from 31 March 2022, and 31 March 2022 is determined as the purchase date.

(2) Consolidation costs and goodwill

Consolidation costs	Sinotrans Logistics Nanjing Co., Ltd.
Consolidation costs	—
– Cash	188,889,625.38
– Fair value of debt issued or assumed	—
– Fair value of equity interests held prior to the date of purchase at the date of purchase	188,889,625.38
Total cost of consolidation	377,779,250.76
Less: share of fair value of identifiable net assets acquired	206,851,436.27
Amount by which goodwill/consolidation cost is less than the share of fair value of identifiable net assets acquired	170,927,814.49

The determination method of the fair value of the combination cost, the description of the contingent consideration and its changes:

For the determination method of the fair value of the equity held before the acquisition date, see note VIII. 3. " (4) Gain or loss on remeasurement of equity interests held prior to the date of purchase to fair value".

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Notes to the Financial Statements

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL OCCURRED DURING THE PERIOD (Continued)

(3) Identifiable assets and liabilities of the acquiree at the date of purchase

Item	Sinotrans Logistics Nanjing Co., Ltd.	
	Fair value at date of purchase	Book value at date of purchase
Assets:	431,907,797.76	280,253,657.67
Cash and bank balances	2,595,980.78	2,595,980.78
Receivables	132,168,660.04	132,168,660.04
Prepayments	9,339,056.34	9,339,056.34
Inventories	430,206.00	363,040.74
Other current assets	10,434,243.90	10,434,243.90
Fixed assets	85,018,585.98	54,649,011.52
Intangible assets	133,537,871.00	10,283,161.69
Construction in progress	212,799.99	212,799.99
Right of use assets	55,757,510.37	58,154,344.42
Long-term prepaid expenses	1,640,929.69	1,640,929.69
Deferred tax assets	771,953.67	412,428.56
Liabilities:	202,072,868.57	179,019,151.22
Payables	95,200,573.70	95,200,573.70
Contract liabilities	259,312.00	259,312.00
Employee remuneration payable	5,195,942.82	5,195,942.82
Taxes and dues payable	3,217,422.93	3,217,422.93
Non-current liabilities due within one year	9,356,004.29	9,356,004.29
Other current liabilities	9,598,690.38	9,598,690.38
Lease liabilities	55,757,510.37	55,757,510.37
Deferred income	433,694.73	433,694.73
Deferred tax liabilities	23,053,717.35	–
Net assets:	229,834,929.19	101,234,506.45
Less: Non-controlling interests	22,983,492.92	10,123,450.64
Net assets acquired	206,851,436.27	91,111,055.81

Methodology for determining the fair value of identifiable assets and liabilities:

The fair value of identifiable assets and liabilities of Sinotrans Logistics Nanjing on the purchase date is determined according to asset valuation report (combination consideration allocation) as Guo Zhong Lian Appraisal No. 2-1209(2022) issued by Shenzhen Guozhonglian Asset Evaluation Land Real Estate Cost Consulting Co., Ltd. with the base date of 31 December 2021, and taking into account the changes in net assets of Sinotrans Logistics Nanjing from the base date to the purchase date.

There was no contingent liability of the acquiree in the business combination.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. SIGNIFICANT BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL OCCURRED DURING THE PERIOD (Continued)

(4) Gain or loss on remeasurement of equity interests held prior to the date of purchase to fair value

Name of the acquiree	Book value at the date of purchase of the original holding prior to the date of purchase	Fair value of equity interest held prior to the date of purchase	Gain or loss on remeasurement of previously held equity interest to fair value prior to the date of purchase	Methodology and key assumptions for determining the fair value of the equity interest at the date of purchase	Amount
					transferred to investment income from other comprehensive income relating to original holding prior to the date of purchase
Sinotrans Logistics Nanjing Co., Ltd.	171,733,337.88	188,889,625.38	17,156,287.50	See notes for details	512,482.15

Note: There was no active market quotation for the Group's equity interest in Sinotrans Logistics Nanjing prior to the date of purchase, and the quotation information of similar assets in the active market and the quotation information of the same or similar assets in the inactive market were also difficult to obtain. The Group determines its fair value through valuation. Since the control premium (that is, the valuation results based on this acquisition did not take the expected synergy effect and the fair value of other income generated by the combination of the net assets of both parties to the transaction as the main consideration) factor in the consideration of this acquisition transaction was not significant, the fair value of the originally held equity on the acquisition date was determined based on the consideration of this acquisition transaction.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 the investment	Ratio of the remaining equity interest at the date of loss of control	Carrying 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	Gain or loss from remeasurement of remaining equity interest at fair value	Methodology and key assumptions for determining the fair value of the investment	
											Transfer of other comprehensive income related to equity in original subsidiaries to investment profit or loss	Methodology and key assumptions for determining the fair value of the investment
Guangzhou Sinotrans Changhang Logistics Co., Ltd.	217,861,700.00	100	Public listing transfer	31 May 2022	See notes for details	134,463,630.85	—	—	—	—	—	—

Note: SC (HONG KONG) Logistics Investment Limited (hereinafter referred to as SC (HONG KONG)), a subsidiary of the Group, publicly transferred 100% equity of Guangzhou Sinotrans Changhang Logistics Co., Ltd. (hereinafter referred to as Guangzhou Changhang) on 26 November 2021 in Beijing Equity Exchange. Science City (Guangzhou) Investment Group Company Limited (hereinafter referred to as Science City Group) was determined as the final transferee through dynamic quotation. In March 2022, SC (HONG KONG) signed the Property Right Transaction Contract with Science City Group to transfer 100% of the equity of Guangzhou Changhang with the final bidding result of RMB217,861,700. On 31 May 2022, the Science City Group has completed the property acquisition and management personnel assignment, and the Group will no longer include Guangzhou Changhang into the consolidation scope.

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For the period ended 30 June 2022

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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.
3	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	51.00	51.00	RMB10 million	RMB5.1 million	According to the articles of association of Shaanxi Sinotrans Guotie Logistics Co., Ltd., a resolution at a shareholders' meeting must be approved by shareholders representing more than two-thirds of the voting rights in order to be valid, the Group does not hold more than two-thirds of the voting rights and cannot control Shaanxi Sinotrans Guotie Logistics Co., Ltd. alone, therefore it is not included in the scope of consolidation.
4	Chengdu Bonded Logistics Investment Co., Ltd.	54.29	54.29	RMB175 million	RMB95 million	According to the articles of association of Chengdu Bonded Logistics Investment Co., Ltd., the shareholders' meeting shall decide all material matters of the Company, and decisions on material matters shall be valid only with the consent of shareholders representing at least two-thirds of the voting rights, the Group holds less than two-thirds of the voting rights and cannot control Chengdu Bonded Logistics Investment Co., Ltd. alone, therefore it is not included in the scope of consolidation.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES

(1) Non-controlling interests

30 June 2022

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	11,388,374.20	-	212,820,840.87
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-12,268,156.08	-	144,521,684.38

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

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2022

(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/Amount in current period		Opening balance/Amount in prior period	
	China Merchants Great Stone Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.
Current assets	884,725,303.85	188,071,593.49	815,537,004.76	287,319,252.81
Non-current assets	330,360,039.41	462,253,491.72	316,715,959.76	588,402,521.38
Total assets	1,215,085,343.26	650,325,085.21	1,132,252,964.52	875,721,774.19
Current liabilities	551,278,797.06	149,075,462.39	504,356,017.72	268,507,547.35
Non-current liabilities	35,024,103.48	251,691,588.31	31,287,755.22	290,756,097.81
Total liabilities	586,302,900.54	400,767,050.70	535,643,772.94	559,263,645.16
Operating income	1,035,371,849.18	929,961,617.88	840,192,843.52	384,718,273.88
Net profits attributable to shareholders of the Company	27,912,681.87	-21,151,993.25	29,261,919.70	-7,877,280.22
Profits or losses attributable to non-controlling interests	3,937,251.70	-	2,336,543.81	-
Total comprehensive income attributable to shareholders of the Company	27,912,681.87	-66,900,094.52	29,261,919.70	-5,043,539.87
Total comprehensive income attributable to non-controlling interests	3,937,251.70	-	2,336,543.81	-
Net cash flows from operating activities	5,262,861.39	43,077,958.36	29,758,947.88	59,774,268.88

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For the period ended 30 June 2022

(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” refers to 1 January 2022, “Closing” refers to 30 June 2022, “Current Period” refers to the period from 1 January to 30 June 2022 and “Prior Period” refers to the period from 1 January to 30 June 2021.

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	—	—	3,482,835.28	—	—	4,685,267.83
Including: RMB	483,906.20	1.0000	483,906.20	536,334.46	1.0000	536,334.46
USD	92,263.75	6.7114	619,218.93	330,452.08	6.3757	2,106,863.33
HKD	977,913.55	0.8552	836,311.67	51,089.08	0.8176	41,770.43
JPY	779,030.85	0.0491	38,250.41	808,872.15	0.0554	44,811.52
EUR	29,200.30	7.0084	204,647.38	32,000.30	7.2197	231,032.57
Others	—	—	1,300,500.69	—	—	1,724,455.52
Cash at banks	—	—	13,618,299,282.22	—	—	14,206,676,972.79
Including: RMB	9,058,250,779.34	1.0000	9,058,250,779.34	8,740,355,905.00	1.0000	8,740,355,905.00
USD	536,888,824.19	6.7114	3,603,275,654.67	719,059,718.02	6.3757	4,584,509,044.18
HKD	493,764,080.16	0.8552	422,267,041.35	454,236,556.65	0.8176	371,383,808.72
JPY	2,039,852,078.92	0.0491	100,156,737.07	1,795,251,406.84	0.0554	99,456,927.94
EUR	31,926,517.29	7.0084	223,753,803.78	33,682,131.19	7.2197	243,174,882.55
Others	—	—	210,595,266.01	—	—	167,796,404.40
Other cash and bank balances	—	—	124,024,658.82	—	—	285,503,252.98
Including: RMB	124,024,658.82	1.0000	124,024,658.82	285,179,081.09	1.0000	285,179,081.09
USD	-	6.7114	-	50,844.91	6.3757	324,171.89
Total	—	—	13,745,806,776.32	—	—	14,496,865,493.60
Including: Total amount deposited abroad	—	—	3,365,539,698.32	—	—	3,239,972,558.81

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Notes to the Financial Statements

For the period ended 30 June 2022

(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	99,048,700.54	77,568,913.94	Not yet settled
Guarantee money	18,850,385.33	14,205,473.99	Bank deposits
Equity acquisition payments (Note)	—	170,000,000.00	Escrow account fund
Funds deposited subject to restrictions on the litigation	—	5,245,520.61	Court freeze
Others	6,125,572.95	18,483,344.44	—
Total	124,024,658.82	285,503,252.98	—

Note: The equity purchase price for the acquisition of 50% equity of Wuhu Sanshan Port Co., Ltd. in 2021 has been paid from the escrow account to Keppel Telecom and Tongyun Co., Ltd. (hereinafter referred to as Keppel Telecom).

2. HELD-FOR-TRADING FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	—	—
Including: Held-for-trading equity instrument investments	851,685.41	794,623.45
Total	851,685.41	794,623.45

3. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptance bills	35,605,982.60	43,212,806.04
Total	35,605,982.60	43,212,806.04

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Notes to the Financial Statements

For the period ended 30 June 2022

(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 pledged bills receivable at the end of the period.

(3) **The closing balance of endorsed or discounted bills receivable 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	-	18,827,633.00
Total	-	18,827,633.00

(4) There were no bills transferred to accounts receivable due to non-performance by the drawer at the end of the year.

(5) As at 30 June 2022 and 31 December 2021, there were no commercial acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be collected in full), therefore, there was no credit loss provision incurred.

(6) There was no bills receivable mentioned above from shareholders holding more than 5% (including 5%) voting shares of the Company.

(7) The maturity date of the bill receivables mentioned above is all within 360 days.

4. ACCOUNTS RECEIVABLE

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

Item	Closing balance	Opening balance
Accounts receivable	17,397,665,700.81	14,712,186,460.21
Less: Credit losses provision	580,758,245.09	524,850,233.24
Total	16,816,907,455.72	14,187,336,226.97

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2022

(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						Closing balance		
	Aging			Total			Aging			Total				Credit loss accrual reasons	
	Within 180 days	180 days to 1 year	2 years to 3 years	Over 3 years	Within 180 days	180 days to 1 year	2 years to 3 years	Over 3 years	1 year	2 years	3 years	Over 3 years			
Low risk portfolio	105,854,036.45	4,477,032.00	422,270.67	73,630.37	1,281,516.03	112,108,534.52	-	-	-	-	-	-	-	112,108,534.52	Note 1
Normal risk portfolio	16,407,745,149.34	471,603,123.45	112,713,894.06	37,198,510.46	120,763,977.48	17,150,024,624.79	237,912,304.67	6,838,245.29	46,979,136.54	32,831,403.33	120,763,977.48	445,325,071.31	16,704,689,553.48	17,150,024,624.79	Note 2
Accounts receivable with individual credit loss provision	847,504.19	677,943.09	22,689,888.93	35,823,019.25	75,484,186.04	135,532,541.50	847,504.19	677,943.09	22,680,521.23	35,823,019.25	75,484,186.02	135,433,173.78	99,367.72	135,532,541.50	High individual risk
Total	16,514,446,749.98	476,756,068.54	135,636,022.66	73,065,160.08	197,529,688.55	17,397,665,700.81	238,739,608.86	7,516,188.38	69,579,659.77	68,654,424.58	196,246,163.50	530,738,245.09	16,816,907,457.72	17,397,665,700.81	

Note 1: The accounts receivable in the Group's low-risk portfolio is mainly receivable from related parties, joint ventures, associates and their subsidiaries within the scope of China Merchants consolidated financial statements, which are low credit risk. If the credit risk of entities mentioned above deteriorates, the Group adjusts them to the normal risk portfolio or to accounts receivable with individual credit loss provision.

Note 2: The Group's normal risk portfolio are accounts receivable other than the low-risk portfolio and individual credit loss provision, for which aging is used as a significant credit risk characteristic. The expected credit loss rate determined by the age-based migration rate and the historical loss rate, through the forward adjustment, represents a reasonable estimate of expected credit losses.

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

4. ACCOUNTS RECEIVABLE (Continued)

(2) Classification of accounts receivable (Continued)

Included: the closing balance of accounts receivable with the individual credit loss provision

Name of debtor	Book balance	Credit loss provision	Expected credit loss ratio (%)	Reasons for accrual
Entity 1	24,781,848.68	24,781,848.68	100.00	Involved in litigation
Entity 2	12,976,547.62	12,976,547.62	100.00	Business operating difficulties
Entity 3	9,485,461.02	9,485,461.02	100.00	Involved in litigation
Entity 4	7,709,254.60	7,709,254.60	100.00	Application for enforcement of unenforceable assets
Entity 5	6,706,283.62	6,706,283.62	100.00	Application for enforcement of unenforceable assets
Entity 6	6,204,569.75	6,204,569.75	100.00	Bankruptcy and liquidation of enterprises
Entity 7	6,049,304.67	6,049,304.67	100.00	Business reorganisation in bankruptcy
Entity 8	5,805,996.58	5,805,996.58	100.00	Involved in litigation
Entity 9	5,155,618.78	5,155,618.78	100.00	Involved in litigation
Others	50,657,656.18	50,558,288.46	99.79	Involved in litigation, disputes, etc.
Total	135,532,541.50	135,433,173.78	—	—

(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)	16,991,204,848.52	97.66	246,275,997.24	14,348,919,585.29	97.53	217,475,549.63
1 to 2 years (including 2 years)	135,836,023.66	0.78	69,579,659.77	120,352,464.99	0.82	69,424,690.56
2 to 3 years (including 3 years)	73,095,160.08	0.42	68,654,424.58	85,810,092.00	0.58	82,707,996.36
Over 3 years	197,529,668.55	1.14	196,248,163.50	157,104,317.93	1.07	155,241,996.69
Total	17,397,665,700.81	100.00	580,758,245.09	14,712,186,460.21	100.00	524,850,233.24

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

4. ACCOUNTS RECEIVABLE (Continued)

(4) Accounts receivable of low risk portfolio

Item	Book balance	Expected credit loss rate over the entire life (%)	Credit loss provision
Accounts receivable from related parties	112,108,534.52	—	—
Total	112,108,534.52	—	—

(5) Accounts receivable of normal risk portfolio

Item	Book balance	Expected credit loss rate over the entire life (%)	Credit loss provision
Within 1 year (including 1 year)	16,879,348,272.79	1.45	244,750,549.96
1 to 2 years (including 2 years)	112,713,864.06	41.68	46,979,138.54
2 to 3 years (including 3 years)	37,198,510.46	88.26	32,831,405.33
Over 3 years	120,763,977.48	100.00	120,763,977.48
Total	17,150,024,624.79	—	445,325,071.31

(6) 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	524,850,233.24	66,310,621.46	12,480,305.56	—	2,077,695.95	580,758,245.09
Prior period	466,292,566.87	28,673,733.57	34,664,160.06	—	-2,296,606.18	458,005,534.20

Note: Other changes were mainly the effect from translation in foreign currency statements, changes in exchange rates and business combinations not under common control.

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

4. ACCOUNTS RECEIVABLE (Continued)

(7) Credit loss provision recovered or reversed or during the period

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining original credit loss provisions	Accumulated amount of credit loss provision before recovery or reversal	Recovered or reversal amount
Entity 1	10,727,976.21	Payment recovery	Involved in litigation	10,727,976.21	4,921,979.63
Entity 2	13,021,143.02	Payment recovery	Involved in litigation	2,481,559.73	2,481,559.73
Entity 3	1,757,234.80	Payment recovery	Involved in litigation	1,757,234.80	1,757,234.80
Entity 4	550,030.93	Payment recovery	Involved in litigation	550,030.93	550,030.93
Entity 5	4,837,320.72	Payment recovery	Involved in litigation	4,837,320.72	545,757.99
Others	2,223,742.48	Payment recovery	Involved in litigation, disputes, etc.	2,223,742.48	2,223,742.48
Total	33,117,448.16	--	--	22,577,864.87	12,480,305.56

(8) There were no accounts receivable actually written-off during the reporting period.

(9) There were no outstanding amounts due from shareholders' entities holding more than 5% (including 5%) voting shares of the Company at the end of the period.

(10) 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	265,337,428.82	Within 1 year	3,847,392.72	1.53
Entity 2	Client	204,519,294.36	Within 1 year	2,965,529.77	1.18
Entity 3	Client	165,816,237.48	Within 1 year	2,404,335.44	0.95
Entity 4	Client	161,258,516.58	Within 1 year	2,345,685.74	0.93
Entity 5	Client	160,499,413.16	Within 1 year	2,327,241.49	0.92
Total	--	957,430,890.40	--	13,890,185.16	5.51

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For the period ended 30 June 2022

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

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

4. ACCOUNTS RECEIVABLE (Continued)

(11) 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	19,294,245.90	Within 1 year	0.11	-
Sinotrans Container Lines Co., Ltd.	Under the control of the ultimate controlling party	11,180,463.81	Within 1 year	0.06	-
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Under the control of the ultimate controlling party	10,528,178.11	Within 1 year	0.06	-
Weihai Weidong Shipping Co., Ltd.	Associates of the Group	8,606,716.56	Within 1 year	0.05	-
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Under the control of the ultimate controlling party	4,796,999.28	Within 1 year	0.03	-
Shanghai Tongyun International Logistics Co., Ltd.	Joint ventures of the Group	4,482,638.61	Within 1 year	0.03	-
Nissin-Sinotrans International Logistics Co., Ltd.	Joint ventures of the Group	4,371,300.93	Within 1 year	0.03	-
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Subsidiary of associates of the Group	4,070,451.27	Within 1 year	0.02	-
CSC Wuhan Qingshan Shipyard Co., Ltd.	Under the control of the ultimate controlling party	3,010,194.46	Within 1 year	0.02	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group	2,541,904.69	Within 1 year	0.01	-
China-Vietnam Sinotrans Logistics Co., Ltd.	Joint ventures of the Group	2,398,564.13	Within 1 year	0.01	-
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Under the control of the ultimate controlling party	2,396,582.80	Within 1 year	0.01	-
Nanjing Tanker Corporation	Under the control of the ultimate controlling party	2,318,429.02	Within 1 year	0.01	-
MAXX LOGISTICS FZCO.	Joint ventures of the Group	2,293,983.31	Within 1 year	0.01	-
Associated Maritime Company (Hong Kong) Limited	Under the control of the ultimate controlling party	2,211,592.51	Within 1 year	0.01	-
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Associates of the Group	2,187,539.33	Within 1 year	0.01	-
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Associates of the Group	1,928,293.99	Within 1 year	0.01	-
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Subsidiary of associates of the Group	1,778,512.02	Within 1 year	0.01	-
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Joint ventures of the Group	1,728,550.06	Within 1 year	0.01	-
Dalian Port Container Logistics Co., Ltd.	Under the control of the ultimate controlling party	1,698,522.39	Within 1 year	0.01	-
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Under the control of the ultimate controlling party	1,547,351.59	Within 1 year	0.01	-
NEW SILKWAY LOGISTICS B.V.	Joint ventures of the Group	1,447,806.66	Within 1 year	0.01	-
Yingkou Gangtong e-commerce Co., Ltd.	Under the control of the ultimate controlling party	1,361,071.58	Within 1 year	0.01	-
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Joint ventures of the Group	1,291,215.96	Within 1 year	0.01	-
LONG LINK LIMITED	Under the control of the ultimate controlling party	1,281,505.03	Over 3 years	0.01	-
Land and Sea New Channel Operation Co. Ltd.	Associates of the Group	1,200,467.59	Within 1 year	0.01	-
Others	--	10,155,452.93	--	0.06	-
Total	--	112,108,534.52	--	0.64	-

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Notes to the Financial Statements

For the period ended 30 June 2022

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

(13) As at 30 June 2022, there was no accounts receivable transferred, such as securitization and factoring with accounts receivable, that continued to be involved in assets and liabilities recognised.

5. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	478,362,651.36	462,137,019.79
Including: Bank acceptance bills	478,362,651.36	462,137,019.79
Total	478,362,651.36	462,137,019.79

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

(1) There were no bank acceptance bills due to defective endorsement, etc. at the end of period.

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

(3) **The closing balance of endorsed or discounted bills receivable 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	360,445,505.11	–
Total	360,445,505.11	–

Note: 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 acceptance bank 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.

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For the period ended 30 June 2022
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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. RECEIVABLES FINANCING (Continued)

- (4) As at 30 June 2022, there was no bills receivable transferred (bank acceptance bills) to accounts receivable due to non-performance by the drawer (31 December 2021: Nil).
- (5) As at 30 June 2022 and 31 December 2021, there were no bank acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be fully recoverable); therefore, there was no credit losses provision incurred.
- (6) There was no bills receivable mentioned above from shareholder 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		
	Book balance		Impairment provision	Book balance		Impairment provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Within 1 year (including 1 year)	6,364,746,041.55	98.88	-	4,693,536,399.54	98.24	-
1 to 2 years (including 2 years)	32,822,241.01	0.51	-	50,546,285.44	1.06	-
2 to 3 years (including 3 years)	17,628,367.19	0.27	-	14,735,285.44	0.31	-
Over 3 years	21,930,193.80	0.34	-	18,773,418.40	0.39	-
Total	6,437,126,843.55	100.00	-	4,777,591,388.82	100.00	-

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For the period ended 30 June 2022

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

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

6. PREPAYMENTS (Continued)

(2) Significant prepayments aged over one year are as follows:

Company name	Closing balance	Aging	Reasons for non-settlement
Shanghai Wusongkou International Cruise Port Development Co., Ltd. (Note)	8,687,307.54	Over 3 years	Business not completed
Entity 1	5,559,038.70	1 to 2 years	Business not completed
Entity 2	5,000,000.00	2 to 3 years	Business not completed
Entity 3	3,751,800.00	2 to 3 years	Business not completed
Entity 4	2,644,500.00	1 to 2 years	Business not completed
Total	25,642,646.24	—	—

Note: The prepayments of Sinotrans Eastern Company Limited (hereinafter referred to as Sinotrans Eastern), a subsidiary of the Group, to Shanghai Wusongkou International Cruise Port Development Co., Ltd. is the berth lock deposits at terminal. Such lock deposits need to be paid at least one year in advance due to the tight berth at Shanghai Port Cruise Terminal.

(3) Top five entities in terms of prepayments

Company name	Relationship with the Group	Amount	Aging	Proportion to the total prepayments (%)	Reasons for non-settlement
Entity 1	Supplier	233,620,453.37	Within 1 year	3.63	Business not completed
Entity 2	Supplier	225,912,334.77	Within 1 year	3.50	Business not completed
Entity 3	Supplier	131,018,198.25	Within 1 year	2.04	Business not completed
Entity 4	Supplier	129,038,388.69	Within 1 year	2.00	Business not completed
Entity 5	Supplier	125,239,298.05	Within 1 year	1.95	Business not completed
Total	—	844,828,673.13	—	13.12	—

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

6. PREPAYMENTS (Continued)

- (4) As at 30 June 2022, there were no outstanding amounts due from shareholders holding more than 5% (including 5%) voting shares of the Company.

7. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivable	1,575,300.41	1,417,884.21
Dividends receivable	49,030,839.30	41,721,139.60
Other receivables	2,188,990,254.71	1,662,607,772.77
Total	2,239,596,394.42	1,705,746,796.58

(1) Interest receivable

1) Classification of interest receivable

Item	Closing balance	Opening balance
Entrusted Loans	1,575,300.41	1,417,884.21
Total	1,575,300.41	1,417,884.21

2) Significant overdue interest receivable

Loan unit	Closing balance	Overdue time	Reason for overdue	Whether an impairment occurred and judgment basis
MAXX LOGISTICS FZCO.	1,575,300.41	5 years	Funding support for joint ventures	Funding support for joint ventures, expected to be recovered without impairment
Total	1,575,300.41	--	--	--

- (3) As at 30 June 2022, the Management of the Group believes that it is unnecessary to recognise impairment provision for the interest receivable.

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For the period ended 30 June 2022

(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	37,062,793.08	-	49,179,364.39	41,869,664.69	44,372,492.78	—	—
Including: Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	-	-	-	24,000,000.00	Declared not issued	No
Sinotrans Logistics Nanjing Co., Ltd.	12,810,274.27	-	-	12,810,274.27	-	Declared not issued	No
China United Tally (Shenzhen) Co., Ltd.	252,518.81	-	-	252,518.81	-	Declared not issued	No
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	14,372,492.78	-	14,372,492.78	—	—
Wuhan Port Container Co., Ltd.	-	-	6,000,000.00	-	6,000,000.00	—	—
Nantong Jiangshan Sinotrans Port Storage Co., Ltd.	-	-	2,000,000.00	2,000,000.00	-	—	—
Ningbo Beilun Donghwa Container Transportation Service Co., Ltd.	-	-	1,151,730.00	1,151,730.00	-	—	—
Qingdao Huasheng Airport Logistics Co., Ltd.	-	-	195,312.54	195,312.54	-	—	—
SIPG Sinotrans Container Depot Co., Ltd.	-	-	5,730,343.88	5,730,343.88	-	—	—
Weihai Weidong Shipping Co., Ltd.	-	-	18,163,710.00	18,163,710.00	-	—	—
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co., Ltd.	-	-	1,500,062.69	1,500,062.69	-	—	—
Pingze Container Terminal Co., Ltd.	-	-	65,712.50	65,712.50	-	—	—
Dividends receivable aged over 1 year	4,658,346.52	-	-	-	4,658,346.52	—	—
Including: China International Exhibition Transportation Co., Ltd.	2,797,362.80	-	-	-	2,797,362.80	Incomplete payment approval process	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	1,860,983.72	-	-	-	1,860,983.72	Incomplete payment approval process	No
Total	41,721,139.60	-	49,179,364.39	41,869,664.69	49,030,839.30	—	—

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For the period ended 30 June 2022

(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) Classification of other receivables

Item	Original value						Credit loss provisions						Original currency	Net value	Closing balance	Credit loss accrual reasons
	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	1,350,455,094.59	271,275,944.98	239,795,103.04	118,631,392.81	127,292,559.31	2,107,421,089.73	-	-	-	-	-	-	-	2,107,421,089.73	-	Note 1
Normal risk portfolio	46,080,429.14	11,838,681.14	13,157,293.97	39,345,589.20	108,899,257.00	219,310,712.45	1,797,135.74	462,468.56	4,277,428.14	22,594,393.20	109,699,247.63	137,990,649.27	81,320,063.18	219,310,712.45	81,320,063.18	Note 2
Other receivables with individual credit loss provision	-	-	-	9,612,571.35	750,694.91	32,992,791.76	-	-	9,612,571.35	559,691.66	32,845,973.21	43,016,926.22	249,101.80	43,266,028.02	43,266,028.02	Higher single risk
Total	1,396,535,513.73	283,194,113.12	262,955,946.36	158,777,646.92	269,034,608.07	2,369,997,830.20	1,797,135.74	462,468.56	13,989,999.49	23,143,049.86	141,714,920.84	181,007,575.49	2,189,990,254.71	2,369,997,830.20	-	-

Note 1: The other receivables in the Group's low-risk portfolio are mainly receivable from government entities, related parties within the scope of China Merchants' consolidated financial statements, joint ventures, associates and their subsidiaries, etc., as well as deposits and guarantee deposits, which are low credit risk. If the credit risk entities mentioned above deteriorates, the Group adjusts them to the normal risk portfolio or to other receivables with individual credit loss provision.

Note 2: The Group's normal risk portfolio are other receivables other than the low-risk portfolio and individual credit loss provision, for which aging is the significant credit risk characteristic.

