



中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 00598HK 601598SH

CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

ANNUAL REPORT 2022



SINOTRANS



Important Notice

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

- Absent Directors

Position of the absent Director	Name of the absent Director	Reason for the absence of the Director	Name of the proxy
Non-executive Director	Jiang Jian	Other business engagement	Deng Weidong
Independent non-executive Director	Song Haiqing	Other business engagement	Li Qian

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

- Person in charge of the Company, Feng Boming; Chief Financial Officer, Wang Jiuyun; and the person in charge of the Financial Department (person in charge of accounting), Ding Guilin, hereby make the statement that they warrant the financial statements contained in this Annual Report are true, accurate and complete.

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

The Company has distributed the 2022 interim dividend of RMB0.10 per share (tax included) on 18 November 2022, totaling RMB730,955,207.50 (tax included). The Board proposed that the final 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 (does not include the shares in the special accounts for repurchase of the Company). As at the date of the disclosure of this Annual Report, the total share capital was 7,294,216,875 shares, and the total number of shares in the special accounts for repurchase of the Company was 49,280,000 (A Shares), based on which, the total dividend allotment is expected to be RMB724,493,687.50 (tax included). The residual profits will be recognized as retained earnings and the Company will not distribute shares or convert any reserve into shares. The proposal is subject to the approval of the general meeting of the Company.

Upon the approval of the final dividend proposal by the general meeting, the dividend in the full year of 2022 will be RMB0.20 (tax included) aggregately.

- Risk disclaimer of forward-looking statements

Applicable Not applicable

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

- Whether the controlling shareholder and other related parties have misappropriated the Company's funds for purposes other than for business

No

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

No

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

No

- Significant risk alert

The Company has described the potential risks in detail in this Report. Please refer to "Chapter 4 Management Discussion and Analysis (Report of the Board) – VI. DISCUSSION AND ANALYSIS OF THE FUTURE DEVELOPMENT OF THE COMPANY – (IV) Potential risks" in this Report.

- Others

Applicable Not applicable

The Company's 2022 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 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

1. Financial statements signed and sealed by person in charge of the Company, chief financial officer and head of the Financial Department
2. Original copy of the auditor's report sealed by the auditor, and signed and sealed by the certified public accountants
3. 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 Period
4. Annual reports published on the website of the SEHK

Performance Highlights and Major Events in 2022



Revenue

108.8

RMB billion



Net profit attributable to shareholders of the Company

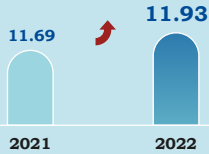
4.07

RMB billion

↑ 10%



Weighted average ROE (%)



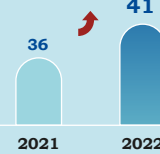
Net cash flows from operating activities

5.1 billion

↑ 23%



Payout ratio (%)



Contract Logistics

Business volume **↑ 8%**
 Revenue **↑ 12%**
 Segment profit **↑ 14%**



Sea Freight Forwarding

Segment profit per TEU **↑ 5%**
 Segment profit margin **↑ 0.35 pp**



Air Channel

Controllable capacity **↑ 3%**
 Business volume **781** thousand tons



Railway Freight Forwarding

Business volume **↑ 21%**
 Revenue **↑ 43%**



Project Logistics

Segment profit **↑ 45%**



Revenue from Core Direct Clients

Approximately RMB **50** billion **↑ 10%**

Performance Highlights and Major Events in 2022

Advanced Product Channel Construction and Built a Resilient Supply Chain



International freight trains' volume exceeded 1 million TEUs

Sinotrans Changsha platform China-Europe Railway Express ranked the 3rd in China Sinotrans Shenyang platform ranked the 1st in Northeast China and the 7th in China (in terms for dispatching volume)



Launched China-Laos-Thailand railway multimodal transport channels for the first time

The first China-Laos-Thailand international railway multimodal transport train and China-Laos-Thailand cold chain train were launched to boost the construction of the New International Land-Sea Trade Corridor



Japan & Korea-Weihai-Europe & Asia international multimodal transport channels by sea, land and air was selected as national demonstration project



The air freight channel was constructed steadily through multi-route charter flights and the whole supply chain products

Captured the development opportunities in Southeast Asia and accelerated the integration of resources



Formed Sinotrans (Hong Kong) Holdings Co, Ltd. (中國外運(香港)控股有限公司) to kick off a new chapter of integrated operation and management in Hong Kong



Established a subsidiary in Singapore to achieve full coverage of major logistics network at national level in ASEAN

Focusing on technological innovation and exploring green logistics



Launching the implementation of the "emission peaking and carbon neutrality" in green logistics

Published the "Special Strategic Plan of Sinotrans on Emission Peaking and Carbon Neutrality" and the "Green Logistics White Paper of Sinotrans"; and established a new energy technology subsidiary



Promoting the application of self-driving technology

L4 highly automatic self-driving routes went into service, with a cumulative distance of 300 thousand kilometers



Advancing to technology innovation

A number of intelligent identification and AI technology application projects were granted the "Science and Technology Award" by the China Federation of Logistics & Purchasing and were selected as TOP 30 innovation cases in the port and shipping logistics industry



Y2T.COM, a demonstration case of technological enterprise reform, completed the A-round financing of over RMB100 million

Y2T.COM, a digital logistics e-commerce platform of Sinotrans, successfully completed its A-round financing of over RMB100 million

Chapter 1 Definitions

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

A Share(s)	the Domestic Share(s) of the Company with nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
Articles of Association	the Articles of Association of Sinotrans Limited
Board	the Board of Directors of the Company
CG Code	code provisions of Corporate Governance Code as set out in Appendix 14 to the SEHK Listing Rules
China Merchants	China Merchants Group Limited (招商局集團有限公司), a wholly state-owned enterprise established under the laws of the PRC under direct control of the State-owned Assets Supervision and Administration Commission of the State Council, the actual controller of the Company, which aggregately holds 58.48% of the issued share capital of the Company at the disclosure 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 laws, the par value of which is denominated in RMB, and which are subscribed for in RMB
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 disclosure date of this Report
Group	the Company and its subsidiaries
HK\$	Hong Kong dollars, the lawful currency of Hong Kong

Chapter 1 Definitions

H Share(s)	overseas listed foreign invested Share(s) of RMB1.00 each in the issued share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in HK\$
Hong Kong	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange/SEHK	The Stock Exchange of Hong Kong Limited
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
PRC GAAP Standards	Accounting Standards for Business Enterprises and relevant provisions issued by the Ministry of Finance
Reporting Period	the period from 1 January 2022 to 31 December 2022
RMB	Renminbi, the lawful currency of the PRC
SASAC	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
SEHK Listing Rules	Rules Governing the Listing of Securities on the 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

Chapter 1 Definitions

Sinotrans & CSC	Sinotrans & CSC Holdings Co., Ltd. (中國外運長航集團有限公司), a wholly state-owned enterprise established under the laws of the PRC, a wholly-owned subsidiary of China Merchants and the controlling shareholder of the Company, which aggregately holds 35.36% of the issued share capital of the Company at the disclosure 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 Company Information and Key Financial Indicators

I. COMPANY INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

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

III. BASIC INFORMATION

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

IV. INFORMATION DISCLOSURE AND PREPARATION LOCATIONS

Name and website of the media to disclose the Annual Report	China Securities Journal (www.cs.com.cn) Securities Times (www.stcn.com)
Website of the stock exchanges to disclose the Annual Report	www.sse.com.cn, www.hkexnews.hk
Location for Annual Report stock	10/F, Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China

Chapter 2

General Company Information and Key Financial Indicators

V. OVERVIEW OF COMPANY STOCK

Class of share	Stock exchange	Stock abbreviation	Stock code
H Share	SEHK	Sinotrans	00598
A Share	SSE	Sinotrans	601598

VI. OTHER RELEVANT INFORMATION

Public certified accountants engaged by the Company (Mainland China)	Name	ShineWing Certified Public Accountants LLP (a recognised public interest entity auditor under the Financial Reporting Council Ordinance)
	Office address	9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing
	Name of signing public certified accountant	Dong Qinchuan, Xu Youbin
Compliance legal counsel engaged by the Company (Mainland China)	Name	Jia Yuan Law Offices
	Office address	F408, Ocean Plaza 158 Fuxing Men Nei Street, Xicheng District, Beijing
Compliance legal counsel engaged by the Company (Hong Kong China)	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 Yanggao South Road, Pudong New Area, Shanghai
H-Share registrar and transfer office of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	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

Chapter 2

General Company Information and Key Financial Indicators

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

(I) Key Accounting Data

Unit: million Currency: RMB

Key accounting data	2022	2021		Change as compared to the corresponding period of last year (%)	2020	2019	2018
		Restated	Before restatement				
Operating income	108,816.72	124,348.39	124,345.53	-12.49	84,536.84	77,655.11	77,318.35
Net profit attributable to shareholders of the Company	4,068.26	3,713.52	3,713.41	9.55	2,754.42	2,804.14	2,704.62
Net profit net of non-recurring gains or losses attributable to shareholders of the Company	3,534.75	3,389.24	3,389.24	4.29	2,354.37	2,073.10	1,106.40
Net cash flows from operating activities	5,118.25	4,164.56	4,164.90	22.90	3,956.39	3,322.17	2,014.74

	As at the end of 2022	As at the end of 2021		Change as compared to the end of last year (%)	As at the end of 2020	As at the end of 2019	As at the end of 2018
		Restated	Before restatement				
Net assets attributable to shareholders of the Company	34,866.03	33,101.22	33,098.98	5.33	30,448.00	28,448.18	23,245.32
Total assets	77,825.77	74,306.36	74,302.89	4.74	65,818.70	61,905.29	61,513.63
Total liabilities	40,957.33	39,256.06	39,254.83	4.33	33,567.92	31,640.57	35,588.24

Chapter 2

General Company Information and Key Financial Indicators

(II) Key Financial Indicators

Key financial indicators	2022	2021		Change as compared to the corresponding period of last year (%)	2020	2019	2018
		Restated	Before restatement				
Basic earnings per share (RMB)	0.55	0.50	0.50	10.28	0.37	0.38	0.45
Diluted earnings per share (RMB)	0.55	0.50	0.50	10.28	0.37	0.38	0.45
Basic earnings per share, net of non-recurring profit or loss (RMB)	0.48	0.46	0.46	5.00	0.32	0.28	0.18
Weighted average return on equity (%)	11.93	11.69	11.69	Increased by 0.24 percentage point	9.35	10.29	11.97
Weighted average return on equity, net of non-recurring gains or losses (%)	10.36	10.67	10.67	Decreased by 0.31 percentage point	7.99	7.61	4.90

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

✓Applicable □Not applicable

In 2022, the Company achieved revenue of RMB108.817 billion, representing a year-on-year decrease of 12.49%. The main reasons are: the shipping and air freight rates declined; affected by the weak global trade demand, the volume of sea freight and air channel decreased; and the Company's optimization of the business structure reduced some businesses with low profit margins. The net profit attributable to shareholders of the Company was RMB4.068 billion, representing a year-on-year increase of 9.55%, which was mainly due to the Company's deep engagement in the contract logistics' niche markets and innovative service model, which led to higher profits; moreover a higher exchange gain resulting from the significant appreciation of the US dollar against the RMB.

Chapter 2

General Company Information and Key Financial Indicators

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IX. KEY FINANCIAL INDICATORS OF 2022 BY QUARTER

Unit: RMB

	The First Quarter (January-March)	The Second Quarter (April-June)	The Third Quarter (July-September)	The Fourth Quarter (October-December)
Operating income	29,641,338,920.13	25,550,135,355.84	25,201,628,514.79	28,423,620,664.26
Net profit attributable to shareholders of the Company	982,486,300.96	1,344,192,619.08	1,216,098,140.00	525,483,061.35
Net profits net of non-recurring gains or losses attributable to shareholders of the Company	899,687,775.53	1,237,981,430.58	1,102,742,198.67	294,336,962.06
Net cash flows from operating activities	-1,460,576,806.65	2,133,566,837.24	1,254,981,883.26	3,190,275,666.15

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

Applicable Not applicable

Chapter 2

General Company Information and Key Financial Indicators

X. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

✓Applicable □Not applicable

Unit: RMB

Non-recurring gains and losses items	2022	Note (if applicable)	2021	2020
Gains and losses from disposal of non-current assets	350,540,722.71		158,123,761.47	36,872,665.25
Tax returns and abatement that are examined and approved beyond authority, or without official approval documents or occasional				
Government subsidies included in current profit or loss, except government subsidies which are closely related to the Company's normal business operations, which comply with national policies and can be obtained continuously based on a set of standards by fixed amount or fixed quantity	310,188,323.62		285,842,840.37	317,362,769.02
Capital occupation fees charged from the non-financial enterprises and counted into the current profit or loss of the Company	4,202,336.71		3,837,045.70	4,696,765.71
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			507,907.22	
Profit or loss from exchange of non-monetary assets				
Profit or loss from entrusting others to invest or manage assets				
Asset impairment provisions due to force majeure factors such as natural disasters				
Profit or loss from debt restructuring	-1,107,968.89		-13,664.08	-912,478.58
Enterprise restructuring costs such as staff settlement expenses and integration costs				
Profit or loss that exceeds the fair value in transactions with unfair price				
Current net profit or loss of subsidiaries from the merger of enterprise under common control from the beginning of the period to the date of the merger	53,360.67		115,043.15	767,861.96
Profit or loss arising from contingencies irrelevant to the Company's normal business operations				
Profit or loss 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	-33,173,887.57		26,642,317.24	-20,301,938.07
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	19,622,046.75		46,517,743.61	4,151,524.79
Profit or loss from external entrusted loans				
Profit or loss from changes in fair value of investment properties subsequently measured in the fair value model				
Impact on the current profit or loss by one-off adjustment according to laws and regulations related to tax and accounting				

Chapter 2

General Company Information and Key Financial Indicators

Non-recurring gains and losses items	2022	Note (if applicable)	2021	2020
Entrustment fee income from entrusted operations			39,392,452.83	39,150,943.40
Other non-operating income and expenses other than the above items	-27,646,046.93		-163,537,242.91	96,064,534.33
Other gains and losses classified to non-recurring profit or loss	103,686,105.15		85,739,137.20	60,020,588.34
Less: Impact on income tax	128,261,645.54		116,171,350.84	125,289,569.51
Effects of non-controlling interests (after tax)	64,591,592.13		42,713,729.84	12,528,926.86
Total	533,511,754.55		324,282,261.12	400,054,739.78

Explanation on non-recurring gains and losses items defined by the Company according to “Explanatory Announcement No. 1 for Companies Offering Securities to the Public — Non-operating Profit or Loss” and 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

XI. ITEMS MEASURED BY FAIR VALUE

Applicable Not applicable

Unit: RMB

Items	Balances at the beginning of the period	Balances at the end of the period	Current changes	Effect on current profit
Held-for-trading financial assets (note 1)	794,623.45	664,096.67	-130,526.78	-92,910.20
Other non-current financial assets (note 2)	797,864,160.84	708,417,806.54	-89,446,354.30	-33,080,977.37
Investment in other equity instruments (note 3)	26,336,370.61	30,576,728.20	4,240,357.59	
Total	824,995,154.90	739,658,631.41	-85,336,523.49	-33,173,887.57

Note 1: Held-for-trading financial assets mainly refers to the Group’s equity interest in the preference shares of China Merchants Port Holdings Company Limited and shares of Antong Holdings and shares of HNA acquired by the Group due to debt restructuring.

Note 2: Other non-current financial assets are mainly the equity interests of China Southern Air Logistics Company Limited, Nanjing Port Longtan Container Co., Ltd., China Merchants Logistics Synergy Limited Partnership, Ouyeel Cloud Business Co., Ltd. held by the Group.

Note 3: As at 31 December 2022, investment in other equity instruments refers to the 2,884,597 shares of Air China Limited held by the Group, the fair value of which was RMB30,576,728.20 as at the end of the period.

XII. OTHERS

Applicable Not applicable

Chapter 3 Chairman's Statement



Feng Boming

Chairman

In 2022, the international situation was complicated and severe. The momentum of the international economy circulation was weakened, and economic globalization has encountered adverse currents, greatly impacting the security and stability of the global industrial chain and supply chain. The logistics industry faced with challenges of the reduced external demand and surged difficulties. Encountered with impacts from several unexpected factors at home and abroad, China's economy showed strong development resilience, and realized stable performance with steadily increased quality. Sinotrans seized market opportunities, strengthened its strategic customer base, realized "turning market stock into the Company's increment", stabilized the revenue over the scale of RMB100 billion, and achieved a year-on-year growth of net profit of nearly double-digit through "stabilizing operation, increasing efficiency, adjusting structure, focusing on the market, improving operation and expanding the layout". Looking forward to 2023, in the face of new contradictions and new challenges brought by changes in the external environment and under the new development pattern which focuses on the greater domestic circulation and features positive interplay between domestic and international circulation, it is necessary to adjust the development strategy of the Company in a timely manner. Sinotrans will firmly seize the opportunities of domestic economy bottomed out brought by the recovery of China's economy and the boost of domestic demand, and focus on the market to stabilize the stock and expand the increment; capture the business demands of emerging economies, emerging regions and third countries, and continue to expand emerging markets such as Southeast Asia and the Middle East; enhance the optimization and allocation of key logistics infrastructure at home and abroad; comprehensively accelerate digital transformation, continue to improve its quality and efficiency, gradually form a safe, reliable independent and controllable whole supply chain operation system and service capabilities, thereby consolidate the Company's leading position in the logistics industry, and create greater value for shareholders.

Chapter 3 Chairman's Statement

To shareholders,

On behalf of the Board of Directors of the Company, I am pleased to report the 2022 operating performance and future development direction of Sinotrans.

In 2022, the world economy faced increasing downward pressure with the growth momentum of global trade slowing down, while the recession of major economies brought a great impact on the trade demand and logistics demand. The first half of the year has still experienced poor supply chains and difficulty in capacity supply. However, from the second half of the year, there was a double pressure brought by the surplus in sea freight and air freight capacity as well as the weakening demand around the world, resulting in a sharp fall in the sea freight rate and the downward air freight rate. As for the domestic economy, it faced the pressure in three aspects including demand contraction, supply shock and weakening expectation. Although imports and exports for foreign trade have shown strong resilience, difficulties such as the continuous rise in operating costs and long-term low-profit operation status within the logistics industry surged.

In the face of the severe internal and external business environment, the Group achieved stable business performance with an upward momentum by taking precautions, responding in advance, further coordinating development and safety, seizing market opportunities, and cultivating a solid base of strategic customers. In 2022, the Group's contract logistics and railway freight forwarding business volume increased significantly, and nearly 1 million TEUs of international freight trains were dispatched; the revenue was stable at the scale of over RMB100 billion, and the net profit attributable to shareholders of the Company was RMB4.068 billion (a year-on-year increase of 9.55%); the net cash inflow from operating activities was RMB5.118 billion (a year-on-year increase of 22.90%), and key financial indicators remained stable with sufficient liquidity.

Looking back on 2022, the Company maintained its strategic focus and achieved positive results in key works:

Optimized the business and customer structure, and made progress with stability in the quality of operation. The Group continued to optimize its business structure. The scale of contract logistics business increased significantly compared with five years ago, emerging as a key growth point to cope with market challenges. The proportion of air freight business increased significantly, and the quality of sea freight forwarding business operations was steadily improved. With continued optimization in customer structure, the proportion of strategic and key direct customers was further improved.

Strengthened the construction of product channels and built a resilient supply chain. The Group, taking improving resilience and security level of the industrial chain and supply chain as its own responsibility, continued to strengthen the construction of product channels and solutions, promoting the construction of water channels in Southeast Asia, creating full-link products to Japan and South Korea and improving the scale and intensification level of branch transportation in the Yangtze River. The Group operated 18 charter plane routes throughout the year, ensuring a controllable capacity of 228 thousand tons. The Group secured a market share of 17.6% in China-Europe Railway Express business, opening up the multimodal transport channel in the route of China-Laos-Thailand for the first time. The Group continued to promote the SDCC system for trucking, consolidating 100,000 trucks on the platform, while also working with customers to promote the construction of a resilient supply chain.

Chapter 3

Chairman's Statement

Seized the development opportunities in Southeast Asia by accelerating the integration of resources. In order to grasp the global development opportunities and accelerate the layout of overseas networks, the Group promoted the resource integration of its institutions in Hong Kong for commencing the integrated operation of Sinotrans in Hong Kong; the Group set up a subsidiary in Singapore to achieve full coverage of the backbone logistics network of ASEAN countries; the Group also actively made deployment in strategic areas such as the Yangtze River Delta, Bohai Rim, Guangdong-Hong Kong-Macao Greater Bay Area and the new western land-sea corridor, and participated in the construction of national logistics hubs.

Promoted comprehensive digital transformation and opened up a new model of technology empowerment. With the goal of achieving “whole network operation”, the Group further clarified the direction and path of digital transformation, launched the construction of customer management system, and thus further improved the coverage of the main system; increased continuous investment in cutting-edge technology through deeply integrating technology and logistics solutions, and worked with customers to establish a new fulfillment center; continued to promote self-driving technology, with a cumulative mileage of more than 300 thousand kilometers of L4 level.

ATTACHED GREAT IMPORTANCE TO RETURNS TO SHAREHOLDERS

With the approvals at the general meeting, the Company distributed the 2021 annual dividend (RMB0.18 per share, tax included) and the 2022 interim dividend (RMB0.10 per share, tax included) on 15 July 2022 and 18 November 2022, respectively, with a total cash dividend of RMB2.055 billion (tax included) for the whole year. In addition, after consideration at the Board meeting of the Company convened on 27 March 2023, the 2022 final dividend of RMB0.10 per share in cash (tax included) was proposed to be distributed based on the total share numbers on the record date of equity distribution (does not include the shares in the Company's special account for repurchase); if approved, the Company's dividend in the full year of 2022 will be RMB0.20 per share (tax included) in aggregate. As at the date of this Annual Report, the Company had 7,294,216,875 shares in total, and the total number of shares in the special account for repurchase of the Company was 49,280,000 A Shares, based on which, the total final cash dividend would be RMB724 million (tax included). Considering the interim, final dividend and the cash used for A Share repurchases, the payout ratio for the full year of 2022 was 40.54%.

In 2022, the Company implemented both of its first share repurchase since listing on both Shanghai Stock Exchange and Hong Kong Stock Exchange. In order to implement the equity incentive plan and closely bond the interests of the shareholders, Directors, senior management and key personnel of the Company, the Company has repurchased a total of 49,280,000 A Shares (accounting for approximately 0.68% of the Company's current total share capital) through centralized bidding transactions, with a total transaction amount of RMB194 million (does not include transaction fees), which were deposited in the Company's special account for repurchase, and this part of shares will not participate⁽¹⁾ in the dividend payout. At the same time, in order to enhance market confidence, the Company repurchased a total of 106,587,000 H Shares (accounting for approximately 1.46% of the Company's current total share capital) from 7 June 2022 to 20 January 2023, with a total transaction amount of HK\$251 million (excluding transaction fees), which were cancelled on 10 February 2023.

Chapter 3 Chairman's Statement

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

Sinotrans adheres to the concept of green, low-carbon and sustainable development, earnestly fulfills its social responsibilities, and creates greater value for the country, society, shareholders, employees and customers. In 2022, the Company took the comprehensive green transformation of business development as the guide, focused on energy conservation and green and low-carbon development, comprehensively promoted the “carbon peaking and carbon neutrality” work and green logistics development, carried out Sinotrans carbon combing and forecast, formulated the “Sinotrans’ Special Strategic Plan on Carbon Peaking and Carbon Neutrality” and “Sinotrans’ White Paper on Green Logistics”, formed Sinotrans’ “carbon peaking and carbon neutrality” strategic system, declared the Group’s “carbon peaking and carbon neutrality” goal commitment, and completed a series of green logistics demonstration and application projects. It actively participated in the preparation of green logistics related industry standards, set up a joint venture of new energy technology, and built a green development ecology with partners. For more information on the Group’s performance of environmental and social responsibilities in 2022, please refer to the “2022 Social Responsibility and ESG Report” published by the Company.

INVESTOR RELATIONS

While insisting on returning investors with stable business performance, the Company attached importance to investor relations management and strengthened communication with shareholders and potential investors. Through post-results conferences, roadshows, reverse roadshows, reception of investor research, investor one-on-one/group meetings, answering investor calls, E-interactive platform, etc., we maintained timely and effective communication with domestic and foreign investors through multiple channels, multiple levels and dimensions. These efforts improved investors’ understanding and awareness of the Group, fully and effectively conveyed its value. Additionally, we continued to optimize and improve the two-way communication mechanism and responded to investors’ demands in a timely manner. The Group continuously improved the quality and transparency of information disclosure to ensure that all investors, especially minority shareholders, can obtain information in a timely and fair manner and effectively safeguard the interests of investors.

OUTLOOK

In 2023, China’s economy is expected to recover from the bottom, and it is expected to achieve a good rebound. Increasing demand from emerging economies will also bring new development opportunities. The Company will focus on the digital transformation to promote the high-quality development of Sinotrans. **Firstly, enhance confidence, unswervingly target at the effective improvement of quality and reasonable growth of quantity**, put quality and efficiency improvement in a more important position, comprehensively promote high-quality development, and ensure the completion of the annual business goals with high standards. **Secondly, seize the development opportunities of the domestic economy brought by the boost of domestic demands, effectively stabilize the stock and expand the increment**, and achieve the goal of “turning market stock into Sinotrans’ increment” through grasping market opportunities, allocating high-quality resources, strengthening collaborative empowerment, and releasing internal effective energy. **Thirdly, make all-round efforts to accelerate digital transformation and achieve actual effects**, and produce greater practical results in digital transformation, customer management, operation system construction, and whole network collaborative promotion. **Fourthly, take the responsibility of accelerating the development and strategic resource allocation of emerging markets such as Southeast Asia and the Middle East**, speed up the integration and continuous improvement of Hong Kong’s integrated operation and management model, and further optimize the overseas regional setting and layout. **Fifthly, fend off risks, keep stable and prudent, and ensure safe development.**

Chapter 3 Chairman's Statement

ACKNOWLEDGEMENTS

Finally, on behalf of the Board, I would like to extend my sincere gratitude to stakeholders, including shareholders, partners and customers, for their support, and express my most heartfelt gratitude to all employees for their contributions to Sinotrans.

Feng Boming

Chairman

Beijing, China

27 March 2023



Chapter 4 Management Discussion and Analysis (Report of the Board)



Song Rong
Executive Director and President

I. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) General Operating Conditions during the Reporting Period

In 2022, **the world economy** suffered increasing downside risk with global trade growth momentum weakened, due to global geopolitical conflicts, high inflation, weak demand and shortage of energy supply. **Domestic economy** was also affected by multiple factors beyond expectations. The evolving pressure from shrinking demand, supply shock and weakening expectations increased the complexity, severity and uncertainty of our development environment. In the first half of 2022, **global sea and air freight** rates remained at high level. While in the second half of the year, under the pressure of declining global sea freight containerized demand, decreasing global air freight demand and continuous recovery of effective capacity, global sea freight rates started to drop sharply, and air freight rates were shaking down, with the freight rates of major routes returning to 2019 levels.

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2022 was a challenging year for China's logistics industry. Facing various risks and challenges, the Company made progress while ensuring stability. In 2022, the Company achieved the revenue of RMB108.82 billion, stabilizing the scale of RMB100 billion; net profit attributable to the shareholders of the Company was RMB4.07 billion, an increase of 9.55% year-on-year, mainly due to the Company's deep engagement in the niche markets of contract logistics segment and innovative service model, which led to higher profits, and exchange gain increased greatly resulting from the significant appreciation of the US dollar against the RMB. Financial indicators of the Company remained stable with sufficient liquidity.

1. Continuously optimized the business and customer structure and improved the operational quality

In terms of business, the Company continued to optimize its business structure, the scale of contract logistics business increased significantly compared to five years ago, making it a key growth driver in response to market challenges; the proportion of air freight business significantly increased and the operational quality of sea freight business was steadily improved. With more balanced business structure, the Company's resilience was strengthened, which laid a solid foundation for its stable and high-quality development. **As for customers**, the Company expanded its cooperation with strategic customers and core direct customers comprehensively. Revenue contribution from core direct customers was nearly RMB50 billion, an increase of 10% year-on-year, and its proportion was significantly increased.

2. Focused on "industry chain and supply chain" and "dual circulation", made key breakthroughs in product channels and solutions

In terms of sea freight, the Company continued to promote the construction of shipping channels in Southeast Asia. We opened up the container shipping channels from South China, East China, Central China to Southeast Asia, created Japan and Korea whole supply chain products, and improved the scale and intensification level of the barge transportation in Yangtze River.

In terms of air freight, while stabilizing the advantages of European and American routes, the Company promoted market expansion in key regions such as Latin America. The Company operated 18 charter routes in total throughout the year, among which, 8 routes were stably operated, achieving a controllable capacity of 228 thousand tons, up 3.17% year-on-year. We also continued to develop standardized products and whole supply chain products such as cross-border e-commerce parcels, FBA first trip and overseas warehouses.

In terms of land freight, based on our self-operated regular train routes, the Company actively built up selected China-Europe Railway Express, established a networked, intensive and professional operation system for international freight trains, and dispatched nearly 1 million TEUs of international trains in total. In 2022, with six new self-operated freight train routes, the Company dispatched 281.5 thousand TEUs of the China-Europe Railway Express throughout the year, with a 27% year-on-year increase in container volume and a 2.4 percentage points increase in market share to 17.6%. As one of the first operators participating in the China-Laos railway, the Company made breakthroughs in the construction of the China-Laos-Thailand channel, opened the China-Laos-Thailand multimodal transport Channel for the first time, and launched the China-Laos-Thailand cold chain train. In 2022, our railway freight forwarding business volume rose 21.3% year-on-year, with revenue increasing by 42.73% year-on-year.

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In terms of trucking, the Company continuously optimised and promoted the SDCC system, a trucking management information platform, with an online capacity of 100,000 units. The Company strengthened the integrated lean operation of trucking channel, and concentrated efforts to establish 22 advantageous cargo routes through carrying out cargo concentration, capacity integration, unified operation and unified scheduling.

In terms of multimodal transport channel, the Company, fully leveraging its advantages in network-based operation, adopted sea-air, port-to-port and land-to-sea transport models to ensure a smooth, safe and stable supply chain. At the same time, the Company's "Japan-Korea-Weihai-European-Asia Four Model Routes and Four Service products of Sea-Land-Air Integrated International Multimodal Transport" (日韓－威海－歐亞四線四品海陸空聯動國際多式聯運) project was awarded as a national demonstration project.

In terms of contract logistics, the Company deeply cultivated niche markets, increased the application of smart logistics technology, actively replicated and promoted "3PL+4PL", consolidated industry solutions, and extended the service chain to achieve increased volume and quality. ① Regarding the automotive industry, the Company targeted at the difficulties and pain points of inbound logistics, focused on key links such as "milkrun + pre-production warehouse" and enhanced professional capabilities in cargo tracking, route planning, and warehouse location planning to help customers plan the supply chain coordinately and achieve cost reduction. ② Regarding the medical and healthcare industry, the Company created a "proprietary capability + full-process control" solution targeting at the logistics requirements for cross-border transportation of high precision medical equipment, after taking account into its advantages of cross-border channel, overseas resources and operational capabilities, helping customers saving transportation costs and achieving a breakthrough in cross-border transportation of medical equipment business. ③ Regarding the consumer goods and retail industries, the Company provided customers with omni-channel solutions based on "technology + BC OneWarehouse" to address the growing demand for e-commerce channels of customers. ④ Regarding the electronics and high-tech industries, the Company in line with the automation trend in customers from electronics industry, provided them with dedicated solutions for automation construction and operation to achieve closed-loop management from planning to implementation, helping customers achieving improved automation performance. In 2022, contract logistics recorded double-digit growth in revenue and segment profit.

3. Focusing on high quality development, and further optimising strategic layout and resource allocation

The Company seizing the development opportunities in Southeast Asia, accelerated the deployment of its overseas network by establishing a subsidiary in Singapore and completing the network deployment at key ports in countries including Vietnam and Laos, achieving full coverage of major logistics network in ASEAN. We promoted the integration of regional organisations in Hong Kong, promoting the integrated operation of Sinotrans in Hong Kong. In the meantime, the Company actively expanded in strategic regions such as the Yangtze River Delta, the Bohai Sea Rim, Guangdong – Hong Kong – Macao Greater Bay Area, and the New Western Land-Sea Corridor, while participating in the construction of national logistics hubs.

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4. ***Focusing on digital transformation to kick off a new model of technology-empowered smart logistics***

Taking comprehensive digital transformation as a main line, the Company promoted business restructuring and operational reshaping. By optimising the organisational system of digital transformation, the Company further clarified the direction, objectives and path of digital transformation, and launched the construction of customer system and customer relationship management system. With the continuous improvement in main system integration and capacity building of the Company, revenue generated from the main system accounted for over 65% of that generated from the principle business.

Focusing on forging an empowering innovation system, the Company attained its fruits of innovation, namely “Series Smart” and “Series Digital” products featuring with intelligent inventory equipment, optimized algorithms for transport scheduling, intelligent customs sharing document service. The Company leveraged the “scenario + technology” model to deeply integrate technology with logistics solutions and accelerate the application of smart solutions in niche markets. In addition, it built up a “customer + technology” model to enhance stickiness in strategic cooperation with customers and establish a new contract performance and delivery centre with key customers. The Company increasing its continuous investment in cutting-edge technology, opened several L4 highly automated self-driving routes in 2022, with a cumulative mileage of 300 thousand km. During the Reporting Period, Sinotrans was granted 22 new patents (including 15 invention patents) and 15 software copyrights.

5. ***Focusing on the strategy of “carbon peaking and carbon neutrality” to build green logistics***

In 2022, Sinotrans published its strategic plan on “emission peaking and carbon neutrality” and White Paper on green logistics, while actively participating in the formulation of industry standards related to green logistics. We actively promoted the integration of carbon reduction technologies with our business by launching pilot demonstration projects on the application of clean energy in warehouses, hydrogen-powered heavy trucks and carbon footprint calculators to develop green logistics solutions constantly; and also established a new joint venture engaging in energy technology to explore new opportunities in green development.

(II) Business Segments and Segment Profit (with the Segment Profit Being the Operating Profit of the Segment Deducting the Impact of Investment Income in Joint Ventures and Associates)

Logistics

In 2022, external revenue from the Group’s logistics business amounted to RMB27,454 million, representing an increase of 13.52% from RMB24,183 million of last year; and the segment profit amounted to RMB921 million, representing an increase of 11.71% from RMB825 million of last year. The main reasons are: the Company deeply cultivated niche markets of contract logistics, strengthened and optimized existing businesses, and continuously developed new businesses, which led to a year-on-year increase of RMB2,102 million and 11.63% in the revenue of contract logistics, and a year-on-year increase of RMB89 million and 13.76% in its segment profit.

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Forwarding and Related Business

In 2022, external revenue from the Group's forwarding and related business amounted to RMB69,486 million, representing a decrease of 19.12% year-on-year; and the segment profit amounted to RMB1,987 million, representing a decrease of 9.16% year-on-year. The main reasons are: the sea freight rates decreased, and affected by the weak global trade demand, the volume of sea freight forwarding decreased, meanwhile, the Company optimized the business structure and reduced some businesses with low profit margins, which drove both revenue and profit of sea freight forwarding decreased; the fuel cost and bypass cost due to the Russia-Ukraine conflict both increased year-on-year, and the charter subsidy and the air freight rate decreased year-on-year, leading to a decline in the profit of the air freight forwarding.

E-commerce Business

In 2022, external revenue from the Group's e-commerce business amounted to RMB11,877 million, representing a decrease of 16.67% year-on-year; and the segment profit amounted to RMB177 million, representing a decrease of 28.89% year-on-year. The main reasons are: affected by factors such as EU tax reform and contraction of overseas market demand, the export volume of e-commerce logistics has significantly decreased, meanwhile, the fuel cost and bypass cost due to the Russia-Ukraine conflict both increased year on year, and the charter subsidy and the air freight rate decreased year on year, leading to the decline in both revenue and profit of cross-border e-commerce logistics.

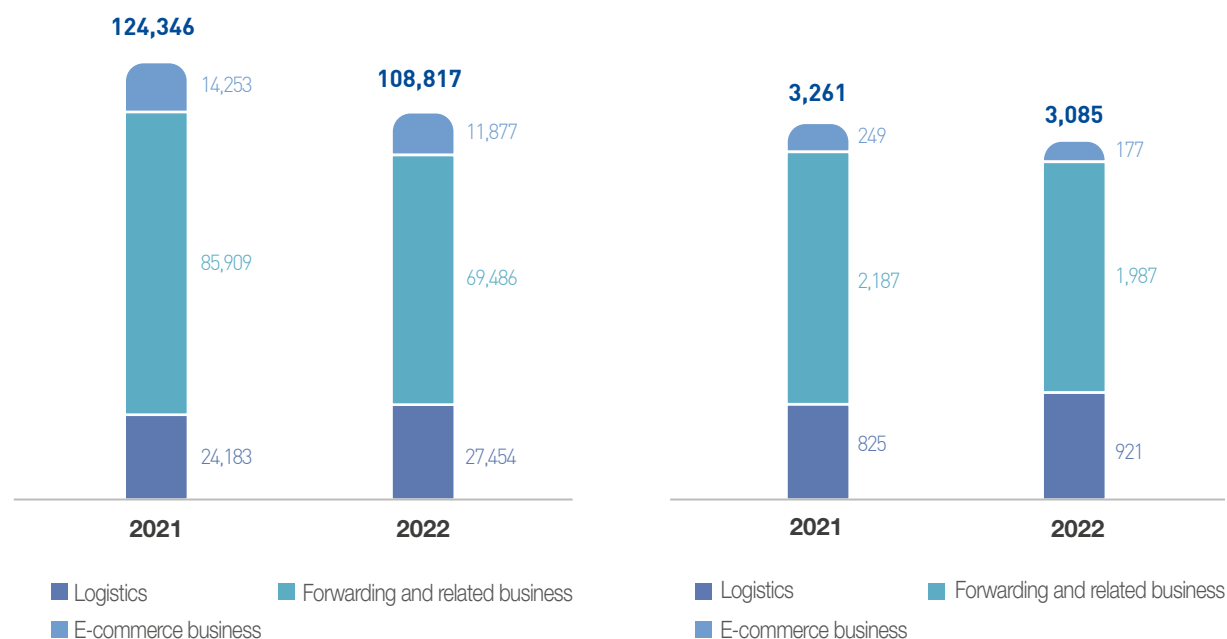
Financial Performance of Business Segments

External Revenue

(RMB million)

Segment Profit

(RMB million)



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RMB million		2022	2021
Logistics			
Contract Logistics	External Revenue	20,180	18,078
	Segment Profit	732	643
Project Logistics	External Revenue	3,966	3,705
	Segment Profit	99	68
Chemical Logistics	External Revenue	2,354	1,867
	Segment Profit	94	82
Cold Chain Logistics	External Revenue	559	590
	Segment Profit	-34	13
Forwarding and Related Business			
Sea Freight Forwarding	External Revenue	49,663	67,790
	Segment Profit	701	715
Air Freight Forwarding	External Revenue	8,043	7,974
	Segment Profit	336	461
Railway Freight Forwarding	External Revenue	9,402	6,587
	Segment Profit	137	183
Shipping Agency	External Revenue	4,351	3,829
	Segment Profit	419	425
Storage and Yard Operation	External Revenue	3,467	3,395
	Segment Profit	225	292
Air Channel*	External Revenue	19,314	22,943
	Segment Profit	428	678
E-commerce Business			
Cross-border E-commerce Logistics	External Revenue	11,270	14,969
	Segment Profit	92	217
Logistics Equipment Sharing Platform	External Revenue	169	141
	Segment Profit	75	53
Logistics E-commerce Platform	External Revenue	3,046	1,312
	Segment Profit	10	-3

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

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(III) Operation Statistics of Principal Business

In 2022, the volume of **contract logistics** was 41.34 million tonnes (38.30 million tonnes in 2021); the volume of **project logistics** was 5.69 million tonnes (5.74 million tonnes in 2021); the volume of **chemical logistics** was 3.68 million tonnes (3.38 million tonnes in 2021); the volume of **cold chain logistics** was 0.98 million tonnes (1.03 million tonnes in 2021).

In 2022, the volume of **sea freight forwarding** was 13.02 million TEUs (13.89 million TEUs in 2021); the volume of **air channel** was 781 thousand tonnes (including 134 thousand tons of cross-border e-commerce logistics business), which was 804 thousand tonnes in 2021 (including 170 thousand tons of cross-border e-commerce logistics business); the volume of **rail freight forwarding** was 398 thousand TEUs (328 thousand TEUs in 2021); the volume of **shipping agency** was 27.65 million TEUs (26.48 million TEUs in 2021); the volume of **storage and yard operation** was 25.28 million tonnes (23.75 million tonnes in 2021).

In 2022, the volume of **cross-border e-commerce logistics** was 310.71 million units (398.38 million units in 2021); the volume of **logistics equipment sharing platform** was 76 thousand TEUs/day (78 thousand TEUs/day in 2021); the volume of **logistics e-commerce platform** was 1.04 million TEUs (1.37 million TEUs in 2021).

II. INDUSTRY THE COMPANY INVOLVED IN DURING THE REPORTING PERIOD

1. The international economic situation was severe and complex, and the domestic economy development continued to recover

In 2022, affected by the geopolitical conflicts and increased inflationary pressure, the global economy continues to face increased downward pressure and economic growth has slowed down significantly, with the World Bank estimating that **global economic** growth will drop to 4.1% and the IMF estimating that global economic growth will be 3.4%. The domestic economy has been repeatedly impacted by multiple unexpected factors, with evolving pressures of demand contraction, supply shocks and weakening expectations, and the complexity, severity, and uncertainty of the development environment have increased. In 2022, **gross domestic product** (GDP) amounted to RMB121.02 trillion, which represented a year-on-year increase of 3% (8.1% in the same period of 2021) based on constant prices. The scale of foreign trade reached a new record, and its structure was continuously optimized, maintaining steady growth. **The imports and exports of China's foreign trade** totaled RMB42.07 trillion, representing a year-on-year increase of 7.7% (21.4% in the same period of 2021), of which exports were RMB23.97 trillion with a year-on-year increase of 10.5%, and imports were RMB18.1 trillion with a year-on-year increase of 4.3%. On a regional basis, the growth rate of China's imports and exports to ASEAN and countries along the "Belt and Road" Initiative exceeded that of its total imports and exports of foreign trade, accounting for an increased proportion. Specifically, China's imports from and exports to ASEAN, the European Union and the United States were RMB6.52 trillion, RMB5.65 trillion and RMB5.05 trillion, respectively, representing a year-on-year increase of 15%, 5.6% and 3.7%. China's imports from and exports to countries along the "Belt and Road" Initiative reached RMB13.83 trillion with a year-on-year increase of 19.4%, accounting for 32.9% of China's total foreign trade value, representing an increase of 3.2 percentage points. China's imports from and exports to countries in RCEP increased by 7.5%. **The import and export cargo volume supervised by customs** was 4,817.152 million tons in 2022, representing a year-on-year decrease of 3.3% (1.4% in the same period of 2021), of which imports were 3,097.069 million tons with a year-on-year decrease of 4.6%, while exports were 1,720.083 billion tons with a year-on-year decrease of 1.0%.

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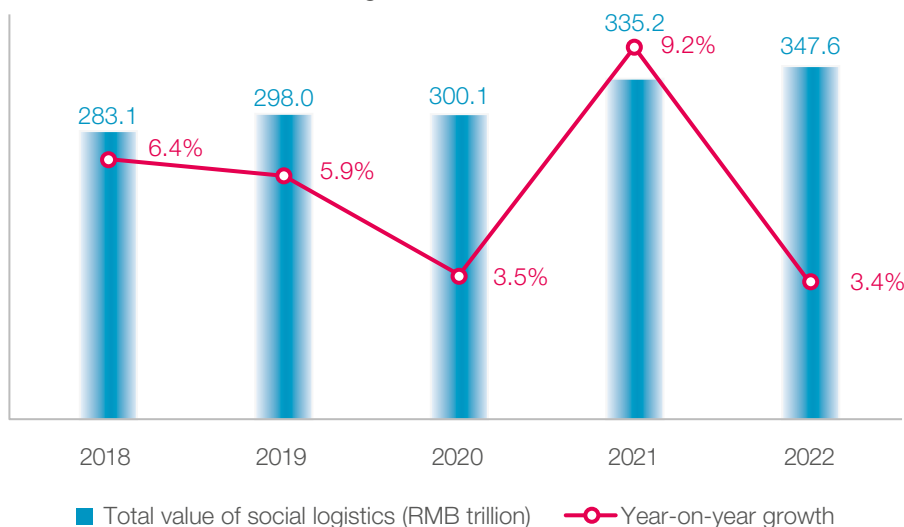
Management Discussion and Analysis

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2. China's logistics industry achieved restorative growth, and the quality on development steadily improved

In the face of the complicated and changeable external circumstance, the internal driving force of China's logistics industry has been strengthened, the supply chain integration service capability has been further optimized, the entire logistics industry has maintained its resilience recovered, and the quality on development has steadily improved. In 2022, **the value of social logistics in China totaled RMB347.6 trillion**, representing a year-on-year increase of 3.4% (9.2% in the same period of 2021); the logistics demand structure was optimized continuously, demand on industrial logistics remained stable, demand on e-commerce logistics achieved rapid growth, and demand on logistics of renewable resources grew rapidly. In 2022, **the total revenue of the logistics industry reached RMB12.7 trillion**, representing a year-on-year increase of 4.7% (15.1% in the same period of 2021). The acceleration of multi-modal transport, the continuous expansion of the coverage of the international service network, the innovation and application of key technologies such as intelligence and automation in the field of logistics continue to promote logistics services to achieve high quality. **From the perspective of logistics industry sentiment**, the sentiment index remained in the range of 48-50% except for April, and the overall level of logistics industry sentiment tended to slow down.

Trend chart of total value of social logistics in China

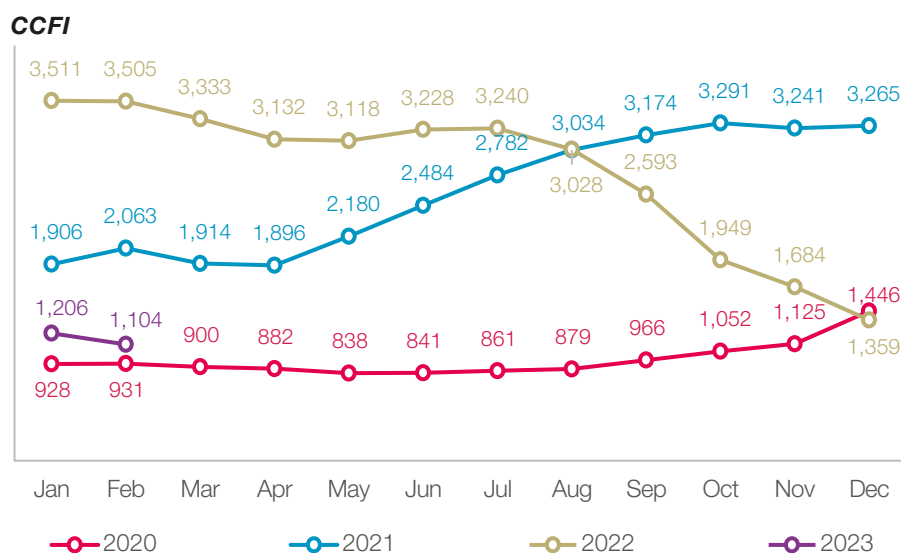


3. International shipping market demands weakened, and freight rates gradually returned to normal levels

According to Clarkson's data, **on the demand side**, the global trade growth rate declined in 2022 affected by the international political and economic situation, and the global shipping market was under pressure from weakening demand. The global shipping containerized trade volume was estimated to be 201 million TEUs in 2022, representing a year-on-year decrease of 3%. **On the supply side**, the total capacity of the global container fleet reached 25.739 million TEUs in 2022, representing a year-on-year growth of 4.1%, with significant improvement in port congestion. The comprehensive on-time rate index of global trunk routes has rebounded, rising from 24.09% in January 2022 to 43.73% in December 2022 (data exacted from the Shanghai Shipping Exchange), with the global container route gradually returning to normal. **In terms of freight rates**, the China Containerized Freight Index (CCFI) continued to run at a high level in the first half of 2022, but the sea freight rates dropped rapidly in the second half of 2022 due to excess capacity, decreasing from 3,240 points in July to 1,359 points in December, which has returned to the level in 2019; the freight rates of various export routes continued to adjust, all showing various degrees of reduction; and the average of CCFI for the year reached 2,792 points, with a year-on-year increase of 6.75%.

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In 2022, China's port container throughput was 296 million TEUs, representing a year-on-year growth of 4.7% (7% in the same period of 2021); and China's port cargo throughput was 15,685 million tons, representing a year-on-year growth of 0.9% (6.8% in the same period of 2021), with export cargo throughput declining by 1.9% year-on-year.



4. Global air freight market demand declined, and freight rates continued to fall

According to data from the International Air Transport Association (IATA), **on the demand side**, the continuing slowdown in the global economic, inflation, and diminishing purchasing power would all contribute to sluggish global air cargo demand in 2022. Since March 2022, cargo demand was lower than that of 2021 in each month. For the year 2022, worldwide air cargo demand (in CTKs) was down 8.0% year-on-year (of which international demand decreased by 8.2%), and 1.6% lower as compared with 2019. **On the supply side**, the gradual recovery of passenger aircraft lead to continued growth in belly capacity, but dedicated freighters were adjusted as demand declined, with global air cargo capacity (in ACTKs) growing by 3.0% year-over-year in 2022 (of which international capacity increased by 4.5%), down 8.2% as compared with 2019 (9.0% lower in international capacity). **On a regional basis**, Asia Pacific and European airlines performed worse than in 2019 due to the Russia-Ukraine conflict, with both demand and capacity declining significantly, while North American airlines maintained growth in both demand and capacity. **In terms of freight rates**, export air freight rates fluctuated downward in the second half of the year, returning to the level in 2019. As domestic economic activity resumes normal development, the progress of international flight recovery will be further accelerated. Carriers and charterers will be more rational in their freighter capacity allocation, while the high profit phase for the air freight business may end, and the capacity market will gradually return to normal.

According to statistics from the Civil Aviation Administration of China, in 2022, China's air cargo market continued to develop and steadily recover. The industry-wide cargo and mail transportation volume totaled 6.076 million tons, representing a year-on-year decrease of 17%, and a recovery to 80.7% in 2019; of which international routes accounted for 2.638 million tons, representing a year-on-year decrease of 1.1%.

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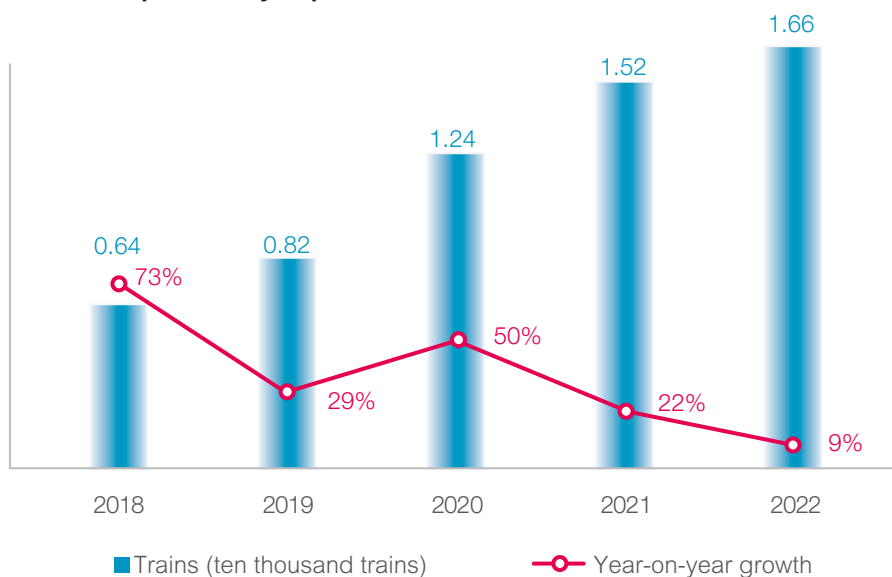
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5. China-Europe Railway Express continued to grow steadily and China-Laos Railway unleashed vitality

Amidst the Russia-Ukraine conflict and declining sea freight rates in 2022, the China-Europe Railway Express demonstrated robust growth with 16,562 trains launched and 1.614 million TEUs transported, representing a year-on-year increase of 9% and 10%, respectively. The China Railway Group augmented the transportation capacity of the China-Europe Railway Express by expanding the number of trains and raising their tonnage, increasing the maximum number of trains to 55, and facilitating the expansion and renovation of ports and back channels, thus effectively enhancing the capacity of major ports. The China-Laos Railway marked its first anniversary of operation with remarkable progress in cargo transportation. 3,000 cross-border cargo trains were in operation and the value of cross-border transportation exceeding RMB13 billion. The average daily number of cross-border cargo trains increased from 2 trains at the early stage of opening to 12 trains per day, which played a positive role in promoting the economic development of China and Laos.

China-Europe Railway Express Volume



6. The market size of cross-border e-commerce continued to expand, with growth rate slowing down

According to 100EC.cn, the market size of China's cross-border e-commerce reached RMB7.1 trillion in the first half of 2022 and is expected to reach RMB15.7 trillion in 2022, representing a year-on-year increase of 6% (corresponding period of last year: 13.6%). The entire cross-border e-commerce and logistics industry experienced the economic downturn in 2022. This was caused by high inflation, changes in overseas tariff policies and increased overseas inspection and supervision. As a result, some commodities and logistics routes experienced poor demand and distortion to the correlation of prices. The growth of exports and cross-border e-commerce has inevitably slowed down due to the influence of adverse factors such as geopolitical conflicts and aggravated inflation. There is still broad space for cross-border e-commerce in the medium to long term, but the future development trend will be more rational.

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III. THE 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 focuses 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 goods and retail, automobile and industrial manufacturing, electronics and high-tech products, medical and health. The Company has established long-term cooperative relationships with many well-known enterprises at home and abroad. Contract logistics is affected by changes in macroeconomy, domestic manufacturing industry, consumer market and other factors.

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Project logistics mainly serves export projects and provides design and implementation of end-to-end one stop logistics solutions to export engineering equipment 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” Initiative, 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 of China, 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 supply chain for import and export. 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 in construction and operation management of high standard cold storage facilities.

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.

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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 multilink 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 (e.g. China Southern Airlines, Deutsche Lufthansa AG, Air China, ASL Airlines, Atlas Air, Hainan Airlines), core overseas agents and domestic logistics service providers to ensure the stability of the supply chain. In 2022, we have operated 18 chartered routes and controlled overseas access, involving countries and regions such as Europe, America and Asia, 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 31 December 2022, self-operated cross-border railway express platform of the Company covers over 50 routes (including 14 routine weekly routes at present) from Changsha, Shenyang, Shenzhen, Dongguan, Xinxiang, Quanzhou, Deyang and other places. Meanwhile, the Company's international trains have a cumulative transportation volume of more than 8,600 trains and nearly 1 million TEUs, of which the volume of China Europe trains exceeds 7,300 trains and approximately 830 thousand TEUs. Sinotrans participated in the construction of the China-Laos-Thailand railway channel, established the comprehensive service capacity of the China-Laos railway two-way transportation, cross-border transfer, container management, etc., and volume of China-Laos-Thailand railway reached 18000 TEUs.

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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 the provinces of Guangdong, Jiangsu, Anhui and Guangxi, 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.

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. We develop and design standardized products by the integration of trunk and overseas warehouse resources, and launch e-commerce package products and FBA products to Europe, the United States, South America, Japan and South Korea. 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 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 principal 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.

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IV. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

Applicable Not applicable

1. Well-established Service Network and Abundant Logistics Resources

The Group has an extensive and comprehensive domestic and overseas service network. The domestic service network covers 32 provinces, autonomous regions, municipalities and special administrative areas in China. Domestically the Group has more than 13 million sq.m. of land resources, more than 4 million sq.m. of warehouses, over 2 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. A clear and definite strategic path was set, and a network-wide operation system was built with strong customers, strong products, and strong operations

The Company continues to promote the implementation of the "14th Five-Year" plan and strives to be the leader of smart logistics, the builder of supply chain ecology, and the promoter of China's high-quality logistics industry. Under the strategic guidance, the Company has deepened strategic cooperation with customers, enhanced customer service capabilities, promoted product channel construction and innovation, initiated comprehensive digital transformation, and further constructed a network-wide operation system with strong customers, strong products and strong operations. The Company has also continued to improve overseas presence by focusing on the development of Southeast Asia region and establishing a subsidiary in Singapore to achieve full coverage of ASEAN's national backbone logistics network. Besides, the Company continued to pushed forward the "Stars Plan" to further enrich talent reserve, strengthened the cultivation of overseas and innovative talents, and promoted talent exchanges and the construction of supporting mechanisms.

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3. 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, engineering and energy, chemical, and cold chain, 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 as the Company's customers, which ensure the smooth implementation of such solutions and overlay the Company's existing digital and automation capabilities, providing high value-added services to meet customers' needs for digital transformation. 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, demonstrated the undertaking of the responsibilities of central enterprises.

4. 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.

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5. 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 AAAAA logistics enterprise rated by the China Federation of Logistics & Purchasing, Sinotrans has consecutively won the first prize of the Top 100 Logistics Enterprises in China and the first prize of the Top 100 International Freight Forwarding Logistics in China, and has been awarded as the “Most Competitive (Influential) Logistics Enterprises in China” for many times. As the 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.

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

Sinotrans is committed to promoting the Company's digital transformation and development, vigorously developing smart logistics and green logistics, creating an innovation system with empowerment, and accelerating the large-scale application of smart logistics. Relying on extensive integrated logistics scenarios and resources advantage, the Company actively carried out technological innovation in “scenario + technology” and “customer + technology” to strengthen capabilities on digital transformation and technology empowerment continuously. In 2022, the Company attained its fruits of innovation, namely “Series Smart” and “Series Digital” products featuring with intelligent inventory equipment, optimized algorithms for transport scheduling, intelligent customs sharing document service based on artificial intelligence, block chain, cloud computing, big data, the Internet of Things and other cutting-edge technologies, while also continued to build up industry-level smart logistics and green logistics solutions. During the Reporting Period, Sinotrans was granted 22 new patents (including 15 invention patents) and 15 software copyrights. As at the end of the Reporting Period, the Company has been granted a total of 106 patents (including 20 invention patents).

1) *Intelligent inventory equipment visual identification + warehousing*

- **Technical features:** With visual identification technology as the core, AGV (Automated Guided Vehicle) as the mobile carrier, automatic lifting system and flexible manipulator as the support, it can be applied to a wide range of storage racking. The equipment is an integrated intelligent inventory equipment solution that is compatible with common ways of presenting cargo information such as barcode recognition, QR code recognition and text recognition, while also suitable for carton and barrel cargo, and able to identify the inventory code, specifications, lots and batches of cargos automatically.

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- Business value:** The first robot of Sinotrans for automated inventory by visual identification technology was put into pilot application in the third quarter of 2022, improving the efficiency of making inventory of warehouse by 200% and increasing the readability of inventory information to 99.9%. The equipment solves the key issues of high workload, high error rate, low timeliness, high inventory costs and safety risks in traditional warehouses under multiple industries and business scenarios, filling the gap in this field, and improving real-time, digital and intelligent inventory, which is a pioneering innovation in the industry and enhances customer satisfaction. Therefore, it was awarded the Best Innovative Application Award 2022 from customers.

2) *Transport scheduling system operations optimisation + transport*

- Technical features:** By creating an efficient and optimised operations algorithm and establishing an intelligent transport scheduling system, the Company provides customers with multi-dimensional, multi-objective and multi-scenario transport and distribution allocation as well as route planning recommendations for two significant scenarios, namely urban distribution and trunk line and branch line trucking in the Company's servicing regions. It can configure more than 40 targeted algorithmic strategies including control strategy, optimisation strategy and parameter setting strategy.
- Business Value:** The system has been successfully piloted with a single customer and will be actively promoted. It can meet different scheduling needs after taking into account various business constraints while coordinating the planning of related resources across the region. Meanwhile, in the context of ensuring service levels, it can significantly improve the operational efficiency of the Company, effectively reduce the work intensity of transport scheduling posts and logistics transportation cost, and significantly increases the timeliness and efficiency of transportation and vehicle utilisation. After launching, the system has been recognised by customers in tyre, FMCG and automotive industries for its significantly higher computational efficiency and cost savings than manual operation.

3) *Customs Sharing Document Service Ai Algorithm + Customs Service*

- Technical features:** Through multi-modal document extraction technology, paper documents or various types of documents are automatically converted into customs declaration data. The declaration information will be filled out in accordance with business rules and historical data. An end-to-end algorithm model is established, and the customs declaration is taken as a pilot to improve the accuracy of data.
- Business value:** This service has realized the intelligent operation of the whole process of customs declaration, such as preparing, reviewing, filling and status inquiry. It has achieved the annual processing of more than 6 million documents, and assisted the customs center to increase the efficiency of document preparing by 150% compared with conventional manual document preparing methods. By providing 7*24 hours of service, it achieves on-time delivery, enhances operation accuracy and improves user experience, while reducing repetitive operation of employees.

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4) *Mixed capacity of self-driving + Trucking*

- **Technical features:** It strengthens the information construction of the operation and management of self-owned trucking fleet, aiming at improving the online operation of order management, settlement management, fleet management and vehicle scheduling management of the Company's own trucking fleet. Meanwhile, based on the joint venture "Cyantron" as a unified platform, the upgrade of L2 (partially self-driving) for intelligent trucks has been completed to achieve safety digital management. The application of scale of fleet with L4 (highly self-driving) shall be improved, therefore promoting the development and operation of the joint venture, "Cyantron".
- **Business value:** Since its official operation in April 2022, "Cyantron" has operated multiple L4 self-driving routes. In 2022, it completed 300 thousand kilometers of self-driving mileage, marking a number of industry records in China's trucking logistics industry, such as the total mileage, the length of a single route and the total length of route, for L4 self-driving. The Company will fully promote and support the operation of "Cyantron", accurately introduce self-driving technology in trunk logistics scenarios, and assist major customers in the industry to improve the resilience and safety of their supply chains with safer, more stable, smarter, more efficient and lower carbon technology-driven mixed capacity trucking fleet solutions. In addition, Sinotrans signed strategic alliance agreements with Pony.ai and Sany Group in 2022 to jointly explore the "new mode" of multi-industry integration and innovation of self-driving with technology companies and main engine manufactures.

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V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD

(I) Analysis on Principal Businesses

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

Unit: RMB

Item	Amount for the current period	Amount for the same period of last year	Change (%)
Operating income	108,816,723,455.02	124,348,394,578.39	-12.49
Operating cost	102,782,668,974.61	118,720,415,938.73	-13.42
Selling expenses	1,035,035,312.36	973,490,694.74	6.32
Administrative expenses	3,359,176,460.06	3,126,455,868.41	7.44
Finance costs	-43,984,820.67	399,562,718.52	-111.01
Research and development expenses	196,139,497.55	171,595,536.54	14.30
Net cash flows from operating activities	5,118,247,580.00	4,164,561,660.21	22.90
Net cash flows from investment activities	1,016,918,132.46	472,788,316.37	115.09
Net cash flows from financing activities	-4,600,316,275.72	-1,608,606,792.71	N/A

The change in operating income and cost was primarily due to the fact that the Company optimized the business structure and reduced part of low-margin services, as well as the decline in sea and air freight rates due to the weak global trade demand resulted in a year-on-year decline in the Company's revenue.

The change in selling expenses was primarily due to the increase of the labor costs for sales staff.

The change in administrative expenses was primarily due to the increase of the labor costs for management staff.

The change in finance costs was primarily due to the fact that the USD-denominated net assets held by the Group incurred significant foreign exchange gains due to the appreciation of USD against RMB.

The change in research and development expenses was primarily due to the fact that the Company increased the investment in innovative research and development in order to accelerate digital construction.

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The change in net cash flows from operating activities was primarily due to the fact that the Company continuously strengthened the management of accounts receivable, and the status of cash flow collection continuously improved.

The change in net cash flows from investment activities was primarily due to the increase in the amount of dividends received from joint ventures and associates during the Reporting Period.

The change in net cash flows from financing activities was primarily affected by the increase in cash outflow from debt repayment and the distribution of interim dividends during the Reporting Period.

Particulars of Material Changes in the Company's Business Type, Profit Composition or Profit Sources during the Reporting Period

Applicable Not applicable

2. Income and Cost Analysis

Applicable Not applicable

(1). Principal Businesses by Sector, Product, Geographical Region and Sales Model

Unit: RMB

Principal businesses by sector						
By sector	Operating income	Operating cost	Gross margin (%)	Change in	Change in	Change in gross margin over last year (%)
				operating income over last year (%)	operating cost over last year (%)	
Logistics industry	108,816,723,455.02	102,782,668,974.61	5.55	-12.49	-13.42	Increased by 1.02 percentage points

Principal businesses by product						
By product	Operating income	Operating cost	Gross margin (%)	Change in	Change in	Change in gross margin over last year (%)
				operating income over last year (%)	operating cost over last year (%)	
Logistics	27,453,605,540.94	25,128,072,562.67	8.47	13.52	13.82	Decreased by 0.24 percentage point
Forwarding and related business	69,486,318,597.99	65,966,431,029.66	5.07	-19.12	-20.01	Increased by 1.06 percentage points
E-commerce business	11,876,799,316.09	11,688,165,382.28	1.59	-16.67	-17.53	Increased by 1.03 percentage points

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Description of Principal Businesses by Sector, Product, Region and Sales Model

The year-on-year increase in revenue and operating cost of logistics business was mainly due to the Company's deep exploration of the contract logistics niche markets, strengthening and optimizing the stock business, and continuously exploring incremental businesses.

The year-on-year decrease in revenue and operating costs of freight forwarding and related businesses was primarily affected by the fact that the sea freight and air freight rates decreased, and affected by the weak global trade demand, the volume of sea freight forwarding decreased, meanwhile, the Company optimized the business structure and reduced some businesses with low profit margins.

The year-on-year decline in the revenue and operating cost of e-commerce business was mainly due to the impact of the EU tax reform and the contraction of overseas market demand, which led to the significant decrease in export volume of e-commerce and the air freight rate decreased year-on-year.

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

Applicable Not applicable

(3). *Performance of Material Procurement Contracts and Material Sales Contracts*

Applicable Not applicable

(4). *Statement of Cost Analysis*

Unit: RMB

By sector	Cost components	Amount for the current period	By sector		Percentage of total cost for the corresponding period of last year (%)	Change in amount for the current period as compared with the corresponding period of last year (%)
			Percentage of total cost for current period (%)	Amount for the corresponding period of last year		
Logistics industry	Transportation and relevant expense	93,346,019,856.09	90.82	110,024,065,537.01	92.67	-15.16
Logistics industry	Labor cost	4,727,051,887.72	4.60	4,413,554,690.63	3.72	7.10
Logistics industry	Depreciation and amortization	1,979,018,745.55	1.93	1,706,710,818.92	1.44	15.96
Logistics industry	Repair and maintenance expense	145,951,365.80	0.14	121,510,792.57	0.10	20.11
Logistics industry	Fuel expense	429,465,332.35	0.42	370,480,417.42	0.31	15.92
Logistics industry	Rental cost	677,129,481.54	0.66	630,120,225.36	0.53	7.46
Logistics industry	Safe production expense	100,971,130.33	0.10	83,547,580.14	0.07	20.85
Logistics industry	Other operating expenses	1,377,061,175.23	1.34	1,370,425,876.68	1.15	0.48

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By product	By product				Change in amount for the current period as compared with the corresponding period of last year (%)
	Amount for the current period	Percentage of total cost for current period (%)	Amount for the corresponding period of last year	Percentage of total cost for the corresponding period of last year (%)	
Logistics	25,128,072,562.67	24.45	22,076,949,134.09	18.60	13.82
Forwarding and related business	65,966,431,029.66	64.18	82,470,257,847.07	69.47	-20.01
E-commerce business	11,688,165,382.28	11.37	14,173,208,957.57	11.94	-17.53

(5). *Changes in the Scope of Consolidation as a result of Changes in Equity Interests in Major Subsidiaries during the Reporting Period*

Applicable Not applicable

(6). *Significant Change in or Adjustment of the Businesses, Products or Services of the Company during the Reporting Period*

Applicable Not applicable

(7). *Key Customers and Key Suppliers*

A. Key customers of the Company

Applicable Not applicable

Total sales to top five customers amounted to RMB12,085.65 million, accounting for 11.11% of the total sales in the year; among which, sales to related party were zero.

Customer	Total sales	Unit: million Currency: RMB	
		Percentage of total sales of the year	Related party or not
Customer 1	6,636.73	6.10%	No
Customer 2	2,112.95	1.94%	No
Customer 3	1,493.88	1.37%	No
Customer 4	1,009.87	0.93%	No
Customer 5	832.22	0.76%	No
Total	12,085.65	11.11%	/

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The proportion of sales to a single customer exceeded 50% of the total amount, new customers among the top five customers or heavy dependence on a few customers during the Reporting Period

Applicable Not applicable

B. Key Suppliers of the Company

Applicable Not applicable

Total purchases from top five suppliers amounted to RMB41,410.95 million, accounting for 40.29% of the total purchases in the year; among which purchases from related party were 0.

Unit: million Currency: RMB

Supplier	Total purchases	Percentage of total purchases of the year	Related party or not
Supplier 1	17,100.94	16.64%	No
Supplier 2	10,842.46	10.55%	No
Supplier 3	5,384.47	5.24%	No
Supplier 4	4,315.34	4.20%	No
Supplier 5	3,767.74	3.67%	No
Total	41,410.95	40.29%	/

The proportion of purchases to a single supplier exceeded 50% of the total amount, new suppliers among the top five suppliers or heavy dependence on a few suppliers during the Reporting Period

Applicable Not applicable

Other Matters

(i) During the year ended 31 December 2022, none of the Directors, Supervisors, their close associates and any shareholders (who to the knowledge of the Board owns more than 5% of the share capital of the Company) of the Company had any interests in the top five customers or the top five suppliers of the Group.

(ii) *Relationship with Customers*

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

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(iii) *Relationship with Suppliers*

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

3. Expense

Applicable Not applicable

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

4. R&D Investment

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

Applicable Not applicable

Unit: RMB

Expensed R&D investment for the Reporting Period	180,370,913.54
Capitalized R&D investment for the Reporting Period	67,936,479.19
Total R&D investment	248,307,392.73
Total R&D investment as a percentage of operating income (%)	0.23
Capitalized R&D investment as a percentage of total R&D investment (%)	27.36

(2). *Statement of R&D employees*

Applicable Not applicable

Number of R&D employees in the Company	734
R&D employees as a percentage of total employees of the Company (%)	2.20%

Educational background structure of R&D employees

Degree	Number
Doctoral candidate	2
Master degree	108
Bachelor degree	490
Associate degree	115
High school and below	19

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Age	Age of R&D employees	Number
Under 30 years old (30 years old exclusive)		268
30-40 years old (30 years old inclusive, 40 years old exclusive)		286
40-50 years old (40 years old inclusive, 50 years old exclusive)		140
50-60 years old (50 years old inclusive, 60 years old exclusive)		40
60 years old and above		0

(3). *Explanation*

Applicable Not applicable

(4). *Reasons of major changes in the composition of R&D employees and its impact on the Company's future development*

Applicable Not applicable

5. **Cash Flow**

Applicable Not applicable

Unit: million Currency: RMB

For the year ended 31 December

	2022	2021
Net cash flow generated from operating activities	5,118.25	4,164.56
Net cash flow generated from investment activities	1,016.92	472.79
Net cash flow generated from financing activities	-4,600.32	-1,608.61
Effect of changes in exchange rate on cash and cash equivalents	429.12	-111.79
Net increase in cash and cash equivalents	1,963.97	2,916.95
Balance of cash and cash equivalents at the end of the period	16,175.34	14,211.36

Operating Activities

During the year ended 31 December 2022, the net cash inflow from operating activities was RMB5,118 million, representing an increase of RMB954 million or 22.90% as compared with RMB4,165 million of last year, which was mainly due to the following factors: the Group received cash for the sale of products and provision of services of approximately RMB114,158 million (2021: RMB129,877 million), and it paid cash for the purchase of goods and receipt of services of RMB101,476 million (2021: RMB118,400 million), so the net cash was RMB12,682 million (last year: RMB11,477 million), representing an increase of RMB1,205 million compared with the last year; cash paid to and on behalf of employees by the Group increased by RMB565 million as compared with last year, while other cash inflow related to operating activities for 2022 increased by RMB674 million compared with the last year.

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Investment Activities

For the year ended 31 December 2022, the net cash inflow generated from investment activities amounted to RMB1,017 million, including the purchase of property, machinery and equipment of RMB1,549 million, purchase of intangible assets and other assets of RMB9 million, investment in joint ventures and associates and financial assets of RMB85 million, net cash paid for the acquisition of subsidiaries of RMB186 million, gains from disposal of subsidiaries and other operating units of RMB197 million; proceeds from disposal and holding of financial assets of RMB10 million, proceeds from disposal of property, machine and equipment of RMB275 million, cash proceeds from investment income of RMB2,351 million and repayment from related parties and others of RMB13 million.