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For the period ended 30 June 2022

(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)

1) Classification of other receivables (Continued)

Including: Other receivables with individual credit loss provision at the end of the period

Debtor	Book balance	Credit loss provision	Expected credit loss proportion (%)	Reasons for accrual
Entity 1	9,612,571.35	9,612,571.35	100.00	Not expected to be recovered
Entity 2	7,016,309.00	7,016,309.00	100.00	Involved in litigation
Entity 3	6,976,754.87	6,919,636.32	99.18	Historical issues, not expected to be recovered
Entity 4	2,500,000.00	2,500,000.00	100.00	Insolvent business, listed as a defaulting creditor
Entity 5	1,266,533.14	1,266,533.14	100.00	Historical issues, not expected to be recovered
Entity 6	1,242,000.00	1,242,000.00	100.00	Historical issues, not expected to be recovered
Entity 7	1,127,711.27	1,127,711.27	100.00	Involved in litigation
Entity 8	1,030,840.00	1,030,840.00	100.00	Involved in litigation
Others	12,493,308.39	12,301,325.14	98.46	Involved in litigation, business disputes, etc.
Total	43,266,028.02	43,016,926.22	—	—

2) 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	1,067,436,758.82	87,465,767.68	979,970,991.14	979,382,523.63	69,854,726.47	909,527,797.16
Government grants	550,896,850.02	18,744,952.48	532,151,897.54	438,289,608.17	18,744,952.49	419,544,655.68
Equity transfer funds	217,861,700.00	-	217,861,700.00	-	-	-
Related party payments	138,936,170.99	-	138,936,170.99	131,056,706.01	-	131,056,706.01
Advances	89,672,515.51	20,890,872.92	68,781,642.59	81,313,163.15	19,850,953.24	61,462,209.91
Reserves	25,447,119.41	1,308,108.73	24,139,010.68	16,105,801.09	1,277,114.14	14,828,686.95
Compensation	34,278,534.09	24,854,182.67	9,424,351.42	23,542,474.09	18,560,014.45	4,982,459.64
Others	245,468,181.36	27,743,691.01	217,724,490.35	168,147,700.07	46,942,442.65	121,205,257.42
Total	2,369,997,830.20	181,007,575.49	2,188,990,254.71	1,837,837,976.21	175,230,203.44	1,662,607,772.77

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

7. OTHER RECEIVABLES (Continued)

(3) Other receivables (Continued)

3) 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)	1,679,669,626.85	70.87	2,259,605.30	1,240,562,680.35	67.51	10,533,241.10
1 to 2 years (including 2 years)	262,565,948.36	11.08	13,889,999.49	236,280,037.05	12.86	10,350,405.41
2 to 3 years (including 3 years)	158,727,646.92	6.70	23,143,049.86	113,132,428.24	6.16	20,611,993.10
Over 3 years	269,034,608.07	11.35	141,714,920.84	247,862,830.57	13.47	133,734,563.83
Total	2,369,997,830.20	100.00	181,007,575.49	1,837,837,976.21	100.00	175,230,203.44

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

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	949,053.69	133,328,277.09	40,952,872.66	175,230,203.44
Opening balance in current period	—	—	—	—
— Transfer to stage 2	-513,133.49	513,133.49	—	—
— Transfer to stage 3	—	-3,201,062.56	3,201,062.56	—
— Reverse to stage 2	—	—	—	—
— Reverse to stage 1	—	—	—	—
Accrual in current period	1,788,829.63	2,360,166.98	—	4,148,996.61
Reversal in current period	—	—	-1,163,751.68	-1,163,751.68
Carry forward in current period	—	—	—	—
Write-off in current period	—	—	—	—
Other changes	34,855.47	2,730,528.97	26,742.68	2,792,127.12
Closing balance	2,259,605.30	135,731,043.97	43,016,926.22	181,007,575.49

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

7. OTHER RECEIVABLES (Continued)

(3) Other receivables (Continued)

5) Changes in the book balance of other receivables

Book balance	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	1,626,671,037.44	169,738,221.63	41,228,717.14	1,837,637,976.21
Opening balance in current period	—	—	—	—
—Transfer to stage 2	-13,157,268.97	13,157,268.97	—	—
—Transfer to stage 3	—	-3,201,062.56	3,201,062.56	—
—Reverse to stage 2	—	—	—	—
—Reverse to stage 1	—	—	—	—
Accrual in current period	551,845,918.54	-18,322,312.87	—	533,523,605.67
Reversal in current period	—	—	-1,163,751.68	-1,163,751.68
Carry forward in current period	—	—	—	—
Write-off in current period	—	—	—	—
Derecognised in current period	—	—	—	—
Other changes	—	—	—	—
Closing balance	2,165,359,687.01	161,372,115.17	43,266,028.02	2,369,997,830.20

6) Credit loss provision of other receivables

Item	Opening balance	Accrual	Changes in current period			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current period	175,230,203.44	4,148,996.61	1,163,751.68	—	2,792,127.12	181,007,575.49
Prior period	153,730,171.38	9,410,634.30	529,354.77	—	-1,152,845.11	161,458,605.80

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For the period ended 30 June 2022

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

7. OTHER RECEIVABLES (Continued)

(3) Other receivables (Continued)

6) Credit loss provision of other receivables (Continued)

The credit loss provisions recovered or reversed or during the period:

Debtor	Book balance of other receivables	Reason and method of reversal or recovered	Basis for determining the original credit loss provision	Accumulated amount of credit loss provision before recovered or reversal	Recovered or reversal amount
Entity 1	2,291,462.95	Payment recovery	Involved in litigation	2,291,462.95	1,163,751.68
Total	2,291,462.95	—	—	2,291,462.95	1,163,751.68

7) 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	42,888,708.00	—	42,888,708.00	—
Total	42,888,708.00	—	42,888,708.00	—

8) The top five of the closing balances in other receivables

Company name	Relationship with the Group	Amount	Aging	Proportion to total other receivables(%)	Credit loss provision	Nature or content
Entity 1	Non-related party	217,861,700.00	Within 1 year	9.19	—	Equity transfer funds
Entity 2	Non-related party	146,750,000.00	Within 1 year, 1 to 2 years, 2 to 3 years	6.19	—	Government grants
Entity 3	Non-related party	81,449,200.00	Within 1 year	3.44	—	Government grants
Entity 4	Non-related party	69,949,248.31	Within 1 year	2.95	—	Government grants
Entity 5	Non-related party	60,382,027.99	Within 1 year, 1 to 2 years	2.55	—	Government grants
Total	—	576,392,176.30	—	24.32	—	—

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

7. OTHER RECEIVABLES (Continued)

(3) Other receivables (Continued)

9) Receivables from related parties

Company name	Relationship with the Group	Amount	Proportion to total other receivables (%)
SINOTRANS & CSC	Under the control of the ultimate controlling party	42,888,708.00	1.81
Shenyang Jinyun Automobile Logistics Co., Ltd.	Joint ventures of the Group	23,257,998.74	0.98
MAXX LOGISTICS FZCO.	Joint ventures of the Group	15,851,063.45	0.67
China Merchants Investment Development Company Limited	Under the control of the ultimate controlling party	7,353,752.24	0.31
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Associates of the Group	6,205,000.00	0.26
Sinotrans Logistics(Pakistan) Limited	Joint ventures of the Group	5,716,831.66	0.24
DHL-Sinotrans International Air Courier Ltd.	Joint ventures of the Group	4,614,595.50	0.19
Zhengzhou Merchants Logistics Co., Ltd.	Under the control of the ultimate controlling party	3,509,095.48	0.15
Guangxi Yunyu Port Co., Ltd.	Associates of the Group	2,680,000.00	0.11
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Under the control of the ultimate controlling party	2,433,687.66	0.10
China Merchants Bonded Logistics Co., Ltd.	Under the control of the ultimate controlling party	2,270,483.56	0.10
Sinotrans Turkey Limited	Joint ventures of the Group	1,673,129.19	0.07
Sinotrans Philippines Inc.	Joint ventures of the Group	1,462,732.00	0.06
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Associates of the Group	1,450,442.70	0.06
China Merchants International Terminal (Qingdao) Limited	Under the control of the ultimate controlling party	1,320,000.00	0.06
Sinotrans Container Lines Co., Ltd.	Under the control of the ultimate controlling party	1,185,250.44	0.05
Sinotrans Beijing Co., Ltd.	Under the control of the ultimate controlling party	1,088,209.22	0.05
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Under the control of the ultimate controlling party	1,001,941.44	0.04
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group	1,000,000.00	0.04
Others	—	11,973,249.71	0.51
Total	—	138,936,170.99	5.86

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

7. OTHER RECEIVABLES (Continued)

(3) Other receivables (Continued)

10) Other receivables in relation to government grants

Company name	Government grant items	Closing balance	Closing aging	Expected receiving time and amount
Entity 1	Logistics industry subsidies	146,750,000.00	Within 1 year, 1 to 2 years, 2 to 3 years	RMB95.3 million is expected to be recovered in the second half of 2022, and the rest is expected to be recovered in 2023.
Entity 2	Logistics industry subsidies	81,449,200.00	Within 1 year	Full recovery is expected in September 2022.
Entity 3	Logistics industry subsidies	69,949,248.31	Within 1 year	Full recovery is expected in December 2022.
Entity 4	Logistics industry subsidies	60,382,027.99	Within 1 year, 1 to 2 years	Full recovery is expected in December 2022.
Entity 5	Logistics industry subsidies	57,409,349.68	Within 1 year	Full recovery is expected in December 2022.
Entity 6	Logistics industry subsidies	46,605,072.31	Within 1 year	RMB17.08 million has been recovered, and the rest is expected to be recovered in December 2022.
Entity 7	Logistics industry subsidies	37,670,229.17	Within 1 year, 1 to 2 years	Full recovery is expected by the end of 2022.
Entity 8	Logistics industry subsidies	20,623,944.40	Within 1 year, 1 to 2 years	Full recovery is expected by the end of September 2022.
Entity 9	Logistics industry subsidies	14,772,122.16	Within 1 year, 1 to 2 years	The subsidy of RMB5.58 million is expected to be recovered by the end of 2022, and the remaining RMB9.19 million will be recovered by the end of 2023.
Entity 10	Logistics industry subsidies	12,384,000.00	Within 1 year, 1 to 2 years	In July 2022, RMB5 million has been recovered, and the rest is expected to be recovered by the end of 2022.
Others	Logistics industry subsidies	2,901,656.00	—	—
Total	—	550,896,850.02	—	—

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

- 11)** There were no other receivables derecognized due to the transfer of financial assets during the period.
- 12)** As at 30 June 2022, 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.
- 13)** There were no prepayments transferred to other receivables during the period.

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Notes to the Financial Statements

For the period ended 30 June 2022

(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 value reduction	Carrying amount	Book balance	Provision for value reduction	Carrying amount
Raw materials	29,706,546.59	2,995,950.82	26,710,595.77	31,523,081.95	2,995,950.82	28,527,131.13
Goods in stock (finished goods)	19,945,846.61	3,045,443.29	16,900,403.32	28,639,888.10	3,045,443.29	25,594,444.81
Revolving materials (packaging, low-value consumables, etc.)	16,114,772.93	-	16,114,772.93	16,632,515.38	1,757,000.00	14,875,515.38
Total	65,767,166.13	6,041,394.11	59,725,772.02	76,795,485.43	7,798,394.11	68,997,091.32

(2) Provision for price reduction of inventories

Item	Opening balance	Increase in current period		Decrease in current period		Closing balance
		Accrual	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	-	-	1,757,000.00	-	6,041,394.11

9. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term receivables due within one year	15,151,236.52	15,909,170.38
Total	15,151,236.52	15,909,170.38

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

10. OTHER CURRENT ASSETS

Item	Closing balance	Opening balance
Deductible VAT taxation expenses	344,619,328.60	582,917,064.75
Prepaid taxes	16,433,571.22	19,459,709.44
Subtotal	361,052,899.82	602,376,774.19
Less: Impairment provision	-	-
Total	361,052,899.82	602,376,774.19

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)	58,145,000.00	-	58,145,000.00	60,345,000.00	-	60,345,000.00	1.2%, 12.5%
Other long-term receivables (Note 2)	64,792,947.02	61,566,710.50	3,226,236.52	62,829,917.78	59,661,577.02	3,168,340.76	—
Total	122,937,947.02	61,566,710.50	61,371,236.52	123,174,917.78	59,661,577.02	63,513,340.76	—
Less: Long-term receivables due within one year	15,151,236.52	-	15,151,236.52	15,909,170.38	-	15,909,170.38	—
Long-term receivables due after one year	107,786,710.50	61,566,710.50	46,220,000.00	107,265,747.40	59,661,577.02	47,604,170.38	—

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 2022, the balance of the borrowing was RMB22.52 million (31 December 2021: RMB24.72 million), of which RMB4.8 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 2022, the balance of the loan was RMB35.625 million (31 December 2021: RMB35.625 million), of which RMB7.125 million was due within one year.

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Notes to the Financial Statements

For the period ended 30 June 2022

(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 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 2022, the long-term receivables from Sinoair to Uni-top Industry amounted to RMB61,566,710.50. 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 due to transfer of financial assets during the period.
- (2) As at 30 June 2022, there were no assets and liabilities from the transfer of long-term receivables and that continued to involved.

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	4,325,911,353.36	1,002,523,435.15	29,605,963.23	-	-	1,496,554.84	5,300,325,380.12
Investments in associates	4,098,200,396.71	270,003,517.47	25,510,752.54	-180,492.50	-171,733,337.88	12,157,926.82	4,182,937,258.08
Subtotal	8,424,111,750.07	1,272,526,952.62	55,116,715.77	-180,492.50	-171,733,337.88	13,654,481.66	9,483,262,638.20
Less: Impairment provision of long-term equity investments	11,872,181.45	-	-	-	-	361,095.59	12,233,277.04
Total	8,412,239,568.62	--	--	--	--	--	9,471,029,361.16

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For the period ended 30 June 2022

(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	Changes in current period		Cash dividends and profits declared	Impairment provision	Effects from translation in foreign currency statements	Others	Closing balance	Closing balance of impairment provision
									Other comprehensive income adjustments	Other changes in equity						
Joint ventures			4,020,273.14		15,300,000.00	6,003,063.88	987,086,784.93	-	138,650.22	23,602,689.35	-	-	1,480,554.84	-	5,300,325,380.12	4,020,273.14
DHL SinoTrans International Air Courier Ltd.	1,736,044,193.37	4,325,911,353.36	-	-	-	-	929,227,957.93	-	-	-	-	-	-	-	3,215,551,635.48	-
Dongguan Port Container Terminals Co., Ltd.	69,144,676.07	2,266,323,677.55	-	-	-	-	3,121,950.98	-	-	-	-	-	-	-	94,153,678.95	-
New Land Bridge (Lianyungang) Terminal Co., Ltd.	376,683,333.00	338,411,929.97	-	-	-	-	6,331,181.81	-	-	14,372,492.78	-	-	-	-	204,934,220.72	-
SinoTrans High-Tech Logistics Suzhou Co., Ltd.	132,886,573.46	212,975,537.69	-	-	-	-	6,134,920.08	-	99,064.92	-	-	-	-	-	163,397,025.84	-
Chengdu Bonded Logistics Investment Co., Ltd.	105,681,247.29	157,853,040.84	-	-	-	-	2,188,397.67	-	37,583.30	-	-	-	-	-	122,979,011.61	-
SinoTrans Steers Logistics Co., Ltd.	95,000,000.00	120,756,028.64	-	-	-	-	1,874,704.24	-	-	-	-	-	-	-	118,664,934.08	-
Nissen SinoTrans International Logistics Co., Ltd.	82,570,000.00	116,700,829.84	-	-	-	-	13,083,682.56	-	-	-	-	-	-	-	106,679,253.81	-
SinoTrans Suzhou Logistics Center Co., Ltd.	55,519,981.25	93,609,591.25	-	-	-	-	-32,921.67	-	-	-	-	-	-	-	94,156,524.65	-
Shenyang Jinjun Automobile Logistics Co., Ltd.	97,889,300.00	94,479,446.32	-	-	-	-	-1,629,215.26	-	-	-	-	-	-	-	91,054,194.75	-
Shanghai Tongjun International Logistics Co., Ltd.	100,000,000.00	92,333,470.01	-	-	-	-	561,111.88	-	-	-	-	-	-	-	89,527,240.82	-
Shanghai Wai-Hong (Shida International Logistics Co., Ltd.	40,949,168.75	89,566,128.93	-	-	-	-	2,025,819.88	-	-	-	-	-	-	-	60,306,175.83	-
Ningbo Dagang Container Co., Ltd.	49,855,251.00	58,280,356.15	-	-	-	-	11,745,788.85	-	-	-	-	-	-	-	68,160,789.33	-
SinoTrans Aviatek (Shanghai) International Aviation Express Delivery Co., Ltd.	19,911,240.00	56,415,070.48	-	-	-	-	-18,151.64	-	-	-	-	-	-	-	53,763,739.41	-
Qingdao Port Dongjiaou SinoTrans Logistics Co., Ltd.	51,000,000.00	53,781,911.05	-	-	-	-	2,812,789.10	-	-	5,730,943.88	-	-	-	-	48,596,132.03	-
SPS SinoTrans Container Depot Co., Ltd.	30,000,000.00	51,513,726.81	-	-	-	-	86,776.35	-	-	-	-	-	-	-	48,467,388.45	-
SinoTrans PFS Cold Chain Logistics Co., Ltd.	90,000,000.00	48,407,670.10	-	-	-	-	-507,786.60	-	-	-	-	-	-	-	46,500,386.68	-
Shanghai Wai-Hong (Shida International Logistics Co., Ltd.	58,289,346.25	47,008,183.28	-	-	-	-	-2,1791.10	-	-	-	-	-	-	-	39,978,208.90	-
Jiangsu SinoTrans Lusi Port Heavy Logistics Development Co., Ltd.	40,000,000.00	40,000,000.00	-	-	-	-	1,055,244.03	-	-	-	-	-	-	-	38,719,454.26	-
Ningbo Taping Int'l Trade Transportation Co., Ltd.	17,372,235.90	37,714,210.23	-	-	-	-	-137,477.16	-	-	-	-	-	-	-	29,237,448.78	-
SinoTrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	32,300,000.00	29,374,925.94	-	-	-	-	510,284.33	-	-	-	-	-	1,312,038.30	-	25,881,208.63	-
Dalian Pingshi Express Logistics Co., Ltd.	16,419,924.68	25,831,208.63	-	-	-	-	928,067.90	-	-	-	-	-	-	-	27,372,022.24	-
MAXX LOGISTICS FZCO.	1,887,400.00	25,489,749.41	-	-	-	-	3,258,957.72	-	-	-	-	-	-	-	25,388,923.00	-
Ningbo Dagang New Century Container Co., Ltd.	19,815,780.28	24,450,855.10	-	-	-	-	598,886.72	-	-	1,500,082.69	-	-	-	-	27,864,032.00	-
SinoTrans Logistics (Pakistan) Limited	1,457,004.00	24,397,094.28	-	-	-	-	-1,688,070.18	-	-	-	-	-	-	-	17,665,518.42	-
Weitra Comprehensive Bonded Zone Hongjin Supply Chain Management Co., Ltd.	14,700,000.00	18,566,894.39	-	-	-	-	1,848,808.29	-	-	-	-	-	-	-	15,517,325.92	-
Shanghai United Cold Chain Logistics Co., Ltd.	15,000,000.00	17,123,338.00	-	-	-	-	183,610.19	-	-	-	-	-	-	-	17,304,936.99	-
Xinjiang New Railway Foreign Transportation Logistics Co., Ltd.	5,100,000.00	15,456,178.70	-	-	-	-	5,401.23	-	-	-	-	-	-	-	13,284,647.66	-
Xuzhou Wenquan Foreign Transport Co., Ltd.	15,242,491.77	13,101,037.47	-	-	-	-	2,087,745.35	-	-	-	-	-	43,779.80	-	11,273,481.01	-
Suzhou SinoTrans Zhongji International Freight Co., Ltd.	6,723,579.00	11,288,080.78	-	-	-	-	829,451.08	-	-	-	-	-	-	-	12,996,467.20	-
SinoTrans Turkey Limited	1,083,789.45	10,915,941.45	-	-	-	-	-2,411,449.93	-	-	-	-	-	-	-	10,951,050.81	-
Tangshan Port SinoTrans Shipping Agency Co., Ltd.	2,300,000.00	10,121,599.73	-	-	-	-	-	-	-	-	-	-	-	-	9,740,535.74	-
Jiangsu Nissen SinoTrans International Transportation Co., Ltd.	4,813,397.39	12,141,985.67	-	-	-	-	-197,996.91	-	-	-	-	-	-	-	9,553,509.25	-
Jiangsu Yuntong Port Logistics Development Co., Ltd.	9,800,000.00	9,791,536.16	-	-	-	-	237,739.90	-	-	-	-	-	-	-	8,668,846.74	-
Beijing SinoTrans Hual Logistics Co., Ltd.	2,400,000.00	8,461,108.84	-	-	-	-	3,222,165.90	-	-	2,000,000.00	-	-	-	-	84,705,196.23	-
Others	76,292,655.83	74,945,927.67	4,020,273.14	-	15,300,000.00	6,003,063.88	3,222,165.90	-	-	-	-	-	140,766.54	-	4,020,273.14	-

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

12. LONG-TERM EQUITY INVESTMENTS (Continued)

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

Investee	Investment cost	Opening balance	Opening balance of impairment provision	Effects from changes in the scope of consolidation	Increases in investment	Decrease in investment	Investment profit or loss under equity method	Investment profit comprehensive income adjustments	Changes in current period			Effects from translation in foreign currency statements	Closing balance	Closing balance of impairment provision	
									Other comprehensive income	Other changes in equity	Cash dividends and profits declared				
Associates	3,567,893,444.17	4,088,200,396.71	7,851,908.31	-171,733,337.88	39,400,000.00	-	193,195,746.28	36,971,877.14	435,594,005	255,017,325.54	-	12,157,926.82	-180,492.50	4,162,937,236.08	8,213,003.90
China Merchants Lussan International Holdings Co., Ltd.	2,012,021,379.89	2,239,026,731.70	-	-	-	-	95,172,424.63	25,780,336.08	-	-	-	610,237.94	-	2,360,569,730.35	-
Shenzhen Haixing Harbor Development Co., Ltd.	442,356,642.42	339,445,784.10	-	-	-	-	29,665,946.89	-	-	-	-	-	-	363,117,282.99	-
China Merchants Haihan Development Investment Co., Ltd.	351,326,381.51	337,594,920.82	-	-	-	-	-1,099,801.78	-	-	-	-	14,394,931.76	-	351,430,030.60	-
Wulumuqi Port Container Co., Ltd.	127,189,184.38	179,450,984.02	-	-	-	-	4,140,487.82	-	280,782.76	6,000,000.00	-	-	-	177,652,264.60	-
Jiangsu Jiangyin Port Group Co., Ltd.	59,319,000.00	278,252,053.08	-	-	-	-	38,306,469.40	-	-	-	-	-	-	316,558,522.48	-
Weihai Weibong Shipping Co., Ltd.	206,722,802.90	209,421,536.88	-	-	-	-	24,285,531.16	11,210,851.06	-	18,163,710.00	-	-	-	226,765,180.90	-
Shanghai Puan Storage Co., Ltd.	78,173,640.00	71,574,597.46	-	-	-	-	784,641.85	-	-	-	-	-	-	78,959,239.31	-
Zhejiang Seaport Changyang Port Co., Ltd.	56,100,000.00	58,054,801.84	-	-	-	-	1,972,396.51	-	-	-	-	-	-	59,427,198.35	-
Maersk Tianjin Port Co., Ltd.	21,000,000.00	30,846,845.33	-	-	-	-	178,314.40	-	-	-	-	-	-	31,027,157.73	-
Qingzhu Logistics Technology Co., Ltd. (Note 1)	29,400,000.00	-	-	-	29,400,000.00	-	-	-	-	-	-	-	-	29,400,000.00	-
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	20,000,000.00	20,278,081.75	-	-	-	-	-464,257.38	-	-	-	-	-	-	20,935,742.82	-
Qingdao Huesheng Airport Logistics Co., Ltd.	18,000,000.00	20,924,905.36	-	-	-	-	-249,297.78	-	-	-	-	-	-	20,028,783.97	-
Land and Sea New Channel Operation Co., Ltd.	14,038,080.00	14,079,474.51	-	-	-	-	-897,103.31	-	-	195,312.54	-	-	-	19,832,488.51	-
Eurasian Rail Gateway Closed Joint-Stock Company	19,080,978.81	17,363,869.34	-	-	-	-	-747,793.82	-	-	-	-	-3,677,447.05	-	13,536,622.67	-
Guangzhou Air Cargo Co., Ltd.	10,000,000.00	-	-	-	10,000,000.00	-	-	-	-	-	-	-	-	10,000,000.00	-
Sinotrans Logistics Nanjing Co., Ltd. (Note 2)	-	165,646,120.84	-	-171,733,337.88	-	-	5,911,721.87	-	175,495.17	-	-	-	-	-	-
Others	103,191,154.26	109,637,710.08	7,851,908.31	-	-	-	-3,173,930.38	-	-693.88	1,151,730.00	-	230,204.17	-180,492.50	105,421,067.49	8,213,003.90
Total	5,333,977,637.54	6,424,111,750.07	11,872,181.45	-171,733,337.88	54,700,000.00	6,003,063.88	1,180,238,530.21	36,971,877.14	572,294.27	49,113,651.89	-	13,854,481.66	-180,492.50	9,483,262,638.20	12,233,277.04

Note 1: Qingzhu Logistics Technology Co., Ltd. (hereinafter referred to as Qingzhu Logistics) was invested and established by the Company and Beijing Xiaoma Huixing Technology Co., Ltd. (hereinafter referred to as Beijing Xiaoma) on 17 February 2022. The Company actual invested RMB29.4 million, with a shareholding ratio of 49%. According to the charter of Qingzhu Logistics, the Company can implement significant influence on Qingzhu Logistics and adopt equity method of accounting.

Note 2: The details of the investment movement in Sinotrans Logistics Nanjing are described in Note VIII. "3. Significant business combinations not under common control occurred during the period."

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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.	5,261,256.00	-	-	-	-	241,956.00	5,503,212.00
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	4,020,273.14	-	-	-	-	-	4,020,273.14
Beijing Sima Ling Clothing Co., Ltd.	1,339,228.80	-	-	-	-	61,588.80	1,400,817.60
Beijing Shungang Clothing Accessories Co., Ltd.	1,251,423.51	-	-	-	-	57,550.79	1,308,974.30
Total	11,872,181.45	-	-	-	-	361,095.59	12,233,277.04

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Notes to the Financial Statements

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

12. LONG-TERM EQUITY INVESTMENTS (Continued)

(4) Significant joint venture investments

Name of 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 company for the period
Joint ventures											
DHL-Sinotrans International	--	--	--	--	--	--	--	--	--	--	--
Air Courier Ltd.	Beijing	Air-freight courier	USD 14.5M	50.00	50.00	9,512,206,254.42	3,081,102,983.46	6,431,103,270.96	10,089,472,951.38	1,858,455,915.85	1,858,455,915.85
Dongguan Port Container Port Co., Ltd.	Guangdong, Dongguan	Harbour operating	RMB 670M	49.00	49.00	1,453,840,447.81	756,832,731.59	697,007,716.22	114,234,312.15	6,371,328.53	6,371,328.53
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Jiangsu, Lianyungang	Port development, freight forwarding	RMB 395M	42.00	42.00	574,009,708.44	86,071,087.68	487,938,620.76	158,917,621.93	15,074,242.41	15,074,242.41
Chengdu Bonded Logistics Investment Co., Ltd.	Sichuan, Chengdu	Logistics	RMB 175M	54.29	54.29	239,648,651.87	13,126,250.67	226,522,401.20	17,507,424.12	4,025,414.76	4,025,414.76
Total						11,779,705,062.54	9,937,133,053.40	7,842,572,009.14	10,380,132,309.58	1,883,926,901.55	1,883,926,901.55

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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	Current period amount				Prior period amount			
	DHL-Sinotrans International Air Courier Ltd.	Dongguan Port Container Port Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.	DHL-Sinotrans International Air Courier Ltd.	Dongguan Port Container Port Co., Ltd.	New Land Bridge (Lianyungang) Terminal Co., Ltd.	Chengdu Bonded Logistics Investment Co., Ltd.
Current assets	8,481,882,807.54	174,285,000.51	249,458,212.20	48,289,101.31	6,640,661,821.87	149,829,826.95	218,578,060.13	64,849,124.57
Non-current assets	1,030,323,446.88	1,279,555,447.30	324,551,496.24	191,359,550.56	901,832,905.01	1,332,792,981.46	318,794,517.85	187,894,253.66
Total assets	9,512,206,254.42	1,453,840,447.81	574,009,708.44	239,648,651.87	7,542,494,726.88	1,482,622,808.41	537,372,577.98	252,743,378.23
Current liabilities	2,777,564,319.33	22,704,157.59	59,811,450.93	13,126,250.67	2,474,189,464.43	27,794,655.59	48,152,539.77	25,086,053.60
Non-current liabilities	303,538,664.13	734,128,574.00	26,259,636.75	-	204,316,221.13	775,211,074.00	6,785,009.27	-
Total liabilities	3,081,102,983.46	756,832,731.59	86,071,087.68	13,126,250.67	2,678,505,705.56	803,005,729.59	54,937,549.04	25,086,053.60
Net assets	6,431,103,270.96	697,007,716.22	487,938,620.76	226,522,401.20	4,863,989,021.32	679,617,078.82	482,435,028.94	227,647,324.63
Net assets attributable to the Company	6,431,103,270.96	697,007,716.22	487,938,620.76	226,522,401.20	4,863,989,021.32	679,617,078.82	482,435,028.94	227,647,324.63
Share of net assets calculated at the shareholding ratio	3,215,551,635.48	341,533,780.95	204,934,220.72	122,979,011.61	2,431,994,510.66	333,012,368.62	202,622,712.15	123,589,732.54
Adjustments	-	-	-	-	-	-	-	-
Carrying amount of equity investments in joint ventures	3,215,551,635.48	341,533,780.95	204,934,220.72	122,979,011.61	2,431,994,510.66	333,012,368.62	202,622,712.15	123,589,732.54
Fair value of equity investments with open market price	-	-	-	-	-	-	-	-
Operating income	10,089,472,951.38	114,294,312.15	158,917,621.93	17,507,424.12	10,167,819,996.16	110,100,571.46	137,018,887.46	17,047,750.13
Finance costs	-47,090,706.52	15,623,830.42	-1,213,977.36	-222,680.58	-29,143,505.63	16,237,897.16	-1,330,823.77	-327,167.02
Income tax expenses	619,812,609.10	-	5,019,952.42	399,356.42	680,657,913.73	-	4,457,632.45	900,692.14
Net profit	1,858,455,915.85	6,371,328.53	15,074,242.41	4,025,414.76	1,832,691,684.00	4,682,511.02	13,372,897.36	4,211,959.79
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	1,858,455,915.85	6,371,328.53	15,074,242.41	4,025,414.76	1,832,691,684.00	4,682,511.02	13,372,897.36	4,211,959.79
Dividends from joint ventures for the period	-	-	-	-	-	-	703,546.02	-

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

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

12. LONG-TERM EQUITY INVESTMENTS (Continued)

(6) Significant associate investments

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding Ratio (%)	Voicing 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 company for the period
Associates											
China Merchants Loscam International Holdings Co., Ltd.	--	--	--	--	--	--	--	--	--	--	--
	The British Virgin Islands	Logistics equipment leasing	USD101	45.00	45.00	7,325,106,357.57	3,547,393,367.70	3,777,712,989.87	982,526,773.41	211,494,276.96	211,494,276.96
Shenzhen Haixing Harbor Development Co., Ltd.	Guangdong, Shenzhen	Warehouse and port services	RMB530.73 M	33.00	33.00	3,096,470,709.66	1,377,950,306.65	1,118,520,403.01	278,138,013.03	89,896,814.82	89,896,814.82
China Merchants Hainan Development Investment Co., Ltd.	Hainan, Haikou	Park management and leasing	RMB3,500 M	10.00	10.00	8,301,256,649.00	4,066,681,399.30	4,234,575,249.70	43,708,519.41	4,356,499.12	5,291,980.43
Wuhan Port Container Co., Ltd.	Hubei, Wuhan	Containers handling and freight forwarding	RMB400 M	30.00	30.00	737,329,333.96	142,747,552.07	594,581,781.89	72,881,504.97	13,801,625.08	13,801,625.08
Total	--	--	--	--	--	19,460,163,050.19	9,734,772,625.72	9,725,390,424.47	1,377,254,810.82	319,549,216.98	320,424,686.29

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Notes to the Financial Statements

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

12. LONG-TERM EQUITY INVESTMENTS (Continued)

(8) Summary information of other immaterial joint ventures and associates

Item	Current period amount	Prior period amount
Joint ventures:	—	—
Total carrying amount of investments	1,411,306,458.22	1,467,074,174.42
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	46,220,296.54	61,533,222.00
Other comprehensive income	—	—
Total comprehensive income	46,220,296.54	61,533,222.00
Associates:	—	—
Total carrying amount of investments	915,760,475.64	1,117,137,758.69
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	65,317,686.72	51,474,786.36
Other comprehensive income	11,210,851.06	—
Total comprehensive income	76,528,537.78	51,474,786.36

(9) There was no restriction on the Group's ability to transfer funds to invested companies.

(10) Excess losses incurred by joint ventures or associates

Name of joint venture or associate	Cumulative unrecognised accumulated losses for prior period	Unrecognised losses for the period (or net profit shared for the period)	Cumulative unrecognised losses at the end of the period
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	—	-482,540.41	-482,540.41
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	-604,758.85	604,758.85	—
Total	-604,758.85	122,218.44	-482,540.41

As at 30 June 2022, there was no significant restriction on the Group's ability to transfer funds from joint ventures or associates to the Group.

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Notes to the Financial Statements

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

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

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	—	33,490,171.17	26,336,370.61	—
Including: Air China Limited	Strategic purpose holding	33,490,171.17	26,336,370.61	—
Total	—	33,490,171.17	26,336,370.61	—

(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	—	25,413,299.57	—	—	Strategic purpose holding	—

(3) There were no other equity instrument investments 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	727,342,609.42	797,864,160.84
Including: Equity instrument investments (Note)	727,342,609.42	797,864,160.84
Total	727,342,609.42	797,864,160.84

Note: As at 30 June 2022, other non-current financial assets were investments in equity instruments held by the Group, mainly comprising: the Group's investment in China Southern Airlines Cargo Logistics Co., Ltd. of RMB223,636,365.50; the investment in Nanjing Port Longtan Container for RMB135,095,172.28; the investment in CHINA MERCHANTS LOGISTICS SYNERGY LIMITED PARTNERSHIP for RMB146,410,240.00; the investment in Ouyee Cloud Commerce Co., Ltd. for RMB147,747,600.00; the investment in SINO-BLR Industrial Investment Fund, L.P. for RMB53,020,187.60; and the investment in Shenyang Airport Logistics Co., Ltd. for RMB14,930,000.00, etc.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

15. INVESTMENT PROPERTIES

(1) Investment properties measured at cost

Item	Buildings	Land use rights	Total
I. Original value			
Opening balance	2,471,676,725.08	116,643,404.26	2,588,320,129.34
Acquisition for the period	100,000.98	–	100,000.98
Conversion of fixed assets to investment properties	42,372,048.36	–	42,372,048.36
Conversion of intangible assets to investment properties	–	23,128,628.71	23,128,628.71
Disposal for the period	–	–	–
Transfer from investment properties to fixed assets	23,102,778.98	–	23,102,778.98
Effects from translation in foreign currency statements	94,419,876.85	–	94,419,876.85
Closing balance	2,585,465,872.29	139,772,032.97	2,725,237,905.26
II. Accumulated depreciation and accumulated amortisation			
Opening balance	373,941,283.93	38,182,227.09	412,123,511.02
Accrued amount for the period	40,860,650.22	1,655,034.78	42,515,685.00
Conversion of fixed assets to investment properties	7,690,559.94	–	7,690,559.94
Conversion of intangible assets to investment properties	–	5,011,108.79	5,011,108.79
Disposal for the period	–	–	–
Transfer from investment properties to fixed assets	16,273,337.56	–	16,273,337.56
Effects from translation in foreign currency statements	11,436,107.15	–	11,436,107.15
Closing balance	417,655,263.68	44,848,370.66	462,503,634.34
III. Impairment provision			
Opening balance	1,485,259.40	–	1,485,259.40
Closing balance	1,553,563.89	–	1,553,563.89
IV. Net amount			
Opening balance	2,096,250,181.75	78,461,177.17	2,174,711,358.92
Closing balance	2,166,257,044.72	94,923,662.31	2,261,180,707.03

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

15. INVESTMENT PROPERTIES (Continued)

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

Item	Carrying amount	Reason for not obtaining the title certificate
Tianzhu Airport Logistics Center	136,811,119.28	Incomplete procedures and process
Sichuan Observation Tower Film and Culture Plaza (Block C, Building 339, Chengdu) 10th Floor, Building 3	25,537,310.29	Firefighting not yet accepted
Total	162,348,429.57	—

16. FIXED ASSETS

Item	Closing balance	Opening balance
Fixed assets	14,202,270,489.95	14,068,406,610.80
Disposal of fixed assets	—	—
Total	14,202,270,489.95	14,068,406,610.80

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Notes to the Financial Statements

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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	13,473,471,163.93	1,828,116,051.58	1,417,599,372.02	6,120,614,154.20	22,839,800,741.73
Effect of change in scope of consolidation	73,591,061.74	-	1,694,206.59	9,728,377.65	85,013,645.98
Acquisitions for the period	20,967,886.80	1,689,493.75	61,072,904.73	142,323,204.01	226,053,489.29
Transfer to construction in progress for the period	461,808,401.39	-	-	34,840,729.98	496,649,131.37
Transfer to investment properties for the period	23,102,778.98	-	-	-	23,102,778.98
Other additions	-	-	-	162,546.79	162,546.79
Disposals, obsolescence for the period	1,418,466.80	11,400.00	46,577,371.50	128,562,197.61	176,569,435.91
Reclassification	-9,223,749.98	11,802,496.40	-7,525,986.07	4,947,239.65	-
Transfer to investment properties for the period	42,372,048.36	-	-	-	42,372,048.36
Other decrease (Note)	15,881,979.49	-	-	340,810.64	16,222,790.13
Effect of translation of foreign currency statements	-57,306,231.75	-	-2,738,886.80	-9,686,316.27	-69,731,434.82
Closing balance	13,926,738,816.46	1,841,596,641.73	1,423,524,238.97	6,174,026,927.76	23,365,886,624.92
II. Accumulated depreciation	—	—	—	—	—
Opening balance	3,930,461,012.27	523,949,643.07	948,270,072.31	3,210,157,272.52	8,612,838,000.17
Effect of change in scope of consolidation	-	-	-	-4,693.00	-4,693.00
Accrual for the period	247,762,820.60	30,903,538.67	58,635,874.16	188,808,904.89	526,111,138.32
Transfer to investment properties for the period	16,273,337.56	-	-	-	16,273,337.56
Disposals, obsolescence for the period	842,555.48	6,352.92	38,584,824.70	119,750,150.11	159,183,883.21
Reclassification	-7,484,288.67	9,796,988.81	-186,037.80	-2,126,662.34	-
Transfer to investment properties for the period	7,690,559.94	-	-	-	7,690,559.94
Effect of translation of foreign currency statements	-5,446,581.78	-	-1,566,231.29	21,109,019.13	14,096,206.06
Closing balance	4,173,033,184.56	564,643,817.63	966,568,852.68	3,298,193,691.09	9,002,439,545.96
III. Impairment provision	—	—	—	—	—
Opening balance	139,568,608.84	-	18,747,270.32	240,251.60	158,556,130.76
Closing balance	142,189,067.09	-	18,747,270.32	240,251.60	161,176,589.01
IV. Net amount	—	—	—	—	—
Opening balance	9,403,441,542.82	1,304,166,408.51	450,582,029.39	2,910,216,630.08	14,068,406,610.80
Closing balance	9,611,516,564.81	1,276,952,824.10	438,208,115.97	2,875,592,985.07	14,202,270,489.95
Net mortgaged assets at the end of the period	97,575,984.04	144,901,664.16	-	39,804,805.23	282,282,453.43

Note: Other decreases in the original value of buildings are mainly the adjustment of prior periods' pre-fixed amounts by Sinotrans Logistics, subsidiaries of the Group, based on the construction settlement.

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

16. FIXED ASSETS (Continued)

(1) Fixed assets (Continued)

2) Fixed assets fully depreciated at the end of the 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	3,077,262,897.20	—
2. Original value of temporarily idle fixed assets at the end of the period	7,160,110.13	—
3. Disposal and scrap of fixed assets for the period	—	—
(1) Original value of disposal and scrap of fixed assets for the period	176,569,435.91	—
(2) Net value of disposal and scrap of fixed assets for the period	17,385,552.70	—
(3) Gains and losses from disposal and scrap of fixed assets for the period	3,048,984.17	—

3) Temporary idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment provision	Carrying amount	Remark
Machinery, equipment, furniture, appliances and other equipment	7,160,110.13	5,656,840.85	—	1,503,269.28	—
Total	7,160,110.13	5,656,840.85	—	1,503,269.28	—

4) Fixed assets rented through operating lease

Item	Carrying amount
Machinery, equipment, furniture, appliances and other equipment	581,087,238.02
Total	581,087,238.02

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

16. FIXED ASSETS (Continued)

(1) Fixed assets (Continued)

5) Significant fixed assets without the title certificate

Item	Closing carrying amount	Reason for not obtaining the title certificate
Warehouse of Sinotrans Logistics Guangxi Co., Ltd	215,729,546.95	Progressing
Qingbaijiang Phase I	200,847,645.38	Progressing
Nanchang Distribution Center	84,895,251.53	Part of the land has been expropriated and new land certificates are still being processed
Harbin Distribution Center Phase II	79,661,448.62	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 0	57,136,431.95	Progressing
Pudong International Airport Storage Project	38,262,844.14	Progressing
Office building of Sinotrans (Zhengzhou) Airport Logistics Co., Ltd.	37,105,880.48	The procedure is not complete, and temporarily suspended
Changchun Distribution Center Warehouse No. 1	34,182,064.98	Progressing
Rongcheng 7-11 warehouse and office building	33,676,845.43	Progressing
Office building of Sinotrans (Changchun) Logistics Co., Ltd.	32,897,402.79	Progressing
Changchun Distribution Center Warehouse No. 7	31,342,518.25	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No.5	30,128,316.30	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 1	28,991,746.37	Progressing
Changchun Distribution Center Warehouse No. 3	28,943,888.86	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 1# Warehouse	26,497,317.40	Progressing
Changchun Distribution Center Warehouse No. 5	25,415,007.89	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 3# Warehouse Block C, Building 339, Chengdu	24,892,437.21	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 2# Warehouse	24,777,486.15	Progressing
China Merchants Logistics Group Changchun Warehouse Package 1	23,619,040.00	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 3	22,578,315.18	Progressing
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 1	22,286,506.15	The procedure is not complete, and temporarily suspended
China Merchants Logistics Group Qingdao Logistics Centre 4# Warehouse	21,041,612.74	Progressing
China Merchants Logistics Group Qingdao Logistics Centre Complex	19,882,966.96	Progressing
Wuhu Sanshan Port Warehouse	18,725,360.51	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 5# Warehouse	19,128,465.28	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	17,761,415.03	Progressing
Wuhu Sanshan Port Joint Inspection Building and Dormitory Building	16,398,893.18	Progressing
Office building 1, Tianzhu Airport Logistics Park	16,326,854.53	Progressing
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 2	12,541,349.02	The procedure is not complete, and temporarily suspended
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 3	11,624,611.20	The procedure is not complete, and temporarily suspended
Wuhu Sanshan Port Waiting Building	7,310,658.61	Progressing
China Merchants Logistics Group Changchun phase I complex	6,838,870.85	Progressing
Total	1,296,715,386.15	—

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

17. CONSTRUCTION IN PROGRESS

(1) Listed by classification

Item	Closing balance	Opening balance
Construction in progress	852,905,625.78	1,070,736,580.52
Construction materials	-	-
Total	852,905,625.78	1,070,736,580.52

(2) Details of construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Jiaozhou Smart Logistics Warehouse	249,866,275.05	-	249,866,275.05	201,309,791.10	-	201,309,791.10
Lianyungang Shanghe Logistics Park Project	128,807,388.66	-	128,807,388.66	126,076,758.87	-	126,076,758.87
Jinxia Logistics Center	102,999,576.11	-	102,999,576.11	88,870,300.36	-	88,870,300.36
Shaanxi Company Distribution Center	61,574,956.04	-	61,574,956.04	34,577,030.34	-	34,577,030.34
Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park	54,729,221.68	-	54,729,221.68	16,842,553.39	-	16,842,553.39
Comprehensive Bonded Zone Storage Project	52,699,694.05	-	52,699,694.05	48,239,778.83	-	48,239,778.83
Dockside 500-day shoreline modification and expansion declaration project	42,547,061.74	-	42,547,061.74	39,748,424.27	-	39,748,424.27
Warehouse equipment installation and integration (Smart logistics)	26,956,699.03	-	26,956,699.03	24,858,797.96	-	24,858,797.96
Terminal expansion project	14,947,772.88	-	14,947,772.88	12,051,171.36	-	12,051,171.36
Xinjiang Ganquanbao Distribution Center	12,574,749.89	-	12,574,749.89	12,558,053.46	-	12,558,053.46
Jinhua Sinotrans International Logistics Centre Phase II	10,782,293.88	-	10,782,293.88	5,185,243.64	-	5,185,243.64
Sinotrans Middle East Co., Ltd. SHEIN Project	9,760,074.24	-	9,760,074.24	8,292,986.23	-	8,292,986.23
Chemical International Logistics Shanghai Base Electrical Renovation Project	9,067,345.67	-	9,067,345.67	7,286,966.39	-	7,286,966.39
Decoration of Phase 2 Office Building of Sinotrans Development Headquarters	7,003,317.77	-	7,003,317.77	7,003,317.77	-	7,003,317.77
Sinotrans Tianjin Airport Comprehensive Logistics Base Project	128,566.38	-	128,566.38	56,991,865.96	-	56,991,865.96
Yunnan Company Distribution Center	-	-	-	149,872,253.13	-	149,872,253.13
Sinotrans Chengdu Qingbaijiang Cold Chain Logistics Park Project	-	-	-	147,013,046.50	-	147,013,046.50
Shandong Qingzhou Sinotrans Storage And Transportation Co., Ltd. Warehouse	-	-	-	8,991,334.41	-	8,991,334.41
Guangzhou Sinotrans Changhang Logistics Co., Ltd. Infrastructure Storage Room	-	-	-	6,995,697.99	-	6,995,697.99
Jiangmen High-tech Zone Public Pier	-	-	-	5,910,310.74	-	5,910,310.74
Other Projects	72,072,037.88	3,611,405.17	68,460,632.71	65,672,302.99	3,611,405.17	62,060,897.82
Total	856,517,030.95	3,611,405.17	852,905,625.78	1,074,347,985.69	3,611,405.17	1,070,736,580.52

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Notes to the Financial Statements

For the period ended 30 June 2022
(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 rights	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Others	Total
I. Original value	—	—	—	—	—	—	—
Opening balance	3,783,756,977.72	10,199,823.66	1,706,060.05	19,942,636.61	29,144,476.80	24,081,237.42	3,868,831,212.26
Effects from changes in the scope of consolidation	55,757,510.37	-	-	-	-	-	55,757,510.37
Increase in current period	369,479,441.27	1,703,700.17	-	1,715,367.17	1,936,565.24	295,091.21	375,130,165.06
Decrease in current period (Note)	370,070,135.48	8,264,163.03	1,706,060.05	908,767.45	2,416,255.94	66,461.00	383,431,842.95
Effects from translation in foreign currency statements	4,495,328.09	-	-	693,058.34	-	7,897.68	5,196,284.11
Closing balance	3,843,419,121.97	3,639,360.80	-	21,442,294.67	28,664,786.10	24,317,765.31	3,921,483,328.85
II. Accumulated depreciation	—	—	—	—	—	—	—
Opening balance	1,654,875,690.44	4,712,779.75	1,706,060.05	17,056,318.14	12,294,039.78	18,677,839.13	1,709,322,727.29
Effects from changes in the scope of consolidation	-	-	-	-	-	-	-
Accrued amount for the period	357,909,450.17	406,528.59	-	2,608,155.10	3,417,583.66	2,446,646.88	366,788,364.40
Decrease in current period (Note)	340,572,719.72	4,132,081.56	1,706,060.05	907,996.33	2,405,168.65	66,461.00	349,790,487.31
Effects from translation in foreign currency statements	6,059,927.52	-	-	681,745.27	-	2,293.44	6,743,966.23
Closing balance	1,678,272,348.41	987,226.78	-	19,438,222.18	13,306,454.79	21,060,318.45	1,733,064,570.61
III. Impairment provision	—	—	—	—	—	—	—
Opening balance	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-
IV. Net amount	—	—	—	—	—	—	—
Opening balance	2,128,881,287.28	5,487,043.91	-	2,886,318.47	16,850,437.02	5,403,398.29	2,159,508,484.97
Closing balance	2,165,146,773.56	2,652,134.02	-	2,004,072.49	15,358,331.31	3,257,446.86	2,188,418,758.24

Note: The decrease in the original value and accumulated depreciation of right-of-use assets in the current period is mainly caused by the reduction of the original value and accumulated depreciation of the right-of-use assets at the same time when the lease expires.

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.

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Notes to the Financial Statements

For the period ended 30 June 2022

(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 (Continued)

The short-term lease expenses charged to current profit or loss for the period under simplified treatment amounted to RMB302,734,418.23 (previous period: RMB220,240,412.32) and the lease expenses for low-value assets amounted to RMB8,626,626.00 (previous period: RMB6,762,450.30).

The terms of the Group's leases do not provide for variable lease payments. The total cash outflow in relation to leases for the period was RMB679,042,026.62 (previous period: RMB644,002,951.10).

19. INTANGIBLE ASSETS

Item	Amortisation period	Opening balance	Effects from changes in the scope of consolidation (Note 2)	Increase in current period	Decrease in current period (Note 1)	Reclassification	Effects from translation in foreign currency statements	Closing balance
I. Total original value	—	8,175,578,918.21	69,610,308.00	154,718,421.18	35,617,277.74	-	23,756,207.43	8,388,046,577.08
Including: Land use rights	10-99 years	6,891,431,839.36	-33,020,941.00	115,187,063.70	26,988,546.42	-	37,026,869.94	6,983,636,285.58
Trademark rights	—	5,007,651.46	-	-	-	-	-	5,007,651.46
Software	5 years	756,086,063.06	-	39,531,357.48	8,628,731.32	-	-310,358.29	786,678,330.93
Customer relationship	9 years, 10 years	432,655,654.99	75,700,000.00	-	-	-	-12,981,661.02	495,373,993.97
Others	5 years, 8 years	90,397,709.34	26,931,249.00	-	-	-	21,356.80	117,350,315.14
II. Total accumulated amortisation	—	1,890,261,375.47	-12,387,255.66	145,206,159.52	14,604,581.29	-	-202,056.56	2,008,273,641.48
Including: Land use rights	10-99 years	1,282,329,052.09	-12,387,255.66	72,951,157.40	5,976,064.48	-	3,553,218.30	1,340,470,107.65
Trademark rights	—	3,520.82	-	765.12	-	-	-	4,285.94
Software	5 years	475,235,177.64	-	47,892,053.35	8,628,516.81	-	-375,660.94	514,123,053.24
Customer relationship	9 years, 10 years	96,145,701.08	-	24,189,525.93	-	-	-3,382,678.28	116,952,548.73
Others	5 years, 8 years	36,547,923.84	-	172,657.72	-	-	3,064.36	36,723,645.92
II. Total accumulated amortisation	—	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
Software	5 years	-	-	-	-	-	-	-
Customer relationship	9 years, 10 years	-	-	-	-	-	-	-
Others	5 years, 8 years	50,026,556.77	-	-	-	-	-	50,026,556.77
II. Total accumulated amortisation	—	6,226,403,585.97	—	—	—	—	—	6,320,858,978.83
Including: Land use rights	10-99 years	5,605,215,387.27	—	—	—	—	—	5,639,278,777.93
Trademark rights	—	4,130.64	—	—	—	—	—	3,365.52
Software	5 years	280,850,885.42	—	—	—	—	—	272,555,277.69
Customer relationship	9 years, 10 years	336,509,953.91	—	—	—	—	—	378,421,445.24
Others	5 years, 8 years	3,823,228.73	—	—	—	—	—	30,600,112.45

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For the period ended 30 June 2022

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

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

19. INTANGIBLE ASSETS (Continued)

Note 1: The decrease in the original value and accumulated amortisation of intangible assets in the current period is mainly caused by the disposal of land use rights, software and the reclassification of land use rights to investment properties.

Note 2: The details of effect from the change in scope of consolidation is caused by the combination of enterprises not under the same control in Sinotrans Logistics Nanjing and the disposal of Guangzhou Changhang in the current period. See Note VIII. Business Combination and Consolidated Financial Statements for details.

(1) Closing carrying amount 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	21,380,333.00	In negotiation with the government for
Dayaowan Kaishan District Container Terminal Phase II Land Use Certificate	6,050,393.56	In negotiation with the government for
Total	27,430,726.56	

20. DEVELOPMENT EXPENDITURE

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current period Internal development expenditures	Others	Decrease in current period Transfer to intangible assets	Inclusion in current profit or loss	Effects from translation in foreign currency statements Others	Closing balance
ABCDT Digital Technology Application and R & D Project	41,228,071.41	-	64,869.00	135,092.74	13,279,814.82	64,869.00	-	28,083,349.33
LLCT	12,968,905.58	-	779,588.39	4,954,439.97	-	779,588.39	-	17,923,345.55
National Logistics Hub Information Platform Master Data Platform Construction and Implementation Project	-	-	4,423,556.76	9,212,264.18	-	4,423,556.76	-	9,212,264.18
Smart Field Construction Project (2019)	5,311,545.75	-	538,165.43	1,120,754.72	-	538,165.43	-	6,432,300.47
Financial Sharing Operation Platform System Construction South China Pilot Project (2019)	4,174,528.30	-	481,087.28	1,001,886.79	-	481,087.28	-	5,176,415.09
Sinotrans Sailing	1,490,377.36	-	1,655,085.20	3,446,792.46	-	1,655,085.20	-	4,937,169.82
Guanwu Cloud Construction	2,875,000.00	-	3,550,326.10	1,508,667.85	-	3,550,326.10	-	4,383,667.85
Y2T Platform	5,695,811.17	-	-	-	2,226,471.64	-	-	3,469,339.53
HR System	1,012,924.53	-	7,737,002.27	2,323,634.58	-	7,737,002.27	-	3,336,559.11
Digital Service Project	1,237,271.14	-	837,250.04	1,743,612.42	801,886.80	837,250.04	-	2,178,996.76
TMS Upgrading	662,002.55	-	647,325.82	1,348,086.34	-	1,113,514.50	-	1,543,900.21
Logistics System Optimization and Operation Project	615,788.68	-	893,645.29	-	-	-	-	1,509,433.97
BMS Project	4,862,786.31	-	-	-	3,537,735.75	-	-	1,325,050.56
Beijing Sinotrans Transportation Co., Ltd. Smart Warehouse Digital Twin Project (Phase I)	2,237,028.30	-	-	-	926,886.80	-	-	1,310,141.50
EDI Platform Functionality Enhancement Project	418,867.92	-	-	837,735.85	-	-	-	1,256,603.77
Data Application And Data Analysis Project	1,901,509.42	-	38,142.70	79,433.96	794,339.60	38,142.70	-	1,186,603.78
Others	1,201,415.10	-	154,246.91	321,226.42	376,415.09	154,246.91	-	1,146,226.43
	45,124,755.31	-	24,336,014.24	7,424,868.64	11,874,082.35	27,545,347.78	-	37,466,208.06
Total	133,018,588.83	-	46,136,305.43	35,458,496.92	33,817,632.85	48,918,182.36	-	131,877,575.97

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

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For the period ended 30 June 2022

(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. (Note 1)	Business combination not under common control	1,943,011,003.72	-	-	-	-	-56,866,382.97	1,886,144,620.75
Sinotrans Logistics Nanjing Co., Ltd. (Note 2)	Business combination not under common control	-	170,927,814.49	-	-	-	-	170,927,814.49
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Business combination not under common control	215,048,533.68	-	-	-	-	-	215,048,533.68
Shenzhen Henglu Logistics Limited Company	Business combination not under common control	134,843,091.03	-	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	Business combination not under common control	29,621,440.67	-	-	-	-	-	29,621,440.67
Others	Business combination not under common control	41,623,993.09	-	-	-	-	-	41,623,993.09
Total	—	2,364,148,062.19	170,927,814.49	-	-	-	-56,866,382.97	2,478,209,493.71
Goodwill impairment provision	—	381,749,813.53	—	—	—	—	—	381,749,813.53
Total net goodwill	—	1,982,398,248.66	—	—	—	—	—	2,096,459,680.18

Note 1: The effect from translation in foreign currency statements is due to the decrease in the Euro to RMB exchange rate at the end of the period compared to the beginning of the year.

Note 2: The increase of goodwill of Sinotrans Logistics Nanjing in this period is detailed in note VIII. 3.

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For the period ended 30 June 2022

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

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

21. GOODWILL (Continued)

(2) Details of goodwill impairment provision

Investee	Opening balance	Effects from changes in the scope of consolidation	Accrual in current period	Effects from translation in foreign currency statements	Decrease in current period	Closing balance
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	215,048,533.68	-	-	-	-	215,048,533.68
Shenzhen Henglu Logistics Limited Company	134,843,091.03	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	29,621,440.67	-	-	-	-	29,621,440.67
China Merchants International Cold Chain (Shenzhen) Co., Ltd.	2,236,748.15	-	-	-	-	2,236,748.15
Total	381,749,813.53	-	-	-	-	381,749,813.53

Note: As at 30 June 2022, the business environment, strategy and performance of the asset group or asset group combination with significant amount of goodwill allocated by the Group did not show significant adverse deviation from the judgment and expectation on 31 December 2021. The Group judged that the asset group or asset group combination with significant amount of goodwill allocated by the Group did not show signs of impairment or further impairment.

22. LONG-TERM PREPAID EXPENSE

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	187,478,937.47	86,414.70	-	41,197,591.97	35,057,417.41	773,484.47	-	194,479,011.20	—
Software expenses	4,799,881.44	-	-	71,257.40	1,310,053.55	-	-	3,561,085.29	—
Others	43,770,558.14	1,554,514.99	-	10,132,519.42	7,860,310.66	-29,789.05	-	47,567,492.84	—
Total	236,049,377.05	1,640,929.69	-	51,401,368.79	44,227,781.62	743,695.42	-	245,607,589.33	—

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

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

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	96,163,082.31	384,432,039.36	71,743,275.46	287,120,998.67
Impairment provision unapproved by tax authorities	77,614,029.56	310,390,806.87	76,253,565.60	307,170,499.56
Deductible losses	8,744,800.24	34,979,200.96	7,124,521.08	28,498,084.32
Provision for one-time housing subsidy	5,648,196.65	22,592,786.60	5,648,196.65	22,592,786.60
Changes in fair value of other non-current financial assets	8,284,071.07	40,521,642.85	4,700,000.00	18,800,000.00
Depreciation of fixed assets	2,913,296.42	11,653,185.69	2,817,852.80	11,271,411.20
Provision for pending litigation	175,000.00	700,000.00	38,117,730.90	152,470,923.58
Other deductible temporary differences	65,308,576.70	275,597,730.53	66,948,037.15	284,074,220.91
Total	264,851,052.95	1,080,867,392.86	273,353,179.64	1,111,998,924.84

1) *Deductible temporary differences and deductible losses of unrecognised deferred tax assets*

Item	Closing balance	Opening balance
Deductible temporary differences	787,731,226.51	694,807,922.77
Deductible losses	2,160,548,923.61	2,001,585,758.26
Total	2,948,280,150.12	2,696,393,681.03

Note: 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.

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2022

(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)

2) The deductible losses of unrecognised deferred tax assets will mature in the following year:

Year	Closing balance	Opening balance	Remark
2022	—	92,448,627.17	—
2023	344,266,171.81	345,410,896.28	—
2024	286,139,311.98	368,262,012.56	—
2025	471,871,606.43	565,996,584.63	—
2026	604,883,053.99	629,467,637.62	—
2027	453,388,779.40	—	—
Deductible losses without maturity date	—	—	—
Total	2,160,548,923.61	2,001,585,758.26	—

(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	177,657,336.67	797,981,532.51	159,320,224.96	660,073,124.84
Depreciation and amortisation	25,168,476.83	101,038,301.32	22,934,117.25	92,084,841.91
Changes in fair value of held-for-trading financial assets and liabilities	—	—	9,255,337.70	56,092,955.76
Other taxable temporary differences	1,030,176.42	4,258,437.12	2,018,332.90	8,215,215.56
Total	203,855,989.92	903,278,270.95	193,528,012.81	816,466,138.07

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For the period ended 30 June 2022

(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	-14,842,449.72	250,008,603.23	-13,676,119.36	259,677,060.28
Deferred tax liabilities	-14,842,449.72	189,013,540.20	-13,676,119.36	179,851,893.45

24. OTHER NON-CURRENT ASSETS

Item	Closing balance	Opening balance
Lanshi Port related assets (Note)	331,236,610.68	324,454,648.11
Prepayment for engineering equipment	128,616,122.01	2,723,539.27
Prepayment for land use rights	46,584,550.27	23,265,050.27
Subtotal	506,437,282.96	350,443,237.65
Less: Impairment provision	-	-
Total	506,437,282.96	350,443,237.65

Note: Sinotrans South China Co., Ltd. (hereinafter referred to as Sinotrans South China), a subsidiary of the Group, and its subsidiary, Sinoway Shipping, entered into equity transfer agreements with Guangdong Sinotrans Limited (hereinafter referred to as Guangdong Sinotrans) and 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 listed for other non-current assets and other non-current liabilities respectively.

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Notes to the Financial Statements

For the period ended 30 June 2022

(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

Assets under restricted ownership or use rights	Closing balance	Opening balance	Reasons for restriction
I. Assets used for security	—	—	—
Including: Cash and bank balances	24,975,958.28	32,688,818.43	Note 1
Investment properties	1,872,704,184.58	1,822,784,684.75	Note 2
Fixed assets	282,282,453.43	89,684,640.70	Note 3, Note 4
Intangible assets	1,088,449,972.93	992,391,280.18	Note 2, Note 3, Note 4
II. Other reasons	—	—	—
Including: Cash and bank balances	99,048,700.54	252,814,434.55	Note 1
Other non-current assets-Lanshi			
Port related assets	331,236,610.68	324,454,648.11	Note 5
Total	3,698,697,880.44	3,514,818,506.72	—

Note 1: The cash and bank balances under restricted use right at the end of the period are detailed in Note IX. 1.

Note 2: In order to meet the financing needs of the construction of the Hong Kong "Tsing Yi 181 Project" logistics center, the Group's subsidiary, KONGWELL LOGISTICS LIMITED (hereinafter referred to as "KONGWELL LOGISTICS") signed an agreement with the China Development Bank to obtain bank facility of HKD2.9 billion. CHINA MERCHANTS HOLDINGS (HONG KONG) COMPANY LIMITED, a related party of the Group, provided full guarantees. At the same time, KONGWELL LOGISTICS and China Development Bank signed a debenture on 26 June 2015, in which KONGWELL LOGISTICS was the charger, who (i) pledged the real estate rights and interests of 181 plots owned by KONGWELL LOGISTICS by the first charge; (ii) pledged the existing or future business, property, assets, goodwill, rights and income of Hong Kong 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 RMB59,157,041.97 and intangible assets with a carrying value of RMB29,784,213.42 as collateral for long-term borrowings of Nantong Sinotrans Chemical Logistics Co., Ltd and used fixed assets with a carrying value of RMB38,418,942.07 and intangible assets with a carrying value of 15,810,941.40 as collateral for long-term borrowings of the headquarters of Chemical Logistics.

Note 4: Sinotrans South China, a subsidiary of the Group, uses fixed assets with carrying value of RMB184,706,469.39 and intangible assets with carrying value of RMB65,483,388.68 as collateral for long-term borrowings of Bank of Communications Co., Ltd..

Note 5: The details are described in Note IX. 24.

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(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	Opening balance	Effect of changes in the scope of consolidation	Provision for the period	Reversal for the period	Write-off and carry-forward for the period	Transfer-out for the period due to sale	Other increases in the period	Other decreases in the period	Effects from translation in foreign currency statements or exchange rate changes	Closing balance
Credit loss provision for accounts receivable	524,850,233.24	402,773.83	66,310,621.46	12,480,305.56	-	-	-	-	1,574,922.12	580,758,245.09
Credit loss provision for other receivables	175,230,203.44	-	4,148,996.61	1,163,751.68	-	-	-	-	2,792,127.12	181,007,575.49
Provision for price reduction of inventories	7,798,394.11	-	-	-	-	1,757,000.00	-	-	-	6,041,394.11
Credit loss provision for long-term receivables	59,661,577.02	-	-	-	-	-	-	-	1,905,133.48	61,566,710.50
Impairment provision for long-term equity investments	11,872,181.45	-	-	-	-	-	-	-	361,095.59	12,233,277.04
Impairment provision for investment properties	1,485,259.40	-	-	-	-	-	-	-	68,304.49	1,553,563.89
Impairment provision for fixed assets	158,556,130.76	-	-	-	-	-	-	-	2,620,458.25	161,176,589.01
Impairment provision for construction in progress	3,611,405.17	-	-	-	-	-	-	-	-	3,611,405.17
Impairment provision for intangible assets	58,913,956.77	-	-	-	-	-	-	-	-	58,913,956.77
Impairment provision for goodwill	381,749,813.53	-	-	-	-	-	-	-	-	381,749,813.53
Total	1,383,729,154.89	402,773.83	70,459,618.07	13,644,057.24	-	1,757,000.00	-	-	9,422,041.05	1,448,612,530.60

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(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	395,771,710.11	100,113,513.90
Guaranteed loans	300,000,000.00	300,328,597.79
Mortgage loans	-	38,011,400.00
Total	695,771,710.11	438,453,511.69

(2) There were no short-term borrowings outstanding at the end of the period.

28. BILLS PAYABLE

Category	Closing balance	Opening balance
Bank acceptance bill	118,171,341.37	59,800,000.00
Total	118,171,341.37	59,800,000.00

Note: As at 30 June 2022, there was no overdue outstanding bills payable.

29. ACCOUNTS PAYABLE

(1) Details of accounts payable

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	15,688,008,947.14	98.07	13,499,748,468.09	97.34
1 to 2 years (including 2 years)	147,235,726.39	0.92	146,623,063.33	1.06
2 to 3 years (including 3 years)	45,224,465.85	0.28	88,303,654.21	0.64
Over 3 years	115,752,598.99	0.73	134,003,704.33	0.96
Total	15,996,221,738.37	100.00	13,868,678,889.96	100.00

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

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(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 one year

Company name	Amount	Aging	Reasons for non-repayment
Entity 1	13,658,885.54	1 to 2 years	Unsettled
Entity 2	13,394,059.10	1 to 3 years, Over 3 years	Unsettled
Entity 3	11,861,205.60	1 to 2 years	Unsettled
Entity 4	9,676,788.60	1 to 2 years	Unsettled
Entity 5	8,099,018.22	1 to 3 years	Unsettled
Entity 6	7,935,341.89	1 to 3 years, Over 3 years	Unsettled
Entity 7	5,990,829.97	1 to 2 years, Over 3 years	Unsettled
Total	70,616,128.92	—	—

- (3) There was no accounts payable from shareholders holding more than 5% (including 5%) 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	4,327,161,301.25	3,681,874,130.60
Logistics business advanced receipt	586,960,047.30	422,970,984.99
E-commerce business advanced receipt	226,319,120.08	208,698,860.65
Subtotal	5,140,440,468.63	4,313,543,976.24
Less: Contract liabilities included in other non-current liabilities	—	—
Total	5,140,440,468.63	4,313,543,976.24

- (2) The revenue amount included in the book balance of contract liabilities at the beginning of the year recognised in the current period was RMB4,313,543,976.24, including contract liabilities arising from forwarding and related business advanced receipt of RMB3,681,874,130.60, contract liabilities arising from logistics business advanced receipt of RMB422,970,984.99, contract liabilities arising from e-commerce business advanced receipt of RMB208,698,860.65.

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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 2022, the transaction price, net of estimated output tax, apportioned by the Group to the outstanding logistics and transportation service contracts was RMB5,140,440,468.63 (31 December 2021: RMB4,313,543,976.24). 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 RMB5,140,440,468.63 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	645,287,170.65	Business scale growth
Professional logistics business advanced receipt	163,989,062.31	Business scale growth
Total	809,276,232.96	—

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	1,857,462,698.99	3,397,587,091.44	3,519,191,191.54	1,735,858,598.89
II. Post-employment benefits				
defined contribution plans	82,961,775.68	365,263,235.92	374,917,959.00	73,307,052.60
III. Termination benefits	29,482,724.28	9,581,490.83	8,386,166.87	30,678,048.24
IV. Other benefits due within one year	—	182,240.00	182,240.00	—
V. Others	10,595,762.34	11,668,605.47	12,477,151.97	9,787,215.84
Total	1,980,502,961.29	3,784,282,663.66	3,915,154,709.38	1,849,630,915.57

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

31. EMPLOYEE REMUNERATION PAYABLE (Continued)

(2) Short-term compensation

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Wages, bonuses, allowances and subsidies	1,752,290,639.33	2,655,824,286.42	2,800,948,037.41	1,607,166,888.34
II. Employee welfare benefits	803,693.78	97,981,655.86	88,523,733.72	10,261,615.92
III. Social insurance premiums	9,490,045.12	161,118,108.29	162,235,721.44	8,372,431.97
Including: Medical insurance	8,529,494.48	138,282,979.86	139,333,737.71	7,478,736.63
Work-related injury insurance	385,382.39	9,590,902.96	9,541,417.27	434,868.08
Maternity insurance	480,438.99	8,676,449.84	8,723,518.03	433,370.80
Others	94,729.26	4,567,775.63	4,637,048.43	25,456.46
IV. Housing provident fund	5,088,490.96	178,602,176.45	175,586,665.72	8,104,001.69
V. Trade union funds and staff education funds	44,741,414.83	40,778,323.60	30,568,218.27	54,951,520.16
VI. Short-term paid absences	-	-	-	-
VII. Short-term profit-sharing scheme	-	-	-	-
VIII. Other short-term compensation	45,048,414.97	263,282,540.82	261,328,814.98	47,002,140.81
Total	1,857,462,698.99	3,397,587,091.44	3,519,191,191.54	1,735,858,598.89

(3) Defined contribution plan

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Basic endowment insurance premiums	14,942,557.33	268,006,996.18	267,282,920.49	15,666,633.02
II. Unemployment insurance premiums	703,779.51	11,134,919.88	11,109,982.29	728,717.10
III. Enterprise annuity contributions	67,315,438.84	86,121,319.86	96,525,056.22	56,911,702.48
Total	82,961,775.68	365,263,235.92	374,917,959.00	73,307,052.60

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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 5% 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 RMB354,128,316.04 and RMB11,134,919.88 (Prior period: RMB313,169,196.30 and RMB7,616,652.98) to the endowment insurance and unemployment insurance plan respectively for the current year. As at 30 June 2022, the Group has RMB72,578,335.50 and RMB728,717.10 (31 December 2021: RMB82,257,996.17 and RMB703,779.51) of contributions payable to the pension and unemployment insurance plan which are due and unpaid during the reporting period. The contributions payable was paid after the reporting period.