For the year ended 31 December 2021, the net cash inflow generated from investment activities amounted to RMB473 million, including the purchase of property, machinery and equipment of RMB1,292 million, purchase of intangible assets and other assets of RMB155 million, investment in joint ventures and associates and financial assets of RMB129 million, net cash paid for the acquisition of subsidiaries of RMB191 million, structural deposits received of RMB300 million; proceeds from disposal and holding of financial assets of RMB48 million, proceeds from disposal of property, machine and equipment of RMB225 million, cash proceeds from investment income of RMB1,652 million and repayment from related parties of RMB14 million.

Financing Activities

The net cash outflow generated from financing activities for the year ended 31 December 2022 amounted to RMB4,600 million, mainly including new borrowings of RMB2,377 million in cash, minority shareholders' investment in subsidiaries of RMB78 million, partially offset by cash repayment of borrowings of RMB3,244 million, payment of dividend of RMB2,237 million, subsidiaries' dividend payment to minority shareholders of RMB157 million and lease payment of RMB834 million.

The net cash outflow generated from financing activities for the year ended 31 December 2021 amounted to RMB1,609 million, mainly including new borrowings of RMB8,803 million, minority shareholders' investment in subsidiaries of RMB81 million, partially offset by cash repayment of borrowings of RMB8,276 million, cash repayment of interest of RMB338 million, payment of dividend RMB1,367 million, subsidiaries' dividend payment to minority shareholders of RMB140 million and lease payment of RMB819 million.

6. Other Matters

(1) Tax

Details of the Group's taxes as at 31 December 2022 are set out in Note VII to the financial statements under "Chapter 11 Financial Report" of this Report.

(2) Income Tax

The Group's income tax expense was RMB957 million, representing an increase of 19.70% as compared with RMB800 million last year, mainly due to the increase of operating results of the Group this year.

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(3) *Fixed Assets*

The details of changes in fixed assets of the Group as of 31 December 2022 are set out in Note IX. 16 to the financial statements under “Chapter 11 Financial Report” of this Report.

(4) *Capital Expenditure*

For the year ended 31 December 2022, the Group’s capital expenditure was RMB1,805 million, mainly including RMB864 million used for the construction of infrastructure, port and terminals facilities and other projects, RMB252 million used for the purchase of land and software, RMB684 million used for the purchase of machineries and equipment, containers and vehicles, and RMB4 million used for asset reconstruction and improvement.

(5) *Securities Investment*

As at 31 December 2022, the listed equity investments held by the Group was RMB166 million, the details of which are set out in Note IX. 2, 13 and 14 to the financial statements under “Chapter 11 Financial Report” of this Report.

(6) *Contingent Liabilities and Guarantees*

As at 31 December 2022, contingent liabilities mainly comprised pending lawsuits of the Group arising from its ordinary course of business amounting to RMB76 million (as at 31 December 2021: RMB58 million).

Please see “XIII. MATERIAL CONTRACTS AND PERFORMANCE (II) Guarantees” under “Chapter 7 Significant Matters” of this Report for details of the guarantees.

(7) *Borrowings and Bonds*

As at 31 December 2022, the Group’s total borrowings amounted to RMB8,429 million (as at 31 December 2021: RMB8,640 million), among which, RMB1,187 million shall be settled in Renminbi, RMB382 million in U.S. dollars, RMB1,596 million in EUR and RMB5,263 million in Hong Kong dollars. Of the above borrowings, RMB2,499 million was bank borrowings payable within a year.

As at 31 December 2022, the Group’s total bonds payable amounted to RMB4,064 million (as at 31 December 2021: RMB4,063 million). Of the above bonds, RMB67 million shall be payable within a year.

The details of the Group’s borrowing and bonds for the year ended 31 December 2022 are set out in Note IX. 27, 36 and 37 to the financial statements under “Chapter 11 Financial Report” of this Report.

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- (8) *Bank Loans*
The details of the Company's and the Group's bank loans are set out in Note IX. 27 and 36 to the financial statements under "Chapter 11 Financial Report" of this Report.
- (9) *Secured and Guaranteed Borrowings*
For details, please refer to "3. Restriction on Material Assets as at the End of the Reporting Period" in "V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (III) Analysis of Assets and Liabilities" under "Chapter 4 Management Discussion and Analysis (Report of the Board)" and "XIII. MATERIAL CONTRACTS AND PERFORMANCE (II) Guarantees" under "Chapter 7 Significant Matters" of this Report.
- (10) *Special Reserve*
As at 31 December 2022, the special reserve of the Group was approximately RMB103.27 million.
- (11) *Distributable Reserves*
Distributable reserves of the Company as at 31 December 2022 amounted to approximately RMB5.11 billion.
- (12) *Debt-to-Asset Ratio*
As at 31 December 2022, the debt-to-asset ratio of the Group was 52.63% (as at 31 December 2021: 52.83%), which was calculated by dividing total liabilities by total assets of the Group as at 31 December 2022.
- (13) *Material Litigation and Contingent Liabilities*
Details of the Group's litigation and contingent liabilities as at 31 December 2022 are set out in Note XII to the financial statements under "Chapter 11 Financial Report" of this Report.
- (14) *Foreign Exchange Risk*
The Group's turnover and transportation and related expenses are partially settled in foreign currencies. The Group's expose to foreign exchange risk is mainly from the exchange rate fluctuation of foreign currencies, such as U.S. dollars and Hong Kong dollars. Details are set out in Note XI to the financial statements under "Chapter 11 Financial Report" of this Report.
- (15) *Government Subsidy*
During the year ended 31 December 2022, the Group received government subsidies related to income totaling RMB1,325 million, details of which are set out in Note IX. 63 to the financial statements under "Chapter 11 Financial Report" of this Report.

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(16) Pension Schemes

All the full-time employees of the Group are covered by the basic pension insurance which is operated by the government pursuant to national policies. For the year ended 31 December 2022, the Group made pension insurance to the local social insurance agencies every month according to the stipulated social security bases and proportion, for the benefits of its employees. After the retirement, the local human resources and social security department are responsible to pay the basic pension. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the accrued amount according to the above social security provisions as a liability and charge to profit or loss in the current period or to the cost of the related assets. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profit or loss in the current period or the cost of the related assets when incurred. In addition, the Group has established an enterprise annuity scheme. Fees required for the enterprise annuity plan shall be jointly paid by the enterprise and its employees. Employees may determine whether or not to join the enterprise annuity plan on a voluntary basis.

The total enterprise annuity expense of the Group for the year ended 31 December 2022 was approximately RMB203 million (2021: RMB183 million). The corresponding expenses are included in the profit or loss in the current period or the cost of the related assets when incurred.

As at 31 December 2022, the Group had no forfeited contributions from retirement scheme. For the year ended 31 December 2022, the Group did not have any defined benefit plan.

Details of the Group's pension schemes for the year ended 31 December 2022 are set out in Note IX. 31 to the financial statements under "Chapter 11 Financial Report" of this Report.

(17) Donations

During the Reporting Period, the Group made charitable and other donations amounted to approximately RMB13.4637 million.

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

Applicable Not applicable

The accumulated amount of asset impairment loss in the Reporting Period was RMB111.26 million, representing a decrease of RMB115.90 million compared with RMB227.16 million of 2021, mainly due to the provision of fixed assets impairment loss of RMB109.75 million and the impairment provision loss for investment properties of RMB1.52 million by subsidiaries of the Group in 2022.

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The accumulated amount of income from asset disposal in the Reporting Period was RMB195.89 million, representing an increase of RMB78.90 million compared with RMB116.99 million of 2021, mainly due to the disposal income of RMB167.59 million from the disposal of a piece of land in Fuzhou during this year. And as for 2021, such income was mainly generated from a project in Shantou of RMB57.57 million and the non-current assets disposal income generated from the early termination of certain lease contracts in last year.

The accumulated amount of non-operating income in the Reporting Period was RMB64.65 million, representing a decrease of RMB14.17 million compared with RMB78.83 million of 2021, mainly due to the adjustment of unpayable accounts payable and the decrease of disposal of obsolete assets this year.

The accumulated amount of non-operating expenses in the Reporting Period was RMB70.81 million, representing a decrease of RMB143.02 million compared with RMB213.84 million of 2021, mainly due to the decreased estimated liabilities of the Group related to pending litigations this year.

(III) Analysis of Assets and Liabilities

Applicable Not applicable

1. Assets and Liabilities

Unit: RMB

Item	Amount at the end of the period	Amount at the end of the period as a percentage of total asset (%)	Amount at the end of the previous period	Amount at the end of the previous period as a percentage of total assets (%)	Year-on-year change (%)
Bill receivables	88,529,670.89	0.11	43,212,806.04	0.06	104.87
Right-of-use assets	2,915,505,989.99	3.75	2,159,508,484.97	2.91	35.01
Development expenditure	76,572,692.86	0.10	133,018,588.83	0.18	-42.43
Short-term borrowings	582,764,215.31	0.75	438,453,511.69	0.59	32.91
Other payables	2,938,189,667.99	3.78	1,847,365,679.22	2.49	59.05
Non-current liabilities due within one year	3,226,339,059.15	4.15	946,334,185.61	1.27	240.93
Long-term borrowings	5,347,701,871.99	6.87	7,962,070,435.92	10.72	-32.84
Lease liabilities	2,401,893,794.83	3.09	1,714,149,755.92	2.31	40.12
Long-term payables	164,017,516.89	0.21	117,923,603.36	0.16	39.09
Estimated liabilities	139,023,113.63	0.18	313,130,896.83	0.42	-55.60

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Other description

- (1) The change in bills receivable was mainly due to the fact that the settlement of bills of some subsidiaries of the Group has increased this year.
- (2) The change in net right-of-use assets was mainly due to the increase in assets, such as leased warehouses, of some subsidiaries of the Group this year.
- (3) The change in development expenditure was mainly due to the decrease in development expenditure as a result of the acceptance of some research and development projects as scheduled this year.
- (4) The change in short-term borrowings was mainly due to the new borrowings of RMB180 million by subsidiaries of the Group this year.
- (5) The change in other payables was mainly due to the increase in deposit, security deposit of the Group this year.
- (6) The change in non-current liabilities due within one year was primarily due to the fact that the Group reclassified long-term borrowings due within one year of RMB2.294 billion to non-current liabilities due within one year.
- (7) The change in long-term borrowings was primarily due to the fact that the Group reclassified certain long-term borrowings due within one year to non-current liabilities due within one year.
- (8) The change in lease liabilities was primarily due to the fact that certain subsidiaries leased additional warehouses for the year, leading to the increase in lease liabilities accordingly.
- (9) The change in long-term payables was primarily attributable to the increase in long-term intra-group borrowings of certain subsidiaries for the year.
- (10) The change in estimated liabilities was primarily due to the payment of the compensation due to pending lawsuit last year by certain subsidiaries for the year.

2. Overseas Assets

Applicable Not applicable

(1) *Asset Size*

Including: overseas assets of RMB19,690.77 million, accounting for 25.30% of total assets of the Company as at 31 December 2022.

(2) *Description of Relatively High Proportion of Overseas Assets*

Applicable Not applicable

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3. **Restriction on Material 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 Group, which was under supervision and with limited right of use, amounted to RMB133.56 million at the end of the period, primarily interest receivable of unexpired bank deposits of RMB85.9470 million and the guaranteed deposit of RMB25.09 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 31 December 2022, the restricted assets with limited right of use were accounted in investment properties and intangible assets.

Sinotrans Chemical International Logistics Co., Ltd. (hereinafter referred to as “Sinotrans Chemical Logistics”), a subsidiary of the Group, used fixed assets with a carrying amount of RMB36.32 million and intangible assets with a carrying amount of RMB15.57 million as collateral for long-term loans of Sinotrans Chemical Logistics.

4. **Other Description**

Applicable Not applicable

(IV) Analysis of the Industry Operation Information

Applicable Not applicable

Please refer to “II. INDUSTRY THE COMPANY INVOLVED IN DURING THE REPORTING PERIOD” in this chapter for details.

(V) Analysis of Investments

Overall Analysis of External Equity Investments

Applicable Not applicable

The Group’s long-term equity investment at the end of the Reporting Period amounted to RMB8.53 billion, representing an increase of RMB115 million as compared to RMB8.41 billion at the beginning of the year, representing a year-on-year increase of 1.37%. The main reason is to adjust the book value of the Group’s long-term equity investment according to the operating conditions of DHL-Sinotrans International Air Courier Ltd., Loscam International Holdings Co., Ltd., China Merchants Hainan Development Investment Co., Ltd. No major equity additions and disposal matters have occurred in this year.

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1. **Major equity investment**
Applicable Not applicable
2. **Major non-equity investment**
Applicable Not applicable
3. **Financial assets at fair value**
Applicable Not applicable

Unit: RMB

Asset Category	Opening balance	Gains from losses from changes in value fair for Reporting Period	Accumulated changes in value fair recognised in equity	Impairment accrued during the Reporting Period	Acquisition during the Reporting Period	Disposal/ Redemption during the Reporting Period	Other changes	Closing balance
Equity securities	243,863,691.91	-97,015,395.20	22,499,856.60	0.00	0.00	0.00	19,459,488.16	166,307,784.87
others	1,043,268,482.78	-7,923,263.76		0.00	0.00	0.00	14,852,828.11	1,050,198,047.13
Total	1,287,132,174.69	-104,938,658.96	22,499,856.60	0.00	0.00	0.00	34,312,316.27	1,216,505,832.00

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Securities Investment

Applicable Not applicable

Unit: RMB

Type of securities	Stock code	Stock abbreviation	Initial investment	Source of funds	Opening carrying amount	Gains or losses from changes in fair value during the Reporting Period	Accumulated changes in fair value recognised in equity	Acquisition during the Reporting Period	Disposal during the Reporting Period	Investment equity during the Reporting Period	Closing amount	Accounting item	Accounting Subjects
Equity securities	SH601111	Air China	8,076,871.60	Self-financing	26,336,370.61		22,499,856.60				30,576,728.20	Other equity instrument investments	
Equity securities	HK02618	JD Logistics	184,647,154.48	Self-financing	216,832,697.85	-96,922,485.00					135,066,960.00	Other non-current financial assets	
Equity securities	SH600179	Antong Holdings	777,684.20	Self-financing	633,246.29	-86,418.68					546,827.61	Held-for-trading financial assets	
Equity securities	SZ001872	China Merchants Port	15,570.07	Self-financing	40,541.44	0.00					44,295.10	Held-for-trading financial assets	
Equity securities	SZ002766	Soling	121,222.65	Self-financing	0.00	-6,491.52					52,138.24	Held-for-trading financial assets	
Equity securities	SZ600221	HNA	21,955.92	Self-financing	20,835.72	0.00					20,835.72	Held-for-trading financial assets	
Total	/	/	193,660,458.92	/	243,863,691.91	-97,015,395.20	22,499,856.60				166,307,784.87	/	

Private fund investment

Applicable Not applicable

Derivatives investment

Applicable Not applicable

4. The specific progress of material asset restructuring during the Reporting Period

Applicable Not applicable

(VI) Disposal of Major Assets and Equity

Applicable Not applicable

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(VII) Analysis of Major Subsidiaries, Joint Ventures and Associates of the Company

Applicable Not applicable

1. Major Subsidiaries Controlled by the Company

Company Name	Nature of business	Registered Capital (RMB)	Share holding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
Sinotrans Logistics Co., Ltd.	Logistics	1,444,000,000.00	100	2,287,151.68	789,871.78	1,901,652.96	54,350.91
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and express services	905,481,720.00	100	1,173,816.32	789,106.81	1,797,543.10	28,066.46
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100	1,147,588.96	443,751.61	1,282,167.85	44,288.83
Sinotrans Eastern Company Limited	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100	687,804.10	283,326.58	1,274,696.96	45,055.16
Sinotrans Central China Co., Ltd.	Freight forwarding and logistics	645,339,941.77	100	661,594.33	199,899.47	1,500,054.95	31,200.90

2. Major Joint Ventures and Associates

Company Name	Nature of business	Registered Capital	Share holding (%)	Total assets (RMB: ten thousand)	Net assets (RMB: ten thousand)	Operating income (RMB: ten thousand)	Net profit (RMB: ten thousand)
DHL-Sinotrans International Air Courier Ltd.	International express	US\$14.50 million	50	745,289.80	403,840.78	2,125,026.7	373,417.33
Loscam International Co., Ltd.	Pallet leasing	US\$101	45	824,165.17	405,381.89	202,008.03	44,132.74
Wuhan Port Container Co., Ltd.	Containers handling and freight forwarding	RMB400 million	30	72,058.86	60,773.07	14,654.83	2,656.88

Details of the financial information of the material associates and joint ventures of the Group are set out in Note IX. 12.(5) and 12.(7) to the financial statements under “Chapter 11 the Financial Report” of this Report.

(VIII) Structured Entities Controlled by the Company

Applicable Not applicable

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

(I) Industrial Layout and Trend

Applicable Not applicable

From the perspective of the global macro situation, according to the World Economic Outlook released by the International Monetary Fund in February 2023, it is expected that the global economic growth rate would be 2.9% in 2023, with uncertainty still strengthening. The global economy and trade are still facing common problems such as a lack of demand, inflation and geopolitical conflicts.

From the perspective of the domestic macro situation, China's economic growth in 2023 is still facing pressures from demand contraction, supply shock and expected weakening but the economy has demonstrated its long-term resilience. In early 2023, as the effect of economic stabilization measures further emerged, gradually realize normalization and other favorable effects, China's composite PMI output index rose for two consecutive months and is expected to continue its upward trend. In 2023, China's economy is expected to grow by about 5%. However, due to the impact of the slowdown in domestic demand in developed economies, China's export trade is under greater pressure.

In the logistics industry, building a resilient supply chain and developing smart logistics have become points of focus, leading to more severe competition. **Firstly,** as affected by the Russian-Ukrainian conflict, inflation, as well as other factors, the demand of global container transportation and air freight is weak. It's predicted that in the first half of 2023, the container freight rate and air freight rate are expected to encounter continuous downward risks. **Secondly,** with the earnest implementation of the "Belt and Road" Initiative and RCEP, the brand of "Made in China" has been brought overseas, making strategic customers to pay more attention on stability and security of global supply chains, promoting logistics enterprises to actively strengthen the capabilities of all links of the supply chains, and actively improving the overall resilience of supply chain service. **Thirdly,** the General Office of the State Council promulgated the "14th Five-Year" Plan for modern logistics development, which specified to "take smart logistics as the key for promoting the high-quality development of logistics industry", advocate strengthening the construction of logistics digital infrastructure, encourage smart logistics technology and model innovation, expand the commercialized application scenarios of intelligent logistics, and promote the application of automatic, unmanned, intelligent logistics technology and equipment as well as intelligent management technologies such as automatic perception, automatic control, intelligent decision-making. **Fourthly,** with the restructuring of the global industrial chain and the reshaping of the supply chain, China's logistics market will change from an incremental one to a stock one. Market competition gradually intensifies, which accelerates the integration and reorganization of the logistics industry, and makes the cross-border integration more fierce.

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In the above trend, opportunities and challenges coexist in the logistics industry. As a leading integrated logistics service provider and integrator, Sinotrans has an extensive service network at home and abroad. It will seize the strategic opportunities of industrial chain reconstruction and supply chain reshaping, and the development opportunities of technological innovation, and carbon peaking and carbon neutrality to promote comprehensive digital transformation and smart logistics construction, further enhance the optimization of overseas network layout, and continuously improve the end-to-end supply chain service capabilities in the whole process to create value for customers and shareholders, and make the contribution of ensuring the smooth operation of global industrial and supply chains.

(II) Development Strategy of the Company

Applicable Not applicable

As the unified operation platform and brand of logistics business of China Merchants Group, Sinotrans has persisted in ensuring the security and stability of the supply chains and its **mission** of “creating a logistics ecology system connecting the world to successfully promote industrial progress” and has established the **corporate vision** of “becoming a world-class smart logistics platform enterprise”. During the “14th Five-Year” Plan period, the Company will also adhere to its development theory of “quality, profitability and moderate scale”, enhance and optimize the core businesses of logistics, accelerate the transformation and upgrading through innovation driven and digital empowerment with the customer as center to increase its market competitiveness, create an “integrated, open, shared and collaborative” supply chain logistics ecosystem, and assist the stabilization of global supply chain in and international and domestic dual circulation to realize the high-quality development. The Company will spare no effort to realize the **strategy target** of the world-class logistics business in scale, efficiency, operation and management capacity. Meanwhile, the Company will continue to pay attention to the changes in the market and industry situation, dynamically adjust and improve specific strategic strategies and measures, and enhance the ability of strategies implement.

(III) Operating Plans

Applicable Not applicable

The international environment has intensified in uncertainty and global inflation remains high. Despite the decline in the momentum of the international economy and trade growth, domestic economic growth has stabilised, but the demand shortage remains a prominent contradiction. The IMF expects the international economy with growth rates of 2.9% and 3.1% in 2023 and 2024 respectively, while the WTO expects global trade in goods will only grow by 1% in 2023 and GDP is expected to grow by around 5%. Amid the complex and ever-changing domestic situation, the Company aims to promote digital transformation with a principal theme of seeking progress while maintaining stability. In parallel, the Group emphasized on the four key points of “stabilizing the overall economy and preventing risks, improving quality and efficiency and promoting growth, strengthening operation and promoting transformation, and nurturing talents and constructing echelons” to promote high quality development with real efforts and strive to achieve effective improvement in quality and reasonable growth in quantity.

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1. *Stabilizing the overall economy and preventing risks*

Firstly, fully ensure steady growth. The first is to seize the market and convert the market stock into incremental of Sinotrans. On the one hand, by continuously deepening cooperation with strategic and core customers and tapping the potential of existing customers, we will achieve stable customers, stable business volume and stable market share. On the other hand, we will strengthen the development on new customers, new sectors and new regions, and actively develop incremental volume. The Company may seize the opportunity arising from the expansion of domestic demand to promote the import business as a new growth point; keep pace with the restructuring of the industrial chain and the reshaping of the supply chain to speed up the development of the contract logistics business; and continue to strengthen its overseas capabilities to drive the stock by increasing the volume of newly expanded overseas regions. **The second is to seize resources and strengthen capabilities.** To focus on customer requirements and product channel construction, strengthen cooperation with leading enterprises, acquire key resources and further improve strategic core resource allocation; strengthen the Company's ability to work together to release greater internal productivity and generate incremental growth.

Secondly, prepare for and prevent for risks. We will further align development and security, improve our ability to prevent risks, and closely guard against all types of risk challenges, with a focus on the systematic control of customer risks, financial risks, overseas risks and security risks.

2. *Improving quality and efficiency and promoting growth*

Firstly, strengthen customer development and enhance customer acquisition capabilities. To establish a customer-centric marketing system by enhancing the resource allocation and co-ordination management capabilities on strategic accounts; and to develop emerging industry project teams for new energy, green energy and medical health. The Company will fully utilize the demonstration value of its strategic customers to promote the "4PL+3PL" business model, and upgrade its service model with CRM, Control Tower and GTM digitalization projects to ensure the stability of the supply chain of its strategic customers and achieve growth in the scale of cooperation

Secondly, strengthen the construction of product channels to enhance core competitiveness. In terms of shipping channel, continuously improve the operational efficiency and concentration and dispatch capacity of ports, focus on key regions such as Southeast Asia, Japan and Korea, strengthen cooperation with shipping companies and gradually form autonomous and controllable water transport channels; establish new cooperative relationships with shipping companies. **In terms of air Channel,** the Company will keep focusing on the development model of "freight forwarder + carrier", consolidate its advantages in Europe and the America routes, while continuing to enhance the resource allocation and capacity construction in Southeast Asia, the Middle East, South America and other regions, so as to further stabilize and enhance its market share in air freight. **In terms of land Channel,** it will strive to strengthen the construction of a unified operation platform, focus on the China-Laos-Thailand channel and the China-Europe Express Train, strengthen the allocation of core resources, strive to achieve a dual increase in the dispatching volume and market share of China-Europe freight trains, strive to achieve regular operation of China-Laos freight trains, and continue to build cold chain freight train products. **In terms of**

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trucking channel, based on serving the domestic circulation, the Company will focus on the construction of automobile transportation channels and contract logistics network operation capabilities, integrate public trucking resources through technical and model advantages, and build an efficient transport network; achieve full coverage of trucking business of the SDCC system.

Thirdly, accelerate overseas construction and enhance overseas fulfillment capabilities. The Company will strengthen its overseas localization capabilities, product channel construction and mutual development with domestic companies. By capturing the business demand of emerging economies, emerging regions and third countries, the Company will continue to tap into emerging markets such as Southeast Asia and the Middle East, focusing on the development of the China-Laos-Thailand Land Channel and the Cross-border Trucking Channel of Indo-China Peninsula; optimize the layout in Europe and strengthen the synergistic development with KLG.

Fourthly, strengthen technology empowerment and enhance smart logistics capabilities. On the one hand, the Company will continue to optimize the management mechanism of technological innovation, accelerate the large-scale application of smart logistics and develop more industry-level technological solutions; and further advance the large-scale application of autonomous driving. On the other hand, the Company will continue to optimize the management system and working mechanism of “carbon peaking and carbon neutrality”, establish a brand image as a “practitioner and pioneer of the green logistics ecosystem”; continuously carry out special research on “carbon peaking and carbon neutrality”, explore green electricity and green certificate trading services, and keep participating in the establishment of green logistics related standards.

3. **Strengthening operation and promoting transformation**

Firstly, with the focus on the construction of critical scenes and operational systems, the transformation solution and implementation approach will be improved. **Secondly**, adhering to the digital transformation path of “operation remodeling, business reconstruction, organization re-establishing and technology empowerment”, the digital transformation will be comprehensively enhanced in breadth and depth through organization building. **Thirdly**, pushing forward the implementation of the key tasks of digital transformation and the construction of ancillary IT systems, the Company, with a focus on launching the customer management system planning and the construction and implementation of the second phase of the CRM system, will digitally transform the project construction in the product system and delivery system of logistics services to speed up the development of the digital product system and delivery system, so as to comprehensively improve its digital capabilities.

4. **Nurturing talents and constructing echelons**

By taking the needs of high-quality development as the basis for the establishment of a talent team, the Company will fully launch a succession scheme, promote in two-way rotations, create incentive models to stimulate development potential, and foster strategically-oriented medium and long-term incentive pilot projects to build a high-quality talent team skilled in tackling challenges.

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Under the influence of uncertain factors including macro-economy, industry development status and market demand, it is estimated that the operating income for 2023 will be RMB106.5 billion, which does not constitute a performance commitment or profit forecast made to the investors.

(IV) Potential risks

Applicable Not applicable

Based on the current management status, the Company has carried out an evaluation of significant risks for 2023. The risk assessment results show that the external political and economic environment risk, market change and market competition risk, overseas operation risk, technological innovation risk, and credit risk of accounts receivable still remain important risks, reflecting that the complex and less optimistic environment situation of external political, economic and market as well as Sinotrans' strategic decision to conduct overall digital transformation.

1. **External Political and Economic Risks**

Due to the turbulent international political situation caused by the ongoing conflict between Russia and Ukraine and the constant Sino-US trade friction, the external environment became more complicated and the market volatility and uncertainty continued to increase, which may adversely affect the overall development of China's logistics industry and the operating performance of the Company.

Counter measures: The Company will focus on the concern regarding the safety and stability of the supply chain of the industrial chain, customer supply chain delivery, and internationalization shortcomings, explore and testify the solution during the process of value creation from the short-term logistics transactions to end-to-end long-term supply chain delivery; enhance overseas localized capacity, combined with the implementation of establish product channel construction to strengthen the joint development with domestic business.

2. **Market Changes and Competition Risks**

Given that the products and services of the peers are highly homogenous, the competition in the industry is relatively fierce. If the Company fails to adjust its business strategy in a timely manner in response to market changes, or fails to diversify methods such as improving service quality and product structure, it may experience insufficient core competitiveness, leading to a declining business volume and market share.

Counter measures: The Company will deepen cooperation with strategic customers and core customers, promote positive growth of business orders by discovering the needs of existing customers, expand the increment by strengthening the development of new customers, new fields and new regions; we will create new competitive advantages through innovative models and improved capabilities, focus on customer requirements and product channel construction, strengthen cooperation with leading enterprises, and enhance cooperation ability, strive to promote synergy and integration between domestic and overseas companies, as well as among overseas companies.

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3. **Overseas business risk**

Under the background of globalization and affected by several unpredictable factors such as the international situation and trade relations, overseas projects of the Company may face risks in respect of geopolitics, environmental and safe production, business environment and public opinion. In case that the Company cannot take effective counter measures, it may adversely affect the development of its overseas business.

Counter measures: The Company will optimize its overseas risk control mechanisms, strengthen internal management, as well as identify key risk control measures for key companies, key businesses and key fields. The Company will also strengthen the inspections of key countries and key companies, and promote the development of global trade compliance and smart customs solutions, so as to improve its compliance risk management and control mechanisms. The Company will implement response processes and responsible staff for the control procedure, thereby improving its overseas compliance capabilities.

4. **Technological innovation risk**

Insufficient development of innovation and digital system, false application of technology, and failure to meet expectations in innovation mechanism and transformation of scientific and technological achievements may lead to the Company lack of obvious core competitiveness for its overall operation and business segments, thereby affecting the Company's digital transformation and upgrading.

Counter measures: The Company will continue to optimize its management mechanism of scientific and technological innovation, while accelerate the large-scale application of smart logistics, so as to develop more scientific and technological solutions at industry level. With a focus on key scenarios and operation systems, the Company will improve its digital transformation solutions and implementation path. Adhering to the digital transformation path of "reshaping operations, reconstructing businesses, rebuilding organizations, and empowering technology", the Company will also comprehensively enhance the scope and depth of digital transformation through organizational construction.

5. **Credit receivable risk**

In light with the weakening of external demand as well as the supply and demand in the international industrial chain and supply chain back to normal, the price level of shipping, port and logistics markets may continue to fall, and there may even be a sharp decline in prices and capacity oversupply. The Company faces the risk of receivables collection caused by the deterioration of customer's operation when business volume and freight rate fluctuate, and may lead to the increase in credit default risk events. In the case that credit risk superimposes or worsens, it will affect the realization of the Company's operating efficiency.

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Counter measures: The Company will continue to improve its relevant systems of credit risk management, and clarify and upgrade specific standards and requirements such as collection and claims and liabilities protection measures. By promoting the adjustment of customer structure, the Company will also strengthen the systematic and information-based management for the whole chain from credit granting to payment collection. Besides, the Company will closely track the risks during the performance process and regularly monitor the credit status of the contract counterparty, so as to ensure tracking and early warning while accelerate the efficiency of customer payment collection, thereby effectively reducing the risk of bad debts.

(V) Other Disclosures

Applicable Not applicable

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

Applicable Not applicable

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

(I) Principal Business

For details, please refer to “III. THE BUSINESS OF THE COMPANY DURING THE REPORTING PERIOD” in this chapter.

(II) Final Dividend and Book Closure Periods

For details, please refer to “XIII. PROPOSALS OF SHARES PROFIT DISTRIBUTION OR CONVERSION OF RESERVES INTO SHARE CAPITAL (I) Formulation, Implementation of or Adjustment to the Cash Dividend Policy” under “Chapter 5 Corporate Governance (Corporate Governance Report)” in this Report. The Company is not aware of any arrangement under which a shareholder has waived or agreed to waive any dividends.

(III) Employee, Major Customers and Suppliers

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

For details of the employees of the Group, please refer to “XII. EMPLOYEES OF THE COMPANY AND MAJOR SUBSIDIARIES” under “Chapter 5 Corporate Governance (Corporate Governance Report)” in this Report.

For details of major customers and suppliers, please refers to “(7) Key Customers and Key Suppliers” under “V. MAJOR BUSINESS CONDITIONS DURING THE REPORTING PERIOD (I) Analysis on Principal Businesses 2. Income and Cost Analysis” in this chapter.

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(IV) Issuance of Shares and Debentures

Please refer to “II. SECURITY ISSUANCE AND LISTING” under “Chapter 8 Changes in Shareholding and Particulars of Shareholders” in this Report.

(V) Sufficiency of Public Float

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

(VI) Equity-Linked Agreement

During the Reporting Period, as far as the Directors of the Company were aware, the Company was not involved in any equity-linked agreement.

(VII) 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 was entitled 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 RMB5.78 per share as a result of the distribution of 2021 annual dividends and 2022 interim dividends on 15 July 2022 and 18 November 2022, respectively) (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).

During the Reporting Period, the Company has repurchased a total of 49,280,000 A Shares, accounting for approximately 0.67% of the total number of shares issued by the Company on 31 December 2022.

Details of repurchase of A Shares are as follows:

Month of repurchase	Number of shares repurchased	Maximum price per share (RMB)	Lowest price per share (RMB)	Total amount (RMB)
May 2022	3,352,400	3.86	3.76	12,764,134
June 2022	42,200,400	4.04	3.87	166,965,963
December 2022	3,727,200	3.85	3.78	14,221,500
Total	49,280,000	/	/	193,951,597

Note: The total amount does not include transaction costs.

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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 grant of the general mandate to authorize the Board to repurchase the Company's H Shares with the total number not exceeding 214,488,700 shares, and shall be subject to the relevant requirements of the SEHK Listing Rules on sufficient public float, repurchase price and so on.

During the Reporting Period, the Company has repurchased 95,001,000 H Shares, accounting for approximately 1.29% of the total number of shares and approximately 4.53% of the total number of H Shares issued by the Company on 31 December 2022. Such repurchases boosted the market confidence and were in the interests of the Company and its shareholders as a whole.

Details of repurchase of H Shares are as follows:

Month of repurchase	Number of shares repurchased	Maximum price per share (HK\$)	Lowest price per share (HK\$)	Total amount (HK\$)
June 2022	22,803,000	2.34	2.14	51,256,850
July 2022	12,856,000	2.43	2.17	29,051,300
September 2022	10,040,000	2.41	2.20	23,297,580
October 2022	3,769,000	2.00	1.89	7,369,380
November 2022	21,638,000	2.54	1.88	48,936,010
December 2022	23,895,000	2.68	2.44	61,192,640
Total	95,001,000	/	/	221,103,760

Note: The total amount does not include 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 Reporting Period.

(VIII) Tax Relief and Exemption

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

(IX) Pre-Emptive Rights

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

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

1. Directors, Supervisors and senior management member, and their biographies, changes and remuneration are set out in “V. Directors, Supervisors and Senior Management” under “Chapter 5 Corporate Governance (Corporate Governance Report)” in this Report.
2. Directors’ and Supervisors’ service contracts, interests in Shares, interests in transactions, arrangements or contracts, interests in competing businesses, and rights to acquire shares or bonds are set out in “V. Directors, Supervisors and Senior Management” under “Chapter 5 Corporate Governance (Corporate Governance Report)” in this Report.
3. The Articles of Association does not contain any permitted indemnity provision as specified in section 470 of the Companies Ordinance.

(XI) Material Contracts with Connected Parties

The controlling Shareholder of the Company is Sinotrans & CSC, and the actual controller of the Company is China Merchants. The details of the connected transactions and continuing connected transaction agreements of the Company with China Merchants and Sinotrans & CSC or their subsidiaries are set out in “XII. CONNECTED TRANSACTIONS, MAJOR RELATED PARTY TRANSACTIONS (I) Connected Transactions (Disclosed in Accordance with the SEHK Listing Rules)” under “Chapter 7 Significant Matters” in this Report.

(XII) Management Contracts

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

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

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

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Management Discussion and Analysis

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(XIV) Environmental and Social Responsibilities

Sinotrans adheres to the concept of green, low-carbon and sustainable development, earnestly fulfills its social responsibilities, and creates greater value for the country, society, shareholders, employees and customers. In 2022, the Company took the comprehensive green transformation of business development as the guide, focused on energy conservation and green and low-carbon development, comprehensively promoted the “carbon peaking and carbon neutrality” work and green logistics development, carried out Sinotrans carbon inventory and forecast, formulated the “Sinotrans’ Special Strategic Plan on Carbon Peaking and Carbon Neutrality” and “Sinotrans’ White Paper on Green Logistics”, formed Sinotrans’ “carbon peaking and carbon neutrality” strategic system, declared the Group’s “carbon peaking and carbon neutrality” goal commitment, and completed a series of green logistics demonstration and application projects. It actively participated in the preparation of green logistics related industry standards, set up a joint venture of new energy technology, and built a green development ecology with partners. For more information on the Group’s performance of environmental and social responsibilities in 2022, please refer to the “2022 Social Responsibility and ESG Report” published by the Company.

(XV) Corporate Culture

As an international logistics enterprise with worldwide services, Sinotrans focuses on customer needs and deep-rooted business pressures and challenges, and continues to create business and social value with the best solutions and services. The Company attaches great importance to the development and inheritance of corporate culture, and understands that corporate culture is the soul of an enterprise and the inexhaustible driving force for its development. We firmly believe that corporate culture is the foundation for the Group to realize its vision of becoming a world-class smart logistics platform enterprise, and that it is the gene and essence of the enterprise in the process of development. In the course of its development, the corporate motto of customer achievement and value creation has brought together Sinotrans’ excellent corporate culture, which has contributed to its strategic transformation and laid the foundation for the future implementation of its strategies. Sinotrans keeps innovating the way to implement the corporate culture. It promoted corporate culture, implemented corporate culture behaviors and set up benchmarking examples, so that every employee can perceive, practice and inherit the corporate culture, which in turn empowered its high-quality development.

(XVI) Important Events After the Reporting Period

During the Reporting Period, the Company repurchased an aggregate of 95,001,000 H Shares, of which 49,302,000 shares were not yet cancelled as at 31 December 2022. From 1 January 2023 to the date of the disclosure of this Report, the Company repurchased an aggregate of 11,586,000 additional H Shares, together with the aforementioned uncanceled 49,302,000 H shares as at 31 December 2022, were cancelled on 10 February 2023. As at the date of the disclosure of this Report, the total issued share capital of the Company was reduced to 7,294,216,875 shares.

Chapter 5

Corporate Governance (Corporate Governance Report)

I. RELEVANT INFORMATION OF CORPORATE GOVERNANCE

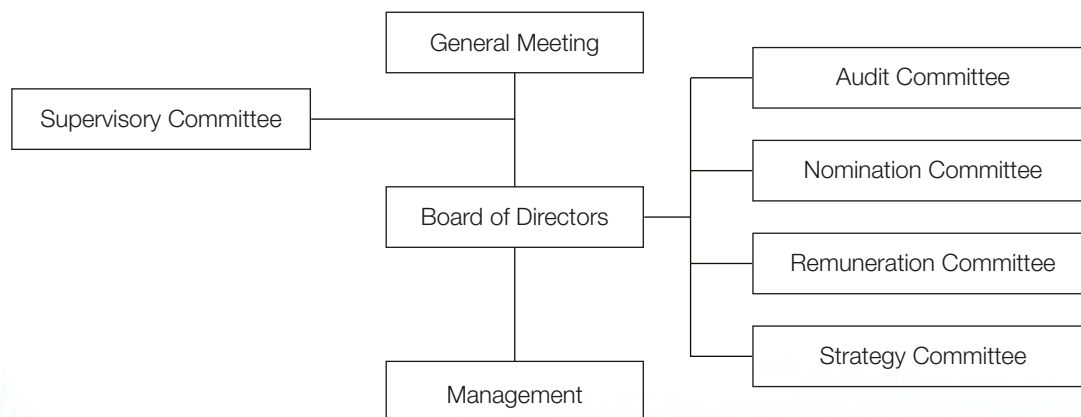
Applicable Not applicable

During the period from 1 January 2022 to 31 December 2022, the Company strictly abided by the Company Law, Securities Law, and the Code of Corporate Governance for Listed Companies decreed by the CSRC and other applicable laws and regulations, as well as the requirements on corporate governance by the SSE and the SEHK, and adopted the principles and provisions of the Corporate Governance Code as set out in Appendix 14 of the SEHK Listing Rules. The Company has complied with all code provisions set out in the CG Code for the year ended 31 December 2022, and continued to strengthen and improve corporate governance.

(I) Standardized Operation of Corporate Governance

The Company has built a corporate governance structure with the general meeting, the Board of Directors, the Supervisory Committee, and the management (“3+1”) as the entities with effective performance of duties. The Company formulated and continuously improved a series of rules and regulations such as the Procedural Rules for General Meetings of the Company, the Procedural Rules for the Board, the Procedural Rules for the Special Committees, the Procedural Rules for the Supervisory Committee, the Work Rules for President of the Company, etc., which ensured all the governance entities of the Company operate smoothly, perform their respective duties, and effectively safeguard the interests of shareholders and the Company. During the Reporting Period, to thoroughly implement the requirements of the Three-Year Action Plan for the Reform of State-owned Enterprises, the Company formulated the *Management System for the Delegation of Powers of the Board of Directors and the Implementation Plan for the Implementation of the Powers and Functions of the Board of Directors* to promote the consistency of corporate governance, comprehensively strengthen the construction of the Board and deepen the implementation of the various powers and functions of the Board. At the same time, the Company continued to improve the construction of corporate governance system, and in accordance with the regulatory requirements and the actual situation of the Company, comprehensively sorted out the corporate governance system, amended and improved 12 governance systems, such as the *Articles of Association*, the *Procedural Rules for General Meetings of Sinotrans Limited*, and the *Policy for the Management of Connected Transactions of Sinotrans Limited*, so as to further enhance the governance capacity and efficiency of the Company through system construction.

The corporate governance structure of the Company is as below:



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The General Meeting is the highest authority of the Company. The Company empowered the Shareholders in accordance with the Articles of Association and other regulations and adopted the mode combining online voting (A Shares) with on-site voting to organize general meetings, to effectively protect the right of the Shareholders to know, to participate and to make decisions, especially the minority shareholders. During the Reporting Period, the Company convened 1 annual general meeting, 3 extraordinary general meetings and 2 class meetings. For details, please refer to “III. BRIEF INTRODUCTION OF SHAREHOLDERS’ GENERAL MEETING” in this chapter.

The Board is the operational decision-making authority of the Company, answers to the General Meeting and conscientiously implements the resolutions of the general meetings. In accordance with the statutory procedures and the authorization of the Articles of Association, the Board decides on major events of the Company, accepts the supervision of the General Meeting and Supervisory Committee, and conscientiously performs the responsibilities of decision-making, internal management, risk prevention, and deepening reform. The Board has four special committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee, which fully play their roles of pre-approval. During the Reporting Period, the Company convened 11 Board meetings, 5 meetings of the Audit Committee, 4 meetings of the Nomination Committee and 1 meeting of the Remuneration Committee. For details, please refer to “VIII. THE PERFORMANCE OF DIRECTORS’ DUTIES” and “IX. SPECIAL COMMITTEES UNDER THE BOARD” in this chapter.

The Supervisory Committee, as the Company’s supervisory organization, is responsible for reviewing and supervising the Company’s finance, auditing, and the legal compliance of performance of duties of the Directors and senior management in accordance with relevant laws and regulations and the Articles of Association. During the Reporting Period, the Company convened 5 meetings of the Supervisory Committee. For details, please refer to “X. SUPERVISORY COMMITTEE” in this chapter.

The management, as the Company’s executive agency, answers to the Board. In accordance with the Articles of Association and the authorization of the Board, the management convenes the president’s working meetings to discuss material matters of the Company, strictly implements the resolutions of the Board and the General Meeting, reports the operation and management to the Board regularly and reports to the Chairman during the intersessional period of the Board meetings.

(II) Information Disclosure

In accordance with regulatory provisions including the listing rules in listing places, adhering to the principle of combining statutory disclosure and voluntary disclosure, we highlighted the key points based on the investors’ requirements and the actual situation of the Company, so as to continuously improve the pertinence and effectiveness of information disclosure and the quality of information disclosure made by the Company. During the Reporting Period, we conducted a comprehensive review on the listing compliance requirements for key regulatory issues such as guarantees and financial assistance and issued notices to further ensure that we fulfill our disclosure obligations in a timely, accurate, complete and effective manner to protect the lawful and compliant operations of the Company. In 2022, we disclosed 230 documents on the SSE and 425 documents in both Chinese and English on the SEHK, including periodic reports and material events such as repurchases plan, share incentive grants, related-party transactions and applications for the listing of REITs. During the Reporting Period, the Company was consistently rated Class A in the information disclosure evaluation conducted by the SSE.

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(III) Investor Relations

We highly value communications with investors. We maintain high frequency, all-dimensional and effective communication with domestic and overseas investors through post-results conferences, SSE e-interactions, roadshows and reverse roadshows, reception of investor visits, and participation in investment conferences, investor hotlines and mailboxes, etc., while timely publishing our documents of information disclosure, corporate governance system, information on post-results conferences and records of investor visits on platforms such as the stock exchanges' websites, our external website and SSE e-interactions, in order to ensure that the investors, especially minority shareholders, can get information of the Company in a fair, just and timely manner. In addition, we collect and sort out the key issues that investors are concerned about and their suggestions to promote the improvement of corporate governance and quality of management. During the Reporting Period, we continued to communicate with investors through multiple channels, levels and dimensions, with holding annual, interim and quarterly results briefings, organising 16 results roadshows and 4 management roadshows. We also participated in the SSE collective results briefings of the logistics industry and 11 annual investment conferences/strategy meetings, communicating with nearly 200 investors in aggregate. In the meantime, we organised offline reverse roadshow for contracted logistics business and online reverse roadshow for chemical logistics business to further enhance investors' understanding and knowledge of our business. Throughout the year, we answered nearly 60 questions from investors on SSE e-interactions and communicated with investors through different platforms.

The Board has reviewed the implementation of the Company's Shareholder Communications Policy for 2022. Considering the aforesaid channels of communication with investors, the measures taken by the Company and the events it held, the Company believes that its Shareholder Communications Policy conducted during 2022 is effective.

(IV) Financial Report, Risk Management, Internal Control And Anti-Corruption And Whistleblowing

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

Chapter 5 Corporate Governance (Corporate Governance Report)

1. **Financial report**

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

2. **Risk management and internal monitoring system**

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

During the Reporting Period, the management of the Company has confirmed the effectiveness and adequacy of the overall risk management and internal control system and internal audit function. The Audit Committee and the Board have reviewed and ensured the effectiveness of the Company's and its subsidiaries' risk management and internal control system. The Company has optimized its risk management functions. The headquarters and all secondary units have established risk management organizations to achieve centralized management of responsibilities including risk management, internal control, internal audit, legal compliance, insurance management and comprehensive quality management system. At the same time, the Company has set up three lines of defense with clear main responsibilities of each line including organization and coordination, professional control, risk decision-making, as well as independent supervision and evaluation, integrating "risk management, internal control, law, compliance, auditing, accountability and insurance" as a seven-in-one significant risk control system.

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Based on ISO9001:2015, ISO14001:2015 and ISO45001:2018 standards, the Company has established a comprehensive management system including quality management, environmental management, and occupational health and safety management, which not only regulates the Company's basic management activities and work processes, but also provides practical operating standards for freight forwarding and shipping agency business and improves market competitiveness. In 2022, internal audits were conducted on the compliance, adequacy and effectiveness of the Company's comprehensive management system which also passed external audits. Major projects including finance, operations and compliance were monitored, covering various key tasks within the system, based on documents about the Company's comprehensive management system, relevant laws, regulations and contracts.

3. Identification, evaluation and management of significant risks

Based on the current management status and external environment, the Company updates and improves the risk database every year, evaluates and determines the Company's top ten key risks, and regularly tracks risk factors and the implementation of response plans and measures, to ensure that various measures are effectively implemented. In 2022, based on the actual overseas operations, the Company comprehensively and systematically sorted out the risk points of overseas projects, analyzed the key countries, key projects and key areas that should be concerned in various risks for proposing specific addressing measures, and continued to follow up the implementation of plans and project progress on a quarterly basis. Meanwhile, in addition to risk limits and thresholds set according to the risk categories in the plans, regular operation monitoring was conducted, and abnormal indicators are analyzed, supervised and resolved. Furthermore, in order to implement risk control in key business areas, the Company promoted the construction and application of risk preference limit system for key regional companies and specialized subsidiaries. Based on the actual business of each company, the Company set risk limits, dynamically examined the rationality and accuracy of indicator thresholds, focused on the analysis and response of over-limit indicators, and monitored all indicators quarterly to ensure the steady development of the Company's overall operation. During the Reporting Period, the overall risk situation was stable with no new major risk events during the year.

4. Internal control evaluation and internal audit

The Company has completed the full-coverage construction of internal control system. No material managing defects were found in the existing internal control system. In 2022, the Company continued to conduct the cross evaluation of internal control of some end units in the Group to improve the evaluation of internal control, included key risk areas into the evaluation scope, prevented relevant risks, focused on the construction of internal control system of overseas companies, and strengthened the control effectiveness of key areas (human, financial, security, etc.).

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

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

The Company has formulated and kept improving the Administration Policies on Insiders of Inside Information of the Company and the Administration Policies on Information Disclosure of the Company in accordance with the requirements of the Securities Law, the SFO and the Listing Rules in listing places, to clarify the scope of inside information and insiders of inside information, and stipulate the responsibilities of reporting, registration, confidentiality and disclosure of inside information. During the Reporting Period, the Company continuously strengthened the awareness of the controlling shareholders, Directors, Supervisors, Senior Management and employees of the Company on the confidentiality of inside information and other work, and further ensured the effective implementation of relevant systems by issuing internal blackout period notification. And we strictly register and manage insiders of internal information such as periodic reports. During the Reporting Period, there is no insider trading before the disclosure of material and sensitive information related to stock prices, nor relevant punishment made by the regulatory authorities.

6. Anti-corruption and whistleblowing

Sinotrans strictly complied with national and local laws and regulations regarding the prevention of corruption, bribery, extortion, fraud and money laundering. It has formulated the Compliance Manual and the Measures for the Compliance Management of Business Partners to regulate the compliance obligations and code of conduct of the Group and its employees in anti-money laundering, anti-corruption, etc. and put focus on the ability of business partners to perform compliance obligations in compliant operations, anti-corruption, anti-bribery, and anti-money laundering.

During the Reporting Period, we mainly carried out the following work: Firstly, we formulated and issued four supervision and management systems, such as the "Implementation Measures for Strengthening Supervision of the "Head of the Company" and the Leading Team, formulated the "Daily Supervision Work List". Secondly, we launched various forms of content-rich anti-corruption training and education activities, including organizing warning education conventions, anti-corruption publicity and educational month, etc. In 2022, the Group conducted anti-corruption training for 27,997 employees (including 241 directors, supervisors and senior management), with an average training time of 3 hours per employee.

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The Group strictly abides by the Supervision Law of the People's Republic of China (《中華人民共和國監察法》) and the Rules for the Supervision and Enforcement of Discipline by the Disciplinary Inspection Organs of the Communist Party of China (《中國共產黨紀律檢查機關監督執紀工作規則》) to keep the information such as whistle-blowers and case-related materials confidential. According to the Regulations on Centralized and Unified Management of Issues and Clues of Disciplinary Committee and Supervision Department of the Company (《公司紀委監察部問題線索集中統一管理規定》) and Regulations on Disposal of Issues and Clues, Important Issues, and Case Reports of Disciplinary Committee and Supervision Department of the Company (《公司紀委監察部問題線索處置、重要問題線索和案件報告規定》) formulated by the Company, it is clarified that whistleblowers can report problems through the telephone and mailbox for whistle-blowing issued by the Company. After receiving the report, the relevant departments should consider and judge the clues of the problem in a timely manner, and deal with it according to the four methods of “conversation and letter inquiry, preliminary verification, temporary storage for investigation, and closure”. In 2022, the Group did not have any corruption lawsuit against the Company and its employees.

Whether there are material differences between corporate governance and laws, administrative regulations, and the provisions of CSRC on the listed company's governance; if there are material differences, the reasons should be explained.

Applicable Not applicable

II. SPECIFIC MEASURES TAKEN BY CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS OF THE COMPANY TO ENSURE THE INDEPENDENCE OF ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS OF THE COMPANY, AS WELL AS SOLUTIONS, WORK SCHEDULES AND FOLLOW-UP WORK PLANS ADOPTED TO AFFECT THE INDEPENDENCE OF THE COMPANY

Applicable Not applicable

The controlling shareholders, actual controllers and other units under their control are engaged in the same or similar business with the Company, and the impact of horizontal competition or major changes in horizontal competition on the Company, the solutions taken, the progress of the solutions and the follow-up solutions

Applicable Not applicable

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When merging by absorption through share swap of Sinoair by the Company and the realization of the Company's A share listing, in addition to the Company and its subsidiaries, Sinotrans & CSC has some subsidiaries that are engaged in integrated logistics business (the "Excluded Companies"), which compete with the Company to a certain extent. In this regard, Sinotrans & CSC issued the Statement and Commitment on Matters Relating to the Avoidance of Peer Competition (《關於避免同業競爭相關事宜的聲明和承諾》) (the "Letter of Commitment") in April 2018. In October 2021, Sinotrans & CSC issued the Supplemental Commitment Letter on Further Avoiding Peer Competition (《關於進一步避免同業競爭的補充承諾函》), and asked for extending the commitment period in relation to thoroughly resolving the horizontal competition in substance with Sinotrans & CSC and its subsidiaries for three years and has undertaken that "Sinotrans & CSC will continue to reduce the scale and area of the integrated logistics business of those entities that have horizontal competition in substance, and through ways of transfer of equity, asset restructure, asset divestment and optimizing the entrusted management model for Sinotrans, Sinotrans & CSC shall thoroughly resolve the horizontal competition in substance with Sinotrans and its subsidiaries before 17 January 2025". The above-mentioned has been considered and approved by the Company's 2021 second extraordinary 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).

III. BRIEF INTRODUCTION OF SHAREHOLDERS' GENERAL MEETING

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				
2022 Second Extraordinary General Meeting	23 August 2022		24 August 2022	
2022 Third Extraordinary General Meeting	28 September 2022		29 September 2022	

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

Applicable Not applicable

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Explanations of general meetings

Applicable Not applicable

1. 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 of the Company; (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.
2. The Company successively convened 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 resolutions: (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.

3. The Company convened 2022 Second Extraordinary General Meeting on 23 August 2022, which has considered and approved the proposal of the election of the Director of the Company.
4. The Company convened 2022 Third Extraordinary General Meeting on 28 September 2022, which has considered and approved the proposals: (1) the resolution in relation to proposed amendments to the Articles of Association; (2) the resolution in relation to proposed amendments to certain internal policies such as the Procedural Rules for General Meetings of the Company; (3) the resolution in relation to the distribution of an interim dividend in 2022; (4) the resolution in relation to the election of the Director of the Company. Among them, the fourth proposal was put forward by China Merchants, a shareholder directly holding 21.63% of the Company's shares, and submitted to the convener of the shareholders' meeting in writing on 8 September 2022. The fourth proposal was also approved at the 16th meeting of the third session of the Board held on 9 September 2022.

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IV. SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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2. Pursuant to Article 122 of the Articles of Association, shareholders may request to convene a class meeting in accordance with the following procedures:
 - (1) Two or more shareholders holding in aggregate 10 percent (inclusive) or more of the shares with voting rights at a meeting may request the Board of Directors to convene a class meeting by signing and submitting to the Board of Directors one or more counterpart written request(s). The written request(s) must state the matters to be considered at that meeting. The Board of Directors shall convene the class meeting as soon as possible after receiving such written request(s). The shareholdings referred to above shall be calculated as at the date of delivery of the written request(s) submitted by the shareholders.
 - (2) If the Board of Directors fails to issue a notice to convene a meeting within 30 days after receiving the written request from the shareholders, the shareholders requesting the meeting may convene the meeting themselves within 4 months from the date on which the Board of Directors received the written request. The procedure for convening such meeting shall, so far as is possible, be the same as the procedure of the Board of Directors to convene a general meeting. The Company shall be responsible for the reasonable fees incurred by the shareholders in convening a meeting due to the failure of the Board of Directors to convene the meeting. The Company shall deduct such fees from the amount owed by the Company to the Directors who have neglected their duties.
3. Pursuant to Article 74 of the Articles of Association, in the event that the Supervisory Committee or shareholders decide(s) to convene a shareholders' general meeting on its/their own, it or they shall notify the Board of Directors in writing and report the same to the stock exchange. Prior to the announcement of the resolution of the general meeting, the proportion of the shares with voting rights held by the shareholders must not be less than 10%. The Supervisory Committee or the convening shareholders shall submit relevant evidence to the stock exchange when giving a notice of shareholders' general meeting and making an announcement on the resolutions made at such meeting.

(II) Shareholders' Right to Put Forward Provisional Proposals

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

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

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

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V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

✓Applicable □Not applicable

Unit: shares

Name	Position	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares during the Reporting Period	Reasons for Change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB0'000)	Whether to get remuneration from related parties of the Company
Feng Boming	Chairman Non-executive Director	Male	53	23 August 2022	9 June 2024	0	0	0	/	0	Y
Song Dexing	Vice Chairman Non-executive Director	Male	59	1 June 2018 15 December 2016	9 June 2024 9 June 2024	0	0	0	/	0	Y
Song Rong	Executive Director President	Male	50	1 June 2018 22 April 2019	9 June 2024 9 June 2024	0	0	0	/	168.88	N
Deng Weidong	Non-executive Director	Male	55	2 November 2021	9 June 2024	0	0	0	/	0	Y
Jiang Jian	Non-executive Director	Male	58	5 June 2019	9 June 2024	0	0	0	/	0	Y
Luo Li	Non-executive Director	Female	39	28 September 2022	9 June 2024	0	0	0	/	0	Y
Jerry Hsu	Non-executive Director	Male	72	18 June 2003	9 June 2024	0	0	0	/	0	N
Wang Taiwen	Independent non-executive Director	Male	76	28 December 2017	9 June 2024	0	0	0	/	16.62	N
Meng Yan	Independent non-executive Director	Male	67	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Song Haiqing	Independent non-executive Director	Male	44	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Li Qian	Independent non-executive Director	Female	54	1 June 2018	9 June 2024	0	0	0	/	16.62	N
Huang Bilie	Supervisor, Chairman of Supervisory Committee	Male	57	28 September 2021	9 June 2024	0	0	0	/	101.73	N
Kou Suiqi	Supervisor	Male	56	30 November 2021	9 June 2024	0	0	0	/	0	Y
Zhou Fangsheng	Independent Supervisor	Male	73	30 December 2011	9 June 2024	0	0	0	/	10.74	N
Fan Zhaoping	Independent Supervisor	Male	68	1 June 2018	9 June 2024	0	0	0	/	10.74	N
Wang Shengyun	Staff representative Supervisor	Male	58	25 September 2020	9 June 2024	0	0	0	/	94.58	N
Tian Lei	Vice President General Counsel	Male	57	10 May 2018 27 August 2020		0	0	0	/	128.65	N
Wang Jiuyun	Chief Financial Officer	Male	56	20 December 2016		0	0	0	/	121.00	N

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Name	Position	Gender	Age	Date of term commencement	Date of term expiration	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shares amount during the Reporting Period	Reasons for Change	Total pre-tax remuneration received from the Company during the Reporting Period (RMB0'000)	Whether to get remuneration from related parties of the Company
Li Shichu	Vice President	Male	52	23 February 2022		0	0	0	/	114.07	N
	Secretary of the Board			28 December 2016							
	Company Secretary			27 December 2019							
Gao Xiang	Vice President	Male	50	23 February 2022		0	0	0	/	122.68	N
	Chief Digital Officer			14 September 2016							
He Fei	Vice President	Male	40	15 June 2022		0	0	0	/	67.89	N
Wang Hong (Resigned)	Non-executive Director, Chairman	Male	60	2 November 2021	27 July 2022	0	0	0	/	0	Y
Liu Weiwu (Resigned)	Non-executive Director	Male	58	10 June 2021	9 September 2022	0	0	0	/	0	Y
Chen Xianmin (Resigned)	Vice President	Male	58	16 May 2018	15 June 2022	0	0	0	/	129.99	N
Total	/	/	/	/	/	0	0	0	/	1,137.43	/

- Note: 1. The remuneration listed above does not include the share-based payment which are locked-up. For the details, please refer to Note IX. 72 to the financial statements under "Chapter II Financial Report" of this Report.
- 2., After resigning as the Vice President of the Company, Mr. Chen Xianmin continues to serve as a senior consultant and receive remuneration. The total amount of pre-tax remuneration Mr. Chen received from the Company during the Reporting Period included the remuneration he received as the Company's vice president and as a senior consultant.

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Name	Major work experience
Feng Boming	<p>Mr. Feng Boming is the Chairman of the Company, the chairman of the Strategy Committee and a member of the Nomination Committee of the Board. Mr. Feng currently serves as Executive Vice President of China Merchants Group Limited. Mr. Feng previously held various positions including Manager of Commercial Section of COSCO Container Lines Co., Ltd., General Manager of COSCO Container Hong Kong Mercury Co., Ltd., General Manager of Management and Administration Department of COSCO Holdings (Hong Kong) Co., Ltd., General Manager of COSCO International Freight (Wuhan) Co., Ltd./COSCO Logistics (Wuhan) Co., Ltd., Supervisor of Strategic Management Implementation Office of China Ocean Shipping (Group) Company and General Manager of Strategic and Corporate Management Department of China COSCO SHIPPING Corporation Limited. Mr. Feng also served as Executive Director and the Chairman of the board of directors of COSCO SHIPPING Ports Limited (stock code: HK1199), Executive Director of COSCO SHIPPING Holdings Co., Ltd. (stock code: SH601919 and HK1919) and Orient Overseas (International) Limited (stock code: HK316), Non-executive Director of COSCO SHIPPING Energy Transportation Co., Ltd. (stock code: SH600026 and HK1138), COSCO SHIPPING Development Co., Ltd. (stock code: SH601866 and HK2866), COSCO SHIPPING International (Hong Kong) Co., Ltd. (stock code: HK517), Qingdao Port International Co., Ltd. (stock code: SH601298 and HK6198) and Piraeus Port Authority S.A., and all of which are listed companies. Mr. Feng also served as Director of each of COSCO SHIPPING (Hong Kong) Co., Limited, COSCO SHIPPING Investment Holdings Co., Limited, Hainan Harbour & Shipping Holding Co., Ltd. and COSCO SHIPPING Bulk Co., Ltd. Mr. Feng has nearly 30 years of work experience in the shipping industry and has extensive experience in corporate governance and enterprise strategy management, investment and merger and acquisitions, ports management and operation, container shipping and supply chain management. Mr. Feng was appointed as non-executive Director and Chairman of the Company in August 2022. Mr. Feng graduated from The University of Hong Kong with a Master of Business Administration degree and Mr. Feng has obtained the Economics Professional Qualification.</p>

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Name	Major work experience
Song Dexing	<p>Mr. Song Dexing is the Vice Chairman of the Company, the member of the Strategy Committee of the Board. Mr. Song is a Senior Engineer graduating from port engineering major of Wuhan University of Technology (formerly known as Wuhan Institute of Water Transportation Engineering) and obtaining the Ph.D. degree in Management from Huazhong University of Science and Technology. Mr. Song successively held the posts of Secretary of the Youth League Committee and Engineer of Water Transport Planning and Design Institute of Ministry of Transport of the PRC, Deputy Head of the lecturer delegation in Sichuan sent by Ministry of Transport, Deputy Division Director and Division Director of Container Division and Domestic Division of Water Transportation Department of Ministry of Transport, Deputy Mayor of Luoyang City (temporary post), Associate Director of the Research Institute of Water Transportation of Ministry of Transport, Deputy Director and Director of the Yangtze Gorges Navigation Administration Bureau, Deputy Director and Director of Water Transportation Department of Ministry of Transport and Director of Water Transportation Bureau of Ministry of Transport, as well as held a concurrent post of Director of Taiwan Affairs Office of Ministry of Transport. In September 2014, Mr. Song was appointed as the Deputy Chairman and Member of the Standing Committee of Party Committee of SINOTRANS & CSC Holdings Co., Ltd., and thereafter successively held the posts of Deputy Party Secretary and Secretary of Discipline Inspection Commission of SINOTRANS & CSC Holdings Co., Ltd. From June 2016 to July 2017, Mr. Song was appointed as the Head of Integrated Logistics Department of China Merchants. In June 2016, Mr. Song was appointed as the General Manger of SINOTRANS & CSC. In September 2016, Mr. Song was appointed as the Executive Director of SINOTRANS & CSC. From July 2017 to August 2018, Mr. Song served as the Head of Logistics and Shipping Department of China Merchants. From October 2017 to April 2020, Mr. Song was appointed as the chairman of Nanjing Port (Group) Co., Ltd. In November 2017, Mr. Song was appointed as the Secretary of the Communist Party Committee of Sinotrans & CSC. In September 2018, Mr. Song was appointed as the director of the Transportation and Logistics Division/ Beijing Headquarters of China Merchants. In May 2019, Mr. Song was appointed as the business director of Transportation and Logistics of China Merchants. Since August 2018, Mr. Song has served as the Vice Chairman of China Merchants Energy Shipping Co., Ltd. (Stock Code: SH601872). From December 2018 to May 2022, Mr. Song served as the director of China Merchants Port Group Co., Ltd. (Stock Code: SZ001872). Mr. Song was appointed as the Director of the Company in December 2016. Mr. Song was appointed as the Vice Chairman of the Company in June 2018.</p>

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Name	Major work experience
Song Rong	<p>Mr. Song Rong is the executive Director and President of the Company and also a member of the Strategy Committee of the Board. Mr. Song graduated from University of International Business and Economics with a bachelor degree in economics, and then obtained an MBA degree from Olin Business School of Washington University. Mr. Song joined China National Foreign Trade Transportation (Group) Corporation in 1995 and worked in liner shipping department I. In 2000, Mr. Song was appointed as the Manager of Sinotrans Canada Company. In August 2006, Mr. Song served as Deputy General Manager of Sinotrans Container Lines Co., Ltd. In January 2008, Mr. Song served as General Manager of Operation Department of the Company. In June 2012, Mr. Song was appointed as the General Manager of Sinotrans Shandong Co., Ltd. Mr. Song was appointed as the Vice President and Secretary of the Communist Party Committee of the Company in December 2015. From September 2017 to August 2018, Mr. Song served as the General Manager and Vice Secretary of the Communist Party Committee of China Merchants Logistics Holding Group Co., Ltd. (renamed as “Sinotrans Logistics Co., Ltd.”, hereinafter referred to as “China Merchants Logistics”). Mr. Song served as the Chairman of China Merchants Logistics in August 2018 and has served as the Secretary of the Communist Party Committee from August 2018 to May 2019. Mr. Song was re-appointed as the Vice President and Vice Secretary of the Communist Party Committee of the Company in May 2018. Mr. Song was appointed as the executive Director of the Company in June 2018. Mr. Song was appointed as President of the Company in April 2019. Mr. Song was appointed as Secretary of the Communist Party Committee of the Company in September 2021. In June 2022, Mr. Song was appointed as the chairman of DHL-Sinotrans International Air Courier Ltd.</p>

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Name	Major work experience
Deng Weidong	<p>Mr. Deng Weidong is the non-executive Director of the Company, a member of the Strategy Committee of the Board. He graduated from Nanjing University with a PhD in Physical Geography in 1994, and graduated from Department of Marine Management of Dalhousie University in Canada with a master degree. He worked at Hainan Yangpu Economic Development Zone Administration Bureau, and successively served as the Deputy General Manager and General Manager of Research & Development Department of China Nanshan Development (Group) Inc., the Deputy General Manager of Chiwan Container Terminal Co., Ltd. and the General Manager of Shenzhen Mawan Godown & Wharf Co., Ltd. In July 2009, he joined China Merchants Holdings (International) Company Limited (renamed as China Merchants Port Holdings Company Limited in 2016), and successively served as the Assistant to General Manager and General Manager of Planning and Commerce Department and the Deputy General Manager. From February 2015 to August 2021, he served as the Head of the Capital Investment & Management Department of China Merchants Group Limited. Since August 2021, he was appointed as the Head of the Strategic and Development Department/ Technological Innovation Department of China Merchants. From March 2020 to August 2021, he served as the General Manager of China Merchants Investment Development Co., Ltd. He served as a Director of China Merchants Property Operation & Service Co., Ltd. (Stock Code: SZ001914) from December 2019 to April 2021; a Director of SF Holding Co., Ltd. (Stock Code: SZ002352) from April 2019 to December 2022; a Director of China Merchants Shekou Industrial Zone Holdings Co.,Ltd. (Stock Code: SZ001979) from October 2021 to November 2022; a Director of China Merchants Port Holdings Co., Ltd. (Stock Code: HK00144) from October 2021 to December 2022. He served as a Director of China Merchants Energy Shipping Co., Ltd. (Stock Code: SH601872) since April 2019; a Director of China International Marine Containers (Group) Co., Ltd. (Stock Code: SZ000039 and HK02039) since October 2020; a Director of China Merchants Securities Co., Ltd. (Stock Code: SH600999 and HK06099) since April 2022. In November 2021, he was appointed as the non-executive Director of the Company.</p>

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Name	Major work experience
Jiang Jian	<p>Mr. Jiang Jian is the non-executive Director of the Company. Mr. Jiang graduated from Dalian Maritime Institute in July 1988 with a bachelor's degree in engineering, and graduated from Dalian Maritime University through part-time study in October 2007 with a Ph.D in engineering. Mr. Jiang joined the China National Foreign Trade Transportation Corporation in 1988, and successively served in Liaoning Branch of China National Foreign Trade Transportation Corporation and Liaoning Foreign Trade Container Shipping Co., Ltd. Mr. Jiang successively served in Sinotrans Liaoning Company and Sinotrans Liaoning Company Limited from May 1998 to October 2008. Mr. Jiang served as Assistant President of China National Foreign Trade Transportation (Group) Corporation and Sinotrans & CSC Holdings Co., Ltd. from October 2008 to December 2015 successively, and Vice President of Sinotrans & CSC Holdings Co., Ltd. from October 2015 to July 2016. Mr. Jiang has been serving as Head of the Disciplinary Committee Office of China Merchants since July 2016, Deputy Secretary of the Disciplinary Committee and Head of the Supervision Department of China Merchants since November 2016 and Head of the Communist Party Committee Inspection Leading Group Office in China Merchants from May 2018 to September 2019. Mr. Jiang was appointed as the non-executive Director of the Company in June 2019.</p>
Luo Li	<p>Ms. Luo Li is the non-executive Director of the Company. Ms. Luo is a member of Certified Management Accountant and a Senior Practitioner of the Hong Kong Securities and Investment Institute. Ms. Luo graduated from school of economics in Central University of Finance and Economics with a master degree in economics. She currently serves as the Deputy of the Finance Department (Property Rights Department) of China Merchants Group Limited. Ms. Luo successively served as the Chief of Fund of the Financial Department of Sinotrans & CSC Holdings Co., Ltd., General Manager of Settlement Department, Assistant to General Manager, the member of the Party Committee of the Sinotrans & CSC Finance Co., Ltd. (now known as China Merchants Group Finance Co., Ltd.), Assistant to General Manager of the Finance Department (Property Rights Department) of China Merchants Group Limited and Deputy General Manager of China Merchants International Finance Co., Ltd. Ms. Luo was appointed as the non-executive Director of the Company in September 2022.</p>

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

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Name	Major work experience
Wang Taiwen	<p>Mr. Wang Taiwen is the independent non-executive Director of the Company and the Chairman of Nomination Committee and the member of the Audit Committee and the Remuneration Committee of the Board. Mr. Wang started his career in Ziyang Internal Combustion Locomotive Co., Ltd. of China Ministry of Railway and worked successively as an engineer, Branch Factory Manager, General Manger and the Secretary of Communist Party Committee. Then he acted as President, Chairman and Secretary of Communist Party Committee of China Railway Locomotive and Rolling Stock Industry Corporation, and later as Chairman and Secretary of Communist Party Committee of China Southern Locomotive and Rolling Stock Industry (Group) Corporation. He also acted as an independent non-executive director in China Railway Group Limited, an external director of China National Foreign Trade Transportation (Group) Corporation and an external director of SINOTRANS & CSC., and an independent non-executive director of China Automation Group Limited. Since March 2016, Mr. Wang has been appointed as the independent director of Guangdong Huatie Tongda High Speed Railway Equipment Corporation (Stock Code: SZ000976). Mr. Wang was appointed as the independent non-executive Director of the Company in December 2017.</p>
Meng Yan	<p>Mr. Meng Yan is the independent non-executive Director of the Company and the Chairman of the Audit Committee and the member of the Remuneration Committee and the Nomination Committee of the Board. Mr. Meng graduated from the Institute of Financial Science under Ministry of Finance with a PhD in economics (accounting). Mr. Meng is the professor and PhD supervisor of the School of Accountancy in the Central University of Finance and Economics. From 2003 to 2015, Mr. Meng served as the dean of the School of Accountancy in the Central University of Finance and Economics. In 1993, Mr. Meng was awarded the National Prominent Teacher and then obtained the special government allowance of the State Council in 1997. In 2000, Mr. Meng was awarded the Outstanding Worker in Beijing. Mr. Meng served as an independent non-executive director of Jolimark Holdings Limited (Stock Code: HK2028) from March 2005 to May 2020, an independent non-executive director of China Longyuan Power Group Corporation Limited (Stock Code: HK916) from July 2009 to November 2021, an independent director of Beijing Bashi Media Co., Ltd. (Stock Code: SH600386) from April 2016 to June 2022. Currently, Mr. Meng serves as an independent director of Beijing Capital Co., Ltd. (Stock Code: SH600008), an independent director of Qi An Xin Technology Group Inc. (Stock Code: SH688561), and an independent director of Changchun Engley Automobile Industry Co., Ltd. (Stock Code: SH601279). Mr. Meng was appointed as the independent non-executive Director of the Company in June 2018.</p>