32. TAXES AND DUES PAYABLE

Item	Closing balance	Opening balance
Enterprise income tax	354,317,207.64	328,272,725.15
Value-added tax	101,530,341.58	80,077,102.57
Individual income tax	18,741,150.04	45,497,691.97
Property tax	22,068,990.21	21,440,076.00
Land use tax	10,410,153.58	9,329,223.67
Stamp duty	2,391,826.82	4,117,696.60
Urban maintenance & construction tax	2,525,098.80	3,391,356.23
Education surcharge	4,056,344.00	3,371,646.17
Deed tax	343,920.66	344,023.32
Other taxes	5,888,599.32	5,547,206.81
Total	522,273,632.65	501,388,748.49

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

33. OTHER PAYABLES

Item	Closing balance	Opening balance
Interest payables	33,320,787.46	31,879,954.13
Dividends payable	1,400,606,834.94	64,040,629.95
Other payables	1,567,053,529.86	1,751,445,095.14
Total	3,000,981,152.26	1,847,365,679.22

(1) Interest payable

1) Details of interest payable

Item	Closing balance	Opening balance
Interest on long-term payables	25,831,473.01	24,390,639.68
Interest on short-term borrowings	4,479,314.45	4,479,314.45
Interest on long-term borrowings with interest payable in installments	3,010,000.00	3,010,000.00
Total	33,320,787.46	31,879,954.13

2) Significant overdue interest

Creditor	Overdue amount	Reason for overdue
SINOTRANS & CSC	33,320,787.46	No repayment request from related parties
Total	33,320,787.46	—

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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	594,449,543.08	—
	SINOTRANS & CSC	481,124,635.92	36,125,719.92
	China Merchants Group Limited	288,107,539.02	—
	China Merchants Investment Development (Hong Kong) Limited	16,237,008.06	—
	Guangdong Nanhai Food Import & Export Co., Ltd.	8,004,430.55	8,004,430.55
	Guangdong Food Import and Export Group Co., Ltd.	6,403,544.44	6,403,544.44
	Zhongshan City Construction Investment Group Co., Ltd.	6,136,195.30	—
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	EVERSUNRISE HONGKONG LIMITED	71,678.71	—
	Guangdong Sanshui Development Holding Investment Co., Ltd.	—	11,200,000.00
	Changsha Communications Investment Holding Group	—	1,135,771.79
	Nantong Economic and Technological Development Zone Holding Group Co., Ltd.	—	944,866.33
	China Ocean Shipping Tally Co., Ltd.	—	154,037.06
Total	—	1,400,606,834.94	64,040,629.95

(3) Other payables

1) Other payables by nature of payment

Item	Closing balance	Opening balance
Deposits and guarantees collected	718,190,604.68	554,614,767.58
Financial transactions with non-related parties	289,814,579.11	326,007,835.61
Current payables to related parties	235,385,559.96	269,823,296.67
Payment for project, equipment and land	171,347,263.27	209,208,323.38
Equity acquisition payments	—	170,000,000.00
Advances and receivables payable	67,162,163.08	58,774,318.22
Others	85,153,359.76	163,016,553.68
Total	1,567,053,529.86	1,751,445,095.14

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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)	1,161,411,671.09	74.11	1,310,702,185.38	74.83
1 to 2 years (including 2 years)	133,310,631.70	8.51	84,691,756.61	4.84
2 to 3 years (including 3 years)	57,072,668.42	3.64	158,521,473.81	9.05
Over 3 years	215,258,558.65	13.74	197,529,679.34	11.28
Total	1,567,053,529.86	100.00	1,751,445,095.14	100.00

3) Significant other payables aged over one year

Company name	Amount owed	Aging	Reasons for non-repayment
SINOTRANS & CSC	24,051,000.00	Over 3 years	No agreed term
Entity 1	19,096,279.61	Over 3 years	No agreed term
Shanghai Tongyun International Logistics Co., Ltd.	14,100,000.00	Over 3 years	Not yet due for settlement
Entity 2	12,000,000.00	1 to 2 years	Not yet due for settlement
China United Tally (Shenzhen) Co., Ltd.	7,000,000.00	Over 3 years	Not yet due for settlement
Entity 3	5,810,701.20	2 to 3 years	Not yet due for settlement
Entity 4	5,377,743.74	Over 3 years	Not yet due for settlement
Total	87,435,724.55	—	—

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

33. OTHER PAYABLES (Continued)

(3) Other payables (Continued)

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

Company name	Amount owed	Aging	Nature or content
RED BRAVES FINANCE LTD.	112,645,960.40	Within 1 year	Current payables to related parties
Entity 1	71,543,512.47	Within 1 year	Deposits and guarantees collected
Entity 2	35,580,374.76	Within 1 year, 1 to 2 years	Other
Entity 3	31,896,143.06	Within 1 year	Advances and receivables payable
Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	Within 1 year	Current payables to related parties
Entity 4	27,174,921.21	Within 1 year	Payment for project, equipment and land
SINOTRANS & CSC	26,599,000.00	Within 1 year, over 3 years	Current payables to related parties
Entity 5	21,958,000.00	Within 1 year	Deposits and guarantees collected
Entity 6	20,000,000.00	Within 1 year, 1 to 2 years	Deposits and guarantees collected
Entity 7	19,736,302.68	Within 1 year	Payment for project, equipment and land
Entity 8	19,096,279.61	Over 3 years	Financial transactions with non-related parties
Entity 9	17,667,760.51	Within 1 year	Deposits and guarantees collected
Entity 10	16,365,741.69	Within 1 year	Deposits and guarantees collected
Shanghai Tongyun International Logistics Co., Ltd.	15,074,360.00	Within 1 year, over 3 years	Current payables to related parties
Entity 11	14,823,779.11	Within 1 year	Payment for project, equipment and land
Entity 12	13,490,538.93	Within 1 year, 1 to 2 years	Payment for project, equipment and land
Total	493,119,682.39	—	—

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

Company name	Closing balance	Opening balance
SINOTRANS & CSC	26,599,000.00	24,051,000.00
Total	26,599,000.00	24,051,000.00

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

34. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term borrowings due within one year	213,777,420.36	239,435,720.29
Including: Mortgage loans	156,627,572.88	136,907,509.15
Guaranteed loans	37,911,185.48	53,345,110.27
Fiduciary loans	19,238,662.00	34,160,396.50
Secured borrowings	—	15,022,704.37
Lease liabilities due within one year	628,636,775.61	542,676,930.71
Bonds payable due within one year	62,539,726.02	66,586,301.37
Long-term payables due within one year	65,334,785.38	97,635,233.24
Total	970,288,707.37	946,334,185.61

35. OTHER CURRENT LIABILITIES

Item	Closing balance	Opening balance
Pending output VAT	370,420,619.52	317,808,684.84
Total	370,420,619.52	317,808,684.84

36. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the period (%)
Guaranteed loans	4,782,702,766.23	4,262,908,371.58	1.50-4.11
Mortgage loans	1,829,268,991.23	1,805,686,856.23	1.87-4.80
Fiduciary loans	1,665,847,523.34	1,718,048,435.92	1.10-1.27
Secured borrowings	—	414,862,492.48	—
Total	8,277,819,280.80	8,201,506,156.21	—
Less: Long-term borrowings due within one year	213,777,420.36	239,435,720.29	—
Including: Mortgage loans	156,627,572.88	136,907,509.15	—
Guaranteed loans	37,911,185.48	53,345,110.27	—
Fiduciary loans	19,238,662.00	34,160,396.50	—
Secured borrowings	—	15,022,704.37	—
Long-term borrowings due after one year	8,064,041,860.44	7,962,070,435.92	—

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

36. LONG-TERM BORROWINGS (Continued)

(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	2,072,705,480.00	2,423,849,204.12	1,981,739,109.29
DBS Bank	2020-12-22	2023-12-21	HKD	1.55	1,427,940,000.00	1,221,174,288.00	1,428,425,108.38	1,167,880,368.61
China Development Bank	2015-06-30	2027-12-31	HKD	3.26	1,164,025,693.86	995,474,773.39	1,231,465,525.51	1,006,846,213.66
DBS Bank	2020-12-22	2023-12-21	HKD	1.55	951,960,000.00	814,116,192.00	952,283,405.59	778,586,912.41
Export-Import Bank	2020-12-16	2027-12-16	EUR	1.10	112,000,000.00	784,940,800.00	113,500,000.00	819,435,950.00

(2) Extended long-term borrowings at the end of the period

Borrower	Principal	Interest	Extension	New due date	Estimated repayment period
			conditions		
CHINA ASSESS INVESTMENT LIMITED	1,221,174,288.00	-	None	2023-12-21	2023-12-21
China Merchants Shipping Enterprise Co., Ltd.	814,116,192.00	-	None	2023-12-21	2023-12-21

(3) Maturity date of long-term borrowings is analysed as follows

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	2,840,145,174.80	2,906,209,947.65
2 to 5 years (including 5 years)	3,887,146,821.50	3,416,051,797.30
Over 5 years	1,336,749,864.14	1,639,808,690.97
Total	8,064,041,860.44	7,962,070,435.92

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

37. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2021 corporate bonds (phase I)	1,999,022,904.11	1,998,903,890.41
2021 medium term notes (phase I)	1,998,057,534.27	1,997,561,643.85
Total	3,997,080,438.38	3,996,465,534.26

Note: The Group's bonds payable include:

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, effective interest rates of 3.50%, 3.55%, respectively. The principal and interest repayment were made in one instalment.

On 26 July 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 RMB2,000 million (2021 corporate bonds (phase I)). The bonds were issued with a term of 5 years, with fixed coupon and effective interest rates of 3.15%, 3.16% per annum, respectively, and the principal and interest repayment were made in one instalment.

(2) The maturity date of bonds payable is analysed as follows

Item	Closing balance	Opening balance
2 to 5 years (including 5 years)	3,997,080,438.38	3,996,465,534.26
Total	3,997,080,438.38	3,996,465,534.26

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

37. BONDS PAYABLE (Continued)

(3) Bonds payable increase/decrease statement

Bond name	Face value	Issuing date	Bond period	Issue amount	Opening balance	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
2021 corporate bonds (phase I)	2,000,000,000.00	2021-07-26	5 years	2,000,000,000.00	2,026,175,123.28	—	—	31,241,095.88	119,013.70	—	—	2,057,535,232.86
2021 medium term notes (phase I)	2,000,000,000.00	2021-06-07	3 years	2,000,000,000.00	2,036,876,712.35	—	—	34,712,328.77	495,890.42	70,000,000.00	—	2,002,084,931.54
Total	4,000,000,000.00	—	—	4,000,000,000.00	4,063,051,835.63	—	—	65,953,424.65	614,904.12	70,000,000.00	—	4,059,620,164.40
Less: Bonds payable due within one year	—	—	—	—	66,586,301.37	—	—	—	—	—	—	62,539,726.02
Bonds payable due after one year	—	—	—	—	3,996,465,534.26	—	—	—	—	—	—	3,997,080,438.38

38. LEASE LIABILITIES

(1) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	2,833,270,531.31	2,804,991,801.64
Less: Unrecognised finance charges expenses	521,470,010.73	548,165,115.01
Total	2,311,800,520.58	2,256,826,686.63
Less: Lease liabilities due within one year	628,636,775.61	542,676,930.71
Lease liabilities due after one year	1,683,163,744.97	1,714,149,755.92

(2) Maturity of lease payments

Item	Closing balance
Year 1 after balance sheet date	710,692,488.92
Year 2 after balance sheet date	527,446,370.29
Year 3 after balance sheet date	284,776,221.79
Future years	1,310,355,450.31
Total	2,833,270,531.31

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

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

39. LONG-TERM PAYABLES

Item	Closing balance	Opening balance
Related party loans	181,074,470.53	182,577,479.63
Others	32,022,837.97	32,981,356.97
Total	213,097,308.50	215,558,836.60
Less: Long-term payables due within one year	65,334,785.38	97,635,233.24
Long-term payables due after one year	147,762,523.12	117,923,603.36

(1) The top 5 items with the largest closing balance (including long-term payables due within one year)

Item	Closing balance	Opening balance
Guangdong Sinotrans Co., Ltd. (Note 1)	91,938,455.02	91,938,455.02
SINOTRANS & CSC (Note 2)	80,000,000.00	80,000,000.00
Shenzhen International Holdings (Shenzhen) Co., Ltd. (Note 3)	27,535,240.00	27,535,240.00
OCEAN LIFTER I LIMITED (Note 4)	9,136,015.51	10,639,024.61
Dongguan Shilong Industrial Investment Development Co., Ltd.	3,396,890.04	3,396,890.00
Total	212,006,600.57	213,509,609.63

Note 1: Guangxi Wuzhou Lijiazhuang Container Landing Co., Ltd. borrowed RMB91.94 million from Guangdong Sinotrans in 2012, 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: Sinotrans Guangxi Co., Ltd. (hereinafter referred to as Sinotrans Guangxi), a subsidiary of the Group, borrowed RMB179.92 million from SINOTRANS & CSC in 2014, with a loan interest rate of 5.65% per annum. Sinotrans Guangxi repaid RMB99.2 million in 2018, RMB11.0 million in 2020 and RMB9.72 million in 2021, leaving a principal amount of RMB60 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 periods and the interest rate of the loan was executed with reference to the bank's lending rate for the same period, and at the end of period, the total principal and interest is of RMB20 million.

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 periods. The loan interest rate was executed at 4.35% APR. Interest will be paid quarterly and the principal will be repaid at maturity. The total principal and interest at the end of the period was RMB27,535,200, of which the interest of RMB335,200 was shown in non-current liabilities due within one period.

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 total discounted price of USD2,310,000, a loan term of 4 periods and a loan interest rate of LIBOR plus 2.60%. As at 30 June 2022, the balance of payables in the above long-term payables is USD1,361,200 and USD592,900 is presented as non-current liabilities due within one year.

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

39. LONG-TERM PAYABLES (Continued)

(2) The maturities of long-term payables are analysed as follows

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	30,667,695.49	3,788,491.90
2 to 5 years (including 5 years)	97,094,827.63	34,135,111.46
Over 5 years	20,000,000.00	80,000,000.00
Total	147,762,523.12	117,923,603.36

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	985,103.12	-	1,901.50	-	-	-	-	983,201.62
II. Termination benefits	279,064.64	-	32,479.52	-	-	-	-	246,585.12
III. Other long-term benefits	1,314,905.76	-	-	-	-	-	-	1,314,905.76
Total	2,579,073.52	-	34,381.02	-	-	-	-	2,544,692.50
Less: Long-term employee remuneration payable due within one year	-	-	-	-	-	-	-	-
Long-term employee remuneration payable due after one year	2,579,073.52	-	34,381.02	-	-	-	-	2,544,692.50

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

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)	187,125,998.56	-	-	161,093,288.56	100,710.00	26,133,420.00	Carry-forward, reimbursement
One-time housing subsidy (Note 2)	22,592,786.58	-	-	-	-	22,592,786.58	—
Disposal costs (Note 3)	9,274,657.09	-	-	-	-	9,274,657.09	—
Others (Note 4)	94,137,454.60	-	-	3,986,618.50	-	90,150,836.10	Carry-forward, reimbursement
Total	313,130,896.83	-	-	165,079,907.06	100,710.00	148,151,699.77	—

Note 1: In respect of the disputes and litigation arising in the ordinary course of the Group's business, the Group's Management estimated the risk in accordance with relevant laws and regulations, and the amount of the estimated liability accrued for such pending litigation that is likely to result in losses as at 30 June 2022 was RMB26,133,420.00 (31 December 2021: RMB187,125,998.56).

The decrease in the amount of pending litigation item in estimated liabilities in current period was mainly due to the settlement of the litigation arising from the business disputes of Sinotrans Central China Co., Ltd. (hereinafter referred to as Sinotrans Central China), with a compensation paid of RMB143 million.

Note 2: The one-time housing subsidy was an estimated liability of the Group prior to the restructuring in 2002. The Group does not expect to implement any new one-time housing subsidy scheme in the foreseeable future.

Note 3: The disposal cost is the renovation of the leased cold storage by Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd. and China Merchants International Cold Chain (Shenzhen) Co., Ltd. The costs expected to be incurred to restore the warehouse to its original condition is agreed in the lease.

Note 4: Others is mainly a provision for the Group's estimated compensation for cargo damage disputes incurred in the daily business.

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

42. DEFERRED INCOME

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current period	Decrease in current period	Closing balance
Government grants (Note)	426,110,625.78	-1,066,305.27	9,409,460.55	22,136,737.20	412,317,043.86
Total	426,110,625.78	-1,066,305.27	9,409,460.55	22,136,737.20	412,317,043.86

Note: The deferred revenue mainly represents the subsidized funds received by the Group from the government for promoting the development and standardization of logistics industry.

Items involving government grants

Item	Opening balance	New grants increase in current period	Amount included in non-operating income for the period	Amount included in other income for the period	Other changes (Note)	Closing balance	Related to assets/revenue
Railway Express subsidy	270,398,827.57	7,869,732.58	1,702,683.57	13,491,687.35	433,694.73	263,507,883.96	Asset-related
Relocation compensation	62,589,080.77	-	-	2,238,370.24	-	60,350,710.53	Asset-related
Land restitution	63,113,844.29	-	24,226.20	752,744.28	-	62,336,873.81	Asset-related
Others	30,008,873.15	1,539,727.97	1,407,470.00	2,519,555.56	-1,500,000.00	26,121,575.56	Revenue-related
Total	426,110,625.78	9,409,460.55	3,134,379.77	19,002,357.43	-1,066,305.27	412,317,043.86	—

Note: Other changes were due to the business combination not under common control of Sinotrans Logistics Nanjing and the disposal of Guangzhou Changhang occurred during the period.

43. OTHER NON-CURRENT LIABILITIES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Liabilities associated with Langshi Port (Note)	269,904,394.78	277,701,867.48	269,904,394.78	277,701,867.48
Total	269,904,394.78	277,701,867.48	269,904,394.78	277,701,867.48
Less: Other non-current liabilities due within one year	-	-	-	-
Other non-current liabilities due after one year	269,904,394.78	277,701,867.48	269,904,394.78	277,701,867.48

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

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

44. SHARE CAPITAL

Item	Opening balance		Increase in current period	Decrease in current period	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Domestic listing (A shares)	5,255,916,875.00	71.02	-	-	5,255,916,875.00	71.02
Listing (H shares) in Hong Kong, China	2,144,887,000.00	28.98	-	-	2,144,887,000.00	28.98
Total	7,400,803,875.00	100.00	-	-	7,400,803,875.00	100.00

Note: All A shares and H shares issued by the Company are ordinary shares with a par value of RMB1 per share and are entitled to the same equity.

45. CAPITAL RESERVES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Share capital premium	6,058,467,842.94	-	2,269,400.00	6,056,198,442.94
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 (Note 1)	1,009,606,447.21	-	2,269,400.00	1,007,337,047.21
II. Other capital reserves	18,724,528.20	14,665,416.09	512,482.15	32,877,462.14
1. Other changes in equity in investees other than net gains and losses, other comprehensive income and profit distributions	18,724,528.20	572,234.27	512,482.15	18,784,280.32
2. Others (Note 2)	-	14,093,181.82	-	14,093,181.82
Total	6,077,192,371.14	14,665,416.09	2,781,882.15	6,089,075,905.08
Including: Exclusively state-owned capital reserves	-	-	-	-

Note 1: The Group adjusted opening capital reserve in current period by RMB2,000,000.00 due to the occurrence of business combination under common control of Inner Mongolia Bonded; the Group decreased the capital reserve by RMB2,269,400.00 due to the consideration paid for the consolidation.

Note 2: The details of others are described in Note XII.

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

46. TREASURY SHARES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Domestic listed (A-share) treasury shares	-	179,730,097.00	-	179,730,097.00
(H-share) treasury shares listed in Hong Kong, China	-	44,080,890.59	-	44,080,890.59
Total	-	223,810,987.59	-	223,810,987.59

Note: As authorized by the first extraordinary general meeting of the Company in 2022 and approved by the eleventh meeting of the third board of directors on 27 April 2022, the Company was agreed to repurchase its 24.64 million to 49.28 million A shares by centralized competitive pricing through the trading system of SSE in the period from 28 April 2022 to 27 January 2023 for the implementation of equity incentive plan. As of 30 June 2022, the Company had repurchased a total of 45,552,800 A shares, accounting for 0.62% of the Company's total capital of 7,400,803,875 shares, and the total amount paid was RMB179,730,097 (excluding transaction costs).

The *Proposal of Application of General Mandate to Repurchase H Shares* was considered and approved at the 2021 annual general meeting, the first H-share shareholders' general meeting of 2022 and the first A-share shareholders' general meeting of 2022, held on 31 May 2022, which agreed to grant the board of directors a general mandate to repurchase H Shares and, under the relevant provisions of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong and the Articles of Association of the Company*, the board of directors could duly decide to repurchase H Shares not exceeding 10% of the total issued H Shares as at the date of adoption of such mandate, in accordance with the needs and market conditions. The term of such general mandate was for the period from the date of adoption of this proposal at the annual general meeting to the earliest of (1) the end of the next annual general meeting of the Company; or (2) the expiration of a period of 12 months after the adoption of the proposal for the repurchase mandate; or (3) the revocation or amendment of the such proposal by a special resolution passed by the shareholders of the Company at the annual general meeting. During the period from 7 June to 30 June 2022, the board of directors decided to repurchase a total 22,803,000 H shares of the Company, accounting for 1.06% of the total issued H shares, pursuant to the general mandate mentioned above, and the total amount paid was HKD51,256,850 (excluding transaction costs). In accordance with the relevant regulations, the Company will cancel the repurchased H shares by the law.

47. SPECIAL RESERVES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Safety production costs	82,387,493.19	46,558,265.81	35,006,754.96	93,939,004.04
Total	82,387,493.19	46,558,265.81	35,006,754.96	93,939,004.04

Note: In accordance with the *Administrative Measures on the Withdrawal and Use of Safety Production Costs by Enterprises No. 16 of Cai Qi [2012]*, jointly issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, companies engaged in general freight transportation or special freight transportation such as dangerous goods are required to withdraw production safety expense on the basis of business income, which will be credited to the cost of relevant products or current profit and loss, and at the same time be transferred to a special reserve.

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

48. SURPLUS RESERVES

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserves	1,408,009,237.81	-	-	1,408,009,237.81
Total	1,408,009,237.81	-	-	1,408,009,237.81

Note: 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 reach 50% or more of the Company's registered capital, it may not be withdrawn.

49. RETAINED EARNINGS

Item	Amount in current period	Amount in prior period
Closing balance of prior year	18,448,178,520.91	15,920,974,640.15
Add: Adjustments to opening retained earnings	237,214.08	122,170.93
Including: Change of accounting policies	-	-
Change in scope of consolidation under common control (Note 1)	237,214.08	122,170.93
Opening balance	18,448,415,734.99	15,921,096,811.08
Increase in current period	2,326,678,920.04	2,175,581,061.03
Including: Net profit attributable to shareholders of the Company for the period	2,326,678,920.04	2,162,568,947.46
Others	-	13,012,113.57
Decrease in current period	1,340,688,706.92	888,096,465.00
Including: Appropriation to statutory surplus reserves for the period	-	-
Distribution of dividends (Note 2)	1,340,688,706.92	888,096,465.00
Others	-	-
Closing balance of current period	19,434,405,948.11	17,208,581,407.11

Note 1: The Group adjusted retained earnings at the beginning of the period by RMB237,214.08 arising from business combination under common control occurred during the period.

Note 2: The Proposal on Profit Distribution Plan for the Year of 2021 was considered and approved at the 2021 annual general meeting, held on 31 May 2022 by the Company, which approved the Company to distribute dividends for 2021 based on the total share capital registered on the date of record of equity distribution, with a cash dividend of RMB1.8 (including tax) for every 10 shares. The proportion of distribution shall remain unchanged, with a corresponding adjustment to the total amount of distribution, if there is a change in the number of shares actually entitled to participate in equity distribution before the date of record. The ex-dividend date of H Shares for the equity distribution was determined as 2 June 2022 and the distribution amount was recognized as HKD474,663,493.10 (HKD0.2213 per share), based on the capital of issued 2,144,887,000 H shares and the average benchmark exchange rate of RMB to HKD (i.e. RMB1 to HKD1.2293) as announced by the People's Bank of China for the week before the board of directors recommends the payment of the annual dividend (from 22 March 2022 to 28 March 2022). The ex-dividend date of A shares was determined as 15 July 2022. As of 30 June 2022, the Company recognized the proposed distribution amount of RMB937,865,533.50, provisionally based on the shares of 5,210,364,075 after deducting repurchased A shares of 45,552,800 (see the Note IX. 46) from the capital of issued 5,255,916,875 A shares. As of the date of approval of this financial report, the Company has completed the payment of dividends for 2021, and there was no change in the number of A shares entitled to participate in the equity distribution on the aforementioned ex-dividend date of A shares from 30 June 2022.

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

50. OPERATING INCOME, COSTS

Item	Current period		Prior period	
	Income	Costs	Income	Costs
Forwarding and related business	33,248,145,264.04	31,161,286,749.92	42,263,717,437.12	40,571,419,173.89
Logistics	14,909,639,601.54	13,740,588,320.10	11,734,374,722.16	10,687,936,481.96
E-commerce	7,033,689,410.39	6,888,549,792.80	7,678,795,068.36	7,594,933,790.35
Total	55,191,474,275.97	51,790,424,862.82	61,676,887,227.64	58,854,289,446.20

- (1) The transaction prices apportioned to outstanding (or partially outstanding) performance obligations 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	4,327,161,301.25	-	-	-	4,327,161,301.25
Logistics	586,960,047.30	-	-	-	586,960,047.30
E-commerce	226,319,120.08	-	-	-	226,319,120.08

- (2) Operating income classified by recognition time point

January-June 2022

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	33,248,145,264.04	14,909,639,601.54	6,849,646,527.22
Recognition within a certain period	-	-	-
Lease income	-	-	184,042,883.17
Total	33,248,145,264.04	14,909,639,601.54	7,033,689,410.39

January-June 2021

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	42,263,717,437.12	11,734,374,722.16	7,567,676,742.47
Recognition within a certain period	-	-	-
Lease income	-	-	111,118,325.89
Total	42,263,717,437.12	11,734,374,722.16	7,678,795,068.36

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

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

51. TAX AND SURCHARGES

Item	Current period	Prior period
Property tax	56,454,342.94	48,948,508.32
Land use tax	20,331,645.18	20,595,697.00
Stamp duty	21,475,877.55	14,737,405.20
Urban maintenance & construction tax	17,589,817.31	11,188,712.95
Education surcharge and local education surcharge	11,375,550.61	6,939,862.95
Others	4,646,631.13	4,302,013.81
Total	131,873,864.72	106,712,200.23

52. SELLING EXPENSES

Item	Current period	Prior period
Employee benefits	455,354,455.65	385,458,135.22
Business entertainment expenses	15,224,944.86	17,701,674.71
Depreciation and amortization charges on other assets	9,201,818.31	11,063,935.23
Depreciation of right-of-use assets	7,422,023.06	6,771,072.51
Short-term, low-value lease expenses	7,393,661.34	5,872,735.22
Office expenses	7,054,960.47	5,859,233.22
Travel expenses	5,254,561.96	8,777,230.65
Vehicle expenses	5,073,496.72	5,641,603.18
Technical service fee for communication network	4,099,796.00	4,910,157.44
Others	16,789,377.25	13,196,913.45
Total	532,869,095.62	465,252,690.83

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

53. ADMINISTRATIVE EXPENSES

Item	Current period	Prior period
Employee benefits	1,182,709,344.07	1,019,278,798.84
Depreciation and amortization charges on other assets	119,764,388.36	125,991,437.62
Technical service fee for communication network	44,385,514.66	35,753,918.51
Depreciation of right-of-use assets	38,643,388.77	33,967,668.28
Property and utilities and gas fees	37,091,938.20	33,808,303.32
Intermediary service fee	24,416,614.00	22,260,618.37
Short-term, low-value lease expenses	20,711,647.36	17,200,785.96
Business entertainment expenses	15,037,086.33	19,198,806.41
Office expenses	14,648,481.58	15,136,992.51
Equity incentive (Note)	14,093,181.82	–
Vehicle expenses	13,970,251.99	14,797,292.54
Travel expenses	5,915,113.04	13,606,728.13
Others	56,444,233.00	47,781,684.40
Total	1,587,831,183.18	1,398,783,034.89

Notes: The amount of equity incentive item in administrative expenses are detailed in the Note IX. 45.

54. RESEARCH AND DEVELOPMENT EXPENSES

Item	Current period	Prior period
Information System Development	48,918,182.36	66,020,398.33
Total	48,918,182.36	66,020,398.33

55. FINANCE COSTS

Item	Current period	Prior period
Interest expenses	221,100,379.36	210,181,447.42
Including: Bank and other borrowings	100,943,279.20	118,814,505.39
Bond interest	66,568,328.77	40,013,797.23
Interest expenses on lease liabilities	53,588,771.39	51,353,144.80
Less: Capitalized interest expense	3,124,803.27	14,337,665.71
Less: Interest income	78,074,350.57	64,079,951.35
Net exchange losses (net gains denoted by "-")	-201,286,318.95	36,572,454.67
Others	13,835,946.62	8,074,900.37
Total	-47,549,146.81	176,411,185.40

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For the period ended 30 June 2022

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

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

56. OTHER INCOME

Item	Current period	Prior period
Financial subsidy for logistics industry	542,577,152.24	658,500,188.50
Additional deduction for value-added tax	46,200,035.95	34,143,432.64
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	43,960,656.09	–
Relocation compensation	2,238,370.24	2,938,603.98
Land restitution	1,093,611.21	752,744.28
Others	33,174,268.10	27,493,208.91
Total	669,244,093.83	723,828,178.31

57. INVESTMENT INCOME

Item	Current period	Prior period
Income from long-term equity investments under the equity method	1,180,283,531.21	1,148,967,850.65
Investment income from holding other non-current financial assets	65,712.50	–
Gain on remeasurement of equity at fair value upon acquisition of control (Note 1)	17,668,769.65	–
Investment income from the disposal of long-term equity investments (Note 2)	134,069,066.97	9,470,025.33
Investment income from the disposal of held-for-trading financial assets	–	155,754.62
Investment income from the disposal of other non-current financial assets	–	1,205,800.00
Investment income from the disposal of receivables financing	-3,689,024.06	-3,097,784.68
Investment income from debt restructuring	-62,592.89	–
Total	1,328,335,463.38	1,156,701,645.92

Note 1: The details of gain on remeasurement of equity at fair value upon acquisition of control are described in Note VIII. 3.

Note 2: Investment income from the disposal of long-term equity investments mainly represented the investment income of RMB134,463,630.85 from the disposal of Guangzhou Changhang by the SC (HONG KONG) during the period, as detailed in Note VIII. 4.

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

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

58. GAINS FROM CHANGES IN FAIR VALUE

Item	Current period	Prior period
Held-for trading financial assets	-3,432.23	38,873.00
Other non-current financial assets	-77,814,598.63	168,113,556.79
Total	-77,818,030.86	168,152,429.79

Note: The change in fair value of financial assets at fair value through profit or loss held by the Group during the current period was mainly due to the decrease in fair value of Jingdong Logistics (02618) shares held by CHINA MERCHANTS LOGISTICS SYNERGY LIMITED PARTNERSHIP of RMB77,815,000.

59. CREDIT LOSS IMPAIRMENT

Item	Current period	Prior period
Impairment loss on accounts receivable	-53,830,315.90	5,990,426.49
Impairment losses on other receivables	-2,985,244.93	-8,881,279.53
Total	-56,815,560.83	-2,890,853.04

60. 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	6,543,026.37	45,025,163.23	6,543,026.37
Including: Gain on disposal of fixed assets	2,652,011.22	20,598,963.22	2,652,011.22
Gain on disposal of intangible assets	2,717,325.16	5,738,518.68	2,717,325.16
Others	1,173,689.99	18,687,681.33	1,173,689.99
Total	6,543,026.37	45,025,163.23	6,543,026.37

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Notes to the Financial Statements

For the period ended 30 June 2022

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

61. NON-OPERATING INCOME

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Government grants	6,595,626.53	14,023,459.15	6,595,626.53
Unpayable accounts payable	4,449,935.58	4,716,031.84	4,449,935.58
Liquidated damages, compensation	6,165,849.67	5,385,090.16	6,165,849.67
Income from scrapping of non-current assets	1,924,639.52	3,294,097.84	1,924,639.52
Others	5,871,343.83	10,107,953.98	5,871,343.83
Total	25,007,395.13	37,526,632.97	25,007,395.13

Details of government grants not related to the daily activities of the enterprise:

Item	Current period	Prior period	Related to assets/revenue
Special subsidy for logistics	3,308,855.70	2,243,459.04	Assets/revenue- related
Relocation compensation	867,432.06	6,311,097.44	Revenue-related
Other government grants	2,419,338.77	5,468,902.67	Revenue-related
Total	6,595,626.53	14,023,459.15	—

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

62. GOVERNMENT GRANTS

Details of government grants

Item	Current period	Prior period
Government grants obtained related to assets:	--	--
Fixed assets investment subsidy	3,300,400.00	-
Land restitution	-	2,402,432.00
Municipal engineering construction award	4,000,000.00	-
Special subsidy for service industry development	1,003,027.31	-
Subtotal	8,303,427.31	2,402,432.00
Government grants obtained related to revenue:	--	--
Financial subsidy for logistics industry	530,691,637.02	651,350,695.31
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	43,960,656.09	-
Relocation compensation	867,432.06	6,311,097.44
Other government grants (Note)	33,522,950.01	36,115,677.33
Subtotal	609,042,675.18	693,777,470.08
Total	617,346,102.49	696,179,902.08
Less: Government grants included in deferred income	9,843,155.28	9,704,250.00
Add: Government grants transferred from deferred income to current profit or loss	22,136,737.20	17,232,552.74
Less: Government grants to offset related costs	--	--
Government grants included in current profit and loss	629,639,684.41	703,708,204.82
Including: Government grants included in other income	623,044,057.88	689,684,745.67
Government grants included in non-operating income	6,595,626.53	14,023,459.15

Note: The other government grants consists of non-material government grants items and are not disclosed separately.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

63. NON-OPERATING EXPENSES

Item	Current period	Prior period	Amount included in non-recurring profit or loss for the period
Pending litigation losses (Note 1)	22,968,240.38	23,263,986.85	22,968,240.38
Compensation, liquidated damages and penalty expenses (Note 2)	13,576,178.57	6,432,213.81	13,576,178.57
Loss on destruction and retirement of non-current assets	1,527,666.57	1,372,976.44	1,527,666.57
Donation expenditure	19,076.25	35,547.20	19,076.25
Others	1,566,770.17	3,769,152.61	1,566,770.17
Total	39,657,931.94	34,873,876.91	39,657,931.94

Note 1: The pending litigation losses was mainly due to the payment of litigation compensation of RMB30,906,800 by the Group in respect of business disputes incurred in the ordinary course of business during the period; in the current period, Sinoair and Sinotrans North China, subsidiaries of the Group, reversed the pending litigation losses of RMB7,988,500 accrued in previous years.

Note 2: The compensation, liquidated damages and penalty expenses was mainly estimated compensation expenses accrued by Sinotrans Logistics and Sinotrans South China, subsidiaries of the Group, for cargo damage disputes incurred in the ordinary course of business.

64. INCOME TAX EXPENSES

(1) Income tax expenses table

Item	Current period	Prior period
Current income tax	556,077,424.51	408,846,043.93
Deferred income tax adjustment	-1,352,928.40	41,516,172.84
Total	554,724,496.11	450,362,216.77

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Notes to the Financial Statements

For the period ended 30 June 2022

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

64. INCOME TAX EXPENSES (Continued)

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

Item	Current period
Accounting profit	3,001,944,689.16
Income tax expense at the rate of 25% (prior period: 25%)	750,486,172.29
Tax implications of non-deductible expenses	38,701,848.25
Income not subject to tax	-295,092,056.34
Unrecognised deductible temporary differences and deductible losses	136,578,020.79
Utilization of unrecognised deductible temporary differences and deductible losses in previous years	-50,494,246.72
Effect of different tax rates applicable to subsidiaries in other regions	-17,432,636.62
Withholding tax based on the expected current earnings of subsidiaries, joint ventures and associates established outside the parent company's domicile	2,294,912.52
Impact of the subsidiary tax credit	-16,234,836.25
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) of previous years' taxes	5,917,318.19
Others	-
Income tax expenses	554,724,496.11

65. 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 ordinary shares outstanding.

Item	Current period	Prior period
Revenue	--	--
Net profit attributable to shareholders of the Company for the period	2,326,678,920.04	2,162,568,947.46
Including: Net profit from continuing operations	2,326,678,920.04	2,162,568,947.46
Shares	--	--
Weighted average of the Company's outstanding ordinary shares (Note 1)	7,395,107,558.33	7,400,803,875.00
Basic earnings per share (RMB/share)	0.31	0.29
Diluted earnings per share (RMB/share) (Note 2)	0.31	0.29

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

65. EARNINGS PER SHARE (Continued)

Note 1: Repurchases of the Company's A and H shares for the current period continued to occur primarily in June 2022, and in calculating the weighted average number of common shares outstanding the Company used the simplified method of treating all repurchased shares as if the repurchases were completed mid-month.

Note 2: On 30 June 2022, the exercise price of the Company's stock options granted to the incentive recipients (see Note XII) was higher than the average share price of A shares from the point of grant of stock options to 30 June 2022, and such stock options had no dilutive effect.

66. LEASES

(1) The Group as lessor

1) Operating lease details

Item	Amount
I. Income status	--
Lease income	184,042,883.17
Including: Income related to variable lease payments not included in lease receipts	-
II. Undiscounted lease payments to be received after the balance sheet date	570,449,962.12
Year 1	210,422,908.85
Year 2	142,323,447.23
Year 3	92,845,700.34
Year 4	55,783,977.78
Year 5	41,219,565.89
Over 5 years	27,854,362.03

- 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 high versatility and short leasing periods.
- 4) Revenue relating to operating leases for the current period amounted to RMB184,042,883.17 (prior period: RMB111,118,325.89), of which income related to variable lease payments not included in lease receipts amounted to 0.

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

66. LEASES (Continued)

(2) The Group as lessee

Item	Amount
Interest expenses on lease liabilities	53,588,771.39
Short-term lease payments with simplified treatment included in the cost of the related assets or in current profit or loss	302,734,418.23
Lease expenses for low-value assets (other than short-term lease expenses for low-value assets) with simplified treatment included in the cost of the related assets or in current profit or loss	8,626,626.00
Variable lease payments not included in the lease liability but included in the cost of the related asset or in current profit or loss	-
Including: Parts arising from sale leaseback transactions	-
Income from sublease of right-of-use assets	523,002.42
Total cash outflows related to leases	679,042,026.62

67. 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 to be subsequently reclassified to profit or loss	7,153,800.56	-	7,153,800.56	13,848,646.70	-	13,848,646.70
1. Change in amount 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	7,153,800.56	-	7,153,800.56	13,848,646.70	-	13,848,646.70
4. Changes in fair value attributable to changes in credit risk	-	-	-	-	-	-
5. Other comprehensive income not to be subsequently reclassified to profit or loss	-	-	-	-	-	-
II. Other comprehensive income to be subsequently reclassified to profit or loss	-8,989,959.56	-	-8,989,959.56	-80,248,767.41	-	-80,248,767.41
1. Other comprehensive income to be reclassified to profit or loss under the equity method	36,971,187.14	-	36,971,187.14	-58,867,745.23	-	-58,867,745.23
Less: Transfer to profit or loss in the current period that charged to the other comprehensive income in the prior period	-	-	-	-	-	-
Subtotal	36,971,187.14	-	36,971,187.14	-58,867,745.23	-	-58,867,745.23
2. Translation difference of the financial statements in foreign currency	-45,961,146.70	-	-45,961,146.70	-22,581,260.47	-	-22,581,260.47
Less: Transfer to profit or loss in the current period that charged to the other comprehensive income in the prior period	-	-	-	-1,200,238.29	-	-1,200,238.29
Subtotal	-45,961,146.70	-	-45,961,146.70	-21,381,022.18	-	-21,381,022.18
3. Other comprehensive income to be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income	-1,836,159.00	-	-1,836,159.00	-66,400,120.71	-	-66,400,120.71

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

67. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Continued)

(2) Reconciliation of items of other comprehensive income

30 June 2022

Item	Opening balance	Add changes in current period (Decrease denoted by “-”)	Closing balance
Amount of change arising from re-measurement of the defined	-	-	-
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	24,350,501.75	7,153,800.56	31,504,302.31
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	-14,823,286.56	36,971,187.14	22,147,900.58
Changes in fair value of other debt investments	-	-	-
Reclassification of financial assets to other comprehensive income	-	-	-
Credit impairment provision of other debt investments	-	-	-
Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)	-	-	-
Translation difference of the financial statements in foreign currency	-326,825,567.83	-45,961,146.70	-372,786,714.53
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-315,591,219.89	-1,836,159.00	-317,427,378.89

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

67. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Continued)

(2) Reconciliation of items of other comprehensive income (Continued)

30 June 2021

Item	Opening balance	Add changes in current period (Decrease denoted by “-”)	Closing balance
Amount of change arising from re-measurement of the defined	-	-	-
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
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	116,774,627.33	-58,867,745.23	57,906,882.10
Changes in fair value of other debt investments	-	-	-
Reclassification of financial assets to other comprehensive income	-	-	-
Credit impairment provision of other debt investments	-	-	-
Cash flow hedge reserve (effective portion of cash flow hedge gains and losses)	-	-	-
Translation difference of the financial statements in foreign currency	-250,714,569.50	-21,381,022.18	-272,095,591.68
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-112,613,046.75	-79,412,234.28	-192,025,281.03

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT

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

1) Cash received from other operating activities

Item	Current period
Government grants	504,738,860.64
Income from leasing assets	200,606,742.66
Deposits, guarantees and advance payment, etc.	155,216,484.74
Interest income	56,437,147.77
Others	16,088,471.35
Total	933,087,707.16

2) Cash paid for other operating activities

Item	Current period
Deposits, guarantees and advance payment, etc.	269,287,802.25
Compensation and liquidated damages	201,624,326.01
Information technology costs	86,868,476.57
Property and utilities and gas fees	40,741,001.62
Business entertainment expenses	30,262,031.19
Short-term low-value lease costs	28,105,308.70
Intermediary service fee	24,416,614.00
Office expenses	21,703,442.05
Vehicle expenses	19,043,748.71
Travel expenses	17,436,596.38
House renovation fee	15,600,325.28
Handling charge	13,835,946.62
Travel expenses	11,169,675.00
Communication fee	10,535,016.45
Others	32,304,220.68
Total	822,934,531.51

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT (Continued)

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

3) <i>Cash received from other investing activities</i>	
Item	Current period
Repayment from Shanghai Pu'an Storage Co., Ltd.	2,200,000.00
Total	2,200,000.00
4) <i>Cash paid for other investing activities</i>	
Item	Current period
Net cash received on disposal of Guangzhou Sinotrans Changhang Logistics Co., Ltd.	23,545,838.12
Total	23,545,838.12
5) <i>Cash paid for other financing activities</i>	
Item	Current period
Principal and interest on lease liabilities	367,680,982.39
Payment of consideration for business combinations under common control	2,269,400.00
Repurchase of shares	223,810,987.59
Total	593,761,369.98

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS 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	2,447,220,193.05	2,252,525,375.26
Add: Impairment of assets	-	-
Credit loss impairment	56,815,560.83	2,890,853.04
Depreciation of fixed assets and investment properties	568,626,823.32	538,890,667.50
Depreciation of right-of-use assets	366,788,364.40	370,576,426.85
Amortisation of intangible assets	145,206,159.52	134,103,046.10
Amortisation of long-term prepaid expenses	44,227,781.62	32,763,291.72
Losses from disposal of assets (gains denoted by "-")	-6,543,026.37	-45,025,163.23
Losses from damage and scrapping of non-current assets (gains denoted by "-")	-396,972.95	-1,921,121.40
Losses from changes in fair value (gains denoted by "-")	77,818,030.86	-168,152,429.79
Financial costs (income denoted by "-")	-22,165,943.75	249,432,553.09
Investment loss (income denoted by "-")	-1,328,335,463.38	-1,156,701,645.92
Decrease in deferred tax assets (increase denoted by "-")	10,027,982.16	19,120,697.98
Increase in deferred tax liabilities (decrease denoted by "-")	-11,380,910.56	22,395,474.86
Decrease in inventories (increase denoted by "-")	9,701,525.30	10,247,720.60
Decrease in operating receivables (increase denoted by "-")	-4,688,803,994.49	-4,930,053,756.19
Increase in operating payables (decrease denoted by "-")	3,004,183,921.03	2,932,477,891.59
Net cash flows from operating activities	672,990,030.59	263,569,882.06
2. Major investing and financing activities not involving cash receipts	--	--
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 previous years into national capital	-	-
3. Net changes in cash and cash equivalents:	--	--
Closing cash balance	13,621,782,117.50	12,643,856,520.86
Less: Opening cash balance	14,211,362,240.62	11,294,410,767.98
Add: Adjustments of the classification of account settlement reserves at the beginning of the period	-	-
Net increase in cash and cash equivalents	-589,580,123.12	1,349,445,752.88

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT (Continued)

(3) Net cash from acquisition and disposal of subsidiaries for the current period

Item	Current period
I. Information on the acquisition of subsidiaries	—
1. Price of acquisition of subsidiaries	188,889,625.38
2. Cash or cash equivalents paid in the current period for business combinations occurred in the current period	188,889,625.38
Less: Cash and cash equivalents held by subsidiaries on the date of purchase	2,595,980.78
Add: Cash or cash equivalents paid in the current period for business combinations that occurred in prior period	—
3. Net cash paid for acquisition of subsidiaries	186,293,644.60
4. Acquisition of net assets of subsidiaries	229,834,929.19
Current assets	154,968,147.06
Non-current assets	276,939,650.70
Current liabilities	122,827,946.12
Non-current liabilities	79,244,922.45
II. Information about the disposal of subsidiaries	—
1. Price of disposal of subsidiaries	217,861,700.00
2. Cash or cash equivalents received in the current period from the disposal of subsidiaries in the current period	—
Less: Cash and cash equivalents held by subsidiaries at the time of loss of control	23,545,838.12
Add: Received cash or cash equivalents by subsidiaries in the current period the disposal in prior period	—
3. Net cash received on disposal of subsidiaries	-23,545,838.12
4. Disposal of net assets of subsidiaries	83,398,069.15
Current assets	23,545,838.12
Non-current assets	61,444,311.20
Current liabilities	92,080.17
Non-current liabilities	1,500,000.00

Note: The negative net cash received on disposal of subsidiaries is reclassified to the item of other cash paid in relation to investing activities.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

68. ITEMS IN THE CONSOLIDATED CASH FLOWS STATEMENT (Continued)

(4) Cash paid for distribution of dividends, profits or settlement of interest

Item	Current period	Prior period
Cash paid for interest repayment	163,948,276.90	175,237,605.90
Dividends and profits paid by non-controlling interests	64,351,165.34	47,655,028.21
Total	228,299,442.24	222,892,634.11

69. CASH AND CASH EQUIVALENTS

Item	Closing balance	Opening balance
I. Cash	13,621,782,117.50	14,211,362,240.62
Including: Cash on hand	3,482,835.28	4,685,267.83
Cash at bank readily available for payment	13,618,299,282.22	14,206,676,972.79
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	13,621,782,117.50	14,211,362,240.62
Including: Restricted used in cash and cash equivalents by the Company or subsidiaries of the Group	--	--

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

70. FOREIGN CURRENCY MONETARY ITEMS

Item	Foreign currency balance at the end of the period	Exchange rate of translation	Closing balance in RMB
Cash and bank balances	—	—	4,563,047,431.96
Including: USD	536,981,087.94	6.7114	3,603,894,873.60
HKD	494,741,993.71	0.8552	423,103,353.02
EUR	31,955,717.59	7.0084	223,958,451.16
JPY	2,040,631,109.77	0.0491	100,194,987.48
Others	—	—	211,895,766.70
Accounts receivable	—	—	7,436,159,029.39
Including: USD	960,089,333.11	6.7114	6,443,543,550.23
HKD	606,743,802.75	0.8552	518,887,300.11
EUR	9,992,421.54	7.0084	70,030,887.12
JPY	388,718,165.00	0.0491	19,086,061.90
Others	—	—	384,611,230.03
Long-term receivables	—	—	43,331,653.05
Including: HKD	50,668,443.70	0.8552	43,331,653.05
Accounts payable	—	—	5,820,437,336.19
Including: USD	711,870,787.81	6.7114	4,777,649,605.31
HKD	618,863,260.01	0.8552	529,251,859.96
EUR	27,078,769.73	7.0084	189,778,849.78
JPY	1,968,771,669.81	0.0491	96,666,688.99
Others	—	—	227,090,332.15
Short-term borrowings	—	—	58,700,575.74
Including: USD	8,746,398.03	6.7114	58,700,575.74
Non-current liabilities due within one year	—	—	299,181,450.00
Including: USD	3,856,518.50	6.7114	25,882,638.26
HKD	240,399,479.15	0.8552	205,589,634.57
EUR	9,661,146.22	7.0084	67,709,177.17
Long-term borrowings	—	—	7,348,660,403.52
Including: USD	33,111,415.70	6.7114	222,223,955.33
HKD	6,554,190,842.26	0.8552	5,605,144,008.30
EUR	217,067,011.00	7.0084	1,521,292,439.89
Long-term payables	—	—	5,156,372.58
Including: USD	768,300.59	6.7114	5,156,372.58
Lease liabilities	—	—	307,010,401.40
Including: HKD	74,758,429.51	0.8552	63,933,408.92
EUR	32,098,338.69	7.0084	224,957,996.87
Others	—	—	18,118,995.61

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

71. SEGMENT REPORTING

In accordance with the Group's internal organisational structure, management requirements and internal reporting system, the Group's operations are divided into 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 businesses: mainly includes arranging the delivery of goods to designated consignees in other locations within a specified time frame in accordance with customers' 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: mainly includes any provision of customised and specialised entire logistics services to customers.

E-commerce: mainly includes providing logistics solutions for import and export e-commerce customers, providing customers with various public services through a unified online logistics e-commerce platform and providing customers with tracking and monitoring services for logistics equipment through a logistics equipment sharing platform.

Any information on segment reporting is disclosed in accordance with the accounting policies and measurement standards used by the segments when reporting to the management, and these measurement bases are consistent with the accounting and measurement basis at the time of the preparation of the financial statements.

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Notes to the Financial Statements

For the period ended 30 June 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

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

71. SEGMENT REPORTING (Continued)

Information of reporting segments

January-June 2022:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	--	--	--	--	--	--
Income from external transaction	33,248,145,264.04	14,909,639,601.54	7,033,689,410.39	-	-	55,191,474,275.97
Income from inter-segment transaction	2,132,848,770.82	292,327,432.76	618,514,602.43	-	-3,043,690,806.01	-
Total operating income from segments	35,380,994,034.86	15,201,967,034.30	7,652,204,012.82	-	-3,043,690,806.01	55,191,474,275.97
Total operating costs	32,464,771,094.42	14,468,772,574.35	6,994,289,750.45	116,534,622.67	-	54,044,368,041.89
Impairment of assets	-	-	-	-	-	-
Credit loss impairment	-22,864,776.32	-18,980,791.03	-14,970,012.86	19.38	-	-56,815,560.83
Gain (loss) from changes in fair value	-	-	-	-77,818,030.86	-	-77,818,030.86
Investment income	37,719,554.44	5,229,030.36	943,673,942.75	341,712,935.83	-	1,328,335,463.38
Including: Income from investments in associates and joint ventures	37,719,554.44	5,229,030.36	943,673,942.75	193,661,003.66	-	1,180,283,531.21
Income from disposal of assets	-	-	-	6,543,026.37	-	6,543,026.37
Other income	507,065,307.29	32,497,838.97	129,680,935.93	11.64	-	669,244,093.83
Operating profit	1,305,294,255.03	459,613,105.49	1,097,784,525.76	153,903,339.69	-	3,016,595,225.97
Non-operating income	9,819,692.36	6,361,704.49	117,294.15	8,708,704.13	-	25,007,395.13
Non-operating expenses	37,559,517.66	6,717,523.22	95,661.24	-4,714,770.18	-	39,657,931.94
Total profit	1,277,554,429.73	459,257,286.76	1,097,806,158.67	167,326,814.00	-	3,001,944,689.16
Income taxes	341,378,895.95	139,823,958.47	69,584,094.18	3,937,547.51	-	554,724,496.11
Net profit	936,175,533.78	319,433,328.29	1,028,222,064.49	163,389,266.49	-	2,447,220,193.05
Total assets	39,499,431,561.29	22,434,928,827.97	9,600,278,126.38	7,989,656,615.35	-	79,524,295,130.99
Total liabilities	17,597,483,061.27	5,988,704,240.64	2,390,294,636.14	17,609,495,758.52	-	43,585,977,696.57

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Notes to the Financial Statements

For the period ended 30 June 2022

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

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

71. SEGMENT REPORTING (Continued)

Information of reporting segments (Continued)

January-June 2021:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income	--	--	--	--	--	--
Income from external transaction	42,263,717,437.12	11,734,374,722.16	7,678,795,068.36	-	-	61,676,887,227.64
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	43,576,317,849.37	11,807,810,102.24	7,950,737,368.57	-	-1,657,978,092.54	61,676,887,227.64
Total operating costs	41,721,902,186.22	11,325,624,243.63	7,691,872,222.06	328,070,303.97	-	61,067,468,955.88
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 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	1,155,985,374.49	453,821,431.40	1,036,678,226.02	53,749,804.06	-	2,700,234,835.97
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	1,166,911,204.80	452,822,511.00	1,036,777,622.95	46,376,253.28	-	2,702,887,592.03
Income taxes	312,765,323.18	81,657,732.47	55,621,655.85	317,505.27	-	450,362,216.77
Net profit	854,145,881.62	371,164,778.53	981,155,967.10	46,058,748.01	-	2,252,525,375.26
Total assets	35,232,412,172.76	20,324,772,809.02	8,671,503,132.26	8,453,158,606.24	-	72,681,846,720.28
Total liabilities	13,826,191,053.83	4,786,861,227.07	2,253,566,849.15	18,263,219,953.12	-	39,129,839,083.17

Chapter 10 Notes to the Financial Statements

For the period ended 30 June 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

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

71. SEGMENT REPORTING (Continued)

Information of reporting segments (Continued)

January-June 2022:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	--	--	--	--	--	--
Depreciation and amortisation expenses	488,802,979.60	540,129,366.09	54,145,760.17	41,771,023.00	-	1,124,849,128.86
Capital expenditures	520,350,774.52	260,227,014.67	99,975,236.38	209,489,328.66	-	1,090,042,354.23
Non-cash expenses other than depreciation and amortisation	22,864,776.32	18,980,791.03	14,970,012.86	-19.38	-	56,815,560.83
Increase in long-term equity investments in associates and joint ventures arising from the accounting under the equity method	85,665,598.95	1,540,859.06	936,479,530.54	35,103,803.99	-	1,058,789,792.54

January-June 2021:

Item	Forwarding and related	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Supplementary information	--	--	--	--	--	--
Depreciation and amortisation expenses	473,012,389.05	518,179,492.63	50,083,057.37	35,058,493.12	-	1,076,333,432.17
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

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Notes to the Financial Statements

For the period ended 30 June 2022

(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. RELATED INFORMATIONS ON SUBSIDIARIES ARE PROVIDED IN NOTE VIII.

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS

Name of related party	Nature
Sinotrans Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CHINA MERCHANTS GROUP (HONG KONG) COMPANY CO., LTD	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Investment Development (Hong Kong) Limited	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
China Merchants Group Finance Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Associated Maritime Company (Hong Kong) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Ro-Ro Transportation 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
Sinotrans Gansu 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
China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Investment Development (Hong Kong) Limited	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
China Merchants Godown, Wharf & Transportation Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the period ended 30 June 2022

(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 DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
Sinotrans Sunny Express Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shaanxi Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Inner Mongolia 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
Dalian Port Container Logistics 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
Nanjing Yangyang Chemicals Transport & Trade 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
China Merchants Port (Shenzhen) 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
Nanjing Tanker Corporation	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
Shenzhen China Merchants Xunlong Shipping 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
Sichuan Sinotrans Storage Service Co., Ltd.	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
Shanghai Sinotrans Qiantang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Gangtong e-commerce Co., Ltd.	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
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the period ended 30 June 2022

(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 DO 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
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dandong 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
SCSC International Merchant&Shipping(Hong Kong) Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhengzhou Merchants Logistics 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
Dalian Container Terminal 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
China Merchants Property Management 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
Shenzhen Chiwan Tug 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
Shenzhen Lianda Tug 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 Jiangsu Logistics Co., Ltd.	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
Zhangzhou China Merchants Port 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

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(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 DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
Zhangzhou China Merchants Tugboat Company Limited	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
Yangtza Navigation (Hong Kong) 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
Sinotrans Shanghai (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangdong 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
Zhangzhou China Ocean SHIPPING Tally 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
China Merchants Container Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS Henan, Jiuling Transport & Storage 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
Shanghai Xinyangshan Container Lines 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
Dalian Port Groceries Wharf Co., Ltd.	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
Sinotrans Suzhou Storage Co., Ltd.	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
CSC Singapore International Shipping 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

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Notes to the Financial Statements

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
Yingkou Xingang Ore Terminal 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
Sinotrans Jiangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shekou Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Magang Cangma Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai Zhang Hua Bang Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wenzhou Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Panjin Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Anhui Sinotrans Wuhu Zhujiaqiao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Hebei Company Yuanshi Warehouse	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Nanning Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Jiangsu Foreign Transportation Container Station Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants International Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the period ended 30 June 2022

(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 DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wuhan Changwei International Shipping Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Port Integrated Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaogang Holding (Yingkou) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Chongqing Waiyun Logistics Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans Land Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jinling Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Sinotrans Huangpu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Lianyungang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Liaoning Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
RED BRAVES FINANCE LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
OCEAN LIFTER I LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

3. THE MAIN RELATED PARTIES THAT HAVE TRANSACTIONS WITH THE GROUP BUT DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ningbo Taiping Int'L Trade Transportation Sinotrans Philippines Inc.	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
Nissin-Sinotrans International Logistics Co., Ltd.	A joint venture of the Group
Shanghai Tongyun International Logistics Co., Ltd.	A joint venture of the Group
Beijing Medlink Supply Chain Management Co., Ltd.	A joint venture of the Group
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	A joint venture of the Group
SIPG Sinotrans Container Depot Co., Ltd.	A joint venture of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	A joint venture of the Group
Sinotrans Sarens Logistics Co., Ltd.	A joint venture of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	A joint venture of the Group
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	A joint venture of the Group
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	A joint venture of the Group
Shanghai United Cold Chain Logistics Co., Ltd.	A joint venture of the Group
China-Vietnam Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	A joint venture of the Group
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	A joint venture of the Group
Sinotrans Turkey Limited	A joint venture of the Group
Sinotrans Logistics (Pakistan) Limited	A joint venture of the Group
Sinotrans Suzhou Logistics Center Co., Ltd.	A joint venture of the Group
New Land Bridge (Lianyungang) Terminal 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

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(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 DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
Dongguan Port Container Terminals Co., Ltd.	A joint venture of the Group
Shenyang Jinyun Automobile Logistics Co., Ltd.	A joint venture of the Group
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	A joint venture of the Group
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	A joint venture of the Group
China United Tally (Shenzhen) Co., Ltd.	A joint venture of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	A joint venture of the Group
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	A joint venture of the Group
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	A joint venture of the Group
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	A joint venture of the Group
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	A joint venture of the Group
Sinotrans PFIs Cold Chain Logistics Co., Ltd.	A joint venture of the Group
Sinotrans India Limited	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
China Changjiang Bunker (Sinopec) Co., Ltd.	A joint venture of the ultimate controlling party
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	A subsidiary of a joint venture of the ultimate controlling party
Weihai Weidong Shipping Co., Ltd.	An associate of the Group
Land and Sea New Channel Operation Co. Ltd.	An associate of the Group
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Qingdao Yujiachang Container Storage and Transportation Co. Ltd.	An associate of the Group
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Shanghai Pu'an Storage Co., Ltd.	An associate of the Group
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	An associate of the Group
Jiangsu Jiangyin Port Group Co., Ltd.	An associate of the Group

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(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 DO NOT HAVE A CONTROL RELATIONSHIP ARE AS FOLLOWS (Continued)

Name of related party	Nature
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	An associate of the Group
Ma'anshan Tianshun Port Co., Ltd.	An associate of the Group
Shenyang Henglu Logistics Co., Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Qingdao Huasheng Airport Logistics Co., Ltd.	An associate of the Group
Guangxi Yunyu Port Co., Ltd.	An associate of the Group
Shenzhen Haiyitong Technology Co., Ltd.	An associate of the Group
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	An associate of the Group
Nanjing Zhiyun Supply Chain Management Co., Ltd.	An associate of the Group
China International Exhibition Transportation Co., Ltd.	An associate of the Group
NEW SILKWAY LOGISTICS B.V.	An associate of the Group
Shenzhen Haixing Harbor Development Co., Ltd.	An associate of the Group
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	A subsidiary of an associate of the Group
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	A subsidiary of an associate of the Group
China Merchants Bank Co., Ltd.	An associate of the ultimate controlling party
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	An associate of the ultimate controlling party

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD

(1) Pricing policy and basis

- 1) In the process of providing freight forwarding and professional logistics services to customers, the Group has more demand for procurement of various transportation services and terminal services, etc., and the related parties are large domestic shipping and port operators, so there is a demand for the Group to procure shipping, container transportation and special equipment transportation and other related transportation services and terminal services from the related parties in its daily operations. At the same time, due to the different geographical distribution of business between the Group and Sinotrans Group's enterprises and some joint ventures and associates, there is also a demand for the Group to procure logistics services such as freight forwarding from the related parties. As the Group is a leading integrated logistics service provider in China, there is a demand for the Group to procure ship agency services, freight forwarding services, warehousing services and leasing logistics equipment from the related parties.

On 28 October 2020, the Company renewed the *Integrated Service Agreement* with China Merchants, which is effective from 1 January 2021 to 31 December 2023. Pursuant to the 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 equivalent or similar services in the same region in the ordinary course of business and on normal commercial terms. The agreement stipulates that the Group shall provide transportation and logistics services to China Merchants up to a limit of RMB2.5 billion in 2021, RMB3.250 billion in 2022 and RMB4.225 billion in 2023; the Group shall accept transportation and logistics services from China Merchants up to a limit of RMB3.5 billion in 2021, RMB4.550 billion in 2022 and RMB5.915 billion in 2023. On 22 December 2020, the *Integrated Service Agreement* was approved by the Shareholders' meeting of the Company

- 2) The Group's daily business operations require the continuous and stable use of office properties, warehouses, yards, container handling stations and real estate operated by related parties for production offices, as well as the leasing of land, buildings and logistics and transportation equipment from related parties. on 28 October 2020, the Company signed the *Property Lease Agreement* with China Merchants, which is effective from 1 January 2021 to 31 December 2023. According to the agreement, the pricing of the Group's connected transactions with China Merchants and its affiliates will refer to the market price of similar properties or warehouses for the same period, which may be adjusted by both parties annually. The limit for the Group to lease properties from related parties is not more than RMB825 million in 2021, RMB920 million in 2022 and RMB1,026 million in 2023.