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

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Name	Major work experience
Huang Bilie	<p>Mr. Huang Bilie is the Chairman of the Supervisory Committee of the Company. He obtained a bachelor degree from East China Normal University, a master degree from the American Studies Center of Beijing Foreign Studies University, and a master degree of Investment Management from CASS Business School of City University of London, successively. Mr. Huang held the Research Fellow Title certified by State-owned Assets Supervision and Administration Commission of the State Council. Mr. Huang successively served as the General Manager of Entrusted Asset Management Headquarters of Beijing International Trust CO., LTD., the Assistant to the Chairman of the Board of Directors, and Chief Financial Officer of Hong Kong Wide Code Investments (Group) Limited. From December 2003 to September 2016, he successively served as the Vice President of China National Foreign Trade Transportation (Group) Corporation, the Vice President, Chief Financial Officer and member of Communist Party Committee of Sinotrans & CSC Holdings Co., Ltd., and the Deputy Head of Integrated Logistics Department of China Merchants Group Limited. From September 2016 to March 2017, he served as the Chairman of the Board of Directors and Secretary of the Communist Party Committee of China Merchants Group Finance Co., Ltd. From March 2017 to August 2021, he served as CEO and the Secretary of the Communist Party Committee of China Merchants Group Finance Co., Ltd. In August 2021, Mr. Huang was employed as a staff of the Company. In September 2021, Mr. Huang was appointed as the staff representative supervisor and Chairman of the Supervisory Committee of the Company.</p>
Kou Suiqi	<p>Mr. Kou Suiqi is the Supervisor of the Company. Mr. Kou graduated from Henan University with a bachelor degree in science in July 1987, and then he obtained a master degree in economics from Zhongnan University of Economics and Law in July 1993. From May 2005 to October 2021, Mr. Kou has successively served as Manager, Senior Manager, Assistant General Manager and Deputy General Manager of Audit Department, Deputy Head of Risk Management Department, Deputy Director of Audit Center of China Merchants Group Co., Ltd. From October 2021 to December 2022, he was appointed as Deputy Head of Audit Department of China Merchants Group Co., Ltd. Since December 2022, he has served as a full-time external director of China Merchants Group Co., Ltd. He was appointed as the Supervisor of the Company since November 2021.</p>

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Name	Major work experience
Zhou Fangsheng	<p>Mr. Zhou Fangsheng is the independent Supervisor of the Company. Mr. Zhou graduated from Hunan University majoring in engineering management in 1985 and completed post graduate course from the Renmin University of China in Enterprise Management of Industrial Economics Department in 1996. Mr. Zhou obtained rich enterprise practice during his long-term service in enterprises. From 1991 to 1997, Mr. Zhou served as Deputy Division Director and Division Director in the State-owned Assets Administration Bureau, and Deputy Director in the Stated-owned Assets Administration Research Institute. From 1997 to 2001, Mr. Zhou worked as Deputy Director in difficulty relief working office for stated-owned enterprises of the State Economic and Trade Commission. From 2001 to 2003, Mr. Zhou served as Director in Stated-owned Assets Administration Research Section of Research Institute for Fiscal Science of Ministry of Finance. From 2003 to 2009, Mr. Zhou worked as Vice Counsel in the Enterprise Reform Bureau of the State-owned Assets Supervision and Administration Commission of the State Council. Mr. Zhou served as an independent non-executive director of Hengan International Group Company Limited (Stock Code: HK01044), and currently serves as an independent non-executive director of China National Building Material Co., Ltd. (Stock Code: HK03323), and an independent director of Chenguang Biotech Group Co., Ltd. (Stock Code: SZ300138). Mr. Zhou was appointed as the independent Supervisor of the Company in December 2011.</p>
Fan Zhaoping	<p>Mr. Fan Zhaoping is the independent Supervisor of the Company. Mr. Fan graduated from the Institute of Financial Science under the Ministry of Finance with a master degree in Economics. Mr. Fan served as the assistant manager and manager of the finance department of Shenzhen Chiwan Petroleum Supply Base Company Limited, manager of the finance department and financial investment department in and assistant general manager of China Nanshan Development (Group) Incorporation. From 1998 to 2014, Mr. Fan served as vice president of China Nanshan Development (Group) Incorporation and has now retired from such position. Mr. Fan also served as CFO and director of Shenzhen Chiwan Wharf Holdings Limited, supervisor and chairman of Shenzhen Chiwan Petroleum Supply Base Company Limited, chairman of Shenzhen BLOGIS Holdings Limited, vice-chairman of China Association of Warehouses and Storage, chairman of Shenzhen Chiwan Oriental Logistics Company Limited, chairman of Hefei Baowan International Company Limited and the chairman of executive committee of the board and vice-chairman of Shenzhen Chiwan Sembawang Engineering Co., Ltd. Mr. Fan was appointed as an independent director of CIMC Vehicles (Group) Co., Ltd. (Stock Code: HK01839) in June 2019. Mr. Fan was appointed as the independent Supervisor of the Company in June 2018.</p>

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

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
Tian Lei	<p>Mr. Tian Lei is the Vice President and General Counsel of the Company. Mr. Tian graduated from Tsinghua University with a bachelor's degree in mechanical design and manufacturing in 1988, and graduated from the School of Economics and Management of Tsinghua University in 1994 with a master's degree in engineering. From 1995 to December 1997, he served as Minister of Investment of Economic Development Office and Assistant to the Director of Business Room in China Merchants Shekou Industrial Zone Holdings Co., Ltd. From January 1998 to August 2001, served as Assistant General Manager of Shenzhen China Merchants Petrochemical Co., Ltd. From September 2001 to December 2010, he served as Director of Business Management Department, General Manager of Development Research Department, General Manager of Corporate Planning Department of China Merchants Logistics, and Chairman and General Manager of Shenzhen- Hong Kong District Corporation. From December 2010 to March 2014, he served as the Assistant General Manager of China Merchants Logistics and from June 2011, served as the General Legal Counsel. From April 2014 to August 2018, Mr. Tian was appointed as the Deputy General Manager and General Counsel of China Merchants Logistics. In May 2018, Mr. Tian was appointed as the Vice President of the Company. He was appointed as the General Counsel of the Company in June 2019.</p>
Wang Jiuyun	<p>Mr. Wang Jiuyun is the Chief Financial Officer of the Company. Mr. Wang graduated from Renmin University of China with a bachelor's degree in management. Mr. Wang began his career in the China National Foreign Trade Transportation (Group) Corporation in 1986. From 1988 to December 2001, Mr. Wang served in TNT Skypak-Sinotrans Int'l Express Company as the National Accounting & Finance Manager, Manager of the Accounting & Finance Department of New Asia Ltd., the F&A Manager of International United Shipping Agency (Hong Kong) Co., Ltd., Manager of Overseas Section of Financing and Accounting Department of China National Foreign Trade Transportation (Group) Corporation. From January 2002 to April 2004, Mr. Wang was appointed as Chief Financial Officer of North China Region of Sinotrans Air Transportation Development Co., Ltd. From May 2004 to August 2006, Mr. Wang was appointed as the General Manager of the Financing and Accounting Department of Sinoair. From August 2006 to April 2013, Mr. Wang was appointed as the Deputy General Manager of Sinoair. From November 2010 to April 2013, Mr. Wang held a concurrent post as the Chief Financial Officer of Sinoair. From April 2013 to December 2017, Mr. Wang was appointed as the General Manager of the Accounting & Financial Department of the Company. Mr. Wang was appointed as a director of DHL Sinotrans International Air Courier Ltd in December 2015. In December 2016, Mr. Wang was appointed as the Chief Financial Officer of the Company.</p>

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
Li Shichu	<p>Mr. Li Shichu is the Vice President and Board Secretary/Company Secretary of the Company. Mr. Li obtained his bachelor degree in economics from University of International Business and Economics, and graduated with an EMBA degree from Cheung Kong Graduate School of Business. Mr. Li joined China National Foreign Trade Transportation (Group) Corporation in 1993. From 1993 to 2000, Mr. Li was under the employment of China Marine Shipping Agency Co., Ltd. and President Office of China National Foreign Trade Transportation (Group) Corporation. From 2000 to 2002, Mr. Li acted as the Deputy Director of President Office of China National Foreign Trade Transportation (Group) Corporation. From April 2002 to December 2002, Mr. Li acted as the Head of Integrated Group of Listing Office of China National Foreign Trade Transportation (Group) Corporation. From 2002 to 2008, Mr. Li acted as the General Manager of Securities & Legal Affairs Department of the Company. From 2008 to 2012, Mr. Li acted as the General Manager of Sinotrans Anhui Company. From 2012 to 2017, Mr. Li was the General Manager of the Developing & Planning Department of the Company. In December 2016, Mr. Li was appointed as the Board Secretary. In August 2019, Mr. Li was appointed as a director of DHL-Sinotrans International Air Courier Ltd. In February 2022, Mr. Li was appointed as the Vice President of the Company.</p>
Gao Xiang	<p>Mr. Gao Xiang is the Vice President and Chief Digital Officer of the Company. Mr. Gao graduated from Nankai University in 1995. From the year of 1995 to the year of 2016, Mr. Gao was employed by TravelSky Technology Limited with experience as Engineer, Executive Manager of marketing division, General Manager of aviation business division and General Manager and Secretary of the party committee of research and development center. In September 2016, Mr. Gao was appointed as the Chief Digital Officer of the Company. In February 2022, Mr. Gao was appointed as the Vice President of the Company.</p>

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Corporate Governance (Corporate Governance Report)

Name	Major work experience
He Fei	<p>Mr. He Fei is the Vice President of the Company. Mr. He graduated from JiMei University with a bachelor degree in engineering, and obtained a master degree of science from NEOMA Business School. From August 2007 to December 2014, Mr. He successively served in Qingdao Port China Merchants International Container Terminal Co., Ltd., Qingdao Qianwan West Port United Terminal Co., Ltd. and China Merchants Holdings (International) Co., Ltd. From December 2014 to July 2017, Mr. He successively served as the chief representative of China Merchants Holdings (International) Co., Ltd. to Beijing and the assistant president of China Merchants International Terminal (Qingdao) Co., Ltd. From March 2017 to August 2018, Mr. He served as the deputy director of Resident Office in Beijing of China Merchants Group, vice president of China Merchants Group (Beijing) Co., Ltd. From August 2018 to January 2019, Mr. He served as the assistant director of the Transportation and Logistics Division/Beijing Headquarters of China Merchants Group, assistant president of Sinotrans & CSC Holdings Co., Ltd. and vice president of China Merchants (Beijing) Co., Ltd. Mr. He served as the deputy chief representative of Representative Office in Djibouti of China Merchants Group from January 2019 to March 2020, during which, he served as the vice president of China Merchants Holdings Djibouti from February 2019 to July 2020, and the president of Institution of Djibouti International Port Operation from February 2019 to August 2020. Mr. He served as the chief representative to Djibouti of China Merchants Group from March 2020 to January 2022, and the president of China Merchants Holdings (Djibouti) from July 2020 to June 2022. Mr. He was appointed as the Vice President of the Company in June 2022.</p>

Other information

Applicable Not applicable

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(II) Positions that Directors, Supervisors and Senior Management Who are Currently Serving or Have Served During the Reporting Period

1. Position in the Shareholder's Entity

Applicable Not applicable

Name of officer	Name of Shareholder's entity	Position in the shareholder's entity	Start date of appointment	End date of appointment
Feng Boming	China Merchants Group Limited	Vice President	March 2022	
Song Dexing	China Merchants Group Limited	Business director of Transportation and Logistics	May 2019	
	China Merchants Group Limited	Head of Transportation and Logistics Division/Head of Beijing Headquarters of China Merchants	September 2018	
Deng Weidong	Sinotrans & CSC Holdings Co., Ltd.	General Manager	June 2016	
	Sinotrans & CSC Holdings Co., Ltd.	Executive Director	September 2016	
	China Merchants Group Limited	Head of the Strategic and Development Department/ Technological Innovation Department	August 2021	
Jiang Jian	China Merchants Group Limited	Head of Disciplinary Committee Office	July 2016	
	China Merchants Group Limited	Deputy Secretary of Disciplinary Committee, Head of Supervision Department	November 2016	
Luo Li	China Merchants Group Limited	Deputy Head of Finance Department (Property Rights Department)	January 2022	
Kou Suiqi	China Merchants Group Limited	Deputy Head of Audit Department	October 2021	December 2022
Wang Hong (Resigned)	China Merchants Group Limited	Full-time external director	December 2022	
	China Merchants Group Limited	Vice President	December 2015	January 2022
Liu Weiwu (Resigned)	China Merchants Group Limited	Director	January 2022	
	China Merchants Group Limited	Head of Finance Department (Property Rights Department)	December 2020	
Explanation on position in the shareholder's entity	N/A			

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2. Position in Other Entities

✓Applicable □Not applicable

Name of officer	Name of the other entities	Position in the other entities	Start date of appointment	End date of appointment
Feng Boming	Liaoning Port Group Limited (遼寧港口集團有限公司)	Chairman	August 2022	
Song Dexing	China Merchants Energy Shipping Company Limited	Vice Chairman	August 2018	
	China Merchants Port Group Co., Ltd.	Director	December 2018	May 2022
	Liaoning Port Group Limited (遼寧港口集團有限公司)	Director	September 2019	
Song Rong	Loscam International Holdings Co., Ltd.	Chairman	December 2018	
	Cyantron Logistics Technology Co., Ltd.	Chairman	February 2022	
	DHL-Sinotrans International Air Courier Ltd.	Chairman	June 2022	
Deng Weidong	SF Holding Co., Ltd.	Director	April 2019	December 2022
	China Merchants Energy Shipping Co., Ltd.	Director	April 2019	
	China International Marine Containers (Group) Co., Ltd.	Director	October 2020	
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Director	October 2021	November 2022
Luo Li	China Merchants Port Holdings Co., Ltd.	Director	October 2021	December 2022
	China Merchants Securities Co., Ltd.	Director	April 2022	
	China Merchants Investment Development Co., Ltd.	Director	September 2022	
	China Merchants Finance Co., Ltd	Director	September 2022	
	China Merchants Taipingwan Development & Investment Co., Ltd	Director	September 2022	
Jerry Hsu	China Merchants Hoi Tung Trading Company Limited	Director	September 2022	
	China Merchants (Shanghai) Co., Ltd	Supervisor	October 2022	
	China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Director	November 2022	
	DHL-Sinotrans International Air Courier Ltd	Vice Chairman	November 2002	
	Wang Taiwan	Guangdong Huatie Tongda High-speed Railway Equipment Corporation	Independent Director	March 2016
Meng Yan	Beijing Huansheng Technology Co., Ltd. (北京寰升科技有限公司)	Chairman	June 2018	
	Central University of Finance and Economics	Professor, PhD Supervisor	September 1997	
	Beijing Bashi Media Co., Ltd.	Independent Director	April 2016	June 2022
	Beijing Capital Co., Ltd.	Independent Director	December 2017	
	Qi An Xin Technology Group Inc.	Independent Director	May 2019	
Song Haiqing	Changchun Engley Automobile Industry Co., Ltd.	Independent Director	July 2018	
	Sun Yat-Sen University	Professor, PhD Supervisor	January 2011	
Li Qian	Beijing Hylands (Shanghai) Law Firm	Partner	January 2019	

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Name of officer	Name of the other entities	Position in the other entities	Start date of appointment	End date of appointment
Kou Suiqi	China Merchants Expressway Network & Technology Holdings Co., Ltd.	Director	January 2023	
	China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd	Director	January 2023	
Zhou Fangsheng	Hengan International Group Company Limited	Independent Non-executive Director	January 2013	May 2022
	China National Building Material Company Limited	Independent Non-executive Director	May 2016	
Fan Zhaoping	ChenGuang Biotechnology Group Co., Ltd.	Independent Director	January 2016	
Wang Jiuyun	CIMC Vehicles (Group) Co., Ltd.	Independent Director	June 2019	
	DHL-Sinotrans International Air Courier Ltd.	Director	December 2015	
Li Shichu	China Merchants Hainan Investment Development Co., Ltd. (招商局海南投資開發有限公司)	Director	December 2018	
	DHL-Sinotrans International Air Courier Ltd.	Director	August 2019	
Gao Xiang	Cyantron Logistics Technology Co., Ltd.	Director	February 2022	
Liu Weiwu (Resigned)	China Merchants Port Group Co., Ltd.	Director	May 2021	
	China Merchants Securities Co., Ltd.	Director	June 2021	
	China Merchants Life Insurance Co., Ltd.	Non-executive Director	June 2021	
	Liaoning Port Group Co., Ltd.	Director	March 2021	
	China Merchants Sharing Service Co., Ltd (招商局共享服务有限公司)	Executive Director	April 2021	
	China Merchants International Finance Co., Ltd	Director	March 2021	
	China Merchants Union(BVI) Limited	Director	October 2021	
	AviChina Industry & Technology Company Limited	Independent Non-executive Director	June 2018	
	China Merchants Port Holdings Co., Ltd.	Executive Director	March 2021	December 2022
	China Merchants Expressway Network & Technology Holdings Co., Ltd.	Director	April 2021	January 2023
	China Merchants Investment Development Co., Ltd.	Director	June 2021	September 2022
	China Merchants Chongqing Communications Technology Research & Design Institute Co., Ltd	Director	March 2021	September 2022
	China Merchants Taipingwan Development & Investment Co., Ltd	Director	March 2021	September 2022
China Merchants Industry Holdings Co., Ltd	Director	March 2021	September 2022	
China Merchants Testing Technology Holdings Company Limited	Director	November 2021	September 2022	
Chen Xianmin (Resigned)	Silk Road E-Merchants Information Technologies Co., LTD	Director	January 2019	
	Juzhongzhi Investment (Shenzhen) Co., Ltd. (聚众智投资(深圳)有限公司)	Director	December 2018	
	China Ocean Shipping Tally Shenzhen CO., Ltd	Chairman	May 2018	
	China United Tally Co., Ltd. Shenzhen	Chairman	April 2020	
Explanation on position in other entities	The above positions do not include those of directors, supervisors and senior management in Sinotrans and its subsidiaries and shareholders' entities.			

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(III) Remuneration of Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

Decision-making process of remuneration of Directors, Supervisors and senior management	The Remuneration Committee of the Board makes recommendations to the Board on the remuneration policy and structure of Directors and senior management of the Company, formulates remuneration packages for senior management, and makes recommendations to the Board on the remuneration of Directors. The remuneration of senior management is determined by the Board. The remuneration of directors and supervisors who are non-employee representative are determined by the general meetings.
Basis for determining the remuneration of Directors, Supervisors and senior management	The remuneration of Directors, Supervisors and senior management are determined in accordance with the Articles of Association and the Rules of Procedure of the Remuneration Committee of the Board of Directors of Sinotrans and their respective assessment results.
Actual payment of remuneration of Directors, Supervisors and senior management	For the remuneration payable to Directors, Supervisors and senior management who are currently serving or have served during the Reporting Period, please refer to the “V. (I) Changes in Shareholding and Remuneration of Present Directors, Supervisors and Senior Management and the Ones Resigned During the Reporting Period” of this section.
Total payment of remuneration before tax to Directors, Supervisors and senior management as at the end of the Reporting Period	During the Reporting Period, the remuneration amount payable to Directors, Supervisors and senior management who receive payment from the Company is RMB11.37 million.

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

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(IV) Changes of Directors, Supervisors and Senior Management of the Company

Applicable Not applicable

Name	Position	Changes	Reasons for Changes
Feng Boming (Note 5)	Chairman, Non-executive Director	Elected	Director Change
Luo Li (Note 7)	Non-executive Director	Elected	Director Change
Li Shichu (Note 1)	Vice President	Appointed	Management Change
Gao Xiang (Note 1)	Vice President	Appointed	Management Change
He Fei (Note 2)	Vice President	Appointed	Management Change
Wang Hong (Note 4)	Chairman, Non-executive Director	Resigned	Director Change
Liu Weiwu (Note 6)	Non-executive Director	Resigned	Director Change
Chen Xianmin (Note 3)	Vice President	Resigned	Work Reallocation

Notes:

- 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 reallocation with effect from 15 June 2022.
- In July 2022, the Board received the resignation letter of Mr. Wang Hong, the Chairman and non-executive Director, regarding his resignation as the Chairman and the non-executive Director of the Company with effect from 27 July 2022 due to his work reallocation.
- On 23 August 2022, the Company held the 2022 Second Extraordinary General Meeting to consider and approve the "Proposal on Election of Director of the Company", electing Mr. Feng Boming as the non-executive Director, with effect from the date of general meeting until the conclusion of the third session of the Board. On the same day, the Company held the 14th meeting of the third session of the Board, agreeing to elect Mr. Feng Boming as the Chairman of the Board (legal representative) of the Company, with effect from 23 August 2022 until the conclusion of the third session of the Board.
- On 9 September 2022, the Board received the resignation letter of Mr. Liu Weiwu, the non-executive Director, regarding his resignation as the non-executive Director of the Company with effect from 9 September 2022 due to his work reallocation.
- On 28 September 2022, the Company held the 2022 Third Extraordinary General Meeting to consider and approve the "Proposal on Election of Director of the Company", at which Ms. Luo Li was elected as the non-executive Director, with effect from the date of general meeting until the conclusion of the third session of the Board.

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

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(V) Details of Fines Imposed by Securities Regulatory Bodies in the Past 3 Years

Applicable Not applicable

(VI) Others

Applicable Not applicable

1. Directors' and Supervisors' Service Contracts and Remuneration

Each of the Directors of the Company has entered into a service contract with the Company.

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

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

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

2. Interests and Short Positions of the Directors, Supervisors and Chief Executive

As at 31 December 2022, so far as the Directors were aware, the interests or short positions of the Directors, Supervisors, chief executive 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	Approximate
					percentage of the total number of the relevant class of Shares of the Company as at 31 December 2022 (%)	percentage of the issued share capital of the Company as at 31 December 2022 (%)
Song Rong	Director	A Shares	Beneficial Owner	1,286,800(L) (Note 2)	0.02	0.02
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.

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Save as disclosed above, as at the end of the Reporting Period, so far as the Directors were aware, none of the Directors, Supervisors, chief executive 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.

3. Directors' and Supervisors' Interests in Transactions, Arrangements or Contracts

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

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

4. Interests of Directors and Supervisors in Competing Businesses

Mr. Song Dexing is a director and employee of Sinotrans & CSC which is the controlling shareholder of the Group. In addition to the Group, Sinotrans & CSC has some subsidiaries that are engaged in integrated logistics business, which compete with the Group to a certain extent. For details of the competition between Sinotrans & CSC and the Group and the non-competition agreement entered into between Sinotrans & CSC and the Company on 14 January 2003, please refer to the section entitled "Relationship with Sinotrans & CSC Group" in the prospectus of the Company dated 29 January 2003.

Sinotrans & CSC, the controlling shareholder, issued the Statement and Commitment on Matters Relating to the Avoidance of Peer Competition (《關於避免同業競爭相關事宜的聲明和承諾》) for the above-mentioned competition in April 2018, and issued the Supplemental Commitment Letter on Further Avoiding Peer Competition (《關於進一步避免同業競爭的補充承諾函》) in October 2021, which extended the commitment period in relation to thoroughly resolving the horizontal competition in substance with Sinotrans and its subsidiaries for three years to 17 January 2025. For details, please refer to II of this chapter.

5. Directors' and Supervisors' Rights to Acquire Shares or Bonds

Other than the Share Option Scheme adopted by the Company on 24 January 2022 (Please refer to "XIV. THE COMPANY'S EQUITY INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVES AND THE IMPACT THEREOF" in this chapter for details), at no time during the Reporting Period was the Company, its subsidiaries, its ultimate holding company or its fellow subsidiaries a party to any arrangements or existing arrangements which would enable the Company's Directors or Supervisors to acquire benefits by means of the acquisition of shares in or bonds of the Company or of any other legal entities.

6. Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as the code of conduct for securities transactions by the Directors and Supervisors of the Company. The Directors and Supervisors have confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

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VI. BOARD OF DIRECTORS

(I) Duties and Operations of the Board

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

During the Reporting Period, the Board carried out the following corporate governance functions including: a) to develop and review the Company's policies and practices on corporate governance; b) to review and monitor the training and continuous professional development of Directors and senior management; c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; d) to formulate, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, etc. During the Reporting Period, in accordance with the relevant provisions of the Company Law, listing rules in listing places, the Articles of Association and the Procedural Rules for the Board of Directors in relation to the notice period, voting procedure, resolution and conference records of the meetings, the Company organized and held Board meetings and fully guaranteed Directors to perform their duties.

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(II) Independence of the Board

1. *Composition of the Board*

In 2022, the Board has completed the change of Chairman and certain Directors. As at 31 December 2022, the Board comprised 11 Directors, including 6 non-executive Directors (the Chairman Mr. Feng Boming, Vice Chairman Mr. Song Dexing, non-executive Directors Mr. Deng Weidong, Mr. Jiang Jian, Ms. Luo Li and Mr. Jerry Hsu), 1 Executive Director Mr. Song Rong, and 4 independent non-executive Directors Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing and Ms. Li Qian. The number of independent non-executive Directors reached more than one-third of the number of the board members, and the constitution of the Board has complied with relevant requirements under the Listing Rules in listing places. Among them, non-executive Directors (including independent non-executive Directors) have appropriate professional qualifications and experience, and have expertise in finance, law, logistics or management, etc., with complementary knowledge structure and experience. Some non-executive Directors were invited to serve as members of the Strategy Committee, the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. They can provide professional and independent opinions about the Company's daily operation management and development planning, and have influence on the decisions of the Board, which ensure the scientificity of the decision-making of the Board. In addition, the Company has arranged appropriate insurance for the Director's possible involvement in legal action.

The Directors are elected by the general meetings for a term of three years (or until the end of the session of the Board) and can be re-elected, but the consecutive term of independent non-executive Directors shall not exceed 6 years.

For changes and resumes of the Directors, please refer to "V. Directors, Supervisors and Senior Management" of this chapter.

2. *Independent Non-executive Directors*

The Nomination Committee of the Board has assessed the independence of elected or re-elected independent non-executive Directors, and the Company has also explained the independence of each independent non-executive Director in the circular of the general meetings. Independent non-executive Directors of the Company were not involved in the daily management of the Company and there were no relationships or circumstances which would constitute intervention to their practice of providing independent judgments. The Company has received annual confirmation letters of independence from all independent non-executive Directors and considers all independent non-executive Directors independent. The Company's independent non-executive Directors serve as members of the Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee, and all the chairmen of the Audit Committee, Remuneration Committee and Nomination Committee are independent non-executive Directors. They can provide professional advice on major issues while performing the pre-procedures of each committee, and issue prior approval opinions or independent opinions on matters, such as connected transactions, external guarantees, election of directors, appointment of senior management, internal control evaluation, profit distribution, appointment of accounting firms. They raised constructive opinions and suggestions on the Company's operation and management, development strategy, risk control and other aspects by virtue of respective expertise and experience. In addition, the Company established a pre-meeting reporting mechanism i.e. pre-communication will be conducted with independent non-executive Directors in advance of deliberation of important matters by the Board, so as to further assure the right to know of the independent non-executive Directors and the scientific and effective decision-making.

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3. *Voting avoidance mechanism*

In accordance with rules and regulations including the Listing Rules in listing places, if a Director is connected with or is materially interested in any contract, transaction, arrangement or any other types of proposals to be considered by the Board, that Director shall abstain from voting on the relevant resolutions. Even though none of the Directors has a material interest in the transactions, for any Director concurrently holding positions in such connected party under the transactions, he or she shall abstain from voting at the Board meeting of the Company in respect of the relevant proposed resolution and the transactions in accordance with the relevant PRC laws and regulations. During the Reporting Period, related Directors have abstained from voting on related-party transactions and remuneration of senior management and other matters.

In conclusion, the Company has established relevant mechanisms (including but not limited to the Articles of Association, the Procedural Rules for the Board of Directors, the Working Manual for the Independent Directors, and the Rules of Procedure of the Nominating Committee of the Board of Directors, etc.) to ensure that independent opinions and inputs are available to the Board. These include the Company's procedures and selection criteria for the election and appointment of Directors (including independent non-executive Directors), the mechanism for reviewing the independence of independent non-executive Directors from time to time, the voting avoidance mechanism for the Board, the authority of independent non-executive Directors to give independent opinions and to engage independent professional advisers or other professional advisers, etc. The Company has reviewed the implementation and effectiveness of these mechanisms and believed that they can ensure that independent opinions and inputs are available to the Board.

(III) Responsibilities of the Board and Senior Management

The Board and senior management have a clear division of responsibilities, and strictly abide by the Articles of Association, Rules of Procedure of the Board of Directors, General Manager Working Rules and other relevant laws and regulations. The Board is the decision-making administrative authority and has authorized the management to fulfil a number of specific management and operation functions, and conducts periodic reviews to ensure that the arrangement remains in line with the needs of the Group. For specific responsibilities, please refer to "(I) Duties and Operations of the Board" of "VI. The Board of Directors" in this chapter. The management conducts daily operation and management within the scope of authority and authority approved by the Board and is accountable to the Board. The main duties of the management include taking charge of the Company's operation and management and organizing the implementation of the resolutions of the Board, organizing the implementation of the Company's annual operating plans and investment proposals, drafting the Company's basic management system, formulating basic rules and regulations for the Company and exercising other powers conferred by the Articles of Association and the Board. In relation to matters which are beyond the approved scope and authority, the management will report to the Board in a timely manner in accordance with the relevant procedure.

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(IV) Chairman and President

The positions of the Chairman and the President of the Company are held by different people, and have clear division of power and authority. As at 31 December 2022, Mr. Feng Boming was the Chairman, and Mr. Song Rong was the President of the Company. The Chairman is responsible for preside over the shareholders' meeting, the management of the Board's operation, and ensure that the Company formulates sound corporate governance practices and procedures, while the President is responsible for the business management of the Company and implementation of board resolutions. Details of their respective duties and responsibilities are set out in the Articles of Association and the Procedural Rules of the President.

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

VII. INTRODUCTION OF THE BOARD MEETING HELD DURING THE REPORTING PERIOD

During the Reporting Period, the Company held 11 Board meetings and reviewed and approved 49 proposals, which are as follows:

Sessions of meeting	Date	Conference Resolutions
The 8th Meeting of the Third Session of the Board	25 January 2022	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Administration Policies on Authorization of the Board of the Company; 2. Resolution in Relation to the Implementation Plan for Implementing the Terms of Reference of the Board of the Company; 3. Resolution in Relation to the Acquisition of 45% Equity Interests of Nanjing Logistics; 4. Resolution in Relation to the Granting Share Options to Participants of the Company's Share Option Incentive Plan (Phase 1)
The 9th Meeting of the Third Session of the Board	23 February 2022	Resolution in Relation to the Appointment of Vice Presidents of the Company was considered and approved

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Sessions of meeting	Date	Conference Resolutions
The 10th Meeting of the Third Session of the Board	29 March 2022	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Work Report of the President for the Year 2021; 2. Resolution in Relation to the Final Financial Accounts Report of the Company for the Year 2021; 3. Resolution in Relation to the Profit Distribution Plan of the Company for the Year 2021; 4. Resolution in Relation to the Financial Budget of the Company for the Year 2022; 5. Resolution in Relation to the Re-appointment of External Auditor for the Year 2022; 6. Resolution in Relation to the Updated Mandate of the Issuance of Debt Financing Instruments; 7. Resolution in Relation to the Risk Assessment Report on Financial Services with Financial Company; 8. Resolution in Relation to the Risk Disposal Plan for Conducting Financial Business in Financial Company; 9. Resolution in Relation to the Annual Report of the Company and Its Summary for the Year 2021; 10. Resolution in Relation to the Work Report of the Board for the Year 2021; 11. Resolution in Relation to Reporting the Work Report of the Independent Non-executive Directors for the Year 2021; 12. Resolution in Relation to the General Mandate to Issue, Allot and Deal with Shares and Repurchase the Shares; 13. Resolution in Relation to the Renewal of Liability Insurance for Directors, Supervisors and Senior Management Members of the Company; 14. Resolution in Relation to the Estimated Guarantees of the Company for the Year 2022; 15. Resolution in Relation to 2021 Social Responsibility and ESG Report; 16. Resolution in Relation to the 2021 Assessment Report of Internal Control and the 2022 Plan of Assessment; 17. Resolution in Relation to the Directors' and Senior Management's Performance Appraisal and Remuneration Distribution for the Year 2021; 18. Resolution in Relation to the Amendment to the Administrative Measures for Labor Cost of Sinotrans Limited; 19. Resolution in Relation to the Amendment to the Administrative Measures for External Donations of Sinotrans Limited; 20. Resolution on the Convening of 2021 Annual General Meeting, A Shareholders' Class Meeting and H Shareholders' Class Meeting

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Sessions of meeting	Date	Conference Resolutions
The 11th Meeting of the Third Session of the Board	27 April 2022	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Company's First Quarterly Report of 2022; 2. Resolution in Relation to the A Share Repurchase Plan through Centralized Bidding; 3. Resolution in Relation to the Implementation Plan for H Share Repurchase; 4. Resolution in Relation to the Increase of Estimated Guarantees of the Company for the Year 2022
The 12th Meeting of the Third Session of the Board	15 June 2022	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Matters regarding Application and Listing of A Publicly Traded REITs for Infrastructure Assets; 2. Resolution in Relation to the Provision of Loans to a Holding Subsidiary; 3. Resolution in Relation to the Continuing Connected Transactions with Qingdao Jinyun Air; 4. Resolution in Relation to the Appointment of Vice President of the Company
The 13th Meeting of the Third Session of the Board	27 July 2022	All of the following resolutions were considered and approved, including: 1. Resolution for Election of the Company's Director; 2. Resolution on the Convening of the Company's Second Extraordinary General Meeting of 2022
The 14th Meeting of the Third Session of the Board	23 August 2022	All of the following resolutions were considered and approved, including: 1. Resolution for Election of Mr. Feng Boming as the Chairman of the Board (Legal Representative); 2. Resolution in Relation to the Adjustment of the Members of Special Committees under the Board
The 15th Meeting of the Third Session of the Board	25 August 2022	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Work Report of the President for the First Half of 2022; 2. Resolution in Relation to the 2022 Interim Report of the Company and Its Summary; 3. Resolution in Relation to the Profit Distribution Proposal for the First Half of 2022; 4. Resolution in Relation to the Continuous Risk Assessment Report on Financial Services with Financial Company; 5. Resolution in Relation to the Amendments to the Articles of Association; 6. Resolution in Relation to the Amendment to the Internal Policies of the Company; 7. Resolution in Relation to the Adjustment to the Exercise Price of Share Options of the Company; 8. Resolution on the Convening of the Company's 2022 Third Extraordinary General Meeting

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Sessions of meeting	Date	Conference Resolutions
The 16th Meeting of the Third Session of the Board	9 September 2022	Resolution for Election of the Company's Director was considered and approved
The 17th Meeting of the Third Session of the Board	26 October 2022	All of the following resolutions were considered and approved, including: 1. Resolution in Relation to the Company's Third Quarterly Report of 2022; 2. Resolution in Relation to the Special Strategic Plan for Carbon Peak and Carbon Neutrality of Sinotrans
The 18th Meeting of the Third Session of the Board	16 December 2022	Resolution for Related Party Transaction in Relation to the Donation to China Merchants Foundation was considered and approved

VIII. THE PERFORMANCE OF DIRECTORS' DUTIES

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

Name	Independent Director or not	Attendance at Board meetings						Attendance at general meetings	
		Number of Board meetings to be attended this year	No. of meetings attended in person	No. of meetings attended by way of telecommunication	Number of meetings attended by proxy	Number of Absence	Attendance rate in person	Two consecutive Board meetings not attended in person or not	No. of general meetings attended/ No. of general meetings to be attended
Feng Boming	N	4	4	4	0	0	100.00%	N	1/1
Song Dexing	N	10	8	8	2	0	80.00%	N	6/6
Song Rong	N	11	11	9	0	0	100.00%	N	6/6
Deng Weidong	N	10	8	8	2	0	80.00%	N	2/6
Jiang Jian	N	10	10	10	0	0	100.00%	N	6/6
Luo Li	N	1	1	1	0	0	100.00%	N	0/0
Jerry Hsu	N	11	11	11	0	0	100.00%	N	0/6
Wang Taiwen	Y	11	11	11	0	0	100.00%	N	6/6
Meng Yan	Y	11	11	11	0	0	100.00%	N	6/6
Song Haiqing	Y	11	10	10	1	0	90.91%	N	6/6
Li Qian	Y	11	11	11	0	0	100.00%	N	6/6
Wang Hong (Resigned)	N	5	5	5	0	0	100.00%	N	4/4
Liu Weiwu (Resigned)	N	8	8	8	0	0	100.00%	N	4/5

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

Applicable Not applicable

Number of Board meetings held during the year	11
Including: Number of on-site meetings	0
Number of meetings held by way of telecommunication	9
Number of meetings held in a mixed model	2

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

Applicable Not applicable

(III) Training of Directors

The Company and the Board attach great importance to the continuous professional development of Directors, and actively organize Directors to participate in relevant internal and external trainings to continuously improve and update their knowledge and skills to better perform their duties as Directors. Besides, each new Director has been provided with a set of papers in relation to the duties and responsibilities as a Director, including director guidelines, compilation of compliance obligations and codes of conduct, stock trading compliance guidelines, the operations of Company and Board, etc. The management of the Company provided relevant information on finance, operations and capital markets and latest regulations of securities regulatory authorities to the Directors on a regular basis so that the Directors can keep up with the operational information of the Company and regulatory requirements and performed duties compliantly and effectively. The participation of all current Directors in continuous professional development during the Reporting Period is set out below:

Current Directors	Reading the Compilation of Listing Compliance Obligations and Codes of Conduct of Controlling Shareholders, Actual Controllers, Directors, Supervisors and Senior Management and Guide for Directors, Supervisors, and Senior Executives on Trading Company Shares (for new Directors)	Trainings organized by the SEHK, SASAC, Beijing Securities Regulatory Bureau, SSE and other regulatory authorities	Reviewing Updates on Regulations of Securities Regulatory Authorities	Interpretation of compliance requirements by Company Secretary at Board meetings
Feng Boming	✓	✓	✓	✓
Song Dexing		✓	✓	✓
Song Rong		✓	✓	✓
Deng Weidong		✓	✓	✓
Jiang Jian		✓	✓	✓
Luo Li	✓	✓	✓	✓
Jerry Hsu		✓	✓	✓
Wang Taiwen		✓	✓	✓
Meng Yan		✓	✓	✓
Song Haiqing		✓	✓	✓
Li Qian		✓	✓	✓

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IX. SPECIAL COMMITTEES UNDER THE BOARD

Applicable Not applicable

(I) Composition of Special Committees under the Board

Category	Current Members
Audit Committee	Mr. Meng Yan (the chairman), Mr. Wang Taiwen, Mr. Song Haiqing and Ms. Li Qian, all being the independent non-executive Directors
Nomination Committee	Mr. Wang Taiwen (the chairman, independent non-executive Director), Mr. Feng Boming (the Chairman of the Board, the non-executive Director), and Mr. Meng Yan (independent non-executive Director), Mr. Song Haiqing (independent non-executive Director) and Ms. Li Qian (independent non-executive Director)
Remuneration Committee	Ms. Li Qian (the chairman), Mr. Wang Taiwen, Mr. Meng Yan and Mr. Song Haiqing, all being the independent non-executive Directors
Strategy Committee	Mr. Feng Boming (the chairman, the Chairman of the Board, the non-executive Director), Mr. Song Dexing (the Vice Chairman of the Board, non-executive Director), Mr. Song Rong (executive Director), Mr. Deng Weidong (the non-executive Director), Mr. Song Haiqing (independent non-executive Director)

Note: Mr. Wang Hong no longer served as the Company's non-executive Director, Chairman, member of the Nomination Committee and chairman of the Strategy Committee since 27 July 2022; Mr. Feng Boming has served as the Company's non-executive Director, Chairman, member of the Nomination Committee and chairman of the Strategy Committee from 23 August 2022.

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(II) Audit Committee

1. *Composition*

The Audit Committee is composed of all the independent non-executive Directors of the Company. The members of the Audit Committee are experts in the fields of accounting, finance, law, corporate management and business. The Chairman of the Audit Committee, Mr. Meng Yan possesses appropriate professional qualifications and experience in finance, and no member is a former partner of the auditor currently appointed by the Company. The Company has been in full compliance with the requirements of Rule 3.21 of the SEHK Listing Rules and Provision D.3.2 of CG Code.

2. *Main duties*

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

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3. Meetings and attendance

During the Reporting Period, the Audit Committee of the Company held 5 meetings in total, which are as follows:

Date	Meeting Content
12 January 2022	Considered/Heard 2 proposals including the Company's 2021 annual operating performance report and the external auditor's report on the Company's 2021 annual audit plan and pre-audit work arrangement
25 March 2022	Considered/Review/Heard 8 proposals including the Company's 2021 financial final accounts report, re-appointment of 2022 external auditor, 2021 internal control evaluation report and 2022 evaluation plan, 2021 internal control audit report, the list of related parties, the related work report of 2021 annual risk control, compliance and internal audit, external guarantee and auditor's report on the implementation of the Company's final accounts in 2021
26 April 2022	Reviewed the 2022 first quarterly report
22 August 2022	Considered/Heard 2 proposals including the 2022 interim report and the external auditor's review of the Company's 2022 interim report
24 October 2022	Reviewed the 2022 third quarterly report

During the Reporting Period, the Audit Committee carried out its work in strict accordance with laws, regulations and other relevant systems, performed its duties diligently, provided effective opinions and suggestions on operation and management, internal control and risk control, and agreed to submit relevant resolutions to the Board for consideration. For the specific performance of the Audit Committee, please refer to the 2022 Performance Report of the Audit Committee of the Board disclosed by the Company on the SSE website (www.sse.com.cn). The Audit Committee reviewed the Company's 2022 annual results on 23 March 2023.

The attendance of the members of the Audit Committee during the Reporting Period is set out below:

Name	Number of meetings to be attended	Number of meetings attended		Number of Absence
		Number of meetings attended in person	Number of Meetings attended by proxy	
Mr. Meng Yan	5	5	0	0
Mr. Wang Taiwen	5	5	0	0
Mr. Song Haiqing	5	4	1	0
Ms. Li Qian	5	5	0	0

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(III) Nomination Committee

1. **Main duties**

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

2. **Policies for the diversity of the composition of the Board**

To meet the latest regulatory requirements and as the criteria of supervision and assessment of the diversification of the composition of the Board, the Rules of Procedure of the Nomination Committee of the Board clearly set out the policies for the diversity of the composition of the Board. In assessing the diversification of the Board composition, the Nomination Committee would take into account various aspects, including but not limited to gender, age, cultural background, educational background, races, professional qualifications, experience, skills, knowledge and length of service. In practice, the Company has been adhering to the principle of diversification of the Board. In combination with the Company's own business model and specific needs and the Directors' own advantages, and after comprehensive consideration of relevant factors, the candidates for director will be considered based on their strengths and their contribution to the Board. The Board members have appropriate business and management experience, abilities and skills. There are experts in the transportation and logistics industries, as well as experts and senior academics in accounting and law, etc. The Board members' knowledge and experience complement each other, while their points of view maintain independence and diversity, which ensures that the decision making process of the Board is scientific. During the Reporting Period, another female was elected as a non-executive Director. As at 31 December 2022, the Company had two female directors, accounting for 18.18% of the total number of the Directors. The female employees, distributed in different regions, at various ages and with different educational backgrounds, accounted for 39.32% of the whole staff of the Company (including management), representing an increase from 38.19% of the same period in 2021. To sum up, the Company has taken and will continue to take such measures to promote the diversification of the Board of the Company, including but not limited to searching for directors with various backgrounds. The Board intends to keep at least the proportion of female members at the current level. The Board has reviewed the implementation of the diversification of the composition of the Board in 2022 and believes that the diversification policy of the Board in 2022 has been effectively implemented.

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3. *Policies for the nomination of Directors*

The Rules of Procedure of the Nomination Committee of the Board clearly set out the policies for the nomination of Directors, and the details are as follows: 1. The Nomination Committee shall conduct researches on the demands of the Company on the Directors and form written materials, other departments shall cooperate with the Nomination Committee; 2. seek candidates in or outside the Company; 3. collect basic information of candidates and form written materials; 4. ask for opinions of the candidates towards the nomination; 5. convene meeting of the Nomination Committee to review the qualification of candidates; 6. advise the Board on the selection of candidates and provide relevant materials; 7. carry out follow-up work based on the Board's resolutions and feedback. The Nomination Committee will evaluate the independence of candidates for independent non-executive Directors. Upon approval by the Nomination Committee and the Board, proposals for appointment of such candidates will be submitted to the general meetings for consideration.

At the same time, pursuant to the Articles of Association, shareholders individually or jointly holding more than 3% of the total voting shares of the Company may put forward director candidate (not representatives of employees) to the general meeting in writing.

4. *Meetings and attendance*

During the Reporting Period, the Nomination Committee of the Company held 4 meetings in total, which are as follows:

Date	Meeting Content
22 February 2022	Reviewed the proposal to appoint the Vice Presidents of the Company
14 June 2022	Reviewed the proposal to appoint the Vice President of the Company
27 July 2022	Reviewed the proposal to nominate Director
9 September 2022	Reviewed the proposal to nominate Director

During the Reporting Period, the Nomination Committee of the Company carried out its work in strict accordance with laws, regulations and other relevant systems, performed its duties diligently. Based on the actual situation of the Company, the Nomination Committee reviewed the qualifications of Directors and Vice President candidates, and agreed to submit relevant proposals to the Board for deliberation.

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The attendance of the members of the Nomination Committee during the Reporting Period is set out below:

Name	Number of meetings attended			Number of Absence
	Number of meetings to be attended	Number of meetings attended in person	Number of meetings attended by proxy	
Mr. Wang Taiwen	4	4	0	0
Mr. Feng Boming	1	1	0	0
Mr. Meng Yan	4	4	0	0
Mr. Song Haiqing	4	4	0	0
Ms. Li Qian	4	4	0	0
Mr. Wang Hong (resigned)	2	2	0	0

(IV) Remuneration Committee

1. Main duties

The principal terms of reference of the Company's Remuneration Committee include formulating appraisal standards of the Company's Directors and Senior Management as classified by the Articles of Association, arranging assessment, and developing and reviewing the Company's remuneration policy and structure for all Directors and Senior Management; approving the service contract of the Directors, conducting performance assessment of those Directors and senior management in accordance with the corporate objectives approved by the Board of Directors and advising the Board on the remuneration package of individual executive Directors and senior management. The Company has provided sufficient resources for the Remuneration Committee to perform its duties.

2. Meetings and attendance

During the Reporting Period, the Remuneration Committee of the Company held 1 meetings in total, which are as follows:

Date	Meeting Content
25 March 2022	Reviewed the proposal for the Director' and Senior Management's Performance Appraisal and Remuneration Distribution for the Year 2021

During the Reporting Period, the Remuneration Committee of the Company carried out its work in strict accordance with laws, regulations and other relevant systems, performed its duties diligently. Based on the actual situation of the Company and with reference to the situation of similar companies, the Remuneration Committee has fully communicated and discussed matters such as the appraisal and remuneration of Director and Senior Management, and agreed to submit the proposal to the Board for deliberation.

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The attendance of the members of the Remuneration Committee during the Reporting Period is set out below:

Name	Number of meetings attended			Number of Absence
	Number of meetings to be attended	Number of meetings attended in person	Number of meetings attended by proxy	
Ms. Li Qian	1	1	0	0
Mr. Wang Taiwen	1	1	0	0
Mr. Meng Yan	1	1	0	0
Mr. Song Haiqing	1	1	0	0

(V) Strategy Committee

1. Main Duties

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

- During the Reporting Period, the Company did not hold any meeting of Strategy Committee, but proposed relevant resolutions in relation to the strategic plan of carbon peaking and carbon neutrality which have been considered by the Board.

(VI) The Specific Circumstances of the Objection

Applicable Not applicable

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X. SUPERVISORY COMMITTEE

(I) Members

As at 31 December 2022, the Supervisory Committee comprised one shareholder Supervisor, two independent Supervisors and two staff-representative Supervisors, namely Mr. Huang Bilie, Mr. Kou Suiqi, Mr. Zhou Fangsheng, Mr. Fan Zhaoping and Mr. Wang Shengyun, with Mr. Huang Bilie serving as the chairman of the Supervisory Committee.

(II) Main Duties

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

The Supervisory Committee is of the opinion that the Company had a normal and disciplined operation and the Directors and the senior management had observed the laws and regulations as well as the Articles of Association of the Company in performing their duties, and that the information included in the annual results for the year ended 31 December 2022 truly reflected the operating result and financial position of the Company for 2022. All Supervisors signed the written confirmation of the 2022 Annual Report.

(III) Meetings

During the Reporting Period, the Supervisory Committee of the Company convened 5 meetings, approving 12 proposals including the Company's periodic reports, reports of the Supervisory Committee, the financial account report, reappointment of auditors, internal control evaluation reports, and the grant share options incentives. All the Supervisors signed the written confirmation of the periodic reports, and issued verification opinions on the list of participants as at the date of grant, etc.

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

Applicable Not applicable

The Supervisory Committee has no objection to the supervised matters during the Reporting Period.

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XII. EMPLOYEES OF THE COMPANY AND MATERIAL SUBSIDIARIES

(I) Employees

Number of employees of the parent company	285
Number of employees of major subsidiaries	33,056
Total number of employees	33,341
Retired employees for whom the parent company and major subsidiaries need to bear costs	0

Professions

Type of professions	Number of employees
Production	23,566
Sales	1,838
Technical	749
Financial	1,753
Administrative	962
Other functional staff	1,168
Management	3,305
Total	33,341

Level of education

Type of level of education	Number of employees
Master's degree or above	1,793
Bachelor	14,463
College	9,545
Below College	7,540
Total	33,341

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(II) Remuneration Policy

Applicable Not applicable

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

(III) Training Program

Applicable Not applicable

In 2022, the Company increased the number of self-owned teachers and the invitations, and launched specifically designed training methods and courses to ensure that learners at all levels have clear learning objectives, corresponding practices, and constant feedback and guidance. The Company had completed the construction of the post course system on the "Yunzhihui" (運智匯) online learning platform, which linked with the learning channel related to the new job qualification system. The Company developed the "order of posts course" and "promotion course" to ensure that internal cadres and employees can obtain the knowledge and skills necessary for moving upward in order of posts through intelligent recommendation based on big data algorithms according to their post order and rank, and complete accumulation and growth in the most efficient way. Learners of different positions and ranks will be assigned to the most suitable learning tasks at current stage of his/her position in the future. In 2022, the total online learning hours of the Group reached 385,507 hours. As the "Yunzhihui" learning platform newly launched a live streaming function, the Company had organized more than 100 online training sessions with over 10,000 attendants within half a year since its launch.

(IV) Labor Outsourcing

Applicable Not applicable

Total outsourcing hours	811.2 thousand
Total payment for labor outsourcing	RMB47.04 million

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XIII. PROPOSALS OF SHARES PROFIT DISTRIBUTION OR CONVERSION OF RESERVES INTO SHARE CAPITAL

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

Applicable Not applicable

1. **Formulation of and adjustment to profit distribution policy**

The Articles of Association contains express provisions for the profit distribution policy and approval procedures, and the relevant policies are set out below:

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

Please refer to Article 215 of the Articles of Association disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk) on 29 September 2022 and 28 September 2022 respectively for details.

2. **Dividend and bonus income tax was withheld and exempted in accordance with the State's relevant laws and regulations.**

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3. *The implementation of cash dividend policy during the Reporting Period*

The 2021 annual and 2022 interim profit distribution plans of the Company adopted dividends distribution in cash. According to the Resolution in Relation to the Profit Distribution Plan for the Year 2021 considered and approved at 2021 Annual General Meeting convened on 31 May 2022, the Company distributed dividend of RMB0.18 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), i.e. 7,355,251,075 Shares. The dividend distribution of the Company for the year 2021 was completed on 15 July 2022 with a total of RMB1,323,945,193.50 (tax included). According to the Resolution in Relation to the Profit Distribution Plan for the Half Year of 2022 considered and approved at 2022 Third Extraordinary General Meeting convened on 28 September 2022, the Company distributed dividend of 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), i.e. 7,309,552,075 Shares. The interim dividend of 2022 of the Company was completed on 18 November 2022, with a total of RMB730,955,207.50 (tax included). During the Reporting Period, the Company distributed cash dividends of RMB2,054,900,401.00 in total. For further details of A Share dividend distribution, please refer to the announcement in relation to the Implementation of A Share Equity Distribution for the Year 2021 (Lin No.2022-037) and the announcement in relation to the Implementation of A Share Equity Distribution for the Half Year of 2022 (Lin No.2022-066) disclosed by the Company on the website of the SSE (www.sse.com.cn).

4. *Matters related to the profit distribution for the year 2022*

According to the profit distribution policy stipulated in the Articles of Association and in combination of the Company's actual situation, the Resolution in Relation to Profit Distribution Proposal for the Year 2022 was considered and approved at the 19th meeting of the Third Session of the Board, proposing that the final 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 disclosure date of this Annual Report, the total share capital of the Company was 7,294,216,875 Shares, and the total number of shares in the special accounts for repurchase of the Company was 49,280,000 A Shares, based on which, the total dividend allotment is expected to be RMB724,493,687.50 (tax included). The residual profits will be recognized as retained earnings and the Company will not distribute shares or convert any reserve into shares. For the details, please refer to the Announcement of the Company on the Profit Distribution Proposal for the Year 2022 (Lin No.2023-010) disclosed by the Company on the website of the SSE (www.sse.com.cn). Together with the interim dividend of RMB0.10 per share (tax included) that has already been paid, the total dividend of the Company for the year 2022 is expected to be RMB0.20 per share (tax included).

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Independent non-executive Directors have expressed their independent opinions in agreement with the above-mentioned resolution, which is still subject to the approval by the shareholders at the 2022 Annual General Meeting of the Company. The 2022 Annual General Meeting of the Company will be convened by way of the combination of on-site voting and online voting, to provide minority shareholders with the opportunity to fully express their opinions and demands, fully safeguarding the legitimate rights and interests of minority shareholders. After the resolution is considered and approved at the general meeting, it is expected that the Company will pay the cash dividend on or before 28 June 2023. The Company will make further announcement(s) on the closure of books for holders of H shares or record date for A shares and the expected date of payment in relation to the payment of cash dividend in the notice of the general meeting or after the convening of the general meeting.

Pursuant to the Articles of Association of the Company, dividends payable to the holders of A Shares of the Company shall be paid in RMB, and dividends payable to the holders of H Shares of the Company shall be calculated and declared in RMB, and paid in HK\$. The exchange rate for dividends payable in HK\$ is the average of the selling rates of RMB to HK\$ published by the People's Bank of China during the week (20 March 2023 to 26 March 2023) preceding the date of proposed distribution of the 2022 annual dividend by the Board.

(II) Special Explanation of Cash Dividend Policy

Applicable Not applicable

Whether it complies with the provisions of the Articles of Association or the requirements of the resolution of the general meeting	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether the dividend standard and ratio are clear and clear	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether the relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether the independent Directors performed their duties and played their due role	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests have been fully protected	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

(III) If It Is Profitable and the Profits Attributable to the Shareholders of the Company is Positive during the Reporting Period, but Has Not Proposed Any Cash Dividend Plan, It Shall Disclose the Reasons for Non-Distribution as well as the Purpose and Use Plans of the Undistributed Profits

Applicable Not applicable

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(IV) Profit Distribution and Conversion of Capital Reserve to Share Capital During the Reporting Period

Applicable Not applicable

	<i>Unit: RMB</i>
Number of bonus shares for every 10 shares (share)	0
Amount of interim dividend for every 10 shares (tax included)	1
Amount of final dividend for every 10 shares (tax included)	1
Number of shares converted for every 10 shares (share)	0
Amount of cash dividend (tax included) (Note 1)	1,455,448,895.00
Net profit attributable to ordinary shareholders of the Company in the consolidated financial statement during the year of dividend distribution	4,068,260,121.39
Ratio of dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	35.78
The amount of cash used for A Share repurchase which was included in cash dividend	193,951,597.00
Total amount of cash dividend (tax included)	1,649,400,492.00
Ratio of total dividend amount to net profit attributable to ordinary shareholders of the Company in the consolidated financial statement (%)	40.54

Note 1: The amount of cash dividends includes RMB730,955,207.50 of interim dividends in 2022 (which have been paid) and RMB724,493,687.50 of annual dividends in 2022 (which need to be submitted to the general meeting for deliberation), totaling RMB1,455,448,895.00.

Note 2: During the Reporting Period, in addition to the above-mentioned repurchase of A Shares of the Company, the Company also repurchased the H Shares in cash, and paid HK\$221,103,760 (excluding transaction costs). (Cash dividend amount+amount of A Shares repurchased in cash+amount of H Shares repurchased in cash)/Net profit attributable to shareholders of the Company in the consolidated statements in 2022 is expected to be 45.24%.

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XIV. 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

1. Summary of the share option scheme

On 24 January 2022, the First Share Option Incentive Scheme of the Company (the “**Share Option Scheme**”) has been considered and approved at the 2022 first extraordinary general meeting. The term is ten years from the date of approval of the general meeting (i.e. until 23 January 2032, except for the early termination of the resolution of the general meeting). The main contents of the Share Option Scheme, including that the number of the Share Options to be granted to the Participants thereunder, involves 73.9258 million ordinary A Shares of the Company, which is accounting for approximately 1.00% of the Company's total issued 7,400,803,875 shares as at the date of approval of the Share Option Scheme by the general meeting, and 1.01% of the Company's total issued 7,294,216,875 shares as at the date of this Report, respectively. The source of the underlying Shares under the Share Option Scheme shall be the ordinary A Shares repurchased by the Company.

The Share Option Scheme is beneficial to: (1) the formation of a benefit sharing and risk-pooling mechanism among the Shareholders, the Company and its employees, so as to fully arouse the initiative of the Participants, help the Company to balance the short-term and the long-term goals, promote the implementation of the Company's strategy and long-term sustainable development; and (2) attracting and retaining the management talents and core personnel, supporting the long-run development of the Company, and finally facilitating the elevation of Shareholders' value and safeguarding the Shareholders' interest.

The Participants under the Share Option Scheme include: the Directors and senior management members of the Company; personnel above the level of assistant general manager in the headquarters' departments and secondary subsidiaries of the Company; qualified heads and deputy heads of tertiary subsidiaries of the Company; qualified heads of level-four subsidiaries of the Company; and other core backbone personnel.

Unless approved by a special resolution at the general meetings, the aggregate number of ordinary A Shares involved in the Share Options granted (including the exercised and unexercised ones) to any Participant through the Company's share option schemes within the validity period shall not exceed 1% of the total share capital of the Company as at the date of approval of the Share Option Scheme at the general meeting, and shall not exceed 1% of the total number of A Shares in issue of the Company on the same day. The Share Options under the Grant shall be exercisable for a term of five years commencing from the date of grant (the “Grant Date”), otherwise the Share Options not yet exercised shall lapse. Subject to the satisfaction of the effective conditions under the Share Option Scheme and after the 24-month lock-up period, the Participants may exercise their Share Options in tranches of prescribed proportions at the exercisable date during the exercise period (the “Exercise Period”).

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The exercise price of the Share Options (the “Exercise Price”) shall be determined based on the fair market price principle, which shall be the higher of the followings: (a) the average trading price of the A Shares of the Company for the last trading day preceding the date of the announcement of the draft and summary of the Share Option Scheme published on the website of the SSE; (b) the average trading price of the A Shares of the Company for the last 20 trading days preceding the date of announcement of the draft and summary of the Share Option Scheme published on the website of the SSE; (c) the unit par value of the A Shares of the Company, being RMB1.00. From the Grant Date of the Share Options, in the event of cash dividend distribution, share capital transferred from capital reserve, share dividend, share subdivision, share consolidation or rights issue of the Company prior to any exercise of options, the Exercise Price shall be adjusted accordingly.

2. *Progress of the share option scheme during the Reporting Period*

Summary of Events

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On 21 January 2022, the Company has received the related notice that the SASAC has approved in principle the implementation of the Share Option Scheme.

For details, please refer to the announcements of the Company dated 21 January 2022, 24 January 2022, 25 January 2022, 2 March 2022, 25 August 2022 and 27 March 2023 respectively on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk).

On 24 January 2022, the Company has convened 2022 first extraordinary general meeting to consider and approve the relevant proposals in relation to the Share Option Scheme.

On 25 January 2022, the 8th meeting of the third session of the Board was convened, at which the proposal in relation to the Granting Share Options to Participants of the Company’s Share Option Scheme (Phase 1) has been considered and approved, and the Grant Date has been determined to be 25 January 2022, on which 73,925,800 A Share Options in aggregate have been granted to the 186 Participants.

On 1 March 2022, the Company has completed the grant registration of the Share Option Scheme (Phase 1), the number of registered Share Options is 73.9258 million, and the number of registered participants is 186.

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Summary of Events

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On 25 August 2022, the 15th meeting of the third session of the Board was convened, at which the proposal in relation to the proposal of Adjusting the Exercise Price of the Share Options was approved, and the Board agreed to adjust the Exercise Price of the Share Options granted in the first phase from RMB4.29 per share to RMB4.11 per share according to the annual dividend of 2021.

On 27 March 2023, the 19th meeting of the third session of the Board was convened, at which the proposal in relation to the proposal of Adjusting the Exercise Price of the Share Options was approved, and the Board agreed to adjust the Exercise Price of the Share Options granted in the first phase from RMB4.11 per share to RMB4.01 per share according to the interim dividend of 2022.

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

Equity incentives

Applicable Not applicable

Other explanations

Applicable Not applicable

Employee stock ownership scheme

Applicable Not applicable

Other incentives

Applicable Not applicable

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

✓Applicable □Not applicable

Approved by the 8th meeting of the Third Session of the Board on 25 January 2022, 73.9258 million Share Options in aggregate have been granted to the 186 Participants by the Company according to the Share Option Scheme. Each Share Option granted under the Share Option Scheme is entitled to purchase one ordinary A Share of the Company at the Exercise Price during the Exercise Period provided that the effective conditions and the effective arrangement are fulfilled.

During the Reporting Period, the details of the Share Options allocation are as follows:

Name	Position	Number of share options held at the beginning of the year	Number of share options granted during the Reporting Period (10 thousand A shares)	Exercisable shares during the Reporting Period	Grant Date	Number of options exercised or cancelled during the Reporting Period (Note 3)	Exercise period (Note 4)	Exercise price (RMB:yuan/share) (Note 5)	Proportion in the total share capital of the Company as at the date of approval of the draft Share Option Scheme (%) (Note 6)	Number of share options held at the end of the Reporting Period (10 thousand A Shares)	Market price at the end of the Reporting Period (RMB)
Song Rong	Executive Director, President	0	128.68	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.017	128.68	3.84
Liu Weiwu (Note 2)	Non-executive Director	0	64.34	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.009	64.34	3.84
Jiang Jian	Non-executive Director	0	64.34	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.009	64.34	3.84
Chen Xianmin (Note 2)	Vice President	0	96.28	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.013	96.28	3.84
Tian Lei	Vice President	0	83.58	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.011	83.58	3.84
Wang Jiuyun	Chief Financial Officer	0	76.88	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.010	76.88	3.84
Li Shichu	Vice President, Board Secretary	0	76.88	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.010	76.88	3.84
Gao Xiang	Vice President, Chief Digital Officer	0	89.88	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.012	89.88	3.84
Subtotal	/	0	680.86	0	/	0	/	/	0.092	680.86	/
Total other Participants (178 persons)		0	6,711.72	0	25 January 2022	0	25 January 2024-24 January 2027	4.01	0.907	6,711.72	3.84
Total (186 persons)		0	7,392.58 (Note 1)	0	/	0	/	/	0.999	7,392.58 (Note 1)	/

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Note:

- Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding.
- Mr. Liu Weiwu resigned as the non-executive Director of the Company with effect from 9 September 2022 due to his work reallocation. Mr. Chen Xianmin resigned as the Vice President due to work reallocation with effect from 15 June 2022.
- The Share Options shall be exercisable for a term of five years commencing from the Grant Date. The lock-up period is 24 months from the Grant Date of the Share Options, during which the Share Options granted to the Participants under the Share Option Scheme shall not be exercised. During the Reporting Period, the Share Options under the Share Option Scheme are still in the lock-up period of 24 months, and no Share Options have been effective, exercised, cancelled or lapsed.
- Operating results requirements have been set forth in the Share Option Scheme based on the future growth in the performance of the Company, and the exercisable percentage of Options is linked to the performance assessment results of each Participant. The Share Options to be granted shall take effect as per the fulfilment of the effective conditions and provided that the Company is not caught in any circumstance where no equity incentives shall be implemented under the requirements of the SASAC and the CSRC. Operating results requirements include the Company's return on equity attributable to owners of the Company, compound growth rate of net profit attributable to owners of the Company and economic value added (EVA). For details of the preconditions for the effectiveness of the Share Option Scheme and the individual performance assessment process of the Participants, please refer to Appendix I "PRINCIPAL TERMS OF THE SHARE OPTION SCHEME" and Appendix II "APPRAISAL MEASURES FOR IMPLEMENTATION OF THE SHARE OPTION SCHEME" to the circular dated 30 December 2021.

Subject to the satisfaction of the effective conditions under the Share Option Scheme, the Participants may exercise their Share Options granted in tranches and in accordance with the arrangements set out in the table below.

Exercise Period	Exercise Time	Exercise Ratio
First Exercise Period	Commencing from the first trading day after the expiration of the 24-month period (or two anniversaries) from the Grant Date and ending on the last trading day of the 36-month period from the Grant Date	1/3
Second Exercise Period	Commencing from the first trading day after the expiration of the 36-month period (or three anniversaries) from the Grant Date and ending on the last trading day of the 48-month period from the Grant Date	1/3
Third Exercise Period	Commencing from the first trading day after the expiration of the 48-month period (or four anniversaries) from the Grant Date and ending on the last trading day of the 60-month period from the Grant Date	1/3

- The Exercise Price of the Share Options granted on 25 January 2022 is RMB4.29 share, which is the higher of the following three: (a) the average trading price of the A Shares of the Company for the last trading day preceding the date of the announcement of the draft and summary of the Share Option Scheme published on the website of the SSE, being RMB4.18; (b) the average trading price of the A Shares of the Company for the last 20 trading days preceding the date of announcement of the draft and summary of the Share Option Scheme published on the website of the SSE, being RMB4.29; (c) the unit par value of the A Shares of the Company, being RMB1.00. During the Reporting Period, the closing price of A shares of the Company immediately before the Grant Date of the Share Options (i.e., 24 January 2022) was RMB4.31. The fair value of each Share Option was RMB1.2451 at Grant Date (risk-free interest rate was taken as the annualized interest rate of 3.5-year (same as expected term) treasury bonds at 2.3%, share price volatility was taken as the historical volatility of 38.97% since the listing of the Company's A shares, expected term was taken as 3.5 years (weighted), and expected dividend rate was taken as 0 (according to the valuation principles and the regulatory requirements of the SASAC, if the share incentive scheme of the Company specifies the adjustment principles for the exercise price after distribution of dividends, the expected dividend rate will not be considered in the fair value evaluation, and 0% will be used as the input)), which was calculated by the Company in accordance with the accounting standards and policies adopted by the Company using the Black-Scholes option pricing model. According to the relevant provisions of the Share Option Scheme, in consideration of the 2021 final dividend and the 2022 interim dividend distributed by the Company, the Company adjusted the Exercise Price on 25 August 2022 and 27 March 2023, respectively. As of the date of this Report, the Exercise Price of the Share Options was RMB4.01 per share.

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6. The number of the total issued shares of the Company on the date of the Share Option Scheme being approved at the general meeting (24 January 2022) was 7,400,803,875 shares.
7. During the Reporting Period, the Company granted a total of 4.82 million Share Options to the five highest paid individuals (including 1 Director and 4 employees), and a total of 4.82 million A Shares can be subscribed subject to the satisfaction of the effective conditions and effective arrangements. The Grant Date of these Share Options was 25 January 2022. During the Reporting Period, these Share Options were still in the 24-month lock-up period, and no Share Options have been effective, exercised, cancelled, or lapsed. For details of remuneration of Directors and the five highest paid individuals of the Company during the Reporting Period, please refer to Note X.4(8) and Note IX.72 to the financial statements under "Chapter 11 the Financial Report" of this Report.

For the main terms, grant conditions, exercise price adjustment and other relevant details of the Share Option Scheme of the Company, please refer to the Company's announcements dated 29 November 2021, 21 January 2022, 24 January 2022, 25 January 2022, 2 March 2022, 25 August 2022 and 27 March 2023, and the circular dated 30 December 2021.

(IV) Establishment and Implementation of Appraisal Mechanism and Incentive Mechanism for Senior Management During the Reporting Period

Applicable Not applicable

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

XV. ESTABLISHMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

Applicable Not applicable

The Company has established general internal management processes, such as development strategy, financial management, funds management, contract management, human resource management and information management, and established corresponding business management processes in each business segment, which has formed a relatively well-established internal control system.

Since the internal control system was started in 2013, the Company has gradually improved the internal control system. During the year, the Company has carried out the integration and linkage of rules and regulations and internal control, and at the same time established a long-term mechanism of system process, and continuously promoted the optimization and improvement of the internal control system. The construction and improvement of internal control system can reasonably guarantee the compliance operation and risk prevention and control of businesses of the Company.

Explanation on Significant Deficiencies in Internal Control During the Reporting Period

Applicable Not applicable

For the internal control assessment, please refer to the 2022 Assessment Report of Internal Control on the website of SSE (www.sse.com.cn).

Chapter 5

Corporate Governance (Corporate Governance Report)

XVI. MANAGEMENT AND CONTROL OF THE SUBSIDIARIES DURING THE REPORTING PERIOD

Applicable Not applicable

During the Reporting Period, in accordance with the Company Law and other laws and regulations as well as the Management System for Subsidiaries and other internal management systems, the Company managed and controlled the personnel, finance, operation and investment decisions, internal control, internal audit, information disclosure and submission of the holding subsidiaries; improved the internal control system continuously, created a comprehensive and feasible internal control system and an effective internal control and supervision mechanism, and established a full-coverage risk management system to effectively control risks; implemented comprehensive budget management, strengthened fund supervision, and decomposed the overall strategic goals and budget goals to subsidiaries, so as to effectively ensure the realization of the Company's overall goals; optimized and adjusted the organization of the headquarters, promoted the matrix management and control mode of subsidiaries, strengthened overall business management, and further strengthened internal management control and business coordination; managed and supervised the personnel appointment and removal and salary assessment of its subsidiaries; strengthened the establishment of the board of directors of subsidiaries, clarified the reporting mechanism of major events, timely tracked the financial status of the holding subsidiaries and other major events, to ensure the standard operation of the Company and its holding subsidiaries.

XVII. INFORMATION ON AUDIT REPORT OF INTERNAL CONTROL

Applicable Not applicable

ShineWing Certified Public Accountants LLP has audited the effectiveness of internal control in the 2022 financial report of the Company and issued standard unqualified opinions. For details, please refer to the 2022 Audit Report of Internal Control disclosed on the website of SSE (www.sse.com.cn) by the Company.

Whether or not to disclose the audit report of internal control: Yes
Types of opinion on internal control audit report: Standard unqualified opinions

XVIII. SELF-EXAMINATION AND RECTIFICATION OF LISTED COMPANY GOVERNANCE SPECIAL ACTIONS

Nil

Chapter 5 Corporate Governance (Corporate Governance Report)

XIX. OTHERS

Applicable Not applicable

(I) Auditor's Remuneration

For details, please refer to "Chapter 7 Significant Matters" "VI. APPOINTMENT AND DISMISSAL OF AUDITORS" of this Report.

(II) Company Secretary

During the Reporting Period, Mr. Li Shichu served as the company secretary and possessed corresponding professional knowledge and experience. For relevant resume information, please refer to "V. Directors, Supervisors and Senior Management" in this chapter. In 2022, Mr. Li Shichu has completed the relevant career training for more than 15 hours.

(III) Amendments to the Articles of Association

Upon consideration and approval by the 2022 Third Extraordinary General Meeting of the Company held on 28 September 2022, the Articles of Association were amended by the Company pursuant to the provisions and regulatory requirements of latest laws, regulations and regulatory documents and according to the Company's actual operational and management needs. For details, please refer to the general meeting materials and the circular dated 8 September 2022 on the website of SSE (www.sse.com.cn) and the website of SEHK (www.hkexnews.hk) published by the Company, respectively.

Chapter 6 Environment and Social Responsibility

I. ENVIRONMENTAL INFORMATION

Whether relevant mechanisms for environmental protection have been established Yes
 Environmental protection funds invested in the Reporting Period (unit: RMB million) 49.04

(I) Explanation on Environmental Protection of Companies and Their Significant Subsidiaries Classified as the Key Pollutant Discharging Units Announced by the Ministry of Environmental Protection

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

Sinotrans strictly abides by the relevant laws and regulations on environmental protection, and constantly improves the Company's environmental protection system by constantly and steadily advancing the systematization, institutionalization and standardization of energy conservation and environmental protection work. In particular, Sinotrans increased publicity of environmental protection to infuse such works into daily operation, and strictly controlled pollutant discharge to avoid environmental pollution, which made contribution to achieving the goals of carbon peaking and carbon neutral. It also actively carried out identification and rectification of hidden dangers relating to environmental protection, such as carry out investigation on pollution discharge permits and equipping a number of subsidiaries with sewage treatment equipment and facilities to further standardize the discharge of waste water by washing tanks, as well as kept optimizing the energy consumption components such as actively promoting the upgrading of transport vehicles and large-scale equipment, which increased the proportion of new energy forklifts to over 75%. Moreover, Sinotrans formulated the "Sinotrans Comprehensive Emergency Response Plan for Natural Disasters" and "Sinotrans Emergency Response Plan for Typhoon" and continued to strengthen monitoring of special weather and early warning and efforts in overall planning, emergency duty, reporting and emergency preparations, which allowed it to resist several typhoons successfully. In 2022, the Company had no ecological environmental accidents.

3. Reasons for non-disclosure of other environmental information

Applicable Not applicable

Chapter 6 Environment and Social Responsibility

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

Applicable Not applicable

During the Reporting Period, the Group further strengthened the overall management of energy conservation and environmental protection, and invested a total of RMB49.04 million in environmental protection. Such funds have been used for increasing green lighting, green building material transformation, clean energy application, digital and intelligent application, and business model upgrading. In 2022, we mainly carried out the following work:

Firstly, guided by the comprehensive green transformation of various business development, and focusing on energy conservation and green and low-carbon development, we have formulated the Special Strategic Plan for Carbon Peaking and Carbon Neutrality of Sinotrans, which was approved by the Board, and put forward the green development vision of “become a practitioner and innovator in green logistics ecological construction”, thus forming the “carbon peaking and carbon neutrality” strategic system of Sinotrans.

Secondly, we completed a series of green logistics demonstration and application projects, including gradual procurement of intra-city delivery and line-haul transportation vehicles using new energy such as pure electricity, LNG (liquefied natural gas) and hydrogen fuel cells in replacement of traditional fuel vehicles, in order to increase the proportion of self-owned new energy vehicles; pilot adoption of operation equipment using electricity other than oil and electronic ticket system in the field station and terminal operation, so as to reduce energy consumption and improve operation efficiency; creation and deployment of online carbon footprint calculator by sorting out all emission sources, emission factors, activity data, data sources and other information of warehouse and logistics links in detail. In this regard, pilot applications have been carried out in three business scenarios of automobile transportation, air transportation and warehousing to help customers quantify the total carbon emissions directly or indirectly generated by the supply chain logistics links.

Thirdly, we formulated polices including the Administration Measures for the Statistical Monitoring of Energy Consumption and Carbon Emission of the Company, which effectively promoted the systematization, regulation and standardization of energy conservation and environmental protection work, and established energy conservation and environmental protection organization and “carbon peaking and carbon neutrality” working organization to make comprehensive and overall deployment of energy conservation and environmental protection work.

Fourthly, we organized and carried out a series of education activities in terms of energy conservation and environmental protection, including the 4th “Telling the Energy Conservation Stories” (講好節能故事) micro-video and photography collection activities, and received a total of 27 outstanding works; we organized 2022 Energy Saving Promotion Week and Low Carbon Day to actively and extensively carry out green and low carbon education activities based on the two themes of “Go green and low carbon and save energy first” (綠色低碳·節能先行) and “Implement the ‘carbon peaking and carbon neutrality’ action, and jointly build a beautiful home” (落實‘雙碳’行動·共建美麗家園).

Chapter 6

Environment and Social Responsibility

Emissions and energy consumption data of Sinotrans in the recent two years:

Main emissions (Unit: ton)	Emission (2022)	Emission (2021)	Change in emission (2022/2021)	Intensity	Intensity	Percentage
				per RMB100 million revenue (2022)	per RMB100 million revenue (2021)	change in intensity per RMB100 million revenue (2022/2021)
Sulfur dioxide emission	7.22	9.77	-26.10%	0.007	0.008	-15.57%
Oxynitride emission	54.99	60.57	-9.21%	0.051	0.049	3.72%
Total direct emission of greenhouse gas (carbon dioxide)	101,797.71	119,167.92	-14.58%	93.564	95.871	-2.41%
Total indirect emission of greenhouse gas (carbon dioxide)	126,332.54	130,904.00	-3.49%	116.114	105.313	10.26%
General emission of waste (sewage)	1,248,431.95	1,644,724.05	-24.09%	1,147.456	1,323.189	-13.28%

Notes: (1) The above emission information is mainly due to emissions generated in the operation of the Group's transportation and warehousing business. (2) The Company has collected indirect emission data of greenhouse gas since 2021. The indirect emission of greenhouse gas of the Group was mainly due to the emission of greenhouse gas caused by the use of purchased power and heat. Direct emissions were greenhouse gas emissions generated by the burning fossil energy such as coal, natural gas and oil, and industrial production processes. (3) Since 2021, the Group has counted sewage discharge, which mainly refers to the domestic sewage generated in the daily operation of the Group, and is mainly discharged to urban sewage treatment plant after treatment.

Energy consumption	Amount Generated (2022)	Amount Generated (2021)	Change in amount generated (2022/2021)	Intensity	Intensity	Change in
				per RMB100 million revenue (2022)	per RMB100 million revenue (2021)	intensity per RMB100 million revenue (2022/2021)
Total energy consumption (ton of standard coal)	75,566	80,708	-6.37%	69.454	64.930	6.97%
Total electricity consumption (10,000 kilowatt hour)	20,443	16,552	23.51%	18.790	13.316	41.11%
Total gasoline consumption (ton)	2,841	4,321	-34.24%	2.612	3.476	-24.87%
Total diesel consumption (ton)	25,926	30,255	-14.31%	23.829	24.340	-2.10%
Total natural gas consumption (cubic meter)	4,233,311	4,724,229	-10.39%	3,890.911	3,800.667	2.37%
Total coal consumption (ton of standard coal)	0	100	-100.00%	0.000	0.080	-100.00%
Water consumption (ton)	2,319,751	3,098,249	-25.13%	2,132.124	2,492.558	-14.46%

Notes: (1) The above energy consumption is mainly the energy consumption used in the operation of the Group's transportation and warehousing business. (2) In 2022, there was no coal consumption because that all coal-fired boilers used by the Group was transformed into gas-fired boilers.

Chapter 6 Environment and Social Responsibility

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

Whether carbon reduction measures are taken	Yes
Carbon dioxide equivalent reduction (unit: ton)	21,942
Type of carbon reduction measures (such as the use of clean energy for power generation, the use of carbon reduction technology in the production process, and the development and production of new products that contribute to carbon reduction)	Clean energy applications (including clean energy power generation, new energy electric vehicles, etc.), green lighting, green building renovation, digital and intelligent applications, etc.

Specific instructions

Applicable Not applicable

For details, please refer to this Chapter “I. ENVIRONMENTAL INFORMATION (III) Information in relation to Ecological Protection, Pollution Prevention and Control, and Environmental Responsibility Performance”.

II. WORKING SITUATION FOR FULFILLING SOCIAL RESPONSIBILITIES

(I) Whether the Social Responsibility Report, Sustainable Development Report or ESG Report are Disclosed Separately

Applicable Not applicable

For details, please refer to the 2022 Social Responsibilities and ESG Report disclosed on the website of SSE (www.sse.com.cn) and the website of the SEHK (www.hkexnews.hk).

(II) Specific Working Situation for Fulfilling Social Responsibilities

Applicable Not applicable

External donations and public welfare projects	Quantity/content
Total investment (RMB million)	1.86
Including: Capital (RMB million)	1.86
Material conversion (RMB million)	0
Number of beneficiaries (person)	9,461

Specific instructions

Applicable Not applicable

Chapter 6

Environment and Social Responsibility

Taking the China Merchants Foundation as a professional unified public welfare platform, Sinotrans invested RMB1.86 million through the China Merchants Foundation mainly for public welfare projects in 2022. During the Reporting Period, the Group actively fulfilled social responsibilities by promoting the implementation of projects such as “realizing dreams with childlike innocence and contributing to the community during the trip”, realizing the dream-renovating earth-rock playgrounds, emergency logistics training, and railway summer camp.

- **The public welfare project, namely “Small hand in Big hand” to realize dreams with childlike innocence and contribute to the community during the trip.** The Group has carried out the public welfare project of “Small hand in Big hand” for five consecutive years, and held 8 activities in total, helping more than 200 teenagers in special difficulties, actively advocating social concern and care for the growth of teenagers so as to “help teenagers buckle their first button in life”.
- **The public welfare project, namely “Realizing the dream-renovating the earth-rock playground”.** In 2022, the Group officially launched and completed the “Realizing the dream-renovating the earth-rock playground” project at Dalijichengzi Primary School in Jinpu New District, Dalian. Upon the renovation, various sports can be carried out on the new playground, providing a good learning and living environment for left-behind children and primary school students from migrant worker families.
- **Education activities on emergency logistics training and public disaster.** The Group selected Chengdu, Kunming and Shenyang as the host cities for the activities, and carried out volunteer relay activities, namely the “Zaijiesong emergency logistics training and public disaster education”, to improve the emergency support capacity of public welfare volunteers and publicize the responsibility of safe production.
- **Summer camp activities in the railway corridor of Angola Lobito.** The Group hosted the “three hours of public welfare” Lobito corridor railway summer camp in Lobito, Angola, which lasted for two days. By organizing 150 Angolan children who were looking forward to going out of the countryside and the mountain villages to take a train tour along the Lobito railway corridor in Angola, we realized local children’s dreams to experience an unforgettable journey.

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

Applicable Not applicable

Rural revitalization projects	Quantity/content
Total investment (RMB million)	5.14
Including: Capital (RMB million)	5.14
Material conversion(RMB million)	0
Number of beneficiaries (person)	26,358
Assistance forms (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)	One industrial assistance project, one educational assistance project, and one livelihood assistance project.

Chapter 6 Environment and Social Responsibility

Specific instructions

Applicable Not applicable

During the Reporting Period, by taking the China Merchants Foundation as a professional unified public welfare platform, Sinotrans focused 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. During the Reporting Period, the Group carried out one Industrial Assistance Project, one Educational Assistance Project and one Livelihood Assistance Project with a total investment of RMB5.1364 million.

- **Xinjiang Fuyun County Dure Town Assistance Project.** Based on the advantages of large freight traffic in Dure Town, Fuyun County, the Group supported Dure Town to build a logistics distribution center for agricultural and sideline products by investing and building a new 1,850 square meter production building and auxiliary buildings, with about 12 shops for retail, catering, vehicle maintenance, and accommodation. The project is still under construction. 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.
- **Xinjiang “Making Visit, Delivering Benefits and Gathering Morale (訪惠聚)” Village Assistance Project.** We supported the cultural street construction project in Youleigunjiayi (8) Village. We supported Village 9 of Boxireke Township in Yecheng County to build an elderly activity center and 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 further supplement public cultural facilities in rural areas and improve the activity places for the elderly as well as the village-level medical service and meet the entertainment and cultural needs of the elderly. The projects are still under construction.
- **Newly built dormitory of Donggu Ethnic Primary School in Qingyuan, Jiangxi.** Donggu She 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 and put into use in September 2022.

Meanwhile, the headquarters of the Company signed the Responsibility Letter of Consumption for Poverty Alleviation of Sinotrans (《中國外運消費扶貧責任書》) with its subordinate companies to actively expand the channels of consumption for poverty alleviation, including benefits for the labor union and cooperation with 27° agricultural public welfare products to customize products. The total consumption for alleviation throughout the year reached RMB8.93 million.

Chapter 7 Significant Matters

I. EXERCISE OF COMMITMENTS

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

✓Applicable □Not applicable

Commitment background	Commitment type	Commitment party	Summary		Is there a term for fulfilment	Is there timely and strict fulfilment
			of the commitment	Time and term of the commitment		
Commitments related to material asset restructuring	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 7 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 transactions 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 in the listing places 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.

Chapter 7

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 at 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 (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 7 Significant Matters

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

Meet Not Meet Not applicable

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

Applicable Not applicable

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. BOARD'S EXPLANATIONS ON "NON-STANDARD OPINION AUDIT REPORT" OF ACCOUNTING FIRMS

Applicable Not applicable

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

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

Applicable Not applicable

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

Applicable Not applicable

(III) Communication with Former Accounting Firms

Applicable Not applicable

(IV) Other notes

Applicable Not applicable

Chapter 7 Significant Matters

VI. APPOINTMENT AND DISMISSAL OF AUDITORS

Unit: RMB

Current appointment

Name of the onshore accounting firm	ShineWing Certified Public Accountants LLP
Remuneration for the onshore accounting firm	9,100,000.00
Term of audit by the onshore accounting firm	5
Name of signing public certified accountant of the onshore accounting firm	Dong Qinchuan, Xu Youbin
Term of signing public certified accountant of the onshore accounting firm	3

	Name	Remuneration
Accounting firm for internal control audit	ShineWing Certified Public Accountants LLP	1,500,000.00

Description of the appointment and dismissal of auditors

Applicable Not applicable

- On 31 May 2022, the 2021 annual general meeting was convened, at which the proposal in relation to the re-appointment of external auditor for 2022 was considered and approved, which agreed to re-appoint ShineWing Certified Public Accountants LLP as the auditor of the Company for financial reports and internal control for the year 2022, with a term of office until the conclusion of the 2022 annual general meeting of the Company. The total audit fee is RMB10.60 million, among which the audit fees for financial reports and internal control are RMB9.10 million and RMB1.50 million, respectively. The Company has not changed auditors in the past three years.
- In 2022, audit fees amounted to RMB10.60 million (RMB10.00 million after tax). The audit fees mainly include audit of annual financial report, review of interim financial report and audit of internal control. Other non-audit service fees paid to public accounts amounted to RMB5.9981 million (after tax). Other non-audit service fees mainly include due diligence services for overseas acquisitions, auditor's letter on continuing connected transactions under the SEHK Listing Rules, performance of agreed-upon procedures regarding preliminary announcements of annual results and so on.

Change of the Auditors During the Audit Period

Applicable Not applicable

Chapter 7 Significant Matters

VII. THE SITUATION OF FACING THE RISK OF DELISTING

(I) Reasons for the Delisting Risk Warning

Applicable Not applicable

(II) Measures Taken by the Company

Applicable Not applicable

(III) Situation and Reasons for Termination of Listing

Applicable Not applicable

VIII. MATTERS RELATED TO BANKRUPTCY AND REORGANIZATION

Applicable Not applicable

IX. MAJOR LITIGATION AND ARBITRATION MATTERS

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

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

Applicable Not applicable

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

Applicable Not applicable

XII. CONNECTED TRANSACTIONS, MAJOR RELATED PARTY TRANSACTIONS

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

Significant related party transactions of the Group for the year ended 31 December 2022 are disclosed in Note X under “Chapter 11 Financial Report” of this Report. Save as disclosed in the section below, such related party transactions set out in the abovementioned Note X are not the transactions falling under the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the SEHK Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the SEHK Listing Rules for the continuing connected transactions and connected transactions mentioned in the section below.

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Significant Matters

1. Continuing Connected Transactions

The continuing connected transactions of the Group for the year ended 31 December 2022 are as follows:

Revenue/Expenses	Note	2022 RMB
Transactions with China Merchants Group	Note 1	
Provision of transportation and logistics services		863,151,692.80
Receiving of transportation and logistics services		1,406,929,659.10
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)		570,525,933.33
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)		118,512,060.13
Total rent payments of the Group as the lessor for properties and storage facilities (inclusive of the equipment therein)		12,396,286.75
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for containers and other equipment		2,298,426.96
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for containers and other equipment		3,384,973.53
Total rent payments of the Group as the lessor for containers and other equipment		86,029,242.28
Transaction with Daojiahui Technology Company	Note 2	
Purchase of office supplies and equipment		51,781,845.28
Receiving services from the Finance Company	Note 3	
Maximum daily outstanding balance of deposits placed by the Group with the Finance Company (excluding loan proceeds advanced by the Finance Company)		4,880,155,522.24
Maximum daily outstanding balance of loans granted by the Finance Company to the Group (including accrued interests and handling charges)		1,247,699,391.16
Total expenses payable by the Group with respect to other financial services		281,125.40
Transactions with Sinotrans Shandong Hongzhi	Note 4	
Provision of transportation and logistics services		226,473,134.22
Receiving of transportation and logistics services		109,901,447.65
Transactions with Y2T	Note 5	
Provision of transportation and logistics services		1,182,617,024.35
Receiving of transportation and logistics services		658,284,652.15
Receiving of technical service		-
Transactions with Qingdao Jinyun Air	Note 6	
Provision of transportation and logistics services		6,089,113.70
Receiving of transportation and logistics services		14,106,022.10

Chapter 7 Significant Matters

Note 1: The reason why the transactions with China Merchants Group are deemed as connected transactions is that China Merchants is the actual controller of the Company. On 28 October 2020, the Company entered into the Master Services Agreement and Master Lease Agreement with China Merchants to govern the provision and receiving of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services) and (i) the lease of properties and storage facilities (inclusive of the equipment therein), and (ii) the lease of containers and other equipment between the Group and China Merchants and its associates, the term of which are from 1 January 2021 to 31 December 2023. The annual caps for transactions under the agreement are as follows:

Categories	Unit: Ten Thousand Currency: RMB		
	Annual cap of 2021	Annual cap of 2022	Annual cap of 2023
Provision of transportation and logistics services	250,000	325,000	422,500
Receiving of transportation and logistics services	350,000	455,000	591,500
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)	250,000	275,000	302,500
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for properties and storage facilities (inclusive of the equipment therein)	12,000	13,200	14,520
Total rent payments of the Group as the lessor for properties and storage facilities (inclusive of the equipment therein)	4,000	4,600	5,290
Right-of-use assets (for those leases of which the lease term exceeds one year) of the Group as the lessee for containers and other equipment	6,000	6,600	7,260
Other payments (including rent for those leases of which the lease term is no more than one year) of the Group as the lessee for containers and other equipment	500	600	720
Total rent payments of the Group as the lessor for containers and other equipment	20,000	23,000	26,450

Note 2: The reason why the transaction with China Merchants (Shenzhen) Daojiahui Technology Co., Ltd.* (深圳招商到家匯科技有限公司, hereinafter referred to as "Daojiahui Technology Company") is deemed as a connected transaction is that Daojiahui Technology Company is a subsidiary of China Merchants. On 27 August 2020, the Company entered into the New Master Purchase Agreement with Daojiahui Technology Company, pursuant to which, the Group may purchase the office supplies and equipment from Daojiahui Technology Company through the China Merchants Daojiahui (the online shopping platform) for the period from 1 April 2020 to 31 December 2022. According to the agreement, the total amount of office supplies and equipment purchased by the Group from Daojiahui Technology Company shall not exceed RMB60 million from 1 April 2020 to 31 December 2020, RMB69 million in 2021 and RMB80 million in 2022, respectively.

Note 3: The reason why the transaction with the Finance Company is deemed as a connected transaction is that the Finance Company is held as to 51% and 49% by China Merchants and Sinotrans & CSC, respectively. On 28 October 2020, the Company renewed the Financial Services Agreement with the Finance Company, the term of which is from 1 January 2021 to 31 December 2023, to govern the financial services provided by Finance Companies to the Group, including deposit services, loan services and other financial services. The annual cap for transactions under the agreement is: maximum daily outstanding balance of deposits placed by the Group with the Finance Company (excluding loan proceeds advanced by the Finance Company) is RMB5 billion, the maximum daily outstanding balance of loans granted by the Finance Company to the Group (including accrued interests and handling charges) shall not exceed RMB10 billion, and the maximum total expenses payable by the Group with respect to other financial services shall not exceed RMB20 million for each of the three years ended 31 December 2023.

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Significant Matters

- Note 4: The reason why the transactions with Sinotrans Shandong Hongzhi Logistics Co. Ltd* (山東中外運弘志物流有限公司, hereinafter referred to as “Sinotrans Shandong Hongzhi”), are deemed as connected transactions is that Sinotrans Shandong Hongzhi is held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 28 October 2020, the Company entered into the Master Services Agreement with Sinotrans Shandong Hongzhi to govern the provision and receiving of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services), the term of which is from 1 January 2021 to 31 December 2023. The annual caps for transactions under the agreement are as follows: the cap for the provision of transportation and logistics services by the Group for Sinotrans Shandong Hongzhi and its associates shall not exceed RMB250 million, RMB325 million and RMB390 million for each of the years 2021, 2022 and 2023, respectively; the cap for the receipt of transportation and logistics services by the Group from Sinotrans Shandong Hongzhi and its associates shall not exceed RMB250 million, RMB280 million and RMB319 million for each of the years 2021, 2022 and 2023, respectively.
- Note 5: The reason why the transactions with Y2T Technology Co., Ltd. (運易通科技有限公司 hereinafter referred to as “Y2T”, with its subsidiaries are collectively referred to as “Y2T Group”), are deemed as connected transactions is that Y2T is held as to more than 10% equity interests by the subsidiaries of China Merchants. On 30 December 2020, the Company entered into the Purchase and Sales Framework Agreement with Y2T, pursuant to which, the Group will receive system development and operation maintenance services, logistics and related services provided by Y2T Group and will provide logistics and related services to Y2T Group for a period from 1 January 2021 to 31 December 2023. On 24 August 2021, the Company entered into a supplemental agreement to the Purchase and Sales Framework Agreement with Y2T, adjusting the annual caps for the logistics and related services between the Group and Y2T Group. Therefore, the annual caps are as follows: the cap for the receipt of transportation and logistics services by the Group from Y2T Group shall not exceed RMB1,000 million, RMB1,400 million and RMB1,400 million for each of the years 2021, 2022 and 2023, respectively; the cap for the provision of logistics services by the Group for Y2T Group shall not exceed RMB700 million, RMB1,200 million and RMB1,400 million for each of the years 2021, 2022 and 2023, respectively; the cap for the receipt of system development and operation maintenance services by the Group from Y2T Group shall not exceed RMB40 million, RMB50 million and RMB60 million for each of the years 2021, 2022 and 2023, respectively.
- Note 6: The reason why the transactions with Qingdao Jinyun Air Cargo Freight Forwarding Co., Ltd.* (青島金運航空貨運代理有限公司, hereinafter referred to as “Qingdao Jinyun Air”), are deemed as connected transactions is that Qingdao Jinyun Air is held as to more than 10% equity interests by the subsidiaries of Sinotrans & CSC. On 15 June 2022, the Company entered into the Master Services Agreement with Qingdao Jinyun Air to govern the provision and receiving of transportation and logistics services (including freight forwarding services, shipping agency, storage and terminal services, trucking transportation, express services and shipping transportation and other logistics services), the term of which is from 1 January 2022 to 31 December 2024. The annual caps for transactions under the agreement are as follows: the cap for the provision of transportation and logistics services by the Group for Qingdao Jinyun Air and its associates shall not exceed RMB60 million, RMB72 million and RMB86.4 million for each of the years 2022, 2023 and 2024, respectively; the cap for the receipt of transportation and logistics services by the Group from Qingdao Jinyun Air and its associates shall not exceed RMB80 million, RMB96 million and RMB115.2 million for each of the years 2022, 2023 and 2024, respectively.

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- (1) For details of the abovementioned continuing connected transactions, please refer to the relevant announcements on the signing date of each agreement and the relevant circular dated 20 November 2020 published by the Company on the website of SEHK (www.hkexnews.hk). The Company has complied with the disclosure requirements under Chapter 14A of the SEHK Listing Rules in respect of such transactions. In order to comply with the relevant requirements of the SEHK Listing Rules, except such transactions with Daojiahui Technology Company, Y2T, Qingdao Jinyun Air did not reach the standard that requires to be considered at a shareholders' general meeting, the annual caps of the other continuing connected transactions abovementioned for each of the years 2021, 2022 and 2023 have been approved by independent Shareholders at the extraordinary meeting convened on 22 December 2020.
- (2) The independent non-executive Directors of the Company have reviewed the continuing connected transactions and confirmed that the transactions were:
 - (a) entered into by members of the Group in the ordinary and usual course of business;
 - (b) (i) on normal commercial terms; or (ii) on terms no less favorable to the Company than those available to (or from) independent third parties; or (iii) if there are no appropriate comparables for the independent non-executive Directors to confirm items b(i) or b(ii) above, then on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and
 - (c) entered into in accordance with the relevant agreements governing them.
- (3) The auditor of the Company was engaged to conduct a limited assurance engagement on the Group's continuing connected transactions in accordance with the China Standard on Other Assurance Engagements No. 3101, Assurance Engagements Other Than Audits or Reviews of Historical financial Information issued by the Ministry of Finance of the People's Republic of China and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unmodified letter containing their findings and conclusions in respect of the continuing connected transactions by the Group above in accordance with Rule 14A.56 of the SEHK Listing Rules, where:
 - (a) nothing has come to the auditors' attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of Directors.
 - (b) for transactions involving the provision of goods or services by the Group, nothing has come to the auditors' attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.

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- (c) nothing has come to the auditors' attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- (d) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditors' attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

2. **Other connected transaction disclosed**

On 25 March 2022, Sinotrans Logistics Investment Holding Co., Ltd.* (中外運物流投資控股有限公司, the "Sinotrans Logistics Investment"), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Jing'an Hongda Wuhua Investment Partnership (LLP)*(靖安洪大物華投資合夥企業(有限合夥), the "Hongda Wuhua"), pursuant to which, Sinotrans Logistics Investment purchases 45% equity interests of Sinotrans Logistics Nanjing China Ltd.*(中外運物流南京有限公司, the "Nanjing Company") for a consideration of RMB188,889,625.38 from Hongda Wuhua. Upon completion of the above transaction under the Equity Transfer Agreement, the Company will, through Sinotrans Logistics and Sinotrans Logistics Investment, indirectly hold 90% equity interests of Nanjing Company, and Nanjing Company will become a subsidiary of the Company and its financial results will be consolidated into the accounts of the Company. As the general partner of Hongda Wuhua, being No.1 Equity Investment Fund, is an associate of China Merchants (the ultimate controlling shareholder of the Company), Hongda Wuhua is therefore a connected person of the Company. As such, the entering into of the Equity Transfer Agreement constitutes a connected transaction. For details, please refer to the announcement dated 25 March 2022 published by the Company on the website of SEHK (www.hkexnews.hk).

(II) MAJOR RELATED PARTY TRANSACTIONS (Disclosed in Accordance with the SSE Listing Rules)

1. **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

Chapter 7 Significant Matters

- 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 caps of the amount of transportation and logistics services provided by the Group to China Merchants Group are RMB2,500 million, RMB3,250 million and RMB4,225 million in 2021, 2022 and 2023, respectively; the annual caps of the amount of transportation and logistics services received by the Group from China Merchant Group are RMB3,500 million, RMB4,550 million and RMB5,915 million in 2021, 2022 and 2023, respectively. For the year ended 31 December 2022, the transportation and logistics services provided by the Group to China Merchants Group amounted to RMB863 million, while the transportation and logistics services received from China Merchants Group was RMB1,407 million.
- 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 caps and the actual amount incurred during the Reporting Period are as follows:

Unit: Ten Thousand Currency: RMB

Categories	Annual cap of 2021	Annual cap of 2022	Actual amount of 2022	Annual cap of 2023
the lease of properties and storage facilities as the lessee from the related party	57,000	62,700	17,800.21	68,970
the lease of properties and storage facilities as the lessor to the related party	4,000	4,600	1,239.63	5,290
the lease of containers and other equipment as the lessee from the related party	1,500	1,700	568.34	1,930
the lease of containers and other equipment as the lessor to the related party	20,000	23,000	8,602.92	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 31 December 2022, the Group's deposit balance and loan balance at China Merchants Bank were RMB187 million and RMB200 million, respectively.

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- 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. (中外運－敦豪國際航空快件有限公司, hereinafter referred to as DHL-Sinotrans), New Land Bridge (Lianyungang) Terminal Co., Ltd. ((新陸橋(連雲港)碼頭有限公司, hereinafter referred to as New Land Bridge), Shanghai United Cold Chain Logistics Co., Ltd. (上海聯和冷鏈物流有限公司, hereinafter referred to as Shanghai United Cold Chain), and Nissin-Sinotrans International Logistics Co., Ltd. (中外運－日新國際貨運有限公司, hereinafter referred to as Nissin-Sinotrans), the term of which is from 1 January 2021 to 31 December 2023. The annual caps and the actual amount incurred during the Reporting Period are as follows:

Unit: Ten Thousand Currency: RMB

Categories	Related joint ventures	Annual	Annual	Actual	Annual
		cap of 2021	cap of 2022	amount of 2022	cap of 2023
Provide services to related parties (The Company provides logistics services for related parties)	DHL-Sinotrans	16,000	19,000	6,912.16	22,500
	Shanghai United Cold Chain	3,000	3,500	217.68	4,500
	Nissin-Sinotrans	8,000	9,500	8,762.67	11,500
Accept services provided by related parties (Related parties provide logistics services to the Company)	DHL-Sinotrans	27,000	32,500	7,508.29	39,000
	New Land Bridge	12,000	14,500	4,013.54	17,500

The above-mentioned daily related party transactions have been reviewed and approved by the Company's Extraordinary General Meeting 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

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2. **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

3. **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

4. **Claims and Liabilities with Related Parties**

- (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

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(3) *Events Not Disclosed in the Temporary Announcements*

Applicable Not applicable

Unit: 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	5,070,488,471.13	-399,595,080.37	4,670,893,390.76	771,416,768.01	253,437,522.48	1,024,854,290.49
Joint ventures and associates	646,461,679.77	102,281,416.46	748,743,096.23	495,376,243.50	578,797,749.46	1,074,173,992.96
Other related parties	-	-	-	99,564.01	-99,564.01	-
Total	5,716,950,150.90	-297,313,663.91	5,419,636,486.99	1,266,892,575.52	832,135,707.93	2,099,028,283.45
Reasons for related claims and debts	Proceeds in dealings with related companies					
The impact of related claims and debts on the Company	Related claims and debts 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.					

5. Financial business between the Company and the financial company that has associated relationship, between the financial company controlled by the Company and the related parties

Applicable Not applicable

On 28 October 2020, the Company entered into a Financial Services Agreement with the Finance Company, the term of which is from 1 January 2021 to 31 December 2023. According to the agreement, the maximum daily outstanding balance of the deposit placed by the Group with the Finance Company, the maximum daily outstanding balance of the loan (including accrued interest and handling fees) granted by the Finance Company to the Group and other financial service fees per year at the the Finance Company shall not exceed RMB5 billion, RMB10 billion, and RMB20 million, respectively. For the year ended 31 December 2022, 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 RMB1,248 million, respectively, and the total fees of other financial service was RMB281.1 thousand. The abovementioned daily related party transaction has been reviewed and approved by the Company's Extraordinary General Meeting 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).

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(1) *Deposit business*

Applicable Not applicable

Unit: 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 of the period		Balances at the end of the period
					Total deposits of the period	Total withdrawals of the period	
The Finance Company	Other company controlled by the same parent company and ultimate controlling party	5,000,000,000.00	1.495%-3.8%	4,947,556,879.94	84,100,593,365.57	84,482,564,748.88	4,565,585,496.63
Total	/	/	/	4,947,556,879.94	84,100,593,365.57	84,482,564,748.88	4,565,585,496.63

(2) *Loan business*

Applicable Not applicable

Unit: 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 of the period		Balances at the end of the period
					Total loans of the period	Total repayments of the period	
The Finance Company	Other company controlled by the same parent company and ultimate controlling party	10,000,000,000.00	1.20%-3.85%	114,423,098.94	2,065,126,780.01	1,829,113,513.90	350,436,365.05
Total	/	/	/	114,423,098.94	2,065,126,780.01	1,829,113,513.90	350,436,365.05

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- (3) *Credit business or other financial business*
Applicable Not applicable

Unit: RMB

Related party	Related relationship	Business type	Total	Actual amount
The Finance Company	Other company controlled by the same parent company and ultimate controlling party	Comprehensive credit	8,000,000,000.00	2,162,841,771.01

- (4) *Other explanation*
Applicable Not applicable

(III) Others

- Applicable Not applicable

XIII. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trusteeship, Contracting and Leasing

1. Trusteeship

- Applicable Not applicable

2. Contracting

- Applicable Not applicable

3. Leasing

- Applicable Not applicable

Chapter 7 Significant Matters

(II) Guarantees

Applicable Not applicable

Unit: Yuan Currency: RMB

External guarantee of the Company (excluding those provided to subsidiaries)														
Guarantors	Relation between the guarantors and the listed company	The guaranteed party	The guaranteed amount	Date of the guarantee (the date of agreement)	Guarantee beginning date	Guarantee maturity date	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Is the guarantee overdue	Guarantee overdue amount	Is counter guarantee available	Guarantee provided to the related parties	Related relationships
Sinotrans South China Company Limited	Subsidiary	Shenzhen Haixing Harbor Development Co., Ltd.	106,835,461.82	1 July 2019	1 July 2019	1 July 2037	Financing guarantee/ Joint liability guarantee	Nil	No	No	-	No	Yes	Associate
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)													106,835,461.82	
Guarantees provided by the Company to subsidiaries														
Total guaranteed amount to subsidiaries during the Reporting Period													307,600,000.00	
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)													4,387,642,482.44	
Total guarantees (including guarantees to subsidiaries) provided by the Company														
Total guaranteed amount (A+B)													4,494,477,944.26	
Total guaranteed amount as a percentage of the net asset value of the Company (%)													12.19	
Of which:														
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)													-	
Debt guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)													2,460,359,673.49	
Total guaranteed amount in excess of 50% of net asset value (E)														
Total guaranteed amount of the above three items (C+D+E)													2,460,359,673.49	
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 provided guarantees for the credit lines applied for by companies within the scope of the consolidated statements. As at 31 December 2022, the total credit guarantees was RMB6.045 billion.							

(III) Entrustment of Asset Management

1. Entrusted wealth management

(1) Overall entrusted wealth management

Applicable Not applicable

Other circumstances

Applicable Not applicable

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(2) *Single item entrusted wealth management*

Applicable Not applicable

Other circumstances

Applicable Not applicable

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

Applicable Not applicable

2. **Entrusted Loan**

(1) *Overall Entrusted Loan*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(2) *Single Entrusted Loan*

Applicable Not applicable

Other circumstances

Applicable Not applicable

(3) *Impairment provision for the entrusted loan*

Applicable Not applicable

3. **Other circumstances**

Applicable Not applicable

(IV) **Other Material Contracts**

Applicable Not applicable

XIV. EXPLANATION OF OTHER MAJOR EVENTS THAT HAVE A SIGNIFICANT IMPACT ON INVESTORS' VALUE JUDGMENTS AND INVESTMENT DECISIONS

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

I. CHANGES IN SHAREHOLDING OF SHARES

(I) Changes in Shares

1. Statement of Changes in Shares

Unit: Share

	Before the change		Increase/Decrease of the change (+, -)				After the change		
	Number	Percentage (%)	Issuance of new shares	Conversion		Others	Sub-total	Number	Percentage (%)
				Bonus share	of common reserve fund				
I. Restricted shares	3,904,279,644	52.75				-3,904,279,644	-3,904,279,644	0	0
1. State-owned shares									
2. State-owned legal person shares	3,904,279,644	52.75				-3,904,279,644	-3,904,279,644	0	0
3. Other domestic shares									
4. Foreign shares									
II. Tradable shares without restrictions	3,496,524,231	47.25				3,858,580,644	3,858,580,644	7,355,104,875	100.00
1. Ordinary shares dominated in RMB	1,351,637,231	18.27				3,904,279,644	3,904,279,644	5,255,916,875	71.46
2. Foreign shares domestically listed									
3. Foreign shares listed overseas	2,144,887,000	28.98				-45,699,000	-45,699,000	2,099,188,000	28.54
4. Others									
III. Total ordinary shares	7,400,803,875	100.00				-45,699,000	-45,699,000	7,355,104,875	100.00

Note: The table above represents the statement of changes in shares as at 31 December 2022.

2. Share Capital Structure

Class of Shares	31 December 2021		31 December 2022		10 February 2023	
	Number of Shares (shares)	Percentage (%)	Number of Shares (shares)	Percentage (%)	Number of Shares (shares)	Percentage (%)
	A Shares	5,255,916,875	71.02	5,255,916,875	71.46	5,255,916,875
H Shares	2,144,887,000	28.98	2,099,188,000	28.54	2,038,300,000	27.94
Total	7,400,803,875	100.00	7,355,104,875	100.00	7,294,216,875	100.00

Chapter 8

Changes in Shareholding and Particulars of Shareholders

3. **Description of Share Changes**

Applicable Not applicable

- (1) On 18 July 2022, 3,904,279,644 restricted A Shares of the Company held by major shareholders were circulated.
- (2) Pursuant to the authorization of the general meeting of the Company, the Company repurchased 45,699,000 H Shares of the Company from 7 June 2022 to 16 September 2022, which were cancelled on 29 September 2022. Therefore, the total share capital of the Company was reduced by 45,699,000 shares to 7,355,104,875 shares.
- (3) Pursuant to the authorization of the general meeting of the Company, the Company repurchased 60,888,000 H Shares of the Company from 27 October 2022 to 20 January 2023, which were cancelled on 10 February 2023. Therefore, the total share capital of the Company was reduced by 60,888,000 shares to 7,294,216,875 shares.

For details, please refer to the relevant announcements of the Company dated 12 July 2022, 29 September 2022 and 10 February 2023 disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk).

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

Applicable Not applicable

During the Reporting Period, as the Company repurchased and cancelled 45,699,000 H shares, the Company's earnings per share increased by RMB0.0001 in the latest year, and its net assets per share increased by RMB0.0293 in the latest period.

5. **Other Contents that the Company Deems Necessary or Security Regulatory**

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

(II) Changes in Restricted Shares

Applicable Not applicable

Unit: Share

Name of Shareholders	Number of Restricted Shares at the Beginning of the Year	Number of Shares Unlocking of Restriction this Year	Number of Restricted Shares Increased this Year	Number of Restricted Shares at the End of the Year	Reasons for Restriction	Date of Unlocking of Restriction
China Merchants Group Limited	1,442,683,444	1,442,683,444	0	0	Note 1	18 July 2022
Sinotrans & CSC Holdings Co., Ltd.	2,461,596,200	2,461,596,200	0	0	Note 1	18 July 2022
Total	3,904,279,644	3,904,279,644	0	0	/	/

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 lockup period will be extended for another six months if the closing price of A Shares is below the issue price for 20 consecutive trading days during the first six months after listing or the closing price of A Shares on the last trading day of such first six 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. The abovementioned 3,904,279,644 A Shares were circulated on 18 July 2022. For details, please refer to the relevant announcements of the Company dated 12 July 2022 disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk).

II. SECURITY ISSUANCE AND LISTING

(I) Security Issuance during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

For details, please refer to this chapter "I. Changes in Shareholding of Shares".

(III) Existing Internal Staff Shares

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

III. SHAREHOLDERS AND ACTUAL CONTROLLERS

(I) Total Number of Shareholders

Total number of ordinary Shareholders at the end of the Reporting Period (shareholders)	63,392
Of which: Total number of A Shares Shareholders	63,266
Total number of H Shares Shareholders	126
Total number of ordinary Shareholders at the end of last month before the date of the Annual Report (shareholders)	63,299
Of which: Total number of A Shares Shareholders	63,173
Total number of H Shares Shareholders	126
Total number of preferred Shareholders with restored voting rights at the end of the Reporting Period (shareholders)	/
Total number of preferred Shareholders with restored voting rights at the end of last month before the date of the Annual Report (shareholders)	/

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

Unit: Share

Name of Shareholders (Full Name)	Shareholding of the Top 10 Shareholders				Pledged, Marking or Frozen Status		Nature of Shareholders
	Increase or Decrease during the Reporting Period	Number of Shares Held at the End of the Reporting Period	Percentage (%)	Number of Restricted Shares	Shares of Status	Number	
Sinotrans & CSC Holdings Co., Ltd.	0	2,472,216,200	33.61	0	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	-45,696,000	2,061,845,399	28.03	0	Unknown	Unknown	Overseas legal person
China Merchants Group Limited	0	1,600,597,439	21.76	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	-44,138,202	110,511,456	1.50	0	Nil	0	Overseas legal person
DEUTSCHE POST BETEILIGUNGEN HOLDING	0	35,616,000	0.48	0	Unknown	Unknown	Overseas legal person
Chen Jingjian	-1,070,103	15,284,900	0.21	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)	4,545,700	13,585,614	0.18	0	Nil	0	Unknown
Jiang Chunsheng	900,000	12,285,300	0.17	0	Nil	0	Domestic natural person
Agricultural Bank of China Co., Ltd. - Dacheng Ruixiang Hybrid Securities Investment Fund (中國農業銀行股份有限公司-大成睿享混合型證券投資基金)	10,596,800	10,596,800	0.14	0	Nil	0	Unknown
China Life Insurance Company Limited - Dividends - Individual Dividends - 005L - FH002 Shanghai (中國人壽保險股份有限公司-分紅-個人分紅-005L-FH002滬)	9,036,541	9,532,641	0.13	0	Nil	0	Unknown

Chapter 8

Changes in Shareholding and Particulars of Shareholders

Shareholding of the Top 10 Holders of Unrestricted Shares

Name of Shareholders	Number of Shares Unlock-up	Class	Class and Number of Shares Number
Sinotrans & CSC Holdings Co., Ltd.	2,472,216,200	Ordinary shares	2,472,216,200
		denominated in RMB	
HKSCC NOMINEES LIMITED	2,061,845,399	Foreign shares listed	2,061,845,399
		overseas	
China Merchants Group Limited	1,600,597,439	Ordinary shares	1,600,597,439
		denominated in RMB	
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	110,511,456	Ordinary shares	110,511,456
		denominated in RMB	
DEUTSCHE POST BETEILIGUNGEN HOLDING	35,616,000	Foreign shares listed	35,616,000
		overseas	
Chen Jingjian	15,284,900	Ordinary shares	15,284,900
		denominated in RMB	
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)	13,585,614	Ordinary shares	13,585,614
		denominated in RMB	
Jiang Chunsheng	12,285,300	Ordinary shares	12,285,300
		denominated in RMB	
Agricultural Bank of China Co., Ltd.- Dacheng Ruixiang Hybrid Securities Investment Fund (中國農業銀行股份有限公司－大成睿享混合型 證券投資基金)	10,596,800	Ordinary shares	10,596,800
		denominated in RMB	
China Life Insurance Company Limited – Dividends-Individual Dividends – 005L – FH002 Shanghai (中國人壽保險股份有限公司－分紅－ 個人分紅－ 005L-FH002滬)	9,532,641	Ordinary shares	9,532,641
		denominated in RMB	
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 49,280,000 A shares, accounting for approximately 0.67% of the total issued share capital of the Company, which will be used for share options incentives.	
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 8

Changes in Shareholding and Particulars of Shareholders

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

Applicable Not applicable

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

As at 31 December 2022, so far as the Directors of the Company were aware, the following parties (other than Directors, Supervisors and chief executives) had interests and short positions in the Shares of the Company which were required to be disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO, or to be recorded in the register kept by the Company pursuant to Section 336 of SFO.

Name	Corporate interests	Class of Shares	Percentage in total issued Share capital (Note 5)	Percentage in issued H Share capital (Note 5)
China Merchants (Note 1)	4,072,813,639(L)	A Shares	55.37%	–
	192,978,000(L)	H Shares	2.62%	9.19%
Pandanus Associates Inc. (Note 2)	273,761,000(L)	H Shares	3.72%	13.04%
Brown Brothers Harriman & Co. (Note 3)	173,390,294(L)	H Shares	2.36%	8.26%
	173,390,294(P)	H Shares	2.36%	8.26%
LSV ASSET MANAGEMENT (Note 4)	171,317,800(L)	H Shares	2.33%	8.16%

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

- (1) As at 31 December 2022, China Merchants held 58% 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).
- (2) According to the Disclosure of Interests Form submitted by Pandanus Associates Inc. on the website of Hong Kong Stock Exchange, 273,761,000 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 52,297,000 H Shares (long position) are reported as unlisted derivatives settled in cash.
- (3) 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.
- (4) According to the Disclosure of Interests Form submitted by LSV ASSET MANAGEMENT on the website of Hong Kong Stock Exchange, LSV ASSET MANAGEMENT held 128,648,800 H Shares (long position) in the capacity of investment manager. 42,669,000 H Shares (long position) are deemed interest through its general partnership interest in certain limited partnerships.
- (5) The percentage of total share capital and the percentage of H share capital are calculated based on the total number of 7,355,104,875 Shares (including 2,099,188,000 H Shares and 5,255,916,875 A Shares) issued by the Company on 31 December 2022.

Chapter 8

Changes in Shareholding and Particulars of Shareholders

Save as disclosed above, as at 31 December 2022, so far as the Directors were aware, there was no other parties (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

IV. CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLER

(I) Controlling shareholder

1. Corporation

Applicable Not applicable

Name	Sinotrans & CSC Holdings Co., Ltd.
Person in charge or legal representative	Song Dexing
Incorporation Date	9 June 1984
Primary Operating Business	Non-Vessel Operating Common Carrier business, international ship agency; organization, investment and management of integrated logistics; ship manufacture and maintenance; ocean engineering; investment, establishment and operation of the relevant infrastructures; import and export business; technical services. (Market entities shall select operating items and operate autonomously according to laws; items that shall be approved according to laws can be operated upon approval of relevant departments; and shall not engage in the business activities of projects prohibited and restricted by industrial policies of the state and this city.)
Shareholding of other controlling and shareholding companies listed domestically and overseas during the Reporting Period	It holds 7.786983 million shares in CJ Phoenix (SZ.000520), representing 0.77% of its total equities; it holds 35.80 million shares in Bank of China (SH.601988), representing 0.01% of its total equities.
Other circumstances	N/A

Chapter 8

Changes in Shareholding and Particulars of Shareholders

2. Natural person

Applicable Not applicable

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

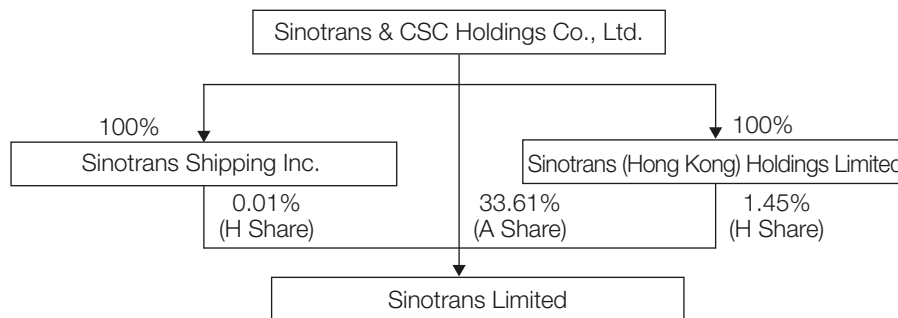
Applicable Not applicable

4. Explanation of changes in controlling shareholders during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable



Note: The shareholding percentages shown in the above are calculated based on the total issued shares of the Company on 31 December 2022, being 7,355,104,875 shares (including 2,099,188,000 H Shares and 5,255,916,875 A Shares).

Chapter 8

Changes in Shareholding and Particulars of Shareholders

(II) Actual Controllers

1. Corporation

Applicable Not applicable

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

Chapter 8

Changes in Shareholding and Particulars of Shareholders

Shareholding of other controlling and shareholding companies listed domestically and overseas during the Reporting Period	Holding 74.35% equity in China Merchants Land Limited, 69.15% equity in Liao Ning Port Co., Ltd., 68.72% equity in China Merchants Expressway Network & Technology Holdings Co., Ltd., 64.82% equity in China Merchants Shekou Industrial Zone Holdings Co.,Ltd., 63.02% equity in China Merchants Port Group Co., Ltd. 54.14% equity in China Merchants Energy Shipping Co., Ltd., 51.16% equity in China Merchants Property Operation & Service Co., Ltd., 45.93% equity in China Merchants Port Holdings Company Limited, 44.17% equity in China Merchants Securities Co.,Ltd, 29.97% equity in China Merchants Bank Co., Ltd., 29.94% equity in Anhui Expressway Company Limited, 28.05% equity in Shanghai International Port (Group) Co., Ltd., 27.97% equity in Nanjing Tanker Corporation, 27.59% equity in China Merchants China Direct Investments Limited, 24.88% equity in Sichuan Expressway Company Limited, 24.49% equity in China International Marine Containers (Group) Co., Ltd., 23.08% equity in Ningbo Zhoushan Port Co., Ltd., 19.08% equity in Jinzhou Port Co., Ltd., 17.75% equity in Fujian Expressway Development Co., Ltd., 16.52% equity in Heilongjiang Transport Development Co., Ltd., 16.32% equity in Hubei Chutian Smart Communication Co., Ltd., 16.23% equity in Shandong Hi-Speed Company Limited, 15.43% equity in Henan Zhongyuan Expressway Co., Ltd., 14.04% equity in Jilin Expressway Co., Ltd., 13.86% equity in Guangxi Wuzhou Communications Co., Ltd., 12.36% equity in China Greatwall Securities Co.,Ltd., 11.69% equity in Jiangsu Expressway Company Limited, 9.59% Shanxi Road & Bridge Co.,Ltd., 8.70% equity in Qilu Expressway Company Limited, 8.12% equity in Shenzhen Expressway Company Limited, 8.04% equity in Modern Investment Co., Ltd., 6.07% equity in Zhejiang Expressway Co.,Ltd., 6.03% equity in S.F. Holding Co., Ltd., 5.99% equity in Pangang Group Vanadium & Titanium Resources Co., Ltd.; 2.81% equity in International Business Settlement Holdings Limited; 2.44% equity in JD Logistics, Inc., 2.36% equity in Qingdao Port International Co., Ltd., 2.20% equity in Linklogis Inc., 1.20% equity in Guangxi Oriental Intelligent Manufacturing Technology Co., Ltd, 0.77% equity in Chang Jiang Shipping Group Phoenix Co., Ltd., 0.53% equity in China Shipbuilding Industry Company Limited, 0.16% equity in CMMB Vision Holdings Limited, 0.10% equity in SINOPEC Engineering (Group) Co., Ltd., 0.06% equity in HAITONG Securities Company Limited, 0.02% equity in Guangdong Xiangnong Green Agricultural Co., Ltd., 0.02% equity in Bank of Tianjin Co., Ltd., 0.02% equity in Air China Limited, 0.01% equity in BANK OF CHINA LIMITED
Other circumstances	N/A

Chapter 8

Changes in Shareholding and Particulars of Shareholders

2. Natural person

Applicable Not applicable

3. A special explanation on no actual controllers of the Company

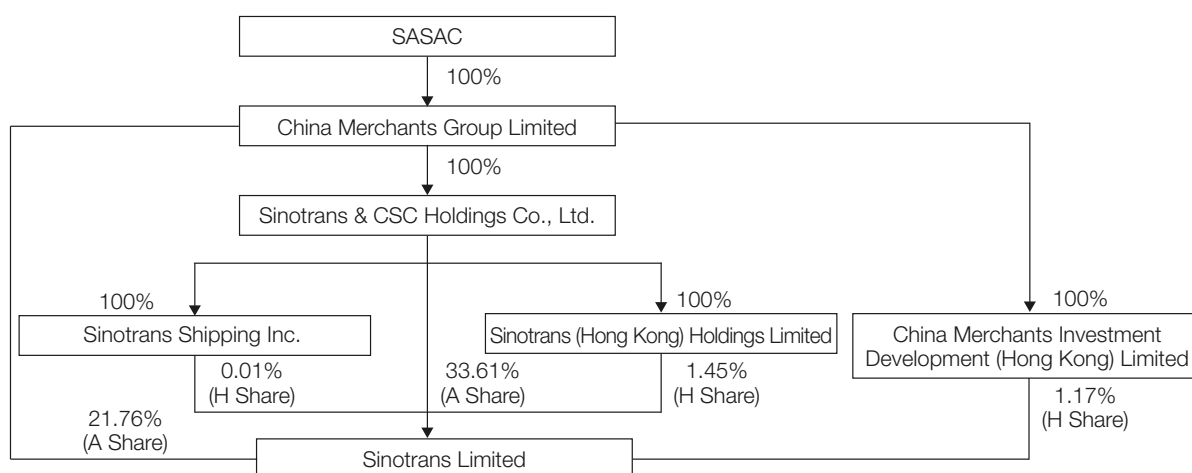
Applicable Not applicable

4. Explanation of changes in the control rights during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable



Note: The shareholding percentages shown in the above are calculated based on the total issued shares of the Company on 31 December 2022, being 7,355,104,875 shares (including 2,099,188,000 H Shares and 5,255,916,875 A Shares).

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

Applicable Not applicable

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

Applicable Not applicable

V. CUMULATIVE PLEDGED SHARES ACCOUNT FOR MORE THAN 80% OF THE COMPANY'S SHARES HELD BY THE COMPANY'S CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER AND PERSONS ACTING IN CONCERT

Applicable Not applicable

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

Applicable Not applicable

Chapter 8

Changes in Shareholding and Particulars of Shareholders

VII. DETAILS ON RESTRICTION ON SHAREHOLDING REDUCTION

Applicable Not applicable

VIII. THE SPECIFIC IMPLEMENTATION OF SHARE REPURCHASE DURING THE REPORTING PERIOD

Applicable Not applicable

Name of share repurchase plan	Plan for repurchase of A Shares of the Company through centralized bidding
Disclosure time of share repurchase plan	28 April 2022
The number of shares to be repurchased and its proportion in the total share capital (%)	24.64 million A Shares to 49.28 million A Shares, accounting for 0.33% to 0.67% of the Company's total share capital at the date of disclosure of the share repurchase plan
Proposed repurchase amount	No more than RMB299 million
Proposed repurchase period	28 April 2022 to 27 January 2023
Repurchase purpose	Share options incentive
The number of shares repurchased (shares)	49,280,000
The proportion of repurchased shares in the underlying shares involved in the share options incentive scheme (%) (if any)	66.66
Progress of the Company's reduction of its repurchased shares through centralized bidding	N/A

The above-mentioned A Share repurchase plan has been completed. For details, please refer to the relevant announcements of the Company dated 27 April 2022, 10 May 2022 and 3 January 2023 disclosed on the websites of the SSE (www.sse.com.cn) and the SEHK (www.hkexnews.hk).

Chapter 9 Particulars of Preferred Shares

Applicable Not applicable



Chapter 10

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 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 (Note)	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

Interest payment of bonds during the Reporting Period

Applicable Not applicable

Name of bond

Explanation of interest payment

Sinotrans Limited 2021 Corporate Bonds Public Issued to Professional Investors (First Tranche)

On 26 July 2022, the interest of RMB63 million for 2022 was paid on time

Chapter 10 Particulars of Bonds

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

Applicable Not applicable

3. Intermediaries Providing Services for Bond Issuance and Maturity Business

Name of intermediaries	Office address	Name of signing accountants	Contact person	Telephone
CITIC Securities Company Limited	20th Floor, CITIC Securities Building, 48 Liangmaqiao Road, Chaoyang District, Beijing	/	Di Jingzhi	010-60833367
China Merchants Securities Co., Ltd.	17th Floor, Building 3, No. 1 Yuetan South Street, Xicheng District, Beijing	/	Ma Tao	010-60840892
Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	14th Floor, Huasheng Building, No. 398 Hankou Rd, Huangpu District, Shanghai	/	Zhou Ling	010-85879771
ShineWing Certified Public Accountants LLP	9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing	Dong Qinchuan, Xu Youbin	Xu Youbin	13521775637
Shanghai AllBright Law Offices	9th Floor, Shanghai Tower, No. 501 Yincheng Middle Road, Pudong New Area, Shanghai	/	Xi Lele	021-20511082

The change of the above intermediaries

Applicable Not applicable

4. Use of Proceeds as at the End of the Reporting Period

Applicable Not applicable

Unit: Hundred million Currency: RMB

Name of bond	Gross proceeds		Amount unused	Operation of the special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether it is consistent with the purpose, use plan and other provisions promised in the prospectus
	raised	Amount used				
Sinotrans Limited 2021 Corporate Bonds Public Issued to Professional Investors (First Tranche)	20	20	0	Nil	Nil	Yes

Chapter 10

Particulars of Bonds

The progress and operation efficiency of proceeds for construction projects

Applicable Not applicable

Explanation for changing the use of proceeds from the above-mentioned bonds during the Reporting Period

Applicable Not applicable

Other explanations

Applicable Not applicable

5. **Adjustment of Credit Rating Results**

Applicable Not applicable

Other explanations

Applicable Not applicable

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

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
					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.

Chapter 10 Particulars of Bonds

7. Explanation of Other Situations of Corporate Bonds

Applicable Not applicable

(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 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	3.5	Annual interest, no compound interest, one-time 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

Interest payment of bonds during the Reporting Period

Applicable Not applicable

Name of bond	Explanation of interest payment
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Sinotrans Limited First Tranche of Medium-term Notes in 2021	On 30 May 2022, the interest of RMB70 million for 2022 was paid on time.
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2. Triggering and Implementation of Issuer or Investor Option Clauses and Investor Protection Clauses

Applicable Not applicable

Chapter 10

Particulars of Bonds

3. Intermediaries Providing Services for Bond Issuance and Maturity Business

Name of intermediaries	Office address	Name of signing accountants	Contact person	Telephone
Bank of China Limited	No.1 Fuxingmennei Avenue, Xicheng District, Beijing	/	Wei Yao	010-66591814
China Merchants Bank Co., Ltd.	3rd Floor, Block A, Merchants International Finance Center, 156 Fuxingmennei Avenue, Xicheng District, Beijing	/	Li Linwei	17813120581
Shanghai Brilliance Credit Rating & Investors Service Co., Ltd.	14th Floor, Huasheng Building, No. 398 Hankou Rd, Huangpu District, Shanghai	/	Zhou Ling	010-85879771
ShineWing Certified Public Accountants LLP	9/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing	Dong Qinchuan, Xu Youbin	Xu Youbin	13521775637
Shanghai AllBright Law Offices	9th Floor, Shanghai Tower, No. 501 Yincheng Middle Road, Pudong New Area, Shanghai	/	Xi Lele	021-20511082

The change of the above intermediaries

Applicable Not applicable

4. Use of Proceeds at the End of the Reporting Period

Applicable Not applicable

Unit: Hundred million Currency: RMB

Name of bond	Gross proceeds raised	Amount used	Amount unused	Operation of the special account for proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether it is consistent with the purpose, use plan and other provisions promised in the prospectus
Sinotrans Limited First Tranche of Medium-term Notes in 2021	20	20	0	Nil	Nil	Yes

The progress and operation efficiency of proceeds for construction projects

Applicable Not applicable

Explanation for changing the use of proceeds from the above-mentioned bonds during the Reporting Period

Applicable Not applicable

Chapter 10 Particulars of Bonds

Other explanations

Applicable Not applicable

5. Adjustment of Credit Rating Results

Applicable Not applicable

Other explanations

Applicable Not applicable

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

Applicable Not applicable

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

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

Applicable Not applicable

Chapter 10

Particulars of Bonds

(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

(V) The Delinquency of Interest-bearing Debt other than Bonds as at the End of the Reporting Period

Applicable Not applicable

(VI) Violation of Laws, Regulations, the Articles of Association, the Administration Policies on Information Disclosure as well as the Impact of Agreements or Undertakings in the Prospectus of Bonds on the Rights and Interests of Bond Investors during the Reporting Period

Applicable Not applicable

(VII) Accounting Data and Financial Indicators of the Company for the Last Two Years as at the End of the Reporting Period

Applicable Not applicable

Unit: RMB

Main indicators	2022	2021	Increase/ decrease over the corresponding period of 2021 (%)
Net profit net of non-recurring gains or losses attributable to shareholders of the Company	3,534,748,366.84	3,389,237,742.16	4.29
Current ratio	1.37	1.50	-8.67
Quick ratio	1.36	1.50	-9.33
Debt asset ratio (%)	52.63	52.83	Decreased by 0.2 percentage point
EBITDA to total debt ratio	0.51	0.48	6.25
Interest coverage ratio	11.77	11.69	0.68
Cash interest coverage ratio	18.72	15.82	18.33
EBITDA interest coverage ratio	16.74	16.62	0.72
Loan repayment ratio (%)	100.00	100.00	0
Interest payment ratio (%)	100.00	100.00	0

II. PARTICULARS OF CONVERTIBLE CORPORATE BONDS

Applicable Not applicable

Chapter 11

Financial Report

AUDITOR'S REPORT

XYZH/2023BJAA5B0146

To all shareholders of Sinotrans Limited

1. OPINION

We have audited the financial statements of Sinotrans Limited (hereinafter referred to as Sinotrans), which comprise the consolidated and the Company's statement of financial position as of 31 December 2022, the consolidated and the Company's statement of profit or loss and the other comprehensive income, the consolidated and the Company's statements of cash flows, the consolidated and the Company's statements of changes in shareholders' equity for the year 2022, and the related notes to the financial statements.

In our opinion, the attached financial statements present fairly, in all material respects, the consolidated and the Company's financial position of Sinotrans as of 31 December 2022, and the consolidated and the Company's results of operations and cash flows for the year 2022, prepared in accordance with Accounting Standards for Business Enterprises.

2. BASIS FOR OPINION

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

3. KEY AUDIT MATTERS

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

Chapter 11

Financial Report

3. KEY AUDIT MATTERS (CONTINUED)

Goodwill impairment

Key Audit Matters	Response in Audit
<p>As at 31 December 2022, the book value of goodwill in Sinotrans' consolidated financial statements was Chinese RMB2,208,012,523.24 (Note IX. 21), which mainly included seven companies, including KLG EUROPE EERSEL B.V., acquired on 1 January, 2020. Management is required to test goodwill for impairment annually. In performing the goodwill impairment test, management determines whether an impairment loss needs to be recognised by comparing the recoverable amount of the relevant asset group to goodwill allocated with the book value of that asset group and goodwill.</p> <p>Predicting the recoverable amount of the relevant asset group involves forecasting the present value of future cash flows of the asset group, which requires management to make significant assumptions and judgments and may result in management bias, particularly with respect to the growth rate, profitability, discount rate, and the delineation of the forecast period from the stabilization period. Because of the complexity of the goodwill impairment testing process, which also involves significant assumptions and judgments by management, we consider goodwill impairment as a significant concern in our audit.</p>	<p>The audit procedures we performed included, but were not limited to:</p> <ol style="list-style-type: none"> 1. Understanding, assessing and testing management's key internal controls relevant to goodwill impairment testing; 2. Evaluating the independence, professional competence, and objectivity of the external evaluators engaged by management; 3. Obtain a valuation report from an external valuer engaged by management for the purpose of goodwill impairment testing; <ol style="list-style-type: none"> (1) Review the reasonableness of management's classification of the group of assets comprising goodwill, whether there have been changes since the date of purchase or since the previous goodwill impairment test, and the reasonableness thereof; (2) Assessing the appropriateness of the appraisal methodology used by management and external valuer with reference to industry practice; (3) Compare the actual operating performance of the relevant asset group for the current year with forecast information for prior years to evaluate the accuracy of past management's forecasts and ask management the reasons for any significant differences identified, and consider whether the relevant factors are adjusted to the goodwill impairment test in the current year; (4) Reviewing the reasonableness of future operating budgets formulated and approved by management, taking into account the understanding of the relevant industry and macroeconomic situation and the relevant business plans formulated by management; (5) Evaluate the reasonableness of the key assumptions and judgments used by management in performing the goodwill impairment test and the changes in key assumptions and judgments since the date of purchase or the previous goodwill impairment test; (6) Review the accuracy of the relevant calculation process. 4. Review the adequacy of relevant disclosures in the financial statements.

Chapter 11 Financial Report

4. OTHER INFORMATION

Sinotrans management (hereinafter referred to as the Management) is responsible for other information. Other information includes the information covered in Sinotrans' 2022 Annual Report, but excludes the financial statements and our auditor's report.