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(1) Pricing policy and basis (Continued)

- 3) On 28 October 2020, the Company renewed the *Financial Services Agreement* with China Merchants Finance, a subsidiary of China Merchants, effective from 1 January 2021 to 31 December 2023, agreeing that the Company's end-of-day deposit balance with the China Merchants Finance 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 services expenses incurred in each year is capped at RMB20 million.
- 4) On 28 October 2020, the Company entered into the *Framework Agreement on Routine Connected Transactions* with DHL-Sinotrans International Air Courier Ltd., New Land Bridge (Lianyungang) Terminal Co., Ltd., Shanghai United Cold Chain Logistics Co., Ltd. and Nissin-Sinotrans International Logistics Co., Ltd., which is effective from 1 January 2021 to 31 December 2023. The agreement stipulates that the pricing of such daily connected transactions will follow the principle of fairness and reasonableness, be based on fair market prices and in principle will not deviate from the prices or rates of independent third parties

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services

1) Sales of goods and provision of services

Name of related party	Content of related transactions	Current period	Prior period
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	--	381,085,457.67	501,963,466.90
Sinotrans Container Lines Co., Ltd.	Transportation and related services	217,913,481.10	267,530,141.15
China Merchants Group Finance Company Limited	Interest income	36,818,199.54	35,484,670.53
Associated Maritime Company (Hong Kong) Limited	Transportation and related services	28,383,752.13	25,085,596.20
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	19,116,747.20	62,935,526.70
Hong Kong Ming Wah Shipping Company Limited	Transportation and related services	14,824,268.22	7,507,760.99
Sinotrans Gansu Co., Ltd.	Transportation and related services	9,597,745.17	272,665.00
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related services	7,566,037.73	6,302,537.12
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Transportation and related services	6,586,193.83	-
CSC Cargo Co., Ltd.	Transportation and related services	3,813,557.22	3,373,719.66
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related services	3,452,873.72	4,027,831.02
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	2,431,737.22	2,099,654.32
Dalian Port Container Logistics Co., Ltd.	Transportation and related services	2,291,477.42	2,580,754.84
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Transportation and related services	2,284,458.40	1,867,031.89
Yingkou Gangtong e-commerce Co., Ltd.	Transportation and related services	2,166,120.80	-
CSC Wuhan Qingshan Shipyard Co., Ltd.	Transportation and related services	1,632,016.90	-
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Fund advisory services	1,488,167.11	-
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	1,379,595.15	27,445,308.98
Nanjing Tanker Corporation	Transportation and related services	1,354,788.40	2,124,857.95
China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	Transportation and related services	1,285,161.23	-
Sinotrans Shaanxi Co., Ltd.	Transportation and related services	1,282,821.98	1,936,684.37
China Yangtze River Shipping Co., Ltd.	Transportation and related services	1,154,107.25	11,187,718.87
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	994,861.32	7,862,639.49
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Transportation and related services	993,240.00	1,160,492.07
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related services	916,527.81	1,332,772.55
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related services	215,163.31	6,804,874.73
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related services	-	6,170,958.40
China Merchants Gangrong Big Data Co., Ltd.	Transportation and related services	-	3,060,352.69
CSC Singapore International Shipping Co., Ltd.	Transportation and related services	-	2,893,279.23
Sinotrans Liaoning Container Company	Transportation and related services	-	1,011,787.43
Others	Transportation and related services	11,142,357.51	9,903,850.72

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of related transactions	Current period	Prior period
Joint ventures	--	467,242,454.11	110,937,959.87
Ningbo Taiping Int'l Trade Transportation	Transportation and related services	247,038,996.41	44,664,841.87
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	51,410,767.01	1,872,046.82
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	38,628,575.03	7,970,260.91
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	38,555,804.43	22,966,250.28
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	16,753,624.08	2,749,694.93
Beijing Medlink Supply Chain Management Co., Ltd.	Transportation and related services	16,448,176.61	1,281,676.79
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	11,902,689.15	749,561.93
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Transportation and related services	8,830,761.73	-
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	6,326,416.35	1,749,966.63
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	4,591,002.21	1,568,130.36
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related services	3,714,409.32	3,582,438.84
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Transportation and related services	3,261,729.08	2,171,049.86
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	3,224,535.80	2,781,322.59
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	3,127,412.16	-
MAXX LOGISTICS FZCO.	Transportation and related services	2,380,398.56	-
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	2,290,526.49	-
Sinotrans PFIs Cold Chain Logistics Co., Ltd.	Transportation and related services	1,939,126.01	-
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Transportation and related services	1,131,330.61	-
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	1,019,069.09	-
Shanghai United Cold Chain Logistics Co., Ltd.	Transportation and related services	797,963.64	1,897,130.59
SIPG Sinotrans Container Depot Co., Ltd.	Transportation and related services	33,529.83	12,575,479.44
Others	Transportation and related services, etc.	3,835,610.51	2,358,108.03

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

1) Sales of goods and provision of services (Continued)

Name of related party	Content of related transactions	Current period	Prior period
Associates and their subsidiaries	--	45,539,861.39	59,688,380.24
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	11,092,147.38	36,724,212.12
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	7,486,086.54	4,384,176.77
Qingdao Yujiachang Container Storage and Transportation Co. Ltd.	Transportation and related services	5,675,634.91	1,663,506.02
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related services	4,047,619.06	4,047,619.06
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Transportation and related services	3,896,165.19	2,489,947.27
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	3,629,935.88	399,485.03
NEW SILKWAY LOGISTICS B.V.	Transportation and related services	3,571,066.72	-
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	1,665,544.78	-
Shanghai Pu'an Storage Co., Ltd.	Transportation and related services	1,440,592.24	-
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	1,153,599.29	2,748,179.27
Sinotrans Logistics Nanjing Co., Ltd.	Transportation and related services	-	6,204,155.89
Others	Transportation and related services, etc.	1,881,469.40	1,027,098.81
Associates of the ultimate controlling party	--	3,754,391.20	469,774.39
China Merchants Bank Co., Ltd.	Interest income	3,754,391.20	-
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related services	-	469,774.39
Total sales of goods and provision of services	--	897,622,164.37	673,059,581.40

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and receipt of services

Name of related party	Content of related transactions	Current period	Prior period
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	--	896,277,447.60	1,169,393,501.92
Sinotrans Container Lines Co., Ltd.	Transportation and related services	465,924,959.11	746,001,467.51
Nanjing Tanker Corporation	Transportation and related services	108,614,395.98	116,392,049.48
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Transportation and related services	28,847,888.67	-
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	28,833,522.62	15,520,671.75
Zhanjiang Port (Group) Co., Ltd.	Transportation and related services	21,551,429.12	18,332,845.31
SCSC International Merchant&Shipping(Hong Kong) Company Limited	Transportation and related services	19,950,000.00	9,608,170.00
Shenzhen Merchants Home Technology Co., Ltd.	Transportation and related services	18,197,570.27	25,362,652.40
Dalian Port & Barge Company	Transportation and related services	14,900,245.34	11,991,052.09
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Transportation and related services	13,316,934.89	20,117,072.19
Yingkou Xingang Ore Terminal Co., Ltd.	Transportation and related services	12,673,710.68	-
China Merchants International Terminal (Qingdao) Limited	Transportation and related services	9,343,997.73	4,277,968.12
Sinotrans Alashankou Company	Transportation and related services	8,851,845.36	114,056.25
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	8,716,372.10	-
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Transportation and related services	8,628,318.57	-
China Merchants Group Finance Company Limited	Interest expense, service charge	7,820,506.14	4,081,545.66
Zhengzhou Merchants Logistics Co., Ltd.	Transportation and related services	6,862,318.69	7,300,495.98
Dalian Container Terminal Co., Ltd.	Transportation and related services	6,279,351.00	6,754,507.97
Dandong Port Group Co., Ltd.	Transportation and related services	6,176,081.89	16,543,493.17
Shekou Container Terminal Co., Ltd.	Transportation and related services	5,346,174.05	-
China Merchants Property Management Co., Ltd.	Property management fee	4,574,748.78	5,167,338.24
Shenzhen Chiwan Tug Co., Ltd.	Transportation and related services	3,735,908.23	3,864,314.94
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Property management fee	3,675,601.78	3,347,425.33
Zhangzhou China Merchants Port Co., Ltd.	Transportation and related services	3,659,806.35	2,417,303.92
Wuhan Changwei International Shipping Industry Co., Ltd.	Transportation and related services	3,567,218.50	-
Shenzhen Lianda Tug Co., Ltd.	Transportation and related services	3,344,881.61	2,006,688.67
China Merchants Bonded Logistics Co., Ltd.	Transportation and related services	3,244,700.09	7,544,642.15
Sinotrans Hebei Co., Ltd.	Transportation and related services	3,210,790.75	32,507,113.40
Sinotrans Gansu Co., Ltd.	Transportation and related services	3,116,706.55	1,082,188.50
Sinotrans Shanghai (Group) Co., Ltd.	Transportation and related services	2,944,268.80	-
Panjin Port Group Co., Ltd.	Transportation and related services	2,851,016.98	-
Dalian Port Groceries Wharf Co., Ltd.	Transportation and related services	2,325,771.70	-
Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	Transportation and related services	2,064,060.26	3,540,241.69
CSC Cargo Co., Ltd.	Transportation and related services	1,927,150.46	-
China Yangtze River Shipping Co., Ltd.	Transportation and related services	1,829,162.09	-
Liaogang Holding (Yingkou) Co., Ltd.	Transportation and related services	1,694,853.42	-
Guangdong Yide Port Co., Ltd.	Transportation and related services	1,613,594.62	1,068,637.88
Sinotrans Hebei Company Yuanshi Warehouse	Transportation and related services	1,502,852.02	-

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related transactions	Current period	Prior period
Sinotrans Guangxi Nanning Storage and Transportation Co., Ltd.	Transportation and related services	1,492,800.06	-
China Merchants Property Management Co., Ltd.	Transportation and related services	1,382,363.83	1,738,716.71
Sinotrans Jiangsu Co., Ltd.	Property management fee	1,374,507.36	1,886,792.46
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Property management fee	1,317,409.97	-
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Transportation and related services	1,310,400.06	-
Zhanjiang Port International Container Terminal Co., Ltd.	Transportation and related services	1,280,882.06	1,728,172.87
Shenzhen Magang Cangma Co., Ltd.	Transportation and related services	1,269,446.98	-
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Transportation and related services	1,257,142.86	1,078,095.27
Zhangzhou China Merchants Tugboat Company Limited	Transportation and related services	1,241,698.00	1,774,811.07
Anhui Sinotrans Wuhu Zhujiqiao Storage and Transportation Co., Ltd.	Transportation and related services	1,216,123.08	-
SINOTRANS Henan, Jiuling Transport & Storage Co., Ltd.	Transportation and related services	1,206,000.00	-
Sinotrans Lianyungang Co., Ltd.	Transportation and related services	1,082,876.73	-
China Merchants International Technology Co., Ltd.	Transportation and related services	1,082,808.25	-
Jiangsu Foreign Transportation Container Station Co., Ltd.	Transportation and related services	1,026,665.29	-
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	1,006,998.22	1,557,538.89
Zhangzhou China Ocean SHIPPING Tally Co., Ltd.	Transportation and related services	999,196.92	1,008,804.72
Sinotrans Jiangsu Logistics Co., Ltd.	Transportation and related services	924,507.58	1,318,869.04
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related services	696,903.07	13,129,531.91
China Merchants Container Service Co., Ltd.	Transportation and related services	639,602.69	1,405,061.41
Yiu Lian Dockyards Limited	Transportation and related services	354,272.15	2,125,180.59
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related services	308,734.40	1,466,146.20
Sinotrans Shaanxi Co., Ltd.	Transportation and related services	262,037.47	13,488,208.26
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related services	-	23,384,729.69
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	-	5,454,807.10
Yingkou Port Integrated Logistics Co., Ltd.	Transportation and related services	-	4,019,686.48
Yangtza Navigation (Hong Kong) Co., Ltd.	Transportation and related services	-	2,535,467.76
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	-	1,695,240.25
Others	Transportation and related services, etc.	21,825,355.37	23,653,698.64

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For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related transactions	Current period	Prior period
Joint ventures	--	493,683,383.59	134,403,034.21
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	203,942,492.17	-
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	53,112,582.97	6,796,594.09
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	37,725,339.44	32,605,464.02
Sinotrans Turkey Limited	Transportation and related services	35,421,469.90	12,089,678.83
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	24,787,175.45	-
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Transportation and related services	20,795,602.67	8,078,432.39
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	17,729,574.30	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	16,530,983.04	20,866,940.27
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Transportation and related services	14,512,008.36	7,034,036.37
Sinotrans Logistics (Pakistan) Limited	Transportation and related services	13,575,153.09	3,075,967.87
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	9,743,810.97	326,239.94
Sinotrans Suzhou Logistics Center Co., Ltd.	Transportation and related services	8,637,161.92	3,297,873.82
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	5,933,682.82	-
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	4,440,038.93	1,507,449.48
Dongguan Port Container Terminals Co., Ltd.	Transportation and related services	3,393,075.46	4,084,097.63
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related services	2,877,352.29	240.00
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	2,848,053.70	-
Sinotrans India Limited	Transportation and related services	2,774,237.57	-
Shenyang Jinyun Automobile Logistics Co., Ltd.	Transportation and related services	2,647,658.24	2,684,860.43
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related services	1,904,975.26	-
MAXX LOGISTICS FZCO.	Transportation and related services	1,625,638.16	-
Ningbo Taiping Int'L Trade Transportation	Transportation and related services	1,456,497.65	5,426,535.57
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Transportation and related services	1,337,339.42	1,860,740.78
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related services	1,334,538.14	7,170,619.98
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	771,042.30	12,775,488.82
Others	Transportation and related services, etc.	3,825,899.37	4,721,773.92

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(2) Related party transactions for the purchase and sale of goods, provision and receipt of services (Continued)

2) Purchase of goods and receipt of services (Continued)

Name of related party	Content of related transactions	Current period	Prior period
Associates and their subsidiaries	--	258,588,051.92	218,357,998.23
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	79,708,160.96	45,480,710.85
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	Transportation and related services	42,897,914.48	31,249,194.18
Land and Sea New Channel Operation Co. Ltd.	Transportation and related services	35,542,981.34	17,548,952.60
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	27,384,772.09	12,556,751.57
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	19,758,591.89	11,597,693.58
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	Transportation and related services	13,190,515.14	-
Jiangsu Jiangyin Port Group Co., Ltd.	Transportation and related services	12,631,580.34	7,364,265.89
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related services	6,588,349.86	7,222,395.26
Shenyang Henglu Logistics Co., Ltd.	Transportation and related services	4,229,964.53	5,008,747.78
Wuhan Port Container Co., Ltd.	Transportation and related services	4,206,759.93	803,709.40
Qingdao Yujiachang Container Storage and Transportation Co. Ltd.	Transportation and related services	3,877,970.09	3,023,850.03
Ma'anshan Tianshun Port Co., Ltd.	Transportation and related services	3,739,631.99	4,093,630.30
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	Transportation and related services	3,392,186.11	-
Qingdao Huasheng Airport Logistics Co., Ltd.	Transportation and related services	17,478.64	3,439,908.92
Sinotrans Logistics Nanjing Co., Ltd.	Transportation and related services	-	68,186,557.29
Others	Transportation and related services, etc.	1,421,194.53	781,630.58
Associates of the ultimate controlling party	--	7,114,662.72	6,788,684.12
China Merchants Bank Co., Ltd.	Interest expense, service charge	7,114,662.72	6,788,684.12
Total services received	--	1,655,663,545.83	1,528,943,218.48

Note: On 31 March 2022, Sinotrans Logistics Nanjing Co., Ltd. was changed from an associate to a subsidiary of the Group. Before 31 March 2022, the related transactions with it before 31 March 2022 are still classified as related transactions with "an associate of the Group".

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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	3,791,107,595.51	4,946,560,325.53
	China Merchants Group Finance Company Limited	3,791,107,595.51	4,946,560,325.53
	Associate of the ultimate controlling party	311,285,418.36	388,101,360.33
	China Merchants Bank Co., Ltd.	311,285,418.36	388,101,360.33
Accounts receivable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	46,169,181.53	37,716,403.35
	Sinotrans Container Lines Co., Ltd.	11,180,463.81	13,911,246.98
	Sinotrans Container Lines (Hong Kong) Co., Ltd.	10,528,178.11	3,980,251.94
	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	4,796,999.28	418,798.00
	CSC Wuhan Qingshan Shipyard Co., Ltd.	3,010,194.46	1,995,184.06
	YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	2,396,582.80	-
	Nanjing Tanker Corporation	2,318,429.02	2,120,493.91
	Associated Maritime Company (Hong Kong) Limited	2,211,592.51	3,233,137.23
	Dalian Port Container Logistics Co., Ltd.	1,698,522.39	1,183,908.78
	Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	1,547,351.59	-
	Yingkou Gangtong e-commerce Co., Ltd.	1,361,071.58	-
	LONG LINK LIMITED	1,281,505.03	1,608,662.47
	Sinotrans Gansu Co., Ltd.	10,000.00	1,894,093.00
	Sinotrans Shaanxi Co., Ltd.	200.00	2,032,011.24
	Others	3,828,090.95	5,338,615.74
	Joint ventures and associates and their subsidiaries	65,939,352.99	60,681,574.10
	DHL-Sinotrans International Air Courier Ltd.	19,294,245.90	4,470,750.40
	Weihai Weidong Shipping Co., Ltd.	8,606,716.56	2,620,853.98
	Shanghai Tongyun International Logistics Co., Ltd.	4,482,638.61	1,662,510.00
	Nissin-Sinotrans International Logistics Co., Ltd.	4,371,300.93	5,127,603.25
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	4,070,451.27	3,419,300.52
	Beijing Sinotrans Huali Logistics Co., Ltd.	2,541,904.69	1,854,206.10
	China-Vietnam Sinotrans Logistics Co., Ltd.	2,398,564.13	-
	MAXX LOGISTICS FZCO.	2,293,983.31	1,844,183.14
	Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	2,187,539.33	-
	Qingdao Yujiachang Container Storage and Transportation Co. Ltd.	1,928,293.99	-
	Loscam Supply Chain Management (Jiaxing) Co., Ltd.	1,778,512.02	1,586,362.06
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	1,728,550.06	-
	NEW SILKWAY LOGISTICS B.V.	1,447,806.66	4,877,845.40
	Suzhou Sinotrans Zhongli International Freight Co., Ltd.	1,291,215.96	-
	Land and Sea New Channel Operation Co. Ltd.	1,200,467.59	-
	Sinotrans Sarens Logistics Co., Ltd.	459,438.71	3,150,301.04

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For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Ningbo Taiping Int'L Trade Transportation	367,412.31	2,354,196.31
	Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	100,792.81	2,275,066.66
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	25,596.80	8,294,977.18
	Beijing Medlink Supply Chain Management Co., Ltd.	-	6,312,666.29
	Sinotrans Logistics Nanjing Co., Ltd.	-	1,766,759.09
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	-	1,148,085.37
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	-	1,110,036.75
	Others	5,363,921.35	6,805,870.56
	Total accounts receivable	112,108,534.52	98,397,977.45
Other receivables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	66,534,304.86	66,978,287.73
	SINOTRANS & CSC	42,888,708.00	42,888,708.00
	China Merchants Investment Development Company Limited	7,353,752.24	-
	Zhengzhou Merchants Logistics Co., Ltd.	3,509,095.48	3,509,095.48
	China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	2,433,687.66	945,520.55
	China Merchants Bonded Logistics Co., Ltd.	2,270,483.56	2,250,483.56
	China Merchants International Terminal (Qingdao) Limited	1,320,000.00	-
	Sinotrans Container Lines Co., Ltd.	1,185,250.44	-
	Sinotrans Beijing Co., Ltd.	1,088,209.22	7,840,816.67
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	1,001,941.44	1,001,941.44
	China Merchants Gangrong Big Data Co., Ltd.	384,351.58	1,390,461.40
	Beijing Sinotrans Logistics Center Co., Ltd.	-	2,169,217.35
	Others	3,098,825.24	4,982,043.28
	Joint ventures and associates	72,401,866.13	64,078,418.28
	Shenyang Jinyun Automobile Logistics Co., Ltd.	23,257,998.74	23,257,998.74
	MAXX LOGISTICS FZCO.	15,851,063.45	15,058,190.89
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	6,205,000.00	-
	Sinotrans Logistics (Pakistan) Limited	5,716,831.66	4,788,165.04
	DHL-Sinotrans International Air Courier Ltd.	4,614,595.50	4,703,269.50
	Guangxi Yunyu Port Co., Ltd.	2,680,000.00	2,680,000.00
	Sinotrans Turkey Limited	1,673,129.19	2,609,709.26
	Sinotrans Philippines Inc.	1,462,732.00	-
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	1,450,442.70	2,030,000.00
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,000,000.00	1,000,000.00
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	-	1,094,028.70
	Others	8,490,072.89	6,857,056.15
	Total other receivables	138,936,170.99	131,056,706.01

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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 and their subsidiaries	49,030,839.30	41,721,139.60
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	24,000,000.00
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	14,372,492.78	-
	Wuhan Port Container Co., Ltd.	6,000,000.00	-
	China International Exhibition Transportation Co., Ltd.	2,797,362.80	2,797,362.80
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	1,860,983.72	1,860,983.72
	Sinotrans Logistics Nanjing Co., Ltd.	-	12,810,274.27
	China United Tally (Shenzhen) Co., Ltd.	-	252,518.81
Interest receivable	Joint ventures and associates	1,575,300.41	1,417,884.21
	MAXX LOGISTICS FZCO.	1,575,300.41	1,417,884.21
Prepayments	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	24,889,788.04	18,236,900.11
	Sinotrans Container Lines (Hong Kong) Co., Ltd.	10,542,833.22	-
	Ningbo Daxie Merchants International Terminal Co., Ltd.	4,291,918.39	-
	China Merchants Bonded Logistics Co., Ltd.	3,114,608.12	-
	China Merchants Gangrong Big Data Co., Ltd.	2,340,241.18	1,894,889.60
	Zhanjiang Port (Group) Co., Ltd.	1,393,104.46	701,778.67
	Dandong Port Group Co., Ltd.	1,288,823.42	377,020.94
	Yingkou Xingang Ore Terminal Co., Ltd.	635,799.81	7,138,695.48
	Liaogang Holding (Yingkou) Co., Ltd.	226,556.91	2,000,000.00
	China Merchants International Terminal (Qingdao) Limited	68,666.78	1,570,194.20
	Panjin Port Group Co., Ltd.	-	2,913,344.09
	Sinotrans Hebei Co., Ltd.	-	1,057,724.33
	Others	987,235.75	583,252.80
	Joint ventures and associates	26,823,618.75	30,116,303.25
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	15,914,675.48	6,237,037.90
	Sinotrans Logistics (Pakistan) Limited	4,099,721.50	5,144,887.20
	DHL-Sinotrans International Air Courier Ltd.	3,222,599.21	2,094,612.63
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,251,913.05	1,537,495.86
	Dongguan Port Container Terminals Co., Ltd.	1,053,020.38	-
	Jiangsu Jiangyin Port Group Co., Ltd.	-	10,783,276.57
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	-	1,632,746.08
Sinotrans Logistics Nanjing Co., Ltd.	-	1,105,562.30	
Others	1,281,689.13	1,580,684.71	
Total prepayments	51,713,406.79	48,353,203.36	

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Notes to the Financial Statements

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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	11,925,000.00	14,325,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00	7,125,000.00
	Shanghai Pu'an Storage Co., Ltd.	4,800,000.00	7,200,000.00
Long-term receivables	Joint ventures and associates	46,220,000.00	46,020,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	28,500,000.00	28,500,000.00
	Shanghai Pu'an Storage Co., Ltd.	17,720,000.00	17,520,000.00
Accounts payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	203,258,228.02	188,762,774.46
	Sinotrans Container Lines Co., Ltd.	72,370,311.80	64,039,919.85
	Zhengzhou Merchants Logistics Co., Ltd.	20,833,564.80	14,196,472.16
	SCSC International Merchant&Shipping(Hong Kong) Company Limited	20,700,000.00	8,163,951.39
	Sinotrans Sunny Express Co., Ltd.	19,449,477.00	7,079,580.00
	Nanjing Tanker Corporation	13,999,165.01	8,572,559.79
	SINOTRANS Henan, Jiuling Transport & Storage Co., Ltd.	8,403,036.61	7,106,586.61
	Hailong No. 15 (Tianjin) Leasing Co., Ltd.	6,500,000.00	17,550,000.00
	YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	5,934,805.43	-
	Shekou Container Terminal Co., Ltd.	5,255,993.00	-
	Sinotrans Shanghai (Group) Co., Ltd.	2,875,837.59	1,800,000.00
	Zhanjiang Port (Group) Co., Ltd.	2,587,670.51	1,553,079.67
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	2,552,511.37	10,410,821.25
	Dalian Container Terminal Co., Ltd.	2,009,249.00	2,366,554.20
	Shenzhen Chiwan Tug Co., Ltd.	1,647,154.00	-
	Shenzhen Lianda Tug Co., Ltd.	1,419,109.50	1,644,123.40
	Sinotrans Alashankou Company	1,281,252.24	1,534,295.00
	Ningbo Daxie Merchants International Terminal Co., Ltd.	1,130,408.10	8,522,086.88
	Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	729,267.25	1,132,425.76
	China Merchants Bonded Logistics Co., Ltd.	305,642.38	1,215,660.73
	Sinotrans Hebei Co., Ltd.	288,858.75	1,655,681.54
	Sinotrans Jiangsu Logistics Co., Ltd.	99,014.50	1,708,447.00
	Hailong No. 12 (Tianjin) Leasing Co., Ltd.	-	18,200,000.00
	Sinotrans Shaanxi Co., Ltd.	-	1,655,118.47
	Sinotrans Gansu Co., Ltd.	-	1,267,155.60
	Others	12,885,899.18	7,388,255.16

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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	190,641,692.59	172,590,086.31
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	30,576,921.74	19,432,463.60
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	25,116,394.28	225,912.98
	China-Vietnam Sinotrans Logistics Co., Ltd.	15,484,984.52	14,143,336.66
	Sinotrans Logistics (Pakistan) Limited	14,814,045.67	1,022,576.36
	Weihai Weidong Shipping Co., Ltd.	13,343,007.07	7,289,919.64
	Beijing Sinotrans Huali Logistics Co., Ltd.	11,144,732.87	13,334,457.13
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	6,613,775.79	8,929,807.53
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	6,025,813.35	3,247,530.67
	Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	5,464,476.56	-
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	5,167,511.47	-
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	4,431,696.58	1,919,826.58
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	3,997,804.51	4,027,480.59
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	3,556,070.62	-
	Shenyang Henglu Logistics Co., Ltd.	3,362,923.50	2,725,400.14
	Land and Sea New Channel Operation Co. Ltd.	3,096,013.68	-
	Ma'anshan Tianshun Port Co., Ltd.	2,962,705.84	1,609,335.38
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	2,926,439.64	-
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	2,644,614.80	606,418.52
	DHL-Sinotrans International Air Courier Ltd.	2,211,907.10	1,011,693.26
	Nissin-Sinotrans International Logistics Co., Ltd.	2,205,257.12	-
	Shenzhen Haiyitong Technology Co., Ltd.	2,081,193.75	3,692,215.91
	Dongguan Port Container Terminals Co., Ltd.	2,060,280.20	1,438,766.72
	Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	1,931,269.40	-
	Wuhan Port Container Co., Ltd.	1,704,833.33	1,996,519.63
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	1,575,946.80	1,376,155.03
	Sinotrans Suzhou Logistics Center Co., Ltd.	1,566,482.72	1,524,643.87
	Sinotrans Turkey Limited	1,338,540.45	1,386,003.74
	Shenyang Jinyun Automobile Logistics Co., Ltd.	1,163,167.31	1,134,495.48
	Nanjing Zhiyun Supply Chain Management Co., Ltd.	1,060,000.00	1,060,000.00
	Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	1,049,413.63	-
	Sinotrans Sarens Logistics Co., Ltd.	202,398.03	3,357,589.11
	Jiangsu Jianguyin Port Group Co., Ltd.	136,766.22	5,738,821.95
	Qingdao Yujiachang Container Storage and Transportation Co. Ltd.	60.00	5,437,550.19
	Sinotrans Logistics Nanjing Co., Ltd.	-	55,627,171.19
	Others	9,624,244.04	9,293,994.45
	Other related parties	-	99,564.01
	Total Accounts payable	393,899,920.61	361,452,424.78

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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	203,146,812.45	191,676,226.43
	RED BRAVES FINANCE LTD.	112,202,840.39	107,012,060.20
	Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	26,314,959.96
	SINOTRANS & CSC	26,599,000.00	24,051,000.00
	Shanghai Foreign Trade Warehouse Pudong Company	6,640,483.54	6,640,483.54
	SINOTRANS Henan, Jiuling Transport & Storage Co., Ltd.	4,645,459.14	4,641,656.55
	Chongqing Waiyun Logistics Company	4,500,000.00	4,500,000.00
	Shanghai Sinotrans Qiantang Co., Ltd.	3,080,493.75	1,772,635.00
	China Merchants International Terminal (Qingdao) Limited	2,494,042.50	-
	Guangxi Sinotrans Co., Ltd.	2,483,753.54	7,023,525.22
	Sinotrans Jiangsu Co., Ltd.	2,375,000.00	1,800,000.00
	Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	1,846,000.00	1,846,000.00
	Sinotrans Shanghai (Group) Co., Ltd.	1,570,435.72	-
	Sinotrans Guangxi Guigang Company	619,500.00	1,239,000.00
	Sinotrans Shaanxi Co., Ltd.	50,000.00	2,010,500.00
	Others	4,572,795.91	2,824,405.96
	Joint ventures and associates	32,238,747.51	78,147,070.24
	Shanghai Tongyun International Logistics Co., Ltd.	15,074,360.00	14,948,360.00
	China United Tally (Shenzhen) Co., Ltd.	7,001,500.00	8,091,820.00
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	2,450,000.00	2,450,000.00
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	2,296,200.00	2,296,200.00
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	2,029,460.21	2,029,460.21
	Rongyun (Xiamen) Supply Chain Co., Ltd.	1,020,000.00	1,020,000.00
	Sinotrans Logistics Nanjing Co., Ltd.	-	44,927,349.66
	Others	2,367,227.30	2,383,880.37
	Total other payables	235,385,559.96	269,823,296.67

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance	
Dividends payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	785,541,442.86	36,197,979.78	
	SINOTRANS & CSC	481,124,635.92	36,125,719.92	
	China Merchants Group Co., Ltd.	288,107,539.02	-	
	China Merchants Investment Development (Hong Kong) Limited	16,237,008.06	-	
	Sinotrans Jiangxi Company	72,259.86	72,259.86	
Interest payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	33,320,787.46	31,879,954.13	
	SINOTRANS & CSC	33,320,787.46	31,879,954.13	
Contract liabilities	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	29,189,663.43	25,899,254.64	
	Associated Maritime Company (Hong Kong) Limited	16,446,730.59	16,376,580.67	
	China Merchants Investment Development Company Limited	6,731,132.08	1,070,754.71	
	Hong Kong Ming Wah Shipping Company Limited	5,077,582.73	7,854,987.14	
	Others	934,218.03	596,932.12	
	Joint ventures and associates	11,806,494.00	10,492,713.94	
	Shanghai Tongyun International Logistics Co., Ltd.	4,701,880.06	4,991,321.66	
	Tianjin Runfeng Logistics Co., Ltd.	2,459,200.00	1,537,000.00	
	DHL-Sinotrans International Air Courier Ltd.	1,423,394.66	1,326,329.13	
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,358,899.11	-	
	MAXX LOGISTICS FZCO.	807,888.04	1,247,673.30	
	Others	1,055,232.13	1,390,389.85	
	Total Contract liabilities	40,996,157.43	36,391,968.58	
	Long-term payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	117,094,827.63	86,730,435.85
		Sinotrans Guangdong Co., Ltd.	91,938,455.02	-
SINOTRANS & CSC		20,000,000.00	80,000,000.00	
OCEAN LIFTER I LIMITED		5,156,372.61	6,730,435.85	
Short-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	337,071,134.37	100,113,513.90	
	China Merchants Group Finance Company Limited	337,071,134.37	100,113,513.90	
	Associate of the ultimate controlling party	200,000,000.00	200,210,958.90	
	China Merchants Bank Co., Ltd.	200,000,000.00	200,210,958.90	
Long-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	22,691,421.43	14,104,340.10	
	China Merchants Group Finance Company Limited	22,691,421.43	14,104,340.10	
	Associate of the ultimate controlling party	32,493,370.05	27,942,022.91	
	China Merchants Bank Co., Ltd.	32,493,370.05	27,942,022.91	

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Non-current liabilities due within one year	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	64,179,642.90	96,052,288.72
	SINOTRANS & CSC	60,000,000.00	-
	OCEAN LIFTER I LIMITED	3,979,642.90	3,908,588.76
	China Merchants Group Finance Company Limited	200,000.00	205,244.94
	Sinotrans Guangdong Co., Ltd.	-	91,938,455.02
	Associate of the ultimate controlling party	8,158,181.10	5,993,391.20
	China Merchants Bank Co., Ltd.	8,158,181.10	5,993,391.20

(4) Related and entrusted management

On 1 January 2017, the Company renewed the *Custody Agreement* with SINOTRANS & CSC, which provides that SINOTRANS & CSC will escrow the operation and management of some of its subsidiaries to the Company and the Company will receive custody fees from SINOTRANS & CSC based on the custody 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. The Company did not renew the *Custody Agreement* with SINOTRANS & CSC in 2022 and the Company received total custody fee income of RMB7,075,500 from SINOTRANS & CSC in the previous period.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(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	29,838,098.54	21,342,058.18
Sinotrans Container Lines Co., Ltd.	Transportation equipment	8,431,265.94	10,870,597.69
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	4,047,619.06	4,047,619.06
Sinotrans Sunny Express Co., Ltd.	Transportation equipment	1,671,996.30	1,599,062.70
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation equipment	1,068,768.75	1,067,450.48
Chongqing CSC Tianyi Logistics Co., Ltd.	Buildings, transportation equipment	-	5,285,438.19
China Yangtze River Shipping Co., Ltd.	Buildings	-	2,165,487.63
Others	Buildings, transportation equipment, others	656,229.08	428,181.42
Total	--	45,713,977.67	46,805,895.35

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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.	Land and buildings	24,732,698.42	27,581,284.08
Beijing Sinotrans Land Transportation Co., Ltd.	Land and buildings	14,012,092.27	18,310,879.20
Beijing Sinotrans Logistics Center Co., Ltd.	Land and buildings	11,671,764.72	16,287,467.82
Shanghai Foreign Trade Warehouse Pudong Company	Land and buildings	7,181,206.80	8,246,647.50
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Land and buildings	5,911,671.72	-
Sinotrans Nantong Co., Ltd.	Land and buildings	5,166,285.46	4,777,200.00
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Land and buildings	3,970,719.98	8,036,749.44
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Land and buildings	3,474,417.00	-
Sinotrans Shanghai Zhang Hua Bang Storage and Transportation Co., Ltd.	Land and buildings	1,965,498.73	3,760,312.50
Sinotrans Guangdong Co., Ltd.	Land and buildings	1,757,366.91	-
Wenzhou Sinotrans Logistics Co., Ltd.	Land and buildings	1,609,531.80	1,709,817.00
Sinotrans Shanghai (Group) Co., Ltd.	Land and buildings	1,576,035.72	5,813,900.00
Liaoning Sinotrans Co., Ltd.	Land and buildings	1,345,262.16	1,340,519.28
Sinotrans Suzhou Storage Co., Ltd.	Land and buildings	1,184,837.10	-
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Land and buildings	676,000.58	1,235,272.50
Sinotrans Jinling Co., Ltd.	Land and buildings	532,926.77	1,083,883.50
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Land and buildings	119,809.53	1,511,000.00
Shandong Sinotrans Co., Ltd.	Land and buildings	-	2,962,000.00
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Land and buildings	-	2,596,540.64
Shanghai Sinotrans Qiantang Co., Ltd.	Land and buildings	-	2,375,700.00
Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	Land and buildings	-	2,030,626.83
China Merchants International Terminal (Qingdao) Limited	Land and buildings	-	1,648,000.00
Guangdong Sinotrans Huangpu Co., Ltd.	Land and buildings	-	1,594,813.01
Sinotrans Hebei Company Yuanshi Warehouse	Land and buildings	-	1,524,258.42
Sinotrans Guangxi Nanning Storage and Transportation Co., Ltd.	Land and buildings	-	1,393,312.30
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Land and buildings	-	1,226,909.28
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Land and buildings	-	1,191,500.00
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Land and buildings	-	1,132,000.00
Others	Land and buildings, transportation equipment, other assets	8,231,817.35	18,860,022.65
Total	--	95,119,943.02	138,230,615.95

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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	1,540,331,101.90	1,585,014,901.76	2020-12-04	2027-12-08	No
CHINA ASSESS INVESTMENT LIMITED	1,221,174,288.00	1,167,483,744.00	2020-12-22	2023-12-21	No
China Merchants Shipping Enterprise Co., Ltd.	814,116,192.00	778,322,496.00	2020-12-22	2023-12-21	No
Jiangmen High-tech Port Development Co., Ltd.	430,397,541.96	414,862,492.48	2018-12-18	2022-12-31	No
Shenzhen Haixing Harbor Development Co., Ltd.	328,882,614.55	108,531,262.80	2019-07-01	2037-07-01	No
China Merchants Great Stone Trade Logistics Co., Ltd.	324,796,736.69	334,563,464.54	2016-05-11	2031-05-04	No
Sinotrans Logistics Co., Ltd.	200,000,000.00	200,000,000.00	2021-07-21	2022-07-20	No
China Merchants Logistics Shenzhen Co., Ltd.	100,000,000.00	100,000,000.00	2021-08-13	2022-08-12	No

Credit guarantees:

The Group provides guarantee for its subsidiaries to apply for credit lines from China Merchants Finance and China Merchants Bank. The credit lines are generally valid for one year and the credit lines can be used in a rolling cycle during the validity period. As of 30 June 2022, the Group provided guarantee for credit lines to its subsidiaries amounting to RMB2,650,200,00.00 (31 December 2021: RMB2,678,000,000).