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

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

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

5. RESPONSIBILITIES OF THE MANAGEMENT AND GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

Chapter 11

Financial Report

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

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

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

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

Chapter 11 Financial Report

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

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

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

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

**ShineWing Certified Public
Accountants LLP**

Chinese Certified Public
Accountant: Dong Qinchuan

(Engagement
partner)

Chinese Certified Public
Accountant: Xu Youbin

Beijing, China

27 March 2023



Chapter 11

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2022	31 December 2021
Current assets			
Cash and bank balances	IX.1	16,308,894,027.70	14,496,865,493.60
Including: Deposits with finance companies		4,565,585,496.63	4,947,556,879.94
Held-for-trading financial assets	IX.2	664,096.67	794,623.45
Derivative financial assets			
Bills receivable	IX.3	88,529,670.89	43,212,806.04
Accounts receivable	IX.4	13,347,781,283.61	14,187,336,226.97
Receivables financing	IX.5	476,847,200.59	462,137,019.79
Prepayments	IX.6	5,749,680,632.39	4,777,591,388.82
Centralized management of receivables			
Other receivables	IX.7	1,861,785,925.82	1,705,746,796.58
Including: Dividend receivables	IX.7	38,223,072.98	41,721,139.60
Inventories	IX.8	65,461,260.17	68,997,091.32
Including: Raw materials	IX.8	29,643,903.87	28,527,131.13
Goods in stock (finished goods)	IX.8	18,893,842.91	25,594,444.81
Contract assets			
Held-for-sale assets			
Non-current assets due within one year	IX.9	13,957,417.55	15,909,170.38
Other current assets	IX.10	421,992,673.73	602,376,774.19
Total current assets		38,335,594,189.12	36,360,967,391.14
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	IX.11	36,495,000.00	47,604,170.38
Long-term equity investments	IX.12	8,527,438,173.19	8,412,239,568.62
Other equity instrument investments	IX.13	30,576,728.20	26,336,370.61
Other non-current financial assets	IX.14	708,417,806.54	797,864,160.84
Investment properties	IX.15	2,273,458,834.63	2,174,711,358.92
Fixed assets	IX.16	14,748,709,621.36	14,068,406,610.80
Including: Original value of fixed assets	IX.16	24,491,803,716.86	22,839,800,741.73
Accumulated depreciation	IX.16	9,470,248,253.67	8,612,838,000.17
Provision for impairment of fixed assets	IX.16	272,896,973.90	158,556,130.76
Construction in progress	IX.17	795,865,087.48	1,070,736,580.52
Right-of-use assets	IX.18	2,915,505,989.99	2,159,508,484.97
Intangible assets	IX.19	6,261,628,741.76	6,226,403,585.97
Development expenditure	IX.20	76,572,692.86	133,018,588.83
Goodwill	IX.21	2,208,012,523.24	1,982,398,248.66
Long-term prepaid expense	IX.22	254,895,122.83	236,049,377.05
Deferred tax assets	IX.23	225,516,679.37	259,677,060.28
Other non-current assets	IX.24	427,083,331.88	350,443,237.65
Total non-current assets		39,490,176,333.33	37,945,397,404.10
Total assets		77,825,770,522.45	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 11

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2022	31 December 2021
Current liabilities			
Short-term borrowings	IX.27	582,764,215.31	438,453,511.69
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable	IX.28	72,837,290.13	59,800,000.00
Accounts payable	IX.29	13,871,341,279.32	13,868,678,889.96
Advances from customers			
Contract liabilities	IX.30	4,300,118,757.98	4,313,543,976.24
Employee remuneration payable	IX.31	2,265,957,538.70	1,980,502,961.29
Including: Wages payable	IX.31	2,016,614,632.36	1,752,290,639.33
Welfare payable	IX.31	560,271.59	803,693.78
# Including: Employee bonus and welfare fund			
Taxes and dues payable	IX.32	487,146,813.64	501,388,748.49
Including: Taxes payable	IX.32	476,616,265.13	492,472,352.79
Other payables	IX.33	2,938,189,667.99	1,847,365,679.22
Including: Dividend payables	IX.33	94,429,787.93	64,040,629.95
Held-for-sale liabilities			
Non-current liabilities due within one year	IX.34	3,226,339,059.15	946,334,185.61
Other current liabilities	IX.35	299,982,820.63	317,808,684.84
Total current liabilities		28,044,677,442.85	24,273,876,637.34
Non-current liabilities			
Long-term borrowings	IX.36	5,347,701,871.99	7,962,070,435.92
Bonds payable	IX.37	3,997,705,534.28	3,996,465,534.26
Including: Preferred shares			
Perpetual bonds			
Lease liabilities	IX.38	2,401,893,794.83	1,714,149,755.92
Long-term payables	IX.39	164,017,516.89	117,923,603.36
Long-term employee remuneration payable	IX.40	2,519,966.86	2,579,073.52
Estimated liabilities	IX.41	139,023,113.63	313,130,896.83
Deferred income	IX.42	403,500,097.28	426,110,625.78
Deferred tax liabilities	IX.23	191,106,639.11	179,851,893.45
Other non-current liabilities	IX.43	265,180,547.74	269,904,394.78
Total non-current liabilities		12,912,649,082.61	14,982,186,213.82
Total liabilities		40,957,326,525.46	39,256,062,851.16

Chapter 11

Consolidated Statement of Financial Position

Unit: RMB

Item	Note	31 December 2022	31 December 2021
Shareholders' equity:			
Share capital	IX.44	7,355,104,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	IX.45	6,064,291,769.76	6,077,192,371.14
Less: Treasury shares	IX.46	300,752,201.55	
Other comprehensive income	IX.68	-199,683,187.02	-315,591,219.89
Including: Translation difference of the financial statements in foreign currency	IX.68	-277,030,189.22	-326,825,567.83
Special reserves	IX.47	103,265,377.89	82,387,493.19
Surplus reserves	IX.48	1,704,231,858.65	1,408,009,237.81
Including: Statutory surplus reserves	IX.48	1,704,231,858.65	1,408,009,237.81
Discretionary surplus reserves			
Retained earnings	IX.49	20,139,567,944.29	18,448,415,734.99
Total equity attributable to shareholders of the Company		34,866,026,437.02	33,101,217,492.24
Non-controlling interests		2,002,417,559.97	1,949,084,451.84
Total shareholders' equity		36,868,443,996.99	35,050,301,944.08
Total liabilities and owners' equity		77,825,770,522.45	74,306,364,795.24

The notes form an integral part of the financial statements

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2022	31 December 2021
<i>Unit: RMB</i>			
Current assets			
Cash and bank balances	XVII.1	8,120,863,202.41	6,927,571,945.22
Including: Deposits with finance companies		2,201,635,218.54	3,864,795,096.58
Held-for-trading financial assets			
Derivative financial assets			
Bills receivable	XVII.2	24,600,513.95	1,747,848.96
Accounts receivable	XVII.3	1,016,488,583.06	619,069,995.89
Receivables financing	XVII.4	22,897,160.22	16,840,375.57
Prepayments		111,633,365.81	75,683,743.80
Centralized management of receivables			
Other receivables	XVII.5	9,382,312,455.65	8,755,521,497.17
Including: Dividend receivables	XVII.5	26,872,094.63	26,872,094.63
Inventories		143,233.41	
Including: Raw materials			
Goods in stock (finished goods)			
Contract assets			
Held-for-sale assets			
Non-current assets due within one year		171,727,000.00	320,564,380.15
Other current assets		45,949,648.88	42,795,224.10
Total current assets		18,896,615,163.39	16,759,795,010.86
Non-current assets			
Debt investments			
Other debt investments			
Long-term receivables	XVII.6	1,648,157,948.90	1,437,069,069.04
Long-term equity investments	XVII.7	19,130,262,500.34	19,264,369,045.23
Other equity instrument investments			
Other non-current financial assets		1,396,430,798.11	1,344,220,519.51
Investment properties		9,638,845.69	
Fixed assets		27,335,459.48	29,215,420.53
Including: Original value of fixed assets		132,259,123.60	126,062,286.67
Accumulated depreciation		104,923,664.12	96,846,866.14
Provision for impairment of fixed assets			
Construction in progress		2,211,947.18	7,607,295.59
Right-of-use assets		479,667,042.38	504,937,903.95
Intangible assets		199,118,942.16	185,478,684.93
Development expenditure		35,946,386.95	109,136,614.44
Goodwill			
Long-term prepaid expense		614,251.11	876,376.14
Deferred tax assets			
Other non-current assets			9,212,264.18
Total non-current assets		22,929,384,122.30	22,892,123,193.54
Total assets		41,825,999,285.69	39,651,918,204.40

The notes form an integral part of the financial statements

Chapter 11

Statement of Financial Position of the Company

Item	Note	<i>Unit: RMB</i>	
		31 December 2022	31 December 2021
Current liabilities			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Bills payable			
Accounts payable		566,765,123.91	503,550,038.75
Advances from customers			
Contract liabilities		88,582,991.37	64,847,778.03
Employee remuneration payable		150,347,029.85	122,066,594.23
Including: Wages payable		125,606,179.77	98,593,696.60
Welfare payable			
# Including: Employee bonus and welfare fund			
Taxes and dues payable		8,089,685.72	3,438,156.81
Including: Taxes payable		7,492,288.29	2,850,140.47
Other payables		11,674,210,505.93	10,146,253,004.47
Including: Dividend payables			
Held-for-sale liabilities			
Non-current liabilities due within one year		85,112,884.06	83,912,326.12
Other current liabilities		24,600,513.95	
Total current liabilities		12,597,708,734.79	10,924,067,898.41
Non-current liabilities			
Long-term borrowings	XVII.8	95,500,000.00	102,625,000.00
Bonds payable	XVII.9	3,997,705,534.28	3,996,465,534.26
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		522,178,808.64	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		4,615,384,342.92	4,639,218,418.53
Total liabilities		17,213,093,077.71	15,563,286,316.94

Chapter 11

Statement of Financial Position of the Company

Item	Note	31 December 2022	31 December 2021
<i>Unit: RMB</i>			
Shareholders' equity:			
Share capital		7,355,104,875.00	7,400,803,875.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	XVII.10	10,756,312,325.64	10,767,113,557.58
Less: Treasury shares		300,752,201.55	
Other comprehensive income		-14,142,716.87	-14,551,804.06
Including: Translation difference of the financial statements in foreign currency			-409,087.19
Special reserves		3,884,096.95	3,992,511.38
Surplus reserves		1,704,231,858.65	1,408,009,237.81
Including: Statutory surplus reserves		1,704,231,858.65	1,408,009,237.81
Discretionary surplus reserves			
Retained earnings	XVII.11	5,108,267,970.16	4,523,264,509.75
Total shareholders' equity		24,612,906,207.98	24,088,631,887.46
Total liabilities and shareholders' equity		41,825,999,285.69	39,651,918,204.40

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Profit or Loss and other Comprehensive Income

Item	Note	Unit: RMB	
		Current year	Prior year
I. Total operating income	IX. 50	108,816,723,455.02	124,348,394,578.39
Including: Operating income	IX. 50	108,816,723,455.02	124,348,394,578.39
II. Total operating cost		107,585,049,116.38	123,614,222,856.54
Including: Operating costs	IX. 50	102,782,668,974.61	118,720,415,938.73
Tax and surcharges	IX. 51	256,013,692.47	222,702,099.60
Selling expenses	IX. 52	1,035,035,312.36	973,490,694.74
Administrative expenses	IX. 53	3,359,176,460.06	3,126,455,868.41
Research and development expenses	IX. 54	196,139,497.55	171,595,536.54
Finance costs	IX. 55	-43,984,820.67	399,562,718.52
Including: Interest expenses	IX. 55	478,993,294.96	416,678,883.97
Interest income	IX. 55	180,034,532.25	138,339,997.11
Net exchange loss (net gain denoted by "-")	IX. 55	-371,984,752.86	107,022,773.87
Add: Other income	IX. 56	1,444,465,437.71	1,893,009,873.01
Investment income (loss denoted by "-")	IX. 57	2,579,152,122.20	2,507,647,434.81
Including: Income from investments in associates and joint venture	IX. 57	2,387,056,640.03	2,410,820,143.09
Income from derecognition of financial assets measured at amortised cost	IX. 57	-25,020,271.36	
Hedging income (loss denoted by "-")			
Gain from changes in fair value (loss denoted by "-")	IX. 58	-104,938,658.96	-34,780,743.32
Credit loss impairment (loss denoted by "-")	IX. 59	-31,101,379.05	-122,465,271.49
Impairment of assets (loss denoted by "-")	IX. 60	-111,261,705.40	-227,164,478.45
Income from disposal of assets (loss denoted by "-")	IX. 61	195,886,134.64	116,988,430.05
III. Operating profit (loss denoted by "-")		5,203,876,289.78	4,867,406,966.46
Add: Non-operating income	IX. 62	64,654,338.13	78,828,918.12
Including: Government grants	IX. 62	19,637,457.11	27,384,476.02
Less: Non-operating expenses	IX. 64	70,813,171.89	213,836,013.02
IV. Total profit (total loss denoted by "-")		5,197,717,456.02	4,732,399,871.56
Less: Income tax expenses	IX. 65	957,056,979.34	799,561,808.11
V. Net profit (net loss denoted by "-")		4,240,660,476.68	3,932,838,063.45
(I) Classified by attribution of ownership			
1. Net profit attributable to shareholders of the Company (Net loss denoted by "-")		4,068,260,121.39	3,713,520,003.28
2. Profit or loss attributable to non-controlling interests (Net loss denoted by "-")		172,400,355.29	219,318,060.17
(II) Classified by the continuity of operations			
1. Net profit from continuing operations (Net loss denoted by "-")		4,240,660,476.68	3,932,838,063.45
2. Net profit from discontinued operations (Net loss denoted by "-")			

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Profit or Loss and other Comprehensive Income

Item	Note	Current year	Unit: RMB Prior year
VI. Other comprehensive income, net of tax	IX. 68	135,107,952.26	-190,698,221.05
Other comprehensive income attributable to shareholders of the Company, net of tax	IX. 68	115,908,032.87	-189,966,059.57
(I) Other comprehensive income not to be subsequently reclassified to profit or loss	IX. 68	-1,384,606.56	17,742,852.65
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. 68	-1,384,606.56	17,742,852.65
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. 68	117,292,639.43	-207,708,912.22
1. Other comprehensive income to be reclassified to profit or loss under the equity method	IX. 68	67,497,260.82	-131,597,913.89
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets			
4. Credit loss impairment of other debt investments			
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)			
6. Translation difference of the financial statements in foreign currency	IX. 68	49,795,378.61	-76,110,998.33
7. Others			
Other comprehensive income attributable to non-controlling interests, net of tax		19,199,919.39	-732,161.48
VII. Total comprehensive income		4,375,768,428.94	3,742,139,842.40
Total comprehensive income attributable to shareholders of the Company		4,184,168,154.26	3,523,553,943.71
Total comprehensive income attributable to non-controlling interests		191,600,274.68	218,585,898.69
VIII. Earnings per share:			
Basic earnings per share	IX. 66	0.55	0.50
Diluted earnings per share	IX. 66	0.55	0.50

The notes form an integral part of the financial statements

Chapter 11

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

Item	Note	<i>Unit: RMB</i>	
		Current year	Prior year
I. Operating income	XVII. 12	5,229,632,307.90	4,178,315,484.39
Less: Operating costs	XVII. 12	4,938,271,235.41	3,864,847,142.12
Tax and surcharges		570,133.33	410,432.29
Selling expenses		87,330,151.41	79,501,077.38
Administrative expenses		383,834,892.79	316,070,621.09
Research and development expenses		294,127,648.16	90,109,855.65
Finance costs	XVII. 13	-106,998,913.65	16,403,825.14
Including: Interest expenses	XVII. 13	242,000,800.14	233,221,294.85
Interest income	XVII. 13	269,524,302.74	243,584,228.82
Net exchange loss (net gain denoted by “-”)	XVII. 13	-82,324,638.95	25,578,955.90
Add: Other income		956,182.04	400,319.74
Investment income (loss denoted by “-”)	XVII. 14	3,337,488,274.37	3,293,438,936.15
Including: Income from investments in associates and joint venture	XVII. 14	1,979,464,003.36	1,163,173,942.54
Income from derecognition of financial assets measured at amortised cost			
Hedging income (loss denoted by “-”)			
Gain from changes in fair value (loss denoted by “-”)			
Credit loss impairment (loss denoted by “-”)		-5,973,791.90	5,612,724.35
Impairment of assets (loss denoted by “-”)			
Income from disposal of assets (loss denoted by “-”)		-3,932.43	1,089,256.80
II. Operating profits (loss denoted by “-”)		2,964,963,892.53	3,111,513,767.76
Add: Non-operating income		36,978.67	517,942.41
Including: Government grants		13,200.00	
Less: Non-operating expenses		387,522.37	5,210,723.12
III. Total profit (total loss denoted by “-”)		2,964,613,348.83	3,106,820,987.05
Less: Income tax expenses		2,387,140.46	1,575,716.64
IV. Net profit (net loss denoted by “-”)		2,962,226,208.37	3,105,245,270.41
Net profit from continuing operations (net loss denoted by “-”)		2,962,226,208.37	3,105,245,270.41
Net profit from discontinued operations (Net loss denoted by “-”)			

Chapter 11

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

Item	Note	Current year	Unit: RMB Prior year
V. Other comprehensive income, net of tax			
(I) Other comprehensive income not to be subsequently reclassified to profit or loss			
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			
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		2,962,226,208.37	3,105,245,270.41

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Cash Flows

Unit: RMB

Item	Note	Current year	Prior year
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		114,158,275,421.28	129,876,771,638.29
Tax rebate received		82,051,488.00	18,902,027.21
Cash received from other operating activities	IX. 69	3,067,825,216.73	2,393,802,806.76
Sub-total of cash inflows from operating activities		117,308,152,126.01	132,289,476,472.26
Cash paid for goods and services		101,475,818,370.10	118,399,593,328.60
Cash paid to and on behalf of employees		7,499,653,840.20	6,934,340,949.35
Cash paid for taxes and dues		1,937,153,884.33	1,544,879,949.54
Cash paid for other operating activities	IX. 69	1,277,278,451.38	1,246,100,584.56
Sub-total of cash outflows from operating activities		112,189,904,546.01	128,124,914,812.05
Net cash flows from operating activities	IX. 69	5,118,247,580.00	4,164,561,660.21
II. Cash flows from investment activities:			
Cash received from disposal of investments		9,558,003.37	347,765,826.70
Cash received from investment income		2,351,168,576.74	1,651,608,318.72
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		275,585,112.78	224,626,546.82
Net cash received from disposal of subsidiaries and other operating units	IX. 69	197,209,205.34	1,568,084.93
Cash received from other investment activities	IX. 69	13,109,170.38	13,925,000.00
Sub-total of cash inflows from investment activities		2,846,630,068.61	2,239,493,777.17
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,558,249,108.25	1,446,897,297.87
Cash paid for investments		85,169,183.30	128,994,516.80
Net cash paid for acquisition of subsidiaries and other operating units	IX. 69	186,293,644.60	190,813,646.13
Cash paid for other investment activities			
Sub-total of cash outflows from investment activities		1,829,711,936.15	1,766,705,460.80
Net cash flows from investment activities		1,016,918,132.46	472,788,316.37

Chapter 11

Consolidated Statement of Cash Flows

Item	Note	Current year	Prior year
<i>Unit: RMB</i>			
III. Cash flows from financing activities:			
Cash received from capital contributions		78,445,625.25	80,935,125.00
Including: Cash received by subsidiaries from capital contributions of non-controlling interests		78,445,625.25	80,935,125.00
Cash received from borrowings		2,377,422,629.65	8,802,968,327.41
Cash received from other financing activities	IX. 69	114,000,000.00	4,500,000.00
Sub-total of cash inflows from financing activities		2,569,868,254.90	8,888,403,452.41
Cash paid for repayment of debts		3,243,564,402.47	8,276,128,799.57
Cash paid for distribution of dividends or profits or settlement of interest	IX. 69	2,619,892,412.66	1,366,770,777.13
Including: Dividends and profits paid by the subsidiaries to non-controlling interests	IX. 69	156,857,736.15	140,343,727.83
Cash paid for other financing activities	IX. 69	1,306,727,715.49	854,110,668.42
Sub-total of cash outflows from financing activities		7,170,184,530.62	10,497,010,245.12
Net cash flows from financing activities		-4,600,316,275.72	-1,608,606,792.71
IV. Effect of foreign exchange rate changes		429,124,143.81	-111,791,711.23
V. Net increase in cash and cash equivalents	IX. 70	1,963,973,580.55	2,916,951,472.64
Add: Balance of cash and cash equivalents at the beginning of the year	IX. 70	14,211,362,240.62	11,294,410,767.98
VI. Balance of cash and cash equivalents at the end of the year	IX. 70	16,175,335,821.17	14,211,362,240.62

The notes form an integral part of the financial statements

Chapter 11

Statement of Cash Flows of the Company

Item	Note	<i>Unit: RMB</i>	
		Current year	Prior year
I. Cash flows from operating activities:			
Cash received from sales of goods and provision of services		4,822,081,010.48	4,112,929,571.14
Tax rebate received			
Cash received from other operating activities		190,940,888.20	221,010,848.78
Sub-total of cash inflows from operating activities		5,013,021,898.68	4,333,940,419.92
Cash paid for goods and services		4,971,134,048.97	3,860,334,728.98
Cash paid to and on behalf of employees		279,014,976.45	276,289,519.27
Cash paid for taxes and dues		3,514,857.00	4,538,070.30
Cash paid for other operating activities		405,958,342.44	354,321,640.10
Sub-total of cash outflows from operating activities		5,659,622,224.86	4,495,483,958.65
Net cash flows from operating activities	XVII. 15	-646,600,326.18	-161,543,538.73
II. Cash flow from investment activities:			
Cash received from disposal of investments			346,452,704.24
Cash received from investment income		3,520,349,843.52	3,389,263,584.79
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		48,172.24	364,407.29
Net cash received from disposal of subsidiaries and other operating units			
Cash received from other investment activities		171,915,607.10	81,011,311.05
Sub-total of cash inflows from investment activities		3,692,313,622.86	3,817,092,007.37
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		94,883,530.34	90,623,632.48
Cash paid for investments		90,008,552.00	76,000,000.00
Net cash paid for acquisition of subsidiaries and other operating units			
Cash paid for other investment activities		587,720,582.67	340,300,903.14
Sub-total of cash outflows from investment activities		772,612,665.01	506,924,535.62
Net cash flows from investment activities		2,919,700,957.85	3,310,167,471.75

Chapter 11

Statement of Cash Flows of the Company

Item	Note	Current year	Unit: RMB Prior year
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		1,500,000,000.00	6,200,000,000.00
Cash received from other financing activities		1,673,021,617.24	90,903,126.64
Sub-total of cash inflows from financing activities		3,173,021,617.24	6,290,903,126.64
Cash paid for repayment of debts		1,507,125,000.00	5,557,125,000.00
Cash paid for distribution of dividends or profits or settlement of interest		2,307,361,385.90	1,099,919,524.00
Cash paid for other financing activities		434,605,923.57	716,304,313.21
Sub-total of cash outflows from financing activities		4,249,092,309.47	7,373,348,837.21
Net cash flows from financing activities		-1,076,070,692.23	-1,082,445,710.57
IV. Effect of foreign exchange rate changes		158,021,710.47	-2,227,835.41
V. Net increase in cash and cash equivalents		1,355,051,649.91	2,063,950,387.04
Add: Balance of cash and cash equivalents at the beginning of the year	XVII. 15	6,680,346,115.38	4,616,395,728.34
VI. Balance of cash and cash equivalents at the end of the year	XVII. 15	8,035,397,765.29	6,680,346,115.38

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Changes in Equity

Items	Current year											Total shareholders' equity													
	Share capital	Preferred shares	Other equity instruments	Capital reserves	Less: Treasury shares	Other comprehensive income	Other foreign currency statements in	Special reserves	Surplus reserves	Retained Earnings	Sub-total		Non-controlling interests												
(VI) Profit distribution																									
1. Appropriation of surplus reserves																									
Including: Statutory surplus reserves																									
Discretionary surplus reserves																									
2. Appropriation of general risk provision																									
3. Distribution to shareholders																									
4. Others																									
(VII) 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 year	7,355,104,075.00	45,689,000.00	43,474,489.54	6,064,291,769.76	300,732,201.55	-88,173,489.54	-199,683,187.02	-277,030,189.22	103,265,377.89	1,704,231,868.05	20,139,567,944.29	34,866,026,437.02	2,002,417,559.97	36,869,443,996.99	-294,251.32	-2,267,845,101.93	-2,080,591,039.93	-2,080,591,039.93	-2,377,107,912.09	-296,222,620.84	-296,222,620.84	-296,222,620.84	-2,080,885,291.25	-187,254,062.00	-2,268,139,953.25

The notes form an integral part of the financial statements

Chapter 11

Consolidated Statement of Changes in Equity

Unit: RMB

Items	Share capital		Other equity instruments		Equity attributable to shareholders of the Company					Sub-total	Non-controlling interests	Total shareholders' equity	
	Preferred shares	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Other differences of the financial statements in foreign currency	Special reserves	Surplus reserves				Retained Earnings
I. Closing balance of the prior year	7,400,803,815.00			6,072,104,617.90		-112,613,046.75	-250,714,569.50	69,249,908.88	1,097,484,710.77	15,920,974,640.15	30,448,004,705.75	1,802,773,790.93	32,250,778,496.68
Add: changes in accounting policies													
Correction of prior errors													
Others				2,000,000.00				158.90		122,170.93	2,122,329.83		2,122,329.83
II. Balance at the beginning of current year	7,400,803,815.00			6,074,104,617.90		-112,613,046.75	-250,714,569.50	69,250,067.58	1,097,484,710.77	15,921,096,811.08	30,450,127,035.58	1,802,773,790.93	32,252,900,826.51
III. Increases/decreases in current year													
(Decreases denoted by "-")													
(I) Total comprehensive income				3,087,753.24		-202,978,173.14	-76,110,998.33	13,137,425.61	310,524,527.04	2,327,318,923.91	2,651,090,456.66	146,310,690.91	2,797,401,117.57
(II) Capital contributed and reduced by shareholders				3,087,753.24		-189,986,059.57	-76,110,998.33			3,713,520,003.28	3,523,553,943.71	218,855,898.69	3,742,139,942.40
1. Ordinary shares contributed by shareholders											3,087,753.24	80,771,625.00	83,859,378.24
2. Capital invested by holders of other equity instruments													
3. Amount of share-based payments included in shareholders' equity													
4. Others				3,087,753.24									3,087,753.24
(III) Appropriation and use of special reserves													
1. Appropriation of special reserves								13,137,425.61			13,137,425.61	1,329,735.19	14,467,160.80
2. Use of special reserves								88,484,700.98			88,484,700.98	2,768,738.28	91,253,439.26
								-75,347,275.37			-75,347,275.37	-1,459,003.09	-76,766,278.46

Chapter 11

Consolidated Statement of Changes in Equity

Items	Prior year										Total shareholders' equity			
	Equity attributable to shareholders of the Company													
	Share capital	Preferred shares	Perpetual bonds	Other equity instruments	Capital reserves	Less: Treasury shares	Other comprehensive income	the financial statements in foreign currency	Special reserves	Surplus reserves	Retained Earnings	Sub-total	Non-controlling interests	
(IV) Profit distribution														
1. Appropriation of surplus reserves										310,524,527.04	-1,199,213,192.94	-888,688,665.90	-154,376,597.97	-1,048,065,263.87
Including: Statutory surplus reserves										310,524,527.04	-310,524,527.04			
Discretionary surplus reserves										310,524,527.04	-310,524,527.04			
2. Appropriation of general risk provision														
3. Distribution to shareholders											-888,096,465.00	-888,096,465.00	-154,376,597.97	-1,042,473,062.97
4. Others											-592,200.90	-592,200.90		-592,200.90
(V) Internal transfers of shareholders' equity											13,012,113.57			
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											13,012,113.57			
6. Others														
IV. Balance at the end of current year	7,400,803,075.00				6,077,192,371.14		-315,591,219.89	-326,825,567.83	82,387,493.19	1,408,009,237.81	18,448,415,734.99	33,101,217,492.24	1,949,084,451.64	35,050,301,944.08

The notes form an integral part of the financial statements

Chapter 11

Statement of Changes in Equity of the Company

Items	Current year										Sub-total	
	Share capital	Preferred shares	Other equity instruments	Perpetual bonds	Others	Capital reserves	Less: Treasury shares	Other comprehensive income	Including: translation differences of the financial statements in foreign currency	Special reserves		Surplus 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	-45,699,000.00					-43,474,489.54	-89,173,489.54	409,087.19	409,087.19			-409,087.19
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 year	-45,699,000.00					-43,474,489.54	-89,173,489.54	409,087.19	409,087.19			-409,087.19
	7,355,104,975.00				10,756,312,325.64	300,732,201.55	-14,142,716.87		3,884,096.95	1,704,231,656.65	5,108,267,970.16	24,612,906,207.98

The notes form an integral part of the financial statements

Chapter 11

Statement of Changes in Equity of the Company

Unit: RMB

Items	Share capital	Other equity instruments				Less: Treasury shares	Other comprehensive income	Including: translation differences of the financial statements in foreign currency	Special reserves	Surplus reserves	Retained Earnings	Subtotal
		Preferred shares	Perpetual bonds	Others	Capital reserves							
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 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
III. Increases/decreases in current year												
(Decreases denoted by "-")												
(I) Total comprehensive income					3,105,011.21		-1,113,747.48	-1,113,747.48	298,663.03	310,524,527.04	1,907,736,025.85	2,220,552,479.65
(II) Capital contributed and reduced by shareholders					3,105,011.21							3,105,245,270.41
1. Ordinary shares contributed by shareholders					3,105,011.21							3,105,011.21
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									298,663.03			298,663.03
2. Use of special reserves									2,092,746.90			2,092,746.90
									-1,794,083.87			-1,794,083.87

Chapter 11

Statement of Changes in Equity of the Company

Items	Other equity instruments				Share capital	Capital reserves	Less: Treasury shares	Other comprehensive income	Including: translation differences of the financial statements in foreign currency	Special reserves	Surplus reserves	Retained Earnings	Subtotal
	Preferred shares	Perpetual bonds	Others	Share capital									
(IV) Profit distribution													
1. Appropriation of surplus reserves											310,524,527.04	-1,198,620,992.04	-888,096,465.00
Including: statutory surplus reserves											310,524,527.04	-310,524,527.04	
Discretionary surplus reserves											310,524,527.04	-310,524,527.04	
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 charges in defined benefit plans into retained earnings													
5. Transfer of other comprehensive income into retained earnings													
6. Others													
IV. Balance at the end of current year	7,400,803,875.00			10,767,113,557.58				-1,113,747.48	-1,113,747.48	3,992,511.38	1,408,009,237.81	4,523,264,509.75	24,088,651,887.46

The notes form an integral part of the financial statements.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 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 Nanjing 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-shares 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 11

Notes to the Financial Statements

For the Year ended 31 December 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 was 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-shares shareholders’ meeting voted to agree on the above acquisition. Meanwhile, the related acquisition was approved by the SASAC on 11 October 2017 on the Approval of the Related Issues of Assets Restructuring of Sinotrans Limited (State-owned Assets Right [2017] No.1052), the Company completed the registration and issuance of 1,442,683,444 domestic shares in China Securities Depository and Clearing Co., Ltd. on 3 November 2017, the newly issued shares accounted for 31.32% of issued capital, the Company’s issued capital has increased from 4,606,483,200 shares to 6,049,166,644 shares. Hereby, the registered capital of the Company is changed to RMB6,049,166,644.

On 31 May 2018, a motion for the exchange of shares and the consolidation by merger of Sinotrans Air Transportation Development Corporation Limited (hereinafter referred to as “Sinoair”) as a subsidiary by the Company was considered and adopted at the Company’s extraordinary general meeting and the meeting of H-shares class shareholders in 2018, which approved the issuance of A shares by the Company to all the shareholders of Sinoair (excluding the Company) in exchange for the shares of Sinoair held by it. On 1 November 2018, China Securities Regulatory Commission issued a 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 the 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 to RMB7,400,803,875.

On 31 May 2022, the Company’s 2021 annual general meeting, the first meeting of H-shares class shareholders and the first meeting of A-shares class shareholders in 2022 considered and approved the Proposal to Apply for a General Mandate to Repurchase H-shares and agreed to grant a general mandate to the Board of Directors of the Company to repurchase H-shares. As at 31 December 2022, pursuant to the general mandate, the Company had repurchased an aggregate of 95,001,000 H-shares, of which 45,699,000 shares were completed for cancellation on 29 September 2022, and the Company has not yet completed the registration of the business change in relation to the repurchase and cancellation of H-shares.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2022

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

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

The Company belongs to the handling and transport agency industry, specifically involving non-vessel transport business (valid until 9 March 2024); general freight transport; 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. The registered address of the Company: Jia No.43, Xizhimen Beidajie, Haidian District, Beijing. Legal representative: Feng Boming.

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 Group are set out in Note VIII.

II. BASIS FOR THE PREPARATION

The Group has evaluated its ability to continue as a going concern for the 12 months from 31 December 2022 and has not identified any events or circumstances that may cast 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 parent company’s financial position for the Group as of 31 December 2022; as well as the consolidated and the Company’s operating results and cash flows for the year of 2022.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. FISCAL YEAR

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

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

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.

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. BUSINESS COMBINATION

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

4.1 Business combination involving entities under common control

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

Assets and liabilities of the combining entities or businesses are consolidated using the existing book value at the date of acquisition from the controlling party's perspective. The difference between the book value of the net assets acquired and the consideration is adjusted to capital reserves (share capital). If the capital reserve (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 current profits and losses 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 the current profits and losses 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 the current profits and losses.

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

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 are expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its book value, the impairment loss is allocated first to reduce the book value of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the book value of each asset in the unit.

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

Any impairment loss for goodwill is recognised directly in the current profits and losses. 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 reassesses 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, their 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2022

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

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

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2022

(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 book value shall be recorded into the current profits and losses; 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 the aggregate of the fair value of consideration received and the fair value of any retained interest and 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 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.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2022

(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 participants or a combination of participants from controlling the arrangement independently.

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

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

8. CASH AND CASH EQUIVALENTS

Cash refers to cash on hand and deposits that are available for payment at any time. Cash equivalents refer to investments held by the Group with short term (Generally refers to expiration within three months from the date of purchase), strong liquidity, easily convertible into a 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 the current profits and losses; 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* (hereinafter referred to as Revenue Standards), the transaction price as defined by the revenue standard is initially measured.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2022

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

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 book balance 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 initially recognised amount of the financial asset or financial liability, less the principal repaid, plus or minus the difference between that initially 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 asset is to collect contract cash flows as the goal. The Group classifies the financial asset as a financial asset measured at amortised cost. Such financial assets mainly include cash and bank balances, accounts receivable, other receivables and long-term receivables, etc.

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

Chapter 11

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)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification and measurement of financial assets (Continued)

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

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

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

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

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

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

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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)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.1 Classification and measurement of financial assets (Continued)

9.1.1 Financial assets at amortised cost

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

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 book balance 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 impaired 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 book balance 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 current profits and losses. 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 the current profits and losses.

Chapter 11

Notes to the Financial Statements

For the Year ended 31 December 2022

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

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 the current profits and losses.

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 current profits and losses.

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 contract assets, 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 the current profits and losses 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 the current profits and losses, without reducing the book value of the financial assets listed in the statement of financial position.

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

9.2.1 Significant increase in credit risk

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.1 Significant increase in credit risk (Continued)

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

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

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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)

- (12) Anticipated changes to the loan contract, including whether the anticipated breach of contract may result in the release or amendment of contractual obligations, the granting of interest-free periods, the jump in interest rates, the demand for additional collateral or collateral, or other changes to the contractual framework of the financial instrument.
- (13) Whether the expected performance and repayment behavior of the debtor change significantly.
- (14) Whether the Group has changed the credit management method of financial instruments.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.2 Impairment of financial instruments (Continued)

9.2.2 Credit-impaired financial assets (Continued)

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.

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

The overall transfer of financial assets meets the conditions for derecognition, for the classification of financial assets measured at amortised cost and the classification of financial assets measured at fair value through other comprehensive income, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulative amount of changes in fair value originally recorded in other comprehensive income is recorded in the current profits and losses. 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 book value of the financial assets before the transfer shall be allocated between the part of the derecognition and the part of the continuing recognition according to their respective relative fair value on the transfer date. The difference between the sum of the consideration received in the part of the recognition of termination and the accumulative amount of the fair value changes originally recorded in other comprehensive income plus the book value allocated to the part of the derecognition on the date of derecognition shall be recorded into the current profits and losses.

If the overall transfer of financial assets fails to meet the conditions for derecognition, the Group shall continue to recognise the overall transfer of financial assets, and the consideration received due to the transfer of assets shall be recognised as a liability upon receipt.

9.4 Classification of financial liabilities and equity instruments

The Group classifies the financial instrument or its components as financial liabilities or equity instruments at the time of initial recognition in accordance with the terms of the contract of the financial instrument issued and the economic substance reflected therein, rather than only in legal form, in combination with the definition of financial liabilities and equity instruments.

9.4.1 Classification and measurement of financial liabilities

Financial liabilities are classified into financial liabilities and other financial liabilities at fair value through profit or loss upon initial recognition.

9.4.1.1 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss, including trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value through profit or loss. Except that the derivative financial liabilities are separately listed, financial liabilities at fair value through profit or loss are listed as held-for-trading financial liabilities.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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)

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 exists in the near future.
- Related financial liabilities are derivatives. The exceptions are derivatives that meet the definition of financial guarantee contracts and derivatives that are designated as effective hedging instruments.

The financial liabilities that meet one of the following conditions can be designated at initial recognition as financial liabilities at fair value through profit or loss: (1) the designation can eliminate or significantly reduce accounting mismatches; (2) management and performance evaluation of financial liability portfolios or financial asset and financial liability portfolios based on fair value according to the risk management or investment strategy stated in the Group's official written documents, and use this as a basis for key management within the Group Staff reports; (3) eligible mixed contracts with embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Gains or losses arising from changes in fair value and dividends or interest expenses related to these financial liabilities are included in the current profits and losses.

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 the current profits and losses. On derecognition of the financial liability, the cumulative change in fair value attributable to changes in own credit risk previously recognised in other comprehensive income is transferred to retained earnings. Dividends or interest expenses related to these financial liabilities are recognised in the current profits and losses. 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 the current profits and losses.

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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)

For financial liabilities resulting from contingent consideration recognised by the Group as the purchaser in a business combination not under common control, the Group measures the financial liabilities at fair value and recognises the change in the current profits and losses.

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 the current profits and losses.

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

9.4.1.2.1 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when a specific debtor fails to repay the debt in accordance with the terms of the original or modified debt instrument. Subsequent to initial recognition, 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, 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 (the 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 book value of the part to be derecognised and the consideration paid (including the transferred non-cash assets or the new financial liabilities) shall be recorded into the current profits and losses.

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 do not affect the total amount of shareholders' equity.

9.5 Derivative instruments and embedded derivative instruments

Derivative instruments include forward foreign exchange contracts, currency exchange rate swap contracts, interest rate swap contracts, 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.

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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)

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.

- (1) The economic characteristics and risks of embedded derivative instruments are not closely related to the ones of the main contract.
- (2) Separate instruments with the same terms as the embedded derivative instruments comply with the definition of derivative instruments.
- (3) 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 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 instruments

Convertible bonds issued by the Group that contain both a liability and a conversion option to convert the liability into its equity instruments are initially recognised 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 equity instruments are accounted for as equity instruments.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. FINANCIAL INSTRUMENTS (CONTINUED)

9.7 Compound instruments (Continued)

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.

For subsequent measurement, the liability portion of convertible bonds is measured at amortised cost using the effective interest method; the value of the conversion option is 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 recognised directly in the equity instrument; those related to the liability portion are recognised in the book value 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, finished goods and revolving 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 actual cost of inventory is determined primarily by the first-in-first-out method and the monthly lump-sum weighted average method.

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 the 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 the decline in net realisable value based on the difference between the cost of a single inventory item and its net realisable value.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. INVENTORIES (CONTINUED)

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 book value, the original amount of the write-down is reversed and charged to the current profits and losses.

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

11. LONG-TERM EQUITY INVESTMENTS

11.1 Determination basis for joint control and significant influence

Control refers to the investor has the power over the investee, 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 investments acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investments shall be the share of the owner's equity of the acquiree in the book value of the ultimate controlling party's consolidated financial statements on the acquisition date. The difference between the initial investment cost and the book value of cash paid, non-cash assets transferred, and liabilities assumed adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. To issue equity securities as the cost of business combination, the initial investment cost of the long-term equity investments shall be the share of the owner's equity of the acquiree in the book value of the final ultimate controlling party's consolidated financial statements on the acquisition date, the face value of the total issued shares are recognised as share capital. The difference between the initial investment cost adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

As for the long-term equity investments acquired through business combination not involving entities under common control, the initial investment cost of the long-term equity investments shall be taken as the cost of business combination on the acquisition date.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

11.2 Determination of initial investment cost (Continued)

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 current profits and losses when incurred.

The initial measurement of the long-term equity investments obtained by other means other than the long-term equity investments formed by the business combination shall be measured at the initial cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments* and the additional investment cost.

11.3 Subsequent measurement and profit or loss recognition method

11.3.1 Long-term equity investments accounted for using the cost method

The Company's financial statements adopt the cost method to calculate the long-term equity investments in subsidiaries. Subsidiaries refer to invested entities that can control the Group.

The long-term equity investments 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 investments 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 investments 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 entities to which the Group can exert a significant influence, and a 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 investments is greater than the fair value share of identifiable net assets of the invested entity, the initial investment cost of long-term equity investments 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 profits and losses, and the long-term equity investments cost shall be adjusted accordingly.

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

11.3 Subsequent measurement and profit or loss recognition method (Continued)

11.3.2 Long-term equity investments 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 book value of long-term equity investments shall be adjusted accordingly. The book value of long-term equity investments shall be reduced accordingly by calculating the share of the profit distribution or cash dividend declared by investee. The book value of long-term equity investments shall be adjusted and included in capital reserve for other changes in the owner's equity of investee rather than net profit or 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 book value of the long-term equity investments 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 INVESTMENTS (CONTINUED)

11.4 Disposal of long-term equity investments

At the time of the disposal of long-term equity investments, the difference between its book value and the actual price obtained shall be recorded in the current profits and losses. For long-term equity investments accounted for using the equity method, the remaining shares after disposal are still accounted for using the equity method. Other comprehensive income recognised by the 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 profits and losses; owner's equity is carried forward proportionately to the current profits and losses. 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 profits and losses; 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 profits and losses.

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 book value on the date of loss of control shall be included in the current profits and losses. 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 the current profits 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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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

11.4 Disposal of long-term equity investments (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 book value on the date of the loss of joint control or significant impact shall be included in the current profits and losses. 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 book value of each disposal price and the long-term equity investments 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 profits and losses 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 book value and relevant taxes and fees shall be recorded into the current profits and losses.

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

Fixed assets shall be depreciated within their service life by the straight-line method from the next month when they reach their intended usable state. The useful life, estimated residual value rates, and annual depreciation rate of all types of fixed assets are as follows:

Category	Useful life (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
House buildings	5-30	0-5	3.17-20.00
Port and terminal facilities	20-40	5	2.38-4.75
Automotive and marine	5-25	5	3.80-19.00
Machinery and equipment, furniture, appliances and other equipment	5-25	5	3.80-19.00

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

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

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. CONSTRUCTION IN PROGRESS

Construction in progress 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 rights, software use rights, trademark rights, 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 year, 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 the current profits and losses 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 the current profits and losses:

- (1) Completion of an 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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(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 recognised in the current profits and losses. 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 EXPENSE

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

In determining impairment losses on assets related to contract costs, impairment losses are first determined for other assets recognised in accordance with other relevant Accounting Standards for Business Enterprises and related to the contract; then, for assets related to contract costs, if the book value of the assets is higher than the difference between the following two items, the excess is provided for impairment and recognised as an asset impairment loss: (1) The residual consideration that the Group expects to receive for the transfer of the goods or services associated with the asset; (2) Estimated costs to be incurred for the transfer of the relevant goods or services.

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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 recognised, are not reversed in subsequent accounting periods. After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two items is higher than the book value of the asset, the original provision for impairment of the asset is reversed and recognised in the current profits and losses, provided that the book value of the asset after the reversal does not exceed the book value 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 the 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 book value of the estimated liabilities.

19. EMPLOYEE REMUNERATIONS

Employee remunerations refer to the remuneration or compensation in various forms provided by the Group for the purpose of obtaining the service provided by the employee or the termination of labour 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 labour 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 the current profits and losses when incurred.

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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, work injury insurance and maternity insurance, housing provident fund, trade union funds and employee education funds, short-term paid absences, short-term profit-sharing plans, non-monetary benefits, and other short-term remunerations. During the accounting period when employees provide services, the Group shall recognise the short-term remuneration payable as a liability and record it into the cost or expense of related assets according to the beneficiaries of the services provided by the employees.

Post-employment benefits refer to the various forms of remuneration and welfare provided by the Group after the employee retires or dissolves labour 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 benefits 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 profits and losses or the cost of related assets.

The Group provides internal retirement benefits to employees who accept internal retirement arrangements. Internal retirement benefits refer to the wages and social insurance contributions paid to employees who have not reached the retirement age set by the state and have been approved to voluntarily withdraw from their jobs. 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 current profits and losses.

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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 profits and losses 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 recognised 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 by 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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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 recognises revenue at the amount of the costs incurred until the progress of performance is reasonably determinable.

A contract asset is a right to receive consideration for goods or services that the Group has transferred to a customer and that is dependent on factors other than the passage of time. For the accounting policy regarding contract asset impairment, please refer to Note IV. 9. 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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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 performance obligation in proportion to the relative proportions of the individual sale price of the goods or services committed to by each 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 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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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 on a pro rata basis 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 the current profits and losses as incurred. Other expenses incurred to acquire a contract are charged to the current profits and losses when incurred, except when clearly borne by the customer.

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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 Group's future resources available to meet its performance obligations; and (3) The cost is expected to be recoverable. These assets are amortised using the same basis as revenue recognition for the goods or services to which the asset relates, and are recognised in the current profits and losses.

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 the current profits and losses.

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 the current profits and losses. 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 current profits and losses 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 the current profits and losses 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 the current profits and losses.

For government grants that contain both asset-related parts and revenue-related parts, the different parts are 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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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 the current profits and losses.

25. INCOME TAXES

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

25.1 Current income tax

At the balance sheet date, for current income tax liabilities (or assets) arising from current and prior periods, the amount of income tax expected to be paid (or refunded) is measured at the amount calculated in accordance with the tax laws.

25.2 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are recognised using the balance sheet liability method for differences arising from differences between the book value of certain items of assets and liabilities and their tax bases, and for temporary differences arising from differences between the book value and tax bases of items that are not recognised as assets and liabilities but whose tax bases can be determined in accordance with the provisions of the tax laws.

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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 (Continued)

Generally, all temporary differences are recognised for related deferred income tax purposes. However, for deductible temporary differences, the Group recognises a related deferred tax asset to the extent that it is more likely than not that the Group will be able to realize the taxable income used to offset the deductible temporary differences. In addition, related deferred income tax assets or liabilities are not recognised for temporary differences that relate to the initial recognition of goodwill and to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor, when they occur, affect accounting profit and taxable income (or deductible losses).

A corresponding deferred tax asset is recognised to the extent that it is probable that future taxable income will be available against which the deductible losses and tax credits can be carried forward to future years.

The Group recognises deferred tax liabilities arising from taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, unless the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, the Group recognises a deferred tax asset only when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that future taxable income will be available against which the deductible temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period in which the related asset is recovered or the related liability is settled, in accordance with the provisions of the tax laws.

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

At the balance sheet date, the book value of deferred tax assets are reviewed and the book value of deferred tax assets are 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.

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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)

25.3 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.

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 are included in current profits and losses, other than those arising from changes in book balance other than amortised cost, which 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 the current profits and losses or in other comprehensive income.

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Notes to the Financial Statements

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

26.2 Translation of foreign operations

For the purpose of preparing consolidated financial statements, foreign currency financial statements of foreign operations are translated into RMB as follows: All assets and liability items in the balance sheet are translated at the spot exchange rate at the balance sheet date; equity items are translated at the spot exchange rate at the time of occurrence; all items in the income statement and items reflecting the occurrence of profit distribution are translated at the approximate exchange rate at the spot exchange rate at the date of the transaction; the difference between the translated asset items and the sum of liability items and equity items is recognised as other comprehensive income and included in equity.

Cash flows in foreign currencies and the cash flows of foreign subsidiaries are translated using the 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”.

Prior closing balances and prior year actuals 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 current profits and losses. 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.

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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

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.

At the contract commencement date, the Group assesses whether the contract is a lease or contains a lease. The Group does not reassess whether a contract is a lease or contains a lease unless there is a change in the terms and conditions of the contract.

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.

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, excluding costs that are attributable to the production of inventories.

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.

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Notes to the Financial Statements

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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.1 The Group as lessee (Continued)

27.1.3 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, 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 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 the current profits and losses 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 the current profits and losses or costs of the related assets.

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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)

27.1.3 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 book value of the right-of-use asset has been reduced to zero but the lease liability is subject to further reduction, the Group recognises the difference in the current profits and losses:

- 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 resulting from changes in floating interest rates, the revised discount rate is used.

27.1.4 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. Leases of low-value assets are leases where the value of a single leased asset does not exceed RMB50,000 when the asset is brand new. The Group recognises the lease payments for short-term leases and low-value asset leases in the current profits and losses 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.

27.1.5 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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IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. LEASES (CONTINUED)

27.1 The Group as lessee (Continued)

27.1.5 Lease modification (Continued)

If the lease modification results in a reduction in the scope of the lease or a shortening of the lease term, the Group reduces the book value of the right-of-use asset accordingly and recognises the gain or loss relating to the partial or complete termination of the lease in the current profits and losses. If other lease changes result in a remeasurement of the lease liability, the Group adjusts the book value of the right-of-use asset accordingly.

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 Group in connection with operating leases are capitalized and amortised over the lease term on the same basis as rental income and are recognised in the current profits and losses.

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 Revenue Standards on transaction price apportionment, based on the separate prices of each of the leased and non-leased components.

27.2.2 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.

27.2.3 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 the current profits and losses.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in lease receipts are charged to the current profits and losses in which they are incurred.

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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)

27.2.4 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 the current profits and losses in which they occur.

The Group calculates and recognises interest income at a fixed periodic rate for each period of the lease term.

27.2.5 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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(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)

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

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

27.3.2 The Group as buyer and lessor

Where the transfer of an asset in a sale and leaseback transaction is not a sale, the Group does not recognise the transferred asset, but recognises a financial asset equal to the proceeds of the transfer, and accounts for the financial asset in accordance with the *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*. If the transferred asset is a sale, the Group accounts for the purchase of the asset and the lease of the asset in accordance with other applicable business accounting standards.

28. HELD FOR SALE

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

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

The Group measures non-current assets held for sale or disposal groups at the lower of their book value or fair value less costs to sell. If the book value is higher than the fair value less costs to sell, the book value is written down to the fair value less costs to sell, and the amount of the write-down is recognised as an impairment loss on the asset, which is recognised in the current profits and losses 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 the current profits and losses.

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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. 136 of Caizi [2022] issued jointly by the Ministry of Finance and the Ministry of Emergency Management on 13 December 2022, which is recorded in the cost of the relevant products or current profits and losses, 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 book value is transferred and recognised in the current profits and losses, and the cumulative change in fair value of the relevant financial asset originally recognised directly in shareholders' equity is also recognised in the current profits and losses; if the conditions for derecognition of the partial transfer are met, the book value of the whole financial asset involved in the transfer, between the part that is derecognised and the part that is not derecognised, the relative fair value of each is apportioned and the apportioned book value is treated on an overall transfer versus partial transfer basis. If the conditions for derecognition are not met, and 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.

Gains and losses from discontinued operations are presented separately from those from continuing operations in the statement of profit or loss and the other comprehensive income, with operating gains and losses such as impairment losses and reversals of amounts from discontinued operations and gains and losses on disposals being reported as discontinued operations. For discontinued operations presented in the current period, the Group restates the information previously presented as gains or losses from continuing operations in the current financial statements as discontinued operations in the comparable accounting periods.

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 book value of the exchange-out asset is recognised in the current profits and losses 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 book value of the exchange-out asset is charged to the current profits and losses upon derecognition.

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

When there is a discrepancy between the point of recognition of the exchange-in asset and the point of derecognition of the exchange-out asset, the exchange-in asset meets the asset recognition condition and, if the exchange-out asset has not yet met the derecognition condition, the obligation to deliver the exchange-out asset is recognised as a liability at the same time as the exchange-in asset is recognised; if the exchange-in asset has not yet met the asset recognition condition and the exchange-out asset meets the derecognition condition, the right to acquire the exchange-in asset is recognised as an asset at the same time as the exchange-out asset is derecognised.

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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)

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 are 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 book value, the total book value of the exchange-out asset is apportioned to each exchange-in asset in proportion to the relative proportion of the fair value of each exchange-in asset, and the amount apportioned plus the relevant taxes payable is 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 book value of the exchange-out asset is apportioned in proportion to the relative or other reasonable proportion of the original book value 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 book value is recognised in the current profits and losses 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 book value of each exchange-out asset is recognised in the current profits and losses on derecognition of each exchange-out asset. Where non-monetary asset exchange is measured at book value, no gain or loss is recognised on derecognition of each exchange-out asset.

33. DEBT RESTRUCTURING

33.1 Recording debt restructuring obligations as debtor

A debt restructuring in which the debt is settled by assets is derecognised when the relevant assets and the settled debt meet the conditions for derecognition, and the difference between the book value of the settled debt and the book value of the transferred assets is recognised in the current profits and losses.

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 book value of the settled debt and the amount recognised for the equity instrument is recognised in the current profits and losses.

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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)

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 book value of the settled debts and the book value of the transferred assets and the sum of the recognised amounts of the equity instruments and restructured debts shall be included in the current profits and 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, and professional services fees, 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, and 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 book value of abandoned creditor's rights should be recognised in the current profits and losses.

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 book value of the relinquished claim is recognised in the current profits and losses.

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

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. DEBT RESTRUCTURING (CONTINUED)

33.2 Recording debt restructuring obligations as creditor (Continued)

For debt restructuring using modification of other terms, the Group recognises and measures the restructured claims in accordance with the provisions of *Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

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

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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 book value of statement items that cannot be measured accurately. These judgments, estimates, and assumptions are based on the 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 ongoing 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 CRITICAL ACCOUNTING JUDGMENTS AND ACCOUNTING ESTIMATES

At the end of the reporting period, the key assumptions and uncertainties in critical accounting judgments and accounting estimates that are likely to lead to significant adjustments in the book value of assets and liabilities in the future are as follows:

1.1 Classification of financial assets

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

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.

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

1. KEY ASSUMPTIONS AND UNCERTAINTY IN CRITICAL ACCOUNTING JUDGMENTS AND ACCOUNTING ESTIMATES (CONTINUED)

1.2 Derecognition of transfers of financial assets (Continued)

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

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

1.3 Recognition of expected credit losses

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

Establishment of asset groups with similar credit risk characteristics: When expected credit losses are measured on a portfolio basis, financial instruments are grouped 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.

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

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

1. KEY ASSUMPTIONS AND UNCERTAINTY IN CRITICAL ACCOUNTING JUDGMENTS AND ACCOUNTING ESTIMATES (CONTINUED)

1.3 Recognition of expected credit losses (Continued)

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.

Default loss rate: 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 31 December 2022, the book value of goodwill is RMB2,208,012,523.24. The Group conducts impairment tests 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 the 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 a tax planning strategy, to determine the amount of deferred income tax assets that should be recognised.

The Group operates in many countries and regions and collects the income tax payable in each region according to the local tax law and relevant regulations. The Group will calculate and make provisions 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.

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Notes to the Financial Statements

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

1. KEY ASSUMPTIONS AND UNCERTAINTY IN CRITICAL ACCOUNTING JUDGMENTS AND ACCOUNTING ESTIMATES (CONTINUED)

1.6 Impairment of long-term equity investments

As at 31 December 2022, the book value of the Group's investment in associates amounted to RMB4,443,731,016.94 (1 January 2022: RMB4,090,348,488.40); the book value of the Group's investment in joint ventures as at 31 December 2022 amounted to RMB4,083,707,156.25 (1 January 2022: 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 book value. If the book value of the long-term equity investment is greater than the estimated recoverable amount, an impairment provision is made accordingly.

1.7 Fair value of financial instruments

For financial instruments which lack active market, the Group adopts a 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.

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 the 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 the 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.

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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 CRITICAL ACCOUNTING JUDGMENTS AND ACCOUNTING ESTIMATES (CONTINUED)

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 group is determined based on the higher of the value in use of the asset or group of assets and the 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 the amount can be measured reliably, the Group's management makes provisions for them based on professional legal advice. Significant contingent liabilities faced by the Group, other than those which are considered to be highly unlikely to result in an outflow of economic benefits, are disclosed in Note XII. 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

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VI. SIGNIFICANT 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 in relation to the accounting treatment and the judgment to be effective from 1 January 2022. The Group has adopted the requirements mentioned above in preparing the financial statements for the year 2022. The provisions in relation to 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 in Interpretation of Accounting Standards for Business Enterprises No. 15 has no significant impact on the Group and the Company.

The Ministry of Finance issued the *Interpretation of Accounting Standards for Business Enterprises No. 16* (Cai Kuai [2022]No. 31) on 30 November 2022, which regulates the accounting treatment of deferred income tax relating to assets and liabilities arising from a single transaction for which the initial recognition exemption does not apply, the accounting treatment of the income tax effects of dividends related to financial instruments classified by the issuer as equity instruments and the accounting treatment of the modification of cash-settled share-based payments to equity-settled share-based payments, and requires the provisions in relation to the accounting treatment of the income tax effects of dividends related to financial instruments classified by the issuer as equity instruments and the accounting treatment of modification of cash-settled share-based payments to equity-settled share-based payments to be effective from the date of publication. The Group has adopted the requirements mentioned above in preparing the financial statements for the year 2022. The provisions in relation to the accounting treatment of the income tax effects of dividends related to financial instruments classified by the issuer as equity instruments and the accounting treatment of modification of cash-settled share-based payments to equity-settled share-based payments in Interpretation of Accounting Standards for Business Enterprises No. 16 have no significant impact on the Group and the Company.

2. CHANGES OF ACCOUNTING ESTIMATES AND EFFECTS

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

3. CORRECTION OF PRIOR ERRORS AND IMPACT

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

4. OTHER ADJUSTMENTS

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

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Notes to the Financial Statements

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(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)	3%, 5%, 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%, etc.
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%
Belarus	18%
The British Virgin Islands	0%
Netherlands	25%
Romania	16%
United Kingdom	19%

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

VII. TAXES (CONTINUED)

2. SIGNIFICANT 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%.
- (2) According to the *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Preferential Tax Reduction and Exemption Policy for Small and Micro Enterprises* (Cai Shui [2019] No.13), the *Notice of the State Taxation Administration on Matters Relating to the Implementation of Preferential Income Tax Policy to Support the Development of Small and Micro Enterprises and Individual Businesses* (Notice No. 8 of 2021 of the State Taxation Administration), and the *Notice of the Ministry of Finance and the State Taxation Administration on Further Implementing the Preferential Income Tax Policy for Small and Micro Enterprises* (Cai Shui [2022] No.13), from 1 January 2021 to 31 December 2022, the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 12.5% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income less than RMB1 million; from 1 January 2021 to 31 December 2021, the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 50% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income more than RMB1 million but no exceeding RMB3 million; from 1 January 2022 to 31 December 2024, the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 25% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income more than RMB1 million but no exceeding RMB3 million. The eligible small and micro enterprises of the Group shall enjoy above-mentioned income tax preference during the reporting period.
- (3) According to the *Announcement of the State Taxation Administration on the Issues Concerning the Implementation of Income Tax preferences for High-tech 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.

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Notes to the Financial Statements

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VII. TAXES (CONTINUED)

2. SIGNIFICANT TAX PREFERENCES AND APPROVALS (CONTINUED)

2.1 Enterprise income tax (Continued)

- (4) According to the *Notice of the State Taxation Administration on the Implementation of Several Tax Collection Issues under the Enterprise Income Tax Law* (GSH [2010] No. 79) and Article 26 of the Enterprise Income Tax Law, any dividends, bonuses, and other equity investment gains between resident enterprises are exempted from enterprise income tax. The Group 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 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 (projects, services) in the Great Stone Industrial Park by China Merchants Great Stone Trade Logistics Co., Ltd., a subsidiary of the Group, (hereinafter referred to as Great Stone Trade Logistics) are exempted from enterprise income tax.
- (6) In accordance with the *Notice of the Ministry of Finance and the State Administration of Taxation on Certain Issues of Enterprise Income Tax Treatment of Enterprise Reorganisation Business* (Cai Shui [2009] No. 59), the *Notice of the Ministry of Finance and the State Administration of Taxation on Enterprise Income Tax Treatment Issues Related to the Promotion of Enterprise Restructuring* (Cai Shui [2014] No. 109) and the *Announcement of the State Administration of Taxation on the Administration of Enterprise Income Tax for the Transfer of Assets (Equity)* (State Administration of Taxation Announcement [2015] No. 40) on the application of special tax treatment, during the reporting period, the Group meets the requirements of applying the special tax treatment for the internal equity and asset transfers required in the aforesaid notices and announcements, without an adjustment on the tax base of the related assets and liabilities.

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VII. TAXES (CONTINUED)

2. SIGNIFICANT TAX PREFERENCES AND APPROVALS (CONTINUED)

2.2 Value-added tax

- (1) In accordance with the *Notice of the State Taxation Administration 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*, 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)* 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.
- (4) According to the Announcement of the *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) and the Announcement of the Ministry of Finance and the State Taxation Administration on the VAT Policy Relating to the Promotion of Relief and Development of Difficult Industries in the Service Sector (Announcement No. 11 of 2022 of Ministry of Finance and the State Taxation Administration), from 1 April 2019 to 31 December 2022, 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 a taxable amount based on the deductible input tax for the current period plus 10%. Some of the Group's subsidiaries can enjoy the above tax preference during the reporting period.

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Notes to the Financial Statements

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VII. TAXES (CONTINUED)

2. SIGNIFICANT TAX PREFERENCES AND APPROVALS (CONTINUED)

2.3 Other taxes

- (1) According to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Further Implementation of the "Six Taxes and Two Fees" Relief Policy for Small and Micro Enterprises* (Announcement No. 10 of 2022 of the Ministry of Finance and the State Taxation Administration), from 1 January 2022 to 31 December 2024, small-scale VAT payers, small and micro enterprises and individual business are entitled to a 50% tax reduction on resource tax, urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), arable land occupation tax and education surcharge and local education surcharge. Some of the Group's subsidiaries can enjoy the above tax preference during the reporting period.
- (2) 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 or leased 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. Some of the Group's subsidiaries can enjoy this tax preference during the reporting period.
- (3) According to the *"Notice of the Ministry of Finance and the State Taxation Administration on the Continuation of Preferential Policies on Property Tax and Urban Land Use Tax for Agricultural Products Wholesale Markets and Farmers' Markets"* (Cai Shui [2019] No. 12), *"Announcement on the Extension of the Implementation Period of Some Preferential Tax Policies"* (Announcement No. 4 of 2022 by Ministry of Finance and the State Taxation Administration), from 1 January 2019 to 31 December 2023, the properties and land (including those owned and leased, the same below) used exclusively for agricultural products in wholesale markets of agricultural products and farmers' markets are temporarily exempted from property tax and urban land use tax. For properties and land used by wholesale markets of agricultural products and farmers' markets that also operate other products, the exemption from property tax and urban land use tax is determined by the ratio of the area used for other products to the area of the agricultural products trading venue. Some of the Group's subsidiaries enjoyed the above tax incentives during the reporting period.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION OF MAIN SUBSIDIARIES INCLUDED IN THE SCOPE OF CONSOLIDATION FOR THE YEAR

No.	Name	Enterprise		Principal place of business	Business nature	Paid-in capital	Total shareholding	Total voting	Acquisition method	Remark	
		Grade	type				Registered place	ratio of the Group (%)			ratio of the Group (%)
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-Khajer Company For General Trading And Marine Services	2nd	3	Iraq	Iraq	Integrated logistics	292,842.00	100.00	100.00	1	—

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Notes to the Financial Statements

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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 YEAR (CONTINUED)

No.	Name	Enterprise		Registered place	Principal place of business		Business nature	Paid-in capital	Total shareholding	Total voting	Acquisition method	Remark
		Grade	type		ratio of the Group (%)	ratio of the Group (%)						
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. (Note 2)	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	701,410,000.00	42.00	100.00	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 1: Sinotrans Japan Co., Ltd. and Sinotrans Korea Shipping Co., Ltd. were adjusted as the subsidiaries of Sinotrans Overseas Development Co., Ltd. from the secondary subsidiaries of the Group during the year.

Note 2: China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. was jointly established by China Merchants Yingkai Investment Development (Shenzhen) Co., Ltd. (hereinafter referred to as Merchants Yingkai) and Sinotrans Logistics Investment, with a shareholding of 58% and 42% respectively. According to the China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. Equity Trusteeship Agreement entered into between the Company and Merchants Yingkai, the voting rights corresponding to the 58% of shares held by Merchants Yingkai are fully delegated to the Company, and the Group is able to lead the relevant activities of China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd. and enjoy variable returns, and therefore it is included in the scope of consolidation.

Note 3: (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.

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For the Year ended 31 December 2022

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL

(1) Business combination under common control that occurred during the year

Name of the combined party	Proportion of equity acquired in business combination	Basis for forming a business combination under common control	Combination date	Basis for determining the combination date	Revenue of the combined party from the beginning of the year to the combination date	Net profit of the combined party from the beginning of the year to the combination date	Revenue of the combined party for the comparative period	Net profit the combined party for the comparative period
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	2,863,728.75	115,043.15

Note: Sinotrans North China Co., Ltd. (hereinafter referred to as Sinotrans North China), a subsidiary of the Group, entered into the Agreement on the Transfer of State-owned Property Rights with Sinotrans Inner Mongolia Co., Ltd. in February 2022, acquiring 100% equity interest in Sinotrans Inner Mongolia Bonded Logistics Co., Ltd. (hereinafter referred to as Inner Mongolia Bonded Company) for RMB2,269,400. Sinotrans North China and Inner Mongolia Bonded Company were both controlled by China Merchants Group before and after the combination and such control was not temporary, therefore this combination was a business combination under common control. By 31 March 2022, Sinotrans North China and Sinotrans Inner Mongolia Co., Ltd. had completed the necessary property transfer procedures and payment of the price, and 31 March 2022 was determined as the combination date.

(2) Consolidated costs

Consolidated costs	Sinotrans Inner Mongolia Bonded Logistics Co., Ltd.
– Cash	2,269,400.00
– Book value of non-cash assets	–
– Contingent consideration	–
Total consolidated costs	2,269,400.00

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For the Year ended 31 December 2022

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)

(3) Book value of the assets and liabilities of the combined party at the combination date

Item	Sinotrans Inner Mongolia Bonded Logistics Co., Ltd.	
	The combination date	The end of the prior year
Assets:	2,786,697.05	3,472,580.53
Cash and bank balances	1,542,774.00	1,636,926.38
Accounts 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
Accounts 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

Note: There were no contingent liabilities of the combined party assumed by the Group in the above business combinations.

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL

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

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 year	Net profit of the acquiree at the end of the year from the date of purchase
China Merchants Logistics Group Nanjing Co., Ltd.	31 March 2022	188,889,625.38	45.00	Cash acquisitions	31 March 2022	See notes for details	269,882,887.66	29,769,642.90

Note: Sinotrans Logistics Investment Holdings Co., Ltd. (hereinafter referred to as Logistics Investment Company), a subsidiary of the Group, entered into the Agreement on Equity Transfer of China Merchants Logistics Group Nanjing Co., Ltd. with Jing'an Hongda Wuhua Investment Partnership (Limited Partnership) (hereinafter referred to as Hongda Wuhua) on 25 March 2022. Pursuant to the aforesaid agreement, Logistics Investment Company acquired 45% of the equity interest in China Merchants Logistics Group Nanjing Co., Ltd. (hereinafter referred to as Nanjing Company) that was held by Hongda Wuhua for RMB188,889,625.38 in cash. Prior to this acquisition, the Group held a 45% equity interest in Nanjing Company through its subsidiary Sinotrans Logistics and Nanjing Company is an associate of the Group (details in Note IX.12). On 28 March 2022, Nanjing Company completed its industrial and commercial registration of changes and the Group held a total of 90% equity interest in Nanjing Company. By 31 March 2022, the Group paid the entire purchase price and completed the handover of management with Hongda Wuhua. Since 31 March 2022, the Group is able to dominate the relevant activities of Nanjing Company and enjoy variable returns, therefore, 31 March 2022 was determined as the purchase date.

(2) Consolidated costs and goodwill

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

Method of determining the fair value of consolidated costs, contingent consideration, and its changes: The method of determining the fair value of equity interests held prior to the date of purchase at the date of purchase is detailed in Note VIII. 3. (4).

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For the Year ended 31 December 2022

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (CONTINUED)

(2) Consolidated costs and goodwill (Continued)

Major reasons for the formation of significant goodwill: The Group has fully identified the identifiable assets and liabilities of Nanjing Company at the date of purchase. The goodwill arising from the acquisition of Nanjing Company mainly resulted from the fair value of the going concern elements of Nanjing Company's existing business, which include the synergy effect of the existing assets, competitive status in the market and operating team, etc. Some are results from the deferred income tax effect recognised in the business combination.

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

Item	China Merchants Logistics Group 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
Accounts 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 expense	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
Accounts 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

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. BUSINESS COMBINATIONS NOT UNDER COMMON CONTROL (CONTINUED)

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

Method for determining the fair value of identifiable assets and liabilities: The fair value of the identifiable assets and liabilities of Nanjing Company as at the date of purchase was determined based on the asset valuation report as Guo Zhong Lian Appraisal No. 2-1209 (2022) issued by Guozhonglian Asset Evaluation Land Real Estate Cost Consulting Co., Ltd. with a base date of 31 December 2021 and take consideration of the changes in the net assets of Nanjing Company from the base date to the date of purchase.

There were no contingent liabilities of the acquiree assumed by the Group in the above business combinations.

(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 originally held prior to the date of purchase at the date of purchase	Gain or loss on remeasurement of equity interest to fair value prior to the date of purchase	Methodology and key assumptions for determining the fair value of the previously held equity interest at the date of purchase	Amount transferred to investment
					income from other comprehensive income/other changes in equity related to the original holding prior to the date of purchase
China Merchants Logistics Group 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 Nanjing Company prior to the date of purchase, and information on quotations for similar assets in active markets and information on quotations for the same or similar assets in inactive markets was also difficult to obtain, therefore, the Group determined its fair value by valuation. Given that the effect of the control premium factor in the consideration of this acquisition transaction is not material (i.e. the expected synergistic effect and the fair value of other income arising from the total net assets of both parties to the transaction are not considered as the primary considerations in the valuation results on which the pricing of this acquisition transaction is based) the fair value of the originally held equity interest at the date of purchase was determined using the consideration of this acquisition transaction.

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For the Year ended 31 December 2022

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. DISPOSAL OF SUBSIDIARIES

Subsidiary	Disposal price of equity	Shareholding 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 equity interest at fair value	Methodology and key assumptions for determining the remaining equity interest at the date of loss of control	Transfer of other comprehensive income/special reserve related to equity investment in original subsidiaries to investment profit or loss
Guangzhou Sinotrans Changhang Logistics Co., Ltd.	217,861,700.00	100	Public quote for transfer	31 May 2022	See notes for details	134,463,630.85	—	—	—	—	—	—
Lianyungang Sinotrans Chemical International Logistics Co., Ltd.	3,034,653.70	65	Exit from investment	31 August 2022	See notes for details	5,424,757.12	—	—	—	—	—	6,115.01

Note: SC (Hong Kong) Logistics Investment Limited (hereinafter referred to as SC Hong Kong), a subsidiary of the Group, publicly quoted for transferring 100% of the equity interest in Guangzhou Sinotrans Changhang Logistics Co., Ltd. (hereinafter referred to as Guangzhou Changhang) at the Beijing Equity Exchange on 26 November 2021, determined the Science City (Guangzhou) Investment Group Company Limited (hereinafter referred to as Science City Group) as the ultimate transferee by dynamic quotation. In March 2022, SC Hong Kong entered into the Equity Transaction Contract with the Science City Group, transferring 100% equity interest in Guangzhou Changhang at a final bid price of RMB217,861,700. By 31 May 2022, the Science City Group had completed the handover of property and the assignment of management personnel and the Guangzhou Changhang was no longer included in the scope of consolidation.

Sinotrans Chemical International Logistics Co., Ltd. (hereinafter referred to as Chemical International Company) and Sinotrans Landbridge Transportation Co., Ltd. (hereinafter referred to as Landbridge Transportation), subsidiaries of the Group, entered into the Agreement on Capital Reduction in July 2022, by which Chemical International Company and Landbridge Transportation may exit from the Lianyungang Sinotrans Chemical International Logistics Co., Ltd. (hereinafter referred to as Lianyungang International Logistics) by way of capital reduction, and the exit values were RMB2,334,349.00 and RMB700,304.70 respectively. Before exiting, Chemical International Company and Landbridge Transportation respectively held 50% and 15% equity interests in Lianyungang International Logistics. By 31 August 2022, Lianyungang International Logistics had completed its business registration of changes and the management personnel of the Group had withdrawn, and Lianyungang International Logistics was no longer included in the scope of consolidation.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. CHANGES IN SCOPE OF CONSOLIDATION FOR OTHER REASONS

During the year, compared with the previous year, the Group added 20 Level 3 subsidiaries and 2 Level 4 subsidiaries, including Sinotrans-Huantong Laos Logistics Co., Ltd, Sinotrans Tashkent Co., Ltd, Gansu Sinotrans Supply Chain Co., Ltd. and Sinotrans Cold Chain Logistics (Chengdu) Co., Ltd, etc., Ruida Fuchang Wuxi Storage Service Co., Ltd., Ruida (Jinhua) Warehousing Service Co., Ltd., Ruida Wuxi Storage Service Co., Ltd. and Ruida Zihui Kunshan Storage Service Co., Ltd., as a result of new establishment and demerger.

Due to the cancellation this year, Sinotrans (Suzhou New District) Logistics Co., Ltd., Shandong Yantai Sinotrans Shipping Business Agency Co., Ltd., and 1 level 3 subsidiaries and 4 level 4 subsidiaries were reduced.

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For the Year ended 31 December 2022

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. REASONS FOR INCLUDING COMPANIES INTO THE SCOPE OF CONSOLIDATION WITH LESS THAN HALF OF THE VOTING RIGHTS OR NOT INCLUDED IN THE SCOPE OF CONSOLIDATION BUT MORE THAN HALF OF THE VOTING RIGHTS

(1) 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	USD11.742million	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 Shaanxi Sinotrans Guotie 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 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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Notes to the Financial Statements

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

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES

(1) Non-controlling interests

FY 2022

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the year	Dividends paid to non-controlling interests in the year	Cumulative non-controlling interests at the end of the year
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	30,683,859.87	17,236,665.77	214,267,296.93
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-63,196,319.22	-	140,955,684.53

FY 2021

No.	Company name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the year	Dividends paid to non-controlling interests in the year	Cumulative non-controlling interests at the end of the year
1	Sinotrans Chemical International Logistics Co., Ltd.	40.80	21,478,035.31	17,549,576.21	201,448,645.11
2	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	58.00	-11,324,726.04	-	183,323,739.20

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Notes to the Financial Statements

For the Year ended 31 December 2022

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. SIGNIFICANT NON-WHOLLY OWNED SUBSIDIARIES (CONTINUED)

(2) Main financial information

Item	Closing balance/Amount in current year		Opening balance/Amount in prior year	
	Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.	Sinotrans Chemical International Logistics Co., Ltd.	China Merchants Great Stone Investment Consulting (Shenzhen) Co., Ltd.
Current assets	916,184,229.58	217,386,273.54	815,537,004.76	287,319,252.81
Non-current assets	284,314,799.86	566,803,051.12	316,715,959.76	588,402,521.38
Total assets	1,200,499,029.44	784,189,324.66	1,132,252,964.52	875,721,774.19
Current liabilities	583,381,337.99	194,094,403.39	504,356,017.72	268,507,547.35
Non-current liabilities	38,174,688.69	346,288,411.62	31,287,755.22	290,756,097.81
Total liabilities	621,556,026.68	540,382,815.01	535,643,772.94	559,263,645.16
Operating income	2,354,400,336.63	1,428,788,227.38	1,866,598,258.21	1,126,829,973.86
Net profits attributable to shareholders of the Company	75,205,538.89	-108,959,171.07	52,642,243.40	-19,525,389.72
Profits and losses attributable to non-controlling interests	7,770,757.00	-	4,372,081.46	-
Total comprehensive income attributable to shareholders of the Company	75,205,538.89	-73,048,370.13	52,642,243.40	-21,286,541.60
Total comprehensive income attributable to non-controlling interests	7,770,757.00	-	4,372,081.46	-
Net cash flows from operating activities	231,877,069.19	-46,252,637.25	-6,280,943.46	133,633,800.55

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Notes to the Financial Statements

For the Year ended 31 December 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 31 December 2022, “Current year “ refers to the year from 1 January to 31 December 2022 and “ Prior Year “ refers to the year from 1 January to 31 December 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	—	—	5,034,544.53	—	—	4,685,267.83
Including: RMB	910,246.03	1.0000	910,246.03	536,334.46	1.0000	536,334.46
USD	430,276.76	6.9646	2,996,705.52	330,452.08	6.3757	2,106,863.33
HKD	60,758.80	0.8933	54,275.84	51,089.08	0.8176	41,770.43
JPY	653,551.70	0.0524	34,246.11	808,872.15	0.0554	44,811.52
EUR	10,797.98	7.4229	80,152.33	32,000.30	7.2197	231,032.57
Others	—	—	958,918.70	—	—	1,724,455.52
Cash at banks	—	—	16,170,301,276.64	—	—	14,206,676,972.79
Including: RMB	10,367,390,550.47	1.0000	10,367,390,550.47	8,740,355,905.00	1.0000	8,740,355,905.00
USD	667,433,069.95	6.9646	4,648,404,358.97	719,059,718.02	6.3757	4,584,509,044.18
HKD	544,554,024.40	0.8933	486,450,110.00	454,236,556.65	0.8176	371,383,808.72
JPY	2,500,300,266.63	0.0524	131,015,733.97	1,795,251,406.84	0.0554	99,456,927.94
EUR	44,737,614.65	7.4229	332,082,839.79	33,682,131.19	7.2197	243,174,882.55
Others	—	—	204,957,683.44	—	—	167,796,404.40
Other cash and bank balances	—	—	133,558,206.53	—	—	285,503,252.98
Including: RMB	119,026,010.62	1.0000	119,026,010.62	285,179,081.09	1.0000	285,179,081.09
USD	1,541,897.01	6.9646	10,738,695.92	50,844.91	6.3757	324,171.89
Others	—	—	3,793,499.99	—	—	—
Total	—	—	16,308,894,027.70	—	—	14,496,865,493.60
Including: Total amount deposited abroad	—	—	2,815,392,938.69	—	—	3,239,972,558.81

(1) Restricted use of cash and bank balances at the end of the year

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivable	85,937,044.19	77,568,913.94	Not yet settled
Guarantee money	25,092,600.38	14,205,473.99	Bank deposits
Funds deposited subject to restrictions on the litigation	1,300,000.00	5,245,520.61	Court freeze
Equity acquisition payments (Note)	—	170,000,000.00	Escrow account fund
Others	21,228,561.96	18,483,344.44	—
Total	133,558,206.53	285,503,252.98	—

Note: The price corresponding to the acquisition of 50% equity interest in Wuhu Sanshan Port Co., Ltd. in 2021 has been paid from the escrow account to Singapore Telecommunications & Transportation Ltd. (hereinafter referred to as Keppel Telecommunications) in the current period.

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Notes to the Financial Statements

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

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

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	664,096.67	794,623.45
Total	664,096.67	794,623.45

3. BILLS RECEIVABLE

(1) Classification of bills receivable

Type	Closing balance	Opening balance
Commercial acceptance bills	88,529,670.89	43,212,806.04
Total	88,529,670.89	43,212,806.04

(2) There were no pledged bills receivable at the end of the year.

(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 year	Amount not derecognised at the end of the year
Commercial acceptance bills	—	70,913,031.13
Total	—	70,913,031.13

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

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

3. BILLS RECEIVABLE (CONTINUED)

- (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 31 December 2022 and 31 December 2021, there were no commercial acceptance bills held by the Group subject 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 actual write-off of bills receivable during the year.
- (7) There were no outstanding amounts due from shareholders holding more than 5% (including 5%) voting shares of the Company at the end of the year.
- (8) 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	13,887,312,518.73	14,712,186,460.21
Less: Credit loss provision	539,531,235.12	524,850,233.24
Total	13,347,781,283.61	14,187,336,226.97

(2) 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)	13,519,947,974.15	97.36	241,727,799.29	14,348,919,585.29	97.53	217,475,549.63
1 to 2 years (including 2 years)	125,060,480.04	0.90	60,296,202.68	120,352,464.99	0.82	69,424,690.56
2 to 3 years (including 3 years)	56,199,484.95	0.40	52,690,390.27	85,810,092.00	0.58	82,707,996.36
Over 3 years	186,104,579.59	1.34	184,816,842.88	157,104,317.93	1.07	155,241,996.69
Total	13,887,312,518.73	100.00	539,531,235.12	14,712,186,460.21	100.00	524,850,233.24

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For the Year ended 31 December 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)

(3) Classification of accounts receivable

Item	Original value					Credit loss provision					Original currency	Net value	Credit loss accrual reasons	
	Aging					Aging								
	Within 180 days	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	223,461,822.79	2,196,835.91	9,806.16	-	1,287,736.69	226,976,301.55	-	-	-	-	226,976,301.55	Note 1		
Normal risk portfolio	12,799,372,106.35	428,443,312.24	110,637,272.90	29,133,273.25	70,139,286.17	13,427,726,250.91	6,139,928.03	46,113,615.34	25,713,026.97	70,139,286.17	333,696,752.05	RMB, USD, HKD, Others		
Accounts receivable with individual credit loss provision	38,421,081.43	33,032,715.43	14,413,400.98	27,066,211.70	114,677,556.73	227,610,966.27	30,658,908.05	14,182,597.34	26,977,393.30	114,677,556.71	205,834,493.07	High individual risk		
Total	13,061,275,010.57	458,672,863.58	125,060,480.04	56,199,484.95	186,104,579.59	13,887,312,518.73	215,649,803.59	26,077,965.70	60,295,202.68	52,680,390.27	184,616,842.88	539,531,235.12	13,347,781,283.61	

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 the entities mentioned above deteriorates, the Group adjusts them to the normal risk portfolio or to accounts receivable with individual credit loss provisions.