Operating guarantees:

The Group provided operating-type guarantees to its subsidiaries and joint ventures and associates for the operation of project logistics, loading and unloading operations, bidding business, shipping booking agency, warehousing services and other businesses and asset transactions for the conduct of the operating businesses mentioned above, and as of 30 June 2022, the balance of operating guarantees provided to subsidiaries and joint ventures and associates was RMB43,577,349.00 (31 December 2021: RMB42,977,349.00).

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(6) Related guarantees (Continued)

1) The Group as the guarantor (Continued)

Qualification guarantees:

The Group guarantees the futures delivery warehouse business of Sinotrans Central China, Sinotrans Eastern Company Limited, Sinotrans South China, Sinotrans North China, Sinotrans Northeast Co. Ltd., Qingdao Sinotrans Supply Chain Management Co., Ltd., Qingdao Sinotrans Smart Logistics Co., Ltd., subsidiaries of the Group, on the Shanghai Futures Exchange and its subsidiaries (including but not limited to Shanghai International Energy Exchange Co., Ltd.), Zhengzhou Commodity Exchange, Dalian Commodity Exchange, Guangzhou Futures Exchange and other futures exchanges, including the irrevocable joint and several guarantee for the full amount of all liabilities for all the operations of the guaranteed party in respect of the warehousing, storage, discharging and delivery of futures commodities. The guarantee period shall be for the duration of the corresponding futures delivery warehouse business agreement between the guaranteed party and the above-mentioned futures exchange (including the period of automatic renewal without objection by both parties) and for a period of two or three years from the expiry of the duration (to be determined according to the requirements of the futures exchange).

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) COMPANY CO., LTD	986,285,931.50	1,006,846,213.66	2015-06-25	2029-07-15	No

Note: In order to finance the construction of the logistics center of the "Tsing Yi 181 Project" in Hong Kong, KONGWELL LOGISTICS LIMITED, a subsidiary of the Group, signed a credit agreement with China Development Bank and obtained a total credit facility of HKD2,900,000,000 (equivalent to RMB2,480,080,000). China Merchants Group (Hong Kong) Limited, a related party of the Company, provided full guarantee.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(7) Related party fund lending

Related party	Loan amount	Starting date	Maturity date	Description
Borrowed				
China Merchants Group Finance Company Limited	211,922,592.70	2022-01-26	2023-01-26	Short-term borrowings
China Merchants Bank Co., Ltd.	200,000,000.00	2021-07-30	2022-07-29	Short-term borrowings
China Merchants Group Finance Company Limited	100,099,027.78	2022-02-07	2023-02-06	Short-term borrowings
China Merchants Group Finance Company Limited	25,049,513.89	2022-06-06	2023-06-05	Short-term borrowings
China Merchants Bank Co., Ltd.	40,651,551.15	2020-08-11	2028-05-10	Long-term borrowings, non-current liabilities due within one year
China Merchants Group Finance Company Limited	22,891,421.43	2020-12-04	2023-12-03	Long-term borrowings, non-current liabilities due within one year
Sinotrans Guangdong Co., Ltd.	91,938,455.02	2012-12-31	No specific maturity date	Long-term payables
SINOTRANS & CSC	60,000,000.00	2014-09-10	2022-12-31	Non-current liabilities due within one year
SINOTRANS & CSC	20,000,000.00	2016-03-07	2034-03-06	Long-term payables
OCEAN LIFTER I LIMITED	9,136,015.51	2020-06-15	2024-06-15	Long-term payables, non-current liabilities due within one year
Lent				
Sinotrans Suzhou Logistics Center Co., Ltd.	35,625,000.00	2017-04-18	2024-12-30	Long-term receivables, non-current assets due within one year
Shanghai Pu'an Storage Co., Ltd.	22,520,000.00	2016-08-17	2026-08-17	Long-term receivables, non-current assets due within one year

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(8) Remuneration of directors, supervisors, general managers and senior managers

1) Remuneration of directors, supervisors and general managers

Item	Current period	Prior period
Directors:	--	--
Fee	332,400.00	332,400.00
Other remuneration	--	--
– Wages, allowances and non-cash benefits	523,070.58	1,023,030.44
– Discretionary bonuses	–	–
– Contributions to the pension scheme	106,892.16	214,758.72
Supervisors:	--	--
Fee	107,400.00	107,400.00
Other remuneration	--	--
– Wages, allowances and non-cash benefits	592,151.16	508,506.44
– Discretionary bonuses	37,434.00	74,862.00
– Contributions to the pension scheme	132,895.68	120,752.16

Note: The directors' fees disclosed above represent the payment of RMB332,400.00 (prior period: RMB332,400.00) to independent non-executive directors.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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 to the pension scheme	Total
Current period					
Directors:	---	---	---	---	---
- Hong Wang	-	-	-	-	-
- Dexing Song	-	-	-	-	-
- Rong Song	-	523,070.58	-	106,892.16	629,962.74
- Weiwu Liu	-	-	-	-	-
- Weidong Deng	-	-	-	-	-
- 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:	---	---	---	---	---
- Billie Huang	-	329,270.58	-	72,028.32	401,298.90
- Suiqi Kou	-	-	-	-	-
- Fangsheng Zhou	53,700.00	-	-	-	53,700.00
- Zhaoping Fan	53,700.00	-	-	-	53,700.00
- Shengyun Wang	-	262,880.58	37,434.00	60,867.36	361,181.94
Prior 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 (Resigned)	-	-	-	-	-
- 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
- DongXiao Ren (Resigned)	-	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

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Notes to the Financial Statements

For the period ended 30 June 2022

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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, 1 of them are directors (prior period: 2), and details of their remuneration are set out above. The details of the remuneration of the remaining 4 (prior period: 3) highest paid individuals who are not directors or supervisors for the current period are as follows:

Item	Current period	Prior period
Salary, allowance and non-cash benefits	1,543,324.18	1,178,459.86
Discretionary bonuses	–	–
Contributions to the pension scheme	334,011.84	247,003.92

The number of the 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	4	3
HKD1,000,001 to HKD1,500,000	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, except for director Song Rong, received remuneration from the Company. 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.

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Notes to the Financial Statements

For the period ended 30 June 2022

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X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (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	Current period	Prior period
Salary, allowance and non-cash benefits	3,771,319.81	4,068,486.02
Discretionary bonuses	37,434.00	74,862.00
Contributions to the pension scheme	825,977.92	882,763.92
Total	4,634,731.73	5,026,111.94

(9) Related party deposits

The difference between deposits placed and withdrawals by the Group with China Merchants Bank from January to June 2022 was a net withdrawal of RMB76,815,941.97 and the difference between deposits and deposits withdrawals with China Merchants Finance from January to June 2022 was a net withdrawal of RMB1,155,452,730.02.

(10) 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 from 1 March 2015 to 28 February 2025 without compensation.

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Notes to the Financial Statements

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

X. RELATED-PARTY RELATIONSHIP AND TRANSACTIONS (CONTINUED)

4. THE GROUP HAD THE FOLLOWING SIGNIFICANT RELATED TRANSACTIONS WITH THE ABOVE RELATED PARTIES DURING THE PERIOD (Continued)

(11) Others

At the Twelfth Meeting of the Third Session of the Board of Directors of the Company held on 15 June 2022, the *Proposal on the Provision of Loans to a Holding Subsidiary* was considered and passed, agreeing that the Company, through Sinotrans (Hong Kong) Logistics Limited, a subsidiary of the Company, should provide loans to China Merchants Great Stone Trade Logistics Co., Ltd. (hereinafter referred to as China Merchants Great Stone), a subsidiary of the Company, with its own funds and China Merchants Investment Company Limited in proportion to its shareholding in the Company, for the purpose of relieving the operational and financial pressure of China Merchants Great Stone and supporting its business development. The total amount of the loan is USD12.6 million, to be borrowed in three tranches (with annual drawdowns from 2022 to 2024), each with a term not exceeding three years, at an interest rate of 1.0% per annum. As at 30 June 2022, Sinotrans (Hong Kong) Logistics Limited and China Merchants Investment Company Limited had not provided loans to China Merchants Great Stone.

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.

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(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 2022, 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	985,322,306.18	853,200,522.21	6,403,918,911.75	6,112,278,173.78
USD	10,047,438,423.83	9,655,917,711.92	5,089,613,147.22	4,042,951,232.54
EUR	293,989,338.28	332,958,044.10	2,003,738,463.71	2,106,331,178.77
Total	11,326,750,068.29	10,842,076,278.23	13,497,270,522.68	12,261,560,585.09

Note: The balances of foreign currency assets and liabilities are presented in RMB at the closing exchange rate.

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

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(1) Market risk (Continued)

1) Foreign exchange risk (Continued)

Sensitivity analysis of foreign exchange risk

With other variables remaining unchanged, the pre-tax effects of reasonable changes in the exchange rate on current total comprehensive income and shareholders' equity are as follows:

	Current period		Prior period	
	Effects on total comprehensive income	Pre-tax effects on shareholders' equity	Effects on total comprehensive income	Pre-tax effects on shareholders' equity
Exchange rate changes				
USD appreciation by 5% against RMB	247,891,263.83	247,891,263.83	236,133,024.08	236,133,024.08
USD devaluation by 5% against RMB	-247,891,263.83	-247,891,263.83	-236,133,024.08	-236,133,024.08
HKD appreciation by 5% against RMB	-270,929,830.28	-270,929,830.28	-265,885,652.10	-265,885,652.10
HKD devaluation by 5% against RMB	270,929,830.28	270,929,830.28	265,885,652.10	265,885,652.10
EUR appreciation by 5% against RMB	-85,487,456.27	-85,487,456.27	-89,753,733.11	-89,753,733.11
EUR devaluation by 5% against RMB	85,487,456.27	85,487,456.27	89,753,733.11	89,753,733.11

2) Interest rate change risk

The Group's foreign currency borrowings were mainly floating rate borrowings in HKD, EUR and USD, 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, long-term payables and long-term borrowings, etc.

Sensitivity analysis of interest rate risks

The sensitivity 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.

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(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 (Continued)

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:

	Current period		Prior period	
	Effects on total profit	Pre-tax effects on shareholders' equity	Effects on total profit	Pre-tax effects on shareholders' equity
Exchange rate changes				
Interest rate rises by 0.5%	-37,929,651.62	-37,929,651.62	-39,174,620.09	-39,174,620.09
Interest rate falls by 0.5%	37,929,651.62	37,929,651.62	39,174,620.09	39,174,620.09

3) Other price risks

Held-for-trading financial assets, other equity instrument investments and other non-current financial assets held by the Group are measured at fair value at the date of statement of financial position. As a result, the Group bears the risk of price changes in the securities market. The 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%	75,168.54	-	75,168.54	73,114.42	-	73,114.42
Other non-current financial assets		14,641,024.00	-	14,641,024.00	35,195,491.62	-	35,195,491.62
Other equity instrument investments		-	3,349,017.12	3,349,017.12	-	2,244,216.47	2,244,216.47
Held-for trading financial assets	Stock price falls by 10%	-75,168.54	-	-75,168.54	-73,114.42	-	-73,114.42
Other non-current financial assets		-14,641,024.00	-	-14,641,024.00	-35,195,491.62	-	-35,195,491.62
Other equity instrument investments		-	-3,349,017.12	-3,349,017.12	-	-2,244,216.47	-2,244,216.47

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For the period ended 30 June 2022

(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

As at 30 June 2022, 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.

See Note IV. 9. 2 for the Group's specific method for assessing whether credit risk has increased significantly since initial recognition, the basis for determining that credit impairment has occurred for financial assets, the portfolio method for assessing expected credit risk by dividing the portfolio into groups, and the policy for direct write-downs of financial instruments.

Except for the top five closing balance of "Accounts receivable" in Note IX. 4 and "Other receivables" in Note IX. 7, the Group has no other significant credit concentration risks.

The Group's cash and cash equivalents are mainly bank deposits with related party non-bank financial institutions and reputable state-owned banks with high credit ratings and other large and medium-sized listed banks, and the Group do not consider the significant credit risk and losses incurred due to default.

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(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 are due. As at 30 June 2022, 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 (%)	Book balance	Credit loss provision
Within 1 year (including 1 year)	1.45	16,879,348,272.79	244,750,549.96
1 to 2 years (including 2 years)	41.68	112,713,864.06	46,979,138.54
2 to 3 years (including 3 years)	88.26	37,198,510.46	32,831,405.33
More than 3 years	100.00	120,763,977.48	120,763,977.48
Total	—	17,150,024,624.79	445,325,071.31

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 2022 to 30 June 2022, 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 2022, the maximum amount of financial guarantees provided by the Group for joint ventures and associates was RMB328,882,614.55. Details of the financial guarantee contracts are set out in Note X. 4. " (6) Related guarantees". As at 30 June 2022, 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 this part of the financial guarantee contract. Accordingly, the Group has no financial guarantee contracts classified as requiring a loss allowance to be measured at 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 allowance for expected credit losses over the next 12 months. During the period from January 1, 2022 to 30 June 2022, there were no changes in the Group's assessment approach and material assumptions, except for the consideration of the impact related to the COVID-19 outbreak.

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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 RMB204,68 million (31 December 2021: RMB21,840 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	13,745,806,776.32	13,745,806,776.32	-	-	13,745,806,776.32
Held-for trading financial assets	851,685.41	851,685.41	-	-	851,685.41
Bills receivable	35,605,982.60	35,605,982.60	-	-	35,605,982.60
Accounts receivable	16,816,907,455.72	17,397,665,700.81	-	-	17,397,665,700.81
Receivables financing	478,362,651.36	478,362,651.36	-	-	478,362,651.36
Other receivables	2,239,596,394.42	2,420,603,969.91	-	-	2,420,603,969.91
Non-current assets due					
within one year	15,151,236.52	15,151,236.52	-	-	15,151,236.52
Other current assets	361,052,899.82	361,052,899.82	-	-	361,052,899.82
Other equity instrument investments	33,490,171.17	-	-	33,490,171.17	33,490,171.17
Other non-current financial assets	727,342,609.42	-	-	727,342,609.42	727,342,609.42
Long-term receivables	46,220,000.00	2,753,347.22	48,557,361.11	-	51,310,708.33
Short-term borrowings	695,771,710.11	695,771,710.11	-	-	695,771,710.11
Long-term borrowings	8,064,041,860.44	151,832,785.35	4,329,461,189.77	4,447,409,080.71	8,928,703,055.83
Accounts payable	15,996,221,738.37	15,996,221,738.37	-	-	15,996,221,738.37
Other payables	3,000,981,152.26	3,000,981,152.26	-	-	3,000,981,152.26
Non-current liabilities due					
within one year	970,288,707.37	1,061,646,014.15	-	-	1,061,646,014.15
Other current liabilities	370,420,619.52	370,420,619.52	-	-	370,420,619.52
Bonds payable	3,997,080,438.38	133,000,000.01	4,263,487,671.22	-	4,396,487,671.23
Lease liabilities	1,683,163,744.97	-	1,624,445,184.16	498,132,858.23	2,122,578,042.39
Long-term payables	147,762,523.12	6,076,170.35	129,787,830.80	21,605,698.63	157,469,699.78

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(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 derivative instruments) 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.

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (Continued)

(1) Assets measured at fair value on a continuous basis

Item	Fair value at the end of the 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	751,685.41	-	100,000.00	851,685.41
1. Financial assets at fair value through profit or loss	751,685.41	-	100,000.00	851,685.41
(II) Receivables financing	-	478,362,651.36	-	478,362,651.36
(III) Other equity instrument investments	33,490,171.17	-	-	33,490,171.17
(IV) Other non-current financial assets	146,410,240.00	-	580,932,369.42	727,342,609.42
Total assets measured at fair value on a continuous basis	180,652,096.58	478,362,651.36	581,032,369.42	1,240,047,117.36

(2) Determination of market price of continuous and non-continuous basis 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. The Group apply valuation techniques to determine the fair value of significant unlisted equity investments. The valuation model used is a market multiplier approach, and the input values to the valuation technique consist primarily of PE multiples of comparable listed companies, PB multiples and the lack of market liquidity discount parameters. The primary unobservable input value used is the lack of market liquidity discount. The higher the lack of a market liquidity discount, the lower the fair value.

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (Continued)

(5) Reconciliation information between opening and closing carrying amounts and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value

Reconciliation information between opening and closing carrying amounts:

Item	Opening balance	Transfer to Level III	Transfer from Level III	Total current gains or losses		Purchase, issuance, sale and settlement					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 reporting date
				Included in profit or loss	Charge to other comprehensive income	Purchase	Issuance	Sale	Settlement	Others			
Held-for trading													
financial assets	100,000.00	-	-	-	-	-	-	-	-	-	-	100,000.00	-
Financial assets at fair value through profit or loss	100,000.00	-	-	-	-	-	-	-	-	-	-	100,000.00	-
- Investments in debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Investments in equity instruments	100,000.00	-	-	-	-	-	-	-	-	-	-	100,000.00	-
Other non-current													
financial assets	581,031,462.99	-	-	-	-	-	-	-	-	-	-99,093.57	580,932,369.42	-
Financial assets at fair value through profit or loss	581,031,462.99	-	-	-	-	-	-	-	-	-	-99,093.57	580,932,369.42	-
- Investments in equity instruments	581,031,462.99	-	-	-	-	-	-	-	-	-	-99,093.57	580,932,369.42	-
Total	581,131,462.99	-	-	-	-	-	-	-	-	-	-99,093.57	581,032,369.42	-

Note: Dividend gains and disposal gains totaling RMB65,712.50 (gains and losses not in the current period) were obtained from the continuous items of Level III measurement at fair value during the period.

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(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 (Continued)**

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%	-29,051,618.47	-29,051,618.47
Lack of market liquidity discount decreased by 5%	29,051,618.47	29,051,618.47

- (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 period**

The Group's continuous fair value items that measured at fair value have not been converted between levels during the period.

- (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 2022.

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Notes to the Financial Statements

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

3. CAPITAL MANAGEMENT

The Group's capital management objectives are to safeguard the Group's continuing operations in order to provide returns to shareholders and other equity holders while maintaining an optimal capital structure to reduce the cost of capital. The Group manages capital using a leverage ratio, which is defined as the ratio of net liabilities and adjusted capital and net liabilities. There are no changes to the Group's capital management objectives, policies or procedures for FY2022 and FY2021. The Group's leverage ratio at the date of the statement of financial position is as follows:

Item	30 June 2022	31 December 2021
Short-term borrowings	695,771,710.11	438,453,511.69
Non-current liabilities due within one year	970,288,707.37	946,334,185.61
Long-term borrowings	8,064,041,860.44	7,962,070,435.92
Bonds payable	3,997,080,438.38	3,996,465,534.26
Long-term payables	147,762,523.12	117,923,603.36
Lease liabilities	1,683,163,744.97	1,714,149,755.92
Less: Cash and cash equivalents	13,621,782,117.50	14,211,362,240.62
Net liability	1,936,326,866.89	964,034,786.14
Shareholders' equity	35,938,317,434.42	35,050,301,944.08
Shareholders' equity and net liabilities	37,874,644,301.31	36,014,336,730.22
Leverage ratio	5%	3%

XII. SHARE-BASED PAYMENT

1. GENERAL SITUATION OF SHARE-BASED PAYMENT

Item	Situation
The total amount of equity instruments granted by the Company in the current period	73,925,800.00 (Note 1)
The total amount of equity instruments exercised by the Company in the current period	—
The total amount of equity instruments lapsed in the current period	—
The range of the exercise price of the stock options issued by the Company at the end of the period and the remaining contract period	Note 2

Note 1: As approved by the board of directors, the supervisory committee, the SASAC and the first extraordinary general meeting of 2022, the Company granted 73,925,800 share options to 186 incentive objects at 25 January 2022 as the grant date, with vesting conditions containing service conditions and certain non-market performance conditions. The share options will be exercised by three periods with an equal amount and independent vesting conditions. The vesting periods are from the first day of trading after 24 months since the grant date to the last day of trading within 36 months since the grant date, from the first day of trading after 36 months since the grant date to the last day of trading within 48 months since the grant date, and from the first day of trading after 48 months since the grant date to the last day of trading within 60 months since the grant date, respectively, with an exercise price of RMB4.29 per share (adjusted for distribution of dividends, increase by transferring, reduction and allotment of shares, etc.). The share source is A-share ordinary shares repurchased by the Company.

Note 2: Affected by the current dividend (see Note IX. 49 for details), according to the exercise price adjustment method, the exercise price of the aforementioned stock options is expected to be adjusted to RMB4.11 per share (RMB4.29 minus the dividend of RMB0.18 per share). On June 30, 2022, the average remaining waiting period for stock options was 2.58 years.

As at June 30, 2022, the number of outstanding stock options granted by the Company was 73,925,800 shares (December 31, 2021: Nil).

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XII. SHARE-BASED PAYMENT (CONTINUED)

2. EQUITY-SETTLED SHARE-BASED PAYMENTS

Item	Situation
Method of fair value of equity instruments on grant date	The fair value of each share option was RMB1.2451 at grant date (share price volatility was taken as the historical volatility of 38.97% since the listing of the Company's A shares, risk-free interest rate was taken as the annualized interest rate of 3.5-year treasury bonds at 2.30% and expected term was taken as 3.5 years (weighted)), which was calculated by the Company in accordance with the <i>Guidelines on Implementation of Equity Incentives for Listed Companies Controlled by Central Enterprises</i> using the Black-Scholes option pricing model.
Basis for the number of vested equity instruments	The Company estimates the number of exercisable equity instruments based on the on-the-job situation of the incentive objects, the expected turnover rate and the expected satisfaction of certain non-market performance attribution conditions for stock options on June 30, 2022.
Reasons for the significant difference between the estimates of the current period and the estimates of the prior period	N/A
Accumulated amount of equity-settled share-based payment included in capital reserves	14,093,181.82
Total expenses recognised for equity-settled share-based payments in the current period	14,093,181.82

XIII. CONTINGENCIES

Item	Closing balance	Opening balance
Contingent liabilities arising from external guarantees:	--	--
– Guarantees for fellow subsidiaries	4,630,815,860.56	4,580,247,098.78
– Guarantees for borrowings from associates	328,882,614.55	108,531,262.80
Total	4,959,698,475.11	4,688,778,361.58

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XIII. CONTINGENCIES (CONTINUED)

(1) AS AT 30 JUNE 2022, THE GROUP'S SIGNIFICANT PENDING LITIGATION AND ARBITRATION WERE AS FOLLOWS

Concerned parties	Litigation/deputy content	Amounts involved (RMB10,000)	Recognised expected liabilities (RMB10,000)	Litigation/ deputy status
Significant pending litigation, arbitration:	--	10,401.24	142.00	--
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	142.00	Retrial in progress
Jiangsu Sierband Petrochemical Co., Ltd.	The Group's provision of transportation services to the other party in 2021 resulted in a dispute over damage to the goods.	2,131.68	-	Court to be held
China Eastern Air Holding Company	The Group enters into a lease contract with the other party, 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 in progress
Guangzhou Salvage Bureau of the Ministry of Transport	When the Group's vessel ran aground in the course of its daily carriage, the other party participated in the rescue work as the rescuer and incurred rescue expenses and claimed from the Guangzhou Maritime Bureau that the Group was jointly liable for the rescue expenses with the third party ship-owner and the bare charter lessor as the defendant.	1,700.00	-	Court to be held
Shanghai Yidaichu Warehousing Service Co., Ltd.	The Group entered into a lease contract with the other party and had a dispute over the termination of the contract due to the other party's belief that the Group had imposed restrictions on the entry of third party companies into the park operations, resulting in the loss of customers of the other party.	1,109.11	-	First trial in progress
Major cargo damage disputes (not yet sued):	--	8,304.94	7,866.80	--
Aircraft Maintenance & Engineering Corporation	The Group had a cargo damage dispute with Aircraft Maintenance Engineering Co., Ltd. in 2021 for the provision of transportation services.	3,877.79	3,877.79	--
JiangXi Ganzhong Foreign Trade Development Co., Ltd.	In 2017, the Group had a dispute with Jiangxi Ganzhong Foreign Trade Development Co., Ltd. for the provision of agency storage services.	2,771.40	2,771.40	--
Xi'an Eswin Silicon Wafer Technology Co., Ltd.	The Group was involved in a cargo damage dispute with Xi'an Eswin Silicon Wafer Technology Co., Ltd. in 2021 for the provision of transportation services.	1,655.75	1,217.61	--

(2) AS AT 30 JUNE 2022, CONTINGENT LIABILITIES ARISING FROM OTHER MATTERS OF THE GROUP

The details of the Group's capital commitments are described in Note. XIII.

(3) AS AT 30 JUNE 2022, THERE WERE NO CONTINGENT ASSETS RESULTING FROM THE CONTINGENT EVENTS.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XIV. CAPITAL COMMITMENT

Item	Closing balance	Opening balance
Capital expenditures contracted but not recognised in the financial statements	--	--
- Purchase and construction of assets	2,150,773,297.33	1,077,779,842.13
- Investments in associates, joint ventures and other invested entities (note)	275,747,636.74	183,909,543.10
- Port investment projects	352,021,609.95	35,574,390.84
Total	2,778,542,544.02	1,297,263,776.07

Note: 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 2022, it has invested USD9,524,600, and the amount committed but not funded is approximately RMB36,743,600.

On 11 June 2021, the Company signed a *Partnership Agreement* with related parties, China Merchants Innovation Investment Management Co., Ltd. and Shenzhen China Merchants Innovation Investment Fund Center (Limited Partnership), to jointly established China Merchants Sinotrans (Shenzhen) Industry Innovation Private Equity Investment Fund Partnership (Limited Partnership), with the Company as a limited partner contributing RMB150 million. As at 30 June 2022, the aforementioned partnership has been registered and the Company contributed established RMB1 million, with uncommitted capital of RMB149 million.

On 17 March 2022, Sinotrans Cross Border E-Commerce Logistics Co., Ltd., a subsidiary of the Group, jointly invested with Guangzhou Airport Industry Investment Co., Ltd., Guangzhou Comprehensive Transportation Hub Co., Ltd. and Guangdong Goldjet Int'l Logistics Co., Ltd. to establish Guangzhou Air Cargo Co., Ltd. with a registered capital of RMB500 million, of which Sinotrans Cross-Border E-Commerce Logistics Co., Ltd. contributed RMB100 million, representing 20%, with RMB10 million had been paid up as at 30 June 2022 and RMB90 million had been committed but not yet contributed.

XV. NON-ADJUSTMENT EVENTS AFTER THE DATE OF THE BALANCE SHEET

Approved by the resolution of the fifteenth meeting of the third session of the Board of Directors of the Company held on August 25, 2022, the Company proposed that the interim dividend for 2022 is RMB0.10 per share (tax included) based on the total share capital registered on the record date of the equity distribution (the shares in the special accounts for repurchase of the Company deducted), based on which, the total dividend allotment is expected to be RMB731,959,207.50. The proposal is subject to the approval of the general meeting of the Company, and the specific distribution amount will be adjusted according to the subsequent share repurchase. For details, please refer to V. Other Disclosures (III) Other Disclosures 11. Interim Dividend in Chapter 3 Management Discussion and Analysis.

XVI. EXCHANGE OF NON-MONETARY ASSETS

There were no exchange of non-monetary assets during the period.

XVII. DEBT RESTRUCTURING

The Group had no significant debt restructuring during the period.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE 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	--	--	97,730.40	--	--	98,233.99
Including: RMB	85,234.16	1.0000	85,234.16	85,234.16	1.0000	85,234.16
USD	252.74	6.7114	1,696.24	252.74	6.3757	1,611.40
Others	--	--	10,800.00	--	--	11,388.43
Cash at banks	--	--	6,117,385,740.98	--	--	6,680,247,881.39
Including: RMB	4,904,276,210.58	1.0000	4,904,276,210.58	4,969,091,002.40	1.0000	4,969,091,002.40
USD	169,572,883.89	6.7114	1,138,071,452.95	268,333,437.98	6.3757	1,710,813,500.55
Others	--	--	75,038,077.46	--	--	343,378.44
Other cash and bank balances	--	--	99,166,953.81	--	--	247,225,829.84
Including: RMB	99,166,953.81	1.0000	99,166,953.81	247,225,829.84	1.0000	247,225,829.84
Total	--	--	6,216,650,425.19	--	--	6,927,571,945.22
Including: total amount deposited abroad	--	--	-	--	--	-

(1) Restricted use of cash and cash equivalents at the end of the period

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivable	98,924,823.56	76,683,790.84	Not yet settled
Credit card deposits	134,797.50	134,797.50	Credit card deposits
Security margin	107,332.75	107,241.50	Security margin
Equity acquisition payment	-	170,000,000.00	Escrow account fund
Performance bond	-	300,000.00	Performance guarantee
Total	99,166,953.81	247,225,829.84	--

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For the period ended 30 June 2022

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

XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptances bills	-	1,747,848.96
Total	-	1,747,848.96

- (2) There was no pledged bills receivable at the end of the period.
- (3) There were no bills receivable endorsed or discounted at the end of the period and not yet due at the balance sheet date.
- (4) There were no bills transferred to accounts receivable due to non-performance by the drawer at the end of the period.
- (5) As at 30 June 2022 and 31 December 2021, there were no commercial acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be collected in full), therefore, there was no credit loss provision incurred.

3. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivable	1,038,307,847.42	667,907,237.50
Less: Credit loss provision	54,771,510.76	48,837,241.61
Total	983,536,336.66	619,069,995.89

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Notes to the Financial Statements

For the period ended 30 June 2022

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (Continued)

(2) Classification of accounts receivable

Item	Original value				Credit loss provision				Total	Net value	Original currency	Closing balance of original value	Credit loss accrual reasons
	Aging				Aging								
	Less than 180 days	180 days to 1 year	2 to 3 year	More than 3 years	Less than 180 days	180 days to 1 year	2 to 3 year	More than 3 years					
Low-risk portfolio	126,731,482.93	7,223,886.49	613,111.03	3,474,073.82	4,608,882.89	142,651,447.06	-	-	-	142,651,447.06	RMB, USD	142,651,447.06	Note 1
Normal risk portfolio	682,885,701.06	161,697,312.16	47,255,626.89	5,113,275.41	10,244,208.78	887,296,124.30	9,613,292.71	2,344,611.06	10,244,208.78	46,411,294.70	840,884,889.60	887,296,124.30	Note 2
Accounts receivable with individual credit loss provision	-	-	2,194,541.67	4,284,386.15	1,881,368.24	8,360,276.06	-	-	1,881,368.24	8,360,276.06	-	8,360,276.06	High individual risk
Total	789,717,183.99	168,921,208.65	50,063,270.59	12,871,715.18	16,734,460.01	1,039,307,947.42	9,613,292.71	2,344,611.06	12,125,577.02	54,771,510.76	983,536,336.66	1,038,307,847.42	--

Note 1: The accounts receivable in the Company's low-risk portfolio are mainly receivables from related entities, joint ventures, associates and their subsidiaries within the scope of China Merchants' consolidated financial statements, which are low credit risk. If the credit risk of entities mentioned above deteriorates, the Company will adjust them to the normal risk portfolio or to accounts receivable with individual credit loss provision.