Note 2: The Group's normal risk portfolio is 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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(Unless indicated otherwise, all amounts are expressed in RMB)

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Classification of accounts receivable (Continued)

Including: 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	35,545,846.18	35,545,846.18	100.00	Difficulty in fund flow
Entity 2	24,381,211.48	24,381,211.48	100.00	Involved in litigation
Entity 3	22,453,099.73	9,358,451.97	41.68	Involved in litigation
Entity 4	12,976,547.62	12,976,547.62	100.00	Business operating difficulties
Entity 5	10,067,516.89	2,013,503.38	20.00	Difficulty in fund flow
Entity 6	9,487,944.48	9,487,944.48	100.00	Involved in litigation
Entity 7	7,709,254.60	7,709,254.60	100.00	Application for enforcement of unenforceable assets
Entity 8	6,706,283.62	6,706,283.62	100.00	Application for enforcement of unenforceable assets
Entity 9	6,204,569.75	6,204,569.75	100.00	Bankruptcy liquidation in bankruptcy
Entity 10	6,049,304.67	6,049,304.67	100.00	Business reorganisation in bankruptcy
Entity 11	5,805,996.58	5,805,996.58	100.00	Involved in litigation
Entity 12	5,155,618.78	5,155,618.78	100.00	Involved in litigation
Others	75,067,771.89	74,439,949.96	99.16	Involved in litigation, disputes, etc.
Total	227,610,966.27	205,834,483.07	—	—

(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	226,976,301.55	—	—
Total	226,976,301.55	—	—

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

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(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)	13,222,815,418.59	1.45	191,730,823.57
1 to 2 years (including 2 years)	110,637,272.90	41.68	46,113,615.34
2 to 3 years (including 3 years)	29,133,273.25	88.26	25,713,026.97
Over 3 years	70,139,286.17	100.00	70,139,286.17
Total	13,432,725,250.91	—	333,696,752.05

(6) Changes in credit loss provision of accounts receivable

Item	Opening balance	Accrual	Changes in current year			Closing balance
			Recovery or reversal	Carry forward or write-off	Other changes	
Current year	524,850,233.24	63,505,720.13	16,039,075.11	38,098,626.70	5,312,983.56	539,531,235.12
Prior year	466,292,566.87	138,773,427.93	41,201,265.19	33,716,199.33	-5,298,297.04	524,850,233.24

Note: Other changes are mainly the effect from translation in foreign currency statements, and changes in exchange rates.

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(7) Credit loss provisions recovered or reversed or during the year

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining original credit loss provision	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	2,481,559.73	Payment recovery	Involved in litigation	2,481,559.73	2,481,559.73
Entity 3	2,187,345.09	Payment recovery	Involved in litigation	2,187,345.09	2,187,345.09
Entity 4	1,757,234.80	Payment recovery	Involved in litigation	1,757,234.80	1,757,234.80
Entity 5	1,216,869.98	Payment recovery	Involved in litigation	1,216,869.98	1,216,869.98
Entity 6	1,157,378.86	Payment recovery	Application for enforcement of unenforceable assets	1,157,378.86	606,727.34
Entity 7	2,323,897.30	Payment recovery	Involved in litigation	2,323,897.30	480,000.00
Entity 8	24,781,848.68	Payment recovery	Involved in litigation	24,781,848.68	400,637.20
Entity 9	400,000.00	Payment recovery	Involved in litigation	400,000.00	400,000.00
Others	6,446,006.35	Payment recovery	Application for enforcement of unenforceable assets	6,446,006.35	1,586,721.34
Total	53,480,117.00	—	—	53,480,117.00	16,039,075.11

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(8) Actual write-off of accounts receivable during the year

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related transactions
Entity 1	Logistics	7,716,134.73	Company bankruptcy	Approved by the General Manager's Office	No
Entity 2	Logistics	4,291,562.73	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 3	Logistics	3,036,115.96	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 4	Other business	2,015,957.35	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 5	Logistics	1,989,870.81	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 6	Logistics	1,514,941.68	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 7	Logistics	1,284,974.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Sinotrans International Trading Co., Ltd.	Logistics	1,224,901.39	Company bankruptcy	Approved by the General Manager's Office	Yes
Entity 8	Logistics	1,146,250.92	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 9	Logistics	1,118,880.00	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 10	Logistics	1,049,974.58	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 11	Logistics	973,838.67	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 12	Logistics	973,291.71	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 13	Logistics	900,000.00	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(8) Actual write-off of accounts receivable during the year (Continued)

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related transactions
Entity 14	Logistics	705,499.17	Beyond the statute of limitations	Approved by the General Manager's Office	No
Entity 15	Logistics	673,863.90	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 16	Logistics	588,313.00	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 17	Logistics	561,616.09	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 18	Logistics	550,651.52	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 19	Logistics	539,219.01	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 20	Logistics	448,609.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 21	Logistics	423,422.40	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 22	Logistics	350,000.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Others	Other business	4,020,738.08	—	—	No
Total	—	38,098,626.70	—	—	—

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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)

4. ACCOUNTS RECEIVABLE (CONTINUED)

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

(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	172,189,036.87	Within 1 year, 1 to 2 years, 2 to 3years	2,661,151.71	1.24
Entity 2	Client	170,529,184.07	Within 1 year	2,472,673.17	1.23
Entity 3	Client	142,860,831.82	Within 1 year	2,071,482.05	1.03
Entity 4	Client	127,334,792.38	Within 1 year	1,846,354.48	0.92
Entity 5	Client	108,951,642.55	Within 1 year	1,579,798.82	0.78
Total	—	721,865,487.69	—	10,631,460.23	5.20

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Notes to the Financial Statements

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(11) Accounts receivable derecognized due to the transfer of financial assets

Company name	Amount of derecognition	Gain or loss relevant to derecognition (loss listed as “-”)
Entity 1	142,576,483.46	-4,323,896.56
Entity 2	69,193,943.36	-2,098,434.79
Entity 3	50,000,000.00	-1,516,342.82
Entity 4	45,162,602.09	-1,369,639.75
Entity 5	42,434,803.04	-1,286,914.18
Entity 6	40,131,931.29	-1,217,075.32
Entity 7	39,798,060.11	-1,206,950.06
Entity 8	30,050,000.00	-911,322.04
Entity 9	25,681,331.20	-778,834.05
Entity 10	24,114,113.52	-731,305.26
Entity 11	21,034,904.66	-637,922.53
Entity 12	21,020,465.17	-637,484.63
Entity 13	20,000,000.00	-606,537.12
Entity 14	20,000,000.00	-606,537.13
Entity 15	18,040,070.99	-547,098.64
Entity 16	16,434,925.92	-498,419.64
Entity 17	16,310,104.82	-494,634.21
Entity 18	15,245,152.28	-462,337.55
Entity 19	14,436,809.00	-437,823.03
Entity 20	13,579,608.41	-411,826.84
Entity 21	12,991,204.05	-393,982.38
Entity 22	12,812,711.68	-388,569.27
Entity 23	12,646,562.39	-383,530.48
Entity 24	11,046,285.86	-334,999.13
Entity 25	10,000,000.00	-303,268.56
Entity 26	10,000,000.00	-303,268.56
Others	70,278,198.06	-2,131,316.83
Total	825,020,271.36	-25,020,271.36

Note: Sinotrans Logistics, a subsidiary of the Group, entered into a Transfer Agreement of Accounts Receivable with China Merchants Wealth Asset Management Co., Ltd. (hereinafter referred to as China Merchants Wealth) on 1 December 2022, transferring accounts receivable of RMB825 million to China Merchants Wealth. Under the Agreement, the Group retains the right to receive the cash flows from the accounts receivable but assumes the obligation to pay the collected cash flows to China Merchants Wealth in a timely manner. The Group has no obligation to make advances and has no right to dispose of (including granting security over) the accounts receivable transferred separately, nor is it liable for any loss on subsequent recovery of the accounts receivable transferred. The management of the Group considers that the Group has transferred substantially all the risks and rewards of ownership of the aforesaid receivables and therefore derecognises the related receivables.

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

4. ACCOUNTS RECEIVABLE (CONTINUED)

(12) As at 31 December 2022, there was no accounts receivable transferred, such as securitization and factoring with accounts receivable, that continued to be involved in assets and liabilities recognized.

(13) The Group had no accounts receivable involving government grants at the end of the year.

5. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	476,847,200.59	462,137,019.79
Including: Bank acceptance bills	476,847,200.59	462,137,019.79
Total	476,847,200.59	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 and listed share-holding commercial banks, with maturities of less than 6 months and very low credit risk. At the balance sheet date, the Book value 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 year.

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

(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 year	Amount not derecognised at the end of the year
Bank acceptance bills	393,419,009.70	–
Total	393,419,009.70	–

Note: The Group 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 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 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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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. RECEIVABLES FINANCING (CONTINUED)

- (4) There were no bills receivable converted into accounts receivable due to non-performance by the drawer.
- (5) As at 31 December 2022 and 31 December 2021, there were no bank acceptance bills held by the Group that are 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 actual write-off of bills receivable during the year.
- (7) There were no outstanding amounts due from shareholders' entities holding 5% (including 5%) of the voting shares of the Company at the end of the year.
- (8) The maturity date of the bills receivable mentioned above is all within 360 days.

6. PREPAYMENTS

- (1) The aging of prepayments is analysed as follows:

Item	Closing balance			Opening balance		
	Book balance			Book balance		
	Amount	Proportion (%)	Impairment provision	Amount	Proportion (%)	Impairment provision
Within 1 year (including 1 year)	5,682,311,925.68	98.83	-	4,693,536,399.54	98.24	-
1 to 2 years (including 2 years)	26,344,680.81	0.46	-	50,546,285.44	1.06	-
2 to 3 years (including 3 years)	12,977,576.70	0.22	-	14,735,285.44	0.31	-
Over 3 years	28,046,449.20	0.49	-	18,773,418.40	0.39	-
Total	5,749,680,632.39	100.00	-	4,777,591,388.82	100.00	-

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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)

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	5,000,000.00	Over 3 years	Business not completed
Total	13,687,307.54	—	—

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. are the berth lock deposits at the 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	Percentage of the total prepayments (%)	Reasons for non-settlement
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Supplier	184,386,376.85	Within 1 year	3.21	Business not completed
Entity 1	Supplier	156,326,184.87	Within 1 year	2.72	Business not completed
Entity 2	Supplier	150,635,609.99	Within 1 year	2.62	Business not completed
Entity 3	Supplier	105,284,635.03	Within 1 year	1.83	Business not completed
Entity 4	Supplier	97,261,426.52	Within 1 year	1.69	Business not completed
Total	—	693,894,233.26	—	12.07	—

- (4) There were no outstanding amounts due from shareholders' entities holding 5% (including 5%) of the voting shares of the Company at the end of the year.

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

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

7. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivable	1,736,849.64	1,417,884.21
Dividend receivables	38,223,072.98	41,721,139.60
Other receivables	1,821,826,003.20	1,662,607,772.77
Total	1,861,785,925.82	1,705,746,796.58

(1) Interest receivable

1) Classification of interest receivable

Item	Closing balance	Opening balance
Entrusted Loans	1,736,849.64	1,417,884.21
Total	1,736,849.64	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.	1,736,849.64	Within 1 year, 1 to 5 years	Funding support for joint ventures	Funding support for joint ventures, expected to be recovered without impairment
Total	1,736,849.64	—	—	—

- 3) As at 31 December 2022, the Management of the Group believes that it is unnecessary to recognise credit loss for the interest receivable.

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For the Year ended 31 December 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) Dividend receivables

Investee	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividend receivables aged within 1 year	13,062,793.08	-	2,347,670,510.12	2,351,168,576.74	9,564,726.46	—	—
Including: Xinjiang New Railway Sinotrans Logistics Co., Ltd.	-	-	5,168,041.35	-	5,168,041.35	Declared not issued	No
SIPG Sinotrans Container Depot Co., Ltd.	-	-	10,127,028.99	5,730,343.88	4,396,685.11	Declared not issued	No
DHL-Sinotrans International Air Courier Ltd.	-	-	2,134,290,051.37	2,134,290,051.37	-	—	—
China Southern Airlines Logistics Co., Ltd.	-	-	59,133,680.15	59,133,680.15	-	—	—
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	-	-	30,400,927.50	30,400,927.50	-	—	—
Jiangsu Jiangyin Port Group Co., Ltd	-	-	21,937,500.00	21,937,500.00	-	—	—
Weihai Weidong Shipping Co., Ltd.	-	-	18,163,710.00	18,163,710.00	-	—	—
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	14,372,492.78	14,372,492.78	-	—	—
Sinotrans Logistics Nanjing China Ltd.	12,810,274.27	-	-	12,810,274.27	-	—	—
Nanjing Port Longtan Container Co., Ltd	-	-	9,674,798.66	9,674,798.66	-	—	—
Wuhan Port Container Co., Ltd.	-	-	6,000,000.00	6,000,000.00	-	—	—
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	-	-	6,000,000.00	6,000,000.00	-	—	—
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	-	-	5,701,367.77	5,701,367.77	-	—	—
Nissin-Sinotrans International Logistics Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	—	—
Others	252,518.81	-	21,700,911.55	21,953,430.36	-	—	—
Dividend receivables aged over 1 year	28,658,346.52	-	-	-	28,658,346.52	—	—
Including: Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	-	-	-	24,000,000.00	Declared not issued	No
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	-	2,347,670,510.12	2,351,168,576.74	38,223,072.98	—	—

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables

1) Analysis by aging

Item	Closing balance			Opening balance		
	Book balance	Proportion (%)	Credit loss provision	Book balance	Proportion (%)	Credit loss provision
Within 1 year (including 1 year)	1,315,796,655.79	66.66	2,083,673.83	1,240,562,680.35	67.51	10,533,241.10
1 to 2 years (including 2 years)	318,020,799.75	16.11	10,457,435.26	236,280,037.05	12.86	10,350,405.41
2 to 3 years (including 3 years)	72,793,048.11	3.69	3,917,391.92	113,132,428.24	6.16	20,611,993.10
Over 3 years	267,263,345.67	13.54	135,589,345.11	247,862,830.57	13.47	133,734,563.83
Total	1,973,873,849.32	100.00	152,047,846.12	1,837,837,976.21	100.00	175,230,203.44

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

2) Classification of other receivables

Item	Original value						Credit loss provisions						Original currency	Credit loss accrual reasons	
	Within 180 days		180 days to 1 year		Over 3 years		Aging		Over 3 years		Total	Net value			
	180 days to 1 year	1 year to 2 years	2 years to 3 years	1 year to 2 years	2 years to 3 years	1 year to 2 years	2 years to 3 years								
Low risk portfolio	1,668,311,985.05	204,057,166.63	306,061,487.87	67,144,833.09	131,661,947.60	1,767,237,390.24	-	-	-	-	-	1,767,237,390.24	RMB,	Note 1	
Normal risk portfolio	45,438,698.21	7,988,885.90	2,225,332.08	4,082,985.02	104,403,674.24	164,119,505.45	1,772,109.23	311,564.60	723,455.46	2,332,141.92	104,403,674.24	109,542,945.45	54,576,560.00	USD,	Note 2
Other receivables with individual credit loss provision	-	-	9,733,979.80	1,585,250.00	31,197,723.83	42,516,953.63	-	-	9,733,979.80	1,585,250.00	31,185,670.87	42,504,900.67	12,662.96	HKD, Others	Higher individual risk
Total	1,103,750,683.26	212,045,972.53	318,020,799.75	72,793,048.11	267,263,345.67	1,973,873,949.32	1,772,109.23	311,564.60	10,457,435.26	3,917,391.92	105,599,345.11	152,047,846.12	1,821,826,003.20		

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

2) Classification of other receivables (Continued)

Including: Other receivables with individual credit loss provisions at the end of the year

Debtor	Book balance	Credit loss provision	Expected credit loss ratio (%)	Credit loss accrual reasons
Entity 1	9,633,979.80	9,633,979.80	100.00	Not expected to be recovered
Entity 2	7,239,965.87	7,227,912.91	99.83	Involved in litigation
Entity 3	6,769,874.00	6,769,874.00	100.00	Application for enforcement of unenforceable assets
Entity 4	2,500,000.00	2,500,000.00	100.00	Insolvent business, listed as a defaulting creditor
Entity 5	1,385,250.00	1,385,250.00	100.00	Bankruptcy liquidation, not expected to be recovered
Entity 6	1,266,533.14	1,266,533.14	100.00	Historic issues, not expected to be recovered
Entity 7	1,242,000.00	1,242,000.00	100.00	Historic issues, not expected to be recovered
Entity 8	1,074,801.97	1,074,801.97	100.00	Involved in litigation
Entity 9	1,000,000.00	1,000,000.00	100.00	Application for enforcement of unenforceable assets
Others	10,404,548.85	10,404,548.85	100.00	Involved in litigation, business disputes, etc.
Total	42,516,953.63	42,504,900.67	—	—

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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 nature of payments

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value
Deposits, collateral	1,192,838,816.88	92,263,454.17	1,100,575,362.71	979,382,523.63	69,854,726.47	909,527,797.16
Government grants	282,131,655.40	-	282,131,655.40	438,289,608.17	18,744,952.49	419,544,655.68
Advances	188,793,930.44	23,931,441.76	164,862,488.68	81,313,163.15	19,850,953.24	61,462,209.91
Related party payments	101,089,579.93	-	101,089,579.93	131,056,706.01	-	131,056,706.01
Compensation	17,201,448.49	8,655,121.13	8,546,327.36	23,542,474.09	18,560,014.45	4,982,459.64
Reserves	4,342,498.36	-	4,342,498.36	16,105,801.09	1,277,114.14	14,828,686.95
Others	187,475,919.82	27,197,829.06	160,278,090.76	168,147,700.07	46,942,442.65	121,205,257.42
Total	1,973,873,849.32	152,047,846.12	1,821,826,003.20	1,837,837,976.21	175,230,203.44	1,662,607,772.77

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

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 year	—	—	—	—
— Transfer to stage 2	-86,787.95	86,787.95	-	-
— Transfer to stage 3	-	-10,077,332.18	10,077,332.18	-
— Reverse to stage 2	-	-	-	-
— Reverse to stage 1	-	-	-	-
Accrual in current year	1,143,485.81	-19,897,070.45	5,971,290.31	-12,782,294.33
Reversal in current year	-	-	-3,573,064.34	-3,573,064.34
Carry forward in current year	-	-	-	-
Write-off in current year	-	-	-12,513,068.04	-12,513,068.04
Other changes	77,922.28	4,018,609.21	1,589,537.90	5,686,069.39
Closing balance	2,083,673.83	107,459,271.62	42,504,900.67	152,047,846.12

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

5) Credit loss provision of other receivables

Item	Opening balance	Accrual	Changes in current year			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current year	175,230,203.44	-12,782,294.33	3,573,064.34	12,513,068.04	5,686,069.39	152,047,846.12
Prior year	153,730,171.38	30,209,587.17	5,316,478.42	3,873,701.50	480,624.81	175,230,203.44

Including: the credit loss provisions recovered or reversed during the year:

Company name	Book balance of other receivables	Reason and method of recovered or reversal	Basis for determining the original credit loss provision	Accumulated amount of credit loss provision before	Recovered or reversal amount
				recovered or reversal	
Entity 1	2,291,462.95	Payment recovery	Involved in litigation	2,291,462.95	1,467,354.03
Entity 2	636,000.00	Payment recovery	Not expected to be recovered	636,000.00	636,000.00
Entity 3	623,721.00	Payment recovery	Historic issues, not expected to be recovered	623,721.00	623,721.00
Entity 4	300,000.00	Payment recovery	Historic issues, not expected to be recovered	300,000.00	300,000.00
Entity 5	1,030,840.00	Payment recovery	Involved in litigation	1,030,840.00	50,000.00
Entity 6	300,000.00	Payment recovery	Bankruptcy liquidation, not expected to be recovered	300,000.00	30,000.00
Others	465,989.31	Payment recovery	Historic issues, not expected to be recovered	465,989.31	465,989.31
Total	5,648,013.26	—	—	5,648,013.26	3,573,064.34

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

6) Other receivables write-off during the year

Company name	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related parties transactions
Entity 1	Compensation	9,464,437.40	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 2	Collateral	500,000.00	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 3	Collateral	500,000.00	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Entity 4	Collateral	377,707.50	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 5	Collateral	300,000.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 6	Compensation	246,435.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 7	Collateral	200,000.00	Bankruptcy	Approved by the General Manager's Office	No
Entity 8	Collateral	200,000.00	Application for enforcement of unenforceable assets	Approved by the General Manager's Office	No
Entity 9	Advances	170,266.00	Bankruptcy	Approved by the General Manager's Office	No
Entity 10	Collateral	150,000.00	Account aging is too long and payment cannot be recovered	Approved by the General Manager's Office	No
Others	—	404,222.14	—	Approved by the General Manager's Office	No
Total	—	12,513,068.04	—	—	—

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

7) 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	288,708.00	—	42,888,708.00	—
Total	288,708.00	—	42,888,708.00	—

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

Company name	Relationship with the Group	Amount	Aging	Percentage of total other receivables (%)	Credit loss provision	Nature or content
Entity 1	Non-related party	67,782,360.69	Within 1 year	3.43	—	Government grants
Entity 2	Supplier	67,076,512.11	Within 1 year	3.40	—	Deposits, margins
Entity 3	Supplier	61,000,000.00	Within 1 year	3.09	—	Deposits, margins
Entity 4	Non-related party	58,521,400.99	Within 1 year, 1 to 2 years	2.96	—	Government grants
Entity 5	Supplier	51,450,000.00	1 to 2 years	2.61	—	Government grants
Total	—	305,830,273.79	—	15.49	—	—

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

7. OTHER RECEIVABLES (CONTINUED)

(3) Other receivables (Continued)

9) Other receivables in relation to government grants

Company name	Government grant items	Closing balance	Closing aging	Expected time received and amount
Entity 1	Logistics industry subsidies	67,782,360.69	Within 1 year	Full payment is expected to be recovered at the end of 2023.
Entity 2	Logistics industry subsidies	58,521,400.99	Within 1 year, 1 to 2 years	Full payment is expected to be recovered at the end of 2023.
Entity 3	Logistics industry subsidies	51,450,000.00	1 to 2 years	Full payment is expected to be recovered at the end of 2023.
Entity 4	Logistics industry subsidies	44,944,618.54	Within 1 year	Full payment is expected to be recovered at the end of June 2023.
Entity 5	Logistics industry subsidies	18,803,477.51	Within 1 year	Full payment has been recovered in January 2023.
Entity 6	Logistics industry subsidies	16,623,944.40	Within 1 year, 1 to 2 years	RMB3 million has been recovered in February 2023 and the rest is expected to be recovered at the end of October 2023.
Entity 7	Logistics industry subsidies	13,000,000.00	Within 1 year, 1 to 2 years	Full payment is expected to be recovered at the end of April 2023.
Entity 8	Logistics industry subsidies	6,466,420.00	Within 1 year	Full payment is expected to be recovered at the end of 2023.
Entity 9	Logistics industry subsidies	3,486,920.00	Within 1 year	Full payment has been recovered in February 2023.
Others	Logistics industry subsidies	1,052,513.27	Within 1 year	Full payment is expected to be recovered at the end of June 2023.
Total	—	282,131,655.40	—	—

Note: Each subsidiary of the Group accrues government grants on a monthly or quarterly basis according to the preferential policies of the region in which it is located, when the conditions stipulated in the policies are met and the government grants are expected to be received.

10) *There were no other receivables derecognized due to the transfer of financial assets during the year.*

11) *As at 31 December 2022, there were no other receivables transferred, such as securitization and factoring with other receivables, that continues to be involved in assets and liabilities recognised.*

12) *There were no prepayments transferred to other receivables during the year.*

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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/ Provision for impairment of contract performance costs	Book value	Book balance	Provision for value reduction/ Provision for impairment of contract performance costs	Book value
Raw materials	32,639,854.69	2,995,950.82	29,643,903.87	31,523,081.95	2,995,950.82	28,527,131.13
Goods in stock (finished goods)	20,939,286.20	2,045,443.29	18,893,842.91	28,639,888.10	3,045,443.29	25,594,444.81
Revolving materials (packaging, low-value consumables, etc.)	16,923,513.39	-	16,923,513.39	16,632,515.38	1,757,000.00	14,875,515.38
Total	70,502,654.28	5,041,394.11	65,461,260.17	76,795,485.43	7,798,394.11	68,997,091.32

(2) Provision for price reduction of inventories and provision for impairment of contract performance costs

Item	Opening balance	Increase in current year		Decrease in current year		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	-	-	1,000,000.00	-	2,045,443.29
Revolving materials (packaging, low-value consumables, etc.)	1,757,000.00	-	-	1,757,000.00	-	-
Total	7,798,394.11	-	-	2,757,000.00	-	5,041,394.11

9. NON-CURRENT ASSETS DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term receivables due within one year	13,957,417.55	15,909,170.38
Total	13,957,417.55	15,909,170.38

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

10. OTHER CURRENT ASSETS

Item	Closing balance	Opening balance
Deductible VAT taxation expenses (certification)	374,048,126.77	582,917,064.75
Prepaid taxes	47,944,546.96	19,459,709.44
Subtotal	421,992,673.73	602,376,774.19
Less: Impairment provision	—	—
Total	421,992,673.73	602,376,774.19

11. LONG-TERM RECEIVABLES

(1) Classification of long-term receivables

Item	Closing balance			Opening balance			Range of discount rates at the end of the year
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value	
Amounts due from associates and joint ventures (Note 1)	48,820,000.00	—	48,820,000.00	60,345,000.00	—	60,345,000.00	1.20%, 12.50%
Other long-term receivables (Note 2)	65,119,837.03	63,487,419.48	1,632,417.55	62,829,917.78	59,661,577.02	3,168,340.76	—
Total	113,939,837.03	63,487,419.48	50,452,417.55	123,174,917.78	59,661,577.02	63,513,340.76	—
Less: Long-term receivables due within one year	13,957,417.55	—	13,957,417.55	15,909,170.38	—	15,909,170.38	—
Long-term receivables due after one year	99,982,419.48	63,487,419.48	36,495,000.00	107,265,747.40	59,661,577.02	47,604,170.38	—

Note 1: The Group's receivables from associates and joint ventures included are as follows:

Shanghai Pu'an Storage Co., Ltd. (hereinafter referred to as Shanghai Pu'an"), an associate of the Group, obtained an entrusted loan of 45.16 million from the Group in April 2017 to supplement its circulating funds, with a maturity date of December 2024 at an annual interest rate of 12.50%. According to the arrangements under the loan contract, Shanghai Pu'an shall repay the principal and interest on a quarterly basis from June 2017 to November 2024. As at 31 December 2022, the balance of the borrowing was 20.32 million (1 January 2022: 24.72 million), of which 5.2 million was due within one year.

Sinotrans Suzhou Logistics Center Co., Ltd. (hereinafter referred to as Suzhou Logistic Center), a joint venture of the Group, obtained an entrusted loan of 57 million from the Group in August 2016. The loan term is 10 years and the annual interest rate is 1.20%, with a maturity date of August 2026. The loan is a policy-specific loan provided by China's Agriculture Development Key Construction Fund Co., Ltd. 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 7 years from August 2019 to August 2026. As at 31 December 2022, the balance of the loan was 28.50 million (1 January 2022: 35.625 million), of which 7.125 million was due within one year.

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

11. LONG-TERM RECEIVABLES (CONTINUED)

(1) Classification of 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 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. 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 benchmark the interest rate of bank loans for the same period. Uni-top Holdings assumed joint and several liabilities guarantee for the above debts.

As at 31 December 2022, the long-term receivables from Sinoair to Uni-top Industry amounted to RMB63,487,419.48. As Uni-top Industry did not repay the amount according to the agreement and incurred serious financial difficulties, the full amount of credit loss provision accrued in the long-term receivables in prior years.

(2) Credit loss provision for long-term receivables accrued, recovered, or reversed during the year

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	-	-	59,661,577.02	59,661,577.02
Opening balance in current year	—	—	—	—
—Transfer to stage 2	-	-	-	-
—Transfer to stage 3	-	-	-	-
—Reverse to stage 2	-	-	-	-
—Reverse to stage 1	-	-	-	-
Accrual in current year	-	-	-	-
Reversal in current year	-	-	-9,907.30	-9,907.30
Carry forward in current year	-	-	-	-
Write-off in current year	-	-	-	-
Other changes	-	-	3,835,749.76	3,835,749.76
Closing balance	-	-	63,487,419.48	63,487,419.48

(3) There were no long-term receivables derecognised due to the transfer of financial assets during the year.

(4) As at 31 December 2022, there were no assets and liabilities resulting from the transfer of long-term receivables and continued involvement of the Group.

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

12. LONG-TERM EQUITY INVESTMENTS

(1) Classification of long-term equity investments

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Other increases (decreases)	Effects from translation in foreign currency statements	Closing balance
Investments in joint ventures	4,325,911,353.36	-	3,919,183.30	14,316,443.99	-230,480,241.55	2,693,578.27	4,087,727,429.39
Investments in associates	4,098,200,396.71	-171,733,337.88	81,250,000.00	-	412,187,603.75	32,405,255.65	4,452,309,918.23
Subtotal	8,424,111,750.07	-171,733,337.88	85,169,183.30	14,316,443.99	181,707,362.20	35,098,833.92	8,540,037,347.62
Less: Impairment provision of long-term equity investments	11,872,181.45	-	-	-	-	726,992.98	12,599,174.43
Total	8,412,239,568.62	-171,733,337.88	85,169,183.30	14,316,443.99	181,707,362.20	34,371,840.94	8,527,438,173.19

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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

Investee	Investment costs	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	Other comprehensive income adjustments	Changes in current year		Effects from transition in foreign currency statements	Impairment provision	Others	Closing balance	Closing balance of impairment provision
									Other changes in equity	Cash dividends and profits declared					
Joint ventures															
DHL-Sinotrans International Air Courier Ltd.	1,749,825,013.05	1,325,911,333.36	4,020,273.14	-	3,919,183.30	14,316,443.39	1,994,000,130.41	46,219.70	157,721.05	2,224,984,832.71	2,893,578.27	-	-	4,087,777,423.39	4,020,273.14
Dongguan Port Container Terminals Co., Ltd.	69,144,535.07	2,266,233,877.55	-	-	-	-	1,987,088,667.62	-	83,615.00	2,194,290,051.37	-	-	-	2,019,293,938.80	-
New Land Bridge (Lianyungang) Terminal Co., Ltd.	376,633,333.00	338,411,829.97	-	-	-	-	3,646,194.11	-	-	-	-	-	-	342,058,024.08	-
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	132,355,573.46	212,375,331.69	-	-	-	-	16,417,704.31	-	-	14,372,492.78	-	-	-	215,020,143.22	-
Chengde Bonded Logistics Investment Co., Ltd.	105,891,247.29	157,163,040.84	-	-	-	-	12,402,817.00	-	102,087.56	-	-	-	-	169,667,925.40	-
Sinotrans Seaways Logistics Co., Ltd.	95,000,000.00	120,756,028.64	-	-	-	-	3,747,055.06	-	-	-	-	-	-	124,503,083.70	-
Nissan-Sinotrans International Logistics Co., Ltd.	82,570,000.00	116,790,823.84	-	-	-	-	7,247,483.34	-	-	-	-	-	-	124,038,313.18	-
Sinotrans Suzhou Logistics Center Co., Ltd.	55,518,961.25	93,009,391.25	-	-	-	-	24,535,400.28	-	-	5,000,000.00	-	-	-	113,144,991.53	-
Shanghai Tongyun International Logistics Co., Ltd.	97,889,300.00	94,479,446.32	-	-	-	-	3,383,555.43	-	-62,628.11	-	-	-	-	97,789,372.64	-
Shenyang Jinyun Automobile Logistics Co., Ltd.	40,949,168.75	88,966,128.93	-	-	-	-	4,929,214.29	-	6,663.22	1,257,590.10	-	-	-	92,644,426.34	-
Ningbo Dagang Container Co., Ltd.	100,000,000.00	92,383,410.01	-	-	-	-	-1,987,126.98	-	-	-	-	-	-	90,616,283.03	-
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	49,853,251.00	58,280,356.15	-	-	-	-	6,138,508.30	-	-	3,396,636.37	-	-	-	61,032,028.66	-
Sinotrans FFS Cold Chain Logistics Co., Ltd.	51,000,000.00	53,781,911.05	-	-	-	-	87,476.57	-	-	-	-	-	-	53,869,388.62	-
Shanghai Wai-Hong (Sivnia International Logistics Co., Ltd.	90,000,000.00	48,401,610.10	-	-	-	-	3,189,181.30	-	-	-	-	-	-	51,510,791.40	-
SFG Sinotrans Container Depot Co., Ltd.	56,285,343.25	47,008,183.28	-	-	-	-	-777,273.39	-	-14,793.80	-	-	-	-	46,216,115.89	-
Jiangsu Sinotrans Lusi Port Heavy Logistics Development Co., Ltd.	30,000,000.00	51,513,726.81	-	-	-	-	3,558,568.77	-	29,488.80	10,127,028.99	-	-	-	44,974,755.39	-
Weitra Comprehensive Bonded Zone Hengxin Supply Chain Management Co., Ltd.	40,000,000.00	40,000,000.00	-	-	-	-	149,916.13	-	-	-	-	-	-	40,149,916.13	-
Sinotrans Maxx (Shanghai) International Aviation Express Delivery Co., Ltd.	17,372,235.90	37,714,210.23	-	-	-	-	1,319,365.47	-	-	-	-	-	-	39,033,575.70	-
Shanghai United Cold Chain Logistics Co., Ltd.	19,911,240.00	56,415,010.48	-	-	-	-	12,694,211.76	-	-	30,400,927.50	-	-	-	36,618,294.74	-
MAXX LOGISTICS FZCO.	32,300,000.00	29,374,925.94	-	-	-	-	-22,672.73	-	-	-	-	-	-	29,152,253.21	-
	31,170,670.04	25,488,749.41	-	-	-	-	933,872.98	-	-	-	2,641,463.92	-	-	29,065,086.31	-

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For the Year ended 31 December 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 (Continued)

Investee	Investment costs	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 year			Effects from transition in foreign currency statements	Closing balance	Closing balance of impairment provision
									Other	Cash dividends and profits declared	Impairment provision			
SinoTrans Logistics (Pakistan) Limited	1,457,004.00	24,597,094.28	-	-	-	-	4,486,883.99	-	1,653,210.03	-	-	-	27,440,788.24	-
Delan Flight Express Logistics Co., Ltd.	16,419,924.68	25,831,208.63	-	-	-	-	-	-	-	-	-	-	25,831,208.63	-
Ningbo Dayang New Century Container Co., Ltd.	19,815,780.28	24,480,855.10	-	-	-	-	2,623,956.32	-	3,123,824.58	-	-	-	23,930,986.84	-
Wenra Comprehensive Bonded Zone Hongxin Supply Chain Management Co., Ltd.	14,700,000.00	18,586,894.39	-	-	-	-	1,501,600.13	-	1,500,062.69	-	-	-	18,588,491.83	-
Xinjiang New Railway Foreign Transportation Logistics Co., Ltd.	5,100,000.00	15,456,178.70	-	-	-	-	5,178,788.65	-	5,168,041.35	-	-	-	15,466,928.00	-
SinoTrans Turkey Limited	1,040,119.70	10,915,941.45	-	-	-	-	4,035,683.90	-	-	-	88,141.79	-	15,039,767.14	-
Xuzhou Marqan Foreign Transport Co., Ltd.	15,242,491.77	13,101,037.47	-	-	-	-	485,894.91	-	3,651.39	-	-	-	13,589,573.77	-
Shanghai United Cold Chain Logistics Co., Ltd.	15,000,000.00	17,123,336.00	-	-	-	-	-5,224,272.23	-	-	-	-	-	11,899,063.77	-
Suzhou SinoTrans Zhongli International Freight Co., Ltd.	6,723,579.00	11,288,080.78	-	-	-	-	-84,674.36	-	-	-	-	-	11,183,406.42	-
Jiangsu Yuntong Port Logistics Development Co., Ltd.	9,800,000.00	9,791,506.16	-	-	-	-	-956,683.02	-	-	-	-	-	8,834,823.14	-
Beijing SinoTrans Huaili Logistics Co., Ltd.	2,400,000.00	8,461,108.84	-	-	-	-	312,901.60	-	-	-	-	-	8,774,010.44	-
Tangshan Port SinoTrans Shipping Agency Co., Ltd.	2,500,000.00	10,121,699.73	-	-	-	-	2,327,896.07	-	6,000,000.00	-	-	-	6,449,495.80	-
Jiangsu Nissin SinoTrans International Transportation Co., Ltd.	-	12,141,985.67	-	-	-	8,313,380.11	1,872,782.21	-	5,701,387.77	-	-	-	-	-
Others	64,557,262.61	74,045,327.67	4,020,273.14	-	3,919,183.30	6,003,063.88	9,429,916.22	46,219.70	9,657.99	-	-	-36,027.44	78,468,304.38	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 costs	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	Changes in current year				Effects from transition in foreign currency statements	Closing balance		
								Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision			Others	
Joint ventures															
Lusam International Holdings Co., Ltd.	3,592,405,662.90	4,088,200,395.71	7,851,908.31	-171,733,337.88	81,250,000.00	-	-392,756,489.02	67,451,041.12	3,081,971,533	50,921,406.02	-	-32,405,255.65	-180,492.50	4,452,309,918.23	8,578,901.29
China Merchants Harbin Development Investment Co., Ltd.	2,012,021,379.99	2,239,026,731.70	-	-	-	-	198,597,338.56	47,139,289.41	-	-	-	-	-	2,484,817,368.67	-
Shenzhen Haikang Harbor Development Co., Ltd.	351,828,381.51	337,584,920.62	-	-	-	-	22,800,735.20	-	-	-	-	30,093,466.34	-	380,464,122.16	-
Jiangsu Jiangyin Port Group Co., Ltd.	442,355,642.42	339,145,784.10	-	-	-	-	34,700,629.38	-	-	-	-	-	-	374,146,413.48	-
Wenhua Weibang Shipping Co., Ltd.	59,919,000.00	278,252,063.08	-	-	-	-	77,015,453.26	-	1,937,232.37	21,937,500.00	-	-	-	335,327,238.71	-
Wuhan Port Container Co., Ltd.	206,722,602.90	209,421,538.68	-	-	-	-	45,573,321.85	20,257,742.71	-	18,163,710.00	-	-	-	257,088,863.24	-
Shanghai Pusan Storage Co., Ltd.	127,189,884.38	179,450,994.02	-	-	-	-	8,492,916.16	-	375,302.51	6,000,000.00	-	-	-	182,319,212.69	-
Zhejiang Seaport Changxing Port Co., Ltd.	78,173,840.00	77,574,597.46	-	-	-	-	1,443,324.18	-	-	-	-	-	-	79,017,921.64	-
Qinghai Logistics Technology Co., Ltd. (Note 1)	36,300,000.00	58,054,801.84	-	-	-	-	-736,379.46	-	-	-	-	-	-	57,298,422.38	-
Ma'anshan Tianshun Port Co., Ltd.	49,000,000.00	-	-	-	49,000,000.00	-	-2,234,031.45	-	596,348.58	-	-	-	-	47,369,317.13	-
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	21,000,000.00	30,848,843.33	-	-	-	-	827,794.22	-	-	700,000.00	-	-	-	30,976,637.55	-
Eurasian Rail Gateway Closed-Joint-Stock Company	20,000,000.00	20,278,081.75	-	-	-	-	89,282.75	-	-	-	-	-	-	20,336,364.50	-
Qingdao Huasheng Airport Logistics Co., Ltd.	19,090,978.81	17,963,869.34	-	-	-	-	710,585.77	-	-	-	-	1,572,823.94	-	20,247,279.05	-
Land and Sea New Channel Operation Co., Ltd.	18,000,000.00	20,924,905.36	-	-	-	-	-1,573,786.63	-	-	195,312.54	-	-	-	19,156,806.19	-
Shanghai Hainu International Container Repair Co., Ltd.	14,038,080.00	14,079,474.51	-	-	-	-	1,283,897.44	-	-	-	-	-	-	15,363,371.95	-
Sinotrans Medical Technology (Chengde) Co., Ltd. (Note 2)	12,431,024.91	12,685,077.02	-	-	-	-	-442,584.86	-	-	-	-	-	-	12,242,492.16	-
Guangzhou Air Cargo Co., Ltd. (Note 3)	11,250,000.00	-	-	-	11,250,000.00	-	-	-	-	-	-	-	-	11,250,000.00	-
China Europe Train (Shenyang) Assembly Center Construction and Operation Co., Ltd.	10,000,000.00	-	-	-	10,000,000.00	-	-48,440.04	-	-	-	-	-	-	9,951,559.96	-
Sinotrans Logistics Nanjing Co., Ltd. (Note 4)	8,000,000.00	-	-	-	8,000,000.00	-	-	-	-	-	-	-	-	8,000,000.00	-
Others	-	165,646,120.84	-	-171,733,337.88	-	-	5,911,721.87	-	175,495.17	-	-	-	-	-	-
	96,182,348.08	96,352,633.06	7,851,908.31	-	3,000,000.00	-	335,611.42	-	-2,407.10	3,924,685.48	-	760,965.37	-180,492.50	96,944,426.77	8,578,901.29
Total	5,341,220,675.95	6,424,111,750.07	11,872,181.45	-171,733,337.88	85,169,183.30	14,316,443.99	2,387,056,640.03	67,497,260.82	3,299,692.58	2,275,935,738.73	-	35,089,833.92	-180,492.50	8,540,037,347.62	12,599,174.49

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Notes to the Financial Statements

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

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

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

Note 1: Qingzhui Logistics Technology Co., Ltd. was established on 17 February 2022 by the Company and Beijing Xiaoma Huixing Technology Co., Ltd. The Company has an actual capital contribution of RMB49 million and has a 49% shareholding. According to the Articles of Association of Qingzhui Logistics Technology Co., Ltd., the Company is able to exercise significant influence over it and shall account for it by using the equity method.

Note 2: Sinotrans Medical Technology (Chengdu) Co., Ltd. was established on 1 August 2022 by Sinotrans Logistics, a subsidiary of the Company, and Chengdu Science and Technology Innovation Investment Group Co., Ltd., as well as Tianjin Yiboren Medical Supply Chain Management Service Partnership (Limited Partnership). Sinotrans Logistics has an actual capital contribution of RMB11.25 million and a 45% shareholding. According to the Articles of Association of Sinotrans Medical Technology (Chengdu) Co., Ltd., Sinotrans Logistics is able to exercise significant influence over it and shall account for it by using the equity method.

Note 3: Sinotrans Cross Border E-commerce Logistics Co., Ltd. (hereinafter referred to as cross-border e-commerce company), a subsidiary of the Group, established Guangzhou Air Cargo Co., Ltd. with Guangzhou Airport Industry Investment Group Co., Ltd., Guangzhou Comprehensive Transportation Hub Co., Ltd. and Guangdong Goldjet Int'l Logistics Co., Ltd. on 17 March 2022, with a registered capital of RMB500 million, Cross-border e-commerce company subscribed RMB100 million and holding 20% of the shares. According to the Articles of Association of Guangzhou Air Cargo Co., Ltd., Cross-border e-commerce company is able to exercise significant influence over it and shall be accounted for it by using the equity method.

Note 4: Changes in investment in Nanjing Company are detailed in Note VIII. 3.

(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 year	Decrease in current year		Effects from translation in foreign currency statements	Closing balance
				Decrease	Reason for decrease		
Beijing China Merchants Science City Real Estate Development Co., Ltd.	5,261,256.00	-	-	-	-	487,129.50	5,748,385.50
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	-	-	-	-	123,996.60	1,463,225.40
Beijing Shungang Clothing Accessories Co., Ltd.	1,251,423.51	-	-	-	-	115,866.88	1,367,290.39
Total	11,872,181.45	-	-	-	-	726,992.98	12,599,174.43

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Notes to the Financial Statements

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

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

12. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(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 year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the company for the year
Joint ventures	—	—	—	—	—	—	—	—	—	—	—
DHL-Sinotrans International Air Courier Ltd.	Beijing, PRC	Air-freight courier	USD14.5M	50.00	50.00	7,452,898,037.08	3,414,490,219.49	4,038,407,817.59	21,250,267,045.08	3,794,173,335.24	3,794,173,335.24
Total	—	—	—	—	—	7,452,898,037.08	3,414,490,219.49	4,038,407,817.59	21,250,267,045.08	3,794,173,335.24	3,794,173,335.24

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Notes to the Financial Statements

For the Year ended 31 December 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)

(5) Main financial information of material joint ventures

Item	Current year amount DHL-Sinotrans International Air Courier Ltd.	Prior year amount DHL-Sinotrans International Air Courier Ltd.
Current assets	6,165,005,133.27	7,027,548,586.26
Non-current assets	1,287,892,903.81	1,041,061,118.52
Total assets	7,452,898,037.08	8,068,609,704.78
Current liabilities	2,982,198,126.33	3,216,735,020.03
Non-current liabilities	432,292,093.16	279,227,329.65
Total liabilities	3,414,490,219.49	3,495,962,349.68
Net assets	4,038,407,817.59	4,572,647,355.10
Net assets attributable to owners of the parent company	4,038,407,817.59	4,572,647,355.10
Share of net assets calculated at the shareholding ratio	2,019,203,908.80	2,286,323,677.55
Adjustments	-	-
— Goodwill	-	-
— Unrealised profits on internal transactions	-	-
— Others	-	-
Book value of equity investments in joint ventures	2,019,203,908.80	2,286,323,677.55
Fair value of equity investments with open market price	-	-
Operating income	21,250,267,045.08	21,629,137,585.77
Finance costs	-107,758,337.44	-60,022,565.55
Income tax expenses	1,269,265,540.60	1,437,891,216.93
Net profit	3,734,173,335.24	3,973,277,715.36
Other comprehensive income	-	-
Total comprehensive income	3,734,173,335.24	3,973,277,715.36
Dividends from joint ventures for the year	2,134,290,051.37	1,215,963,848.79

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Notes to the Financial Statements

For the Year ended 31 December 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)

(6) Significant associate investments

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding Ratio (%)	Voting ratio (%)	Total assets at the end of the year	Total liabilities at the end of the year	Total net assets at the end of the year	Total operating income for the year	Net profit for the year	Net profit of the investee attributable to the company for the year
Associates											
Loscam International Holdings Co., Ltd.	The British Virgin Islands	Logistics equipment leasing	USD 01	45.00	45.00	8,241,651,656.51	4,187,832,803.69	4,053,818,852.82	2,020,080,296.75	441,327,419.02	441,327,419.02
Total						8,241,651,656.51	4,187,832,803.69	4,053,818,852.82	2,020,080,296.75	441,327,419.02	441,327,419.02

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Notes to the Financial Statements

For the Year ended 31 December 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)

(7) Main financial information of material associates

Item	Current year amount Loscam International Holdings Co., Ltd.	Prior year amount Loscam International Holdings Co., Ltd.
Current assets	1,848,253,096.07	1,655,018,261.51
Non-current assets	6,393,398,560.44	5,942,094,993.19
Total assets	8,241,651,656.51	7,597,113,254.70
Current liabilities	852,623,763.46	939,490,401.44
Non-current liabilities	3,335,209,040.23	3,150,005,415.93
Total liabilities	4,187,832,803.69	4,089,495,817.37
Net assets	4,053,818,852.82	3,507,617,437.33
Net assets attributable to owners of the parent company	4,053,818,852.82	3,507,617,437.33
Share of net assets calculated at the shareholding ratio	1,824,218,483.77	1,578,427,846.80
Adjustments	660,598,884.90	660,598,884.90
— Goodwill	—	—
— Unrealised profits on internal transactions	—	—
— Others	660,598,884.90	660,598,884.90
Book value of equity investments in joint ventures	2,484,817,368.67	2,239,026,731.70
Fair value of equity investments with open market price	—	—
Operating income	2,020,080,296.75	1,861,922,100.37
Finance costs	87,936,355.14	36,713,708.34
Income tax expenses	204,600,720.37	213,017,993.24
Net profit	441,327,419.02	393,000,137.24
Other comprehensive income	104,873,996.47	-283,013,028.67
Total comprehensive income	546,201,415.49	109,987,108.57
Dividends from joint ventures for the year	—	175,500,000.00

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Notes to the Financial Statements

For the Year ended 31 December 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)

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

Item	Current year	Prior year
Joint ventures:	—	—
Total Book value of investments	2,064,503,247.45	2,035,567,402.67
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	127,213,482.79	137,274,480.86
Other comprehensive income	46,219.70	—
Total comprehensive income	127,259,702.49	137,274,480.86
Associates:	—	—
Total Book value of investments	1,958,913,648.27	1,851,321,756.70
Total amount of the following items calculated at the shareholding ratio	—	—
Net profit	194,159,151.06	110,056,742.79
Other comprehensive income	20,257,742.71	-4,239,637.56
Total comprehensive income	214,416,893.77	105,817,105.23

- (9) As at 31 December 2022, there was no significant restriction on the Group's ability to transfer funds from joint ventures or associates to the Group.

(10) Excess losses incurred by joint ventures or associates

Name of joint venture or associate	Accumulated unrecognised losses in prior year	Unrecognised losses for the year (or net profit shared for the period)	Cumulative unrecognised losses at the end of the year
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	—	-3,002,922.84	-3,002,922.84
Dongguan Sinotrans Kuasheng E-Commerce Co.,	-604,758.85	1,083,252.49	—
Total	-604,758.85	-1,919,670.35	-3,002,922.84

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For the Year ended 31 December 2022

(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	—	30,576,728.20	26,336,370.61	–
Including: Air China Limited	Strategic purpose holding	30,576,728.20	26,336,370.61	–
Total	—	30,576,728.20	26,336,370.61	–

(2) Other equity instrument investments at the end of the year

Item	Dividend income recognised during the year	Cumulative gains	Cumulative losses	Transfer of other comprehensive income to retained earnings	Reasons for designation as at fair value through other comprehensive income	Reasons for transfer of other comprehensive income to retained earnings
Air China Limited	–	16,874,892.45	–	–	Strategic purpose holding	—

(3) There were no other equity instrument investments derecognised during the year.

14. OTHER NON-CURRENT FINANCIAL ASSETS

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value through profit or loss	708,417,806.54	797,864,160.84
Including: Equity instrument investments	708,417,806.54	797,864,160.84
Total	708,417,806.54	797,864,160.84

Note: As at 31 December 2022, other non-current financial assets were investments in equity instruments held by the Group, mainly comprising: the investment in China Southern Airlines Logistics Co., Ltd. of RMB223,636,365.50; the investment in Nanjing Port Longtan Container Co., Ltd of RMB135,806,515.46; the investment in JD Logistics, Inc. (hereinafter referred to as JD Logistics) of RMB135,066,960; the investment in Ouyeel Cloud Commerce Co., Ltd. of RMB147,747,600; the investment in SINO-BLR Industrial Investment Fund, L.P. of RMB44,485,580.66; and the investment in Shenyang Airport Logistics Co., Ltd. of RMB14,930,000.

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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 year	142,497.95	–	142,497.95
Conversion of fixed assets to investment properties	132,301,461.14	–	132,301,461.14
Conversion of intangible assets to investment properties	–	27,905,131.94	27,905,131.94
Disposal for the year	–	–	–
Transfer from investment properties to fixed assets	172,273,940.95	–	172,273,940.95
Effects from translation in foreign currency statements	190,068,806.99	–	190,068,806.99
Closing balance	2,621,915,550.21	144,548,536.20	2,766,464,086.41
II. Accumulated depreciation and accumulated amortisation			
Opening balance	373,941,283.93	38,182,227.09	412,123,511.02
Accrued amount for the year	85,500,821.26	3,405,599.40	88,906,420.66
Conversion of fixed assets to investment properties	27,562,126.89	–	27,562,126.89
Conversion of intangible assets to investment properties	–	5,854,006.11	5,854,006.11
Disposal for the year	–	–	–
Transfer from investment properties to fixed assets	68,281,571.57	–	68,281,571.57
Effects from translation in foreign currency statements	23,702,597.13	–	23,702,597.13
Closing balance	442,425,257.64	47,441,832.60	489,867,090.24
III. Impairment provision			
Opening balance	1,485,259.40	–	1,485,259.40
Closing balance	3,138,161.54	–	3,138,161.54
IV. Net amount			
Opening balance	2,096,250,181.75	78,461,177.17	2,174,711,358.92
Closing balance	2,176,352,131.03	97,106,703.60	2,273,458,834.63

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For the Year ended 31 December 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

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

15. INVESTMENT PROPERTIES (CONTINUED)

(2) Investment properties without the title certificate

Item	Book value	Reason for not obtaining the title certificate
Sichuan Observation Tower Film and Culture Plaza (Block C, Building 339, Chengdu) 10th Floor, Building 3	24,846,324.14	In progress
Office building of Sinotrans (Changchun) Logistics Co., Ltd.	4,254,248.38	In progress
Houses of Sinotrans Logistics on Munan Road No. 98	595,201.27	In progress
Total	29,695,773.79	—

16. FIXED ASSETS

Item	Closing balance	Opening balance
Fixed assets	14,748,658,489.29	14,068,406,610.80
Disposal of fixed assets	51,132.07	—
Total	14,748,709,621.36	14,068,406,610.80

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets

1) Details of fixed assets classification

Item	Buildings	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Total
I. Original value					
Opening balance	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 (Note 1)	73,591,061.74	-	1,694,206.59	9,635,311.16	84,920,579.49
Acquisitions for the year	32,738,006.78	5,987,802.87	178,975,667.10	508,383,004.54	726,084,481.29
Transfer to construction in progress for the year	848,663,837.20	3,357,410.90	2,534,364.60	171,755,769.81	1,026,311,382.51
Transfer from investment properties for the year	172,273,940.95	-	-	-	172,273,940.95
Disposals, obsolescence for the year	28,898,735.42	1,968,155.12	129,697,135.77	232,119,004.79	392,683,031.10
Reclassification	-10,732,991.68	11,909,150.58	-17,703,589.18	16,527,430.28	-
Transfer to investment properties for the year	132,301,461.14	-	-	-	132,301,461.14
Other decreases (Note 2)	15,881,979.49	-	15,059.18	1,277,276.07	17,174,314.74
Effect from translation in foreign currency statements	49,127,993.04	-	13,804,544.99	121,638,859.84	184,571,397.87
Closing balance	14,462,050,835.91	1,847,402,260.81	1,467,192,371.17	6,715,158,248.97	24,491,803,716.86
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 (Note 1)	-	-	-	-79,640.95	-79,640.95
Accrual for the year	506,036,322.09	67,799,476.08	126,453,028.17	385,827,555.91	1,086,116,382.25
Transfer from investment properties for the year	68,281,571.57	-	-	-	68,281,571.57
Disposals, obsolescence for the year	24,970,651.22	733,621.09	106,711,564.19	201,990,214.32	334,406,050.82
Reclassification	-8,677,299.04	9,796,988.81	-10,173,789.46	9,054,099.69	-
Transfer to investment properties for the year	27,562,126.89	-	-	-	27,562,126.89
Other decreases	-	-	-	-	-
Effect from translation in foreign currency statements	6,128,608.85	-	8,044,848.20	50,886,661.29	65,060,118.34
Closing balance	4,449,697,437.63	600,812,486.87	965,882,595.03	3,453,855,734.14	9,470,248,253.67
III. Impairment provision					
Opening balance	139,568,608.84	-	18,747,270.32	240,251.60	158,556,130.76
Closing balance	253,909,451.98	-	18,747,270.32	240,251.60	272,896,973.90
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	9,758,443,946.30	1,246,589,773.94	482,562,505.82	3,261,062,263.23	14,748,658,489.29
Net mortgaged assets at the end of the year	214,871,954.71	-	-	-	214,871,954.71

Note 1: The effect of change in scope of consolidation resulted from the business combination of Nanjing Company not under common control and the disposal of Guangzhou Changhang and Lianyungang International Logistics during the current year, which is detailed in Note VIII.

Note 2: Other decreases in the original value of buildings resulted from the adjustment of prior years' pre-fixed amounts by Sinotrans Logistics, a subsidiary 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 year but still in use and temporary idleness, disposal, and scrap of fixed assets for the year

Item	Amount	Remark
1. Original value of fixed assets fully depreciated at the end of the year but still in use	3,183,242,697.42	—
2. Original value of temporarily idle fixed assets at the end of the year	22,832,209.29	—
3. Disposal and scrap of fixed assets for the year	—	—
(1) Original value of disposal and scrap of fixed assets for the year	392,683,031.10	—
(2) Net value of disposal and scrap of fixed assets for the year	58,276,980.28	—
(3) Gains and losses from disposal and scrap of fixed assets for the year	12,507,905.20	—

3) Temporary idle fixed assets

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Remark
Buildings	16,182,676.42	10,068,926.55	—	6,113,749.87	—
Machinery, equipment, furniture, appliances and other equipment	6,649,532.87	5,806,756.67	—	842,776.20	—
Total	22,832,209.29	15,875,683.22	—	6,956,526.07	—

4) Fixed assets rented through operating lease

Item	Book value
Machinery, equipment, furniture, appliances and other equipment	751,532,696.35
Total	751,532,696.35

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Fixed assets without the title certificate

Item	Closing Book value	Opening Book value	Remark
Warehouse of China Merchants Logistics Group Guangxi Co., Ltd.	212,066,002.40	219,393,091.51	Progressing
Sinotrans Chengdu Qingbaijiang Cold Chain Logistics Park Project	197,601,154.38	–	Progressing
Yunnan Company Distribution Center	174,550,415.17	–	Not yet completed and settled
Wuhu Sanshan Port Sinotrans Wharf Project Phase I	142,702,696.70	–	Progressing
Nanchang Distribution Center	84,060,862.72	86,539,333.73	Part of the land has been expropriated and new land certificates are still being processed
Northeastern Region Logistics Centre Warehouse	78,379,850.14	81,751,323.31	Temporary suspension of demolition
Harbin Distribution Center Phase II	77,918,992.41	81,403,904.78	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 0	41,256,585.28	57,680,985.63	Progressing
Office building of Sinotrans (Zhengzhou) Airport Logistics Co., Ltd.	36,292,958.43	37,918,802.48	Not accepted
Office building 1, Tianzhu Airport Logistics Park	36,081,383.94	16,735,214.51	Progressing
Pudong International Airport Storage Project	35,976,756.30	40,548,932.22	Progressing
Changchun Distribution Center Warehouse No. 1	33,525,885.69	34,838,244.30	Progressing
Rongcheng 7-11 warehouse and office building	32,732,659.80	34,621,031.05	Progressing
Changchun Distribution Center Warehouse No. 7	30,742,980.48	31,942,056.01	Progressing
Changchun Distribution Center Warehouse No. 3	28,410,408.71	29,477,369.02	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 1# Warehouse	26,071,026.94	30,843,682.25	Not yet completed and settled
Changchun Distribution Center Warehouse No. 5	24,934,051.01	25,895,964.83	Progressing

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Fixed assets without the title certificate (Continued)

Item	Closing Book value	Opening Book value	Remark
China Merchants Logistics Group Qingdao Logistics Centre 3# Warehouse	24,859,899.07	29,740,544.42	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre 2# Warehouse	24,365,611.95	29,076,430.44	Not yet completed and settled
Block C, Building 339, Chengdu Office building of Sinotrans (Changchun) Logistics Co., Ltd.	24,263,603.97	25,521,270.45	Progressing
China Merchants Logistics Group Changchun Warehouse Package 1	23,199,553.12	24,038,526.88	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 5	21,915,698.10	30,532,071.65	Progressing
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 1	21,854,861.29	22,718,151.01	Not accepted
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 1	21,037,544.09	29,376,167.54	Progressing
China Merchants Logistics Group Qingdao Logistics Centre 4# Warehouse	20,703,094.00	22,347,126.35	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre Complex	19,482,355.78	23,273,007.21	Not yet completed and settled
China Merchants Logistics Group Qingdao Logistics Centre 5# Warehouse	18,820,725.34	20,361,759.34	Not yet completed and settled
Wuhu Sanshan Port Warehouse	18,342,109.07	19,143,934.67	Progressing
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 3	16,315,970.64	22,889,462.23	Progressing
Wuhu Sanshan Port Joint Inspection Building and Dormitory Building	15,965,241.15	16,832,545.16	Progressing
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 2	13,667,834.22	14,551,836.90	Temporary suspension of demolition
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 1	13,478,090.07	14,350,766.19	Temporary suspension of demolition
Sinotrans (Changchun) Logistics Co., Ltd. Warehouse No. 2	12,943,621.33	17,947,850.73	Progressing

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

16. FIXED ASSETS (CONTINUED)

(1) Fixed assets (Continued)

5) Fixed assets without the title certificate (Continued)

Item	Closing Book value	Opening Book value	Remark
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 2	12,310,038.28	12,791,164.62	Not accepted
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 4	11,704,564.67	12,617,857.19	Temporary suspension of demolition
Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. Warehouse No. 3	11,410,208.64	11,856,165.98	Not accepted
Nanjing Sinotrans International Logistics Co., Ltd. Warehouse No. 3	9,876,971.32	10,647,659.00	Temporary suspension of demolition
Wuhu Sanshan Port Waiting Building	7,114,689.83	7,506,627.43	Progressing
China Merchants Logistics Group Changchun phase I complex	6,710,615.39	6,967,126.31	Progressing
Others	42,591,380.78	47,639,167.26	—
Total	1,730,081,970.76	1,315,752,075.41	—

(2) Disposal of fixed assets

Item	Closing balance	Opening balance
Machinery, furniture, appliances, and other equipment	51,132.07	—
Total	51,132.07	—

17. CONSTRUCTION IN PROGRESS

(1) Listed by classification

Item	Closing balance	Opening balance
Construction in progress	795,865,087.48	1,070,736,580.52
Construction materials	—	—
Total	795,865,087.48	1,070,736,580.52

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

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(2) Details of construction in progress

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Lianyungang Shanghe Logistics Park Project	184,147,298.49	-	184,147,298.49	126,076,758.87	-	126,076,758.87
Shaanxi Company Distribution Center	143,262,294.28	-	143,262,294.28	34,577,030.34	-	34,577,030.34
Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park	102,666,584.88	-	102,666,584.88	16,842,553.39	-	16,842,553.39
Dockside 500-day shoreline modification and expansion declaration project	52,732,533.67	-	52,732,533.67	39,748,424.27	-	39,748,424.27
Comprehensive Bonded Zone Storage Project	53,094,477.29	-	53,094,477.29	48,239,778.83	-	48,239,778.83
Sinotrans International Freight Forwarding and Logistics Centre Project	44,341,913.59	-	44,341,913.59	-	-	-
Rizhao Smart Logistics Park	31,361,400.48	-	31,361,400.48	1,203,332.95	-	1,203,332.95
Wuhu Sanshan Port Terminal Transmission System Improvement and Expansion Project	21,451,366.86	-	21,451,366.86	669,964.15	-	669,964.15
Jinhua Sinotrans International Logistics Centre Phase II Terminal expansion project	17,689,558.09	-	17,689,558.09	5,185,243.64	-	5,185,243.64
Xinjiang Ganquanbao Distribution Center	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
Jiaxing Haiyan Logistics Centre Project	11,616,472.96	-	11,616,472.96	323.00	-	323.00
Sinotrans Middle East Co., Ltd. SHEIN Project	9,953,557.23	-	9,953,557.23	8,292,986.23	-	8,292,986.23
Sinotrans South China Foshan Sanshui Port Purchase of Remote-Control Gantry Crane Project	8,821,659.70	-	8,821,659.70	-	-	-
Nancheng New Warehouse Project	8,453,958.34	-	8,453,958.34	-	-	-
Taicang Port Bonded Area Integrated Logistics Park Project	7,518,531.54	-	7,518,531.54	242,595.06	-	242,595.06
Jiaozhou Smart Logistics Warehouse	4,620,489.47	-	4,620,489.47	201,309,791.10	-	201,309,791.10
Jinxia Logistics Center	2,217,227.91	-	2,217,227.91	88,870,300.36	-	88,870,300.36
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 & Transportation Co., Ltd. Storage House	-	-	-	8,991,334.41	-	8,991,334.41
Guangzhou Sinotrans Changjiang Logistics Infrastructure-Warehouse	-	-	-	6,995,697.99	-	6,995,697.99
Jiangmen High-tech Zone Public Pier	-	-	-	5,910,310.74	-	5,910,310.74
Other Projects	64,364,673.55	100,000.00	64,264,673.55	102,705,169.95	3,611,405.17	99,093,764.78
Total	795,965,087.48	100,000.00	795,865,087.48	1,074,347,985.69	3,611,405.17	1,070,736,580.52

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

17. CONSTRUCTION IN PROGRESS (CONTINUED)

(3) Changes in significant construction in progress during the year

Item	Budget	Opening balance	Increase in current year	Effects from changes in the scope of consolidation	Transfer to fixed assets or intangible assets	Other decreases	Closing balance	Proportion of project investment to budget amount (%)	Project Progress (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the year	Interest rate for the year	Sources of funds
Lianyungang Straight Logistics Park Project	375,000,000.00	126,076,758.87	58,070,539.62	-	-	-	184,147,298.49	66.72	90.00	-	-	-	- Self-owned capital
Shaanxi Company Distribution Center	499,430,000.00	34,577,030.34	103,635,263.94	-	-	-	143,262,294.28	95.00	95.00	25,498,101.84	-	-	- Bank loan, Self-owned capital
Sinotrans Logistics Development Hefei Supply and Marketing Logistics Park	322,510,000.00	16,842,553.39	85,824,031.49	-	-	-	102,666,584.88	31.83	31.83	-	-	-	- Self-owned capital
Jiaozhou Smart Logistics Warehouse	570,000,000.00	201,308,791.10	75,580,049.41	-	272,289,351.04	-	4,820,488.47	95.00	99.00	-	-	-	- Self-owned capital
Yunnan Company Distribution Center	219,704,562.49	149,872,253.13	50,985,509.77	-	200,857,762.90	-	-	91.42	100.00	6,470,549.62	1,443,641.81	3.50	Bank loan, self-owned capital
Sinotrans Chengdu Qingshaoling Cold Chain Logistics Park Project	288,129,500.00	147,013,046.50	54,371,239.87	-	201,384,286.37	-	-	67.55	100.00	2,708,151.39	1,551,393.12	3.50	Bank loan, self-owned capital
Jinxiu Logistics Center	202,000,000.00	88,870,300.36	49,554,447.54	-	136,207,519.99	-	2,217,227.91	89.00	69.00	-	-	-	- Self-owned capital
Total		2,486,774,082.49	764,561,733.89	483,071,081.64	-	810,716,920.30	496,513,895.03	-	-	34,677,802.85	2,995,034.93	-	-

(4) The Group did not recognize any provision for impairment of construction in progress during the year.

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

18. RIGHT-OF-USE ASSETS

(1) Details of right-of-use assets classification

Item	Buildings	Land use right	Port and terminal facilities	Motor vehicles and vessels	Machinery, equipment, furniture, appliances and other equipment	Others	Total
I. Original value	—	—	—	—	—	—	—
Opening balance	3,783,756,977.72	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 year	1,515,382,723.56	46,741,726.93	-	2,952,327.70	1,689,148.54	13,614,314.27	1,580,380,241.00
Decrease in current year (Note)	772,304,274.81	14,805,882.73	1,706,060.05	18,874,112.96	8,501,927.99	20,577,186.13	836,769,444.67
Effects from translation in foreign currency statements	49,385,666.72	-	-	-	-	59,266.10	49,444,932.82
Closing balance	4,631,978,603.56	42,135,667.86	-	4,020,851.35	22,331,697.35	17,177,631.66	4,717,644,451.78
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 year	787,223,435.13	10,004,331.49	-	4,612,807.97	5,982,344.65	4,810,081.14	812,633,000.38
Decrease in current year (Note)	684,638,906.16	10,258,016.01	1,706,060.05	18,232,068.99	5,839,063.33	20,577,186.06	741,251,300.60
Effects from translation in foreign currency statements	21,398,367.54	-	-	-	-	35,667.18	21,434,034.72
Closing balance	1,778,858,586.95	4,459,095.23	-	3,437,057.12	12,437,321.10	2,946,401.39	1,802,138,461.79
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	2,853,120,016.61	37,676,572.63	-	583,794.23	9,894,376.25	14,231,230.27	2,915,505,989.99

Note: The decrease in the original value and accumulated depreciation of right-of-use assets for the year was mainly due to the simultaneous reduction of the original value and accumulated depreciation of right-of-use assets upon expiry of the leases and early termination of leases.

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

18. RIGHT-OF-USE ASSETS (CONTINUED)

(1) Details of right-of-use assets classification (Continued)

The Group leases a number of assets, including buildings, land use rights, port and terminal facilities, motor vehicles and vessels, machinery, equipment, furniture, appliances, and other equipment, etc. The lease contracts are entered into for terms of 1 to 50 years and contain partial renewal or termination options. In determining the term of the lease and assessing the length of the non-cancellable period, the Group determines the period for which the contract is enforceable in accordance with the terms of the contracts.

The Group's significant lease contracts do not contain an option clause to purchase the leased assets at a price below market value at the end of the lease term or renewal period.

The short-term lease expenses charged to profit or loss for the year under simplified treatment amounted to RMB757,099,152.29 (prior year: RMB624,456,936.85) and the lease expenses for low-value assets amounted to RMB16,691,135.23 (prior year: RMB33,746,437.07).

The Group's leases do not contain the terms of variable lease payment. The total cash outflow in relation to leases for the year was RMB1,607,812,411.92 (prior year: RMB1,476,704,848.72).

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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)

19. INTANGIBLE ASSETS

Item	Amortisation period	Opening balance	Effects from changes in the scope of consolidation (Note 1)	Increase in current year	Decrease in current year (Note 2)	Reclassification	Effects from translation in foreign currency statements	Closing balance
I. Total original value	—	8,175,578,918.21	12,755,392.45	262,128,445.18	59,248,829.78	—	113,200,189.99	8,504,414,116.05
Including: Land use rights	20-99 years	6,891,431,839.36	-89,875,856.55	115,187,063.70	44,297,549.65	—	99,577,772.88	6,972,023,269.74
Trademark rights	10 years	5,007,651.46	—	—	—	—	—	5,007,651.46
Software	5 years	756,086,063.06	—	144,687,001.30	14,951,280.13	10,901,837.17	1,402,233.60	898,125,855.00
Customer relationship	9 years, 10 years	432,655,654.99	75,700,000.00	—	—	—	12,177,185.91	520,532,840.90
Others	5 years, 8 years	90,397,709.34	26,931,249.00	2,254,380.18	—	-10,901,837.17	42,997.60	108,724,498.95
II. Total accumulated amortisation	—	1,890,261,375.47	-18,465,838.69	322,442,487.95	26,721,668.12	—	16,355,060.91	2,183,871,417.52
Including: Land use rights	20-99 years	1,282,329,052.09	-18,465,838.69	145,165,061.07	11,773,787.35	—	10,580,946.34	1,407,835,433.46
Trademark rights	10 years	3,520.82	—	1,530.29	—	—	—	5,051.11
Software	5 years	475,235,177.64	—	123,979,614.22	14,947,880.77	9,442,525.64	847,443.98	594,556,880.71
Customer relationship	9 years, 10 years	96,145,701.08	—	52,889,397.90	—	—	4,920,014.57	153,955,113.55
Others	5 years, 8 years	36,547,923.84	—	406,884.47	—	-9,442,525.64	6,656.02	27,518,938.69
III. Total impairment provision	—	58,913,956.77	—	—	—	—	—	58,913,956.77
Including: Land use rights	20-99 years	3,887,400.00	—	—	—	—	—	3,887,400.00
Trademark rights	10 years	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
IV. Total Book value	—	6,226,403,585.97	—	—	—	—	—	6,261,628,741.76
Including: Land use rights	20-99 years	5,605,215,387.27	—	—	—	—	—	5,560,300,436.28
Trademark rights	10 years	4,130.64	—	—	—	—	—	2,600.35
Software	5 years	280,850,885.42	—	—	—	—	—	303,568,974.29
Customer relationship	9 years, 10 years	336,509,953.91	—	—	—	—	—	366,577,727.35
Others	5 years, 8 years	3,823,228.73	—	—	—	—	—	31,179,003.49

Note: The Group's intangible assets was mainly acquired through outsourcing or commissioning external research and development, and the amount and proportion of intangible assets formed through internal research and development are not significant.