Note 2: The Company's normal risk portfolio are accounts receivable other than the low-risk portfolio and individual credit loss provision, for which aging is used as a significant credit risk characteristic. The expected credit loss rate determined by the age-based migration rate and the historical loss rate, through the forward adjustment, represents a reasonable estimate of expected credit losses.

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (Continued)

(3) Overall aging of accounts receivable

The aging analysis of accounts receivable based on the transaction dates 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)	958,638,392.64	92.33	11,957,903.77	603,348,929.80	90.34	7,054,976.75
1 to 2 years (including 2 years)	50,063,279.59	4.82	21,890,686.95	32,011,539.92	4.79	15,001,397.20
2 to 3 years (including 3 years)	12,871,715.18	1.24	8,797,343.02	20,966,824.15	3.14	16,167,447.27
More than 3 years	16,734,460.01	1.61	12,125,577.02	11,579,943.63	1.73	10,613,420.39
Total	1,038,307,847.42	100.00	54,771,510.76	667,907,237.50	100.00	48,837,241.61

(4) Accounts receivable of low-risk portfolio

Item	Book balance	Expected credit loss rate over the entire life	Credit loss provision
Accounts receivables from related parties	142,651,447.06	—	—
Total	142,651,447.06	—	—

(5) Accounts receivable of normal risk portfolio

Item	Book balance	Expected credit loss rate over the entire life	Credit loss provision
Within 1 year (including 1 year)	824,683,013.22	1.45	11,957,903.77
1 to 2 years (including 2 years)	47,255,626.89	41.68	19,696,145.28
2 to 3 years (including 3 years)	5,113,275.41	88.26	4,512,976.87
More than 3 years	10,244,208.78	100.00	10,244,208.78
Total	887,296,124.30	—	46,411,234.70

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (Continued)

(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	48,837,241.61	10,530,358.60	4,596,089.45	-	-	54,771,510.76
Prior period	55,630,418.06	8,900,567.19	10,125,605.97	-	-	54,405,379.28

(7) Significant credit loss provision recovered or reversed during the period

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining the original credit losses provision	Accumulated amount of credit loss provision before recovery or reversal	Recovered or Reversal amount
Entity 1	1,757,234.80	Payment recovery	Dispute	1,757,234.80	1,757,234.80
Entity 2	550,030.93	Payment recovery	Dispute	550,030.93	550,030.93
Entity 3	4,837,320.72	Payment recovery	Dispute	4,837,320.72	545,757.99
Others	1,733,425.70	Payment recovery	Disputes, etc.	1,733,425.70	1,743,065.73
Total	8,878,012.15	--	--	8,878,012.15	4,596,089.45

(8) There were no other receivables actually write-off during the reporting period.

(9) There were no outstanding amounts due from shareholders' entities holding more than 5% (including 5%) voting shares of the Company at the end of the period.

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (Continued)

(10) Top five in terms of accounts receivable

Company name	Relationship with the Company	Amount	Aging	Credit loss provision	Percentage of total accounts receivable (%)
Entity 1	Client	121,052,611.44	Within 1 year, 1 to 2 years	1,824,195.42	11.66
Entity 2	Client	86,395,538.81	Within 1 year	1,252,735.31	8.32
Sinotrans (Shenyang) International Train Co., Ltd.	Subsidiary	52,450,242.03	Within 1 year	-	5.05
Entity 3	Client	39,751,865.29	Within 1 year, 1 to 2 years	722,245.04	3.83
Hunan Zhongnan International Land Port Co., Ltd.	Subsidiary	31,847,857.23	Within 1 year	-	3.07
Total	--	331,498,114.80	--	3,799,175.77	31.93

(11) Accounts receivable from related parties

Company name	Relationship with the Company	Amount	Aging	Percentage of total accounts receivable (%)	Credit loss provision
Sinotrans (Shenyang) International Train Co., Ltd.	Subsidiary	52,450,242.03	Within 1 year	5.05	-
Hunan Zhongnan International Land Port Co., Ltd.	Subsidiary	31,847,857.23	Within 1 year	3.07	-
Sinotrans Central China Co., Ltd.	Subsidiary	24,600,513.95	Within 1 year	2.37	-
SINOTRANS Longyan Logistics Co., Ltd.	Subsidiary	12,834,404.44	Within 1 year	1.24	-
Sinotrans Middle East Co., Ltd.	Subsidiary	7,230,909.70	Within 1 year, 2 to 3 years, more than 3 year	0.70	-
Others	Subsidiary	13,687,519.71	Within 3 year, more than 3 year	1.32	-
Total	--	142,651,447.06	--	13.75	-

(12) There were no other receivables derecognized due to the transfer of financial assets during the period.

(13) As at 30 June 2022, there were no other receivables transferred, such as securitization and factoring with other receivables, that continues to be involved in assets and liabilities recognized.

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	19,015,635.82	16,840,375.57
Including: Bank acceptance bills	19,015,635.82	16,840,375.57
Total	19,015,635.82	16,840,375.57

Note: 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) There were no bank acceptance bills outstanding due to defective endorsement, etc. at the end of period.
- (2) There was no pledged bills receivable at the end of the period.
- (3) **The bills receivable endorsed or discounted at the end of the period and not yet due at the balance sheet date.**

Type	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	45,267,681.34	–
Total	45,267,681.34	–

Note: The Company determines whether the bank acceptance bills receivable should be derecognised upon endorsement or discounting based on the credit risk rating of the acceptance bank. As the acceptance bank of the bank acceptance bills obtained by the Company 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 Company derecognizes bank acceptance bills upon endorsement or discounting based on the materiality principle, unless public information indicates that there are significant abnormal changes in the credit risk of the acceptance bank.

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. RECEIVABLES FINANCING (Continued)

- (4) As at 30 June 2022, there was no bills receivable converted (bank acceptance bills) into accounts receivable due to non-performance by the drawer.(31 December 2021: Nil).
- (5) As at 30 June 2022 and 31 December 2021, there were no bank acceptance bills held by the Group subjected to significant credit risk and resulted in significant losses due to default (bills receivable are expected to be fully recoverable); therefore, there was no credit losses provision incurred.
- (6) There was no bills receivable mentioned above from shareholder holding more than 5% (including 5%) voting shares of the Company.
- (7) The maturity date of the bills receivable mentioned above is all within 360 days.

5. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivables	-	-
Dividends receivable	51,085,701.51	26,872,094.63
Other receivables	9,345,554,587.26	8,728,649,402.54
Total	9,396,640,288.77	8,755,521,497.17

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(1) Dividends receivable

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase in current period	Decrease in current period	Transition differences on foreign currency statements	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividends receivable aged within 1 year						24,213,606.88		
Including: SinoTrans Logistics Co., Ltd.	-	-	1,299,629,373.73	1,275,315,766.85	-			-
SinoTrans Air Transportation Development Co., Ltd.	-	-	109,863,108.30	109,863,108.30	-			No
SinoTrans Changjiang Co., Ltd.	-	-	289,712,852.21	289,712,852.21	-			No
SinoTrans Central China Co., Ltd.	-	-	136,273,759.49	136,273,759.49	-			No
SinoTrans South China Co., Ltd.	-	-	150,072,115.51	150,072,115.51	-			No
SinoTrans Eastern Company Limited	-	-	187,260,846.01	187,260,846.01	-			No
SinoTrans North China Co., Ltd.	-	-	249,521,598.19	249,521,598.19	-			No
SinoTrans Northeast Co. Ltd.	-	-	87,713,827.28	87,713,827.28	-			No
SinoTrans Korea Shipping Co., Ltd.	-	-	23,404,555.94	23,404,555.94	-			No
SinoTrans Fujian Co., Ltd.	-	-	13,620,443.54	-	-	13,620,443.54	Declared unreleased	No
SinoTrans Heavy-lift Logistics Co., Ltd.	-	-	20,776,906.57	20,776,906.57	-			No
SinoTrans (Japan) Co., Ltd.	-	-	11,401,217.37	11,401,217.37	-			No
China Marine Shipping Agency Co., Ltd.	-	-	10,250,961.13	-	-	10,250,961.13	Declared unreleased	No
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	9,324,979.98	9,324,979.98	-			No
Dividends receivable aged over 1 year						342,202.21		
Including: SinoTrans Eastern Company Limited	26,872,094.63	-	342,202.21	-	-	26,872,094.63		-
SinoTrans Anhui Co., Ltd.	10,904,887.09	-	-	-	-	10,904,887.09	Support the development of subsidiary	No
Trade Sky International Limited	8,067,261.02	-	-	-	-	8,067,261.02		No
China International Exhibition Transportation Co., Ltd.	3,241,600.00	-	-	-	-	3,241,600.00		No
SINOTRANS ALMAJOUJE MIDDLE EAST CO., LTD.	2,797,362.80	-	-	-	-	2,797,362.80	Incomplete payment approval process	No
Total	1,860,983.72	-	1,299,629,373.73	1,275,315,766.85	-	51,085,701.51		-

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VIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables

1) Classification of other receivables

Item	Original value				Credit loss provision				Total	Net value	Original currency	Credit loss accrual reasons	Closing balance of original value
	Aging				Aging								
	Less than 180 days	180 days to 1 year	More than 1 year	Total	Less than 180 days	180 days to 1 year	More than 1 year	Total	1 to 2 year	2 to 3 year	3 years		
Low-risk portfolio	1,947,449,228.60	679,477,741.99	769,184,887.92	3,386,119,454.78	5,561,403,263.99	9,345,554,587.26	-	-	-	-	-	9,345,554,587.26	9,345,554,587.26
Normal risk portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables with individual credit loss provision	-	-	-	30,000.00	1,140,000.00	1,170,000.00	-	30,000.00	-	-	-	-	1,170,000.00
Total	1,947,449,228.60	679,477,741.99	769,184,887.92	3,386,209,454.78	5,561,403,263.99	9,345,724,587.26	-	30,000.00	-	-	1,170,000.00	9,345,554,587.26	9,346,724,587.26

Note 1: The other receivables in the Company's low-risk portfolio are mainly receivable from government entities, related parties within the scope of China Merchants' consolidated financial statements, joint ventures, associates and their subsidiaries, etc., as well as deposits and guarantee deposits, which are low credit risk. If the credit risk entities mentioned above deteriorates, the Company adjusts them to the normal risk portfolio or to other receivables with individual credit loss provision

Note 2: The Company's normal risk portfolio are other receivables other than the low-risk portfolio and individual credit loss provision, for which aging is the significant credit risk characteristic.

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For the period ended 30 June 2022

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

2) 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 payments	9,325,959,010.18	-	9,325,959,010.18	8,714,062,278.86	-	8,714,062,278.86
Advances	11,289,336.60	-	11,289,336.60	8,323,187.39	-	8,323,187.39
Deposits, guarantees	7,323,098.52	1,170,000.00	6,153,098.52	5,962,096.62	1,170,000.00	4,792,096.62
Reserves	1,533,804.58	-	1,533,804.58	1,359,645.42	-	1,359,645.42
Others	619,337.38	-	619,337.38	112,194.25	-	112,194.25
Total	9,346,724,587.26	1,170,000.00	9,345,554,587.26	8,729,819,402.54	1,170,000.00	8,728,649,402.54

3) 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)	2,626,926,970.58	28.11	-	2,737,773,692.86	31.36	-
1 to 2 years (including 2 years)	769,184,897.92	8.23	-	407,417,520.52	4.67	-
2 to 3 years (including 3 years)	389,209,434.78	4.16	30,000.00	2,229,101,096.90	25.53	30,000.00
More than 3 years	5,561,403,283.98	59.50	1,140,000.00	3,355,527,092.26	38.44	1,140,000.00
Total	9,346,724,587.26	100.00	1,170,000.00	8,729,819,402.54	100.00	1,170,000.00

4) There was no provision for credit loss provision on other receivables accrued, recovered or reversed during the period.

5) Changes in the book balance of other receivables

Book balance	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	8,728,649,402.54	-	1,170,000.00	8,729,819,402.54
Opening balance in the current period:	--	--	--	--
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Increased during the current period	616,905,184.72	-	-	616,905,184.72
Derecognised during the current period	-	-	-	-
Other changes	-	-	-	-
Closing balance	9,345,554,587.26	-	1,170,000.00	9,346,724,587.26

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For the period ended 30 June 2022

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

XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

6) There was no significant allowance for credit losses recovered or reversed during the period.

7) There were no other receivables actually write-off during the reporting period.

8) Outstanding debts of shareholders holding more than 5% (including 5%) voting shares of the Company

Company name	Closing balance		Opening balance	
	Amount owed	Credit loss provision	Amount owed	Credit loss provision
SINOTRANS & CSC	42,888,708.00	–	42,888,708.00	–
Total	42,888,708.00	–	42,888,708.00	–

9) The top five of the closing balances in other receivables, grouped by party in arrears

Company name	Relationship with the Company	Amount		Percentage of total other receivables (%)	Credit loss provision	Nature or content
		Amount	Aging			
Sinotrans Logistics Co., Ltd.	Subsidiary	2,557,655,971.76	Within 1 year, 1 to 2 years, 2 to 3 years	27.36	–	Related party payments
Sinotrans (HK) Logistics Limited	Subsidiary	1,585,324,575.89	Within 1 year, 1 to 3 years, more than 3 years	16.96	–	Related party payments
Sinotrans South China Co., Ltd.	Subsidiary	1,397,908,577.47	Within 1 year, 1 to 3 years, more than 3 years	14.96	–	Related party payments
Sinotrans Cross Border E-commerce Logistics Co., Ltd.	Subsidiary	707,579,000.00	Within 1 year	7.57	–	Related party payments
Sinotrans Eastern Company Limited	Subsidiary	485,358,618.02	Within 1 year, 2 to 3 years, more than 3 years	5.19	–	Related party payments
Total	--	6,733,826,743.14	--	72.04	--	--

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For the period ended 30 June 2022

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (Continued)

(2) Other receivables (Continued)

10) Receivables from related parties

Company name	Relationship with the Company	Amount	Percentage of total other receivables (%)
Sinotrans Logistics Co., Ltd.	Subsidiary	2,557,655,971.76	27.36
Sinotrans (HK) Logistics Limited	Subsidiary	1,585,324,575.89	16.96
Sinotrans South China Co., Ltd.	Subsidiary	1,397,908,577.47	14.96
Sinotrans Cross Border E-commerce Logistics Co., Ltd.	Subsidiary	707,579,000.00	7.57
Sinotrans Eastern Company Limited	Subsidiary	485,358,618.02	5.19
Sinotrans Central China Co., Ltd.	Subsidiary	305,165,101.23	3.26
Sinotrans Logistics Investment Holdings Co., Ltd.	Subsidiary	294,829,625.38	3.15
Sinotrans Logistics Development Co., Ltd.	Subsidiary	279,315,838.69	2.99
Sinotrans Changjiang Co., Ltd.	Subsidiary	210,229,739.15	2.25
Sinotrans Fujian Co., Ltd.	Subsidiary	173,217,853.84	1.85
Sinotrans Northeast Co. Ltd.	Subsidiary	139,871,543.07	1.50
Sinotrans (Ningbo) Meishan Free Trade Port International Logistics Co., Ltd.	Subsidiary	130,590,000.00	1.40
Sinotrans Landbridge Transportation Co., Ltd.	Subsidiary	129,878,276.98	1.39
Sinotrans Heavy-lift Logistics Co., Ltd.	Subsidiary	119,150,836.58	1.27
Sinotrans Guangxi Co., Ltd.	Subsidiary	97,154,359.84	1.04
Shenzhen Sinotrans Logistics Co., Ltd.	Subsidiary	80,137,561.33	0.86
Sinotrans Cold Chain Logistics Co., Ltd.	Subsidiary	68,905,685.36	0.74
Sinotrans Innovative Technology Co., Ltd.	Subsidiary	66,126,501.19	0.71
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,660,000.00	0.61
SINOTRANS & CSC	Under the control of the ultimate controlling party	42,888,708.00	0.46
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,900,000.00	0.44
Sinotrans Chemical International Logistics Co., Ltd.	Subsidiary	23,894,964.47	0.26
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Subsidiary	20,000,000.00	0.21
Sinotrans Overseas Development Co., Ltd.	Subsidiary	19,438,305.84	0.21
Others	--	293,777,366.09	3.14
Total	--	9,325,959,010.18	99.78

- 11)** There were no other receivables derecognized due to the transfer of financial assets during the period.
- 12)** As at 30 June 2022, there were no other receivables transferred, such as securitization and factoring with other receivables, that continues to be involved in assets and liabilities recognized.
- 13)** There were no prepayments transferred to other receivables during the period.

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Notes to the Financial Statements

For the period ended 30 June 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. LONG-TERM RECEIVABLES

Item	Closing balance			Opening balance			Range of discount rates range at the end of the period
	Book balance	Credit loss provision	Carrying amount	Book balance	Credit loss provision	Carrying amount	
Related party loan	1,792,008,710.79	-	1,792,008,710.79	1,757,633,449.19	-	1,757,633,449.19	1.2%-12.5%
Total	1,792,008,710.79	-	1,792,008,710.79	1,757,633,449.19	-	1,757,633,449.19	--
Less: portion due within one year	265,402,403.86	-	265,402,403.86	320,564,380.15	-	320,564,380.15	--
Long-term receivables due after one year	1,526,606,306.93	-	1,526,606,306.93	1,437,069,069.04	-	1,437,069,069.04	--

Note: The Company's long-term receivables include entrusted loans to subsidiaries of RMB1,733,863,710.79, loans to a joint venture, Suzhou Logistics Center, of RMB35,625,000.00 and loans to an associate, Shanghai Pu'an, of RMB22,520,000.00, of which the amounts due within one year were RMB253,477,403.86, RMB7,125,000.00 and RMB4,800,000.00, respectively. The details of the loans to Suzhou Logistics Center and Shanghai Pu'an are described in Note IX. 11

7. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Increase in current period	Decrease in current period	Other increase	Effects of changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investment in subsidiaries	16,252,441,625.57	36,008,552.00	46,977,743.28	-	-	-	16,241,472,434.29
Investment in joint ventures	2,617,121,828.16	947,316,082.07	-	-	-	-	3,564,437,910.23
Investment in associates	394,805,591.50	64,547,626.89	-	-	-	-	459,353,218.39
Subtotal	19,264,369,045.23	1,047,872,260.96	46,977,743.28	-	-	-	20,265,263,562.91
Less: impairment provision of long-term equity investments	-	-	-	-	-	-	-
Total	19,264,369,045.23	1,047,872,260.96	46,977,743.28	-	-	-	20,265,263,562.91

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Notes to the Financial Statements

For the period ended 30 June 2022

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. LONG-TERM EQUITY INVESTMENTS (Continued)

(2) Details of long-term equity investments

1) Investment in subsidiaries

Investee	Opening balance	Effects of changes in the scope of consolidation	Increase in current period	Decrease in current period	Effects from translation in foreign currency statements	Closing balance
Sinotrans Air Transportation Development Co., Ltd.	5,865,890,299.53	-	-	-	-	5,865,890,299.53
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 Innovative Technology Co., Ltd.	100,000,000.00	-	-	-	-	100,000,000.00
Sinotrans Logistics Investment Holdings Co., Ltd.	97,238,088.71	-	-	-	-	97,238,088.71
Others	184,471,065.97	-	36,008,552.00	46,977,743.28	-	173,501,874.69
Total	16,252,441,625.57	-	36,008,552.00	46,977,743.28	-	16,241,472,434.29

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VIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. LONG-TERM EQUITY INVESTMENTS (Continued)

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

2) Investments in associates and joint ventures

Investee	Investment costs	Opening balance	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Changes in the current period				Closing balance	Closing balance of impairment provision	
						Other comprehensive income adjustment	Other changes in equity	Cash dividends and profits declared	Impairment provision			Impairment provision
Joint ventures												
DHL-Sinotrans International Air Courier Ltd.	359,323,623.72	2,617,121,828.16	-	-	947,316,032.07	-	-	-	-	-	-	3,564,437,910.23
Nissin-Sinotrans International Logistics Co., Ltd.	69,144,505.07	2,286,323,677.55	-	-	929,227,957.93	-	-	-	-	-	-	3,215,551,635.48
Sinotrans Suzhou Logistics Center Co., Ltd.	55,518,991.25	93,609,591.25	-	-	13,069,682.56	-	-	-	-	-	-	106,679,253.81
Sinotrans PFs Cold Chain Logistics Co., Ltd.	97,888,300.00	94,479,446.32	-	-	(322,921.67)	-	-	-	-	-	-	94,156,524.65
Shanghai Tongyin International Logistics Co., Ltd.	90,000,000.00	48,401,610.10	-	-	85,778.35	-	-	-	-	-	-	48,487,388.45
Sinotrans Logistics (Pakistan) Limited	16,058,835.00	34,816,924.54	-	-	220,043.88	-	-	-	-	-	-	35,036,968.42
Shanghai United Cold Chain Logistics Co., Ltd.	1,457,004.00	24,597,094.28	-	-	3,256,957.72	-	-	-	-	-	-	27,854,052.00
Others	15,000,000.00	17,123,336.00	-	-	(1,606,010.18)	-	-	-	-	-	-	15,517,325.82
Associates												
Jiangsu Jiangyin Port Group Co., Ltd.	14,246,018.40	17,770,148.12	-	-	3,384,613.48	-	-	-	-	-	-	21,154,761.60
Shanghai Puan Storage Co., Ltd.	189,207,867.00	394,805,591.50	29,400,000.00	-	35,147,626.89	-	-	-	-	-	-	459,353,218.39
Malacshan Tanshun Port Co., Ltd.	59,319,000.00	278,252,053.08	-	-	38,306,469.40	-	-	-	-	-	-	316,558,822.48
Qingzhu Logistics Technology Co., Ltd.	78,173,640.00	77,574,597.46	-	-	784,641.85	-	-	-	-	-	-	78,359,239.31
China International Exhibition Transportation Co., Ltd.	21,000,000.00	30,848,843.33	-	-	178,314.40	-	-	-	-	-	-	31,027,157.73
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	29,400,000.00	-	29,400,000.00	-	(464,257.38)	-	-	-	-	-	-	28,935,742.62
Co., Ltd.	315,227.00	7,130,097.63	-	-	2,657,541.38	-	-	-	-	-	-	4,472,556.25
Total												
	548,531,490.72	3,011,927,419.66	29,400,000.00	-	982,463,708.96	(1,000,000.00)	-	-	-	-	-	4,023,791,128.62

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. LONG-TERM EQUITY INVESTMENTS (Continued)

- (3) There was no impairment provision for long-term equity investments during the period.
- (4) There was no restriction on the Company's ability to transfer funds to invested companies.

8. LONG-TERM BORROWINGS

Type of borrowing	Closing balance	Opening balance	Interest rate range (%) at the end of the period
Fiduciary loans	102,625,000.00	102,625,000.00	1.20
Total	102,625,000.00	102,625,000.00	--
Less: Long-term borrowings due within one year	-	-	--
Including: Fiduciary borrowings	-	-	--
Long-term borrowings due after one year	102,625,000.00	102,625,000.00	--

- (1) There were no long-term borrowings outstanding at the end of the period.
- (2) **Top five long-term borrowings in closing balance (including the principal and interest due within one year)**

Loan unit	Borrowing start date	Borrowing termination date	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	-	35,625,000.00	-	35,625,000.00
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) There were no long-term borrowings rolled over in closing balance.

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

9. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2021 corporate bonds (phase I)	1,999,022,904.11	1,998,903,890.41
2021 medium term bills (phase I)	1,998,057,534.27	1,997,561,643.85
Total	3,997,080,438.38	3,996,465,534.26

Note: The details of bonds payable are described in Note IX. 37.

(2) The maturity date of bonds payable is analysed as follows

Item	Closing balance	Opening balance
2 to 5 years (including 5 years)	3,997,080,438.38	3,996,465,534.26
Total	3,997,080,438.38	3,996,465,534.26

(3) Bonds payable increase/decrease statement

Bond name	Nominal value	Issue date	Bond term	Issue amount	Opening balance	Effects of changes in the scope of consolidation	Issue in current period	Interest accrued at nominal value	Amortisation of premium and discount	Current repayments and interest payments	Effects from translation in foreign currency statements	Closing balance
2021 corporate bonds (phase I)	2,000,000,000.00	2021-07-26	5 years	2,000,000,000.00	2,026,175,123.28	-	-	31,241,035.88	119,013.70	-	-	2,057,535,232.86
2021 medium term bills (phase I)	2,000,000,000.00	2021-06-07	3 years	2,000,000,000.00	2,036,876,712.35	-	-	34,712,328.77	436,680.42	70,000,000.00	-	2,002,084,931.54
Total	4,000,000,000.00	--	--	4,000,000,000.00	4,063,051,835.63	-	-	65,953,424.65	614,904.12	70,000,000.00	-	4,059,620,164.40
Less: Bonds payable due within one year	--	--	--	--	66,586,301.37	--	--	--	--	--	--	62,539,726.02
Bonds payable due after one year	--	--	--	--	3,996,465,534.26	--	--	--	--	--	--	3,997,080,438.38

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. CAPITAL RESERVES

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Capital (or 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	2,560,541.56	14,093,181.82		16,653,723.38
1. Other changes in owner's equity of investees other than net profit or loss, other comprehensive income and profit distributions	3,105,011.21	–	–	3,105,011.21
2. Others	-544,469.65	14,093,181.82	–	13,548,712.17
Total	10,767,113,557.58	14,093,181.82	–	10,781,206,739.40
Including: Exclusively state-owned capital reserves	–	–	–	–

11. RETAINED EARNINGS

Item	Current period	Prior period
Closing balance of the prior period	4,523,264,509.75	2,615,526,483.90
Add: Adjustments to opening retained earnings	–	–
Opening balance	4,523,264,509.75	2,615,526,483.90
Increase in the current period	2,224,995,624.34	2,022,026,198.52
Including: Net profit for the period	2,224,995,624.34	2,022,026,198.52
Decrease in the current period	1,340,688,706.92	886,982,717.52
Including: Withdrawal of statutory surplus for the period	–	–
Dividends distribution	1,340,688,706.92	888,096,465.00
Others	–	-1,113,747.48
Closing balance of current period	5,407,571,427.17	3,750,569,964.90

12. OPERATING INCOME, COSTS

Item	Current period		Prior period	
	Income	Costs	Income	Costs
Forwarding and related business	1,490,779,359.46	1,430,554,092.07	869,445,704.27	820,783,128.20
Logistics	1,041,616,260.50	950,049,692.32	674,968,989.72	598,002,276.33
Total	2,532,395,619.96	2,380,603,784.39	1,544,414,693.99	1,418,785,404.53

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XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

12. OPERATING INCOME, COSTS (Continued)

- (1) The transaction prices apportioned to outstanding (or partially outstanding) performance obligations and the expected time recognised as revenue at the end of the period are as follows:

Item	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Forwarding and related business	52,584,782.58	-	-	-	52,584,782.58
Logistics	30,761,478.05	-	-	-	30,761,478.05

- (2) Operating income classified by point of recognition

January-June 2022

Item	Forwarding and related business	Logistics
Operating income	--	--
Including: Recognition at a certain point	1,490,779,359.46	1,041,616,260.50
Recognition within a certain period	-	-
Lease income	-	-
Total	1,490,779,359.46	1,041,616,260.50

January-June 2021

Item	Forwarding and related business	Logistics
Operating income	--	--
Including: Recognition at a certain point	869,445,704.27	674,968,989.72
Recognition within a certain period	-	-
Lease income	-	-
Total	869,445,704.27	674,968,989.72

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

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

13. FINANCE COSTS

Item	Current period	Prior period
Interest expenses	117,719,635.63	114,122,195.12
Including: Bank and other borrowings	37,581,534.88	59,774,848.48
Bond interest	66,568,328.77	40,013,797.23
Interest expenses on lease liabilities	13,569,771.98	14,333,549.41
Less: Capitalized interest expense	-	-
Less: Interest income	125,625,136.41	117,495,024.29
Net exchange losses (net gains denoted by "-")	-50,346,452.65	11,830,948.09
Others	1,413,115.84	1,474,540.41
Total	-56,838,837.59	9,932,659.33

14. INVESTMENT INCOME

Item	Current period	Prior period
Income from long-term equity investments under the cost method	1,299,187,171.52	2,075,071,144.33
Income from long-term equity investments under the equity method	982,463,708.96	52,932,136.69
Investment income from holding other non-current financial assets	342,202.21	351,773.01
Investment income from the disposal of held-for-trading financial assets	-	155,754.62
Total	2,281,993,082.69	2,128,510,808.65

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

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Notes to the Financial Statements

For the period ended 30 June 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

XVIII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

15. SUPPLEMENTARY INFORMATION OF THE COMPANY IN THE CASH FLOW STATEMENT

Item	Current period	Prior period
1. Reconciliation of net profit to cash flows from operating activities:	--	--
Net profit	2,224,995,624.34	2,022,026,198.52
Add: Impairment of assets	-	-
Credit loss impairment	5,934,269.15	-1,225,038.78
Depreciation of fixed assets and investment properties	5,063,000.07	5,981,332.70
Depreciation of right-of-use assets	12,866,363.23	12,996,304.77
Amortisation of intangible assets	28,269,602.40	20,174,569.41
Amortisation of long-term prepaid expenses	207,440.97	337,677.92
Losses from disposal of assets (gains denoted by "-")	3,932.43	-
Losses from damage and scrapping of non-current assets (gains denoted by "-")	-3,614.92	-286,256.77
Losses from changes in fair value (gains denoted by "-")	-	-
Financial costs (income denoted by "-")	27,640,015.66	115,090,331.92
Investment loss (income denoted by "-")	-2,281,993,082.69	-2,128,510,808.65
Decrease in deferred tax assets (increase denoted by "-")	-	-
Increase in deferred tax liabilities (decrease denoted by "-")	-	-
Decrease in inventories (increase denoted by "-")	-64,513.60	-
Decrease in operating receivables (increase denoted by "-")	-454,382,211.27	-248,627,143.34
Increase in operating payables (decrease denoted by "-")	142,913,032.80	96,695,683.90
Net cash flows from operating activities	-288,550,141.43	-105,347,148.40
2. Major investing and financing activities not involving cash receipts	--	--
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 previous years into national capital	-	-
3. Net changes in cash and cash equivalents:	--	--
Closing cash balance	6,117,483,471.38	6,266,865,637.49
Less: Opening cash balance	6,680,346,115.38	4,616,395,728.34
Add: Adjustments of the classification of account settlement reserves at the beginning of the period	-	-
Net increase in cash and cash equivalents	-562,862,644.00	1,650,469,909.15

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XIX. 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 period from January to June 2022 are as follows:

Item	Current period	Prior period	Description
Profit or loss on the disposal of non-current assets	158,677,835.94	56,416,309.96	---
Tax returns and reliefs approved beyond authority, or no official approval document or occasional	-	-	---
Government grants included in current profit or loss	137,996,348.39	127,744,862.90	---
Capital occupancy fees from non-financial enterprises included in current profit or loss	1,656,717.24	2,003,925.47	---
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	-62,592.89	-	---
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 period to the date of combination	53,360.67	53,738.45	---
Profit or loss arising from contingencies irrelevant to the normal business operations of the company	-	-	---

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XIX. SUPPLEMENTARY INFORMATION (CONTINUED)

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE PERIOD (CONTINUED)

Item	Current period	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	-77,752,318.36	169,513,984.41	---
Reversal of provision for impairment of receivables subject to separate impairment tests	13,644,057.24	35,193,514.83	---
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	---
Other non-operating income and expenses not mentioned above	-21,643,136.29	-13,291,824.49	---
Other profits or losses with the definition of non-recurring profit or loss	46,200,035.95	34,143,432.64	Note
Subtotal	258,770,307.89	418,853,415.87	---
Income tax effects	-42,217,824.62	-86,962,532.64	---
Effects of non-controlling interests (after tax)	-27,542,769.34	-5,517,706.09	---
Total	189,009,713.93	326,373,177.14	---

Note: Other items of profits or losses with the definition of non-operating profit or loss are mainly VAT credit earned by the Group during the current period.

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Notes to the Financial Statements

For the period ended 30 June 2022

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

XIX. 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 period from January to June 2022 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	6.84	0.31	0.31
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	6.28	0.29	0.29

XX. OTHER SIGNIFICANT EVENTS

As described in Note IX. 46 to this financial report, as at June 30 2022, the Company repurchased an aggregate of 45,552,800 A shares and 22,803,000 H shares. From July 1 2022 to the date of approval of the financial report, the Company repurchased an additional 0 shares of A shares and 12,856,000 shares of H shares.

As at the date of approval of this financial report, the total number of A shares and H shares repurchased by the Company was 81,211,800 shares, representing 1.10% of the total share capital of the Company.

XXI. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for the period from January to June 2022 were approved for presentation by the Group's Board of Directors on 25 August 2022.

Chairman: Feng Boming

Submission Date as approved by the Board: 25 August 2022

Revision History

Applicable Not applicable



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