Note 1: Effect of change in scope of consolidation resulted from the business combination of Nanjing Company not under common control and the disposal of Guangzhou Changhang and Lianyungang International Logistics during the current year, which is detailed in Note VIII.

Note 2: The decrease in the original value and accumulated amortisation of intangible assets for the year is mainly due to the reclassification of land use rights to investment properties, the sale, and the retirement of software.

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

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

19. INTANGIBLE ASSETS (CONTINUED)

(1) Land use rights without the title certificate and reason

Item	Book value	Reason for not obtaining the title certificate
Land use rights of Rongcheng Pulin Shandong Project	21,095,261.89	In negotiation with the government for processing
Land use rights for the Nanchang Distribution Centre	13,946,229.35	In negotiation with the government for processing
Land use rights of Sinotrans container yard in Kaishan District, Dayaowan	5,964,106.22	In negotiation with the government for processing
Total	41,005,597.46	—

20. DEVELOPMENT EXPENDITURE

Item	Opening balance	Effects from changes in the scope of consolidation	Increase in current year		Decrease in current year			Effects from translation in foreign currency statements	Closing balance
			Internal development expenditures	Others (Note)	Transfer to intangible assets	Accrued in current profit or loss	Others		
Sinotrans Sailing	2,875,000.00	-	6,172,832.99	16,318,068.33	-	-	-	-	25,365,901.32
Data Services Agency Project LLCT	-	-	-	15,466,973.94	-	-	-	-	15,466,973.94
LLCT	12,968,905.58	-	-	-	-	1,104,114.78	-	-	11,864,790.80
Development and Upgrade of Gts System Equipment	1,187,989.40	-	-	4,370,204.80	2,628,382.96	-	-	-	2,929,811.24
Network Cargo Iterative Upgrade Project (Phase II)	-	-	2,874,024.21	-	-	-	-	-	2,874,024.21
Data Autonomous Driving Technology Application Project	-	-	-	2,292,452.77	-	-	-	-	2,292,452.77
Emergency Command Centre Construction	451,327.46	-	-	1,565,094.30	-	-	-	-	2,016,421.76
Information Control Management System	452,830.18	-	-	1,352,144.68	-	-	-	-	1,804,974.86
Double Carbon Technology Application Project	-	-	-	1,573,584.86	-	-	-	-	1,573,584.86
City Distribution Service Platform (Phase I) Project	707,547.16	-	-	566,037.74	-	-	-	-	1,273,584.90
Smart Warehouse Digital Twin Project (Phase I) of Beijing Sinotrans Transportation Co., Ltd.	418,867.92	-	-	837,735.85	-	-	-	-	1,256,603.77
Exhibition Logistics Management System ABCDT Digital Technology Application and R & D Project	1,227,350.95	-	-	-	-	-	-	-	1,227,350.95
Guanwu Cloud Construction	41,228,071.41	-	-	-	31,608,638.39	9,619,433.02	-	-	-
Master Data Platform Construction and Implementation Project	5,695,811.17	-	-	-	2,226,471.64	3,469,339.53	-	-	-
Others	5,311,545.75	-	-	-	3,735,849.07	1,575,696.68	-	-	-
	60,493,341.85	-	-	14,547,324.72	68,414,449.09	-	-	-	6,626,217.48
Total	133,018,588.83	-	9,046,857.20	58,889,621.99	108,613,791.15	15,768,584.01	-	-	76,572,692.86

Note: The increase in development expenditure in others for the year was mainly the investment of external research and development entrusted by the Group.

At 31 December 2022, the Group assessed that no provision for impairment was required in respect of development expenditure.

The proportion of development expenditures to the total expenditure on research and development projects for the year was 27.36%.

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

21. GOODWILL

(1) Details of goodwill:

Investee	Formation	Opening balance	Increase in current year		Decrease in current year		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)	Combination not under common control	1,943,011,003.72	-	-	-	-	54,686,460.09	1,997,697,463.81
China Merchants Logistics Group Nanjing Co., Ltd. (Note 2)	Combination not under common control	-	170,927,814.49	-	-	-	-	170,927,814.49
Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd.	Combination not under common control	215,048,533.68	-	-	-	-	-	215,048,533.68
Shenzhen Henglu Logistics Limited Company	Combination not under common control	134,843,091.03	-	-	-	-	-	134,843,091.03
Sinotrans Cold Chain Logistics Harbin Co., Ltd.	Combination not under common control	29,621,440.67	-	-	-	-	-	29,621,440.67
Others	Combination not under common control	41,623,993.09	-	-	-	-	-	41,623,993.09
Total	—	2,364,148,062.19	170,927,814.49	-	-	-	54,686,460.09	2,589,762,336.77
Impairment provision for goodwill	—	381,749,813.53	—	—	—	—	—	381,749,813.53
Total net goodwill	—	1,982,398,248.66	—	—	—	—	—	2,208,012,523.24

Note 1: The effect of translation in foreign currency statements is the exchange rate in EUR to RMB during the year.

Note 2: The Group's acquisition of Nanjing Company this year resulted in goodwill of RMB170,927,814.49. The details are described in Note VIII. 3.

(2) Details of goodwill impairment provision

Investee	Opening balance	Effects from changes in the scope of consolidation		Effects from translation in foreign currency statements		Decrease in current year	Closing balance
		Accrual in current year					
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

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

21. GOODWILL (CONTINUED)

(3) Significant goodwill impairment tests

The Group considers the extent of the asset group or portfolio of asset groups expected to benefit from synergies arising from the acquisition and the minimum level at which the Group monitors goodwill (or operations) for internal management purposes when allocating goodwill to the asset group or portfolio of asset groups.

7 companies including KLG EUROPE EERSEL B.V. (hereinafter referred to as “the seven companies”) are mainly engaged in road transportation and related businesses in the European region, including the Netherlands and Romania, and the main cash flows generated by each of the seven companies are independent of the other subsidiaries of the Group so that each subsidiary is an asset group. Considering the complementary nature and synergy of the businesses of the seven companies, the Group manages and evaluates the seven companies as a whole and allocates the goodwill formed from the purchase of the seven companies to a portfolio of asset groups consisting of operating long-term assets held by each of the seven companies when testing for impairment. As of 31 December 2022, the book value of the aforementioned portfolio of asset groups without goodwill was RMB718,922,522.48.

Nanjing Company is mainly engaged in the transportation of dangerous chemicals and related businesses, and the cash flows it generates are independent of other subsidiaries of the Group. The Group manages and evaluates Nanjing Company separately, and allocates the goodwill formed from the purchase of Nanjing Company to a single asset group consisting of operating long-term assets held by Nanjing Company when testing for impairment. As of 31 December 2022, the book value of the aforementioned asset group without goodwill was RMB281,852,022.47.

The asset group or portfolio of asset groups identified in the goodwill impairment test conducted by the Group in the current year are consistent with those identified in the goodwill impairment test at the date of purchase and in previous years.

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

21. GOODWILL (CONTINUED)

(4) Description of the goodwill impairment testing process, key parameters, and the method for recognizing goodwill impairment losses

Name of asset group	Whether there is an indication of impairment	Whether a valuation report for financial reporting purposes is obtained in the impairment test	Valuation agency and assessment report number	Type of valuation	Book value of assets or groups containing goodwill	Recoverable amount of an asset group or combination of asset groups	Amount of goodwill impairment provision accrued in prior year	Amount of goodwill impairment provision accrued during the year
7 companies including KLG EUROPE EERSEL B.V.	No	Yes	Jones Lang LaSalle, CON101122075-BV1	Expected present value of future net cash flows	RMB2,716.62 million	RMB2,862.80 million	-	-
China Merchants Logistics Group Nanjing Co., Ltd.	No	Yes	Guozhongjian Asset Evaluation Land Real Estate Cost Consulting Co., Ltd., Guozhongjian Assessment No. 3-0027 of 2023	Expected present value of future net cash flows	RMB452.78 million	RMB630.90 million	-	-

Name of asset group	Operating income growth rate for the forecast period	Forecast period profitability	Stabilisation period	Operating income growth rate for the stabilisation period (%)	Discount rate (%)
7 companies including KLG EUROPE EERSEL B.V. (Note 1)	1.96%-9.00%	11.11%-11.87%	After 2030	2.86	13.92
China Merchants Logistics Group Nanjing Co., Ltd. (Note 2)	2.00%-8.28%	12.86%-13.17%	After 2028	-	13.99

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

21. GOODWILL (CONTINUED)

(4) Description of the goodwill impairment testing process, key parameters, and the method for recognizing goodwill impairment losses (Continued)

Note 1: When the Group conducted impairment tests on the goodwill related to 7 companies including KLG EUROPE EERSEL B.V., based on the management's judgment of the growth cycle of the companies and market conditions, it considered the period until 2030 as a high growth period (as in 2021), after which a fixed growth rate was adopted, with the fixed growth rate selected as the long-term inflation rate of 2.86% in the countries and regions where the main business units are located (2021: 1.56%). The Group's forecast was made after reviewing the historical revenue levels and profits of the seven companies mentioned above, and their actual revenue after the acquisition exceeded expectations. The Group's forecast is reasonable considering that the seven companies will continue to enhance the Group's on-the-ground operations in the EU region in the future and their synergies will be further demonstrated in the future. The discount rate used is a pre-tax discount rate of 13.92% (2021: 11.94%) which reflects the specific risks of the relevant asset group and asset group portfolio.

The above-mentioned changes in the pre-tax discount rate, fixed growth rate, forecast period growth rate (2021: 3.48%-10.00%) and forecast period profit margin (2021: 13.00%-13.70%) are mainly caused by the Group's consideration of the impact of the Russia-Ukraine war and the involvement of the European Central Bank in raising interest rates when conducting the goodwill impairment test.

Note 2: There were no significant abnormal changes in the key assumptions and parameters used by the Group for the goodwill impairment test related to Nanjing Company as compared to the date of purchase. The test was based on a management-approved 5-year forecast (acquisition valuation: same), with cash flows thereafter forecast is based on the cash flow level in the 5th year (acquisition valuation: same) and using a pre-tax discount rate of 13.99% (acquisition valuation date: 12.86% – 13.10%).

(5) The M&A transactions formed by the Group's aforementioned goodwill do not involve the performance commitments of related parties.

22. LONG-TERM PREPAID EXPENSE

Item	Opening balance	Effects from changes in the scope of consolidation		Increase in current year	Amortisation for the year	Effects from translation in foreign currency statements		Other decreases	Closing balance	Reasons for other decreases
		Transfer from fixed assets								
Modification of assets	187,478,937.47	86,414.70	-	70,906,196.52	59,606,019.96	1,234,234.72	-	200,099,763.45	—	
Software expenses	4,799,881.44	-	-	116,124.82	2,958,288.87	-	-	1,957,717.39	—	
Others	43,770,558.14	1,554,514.99	-	30,128,116.25	22,640,640.91	25,093.52	-	52,837,641.99	—	
Total	236,049,377.05	1,640,929.69	-	101,150,437.59	85,204,949.74	1,259,328.24	-	254,895,122.83	—	

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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	98,690,831.61	394,763,326.46	71,743,275.46	287,120,998.67
Impairment provision unapproved by tax authorities	61,036,000.41	246,115,850.30	76,253,565.60	307,170,499.56
Provision for one-time housing subsidy	6,691,634.96	40,555,363.39	4,700,000.00	18,800,000.00
Deductible losses	5,570,751.63	22,283,006.52	5,648,196.65	22,592,786.60
Depreciation of fixed assets	3,725,393.77	14,901,575.08	7,124,521.08	28,498,084.32
Provision for pending litigation	3,005,042.26	12,023,642.59	2,817,852.80	11,271,411.20
Changes in fair value of other non-current financial assets	2,955,301.00	11,821,204.00	38,117,730.90	152,470,923.58
Other deductible temporary differences	58,978,944.03	250,854,070.00	66,948,037.15	284,074,220.91
Total	240,653,899.67	993,318,038.34	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	1,326,151,472.34	1,004,756,422.23
Deductible losses	2,338,092,383.04	2,001,585,758.26
Total	3,664,243,855.38	3,006,342,180.49

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.

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

23. DEFERRED INCOME TAX (CONTINUED)

(1) Deferred tax assets not offset (Continued)

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	343,267,607.39	345,410,896.28	—
2024	368,262,012.56	368,262,012.56	—
2025	416,435,171.85	565,996,584.63	—
2026	537,620,955.13	629,467,637.62	—
2027	672,506,636.11	-	—
Deductible losses without maturity date	-	-	—
Total	2,338,092,383.04	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	172,617,696.71	773,871,954.75	159,320,224.96	660,073,124.84
Depreciation and amortisation	26,312,854.22	105,632,044.97	22,934,117.25	92,084,841.91
Changes in fair value of other equity instruments investments	5,624,964.15	22,499,856.60	-	-
Valuation of held-for trading financial assets and liabilities	-	-	9,255,337.70	56,092,955.76
Other taxable temporary differences	1,688,344.33	7,263,763.76	2,018,332.90	8,215,215.56
Total	206,243,859.41	909,267,620.08	193,528,012.81	816,466,138.07

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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 year	Closing balance of deferred tax assets or deferred tax liabilities after offset	Offset amount of deferred come tax assets against deferred tax liabilities at the beginning of the year	Opening balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets	-15,137,220.30	225,516,679.37	-13,676,119.36	259,677,060.28
Deferred tax liabilities	-15,137,220.30	191,106,639.11	-13,676,119.36	179,851,893.45

24. OTHER NON-CURRENT ASSETS

Item	Closing balance	Opening balance
Lanshi Port related assets (Note)	319,998,598.72	324,454,648.11
Prepayment for land use rights	56,013,050.27	23,265,050.27
Prepayment for engineering equipment	51,071,682.89	2,723,539.27
Subtotal	427,083,331.88	350,443,237.65
Less: Impairment provision	-	-
Total	427,083,331.88	350,443,237.65

Note: Sinotrans South China, a subsidiary of the Group, and its subsidiary, Sinoway Shipping Limited (hereinafter referred to as Sinoway Shipping), entered into equity transfer agreements with Guangdong Sinotrans Limited (hereinafter referred to as Guangdong Sinotrans) and Keppel Telecommunications & Transportation Ltd. (hereinafter referred to as Keppel Telecom) respectively on 27 September 2019 to acquire the entire equity interest in Keppel Logistics (Foshan) Co., Ltd. (hereinafter referred to as Keppel Foshan). According to the equity transfer agreement, after the equity transfer, Keppel Telecom and Guangdong Sinotrans (hereinafter collectively referred to as the original shareholders) are still entitled to Keppel Foshan's equity interests (including the right of gain and risk of loss) and assume 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 presented as other non-current assets and other non-current liabilities respectively. The net amount and its changes are presented in minority interests.

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

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

25. ASSETS UNDER RESTRICTED OWNERSHIP OR USE RIGHTS

Assets under restricted ownership or use rights	Closing balance	Opening balance	Reasons for restriction
I. Assets used for security	—	—	—
Including: Cash and bank balances	35,582,466.43	32,688,818.43	Note 1
Investment properties	1,920,717,203.64	1,822,784,684.75	Note 2
Fixed assets	214,871,954.71	89,684,640.70	Note 3, Note 4
Intangible assets	1,236,055,066.09	992,391,280.18	Note 2, Note 3, Note 4
II. Other reasons	—	—	—
Including: Cash and bank balances	97,975,740.10	252,814,434.55	Note 1
Other non-current assets-			
Lanshi Port related assets	319,998,598.72	324,454,648.11	Note 5
Total	3,825,201,029.69	3,514,818,506.72	—

Note 1: For details of the cash and bank balances under restricted use right at the end of the year, see 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 (hereinafter referred to as "CHINA MERCHANTS HONG KONG"), 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. As of 31 December 2022, the book value of the investment properties involved in the aforementioned mortgage was RMB1.921 billion and the book value of the intangible assets involved was RMB1.01 billion.

Note 3: Chemical International, a subsidiary of the Group, used fixed assets with a book value of RMB36,316,175.39 and intangible assets with a book value of RMB15,574,461.41 as collateral for its long-term loans.

Note 4: Jiangmen High-tech Port Development Co. LTD, a subsidiary of the Group, used fixed assets with a book value of RMB178,555,779.32 and intangible assets with a book value of RMB212,462,077.46 as collateral for its long-term loans.

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

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

26. ASSET IMPAIRMENT PROVISION AND CREDIT LOSS PROVISION

Item	Opening balance	Effect of changes in the scope of consolidation (Note)	Provision for current year	Reversal for the year	Write-off and carry-forward for the year	Transfer-out for the year due to sale	Other increases in the year	Other decreases in the year	Effects from translation in foreign currency statements or exchange rate changes	Closing balance
Credit loss provision for accounts receivable	524,850,233.24	-	63,505,720.13	16,039,075.11	38,098,626.70	-	145,335.18	-	5,167,648.38	539,531,235.12
Credit loss provision for other receivables	175,230,203.44	-	-12,782,294.33	3,573,064.34	12,513,088.04	-	-	-	5,686,069.39	152,047,846.12
Provision for value reduction of inventories	7,799,394.11	-	-	-	-	2,757,000.00	-	-	-	5,041,394.11
Impairment provision for long-term receivables	59,661,577.02	-	-	9,907.30	-	-	-	-	3,885,749.76	63,487,419.48
Impairment provision for long-term equity investments	11,872,181.45	-	-	-	-	-	-	-	726,992.98	12,599,174.43
Impairment provision for investment properties	1,485,259.40	-	1,515,384.85	-	-	-	-	-	137,517.29	3,138,161.54
Impairment provision for fixed assets	158,556,130.76	-	109,746,320.55	-	-	-	-	-	4,594,522.59	272,896,973.90
Impairment provision for construction in progress	3,611,405.17	-3,511,405.17	-	-	-	-	-	-	-	100,000.00
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	-3,511,405.17	161,985,131.20	19,622,046.75	50,611,694.74	2,757,000.00	145,335.18	-	20,148,500.39	1,489,505,975.00

Note: The effect of the changes in the scope of consolidation is due to the disposal of Lianyungang International Logistics during the year, as described in Note VIII. 4.

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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	282,658,798.64	100,113,513.90
Guaranteed loans (Note)	300,105,416.67	300,328,597.79
Mortgage loans	–	38,011,400.00
Total	582,764,215.31	438,453,511.69

Note: Sinotrans Logistics, a subsidiary of the Group, borrowed RMB200,000,000 from China Merchants Bank Co., Ltd. (hereinafter referred to as China Merchants Bank), which was guaranteed jointly and severally by the Company; China Merchants Logistics Shenzhen Co., Ltd., a subsidiary of the Group, borrowed RMB100,000,000 from the Agricultural Bank of China, which was jointly and severally guaranteed by Sinotrans Logistics.

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

28. BILLS PAYABLE

Category	Closing balance	Opening balance
Bank acceptance bill	72,837,290.13	59,800,000.00
Total	72,837,290.13	59,800,000.00

Note: There were no overdue outstanding bills payable at the end of the year.

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Notes to the Financial Statements

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

29. ACCOUNTS PAYABLE

(1) Details of accounts payable

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	13,543,617,301.79	97.64	13,499,748,468.09	97.34
1 to 2 years (including 2 years)	170,898,177.76	1.23	146,623,063.33	1.06
2 to 3 years (including 3 years)	49,504,731.19	0.36	88,303,654.21	0.64
Over 3 years	107,321,068.58	0.77	134,003,704.33	0.96
Total	13,871,341,279.32	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.

(2) Significant accounts payable aged over one year

Company name	Amount	Aging	Reasons for non-repayment
Entity 1	23,115,575.26	1 to 2 years	Unsettled
Entity 2	10,742,623.10	1 to 2 years, 2 to 3 years	Unsettled
Entity 3	10,093,765.81	1 to 2 years	Unsettled
Entity 4	9,724,142.64	1 to 2 years	Unsettled
Entity 5	9,200,651.81	1 to 2 years, 2 to 3 years	Counterparty business funds are frozen
Entity 6	8,098,893.22	2 to 3 years	Unsettled
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	6,500,000.00	1 to 2 years	Unsettled
Total	77,475,651.84	—	—

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

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

30. CONTRACT LIABILITIES

(1) Details of contract liabilities

Item	Closing balance	Opening balance
Forwarding and related business advanced receipt	3,532,704,310.43	3,683,088,959.58
Logistics business advanced receipt	499,916,791.79	421,756,156.01
E-commerce business advanced receipt	267,497,655.76	208,698,860.65
Subtotal	4,300,118,757.98	4,313,543,976.24
Less: Contract liabilities included in other non-current liabilities	-	-
Total	4,300,118,757.98	4,313,543,976.24

Note: The Group's advance receipts for logistics services related to numerous customers and logistics and transportation service contracts (agreements, orders, etc.) associated with such customers. Logistics and transportation service contracts of the same business type are similar in terms of service content, mode, performance cycle, and payment arrangements, therefore, the Group's obligations to transfer goods to customers based on consideration received or receivable from customers under the logistics and transportation service contracts are presented in summary by business type (same as the revenue classification).

- (2) The revenue included the opening balance of contract liabilities recognised in the current year was RMB4,313,543,976.24 (the effect of translation of foreign currency financial statements was ignored), including contract liabilities arising from forwarding and related business advanced receipt of RMB3,683,088,959.58, contract liabilities arising from logistics business advanced receipt of RMB421,756,156.01, contract liabilities arising from e-commerce business advanced receipt of RMB208,698,860.65.

(3) Qualitative and quantitative analysis of contract liabilities

As at 31 December 2022, the transaction price, net of estimated output tax, apportioned by the Group to the outstanding logistics and transportation service contracts was RMB4,300,118,757.98 (1 January 2022: 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 RMB4,300,118,757.98 (the effect of translation of foreign currency financial statements was ignored) will be recognized as revenue in one year from the current reporting period.

- (4) There were no significant changes in the Group's contract liabilities aggregated by type of business during the year.

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

31. EMPLOYEE REMUNERATION PAYABLE

(1) Classification of employee remuneration payable

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Short-term compensation	1,857,462,698.99	6,908,612,637.45	6,652,979,889.07	2,113,095,447.37
II. Post-employment benefits defined contribution plans	82,961,775.68	825,689,875.53	798,626,127.79	110,025,523.42
III. Termination benefits	29,482,724.28	25,249,634.81	20,207,408.03	34,524,951.06
IV. Other benefits due within one year	-	-	-	-
V. Others	10,595,762.34	29,767,705.30	32,051,850.79	8,311,616.85
Total	1,980,502,961.29	7,789,319,853.09	7,503,865,275.68	2,265,957,538.70

(2) Short-term compensation

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Wages, bonuses, allowances and subsidies	1,752,290,639.33	5,336,237,337.64	5,071,913,344.61	2,016,614,632.36
II. Employee welfare benefits	803,693.78	245,704,838.21	245,948,260.40	560,271.59
III. Social insurance premiums	9,490,045.12	336,875,202.58	335,367,603.59	10,997,644.11
Including: Medical insurance	8,529,494.48	296,681,340.28	295,274,446.06	9,936,388.70
Work-related injury insurance	385,382.39	20,753,796.58	20,696,033.39	443,145.58
Maternity insurance	480,438.99	18,065,457.81	17,927,786.97	618,109.83
Others	94,729.26	1,374,607.91	1,469,337.17	-
IV. Housing provident fund	5,088,490.96	380,268,766.98	379,618,619.44	5,738,638.50
V. Trade union funds and staff education funds	44,741,414.83	85,439,797.15	83,841,328.40	46,339,883.58
VI. Short-term paid absences	-	-	-	-
VII. Short-term profit-sharing scheme	-	1,237,087.89	1,237,087.89	-
VIII. Other short-term compensation	45,048,414.97	522,849,607.00	535,053,644.74	32,844,377.23
Total	1,857,462,698.99	6,908,612,637.45	6,652,979,889.07	2,113,095,447.37

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

31. EMPLOYEE REMUNERATION PAYABLE (CONTINUED)

(3) Defined contribution plan

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Basic pension insurance premiums	14,942,557.33	574,267,971.31	572,285,963.07	16,924,565.57
II. Unemployment insurance premiums	703,779.51	23,089,109.20	23,164,677.76	628,210.95
III. Enterprise annuity contributions	67,315,438.84	228,332,795.02	203,175,486.96	92,472,746.90
Total	82,961,775.68	825,689,875.53	798,626,127.79	110,025,523.42

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 24% 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 period 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 Group's contribution to 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 respectively contribute RMB802,600,766.33 and RMB23,089,109.20 (previous year: RMB704,581,206.41 and RMB22,000,148.41) to the pension insurance and unemployment insurance plan for the current year. As at 31 December 2022, the Group has RMB109,397,312.47 and RMB628,210.95 (1 January 2022: 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 were paid after the reporting period.

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

32. TAXES AND DUES PAYABLE

Item	Closing balance	Opening balance
Enterprise income tax	292,199,523.37	328,272,725.15
Value-added tax	99,327,867.50	80,077,102.57
Individual income tax	49,804,196.87	45,497,691.97
Property tax	21,930,893.58	21,440,076.00
Land use tax	8,221,797.00	9,329,223.67
Stamp duty	4,791,209.78	4,117,696.60
Urban maintenance & construction tax	2,980,868.28	3,391,356.23
Education surcharge	2,151,118.53	3,371,646.17
Deed tax	343,920.66	344,023.32
Other taxes	5,395,418.07	5,547,206.81
Total	487,146,813.64	501,388,748.49

33. OTHER PAYABLES

Item	Closing balance	Opening balance
Interest payables	–	31,879,954.13
Dividend payables	94,429,787.93	64,040,629.95
Other payables	2,843,759,880.06	1,751,445,095.14
Total	2,938,189,667.99	1,847,365,679.22

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

33. OTHER PAYABLES (CONTINUED)

(1) Interest payables

1) Details of interest payables

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

(2) Dividend payables

Item	Company name	Closing balance	Opening balance
	SINOTRANS & CSC	36,125,719.92	36,125,719.92
	Guangdong Nanhai Food Import & Export Co., Ltd.	8,843,269.46	8,004,430.55
	China Foreign Shipping Agency Co., Ltd.	8,824,500.00	–
	Shenzhen Yantian Port Group Company Limited	8,824,500.00	–
	China Merchants Port Group Co., Ltd.	8,824,500.00	–
	Shenzhen Nanyou(Holdings) Corp. Ltd.	8,824,500.00	–
	Guangdong Food Import and Export Group Co., Ltd.	7,074,615.56	6,403,544.44
Ordinary share dividend	Shenzhen Navigation Group Co., Ltd.	5,883,000.00	–
	Nantong Economic and Technological Development Zone Holding Group Co., Ltd.	1,068,412.29	944,866.33
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	LONG LINK LIMITED	64,510.84	–
	Guangdong Sanshui Development Holding Investment Co., Ltd.	–	11,200,000.00
	Changsha Communications Investment Holding Group	–	1,135,771.79
	China Ocean Shipping Tally Co., Ltd.	–	154,037.06
Total	—	94,429,787.93	64,040,629.95

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

33. OTHER PAYABLES (CONTINUED)

(3) Other payables

1) Other payables by nature of payment

Item	Closing balance	Opening balance
Deposits and guarantees collected	831,263,351.00	554,614,767.58
Current payables to related parties	705,995,768.47	269,823,296.67
Financial transactions with non-related parties	628,780,375.65	384,782,153.83
Payment for project, equipment and land	323,449,031.008	209,208,323.38
Equity acquisition payments	–	170,000,000.00
Others	354,271,353.94	163,016,553.68
Total	2,843,759,880.06	1,751,445,095.14

2) Aging analysis of other payables

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (including 1 year)	2,195,391,084.92	77.20	1,310,702,185.38	74.83
1 to 2 years (including 2 years)	326,223,044.05	11.47	84,691,756.61	4.84
2 to 3 years (including 3 years)	63,456,319.21	2.23	158,521,473.81	9.05
Over 3 years	258,689,431.88	9.10	197,529,679.34	11.28
Total	2,843,759,880.06	100.00	1,751,445,095.14	100.00

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

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

3) Significant other payables aged over one year

Company name	Amount owed	Aging	Reasons for non-repayment
Red Braves Finance Ltd.	116,796,342.00	1 to 2 years	Not yet due for settlement
Sichuan Sinotrans Storage Service Co., Ltd.	26,314,959.96	1 to 2 years	Not yet due for settlement
SINOTRANS & CSC	24,051,000.00	Over 3 years	No agreed term
Entity 1	19,947,037.62	Over 3 years	No agreed term
Entity 2	19,736,302.68	1 to 2 years, 2 to 3 years, over 3 years	Not yet due for settlement
Entity 3	17,094,170.47	1 to 2 years, 2 to 3 years	Not yet due for settlement
Shanghai Tongyun International Logistics Co., Ltd.	14,000,000.00	Over 3 years	Not yet due for settlement
Entity 4	12,000,000.00	1 to 2 years	Not yet due for settlement
Entity 5	9,352,060.50	1 to 2 years	Not yet due for settlement
Entity 6	8,000,000.00	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 7	5,377,743.74	Over 3 years	Not yet due for settlement
Total	279,669,616.97	—	—

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

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

4) Significant other payables at the end of the year

Company name	Amount owed	Aging	Nature or content
China Merchants Wealth Asset Management Co., Ltd.	469,014,764.14	Within 1 year	Current payables to related parties
RED BRAVES FINANCE LTD.	116,796,342.00	1 to 2 years	Current payables to related parties
Entity 1	97,484,388.60	Within 1 year	Deposits and guarantees collected
Entity 2	67,104,871.70	Within 1 year	Payment for project, equipment and land
Entity 3	46,921,854.43	Within 1 year	Others
Entity 4	46,164,305.07	Within 1 year	Financial transactions with non-related parties
Entity 5	40,000,000.00	Within 1 year	Deposits and guarantees collected
Entity 6	34,127,895.05	Within 1 year	Payment for project, equipment and land
Sinotrans Container Lines (Hong Kong) Co., Ltd.	31,780,040.67	Within 1 year	Current payables to related parties
Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	Within 1 year, 1 to 2 years	Current payables to related parties
Entity 7	27,152,422.23	Within 1 year	Payment for project, equipment and land
SINOTRANS & CSC	24,051,000.00	Over 3 years	Current payables to related parties
Entity 8	20,829,879.73	Within 1 year	Financial transactions with non-related parties
Entity 9	20,000,000.00	Within 1 year, 1 to 2 years	Deposits and guarantees collected
Entity 10	19,947,037.62	Over 3 years	Financial transactions with non-related parties
Entity 11	19,736,302.68	1 to 2 years, 2 to 3 years, over 3 years	Payment for project, equipment and land
Entity 12	17,900,000.00	Within 1 year	Payment for project, equipment and land
Total	1,128,478,111.88		

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

33. OTHER PAYABLES (CONTINUED)

(3) Other payables (Continued)

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

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

34. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,498,716,189.34	239,435,720.29
Including: Guaranteed loans	2,262,452,423.03	73,383,436.08
Mortgage loans	204,719,276.36	136,595,012.71
Fiduciary loans	31,544,489.95	29,457,271.50
Secured borrowings	–	–
Lease liabilities due within one year	655,772,820.93	542,676,930.71
Bonds payable due within one year	66,586,301.36	66,586,301.37
Long-term payables due within one year	5,263,747.52	97,635,233.24
Total	3,226,339,059.15	946,334,185.61

35. OTHER CURRENT LIABILITIES

Item	Closing balance	Opening balance
Pending output VAT	299,982,820.63	317,808,684.84
Total	299,982,820.63	317,808,684.84

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

36. LONG-TERM BORROWINGS

Type of loan	Closing balance	Opening balance	Interest rate range at the end of the year (%)
Guaranteed loans (Note 1)	4,061,946,974.37	4,297,484,167.44	1.10-8.30
Mortgage loans(Note 2)	1,412,131,030.88	1,805,348,294.44	3.81-6.44
Fiduciary loans	2,372,340,056.08	2,098,673,694.33	1.00-3.85
Secured borrowings	—	—	—
Total	7,846,418,061.33	8,201,506,156.21	—
Less: Long-term borrowings due within one year	2,498,716,189.34	239,435,720.29	—
Including: Guaranteed loans	2,262,452,423.03	73,383,436.08	—
Mortgage loans	204,719,276.36	136,595,012.71	—
Fiduciary loans	31,544,489.95	29,457,271.50	—
Secured borrowings	—	—	—
Long-term borrowings due after one year	5,347,701,871.99	7,962,070,435.92	—

Note 1: The year-end guaranteed loans were loans in HKD, EUR, and USD borrowed by certain subsidiaries of the Group from DBS Bank, Export – Import Bank of China, China Development Bank. They are jointly and severally guaranteed by the Company or other subsidiaries as described in Note X. 4. (6).

Note 2: The year-end mortgage loans were loans in HKD borrowed from the China Development Bank for the construction of the logistics center of the Tsing Yi 181 project in Hong Kong by a subsidiary of the Group, KONGWELL LOGISTICS, secured by investment properties, intangible assets, etc. See Note IX, 25 for details. The loan was fully guaranteed by CHINA MERCHANTS HONG KONG, a related party of the Group, see Note X, 4. (6) for details.

(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	2,423,948,806.16	2,165,313,468.54	2,423,849,204.12	1,981,739,109.29
DBS Bank	2020-12-22	2023-12-21	HKD	1.55	1,428,485,746.94	1,276,066,317.74	1,428,425,108.38	1,167,880,368.61
China Development Bank	2015-06-30	2027-12-31	HKD	3.26	1,087,087,877.75	971,095,601.19	1,231,465,525.51	1,006,846,213.66
DBS Bank	2020-12-22	2023-12-21	HKD	1.55	952,323,831.29	850,710,878.49	952,283,405.59	778,586,912.41
Export-Import Bank	2020-12-16	2027-12-16	EUR	1.10	108,500,000.00	805,384,650.00	113,500,000.00	819,435,950.00

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

36. LONG-TERM BORROWINGS (CONTINUED)

(2) The Group had no long-term loans rolled over at the end of the year.

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

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	2,574,201,203.65	2,906,209,947.65
2 to 5 years (including 5 years)	2,585,063,231.94	3,416,051,797.30
Over 5 years	188,437,436.40	1,639,808,690.97
Total	5,347,701,871.99	7,962,070,435.92

37. BONDS PAYABLE

(1) Bonds payable

Item	Closing balance	Opening balance
2021 corporate bonds (phase I)	1,999,143,890.41	1,998,903,890.41
2021 medium term notes (phase I)	1,998,561,643.87	1,997,561,643.85
Total	3,997,705,534.28	3,996,465,534.26

Note: The Group's bonds payable include:

On 26 July 2021, approved by CSRC, the Company was permitted to issue unsecured corporate bonds with a nominal value of RMB100 and a total amount of RMB2,000 million (2021 corporate bonds (phase I)). The bonds were issued with a term of 5 years, with a fixed coupon and effective interest rates of 3.15% and 3.16% per annum, respectively, and the principal and interest repayment were made in one installment.

On 7 June 2021, by registration approved by 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 a fixed coupon and effective interest rates of 3.50% and 3.55%, respectively. 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
1 to 2 years (including 2 years)	1,998,561,643.87	–
2 to 5 years (including 5 years)	1,999,143,890.41	3,996,465,534.26
Total	3,997,705,534.28	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	Issue date	Bond term	Issue amount	Opening balance	Effects from changes in the scope of consolidation	Issued in current year	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	-	-	62,999,999.98	240,000.00	63,000,000.00	-	2,026,415,123.26
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	-	-	70,000,000.01	1,000,000.02	70,000,000.00	-	2,037,876,712.38
Total	4,000,000,000.00	—	—	4,000,000,000.00	4,063,051,835.63	-	-	132,999,999.99	1,240,000.02	133,000,000.00	-	4,064,291,835.64
Less: Bonds payable due within one year	—	—	—	—	66,586,301.37	—	—	—	—	—	—	66,586,301.36
Bonds payable due after one year	—	—	—	—	3,996,465,534.26	—	—	—	—	—	—	3,997,705,534.28

Note: The coupon rate of the Group's bonds payable approximates the effective interest rate and the amount of premium and discount is small. The Group uses a simplified method to amortize the amount of premium and discount evenly over the term of the bonds.

38. LEASE LIABILITIES

(1) Lease liabilities

Item	Closing balance	Opening balance
Lease payments	4,028,714,228.38	2,804,991,801.64
Less: Unrecognised finance charges expenses	971,047,612.62	548,165,115.01
Total	3,057,666,615.76	2,256,826,686.63
Less: Lease liabilities due within one year	655,772,820.93	542,676,930.71
Lease liabilities due after one year	2,401,893,794.83	1,714,149,755.92

The discount rate range for the above lease liabilities is 3.04% to 4.90%.

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

38. LEASE LIABILITIES (CONTINUED)

(2) Maturity of lease payments

Item	Closing balance
Year 1 after balance sheet date	781,721,325.99
Year 2 after balance sheet date	539,328,259.33
Year 3 after balance sheet date	357,168,928.38
Future years	2,350,495,714.68
Total	4,028,714,228.38

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

39. LONG-TERM PAYABLES

Item	Closing balance	Opening balance
Related party loans	119,675,225.45	182,577,479.63
Others	49,606,038.96	32,981,356.97
Total	169,281,264.41	215,558,836.60
Less: Long-term payables due within one year	5,263,747.52	97,635,233.24
Long-term payables due after one year	164,017,516.89	117,923,603.36

(1) Top five long-term payables in the 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
Shenzhen International Holdings (Shenzhen) Co., Ltd. (Note 2)	46,119,776.67	27,535,240.00
SINOTRANS & CSC (Note 3)	20,000,000.00	80,000,000.00
OCEAN LIFTER I LIMITED (Note 4)	7,736,770.43	10,639,024.61
Dongguan Shilong Industrial Investment Development Co., Ltd.	3,396,890.24	3,396,890.00
Total	169,191,892.36	213,509,609.63

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

39. LONG-TERM PAYABLES (CONTINUED)

(1) Top five long-term payables in the closing balance (including long-term payables due within one year) (Continued)

Note 1: Guangxi Wuzhou Lijiazhuang Container Landing Co., Ltd., a subsidiary of the Group, borrowed RMB91.94 million from Guangdong Sinotrans in 2012 with a loan term of 10 years, and the interest rate of the loan was executed with reference to the bank's lending rate for the same period. This year, the loan was adjusted to an indefinite term, and the total principal and interest at the end of the year was RMB91.94 million.

Note 2: Sinotrans Shenzhen International Logistics Co., Ltd., a subsidiary of the Group, borrowed RMB27.2 million from Shen International Holdings (Shenzhen) Co., Ltd. in 2021 with a loan term of 3 years. The loan interest rate is 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 year was RMB27,535,200, of which the interest of RMB335,200 was shown in non-current liabilities due within one year.

Sinotrans Shenzhen International Logistics Co., Ltd., a subsidiary of the Group, borrowed RMB18.4 million from Shen International Holdings (Shenzhen) Co., Ltd. in 2022 with a loan term of 3 years. The loan interest rate is 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 year was RMB18,584,600, of which the interest of RMB184,600 was shown in non-current liabilities due within one year.

Note 3: Sinotrans Guangxi Co., Ltd. (hereinafter referred to as Sinotrans Guangxi), a subsidiary of the Group, borrowed RMB179.92 million from SINOTRANS & CSC in 2014 at an annual interest rate of 5.65%. Sinotrans Guangxi repaid RMB99.2 million in 2018, RMB11 million in 2020, and RMB9.72 million in 2021, with the remaining amount settled early this year.

Logistics Investment, a subsidiary of the Group, borrowed RMB20 million from SINOTRANS&CSC in 2016 with a loan term of 18 years, and the interest rate of the loan was executed with reference to the interest rate of bank loans for the same period.

Note 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 years and a loan interest rate of LIBOR plus 2.6%. As at 31 December 2022, the long-term payables mentioned above is USD1,111,700 and USD647,200 is presented as non-current liabilities due within one year.

(2) The maturity date of long-term payables is analysed as follows

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	32,740,517.54	3,788,491.90
2 to 5 years (including 5 years)	19,338,544.33	34,135,111.46
Over 5 years	111,938,455.02	80,000,000.00
Total	164,017,516.89	117,923,603.36

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

40. LONG-TERM EMPLOYEE REMUNERATION PAYABLE

Item	Opening balance	Effects from changes in the scope of consolidation	Provision for the year	Payment for the year	Actuarial adjustments	Interest adjustments	Foreign currency translation differences	Closing balance
I. Net liability for post-employment benefits – defined benefit plans	985,103.12	-	-	35,206.46	-	29,032.44	-	978,929.10
II. Termination benefits	279,064.64	-	-	59,862.96	-	6,930.32	-	226,132.00
III. Other long-term benefits	1,314,905.76	-	-	-	-	-	-	1,314,905.76
Total	2,579,073.52	-	-	95,069.42	-	35,962.76	-	2,519,966.86
Less: Long-term employee remuneration payable due within one year	-	-	-	-	-	-	-	-
Long-term employee remuneration payable due after one year	2,579,073.52	-	-	-	-	-	-	2,519,966.86

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

41. ESTIMATED LIABILITIES

Item	Closing balance	Opening balance	Reason
Pending litigation	28,520,672.00	187,125,998.56	Note 1
One-time housing subsidy	22,283,006.50	22,592,786.58	Note 2
Disposal costs	9,274,657.09	9,274,657.09	Note 3
Others	78,944,778.04	94,137,454.60	Note 4
Total	139,023,113.63	313,130,896.83	—

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 consulted the Group's legal counsel or professional lawyers. The amount of the estimated liability accrued for such pending litigation that is likely to result in losses as at 31 December 2022 was RMB28,520,672.00 (1 January 2022: RMB187,125,998.56), of which the specific facts of the important pending litigation at the end of the year are described in Note XII.

The change in the amount of pending litigation item in the current year's estimated liabilities at the end of the year compared with the beginning of the year was mainly due to the fact that Sinotrans Central China Co., Ltd. (hereinafter referred to as Sinotrans Central China) provided transportation services to Xiamen Aviation Development Corporation Ltd. in 2020, and the litigation arising from the inability to deliver goods to Xiamen Aviation Development Corporation Ltd. (because that the goods were same as the subject matter of third-party litigation, and the rights could not be confirmed, and the storage site was sealed by the court) was concluded in the current year, and Sinotrans Central China paid compensation of RMB173 million (of which 143 million was included in the estimated liability amount at the beginning of the year).

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 was the renovation of the leased cold storage by Sinotrans Cold Chain Logistics (Tianjin) Co., Ltd., and China Merchants International Cold Chain (Shenzhen) Co., Ltd. According to the lease contract, the costs were expected to be incurred to restore the warehouse to its original condition.

Note 4: Others are mainly a provision for the Group's estimated compensation for cargo damage disputes incurred in the ordinary business, of which important cargo damage disputes at the end of the year are described in Note 12.

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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 year	Decrease in current year	Closing balance
Government grants (Note)	426,110,625.78	-1,066,305.27	21,513,667.58	43,057,890.81	403,500,097.28
Total	426,110,625.78	-1,066,305.27	21,513,667.58	43,057,890.81	403,500,097.28

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

(1) Government grants included in deferred income

Item	Opening balance	Amount included			Other changes (Note)	Closing balance	Related to assets/revenue
		New grants increase in current year	in non-operating income for the year	Amount included in other income for the year			
Financial subsidy for logistics industry	270,398,827.57	13,667,517.61	3,138,033.84	28,597,354.06	433,694.73	252,764,652.01	Asset-related
Land restitution	63,113,844.29	-	48,452.40	2,200,524.57	-	60,864,867.32	Asset-related
Relocation compensation	62,589,080.77	-	-	4,287,652.80	-	58,301,427.97	Asset-related
Others	30,008,873.15	7,846,149.97	1,307,470.00	3,478,403.14	-1,500,000.00	31,569,149.98	Asset-related and revenue-related
Total	426,110,625.78	21,513,667.58	4,493,956.24	38,563,934.57	-1,066,305.27	403,500,097.28	—

Note: Other changes are due to the business combination of Nanjing Company not under common control and the disposal of Guangzhou Changhang in the current year.

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

43. OTHER NON-CURRENT LIABILITIES

Item	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance
Liabilities associated with Lanshi Port (Note)	269,904,394.78	-	265,180,547.74	269,904,394.78	-	265,180,547.74
Total	269,904,394.78	-	265,180,547.74	269,904,394.78	-	265,180,547.74
Less: Other non-current liabilities due within one year	-	-	-	-	-	-
Other non-current liabilities due after one year	269,904,394.78	-	265,180,547.74	269,904,394.78	-	265,180,547.74

Note: The details of liabilities associated with Lanshi Port are described in Note IX. 24.

44. SHARE CAPITAL

Item	Opening balance		Increase in current year	Decrease in current year (Note 2)	Closing balance	
	Investment amount	Proportion (%)			Investment amount	Proportion (%)
Domestic listing (A shares)	5,255,916,875.00	71.02	-	-	5,255,916,875.00	71.46
Listing (H shares) in Hong Kong, China	2,144,887,000.00	28.98	-	45,699,000.00	2,099,188,000.00	28.54
Total	7,400,803,875.00	100.00	-	45,699,000.00	7,355,104,875.00	100.00

Note 1: 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.

Note 2: On 29 September 2022, the Company cancelled 45,699,000 H shares, resulting in a decrease in the share capital of RMB45,699,000 and a decrease in capital reserves of RMB43,474,489.54, as described in Note IX. 46. As of 31 December 2022, the Company had not yet completed the industrial and commercial change registration procedures for the reduction in share capital caused by the cancellation of H shares.

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

45. CAPITAL RESERVES

2022

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	6,058,467,842.94	–	45,743,889.54	6,012,723,953.40
1.Capital invested by investors (Note 1)	3,103,350,547.94	–	43,474,489.54	3,059,876,058.40
2.Differences arising from the acquisition of non-controlling interests	1,945,510,847.79	–	–	1,945,510,847.79
3.Others (Note 2)	1,009,606,447.21	–	2,269,400.00	1,007,337,047.21
II. Other capital reserves	18,724,528.20	33,355,770.31	512,482.15	51,567,816.36
1.Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	18,724,528.20	3,239,692.58	512,482.15	21,451,738.63
2.Unexercised share payments (Note 3)	–	30,116,077.73	–	30,116,077.73
3.Others	–	–	–	–
Total	6,077,192,371.14	33,355,770.31	46,256,371.69	6,064,291,769.76
Including: Exclusively state-owned capital reserves	–	–	–	–

Note 1: The cancellation of H-share shares by the Company this year resulted in a decrease in capital reserve of RMB43,474,489.54, and the details are described in Note IX. 46.

Note 2: The Group adjusted the opening capital reserve in the current period by RMB2,000,000 due to the occurrence of business combination under common control of Inner Mongolia Bonded; the Group decreased the capital reserve by RMB2,269,400 due to the consideration paid for the consolidation.

Note 3: The increase in the Unexercised share payments during the year is detailed in Note IX. 72.

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

45. CAPITAL RESERVSES (CONTINUED)

2021

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	6,058,467,842.94	-	-	6,058,467,842.94
1.Capital invested by investors	3,103,350,547.94	-	-	3,103,350,547.94
2.Differences arising from the acquisition of non-controlling interests	1,945,510,847.79	-	-	1,945,510,847.79
3.Others	1,009,606,447.21	-	-	1,009,606,447.21
II. Other capital reserves	15,636,774.96	3,087,753.24	-	18,724,528.20
1.Other changes in equity of investees other than net gains and losses, other comprehensive income and profit distributions	15,636,774.96	3,087,753.24	-	18,724,528.20
2.Others	-	-	-	-
Total	6,074,104,617.90	3,087,753.24	-	6,077,192,371.14
Including: Exclusively state-owned capital reserves	-	-	-	-

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

46. TREASURY SHARES

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Domestic listed (A-share) treasury shares	-	193,951,597.00	-	193,951,597.00
(H-share) treasury shares listed in Hong Kong, China	-	195,974,094.09	89,173,489.54	106,800,604.55
Total	-	389,925,691.09	89,173,489.54	300,752,201.55

Note: On 31 May 2022, holding the 2021 Annual General Meeting of Shareholders, the 2022 First Class Meeting of H Share and the 2022 First Class Meeting of A-Share, the Company examined and approved Proposal on Application for General Authorization to Repurchase H Shares, and agreed to grant the Board of Directors a general authorization. The Board of Directors, based on demand and market conditions, and in compliance with the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, timely decides to repurchase no more than 10% of the total number of issued H shares of the Company on the date of approval of the authorization by the General Meeting of Shareholders. The term of a general authorization is from the date of resolution authorized at the General Meeting of Shareholders to the earliest of the following three dates: (1) at the end of the next Annual General Meeting of the Company; or (2) 12 months expired after the approval of the repurchase authorization resolution; or (3) the revocation or amendment of the resolution by a special resolution passed by the General Meeting of Shareholders, of the Company. During the period from 7 June to 31 December 2022, the board of directors decided to repurchase a total of 95,001,000 H shares of the Company, accounting for 4.43% of the total issued H shares, pursuant to the general mandate mentioned above, and the total amount paid was HKD221,103,760 (excluding transaction costs). Of the aforementioned repurchased H shares, 45,699,000 shares were cancelled on 29 September 2022 and the rest were cancelled on 10 February 2023.

As authorized by the First Extraordinary General Meeting of the Company in 2022 and approved at the Eleventh Meeting of the Third Session of the Board of Directors on 27 April 2022, it is agreed that the Company will repurchase 24.64 million to 49.28 million A shares of the Company through the SSE trading system in the period from 28 April 2022 to 27 January 2023 by way of centralized competitive bidding for the implementation of the Share Incentive Scheme. As of 31 December 2022, the Company repurchased a total of 49,280,000 A shares and the total amount paid was RMB193,951,597 (excluding transaction fees).

47. SPECIAL RESERVES

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Production safety costs	82,387,493.19	103,230,918.79	82,353,034.09	103,265,377.89
Total	82,387,493.19	103,230,918.79	82,353,034.09	103,265,377.89

Note: The Group's subsidiaries engaged in general freight transportation or special freight transportation such as transportation of dangerous goods, make provision for production safety costs based on operating income in accordance with relevant state regulations, and the production safety costs are included in the cost of relevant products or current profit and loss and transferred to special reserves.

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

48. SURPLUS RESERVES

2022

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserves	1,408,009,237.81	296,222,620.84	–	1,704,231,858.65
Total	1,408,009,237.81	296,222,620.84	–	1,704,231,858.65

2021

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserves	1,097,484,710.77	310,524,527.04	–	1,408,009,237.81
Total	1,097,484,710.77	310,524,527.04	–	1,408,009,237.81

Note: According to the provisions of the Articles of Association of the Company, the statutory surplus reserves 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.

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

49. RETAINED EARNINGS

Item	Current year	Prior year
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 year	4,068,260,121.39	3,726,532,116.85
Including: Net profit attributable to shareholders of the Company for the year	4,068,260,121.39	3,713,520,003.28
Others	–	13,012,113.57
Decrease in current year	2,377,107,912.09	1,199,213,192.94
Including: Appropriation to statutory surplus reserves for the year	296,222,620.84	310,524,527.04
Dividends distribution (Note 2)	2,080,591,039.93	888,096,465.00
Others	294,251.32	592,200.90
Closing balance of current year	20,139,567,944.29	18,448,415,734.99

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 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. 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 from the capital of issued 5,255,916,875 A shares.

At the Third Extraordinary General Meeting of 2022 held on 28 September 2022, the Company considered and approved the "Proposal on the Profit Distribution Plan for the Half Year of 2022" to distribute the profit for the half year of 2022 based on the total share capital registered on the date of registration of the implementation of the equity distribution (less the shares in the Company's special account for repurchase), with a cash dividend of RMB1.00 (including tax) for every 10 shares. If there is a change in the total share capital before the registration date of the equity distribution, the distribution amount per share will remain unchanged and the total distribution amount will be adjusted accordingly. The ex-dividend date of the equity distribution of H shares is determined as 3 October 2022. The distribution amount was recognized as HKD241,616,539, based on the shares of 2,099,188,000 obtained by deducting 45,699,000 H shares repurchased prior to the ex-dividend date from 2,144,887,000 shares of issued H share capital and the average benchmark exchange rate of RMB to HKD as announced by the People's Bank of China for the week prior to the payment of semi-annual dividend (from 18 August 2022 to 24 August 2022) as recommended by the Board of Directors (i.e., 1 RMB to HKD1.15058). The ex-dividend date for A shares was determined as 18 November 2022. The Company recognized the proposed distribution amount of RMB521,036,408, provisionally based on the shares of 5,210,364,075 after deducting repurchased A shares of 45,552,800 from the capital of issued 5,255,916,875 A shares.

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

50. OPERATING INCOME, COSTS

Item	Current year		Prior year	
	Income	Costs	Income	Costs
Forwarding and related business	69,486,318,597.99	65,966,431,029.66	85,912,222,390.01	82,470,257,847.07
Logistics	27,453,605,540.94	25,128,072,562.67	24,183,318,054.67	22,076,949,134.09
E-commerce	11,876,799,316.09	11,688,165,382.28	14,252,854,133.71	14,173,208,957.57
Total	108,816,723,455.02	102,782,668,974.61	124,348,394,578.39	118,720,415,938.73

(1) Description of apportionment to remaining performance obligations

The time when the amount of transaction price received or receivable from the customer of the performance obligation that has not yet been performed or have not yet been completed for the contracts (agreements, orders, etc.) that the Group has concluded with customers as at the end of the year is recognized as revenue is described in Note IX. 30. The remaining amount of the transaction price is simplified and is not presented because the expected term of these contracts is less than one year and the contracts involve fragmented customers and the contract number is large. The Group has no variable consideration clauses in the above contracts.

(2) Operating income classified by point of recognition

January-December 2022

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	69,486,318,597.99	27,453,605,540.94	11,623,943,145.36
Recognition within a certain period	-	-	-
Lease income	-	-	252,856,170.73
Total	69,486,318,597.99	27,453,605,540.94	11,876,799,316.09

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

50. OPERATING INCOME, COSTS (CONTINUED)

(2) Operating income classified by point of recognition (Continued)

January-December 2021

Item	Forwarding and related business	Logistics	E-commerce
Operating income	—	—	—
Including: Recognition at a certain point	85,912,222,390.01	24,183,318,054.67	14,011,963,809.60
Recognition within a certain period	—	—	—
Lease income	—	—	240,890,324.11
Total	85,912,222,390.01	24,183,318,054.67	14,252,854,133.71

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

51. TAXES AND SURCHARGES

Item	Current year	Prior year
Property tax	112,442,131.05	99,945,181.72
Land use tax	40,845,889.82	41,536,206.82
Stamp duty	38,675,080.83	32,404,745.02
Urban maintenance & construction tax	32,002,859.67	26,602,952.88
Education surcharge and local education surcharge	21,961,459.86	16,688,618.72
Others	10,086,271.24	5,524,394.44
Total	256,013,692.47	222,702,099.60

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

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

52. SELLING EXPENSES

Item	Current year	Prior year
Employee benefits	860,238,472.92	805,543,308.59
Business entertainment expenses	35,873,091.84	39,448,045.28
Depreciation and amortisation expenses	33,195,861.85	33,049,665.77
Short-term, low-value lease expenses	17,384,217.08	13,542,599.64
Travel expenses	16,371,060.06	19,295,494.12
Office expenses	13,730,525.35	14,374,205.30
Vehicle expenses	11,943,565.90	12,264,345.81
Technical service fee for communication network	9,065,733.65	10,400,643.45
Others	37,232,783.71	25,572,386.78
Total	1,035,035,312.36	973,490,694.74

53. ADMINISTRATION EXPENSES

Item	Current year	Prior year
Employee benefits	2,401,113,309.28	2,228,428,127.86
Depreciation and amortisation expenses	326,108,529.10	324,066,065.40
Intermediary service fee	126,864,579.01	75,737,445.61
Technical service fee for communication network	110,222,570.66	113,674,821.85
Property and utilities and gas fees	78,279,915.19	70,205,619.04
Short-term, low-value lease expenses	41,204,465.42	38,432,228.40
Office expenses	39,131,652.36	36,029,604.94
Business entertainment expenses	37,076,366.33	42,450,687.70
Vehicle expenses	32,597,735.60	35,631,927.52
Equity incentive (Note)	30,116,077.73	–
Travel expenses	19,034,650.43	28,290,303.22
Others	117,426,608.95	133,509,036.87
Total	3,359,176,460.06	3,126,455,868.41

Note: The amount of equity incentive items in administrative expenses is detailed in Note IX. 72.

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Notes to the Financial Statements

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

54. RESEARCH AND DEVELOPMENT EXPENSES

Item	Current year	Prior year
Information system development	196,139,497.55	171,595,536.54
Total	196,139,497.55	171,595,536.54

55. FINANCE COSTS

Item	Current year	Prior year
Interest expenses	482,206,728.03	440,571,458.18
Including: Bank and other borrowings	213,787,087.79	220,468,040.58
Bond interest	134,240,000.01	110,568,591.81
Interest expenses on lease liabilities	119,839,677.69	101,508,912.42
Others	14,339,962.54	8,025,913.37
Less: Capitalized interest expense	3,213,433.07	23,892,574.21
Less: Interest income	180,034,532.25	138,339,997.11
Net exchange losses (net gains denoted by "-")	-371,984,752.86	107,022,773.87
Others	29,041,169.48	14,201,057.79
Total	-43,984,820.67	399,562,718.52

56. OTHER INCOME

Item	Current year	Prior year
Railway Express subsidy	1,189,697,323.04	1,781,133,665.95
Additional deduction for value-added tax	103,686,105.15	85,739,137.20
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	101,438,752.09	-
Others	49,643,257.43	26,137,069.86
Total	1,444,465,437.71	1,893,009,873.01

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

57. INVESTMENT INCOME

Item	Current year	Prior year
Income from long-term equity investments under the equity method	2,387,056,640.03	2,410,820,143.09
Investment income from the disposal of long-term equity investments (Note 1)	135,136,062.36	9,470,025.33
Investment income from holding other non-current financial assets	71,764,771.39	58,022,233.86
Gain on remeasurement of equity at fair value upon acquisition of control (Note 2)	17,668,769.65	31,027,541.32
Investment income from the disposal of held-for-trading financial assets	-	2,678,422.27
Investment income from the disposal of other non-current financial assets	-	722,404.43
Investment income from debt restructuring	-1,107,968.89	-13,664.08
Investment income from the disposal of receivables financing	-6,345,880.98	-5,079,671.41
Gain on derecognition of financial assets at amortised cost	-25,020,271.36	-
Total	2,579,152,122.20	2,507,647,434.81

Note 1: Investment income from disposal of long-term equity investments includes investment income of RMB134,463,630.85 from the disposal of Guangzhou Changhang (see Note VIII. 4), investment income of RMB5,430,872.13 from the exit from Lianyungang International Logistics by way of capital reduction (see Note VIII. 4) and investment in joint ventures such as Jiangsu Nissin Express International Transportation Co. Ltd. and the loss of RMB4,758,440.62 from the disposal of investments in joint ventures such as Jiangsu Nissin Sinotrans International Transportation Co., Ltd. (see Note IX. 12).

Note 2: The details of gain on remeasurement of equity at fair value upon acquisition of control are described in Note VIII. 3.

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

58. GAIN FROM CHANGES IN FAIR VALUE

Item	Current year	Prior year
Held-for trading financial assets	-192,910.20	-19,027.44
Other non-current financial assets	-104,745,748.76	-34,761,715.88
Total	-104,938,658.96	-34,780,743.32

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 JD Logistics (02618) shares of HKD113.30 million.

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

59. CREDIT LOSS IMPAIRMENT

Item	Current year	Prior year
Credit impairment loss on accounts receivable	-47,466,645.02	-97,572,162.74
Credit impairment losses on other receivables	16,355,358.67	-24,893,108.75
Credit impairment losses on long-term receivables	9,907.30	-
Total	-31,101,379.05	-122,465,271.49

60. IMPAIRMENT OF ASSETS

Item	Current year	Prior year
Impairment loss on fixed assets	-109,746,320.55	-135,930,395.70
Impairment loss on investment properties	-1,515,384.85	-
Impairment loss on goodwill	-	-79,621,570.73
Loss on decline in value of Inventories	-	-8,101,106.85
Impairment loss on construction in progress	-	-3,511,405.17
Total	-111,261,705.40	-227,164,478.45

61. INCOME FROM DISPOSAL OF ASSETS

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Gain on disposal of non-current assets	195,886,134.64	116,988,430.05	195,886,134.64
Including: Gain on disposal of intangible assets (Note)	182,521,574.84	4,216,612.96	182,521,574.84
Gain on disposal of fixed assets	10,658,149.14	86,303,831.33	10,658,149.14
Others	2,706,410.66	26,467,985.76	2,706,410.66
Total	195,886,134.64	116,988,430.05	195,886,134.64

Note: The gain on disposal of intangible assets is mainly due to the acquisition and storage of land of Sinotrans Fujian Co., Ltd., a subsidiary of the Group, resulting in the recognition of a gain of RMB168 million.

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

62. NON-OPERATING INCOME

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Government grants	19,637,457.11	27,384,476.02	19,637,457.11
Liquidated damages, compensation	14,552,372.66	10,542,517.03	14,552,372.66
Unpayable accounts payable	12,637,292.07	16,225,407.48	12,637,292.07
Income from scrapping of non-current assets	5,147,796.36	10,270,400.61	5,147,796.36
Others	12,679,419.93	14,406,116.98	12,679,419.93
Total	64,654,338.13	78,828,918.12	64,654,338.13

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

Item	Current year	Prior year	Related to assets/revenue
Financial subsidy for logistics industry	10,007,459.41	9,413,595.42	Assets/revenue-related
Relocation compensation	1,734,864.14	8,930,445.48	Revenue-related
Other government grants	7,895,133.56	9,040,435.12	Revenue-related
Total	19,637,457.11	27,384,476.02	—

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

63. GOVERNMENT GRANTS

Details of government grants

Item	Current year	Prior year
Government grants obtained related to assets:	—	—
Fixed assets investment subsidy	9,000,000.00	21,029,789.52
Municipal engineering construction award	4,000,000.00	13,170,808.00
Special subsidy for service industry development	1,101,212.34	—
Subtotal	14,101,212.34	34,200,597.52
Government grants obtained related to revenue:	—	—
Financial subsidy for logistics industry	1,167,969,394.55	1,771,722,938.88
Tax subsidy for Shanxi Transformation and Comprehensive Reform Demonstration Zone	101,438,752.09	—
Other government grants (Note)	55,796,902.19	38,291,130.33
Subtotal	1,325,205,048.83	1,810,014,069.21
Total	1,339,306,261.17	1,844,214,666.73
Less: Government grants included in deferred income	21,947,362.31	43,898,335.52
Add: Government grants transferred from deferred income to current profit or loss	43,057,890.81	34,338,880.62
Less: Government grants to offset related costs	—	—
Government grants included in current profit and loss	1,360,416,789.67	1,834,655,211.83
Including: Government grants included in other income	1,340,779,332.56	1,807,270,735.81
Government grants included in non-operating income	19,637,457.11	27,384,476.02

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

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

64. NON-OPERATING EXPENSES

Item	Current year	Prior year	Amount included in non-recurring profit or loss for the year
Compensation, liquidated damages and penalty expenses (Note)	33,763,539.54	109,293,497.97	33,763,539.54
Pending litigation losses (Note)	15,978,110.42	85,231,509.22	15,978,110.42
Donation expenditure	13,463,687.27	7,098,110.20	13,463,687.27
Loss on destruction and retirement of non-current assets	3,298,040.30	9,632,635.84	3,298,040.30
Others	4,309,794.36	2,580,259.79	4,309,794.36
Total	70,813,171.89	213,836,013.02	70,813,171.89

Note: The compensation, liquidated damages, and penalty expenses as well as pending litigation losses are mainly indemnities withheld, paid, or reversed by the Group in its ordinary course of business in relation to litigation disputes and cargo damage disputes related to logistics transportation service contracts.

65. INCOME TAX EXPENSES

(1) Income tax expenses table

Item	Current year	Prior year
Current income tax	941,200,327.10	834,190,419.00
Deferred income tax adjustment	15,856,652.24	-34,628,610.89
Total	957,056,979.34	799,561,808.11

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

65. INCOME TAX EXPENSES (CONTINUED)

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

Item	Current year
Accounting profit	5,197,717,456.02
Income tax expense at the rate of 25% (prior year: 25%)	1,299,429,364.01
Tax implications of non-deductible expenses	91,277,021.71
Income not subject to tax	-619,127,290.68
Unrecognised deductible temporary differences and deductible losses	248,475,421.56
Utilization of deductible temporary differences and deductible losses in prior years	-60,887,846.04
Effect of different tax rates applicable to subsidiaries in other regions	-12,055,283.82
Withholding tax based on the expected current earnings of subsidiaries, joint ventures and associates established outside the parent company's domicile	2,541,955.34
Impact of the subsidiary tax credit	-7,684,424.43
Change in deferred income tax asset/liability balance at the beginning of the year due to tax rate adjustments	-
Unrecognised taxable temporary differences	-
Retroactive payment (refund) of prior year' taxes	15,088,061.69
Others	-
Income tax expenses	957,056,979.34

66. EARNINGS PER SHARE

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

Item	Current year	Prior year
Revenue	—	—
Net profit attributable to shareholders of the Company for the period	4,068,260,121.39	3,713,520,003.28
Including: Net profit from continuing operations	4,068,260,121.39	3,713,520,003.28
Shares	—	—
Weighted average of the Company's outstanding ordinary shares (Note 1)	7,350,859,816.67	7,400,803,875.00
Basic earnings per share (RMB/share)	0.55	0.50
Diluted earnings per share (RMB/share) (Note 2)	0.55	0.50

Note 1: Repurchases of the Company's A and H shares for the current period continued to occur primarily in June 2022, and June to December 2022, respectively. 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 31 December 2022, the exercise price of the Company's stock options granted to the incentive recipients (See Note IX. 72) was higher than the average market price (weighted monthly) of the Company's A shares for the year, and such stock options had no dilutive effect.

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

67. LEASES

(1) The Group as lessor

Item	Amount
I. Income status	—
Lease income	252,856,170.73
Including: Income related to variable lease payments not included in lease receipts	—
II. Undiscounted lease payments to be received after the balance sheet date	454,795,596.80
Year 1	160,542,090.66
Year 2	73,723,089.32
Year 3	47,698,309.16
Year 4	43,396,144.89
Year 5	39,457,379.14
Over 5 years	89,978,583.63

- 1) The Group's operating leases as lessor relates to buildings, vehicles, and equipment for a term of 1-8 years, with a partial renewal option.
- 2) The Group does not consider the unguaranteed residual value of these assets to be a material risk to the Group due to the lease subject with high versatility and short leasing periods.
- 3) Revenue relating to operating leases for the current period amounted to RMB252,856,170.73 (prior year: RMB240,890,324.11).

(2) The Group as lessee

Item	Amount
Interest expenses on lease liabilities	119,839,677.69
Short-term lease payments with simplified treatment included in the cost of the related assets or in current profit or loss	757,099,152.29
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	16,691,135.23
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	1,016,367.99
Total cash outflows related to leases	1,607,812,411.92

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

68. 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	Current year			Prior year		
	Amount before taxes	Income taxes	Net amount after taxes	Amount before taxes	Income taxes	Net amount after taxes
I. Other comprehensive income not to be subsequently reclassified to profit or loss	4,240,357.59	5,624,964.15	-1,384,606.56	17,742,852.65	-	17,742,852.65
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	4,240,357.59	5,624,964.15	-1,384,606.56	17,742,852.65	-	17,742,852.65
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	117,292,639.43	-	117,292,639.43	-207,708,912.22	-	-207,708,912.22
1. Other comprehensive income to be reclassified to profit or loss under the equity method	67,497,260.82	-	67,497,260.82	-131,597,913.89	-	-131,597,913.89
Less: Transfer to profit or loss in the current period that charged to the other comprehensive income in the prior period	-	-	-	-	-	-
Subtotal	67,497,260.82	-	67,497,260.82	-131,597,913.89	-	-131,597,913.89
2. Translation difference of the financial statements in foreign currency	49,795,378.61	-	49,795,378.61	-77,311,236.62	-	-77,311,236.62
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	49,795,378.61	-	49,795,378.61	-76,110,998.33	-	-76,110,998.33
3. Other comprehensive income to be reclassified to profit or loss	-	-	-	-	-	-
Total other comprehensive income	121,532,997.02	5,624,964.15	115,908,032.87	-189,966,059.57	-	-189,966,059.57

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

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

68. OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (CONTINUED)

(2) Reconciliation of items of other comprehensive income

Item	Opening balance	Add changes in current period (Decrease denoted by a "-")	Closing balance
Amount of change arising from re-measurement of the defined benefit plan	-	-	-
Other comprehensive income not to be reclassified to profit or loss under the equity method	1,707,132.75	-	1,707,132.75
Changes in fair value of other equity instruments investments	24,350,501.75	-1,384,606.56	22,965,895.19
Changes in fair value attributable to changes in credit risk	-	-	-
Other comprehensive income not to be subsequently reclassified to profit or loss	-	-	-
Other comprehensive income to be reclassified to profit or loss under the equity method	-14,823,286.56	67,497,260.82	52,673,974.26
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	49,795,378.61	-277,030,189.22
Other comprehensive income to be reclassified to profit or loss	-	-	-
Subtotal	-315,591,219.89	115,908,032.87	-199,683,187.02

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

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT

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

1) Cash received from other operating activities

Item	Current year
Government grants	1,495,464,213.94
Collection of deposits, guarantees and advance payment, etc.	1,114,584,577.30
Income from leasing assets	252,856,170.73
Interest income	171,347,436.57
Others	33,572,818.19
Total	3,067,825,216.73

2) Cash paid for other operating activities

Item	Current year
Deposits, guarantees and advance payment, etc.	298,534,851.48
Information technology costs	247,148,955.21
Intermediary service fee	126,864,579.01
Property and utilities and gas fees	87,659,221.17
Business entertainment expenses	72,949,458.17
Short-term low-value lease costs	58,588,682.50
Office expenses	52,862,177.71
Decoration and repair costs	46,112,254.10
Vehicle expenses	44,541,301.50
Travel expenses	35,405,710.49
Compensation and liquidated damages	33,763,539.54
Handling charge	29,041,169.48
Insurance premium	23,126,788.00
Others	120,679,763.02
Total	1,277,278,451.38

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

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

3) Cash received from other investing activities		Current year
Item		
Repayment from Sinotrans Suzhou Logistics Center Co., Ltd.		7,125,000.00
Repayment from Shanghai Pu'an Storage Co., Ltd.		4,400,000.00
Repayment from Sichuan Weibo New Material Group Co., Ltd.		1,584,170.38
Total		13,109,170.38
4) Cash received from other financing activities		Current year
Item		
Obtained temporary loan from Sinotrans Suzhou Storage Co., Ltd.		74,000,000.00
Receipt of share subscription deposit from Y2T		40,000,000.00
Total		114,000,000.00
5) Cash paid for other financing activities		Current year
Item		
Principal and interest on lease liabilities		834,022,124.40
Treasury shares		389,925,691.09
Repayment of temporary loan from Sinotrans Suzhou Storage Co., Ltd.		74,000,000.00
Repayment of temporary loan from Chongqing Waiyun Logistics Company		4,500,000.00
Payment of consideration for business combination under common control		2,269,400.00
Repayment of temporary loan from Sinotrans Shaanxi Co., Ltd.		2,010,500.00
Total		1,306,727,715.49

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(2) Supplementary information of the cash flow statement

Item	Current year	Prior year
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	4,240,660,476.68	3,932,838,063.45
Add: Asset impairment losses	111,261,705.40	227,164,478.45
Credit loss impairment	31,101,379.05	122,465,271.49
Depreciation of fixed assets and investment properties	1,175,022,802.91	1,081,474,469.24
Depreciation of right-of-use assets	812,633,000.38	742,249,148.73
Amortisation of intangible assets	322,442,487.95	277,655,096.32
Amortisation of long-term prepaid expenses	85,204,949.74	72,636,542.31
Losses from disposal of assets (gain denoted by “-”)	-195,886,134.64	-116,988,430.05
Losses from damage and scrapping of non-current assets (gain denoted by “-”)	-1,849,756.06	-637,764.77
Losses from changes in fair value (gain denoted by “-”)	104,938,658.96	34,780,743.32
Finance costs (income denoted by “-”)	53,082,584.22	528,470,595.20
Investment loss (income denoted by “-”)	-2,579,152,122.20	-2,507,647,434.81
Decrease in deferred tax assets (increase denoted by “-”)	34,519,906.02	-31,861,030.35
Increase in deferred tax liabilities (decrease denoted by “-”)	-18,663,253.78	-2,767,580.54
Decrease in inventories (increase denoted by “-”)	3,535,831.15	4,661,462.92
Decrease in operating receivables (reduction denoted by “-”)	-301,905,061.84	-5,208,891,305.57
Increase in operating payables (reduction denoted by “-”)	1,241,300,126.06	5,008,959,334.87
Net cash flows from operating activities	5,118,247,580.00	4,164,561,660.21
2. Major investing and financing activities not involving cash receipts and payments:	—	—
Conversion of debts into capital	-	-
Convertible corporate bonds due within one year	-	-
Fixed assets under financing lease	-	-
Conversion of the balance of salary difference in the prior year into the national capital	-	-
3. Net changes in cash and cash equivalents:	—	—
Closing cash balance	16,175,335,821.17	14,211,362,240.62
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 year	-	-
Net increase in cash and cash equivalents	1,963,973,580.55	2,916,951,472.64

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(3) Net cash from acquisition and disposal of subsidiaries for the current year

Item	Current year
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 year	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 year	—
3. Net cash paid for acquisition of subsidiaries	186,293,644.60
4. Net assets of subsidiaries acquired	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	220,896,353.70
2. Cash or cash equivalents received in the current year from the disposal of subsidiaries in the current year	220,896,353.70
Less: Cash and cash equivalents held by subsidiaries at the time of loss of control	23,687,148.36
Add: Received cash or cash equivalents by subsidiaries in the current year the disposal in prior year	—
3. Received net cash by disposal of subsidiaries	197,209,205.34
4. Disposal of net assets of subsidiaries	131,893,249.90
Current assets	23,702,041.93
Non-current assets	112,238,762.26
Current liabilities	1,319,817.23
Non-current liabilities	2,727,737.06

Note: The net assets of the acquired and disposed of subsidiaries are filled in based on the amount of assets and liabilities of the subsidiary on the date of purchase and disposal, and are not converted according to the proportion of purchase and disposal of the Group. Cash paid for the distribution of dividends, profits, or settlement of interest.

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

69. ITEMS IN THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(4) Cash paid for distribution of dividends, profits or settlement of interest

Item	Current year	Prior year
Ordinary share dividends paid	2,080,591,039.93	888,431,094.85
Cash paid for interest repayment	382,443,636.58	337,995,954.45
Dividends and profits paid by subsidiaries to minority shareholders	156,857,736.15	140,343,727.83
Total	2,619,892,412.66	1,366,770,777.13

70. CASH AND CASH EQUIVALENTS

Item	Closing balance	Opening balance
I. Cash	16,175,335,821.17	14,211,362,240.62
Including: Cash on hand	5,034,544.53	4,685,267.83
Cash at bank readily available for payment	16,170,301,276.64	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 year	16,175,335,821.17	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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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

71. FOREIGN CURRENCY MONETARY ITEMS

Item	Foreign currency balance at the end of the year	Exchange rate of translation	Closing balance in RMB
Cash and bank balances	—	—	5,821,567,220.58
Including: USD	669,405,243.72	6.9646	4,662,139,760.41
HKD	544,614,783.20	0.8933	486,504,385.84
EUR	44,748,412.63	7.4229	332,162,992.12
JPY	2,500,953,818.33	0.0524	131,049,980.08
Others	—	—	209,710,102.13
Accounts receivable	—	—	5,023,093,378.70
Including: USD	589,421,812.69	6.9646	4,105,087,156.66
HKD	404,230,945.77	0.8933	361,099,503.86
EUR	12,365,890.43	7.4229	91,790,768.07
JPY	541,198,564.00	0.0524	28,358,804.75
Others	—	—	436,757,145.36
Long-term receivables	—	—	45,252,362.03
Including: HKD	50,657,519.34	0.8933	45,252,362.03
Accounts payable	—	—	4,061,285,318.22
Including: USD	447,687,701.06	6.9646	3,117,965,762.80
HKD	403,552,297.85	0.8933	360,493,267.67
EUR	10,415,993.76	7.4229	77,316,880.08
JPY	2,451,425,402.31	0.0524	128,454,691.08
Others	—	—	377,054,716.59
Non-current liabilities due within one year	—	—	2,580,434,681.58
Including: USD	11,093,356.88	6.9646	77,260,793.35
HKD	2,643,239,370.53	0.8933	2,361,205,729.69
EUR	14,308,650.86	7.4229	106,211,684.49
JPY	34,629,968.89	0.0524	1,814,610.37
Others	—	—	33,941,863.68
Long-term borrowings	—	—	4,812,514,874.01
Including: USD	43,823,195.10	6.9646	305,211,024.62
HKD	3,323,935,185.87	0.8933	2,969,271,301.54
EUR	207,201,033.00	7.4229	1,538,032,547.85
Long-term payables	—	—	3,232,074.11
Including: USD	464,071.75	6.9646	3,232,074.11
Lease liabilities	—	—	300,112,517.25
Including: HKD	43,887,203.48	0.8933	39,204,438.87
EUR	31,003,323.52	7.4229	230,134,570.14
JPY	28,375,434.16	0.0524	1,486,872.75
Others	—	—	29,286,635.49

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

72. SHARE-BASED PAYMENTS

(1) Share-based payment in general

Item	Each director of the issuer			Non-directors among the five highest paid individuals	Other management and technical backbones	Total
	Rong Song	Weiwu Liu	Jian Jiang			
Total amount of each equity instrument granted and not exercised at the beginning of the year	-	-	-	-	-	-
Total amount of each equity instrument granted by the Company during the year	1,286,800.00	643,400.00	643,400.00	3,533,200.00	67,819,000.00	73,925,800.00
Total amount of each equity instrument exercised during the year	-	-	-	-	-	-
Total amount of each equity instrument written off by the Company during the year	-	-	-	-	-	-
Total amount of each equity instrument lapsed during the year	-	643,400.00	-	-	1,475,400.00	2,118,800.00
Total amount of each equity instrument granted and not exercised at the end of the year	1,286,800.00	-	643,400.00	3,533,200.00	66,343,600.00	71,807,000.00
Including: Total amount of each equity instrument exercisable at the end of the year	-	-	-	-	-	-
Total amount of each equity instrument granted and not exercised at the end of the year as a percentage of the total issued share capital at the end of the year	0.02%	-	0.01%	0.05%	0.90%	0.98%
Range of exercise prices of stock options issued and outstanding at the end of the year and the remaining term of the contract	See notes for details	See notes for details	See notes for details	See notes for details	See notes for details	See notes for details
Range of exercise prices of other equity instruments at the end of the year and the remaining term of the contract	—	—	—	—	—	—

Details of equity instruments granted during the year:

In order to further enhance shareholder value, support the realization of the Company's strategy and long-term sustainable development, closely connect the interests of core employees with those of shareholders and the Company, further attract, motivate and retain core talents, and optimize corporate governance, the Company has formulated the Sinotrans Limited Stock Option Incentive Plan (Phase I) (Draft). The First Extraordinary General Meeting of the Company in 2022 considered and approved the Proposal on the Company's Stock Option Incentive Plan (Draft) and its Summary, the Proposal on the Implementation and Assessment Measures of the Company's Stock Option Incentive Plan and the Proposal on the Authorization of the Board of Directors to Handle Matters Relating to the Company's Stock Option Incentive Plan.

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

72. SHARE-BASED PAYMENTS (CONTINUED)

(1) Share-based payment in general (Continued)

According to the authorization of the shareholders' meeting, the eighth meeting of the third session of the Board of Directors of the Company held on 25 January 2022 considered and approved the Proposal on the Granting of Stock Options to the Incentive Targets of the Company's Stock Option Incentive Plan (Phase I). The Company granted 73,925,800 A-share stock options to 186 incentive recipients with 25 January 2022 as the grant date, and the source of shares for exercise is the A-share stock repurchased by the Company. The incentive targets are the senior management and directors of the Company and its subsidiaries, as well as the management and technical backbone who have a direct influence on the operating performance and sustainable development of the Company and its subsidiaries.

As at 31 December 2022, the number of unexercised shares granted under this stock option plan was 71,807,000 shares, representing 0.98% of the total issued share capital of the Company as at that date (including the shares repurchased and not cancelled). Unless approved by a special resolution at a general meeting, the aggregate number of A shares of the Company granted to any one incentive recipient through all the share incentive schemes in force (including those exercised and unexercised) shall not exceed 1% of the total issued A shares of the Company; the aggregate number of underlying shares under all the share incentive schemes of the Company in force shall not exceed 10% of the total issued A shares of the Company. The number of stock options and the number of underlying shares involved will be adjusted in the event of capital transferring from the capital reserve, distribution of stock dividends, share split or share reduction, or rights issue before the exercise of stock options.

The vesting conditions of the stock option plan include service term conditions and certain company and individual performance conditions, etc. The stock option plan is exercised in three equal installments, with each installment vesting independently, and the exercise periods are from the first trading day 24 months after the grant date to the last trading day within 36 months after the grant date, from the first trading day 36 months after the grant date to the last trading day within 48 months after the grant date, and from the first trading day 48 months after the grant date to the last trading day within 60 months after the grant date.

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

72. SHARE-BASED PAYMENTS (CONTINUED)

(1) Share-based payment in general (Continued)

The company performance conditions are as follows:

Performance indicators	First installment effective	Second installment effective	Third installment effective
Return on equity attributable to the parent company	The Company's return on equity attributable to the parent company for the financial year prior to the effective point is not less than 10.25% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	The Company's return on equity attributable to the parent company for the financial year prior to the effective point is not less than 10.5% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	The Company's return on equity attributable to the parent company for the financial year prior to the effective point is not less than 10.75% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)
CAGR of net profit attributable to owners of the parent company (based on 2020)	In the financial year prior to the effective point, the CAGR of net profit attributable to owners of the parent company is not less than 11% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	In the financial year prior to the effective point, the CAGR of net profit attributable to owners of the parent company is not less than 11.25% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)	In the financial year prior to the effective point, the CAGR of net profit attributable to owners of the parent company is not less than 11.5% and not less than the average value of the same industry (or the 75th percentile level of the benchmark companies)
Economic Value Added (EVA)	The EVA value of the Company in the financial year before the effective point is not less than RMB1.50 billion	The EVA value of the Company in the financial year before the effective point is not less than RMB1.60 billion	The EVA value of the Company in the financial year before the effective point is not less than RMB1.70 billion

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

72. SHARE-BASED PAYMENTS (CONTINUED)

(1) Share-based payment in general (Continued)

The individual performance conditions are as follows:

Individual annual performance achievement/appraisal	Percentage of stock options actually available to individuals
Good and above	100%
Qualified	80%
Unqualified	0

The exercise price is determined based on the higher of the average trading price of the Company's A shares (RMB4.18 per share) one trading day prior to the announcement of the draft stock option plan and the summary, the average trading price of the Company's A shares (RMB4.29 per share) 20 trading days prior to the announcement, and the par value of the Company's A shares (RMB1 per share), which is RMB4.29 per share (subject to adjustment by the authorized Board of Directors based on dividend payments, increase by transferring, share reductions, rights issue, etc.). The closing price of the Company's A shares on the trading day before the grant date of this stock option plan was RMB4.03 per share.

As approved by the fifteenth meeting of the third session of the Board of Directors and the third meeting of the Supervisory Committee of the Company for the year 2022, the exercise price of the aforesaid stock option plan was adjusted to RMB4.11 per share (the exercise price before adjustment of RMB4.29 less the dividend payout of RMB0.18 per share) in accordance with the exercise price adjustment method and the profit distribution plan for the year 2021 (see Note IX. 49 for details). The Third Extraordinary General Meeting of the Company in 2022 considered and approved the "Proposal on the Profit Distribution Plan for the Half Year of 2022" (refer to Note IX. 49 for details), and the exercise price of the aforementioned stock option plan is expected to be adjusted to RMB4.01 per share (the exercise price before adjustment of RMB4.11 less the dividend payout of RMB0.10 per share) according to the exercise price adjustment method.

At 31 December 2022, the average remaining waiting period for the stock option plan was 2.08 years.

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

72. SHARE-BASED PAYMENTS (CONTINUED)

(2) Equity-settled share-based payments

Item	Situation
Method of determining the fair value of equity instruments at the date of grant (Note 1)	The fair value of each stock option granted was calculated using the Black-Scholes option pricing model in accordance with ASBE No. 11 – Share-based Payment and ASBE No. 22 – Recognition and Measurement of Financial Instruments, and in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) Guidelines on the Implementation of Equity Incentives in Listed Companies Controlled by Central Enterprises.
Method for determining the best estimate of the number of exercisable equity instruments (Note 2)	The number of exercisable equity instruments was estimated based on the incumbency of incentive recipients as of 31 December 2022, the expected turnover rate and the expected satisfaction of certain company and individual performance and other vesting conditions of stock options.
Reasons for significant differences between current year estimates and prior year estimates	Not applicable
Accumulated amount of equity-settled share-based payments in capital reserves	30,116,077.73
Total expense recognized for equity-settled share-based payments (Note 3)	30,116,077.73

Note 1: The fair value of each stock option under the Company's stock option plan granted this year was calculated in accordance with the Black-Scholes option pricing model on the date of grant as RMB1,2451, and the risk-free interest rate used was the annualized interest rate of 2.3% for 3.5-year treasury bonds (same as expected maturity), the value of stock price volatility used was the historical volatility of 38.97% of the Company since its A-share listing, the expected maturity used was 3.5 years (weighted), the expected dividend rate used was 0% (according to the valuation principle and the regulatory requirements of SASAC, if the stock incentive plan stipulates the principle of adjusting the exercise price of the Company after dividends payment, the expected dividend rate will no longer be considered in the fair value assessment, and 0% will be used as input).

Note 2: As of 31 December 2022, four of the incentive recipients of the aforementioned stock option plan left or transferred out of the Group. The Group has deducted 2,118,800 shares of stock options granted to these four individuals in estimating the number of shares exercisable under this stock option plan and expects that the number of new departures in the future will be zero, and both the Company and individual performance conditions can be satisfied.

Note 3: The incentive targets of the stock option plan granted by the Company during the year included employees of certain subsidiaries, and the service costs of such employees were recognized in the statements of the subsidiaries and aggregated to the Group.

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

72. SHARE-BASED PAYMENTS (CONTINUED)

- (3) The Group had no cash-settled share-based payments during the year.
- (4) The Group had no modification or termination of share-based payment during the year.

73. SEGMENT REPORTING

In accordance with the Group's internal organisational structure, management requirements, and internal reporting system, the Group's operations are divided into three operating segments whose operating results are regularly evaluated by the Group's management to determine the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group determined three reporting segments, which are Forwarding and related business, logistics, and E-commerce respectively. These reporting segments are based on the revenue type of the Group.

The operating segments and reporting segments of the Group are analysed as follows:

- Forwarding and related business: mainly includes arranging the delivery of goods to designated consignees in other locations within a specified time frame in accordance with customer instructions; including shipping agency services related to freight forwarding to shipping companies, providing storage, storage yards, container loading and unloading stations, and terminal services.
- Logistics: 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

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

73. SEGMENT REPORTING (CONTINUED)

2022

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income:	—	—	—	—	—	—
Income from external transaction	69,486,318,597.99	27,453,605,540.94	11,876,799,316.09	-	-	108,816,723,455.02
Income from inter-segment transaction	5,193,629,922.18	680,078,297.92	1,367,791,667.97	-	-7,241,499,888.07	-
Total operating income from segments	74,679,948,520.17	28,133,683,838.86	13,244,590,984.06	-	-7,241,499,888.07	108,816,723,455.02
Total operating costs	68,653,946,466.44	26,583,809,455.56	11,906,111,833.33	441,181,361.05	-	107,585,049,116.38
Impairment of assets (loss denoted by "-")	-	-	-	-111,261,705.40	-	-111,261,705.40
Credit loss impairment (loss denoted by "-")	-3,100,331.59	-15,525,115.59	-12,475,931.87	-	-	-31,101,379.05
Gain from changes in fair value (loss denoted by "-")	-	-	-	-104,938,658.96	-	-104,938,658.96
Investment income (loss denoted by "-")	96,163,471.75	11,872,678.31	1,883,165,622.71	587,950,349.43	-	2,579,152,122.20
Including: Income from investments in associates and joint ventures	96,163,471.75	11,872,678.31	1,883,165,622.71	395,854,867.26	-	2,387,056,640.03
Income from the disposal of assets (loss denoted by "-")	-	-	-	195,886,134.64	-	195,886,134.64
Other income	1,157,601,690.84	66,915,453.88	218,966,397.29	981,895.70	-	1,444,465,437.71
Operating profit	2,083,036,962.55	933,059,101.98	2,060,343,570.89	127,436,654.36	-	5,203,876,289.78
Non-operating income	27,546,161.32	15,097,208.58	174,623.39	21,836,344.84	-	64,654,338.13
Non-operating expenses	16,353,985.38	22,914,836.58	132,316.60	31,412,033.33	-	70,813,171.89
Total profit	2,094,229,138.49	925,241,473.98	2,060,385,877.68	117,860,965.87	-	5,197,717,456.02
Income taxes	619,848,205.60	223,425,305.10	110,558,925.21	3,224,543.43	-	957,056,979.34
Net profit	1,474,380,932.89	701,816,168.88	1,949,826,952.47	114,636,422.44	-	4,240,660,476.68
Total assets	40,025,408,952.85	21,483,347,617.76	8,188,336,172.26	8,128,677,779.58	-	77,825,770,522.45
Total liabilities	16,214,012,724.73	6,042,787,473.06	2,287,844,279.95	16,412,682,047.72	-	40,957,326,525.46
Supplementary information:	—	—	—	—	—	—
Depreciation and amortisation expenses	1,027,968,489.74	1,131,172,732.44	127,750,330.38	108,411,688.42	-	2,395,303,240.98
Capital expenditures	886,546,579.34	720,017,648.45	415,506,367.91	370,200,636.95	-	2,392,271,232.65
Non-cash expenses other than depreciation and amortisation	3,100,331.59	15,525,115.59	12,475,931.87	-	-	31,101,379.05
Increase in long-term equity investments in associates and joint ventures arising from the accounting	62,780,779.05	76,696,506.78	-281,760,499.50	257,481,818.24	-	115,198,604.57

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For the Year ended 31 December 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

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

73. SEGMENT REPORTING (CONTINUED)

2021

Item	Forwarding and related business	Logistics	E-commerce	Undistributed items	Inter-segment elimination	Total
Operating income:						
Income from external transaction	85,912,222,390.01	24,183,318,054.67	14,252,854,133.71	-	-	124,348,394,578.39
Income from inter-segment transaction	4,354,620,503.91	396,005,769.99	1,104,265,904.65	-	-5,854,892,178.55	-
Total operating income from segments	90,266,842,893.92	24,579,323,824.66	15,357,120,038.36	-	-5,854,892,178.55	124,348,394,578.39
Operating expenses	85,069,590,513.75	23,417,159,393.40	14,373,666,009.17	753,806,940.22	-	123,614,222,856.54
Impairment of assets (loss denoted by "-")	-	-	-	-227,164,478.45	-	-227,164,478.45
Credit loss impairment (loss denoted by "-")	-109,972,116.81	-5,471,865.67	-4,106,206.88	-2,915,082.13	-	-122,465,271.49
Gain from changes in fair value (loss denoted by "-")	-	-	-	-34,780,743.32	-	-34,780,743.32
Investment income (loss denoted by "-")	87,158,647.00	22,756,984.35	1,970,748,525.13	426,983,278.33	-	2,507,647,434.81
Including: Income from investments in associates and joint ventures	87,158,647.00	22,756,984.35	1,970,748,525.13	330,155,986.61	-	2,410,820,143.09
Income from the disposal of assets (loss denoted by "-")	-	-	-	116,988,430.05	-	116,988,430.05
Other income	1,454,708,286.28	63,916,853.08	374,082,457.50	302,276.15	-	1,893,009,873.01
Operating profit	2,274,526,692.73	847,360,633.03	2,219,912,900.29	-474,393,259.59	-	4,867,406,966.46
Non-operating income	26,151,386.57	30,177,660.80	557,731.75	21,942,139.00	-	78,828,918.12
Non-operating expenses	140,272,060.12	11,437,859.78	120,070.44	62,006,022.68	-	213,836,013.02
Total profit	2,160,406,019.18	866,100,434.05	2,220,350,561.60	-514,457,143.27	-	4,732,399,871.56
Income tax expenses	554,414,783.64	149,914,935.78	92,734,794.91	2,497,293.78	-	799,561,808.11
Net profit	1,605,991,235.54	716,185,498.27	2,127,615,766.69	-516,954,437.05	-	3,932,838,063.45
Total assets	38,108,465,479.05	20,119,522,760.19	8,320,012,009.37	7,758,364,546.63	-	74,306,364,795.24
Total liabilities	15,731,076,709.83	5,095,583,929.84	2,392,618,342.07	16,036,783,869.42	-	39,256,062,851.16
Supplementary information:						
Depreciation and amortisation expenses	953,771,241.70	1,033,195,640.38	113,324,834.72	73,723,539.80	-	2,174,015,256.60
Capital expenditures	1,168,273,148.93	728,963,600.52	71,471,395.01	296,690,628.21	-	2,265,398,772.67
Non-cash expenses other than depreciation and amortisation	109,972,116.81	5,471,865.67	4,106,206.88	2,915,082.13	-	122,465,271.49
Increase in long-term equity investments in associates and joint ventures arising from the accounting	-85,775,917.85	34,923,190.50	783,565,390.05	-72,053,869.60	-	660,658,793.10

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For the Year ended 31 December 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	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
OCEAN LIFTER I LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
RED BRAVES FINANCE LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Anhui Sinotrans Wuhu Zhujiqiao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Beijing Sinotrans 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
Beijing Sinotrans Logistics Center 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
Chiwan Container Terminal 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

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Notes to the Financial Statements

For the Year ended 31 December 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
Dalian Port & Barge Company	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
Dalian Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Dandong Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Freight Forwarding Fujian Hexi Storage & Transportation Company	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
Guangdong Yide Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans Fangchenggang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Guangxi Guigang Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Guangxi Sinotrans 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
Guangxi Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Associated Maritime Company (Hong Kong) Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
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
Sinotrans Hebei Company Yuanshi Warehouse	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS Henan, Jiuling Transport & Storage Co.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 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
Jiangsu Foreign Transportation Container Station 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
Liaoning Port Holding (Yingkou) 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
Manzhouli Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Ming Wah International Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Changjiang Oil Transportation Longtan Shipping Engineering Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Changjiang National Shipping (Group) Corporation	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Inner Mongolia Sinotrans Logistics 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
Panjin Port Group Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Xiamen Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shandong Sinotrans Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Warehouse Pudong Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Xinyangshan Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the Year ended 31 December 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
SCSC International Merchant&Shipping (Hong Kong) Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Changshi Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai China Merchants Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shanghai Sinotrans Qiantang Co., Ltd.	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
Shekou Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Port Development Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Chiwan Tug Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Haixing Harbor Development 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
Shenzhen Magang Cangma Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans International Trading Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Landmark(shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen Merchants Home Technology Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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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
Shenzhen Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sichuan Sinotrans Storage Service Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Wenzhou Sinotrans Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Changjiang Shipping Planning Design Institute	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
Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Hong Kong Ming Wah Shipping Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yangtza Navigation (Hong Kong) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Xinjiang Sinotrans Regional Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yangzhou Sinotrans International Freight Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Gangtong e-commerce Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yingkou Xingang Ore Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Yiu Lian Dockyards Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
LONG LINK LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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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)

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
Zhanjiang Port International Container Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Merchants Port Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Merchants Tugboat Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Zhangzhou China Ocean Shipping Tally Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Cargo Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
CSC Wuhan Qingshan Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Port Group 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
China Merchants Port (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Bonded Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Godown, Wharf&Transportation Company Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants International Technology 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
China Merchants Container Service 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 Group Finance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Health Industry (Qichun) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Nanjing Jinling Shipyard Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 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
China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Jinling Dingheng Shipping (Yangzhou) 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 Merchants Renhe Life Insurance Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Food (China) Co., Limited	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Financial Leasing 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
CHINA MERCHANTS INVESTMENTS LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Viking Cruise Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
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
Zhengzhou Merchants Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Shenzhen) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS (HONG KONG) HOLDINGS LIMITED	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Alashankou Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Beijing Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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For the Year ended 31 December 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 Gansu 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
Sinotrans Jiangsu Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jiangxi Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Jinling Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Lianyungang Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Manzhouli Bonded Storage and Transportation Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Nantong 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 Qinhuangdao Border Checkpoint Industry Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shaanxi Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Sunny Express Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
SINOTRANS & CSC	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
China Yangtze River Shipping Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
AVIC Property Management Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hainan) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party

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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
Sinotrans Container Lines Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Liaoning Container Company	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
Sinotrans Shanghai (Group) Property Development 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
Chongqing CSC Tianyi Logistics Co., Ltd.	Other enterprises controlled by the same controlling shareholder and ultimate controlling party
MAXX LOGISTICS FZCO.	Joint ventures of the Group
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Joint ventures of the Group
Beijing Medlink Supply Chain Management Co., Ltd.	Joint ventures of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint ventures of the Group
Dongguan Port Container Terminals Co., Ltd.	Joint ventures of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Joint ventures of the Group
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Joint ventures of the Group
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Joint ventures of the Group
Jiangsu Sinotrans Lvsj Port Heavy Logistics Development Co., Ltd.	Joint ventures of the Group
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Ningbo Dagang Container Co., Ltd.	Joint ventures of the Group
Ningbo Dagang New Century Container Co., Ltd.	Joint ventures of the Group
Ningbo Taiping Int'L Trade Transportation	Joint ventures of the Group
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Rongyun (Xiamen) Supply Chain Co., Ltd.	Joint ventures of the Group
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Joint ventures of the Group
SIPG Sinotrans Container Depot Co., Ltd.	Joint ventures of the Group
Shanghai United Cold Chain Logistics Co., Ltd.	Joint ventures of the Group
Shanghai Tongyun International Logistics Co., Ltd.	Joint ventures of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	Joint ventures of the Group

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For the Year ended 31 December 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
China United Tally (Shenzhen) Co., Ltd.	Joint ventures of the Group
Shenyang Jinyun Automobile Logistics Co., Ltd.	Joint ventures of the Group
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Joint ventures of the Group
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Joint ventures of the Group
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co., Ltd.	Joint ventures of the Group
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Joint ventures of the Group
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans Logistics (Pakistan) Limited	Joint ventures of the Group
Sinotrans Philippines Inc.	Joint ventures of the Group
Sinotrans Suzhou Logistics Center Co., Ltd.	Joint ventures of the Group
Sinotrans Turkey Limited	Joint ventures of the Group
Sinotrans India Limited	Joint ventures of the Group
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Joint ventures of the Group
DHL-Sinotrans International Air Courier Ltd.	Joint ventures of the Group
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Joint ventures of the Group
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans PFIs Cold Chain Logistics Co., Ltd.	Joint ventures of the Group
Nissin-Sinotrans International Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans Sarens Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Joint ventures of the Group
China-Vietnam Sinotrans Logistics Co., Ltd.	Joint ventures of the Group
Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	A subsidiary of 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
NEW SILKWAY LOGISTICS B.V.	An associate of the Group
Guangxi Yunyu Port Co., Ltd.	An associate of the Group
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd.	An associate of the Group
Jiangmen Gaosha Outside Freight Agency Co., Ltd.	An associate of the Group
Jiangsu Jiangyin Port Group Co., Ltd.	An associate of the Group

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For the Year ended 31 December 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
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	An associate of the Group
Land and Sea New Channel Operation Co. Ltd.	An associate of the Group
Ma'anshan Tianshun Port Co., Ltd.	An associate of the Group
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	An associate of the Group
Nanjing Zhiyun Supply Chain Management Co., Ltd.	An associate of the Group
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	An associate of the Group
Nantong Sinotrans Prince Port Storage Co., Ltd.	An associate of the Group
Qingdao Huasheng Airport Logistics Co., Ltd.	An associate of the Group
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	An associate of the Group
Shanghai Puan Storage Co., Ltd.	An associate of the Group
Shenzhen Haiyitong Technology Co., Ltd.	An associate of the Group
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Shenyang Henglu Logistics Co., Ltd.	An associate of the Group
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Weihai Weidong Shipping Co., Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	An associate of the Group
Zhejiang Seaport Changxing Port Co., Ltd.	An associate of the Group
China International Exhibition Transportation Co., Ltd.	An associate of the Group
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	An associate of the Group
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	A subsidiary of an associate of the Group
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	A subsidiary of an associate of the Group
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
China Merchants Wealth Asset Management Co., Ltd.	A subsidiary of an associate of the ultimate controlling party

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Notes to the Financial Statements

For the Year ended 31 December 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 YEAR

(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.
- 2) 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 Group 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 Group 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.

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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For the Year ended 31 December 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 YEAR (CONTINUED)

(1) Pricing policy and basis (Continued)

- 3) On 28 October 2020, the Company renewed the Financial Services Agreement with China Merchants Group Finance Co., Ltd. (hereinafter referred to as the Finance Company), 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 Finance Company 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 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.

(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 connected transactions	Current year	Prior year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	949,145,389.85	1,149,040,322.77
Sinotrans Container Lines Co., Ltd.	Transportation and related services	523,658,607.78	585,429,762.36
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	121,775,841.24	152,257,507.60
China Merchants Group Finance Co., Ltd.	Interest income	82,992,697.05	75,339,729.56
Associated Maritime Company (Hong Kong) Limited	Transportation and related services	64,956,303.55	56,619,573.21
Hong Kong Ming Wah Shipping Company Limited	Transportation and related services	24,495,849.41	26,178,972.06
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related services	21,086,759.56	26,009,277.50
YANGTZE NAVIGATION (SINGAPORE) PTE.LTD.	Transportation and related services	18,950,936.61	4,736,017.60

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For the Year ended 31 December 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 YEAR (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 connected transactions	Current year	Prior year
Sinotrans Inner Mongolia Co., Ltd.	Transportation and related services	7,950,666.53	8,189,954.47
CSC Cargo Co., Ltd.	Transportation and related services	7,378,138.61	4,292,107.60
Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	Transportation and related services	6,352,992.79	4,703,311.15
Shekou Container Terminal Co., Ltd.	Transportation and related services	5,403,430.65	1,500,705.35
China Merchants Viking Cruise Co., Ltd.	Transportation and related services	5,291,728.16	1,592,667.22
Dalian Port Container Logistics Co., Ltd.	Transportation and related services	4,585,078.20	4,879,509.68
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	4,277,005.93	4,837,622.04
Beijing Sinotrans Land Transportation Co., Ltd.	Transportation and related services	3,511,905.56	64,528.30
Nanjing Jinling Shipyard Co., Ltd.	Transportation and related services	3,423,918.79	–
China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	Partnership management fees	3,001,000.00	945,520.55
Beijing Sinotrans Logistics Center Co., Ltd.	Transportation and related services	2,838,452.75	32,603.78
China Merchants Jinling SHIPYARD (Weihai) Co., Ltd.	Transportation and related services	2,735,375.08	–
China Yangtze River Shipping Co., Ltd.	Transportation and related services	2,700,572.83	12,372,674.81
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related services	2,520,873.78	2,900,173.89
Nanjing Tanker Corporation	Transportation and related services	2,518,519.91	2,576,644.41

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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 YEAR (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 connected transactions	Current year	Prior year
Yingkou Gangtong e-commerce Co., Ltd.	Transportation and related services	2,166,120.80	–
CSC Wuhan Qingshan Shipyard Co., Ltd.	Transportation and related services	1,900,162.68	2,838,060.16
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	1,750,140.62	40,814,889.35
Shenzhen Chiwan International Freight Forwarding Co., Ltd.	Transportation and related services	1,591,369.50	1,630,234.46
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	1,573,773.59	8,553,448.27
Shenzhen Chiwan Port Development Co., Ltd.	Transportation and related services	1,111,643.71	1,129,297.06
Chiwan Container Terminal Co., Ltd.	Transportation and related services	1,056,259.47	2,218,530.52
Shenzhen China Merchants Xunlong Shipping Co., Ltd.	Transportation and related services	1,030,680.00	2,146,252.07
China Merchants Bonded Logistics Co., Ltd.	Transportation and related services	1,029,853.20	806,623.30
China Merchants Jinling Dingheng Shipping (Yangzhou) Co., Ltd.	Transportation and related services	846,540.14	1,270,679.59
Sinotrans Shaanxi Co., Ltd.	Transportation and related services	819,487.97	7,008,906.04
Shenzhen Magang Cangma Co., Ltd.	Transportation and related services	662,677.68	1,113,162.19
Shanghai Changshi Shipping Co., Ltd.	Transportation and related services	588,808.31	1,064,244.50
Sinotrans Gansu Co., Ltd.	Transportation and related services	258,745.42	29,165,497.34
Sichuan Sinotrans Storage Service Co., Ltd.	Transportation and related services	225,000.00	1,698,113.20
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related services	215,163.31	7,027,202.71

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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 YEAR (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 connected transactions	Current year	Prior year
China Merchants Food (China) Co., Limited	Transportation and related services	25,629.39	1,300,164.90
SINOTRANS & CSC	custody income, others	-	40,776,631.47
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related services	-	9,816,782.78
Ming Wah International Shipping Company Limited	Transportation and related services	-	2,807,334.17
Sinotrans Liaoning Container Company	Transportation and related services	-	1,847,049.80
Others	Transportation and related services etc.	9,886,679.29	8,548,355.75
Joint ventures and their subsidiaries	—	1,046,089,975.70	778,489,776.85
Ningbo Taiping Int'l Trade Transportation	Transportation and related services	482,283,060.71	313,127,164.72
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	103,923,719.88	3,753,982.40
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	95,465,259.08	206,679,773.17
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	87,626,697.38	33,825,170.91
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	69,121,613.04	53,362,225.84
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	38,237,853.23	26,341,915.10
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Transportation and related services	34,238,327.03	-
Beijing Medlink Supply Chain Management Co., Ltd.	Transportation and related services	29,010,584.19	20,575,100.16
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	21,829,664.96	36,984,510.32

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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 YEAR (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 connected transactions	Current year	Prior year
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	13,008,876.57	8,721,044.20
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	11,728,070.17	4,075,808.12
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co., Ltd.	Transportation and related services	7,454,237.72	5,676,079.60
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	6,501,648.79	8,174,412.97
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	6,432,012.75	6,849,859.33
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	5,592,644.55	5,754,218.17
Sinotrans PFIs Cold Chain Logistics Co., Ltd.	Transportation and related services	5,073,619.92	–
MAXX LOGISTICS FZCO.	Transportation and related services, interest income	4,020,034.62	3,119,876.36
Sinotrans Logistics (Pakistan) Limited	Transportation and related services	3,758,917.48	–
Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	Transportation and related services	3,556,625.06	15,832,584.78
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	Transportation and related services	2,347,304.98	1,561,182.80
Shanghai United Cold Chain Logistics Co., Ltd.	Transportation and related services	2,176,827.03	4,856,181.00
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	2,161,119.28	163,608.02
Sinotrans PFS Yida (Shanghai) Logistics Co., Ltd.	Transportation and related services	2,105,439.26	–
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related services	1,474,973.75	–
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	1,148,337.30	2,227,392.22

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For the Year ended 31 December 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 YEAR (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 connected transactions	Current year	Prior year
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	Transportation and related services	1,143,093.28	—
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	805,039.86	1,319,698.65
SIPG Sinotrans Container Depot Co., Ltd.	Transportation and related services	58,506.72	12,600,485.12
Others	Transportation and related services etc.	3,805,867.11	2,907,502.89
Associates and their subsidiaries	—	103,274,742.44	290,201,046.34
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	22,376,439.31	77,004,307.22
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	16,238,362.76	12,219,597.11
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	Transportation and related services	12,525,690.72	—
Qingdao Yujiachang Container Storage And Transportation Co. Ltd.	Transportation and related services	10,781,910.40	8,091,000.77
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related services	8,095,238.12	8,095,238.12
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	7,509,606.80	7,404,721.37
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Transportation and related services	6,894,024.86	6,578,249.08
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	5,754,512.18	5,929,905.31
Shanghai Puan Storage Co., Ltd.	Interest income	3,618,511.52	3,343,520.70
NEW SILKWAY LOGISTICS B.V.	Transportation and related services	3,571,066.72	14,950,319.36
Land and Sea New Channel Operation Co., Ltd.	Transportation and related services	3,195,607.57	22,882,650.13
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related services	886,192.48	105,774,278.63

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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 YEAR (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 connected transactions	Current year	Prior year
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd.	Transportation and related services	800.00	4,428,061.16
China Merchants Logistics Group Nanjing Co., Ltd.	Transportation and related services	-	9,384,900.38
Others	Transportation and related services etc.	1,826,779.00	4,114,297.00
Associates of the ultimate controlling party	—	4,831,624.18	16,824,244.24
China Merchants Bank Co., Ltd.	Interest income	4,831,624.18	16,376,611.36
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related services	-	447,632.88
Total sales of goods and services	—	2,103,341,732.17	2,234,555,390.20

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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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services

Name of related party	Content of connected transactions	Current Year	Prior Year
Other enterprises controlled by the same controlling shareholder and ultimate controlling party	—	1,536,315,385.21	2,655,483,543.26
Sinotrans Container Lines Co., Ltd.	Transportation and related services	657,897,342.55	1,664,414,392.36
Nanjing Tanker Corporation	Transportation and related services	233,140,544.89	232,921,195.15
Sinotrans Sunny Express Co., Ltd.	Transportation and related services	52,436,886.48	33,555,871.14
Shenzhen Merchants Home Technology Co., Ltd.	Purchase of goods	51,781,845.28	64,093,073.64
Zhanjiang Port (Group) Co., Ltd.	Transportation and related services	44,606,886.78	39,975,445.03
SCSC International Merchant&Shipping (Hong Kong) Company Limited	Transportation and related services	33,954,230.89	23,023,783.14
Dalian Port & Barge Company	Transportation and related services	31,076,172.20	27,130,393.88
Zhanjiang Port Petrochemical Terminal Co., Ltd.	Transportation and related services	27,924,213.31	41,903,470.55
YANGTZE NAVIGATION(SINGAPORE)PTE.LTD.	Transportation and related services	24,577,149.83	—
Sinotrans Alashankou Company	Transportation and related services	22,868,517.51	3,532,757.46
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation and related services	20,832,996.58	9,000,697.98
China Merchants International Terminal (Qingdao) Limited	Transportation and related services, others	19,630,937.81	13,587,154.23
China Merchants Group Finance Co., Ltd.	Interest expense, fees	17,329,334.77	9,790,488.63
Zhengzhou Merchants Logistics Co., Ltd.	Transportation and related services	13,833,411.36	15,762,095.59

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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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Dalian Container Terminal Co., Ltd.	Transportation and related services	13,819,438.57	14,095,245.18
Shekou Container Terminal Co., Ltd.	Transportation and related services	13,660,861.03	654,652.10
China Merchants Property Management Co., Ltd.	Transportation and related services, property management fees	13,143,447.48	13,093,546.77
Dandong Port Group Co., Ltd.	Transportation and related services	12,155,941.24	32,027,306.16
China Merchants Bonded Logistics Co., Ltd.	Transportation and related services	9,760,588.66	15,705,008.58
Yingkou Xingang Ore Terminal Co., Ltd.	Transportation and related services	8,687,574.67	-
Hailong No. 12 (Tianjin) Leasing Co., Ltd.	Transportation and related services	8,628,318.57	31,637,168.14
Dalian Port Groceries Wharf Co., Ltd.	Transportation and related services	8,358,543.37	832,850.02
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Property management fee	7,572,487.22	7,156,419.25
Shenzhen Chiwan Tug Co., Ltd.	Transportation and related services	7,070,624.94	6,960,944.20
China Merchants Container Service Co., Ltd.	Transportation and related services	6,873,740.18	1,730,303.69
Shenzhen Lianda Tug Co., Ltd.	Transportation and related services	6,662,669.33	5,674,795.66
China Merchants Renhe Life Insurance Co., Ltd.	Transportation and related services, others	6,610,650.17	-
Zhangzhou China Merchants Port Co., Ltd.	Transportation and related services	6,463,342.79	4,396,653.56

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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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Zhanjiang Port International Container Terminal Co., Ltd.	Transportation and related services	6,371,779.45	2,779,008.30
SINOTRANS & CSC	Interest expense, others	6,180,479.92	2,957,303.18
Sinotrans Shanghai (Group) Co., Ltd.	Transportation and related services	6,128,997.06	2,387,518.82
Changjiang Shipping Planning Design Institute	Construction-in-progress expenses	5,719,292.42	969,366.98
Liaoning Port Holding (Yingkou) Co., Ltd.	Transportation and related services	5,134,817.85	16,550.00
CSC Cargo Co., Ltd.	Transportation and related services	4,883,464.31	1,335,422.66
China Yangtze River Shipping Co., Ltd.	Transportation and related services	4,871,496.86	1,413,228.96
China Merchants Investment Development Company Limited	Others	4,824,846.90	–
Sinotrans Jiangsu Co., Ltd.	Property management fee	3,986,454.21	4,800,000.00
Sinotrans Shanghai (Group) Property Development Co., Ltd.	Property management fee	3,641,782.69	2,031,058.16
Guangdong Yide Port Co., Ltd.	Transportation and related services	3,556,507.83	2,149,887.37
Sinotrans Hebei Co., Ltd.	Transportation and related services	3,394,248.91	51,596,463.12
Wuhan Changwei International Shipping Industry Co., Ltd.	Transportation and related services	3,249,792.00	612,564.34
Sinotrans Gansu Co., Ltd.	Transportation and related services	3,116,706.55	1,969,150.65
Shandong Sinotrans Co., Ltd.	Transportation and related services	3,049,997.47	1,907,977.34
Sinotrans Hebei Company Yuanshi Warehouse	Transportation and related services	2,986,344.26	2,803,646.20

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For the Year ended 31 December 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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Guangxi Sinotrans Nanning Storage and Transportation Co., Ltd.	Transportation and related services	2,985,600.12	2,786,624.61
Zhangzhou China Merchants Tugboat Company Limited	Transportation and related services	2,936,414.83	3,254,622.22
Panjin Port Group Co., Ltd.	Transportation and related services	2,907,025.33	3,258,237.74
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Transportation and related services	2,723,809.52	2,335,238.13
SINOTRANS Henan, Jiuling Transport & Storage Co.	Transportation and related services	2,663,782.89	1,556,603.78
Guangxi Sinotrans Automobile Transportation Co., Ltd.	Transportation and related services	2,620,800.12	2,453,818.56
Tianjin Sinotrans Binhai Logistics Management Co., Ltd.	Transportation and related services	2,581,115.16	1,504,583.06
Nanjing Changjiang National Shipping (Group) Corporation	Long-term asset expenditures	2,578,957.52	–
Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	Transportation and related services	2,545,552.56	6,461,989.73
Yangzhou Sinotrans International Freight Co., Ltd.	Transportation and related services	2,240,640.49	2,858,494.24
Sinotrans Guangdong Co., Ltd.	Interest expense on internal borrowings	2,226,185.95	2,336,667.68
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related services	2,156,756.30	4,142,890.51
Jiangsu Foreign Transportation Container Station Co., Ltd.	Transportation and related services	2,155,892.65	1,816,744.51
Sinotrans Container Lines (Hainan) Co., Ltd.	Transportation and related services	2,084,319.84	–
China Merchants International Technology Co., Ltd.	Transportation and related services	2,000,852.87	1,550,477.12
Sinotrans Jiangsu Logistics Co., Ltd.	Transportation and related services	1,872,569.39	4,638,452.20

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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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Shenzhen Magang Cangma Co., Ltd.	Transportation and related services	1,830,489.74	243,741.98
Zhangzhou China Ocean Shipping Tally Co., Ltd.	Transportation and related services	1,701,617.49	2,189,518.82
Sinotrans Lianyungang Co., Ltd.	Transportation and related services	1,573,216.99	–
Anhui Sinotrans Wuhu Zhujiacao Storage and Transportation Co., Ltd.	Transportation and related services	1,526,907.91	2,839,671.19
Guangdong Zhanjiang Port Longteng Shipping Co., Ltd.	Transportation and related services	1,491,509.45	1,347,358.49
China Merchants Health Industry (Qichun) Co., Ltd.	Transportation and related services	1,281,036.77	–
Sinotrans (Shenzhen) Co., Ltd.	Transportation and related services	1,277,614.71	–
Shenzhen Haixing Harbor Development Co., Ltd.	Transportation and related services	1,272,917.15	19,424.99
Sinotrans Qinhuangdao Border Checkpoint Industry Co., Ltd.	Transportation and related services	1,247,628.17	1,358,615.72
China Merchants Port (Shenzhen) Co., Ltd.	Transportation and related services	1,214,546.58	3,499,114.53
Sinotrans Guangxi Guigang Company	Transportation and related services	1,198,285.68	1,131,141.14
Shenzhen Chiwan Port Development Co., Ltd.	Transportation and related services	1,166,626.94	1,683,726.56
SINOTRANS (HONG KONG) HOLDINGS LIMITED	Others	1,144,054.80	–
Guangxi Sinotrans Fangchenggang Co., Ltd.	Transportation and related services	1,049,832.74	873,714.63
AVIC Property Management Co., Ltd.	Property management fee	1,028,112.22	–
Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	Transportation and related services	1,025,065.86	737,198.16
Yiu Lian Dockyards Limited	Transportation and related services	803,372.12	2,487,102.02

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For the Year ended 31 December 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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	Transportation and related services	777,361.14	18,470,012.07
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related services	718,927.26	1,773,550.06
Sinotrans Shaanxi Co., Ltd.	Transportation and related services	391,496.93	17,226,064.89
Hailong No. 15 (Tianjin) Leasing Co., Ltd.	Transportation and related services	292,035.40	25,884,955.71
Wenzhou Sinotrans Logistics Co., Ltd.	Transportation and related services	133,920.60	4,134,362.74
China Merchants Gangrong Big Data Co., Ltd.	Transportation and related services	4,716.98	4,213,975.10
China Merchants Godown, Wharf & Transportation Company Limited	Transportation and related services	-	37,589,917.92
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	-	15,908,917.73
Shanghai Foreign Trade Warehouse Pudong Company	Transportation and related services	-	13,382,312.67
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	-	4,562,527.10
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Transportation and related services	-	4,369,631.48
SINOTRANS Shanghai Zhang HUA BANG Storage and Transportation Co., Ltd.	Transportation and related services	-	4,267,195.27
Yangtza Navigation (Hong Kong) Co., Ltd.	Transportation and related services	-	2,546,853.73
Manzhouli Sinotrans Co., Ltd.	Transportation and related services	-	2,353,335.64
Changzhou Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	-	2,142,885.76
Xinjiang Sinotrans Regional Storage and Transportation Co., Ltd.	Transportation and related services	-	2,027,240.00

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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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Shenzhen Merchants Property Management Co., Ltd.	Purchase of goods	-	1,931,615.94
Sinotrans Manzhouli Bonded Storage and Transportation Co., Ltd.	Transportation and related services	-	1,863,457.61
Nanjing Changjiang Oil Transportation Longtan Shipping Engineering Co., Ltd.	Transportation and related services	-	1,405,309.74
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Transportation and related services	-	1,401,784.82
China Merchants Landmark(shenzhen) Co., Ltd.	Transportation and related services	-	1,170,901.92
Inner Mongolia Sinotrans Logistics Co., Ltd.	Transportation and related services	-	1,029,429.99
Others	Transportation and related services etc.	20,428,108.89	34,076,674.88
Joint ventures	—	1,203,826,387.34	476,874,425.05
Xinjiang New Railway Sinotrans Logistics Co., Ltd.	Transportation and related services	387,100,126.94	9,149,356.90
Shaanxi Sinotrans Guotie Logistics Co., Ltd.	Transportation and related services	271,971,216.00	-
Sinotrans Turkey Limited	Transportation and related services	79,439,575.30	43,505,267.34
DHL-Sinotrans International Air Courier Ltd.	Transportation and related services	75,082,877.30	84,223,485.74
China-Vietnam Sinotrans Logistics Co., Ltd.	Transportation and related services	74,434,349.71	56,604,697.40
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related services	46,960,438.45	57,229,877.39
New Land Bridge (Lianyungang) Terminal Co., Ltd.	Transportation and related services	40,135,399.44	17,984,042.58
Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	Transportation and related services	38,809,715.05	33,762,393.32

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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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Jiangsu Sinotrans Lvsj Port Heavy Logistics Development Co., Ltd.	Transportation and related services	32,072,245.57	–
Sinotrans Logistics (Pakistan) Limited	Transportation and related services	22,685,344.61	29,964,452.54
Sinotrans Suzhou Logistics Center Co., Ltd.	Transportation and related services	21,379,152.65	19,122,981.76
Dongguan Port Container Terminals Co., Ltd.	Transportation and related services	18,421,577.20	7,568,940.93
Qingdao Port Dongjiakou Sinotrans Logistics Co., Ltd.	Transportation and related services	14,512,008.36	14,404,563.35
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related services	12,615,164.03	4,947,304.49
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Transportation and related services	11,719,633.49	4,940,477.82
Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related services	9,761,176.94	14,972,907.41
Shenyang Jinyun Automobile Logistics Co., Ltd.	Transportation and related services	5,294,201.59	5,290,806.35
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related services	4,721,538.87	2,696,869.14
Nantong Comprehensive Bonded Zone Sinotrans Logistics Co., Ltd.	Transportation and related services	3,826,696.66	1,167,271.05
Sinotrans Philippines Inc.	Transportation and related services	3,129,081.17	–
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co., Ltd.	Transportation and related services	2,880,686.78	–
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related services	2,821,961.83	18,809,814.10
Ningbo Taiping Int'L Trade Transportation	Transportation and related services	2,816,844.12	9,258,512.38
Sinotrans India Limited	Transportation and related services	2,774,237.57	14,537,703.89

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For the Year ended 31 December 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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	Transportation and related services	2,706,928.34	3,580,636.02
SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	Transportation and related services	2,691,643.30	3,222,506.04
Ningbo Dagang New Century Container Co., Ltd.	Transportation and related services	1,951,617.88	—
MAXX LOGISTICS FZCO.	Transportation and related services	1,625,638.16	2,497,701.78
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related services	1,480,046.72	1,431,308.02
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related services	1,408,392.89	10,172,281.68
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related services	1,276,493.20	1,486,959.16
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related services	1,215,360.96	764,368.52
Ningbo Dagang Container Co., Ltd.	Transportation and related services	1,027,489.37	991,967.29
Others	Transportation and related services etc.	3,077,526.89	2,584,970.66
Associates and their subsidiaries	—	512,375,610.94	658,793,906.10
Weihai Weidong Shipping Co., Ltd.	Transportation and related services	162,341,521.53	103,212,554.46
Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	Transportation and related services	116,244,132.45	62,382,045.81
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related services	46,842,017.50	42,790,815.61
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related services	40,430,034.29	33,742,217.49
Land and Sea New Channel Operation Co., Ltd.	Transportation and related services	35,542,981.34	73,573,342.12
Jiangsu Jiangyin Port Group Co., Ltd.	Transportation and related services	28,653,690.57	14,778,924.66

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For the Year ended 31 December 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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Tangshan Caofeidian Sinotrans Shipping Co., Ltd.	Transportation and related services	13,190,515.14	70,478,975.56
Wuhan Port Container Co., Ltd.	Transportation and related services	12,218,965.16	6,996,345.07
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related services	11,425,133.03	13,201,074.14
Qingdao Yujiachang Container Storage And Transportation Co., Ltd.	Transportation and related services	10,299,264.97	9,695,864.71
Shenyang Henglu Logistics Co., Ltd.	Transportation and related services	9,401,041.27	9,856,199.77
Ma'anshan Tianshun Port Co., Ltd.	Transportation and related services	9,226,099.39	12,092,169.45
Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	Transportation and related services	7,410,662.87	13,196,770.84
Jiangmen Gaosha Outside Freight Agency Co., Ltd.	Transportation and related services	2,120,694.33	-
Zhejiang Seaport Changxing Port Co., Ltd.	Transportation and related services	1,974,710.51	-
Nantong Sinotrans Dongzaogang Logistics Development Co., Ltd.	Transportation and related services	1,709,506.57	-
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related services	1,081,240.99	1,330,931.87
Qingdao Huasheng Airport Logistics Co., Ltd.	Transportation and related services	17,478.64	3,814,120.48
China Merchants Logistics Group Nanjing Co., Ltd. (Note)	Transportation and related services	-	134,854,493.25
Hubei Free Trade Zone Yishang International Supply Chain Co., Ltd.	Transportation and related services	-	34,022,535.16
Nantong Sinotrans Prince Port Storage Co., Ltd.	Transportation and related services	-	15,774,503.78
Nanjing Zhiyun Supply Chain Management Co., Ltd.	Transportation and related services	-	1,060,000.00

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Notes to the Financial Statements

For the Year ended 31 December 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 YEAR (CONTINUED)

(2) Related party transactions for the purchase and sale of goods, provision, and receipt of services (Continued)

2) Purchase of goods and services (Continued)

Name of related party	Content of connected transactions	Current Year	Prior Year
Others	Transportation and related services etc.	2,245,920.39	1,940,021.87
Associates and subsidiaries of the ultimate controlling party	—	35,816,259.43	12,277,704.00
China Merchants Wealth Asset Management Co., Ltd.	Factoring fees	25,020,271.36	
China Merchants Bank Co., Ltd.	Interest expense, fees	10,795,988.07	12,277,704.00
Joint ventures and subsidiaries of the ultimate controlling party	—	13,445,386.74	
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	8,556,598.10	
Qingdao China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related services	4,888,788.64	
Total services received	—	3,301,779,029.66	3,803,429,578.41

Note: On 31 March 2022, China Merchants Logistics Group Nanjing Co., Ltd. was changed from an associate of the Group to a subsidiary of the Group (See Note.3 for details). Before 31 March 2022, the related transactions between the Group and it are still classified as related transactions with "an associate and subsidiary of the Group".

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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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts

Item	Name of related party	Closing balance	Opening balance
Cash and bank balances	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	4,565,585,496.63	4,947,556,879.94
	China Merchants Group Finance Limited	4,565,585,496.63	4,947,556,879.94
	Associate of the ultimate controlling party	187,078,255.14	388,101,360.33
	China Merchants Bank Co., Ltd.	187,078,255.14	388,101,360.33
Accounts receivable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	67,524,036.57	37,716,403.35
	Shanghai China Merchants Ming Wah Shipping Company Limited	10,944,288.46	–
	Sinotrans Container Lines Co., Ltd.	9,577,530.53	13,911,246.98
	Shekou Container Terminal Co., Ltd.	4,690,180.00	–
	Associated Maritime Company (Hong Kong) Limited	4,172,300.14	3,233,137.23
	YANGTZE NAVIGATION (SINGAPORE) PTE. LTD.	4,026,509.59	328,166.51
	Nanjing Tanker Corporation	4,011,810.07	2,120,493.91
	Sinotrans Container Lines (Hong Kong) Co., Ltd.	3,836,506.41	3,980,251.94
	Beijing Sinotrans Land Transportation Co., Ltd.	3,700,000.00	–
	Beijing Sinotrans Logistics Center Co., Ltd.	3,000,000.00	–
	China Merchants Heavy Industry (Jiangsu) Co., Ltd.	2,594,862.22	418,798.00
	CSC Cargo Co., Ltd.	2,407,671.04	542,390.00
	China Merchants Investment Development Company Limited	2,230,817.44	–
	Nanjing Jinling Shipyard Co., Ltd.	2,060,670.13	–
	CSC Wuhan Qingshan Shipyard Co., Ltd.	1,853,834.61	1,995,184.06
	LONG LINK LIMITED	1,281,505.03	1,608,662.47
	Nanjing Yangyang Chemicals Transport & Trade Co., Ltd.	1,004,803.07	732,832.35
	Dalian Port Container Logistics Co., Ltd.	287,555.98	1,183,908.78
	Sinotrans Shaanxi Co., Ltd.	1,518.76	2,032,011.24
	Sinotrans Gansu Co., Ltd.	–	1,894,093.00
	Others	5,841,673.69	3,735,226.88
	Joint ventures and associates and their subsidiaries	159,452,264.98	60,681,574.10
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	67,437,048.16	–
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	15,649,128.59	–
	Nissin-Sinotrans International Logistics Co., Ltd.	13,212,725.91	5,127,603.25
	Nantong Zhongwaiyun Dongzaogang Logistics Development Co., Ltd.	12,488,653.55	–
	DHL-Sinotrans International Air Courier Ltd.	7,978,476.12	4,470,750.40
	Beijing Medlink Supply Chain Management Co., Ltd.	5,334,806.06	6,312,666.29

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For the Year ended 31 December 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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	China-Vietnam Sinotrans Logistics Co., Ltd.	5,065,038.36	–
	Shanghai Tongyun International Logistics Co., Ltd.	3,957,306.09	1,662,510.00
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	3,871,831.07	3,419,300.52
	Sinotrans Logistics (Pakistan) Limited	3,602,000.00	–
	Weihai Weidong Shipping Co., Ltd.	2,754,758.84	2,620,853.98
	Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	2,684,700.60	–
	MAXX LOGISTICS FZCO.	2,441,599.93	1,844,183.14
	Qingdao Yujiachang Container Storage and Transportation Co. Ltd.	1,626,814.03	–
	Sinotrans Sarens Logistics Co., Ltd.	1,619,468.08	3,150,301.04
	Loscam Supply Chain Management (Jiaying) Co., Ltd.	1,255,891.87	1,586,362.06
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,180,540.29	1,854,206.10
	Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	1,110,036.75	1,110,036.75
	Ningbo Taiping Int'L Trade Transportation Co., Ltd.	313,741.45	2,354,196.31
	Sinotrans Aramax (Shanghai) International Aviation Express Delivery Co., Ltd.	476.10	8,294,977.18
	Jiangsu Nissin Sinotrans International Transportation Co., Ltd.	266.70	2,275,066.66
	NEW SILKWAY LOGISTICS B.V.	–	4,877,845.40
	China Merchants Logistics Group Nanjing Co., Ltd.	–	1,766,759.09
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	–	1,148,085.37
	Others	5,866,956.43	6,805,870.56
	Total accounts receivable	226,976,301.55	98,397,977.45
Other receivables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	27,355,038.55	66,978,287.73
	Sinotrans Beijing Co., Ltd.	5,474,301.47	7,840,816.67
	China Merchants Investment Development Company Limited	4,573,481.57	–
	Zhengzhou Merchants Logistics Co., Ltd.	3,628,239.48	3,509,095.48
	China Merchants Sinotrans (Shenzhen) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	3,001,000.00	–
	China Merchants Bonded Logistics Co., Ltd.	2,363,994.52	2,250,483.56
	Beijing Aocheng Wuhe Real Estate Co., Ltd.	1,513,659.12	1,001,941.44
	Beijing Sinotrans Land Transportation Co., Ltd.	1,377,542.03	–

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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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	China Merchants International Terminal (Qingdao) Limited	1,320,000.00	816,500.00
	Sinotrans Container Lines Co., Ltd.	936,974.44	-
	China Merchants Financial Leasing Co., Ltd.	501,804.07	-
	Sinotrans Jiangsu Co., Ltd.	391,617.97	-
	China Merchants Gangrong Big Data Co., Ltd.	346,311.64	1,390,461.40
	Sinotrans (Hong Kong) Group Co., Ltd.	325,251.42	-
	SINOTRANS & CSC	288,708.00	42,888,708.00
	Beijing Sinotrans Logistics Center Co., Ltd.	-	2,169,217.35
	Other	1,312,152.82	5,111,063.83
	Joint ventures and associates	73,734,541.38	64,078,418.28
	Shenyang Jinyun Automobile Logistics Co., Ltd.	23,228,254.61	23,257,998.74
	MAXX LOGISTICS FZCO.	16,449,074.18	15,058,190.89
	DHL-Sinotrans International Air Courier Ltd.	7,168,000.00	4,703,269.50
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	5,935,000.00	-
	Sinotrans Logistics (Pakistan) Limited	5,686,300.79	4,788,165.04
	Guangxi Yunyu Port Co., Ltd.	2,680,000.00	2,680,000.00
	Sinotrans Philippines Inc.	2,485,043.39	664,094.84
	Sinotrans Turkey Limited	1,602,628.42	2,609,709.26
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,050,875.16	-
	Beijing Sinotrans Huali Logistics Co., Ltd.	1,000,000.00	1,000,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	972,340.36	957,928.36
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	397,986.92	2,030,000.00
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	-	1,094,028.70
	Others	5,079,037.55	5,235,032.95
	Total other receivables	101,089,579.93	131,056,706.01
Dividend receivables	Joint ventures and associates	38,223,072.98	41,721,139.60
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	24,000,000.00	24,000,000.00
	Xinjiang New Railway Sinotrans Logistics Co., Ltd.	5,168,041.35	-
	SIPG Sinotrans Container Depot Co., Ltd.	4,396,685.11	-
	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
	China Merchants Logistics Group Nanjing Co., Ltd.	-	12,810,274.27
	China United Tally (Shenzhen) Co., Ltd.	-	252,518.81

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For the Year ended 31 December 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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Interest receivable	Joint ventures and associates	1,736,849.64	1,417,884.21
	MAXX LOGISTICS FZCO.	1,736,849.64	1,417,884.21
Prepayments	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	10,428,819.01	18,236,900.11
	Ningbo Daxie Merchants International Terminal Co., Ltd.	4,595,117.74	–
	China Merchants Gangrong Big Data Co., Ltd.	1,991,827.08	1,894,889.60
	Liaogang Holding (Yingkou) Co., Ltd.	1,070,190.71	2,000,000.00
	Dandong Port Group Co., Ltd.	1,057,703.41	377,020.94
	China Merchants International Terminal (Qingdao) Limited	541,700.00	1,570,194.20
	Yingkou Xingang Ore Terminal Co., Ltd.	–	7,138,695.48
	Panjin Port Group Co., Ltd.	–	2,913,344.09
	Sinotrans Hebei Co., Ltd.	–	1,057,724.33
	Others	1,172,280.07	1,285,031.47
	Joint ventures and associates	239,698,112.11	30,116,303.25
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	184,386,376.85	–
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	13,580,718.05	6,237,037.90
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	10,614,940.35	–
	Jiangsu Jiangyin Port Group Co., Ltd.	9,157,746.08	10,783,276.57
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	7,500,000.00	1,632,746.08
	Weihai Weidong Shipping Co., Ltd.	3,871,203.63	–
	Sinotrans Logistics (Pakistan) Limited	3,830,707.73	5,144,887.20
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	1,437,766.65	–
	Shenyang Jinyun Automobile Logistics Co., Ltd.	1,401,111.39	–
	DHL-Sinotrans International Air Courier Ltd.	1,312,335.35	2,094,612.63
	Beijing Sinotrans Huali Logistics Co., Ltd.	–	1,537,495.86
China Merchants Logistics Group Nanjing Co., Ltd.	–	1,105,562.30	
Others	2,605,206.03	1,580,684.71	
Total prepayments	250,126,931.12	48,353,203.36	
Non-current assets due within one year	Joint ventures and associates	12,325,000.00	14,325,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	7,125,000.00	7,125,000.00
	Shanghai Pu'an Storage Co., Ltd.	5,200,000.00	7,200,000.00

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For the Year ended 31 December 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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
Long-term receivables	Joint ventures and associates	36,495,000.00	46,020,000.00
	Sinotrans Suzhou Logistics Center Co., Ltd.	21,375,000.00	28,500,000.00
	Shanghai Pu'an Storage Co., Ltd.	15,120,000.00	17,520,000.00
Accounts payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	241,069,911.67	188,762,774.46
	Sinotrans Container Lines Co., Ltd.	86,842,678.59	64,039,919.85
	Zhengzhou Merchants Logistics Co., Ltd.	27,397,397.39	14,196,472.16
	Sinotrans Container Transportation (Hainan) Co., Ltd.	19,542,790.02	-
	SCSC International Merchant&Shipping (Hong Kong) Company Limited	12,750,000.00	8,163,951.39
	Zhanjiang Port Petrochemical Terminal Co., Ltd.	12,615,448.68	125,307.43
	Nanjing Tanker Corporation	9,672,150.11	8,572,559.79
	SINOTRANS Henan, Jiuling Transport & Storage Co.	9,307,105.38	7,106,586.61
	Yingkou Xingang Ore Terminal Co., Ltd.	9,208,829.16	-
	Hailong No. 12 (Tianjin) Leasing Co., Ltd.	7,150,000.00	18,200,000.00
	Hailong No. 15 (Tianjin) Leasing Co., Ltd.	6,500,000.00	17,550,000.00
	Dalian Container Terminal Co., Ltd.	6,410,039.10	2,366,554.20
	CSC Cargo Co., Ltd.	4,969,479.00	-
	Zhanjiang Port International Container Terminal Co., Ltd.	3,108,772.10	461,721.80
	Shekou Container Terminal Co., Ltd.	3,087,955.00	-
	Zhanjiang Port (Group) Co., Ltd.	2,402,624.63	1,553,079.67
	Shanghai Sinotrans Qiantang Co., Ltd.	2,153,894.31	-
	Sinotrans Yinchuan Inland Port Logistics Co., Ltd.	2,049,771.37	10,410,821.25
	China Merchants Container Service Co., Ltd.	1,895,112.56	-
	Sinotrans Alashankou Company	1,563,637.63	1,534,295.00
	Wuhan Changwei International Shipping Industry Co., Ltd.	1,363,674.65	-
	Shenzhen Lianda Tug Co., Ltd.	1,362,907.00	1,644,123.40
	Sinotrans Guangxi Guigang Company	1,234,083.33	-
	Shenzhen China Merchants Ro-Ro Transportation Co., Ltd.	1,025,065.86	-
	Sinotrans Jiangsu Logistics Co., Ltd.	768,207.99	1,708,447.00
	China Merchants Bonded Logistics Co., Ltd.	26,015.29	1,215,660.73
	Ningbo Daxie Merchants International Terminal Co., Ltd.	-	8,522,086.88
	Sinotrans Sunny Express Co., Ltd.	-	7,079,580.00
	Sinotrans Shanghai (Group) Co., Ltd.	-	1,800,000.00
	Sinotrans Hebei Co., Ltd.	-	1,655,681.54

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Notes to the Financial Statements

For the Year ended 31 December 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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Sinotrans Shaanxi Co., Ltd.	-	1,655,118.47
	Sinotrans Gansu Co., Ltd.	-	1,267,155.60
	Wuhan Merchants Roll-on – roll Transportation Co., Ltd.	-	1,132,425.76
	Others	6,662,272.52	6,801,225.93
	Joint ventures and associates and their subsidiaries	355,651,776.72	172,590,086.31
	Shaanxi Sinotrans Guotie Logistics Co., Ltd.	193,581,610.26	-
	Weihai Weidong Shipping Co., Ltd.	17,976,548.07	7,289,919.64
	Loscarn Packaging Equipment Leasing (Shanghai) Co., Ltd.	17,087,125.13	19,432,463.60
	Sinotrans Logistics (Pakistan) Limited	16,467,250.70	1,022,576.36
	Beijing Sinotrans Huali Logistics Co., Ltd.	12,132,843.80	13,334,457.13
	Jiangsu Sinotrans Lvsgang Heavy Loading Logistics Development Co., Ltd.	9,155,091.95	-
	Jiangsu Nantong Sinotrans Supply Chain Management Co., Ltd.	8,321,423.51	-
	Qingdao Yujiachang Container Storage and Transportation Co., Ltd.	8,254,201.13	5,437,550.19
	Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	7,157,695.21	8,929,807.53
	China-Vietnam Sinotrans Logistics Co., Ltd.	6,093,256.76	14,143,336.66
	Jiangsu Jiangyin Port Group Co., Ltd.	5,308,441.91	5,738,821.95
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	4,186,612.66	-
	Liaoning Sinotrans Hengjiu Transportation Service Co., Ltd.	4,151,365.83	225,912.98
	Tangshan Port Sinotrans Shipping Agency Co., Ltd.	3,997,804.51	4,027,480.59
	Sinotrans Suzhou Logistics Center Co., Ltd.	3,816,226.39	1,524,643.87
	Wuhan Port Container Co., Ltd.	3,470,818.82	1,996,519.63
	Ma'anshan Tianshun Port Co., Ltd.	3,407,973.91	1,609,335.38
	New Land Bridge (Lianyungang) Terminal Co., Ltd.	3,297,476.65	606,418.52
	Shenzhen Haiyitong Technology Co., Ltd.	3,193,892.91	3,692,215.91
	Nanjing Huaxing Loading and Unloading Service Co., Ltd.	2,800,492.11	3,247,530.67
	Ningbo Dagang New Century Container Co., Ltd.	1,904,604.53	-
	Nantong Zhongwaiyun Dongzaogang Logistics Development Co., Ltd.	1,780,289.01	-
	DHL-Sinotrans International Air Courier Ltd.	1,657,371.93	1,011,693.26
	SINOTRANS ALMAJDOUIE MIDDLE EAST CO., LTD.	1,615,864.56	-

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For the Year ended 31 December 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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Sinotrans Turkey Limited	1,309,181.30	1,386,003.74
	Nissin-Sinotrans International Logistics Co., Ltd.	1,232,422.70	-
	Shenyang Henglu Logistics Co., Ltd.	1,196,003.27	2,725,400.14
	Nanjing Zhiyun Supply Chain Management Co., Ltd.	1,060,000.00	1,060,000.00
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,012,990.52	791,489.15
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	875,848.77	1,438,766.72
	Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	671,503.61	1,919,826.58
	Shenyang Jinyun Automobile Logistics Co., Ltd.	630,392.06	1,134,495.48
	Sinotrans High-Tech Logistics (Suzhou) Co., Ltd.	582,402.33	1,376,155.03
	China Merchants Logistics Group Nanjing Co., Ltd.	-	55,627,171.19
	Sinotrans Sarens Logistics Co., Ltd.	-	3,357,589.11
	Others	6,264,749.91	8,502,505.30
	Other related parties	-	99,564.01
	Total accounts payable	596,721,688.39	361,452,424.78
Other payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	201,669,256.03	191,676,226.43
	RED BRAVES FINANCE LTD.	116,796,342.00	107,012,060.20
	Sichuan Sinotrans Storage Service Co., Ltd.	29,467,007.96	26,314,959.96
	SINOTRANS & CSC	24,051,000.00	24,051,000.00
	Shanghai Foreign Trade Warehouse Pudong Company	12,589,119.00	6,640,483.54
	Shanghai Sinotrans Qiantang Co., Ltd.	5,170,833.75	1,772,635.00
	SINOTRANS Henan, Jiuling Transport & Storage Co.	4,145,459.14	4,641,656.55
	Sinotrans Jiangsu Co., Ltd.	2,650,000.00	1,800,000.00
	Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	1,846,000.00	1,846,000.00
	Sinotrans Container Lines Co., Ltd.	1,041,611.44	-
	Guangxi Sinotrans Co., Ltd.	3,419.76	7,023,525.22
	Chongqing Sinotrans Storage & Transportation Co.	-	4,500,000.00
	Sinotrans Shaanxi Co., Ltd.	-	2,010,500.00
	Sinotrans Guangxi Guigang Company	-	1,239,000.00
	Others	3,908,462.98	2,824,405.96
	Joint ventures and associates	35,311,748.30	78,147,070.24
	Shanghai Tongyun International Logistics Co., Ltd.	14,696,360.00	14,948,360.00
	China United Tally (Shenzhen) Co., Ltd.	9,000,000.00	8,091,820.00
	Sinotrans Turkey Limited	3,356,810.16	-

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Notes to the Financial Statements

For the Year ended 31 December 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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	2,296,200.00	2,296,200.00
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	2,079,460.21	2,029,460.21
	Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	1,076,761.80	–
	Rongyun (Xiamen) Supply Chain Co., Ltd.	1,000,000.00	1,020,000.00
	China Merchants Logistics Group Nanjing Co., Ltd.	–	44,927,349.66
	Yangzhou Comprehensive Bonded Zone Supply Chain Management Co., Ltd.	–	2,450,000.00
	Others	1,806,156.13	2,383,880.37
	Associates and subsidiaries of the ultimate controlling party	469,014,764.14	
	China Merchants Wealth Asset Management Co., Ltd.	469,014,764.14	
	Total other payables	705,995,768.47	269,823,296.67
Dividends payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	53,911,490.62	36,197,979.78
	SINOTRANS & CSC	36,125,719.92	36,125,719.92
	Sinotrans International Trading Company	8,824,500.00	–
	China Merchants Port Group Co., Ltd.	8,824,500.00	–
	Sinotrans Jiangxi Company	72,259.86	72,259.86
	LONG LINK LIMITED	64,510.84	–
Interest payable	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	–	31,879,954.13
	SINOTRANS & CSC	–	31,879,954.13
Contract liabilities	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	14,343,020.54	25,899,254.64
	Associated Maritime Company (Hong Kong) Limited	7,059,418.88	16,376,580.67
	China Merchants Investment Development Company Limited	3,900,943.39	1,070,754.71
	Hong Kong Ming Wah Shipping Company Limited	2,337,646.71	7,854,987.14
	Others	1,045,011.56	596,932.12
	Joint ventures and associates	14,195,703.80	10,492,713.94
	Shanghai Tongyun International Logistics Co., Ltd.	5,421,179.39	4,991,321.66
	Nissin-Sinotrans International Logistics Co., Ltd.	4,420,697.95	–
	DHL-Sinotrans International Air Courier Ltd.	2,565,152.19	1,326,329.13
	Tianjin Runfeng Logistics Co., Ltd.	–	1,537,000.00

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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 YEAR (CONTINUED)

(3) Balance of major creditor's rights and debts (Continued)

Item	Name of related party	Closing balance	Opening balance
	MAXX LOGISTICS FZCO.	-	1,247,673.30
	Others	1,788,674.27	1,390,389.85
	Total contract liabilities	28,538,724.34	36,391,968.58
Long-term payables	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	115,170,529.13	86,730,435.85
	Guangdong Sinotrans Co., Ltd.	91,938,455.02	-
	SINOTRANS & CSC	20,000,000.00	80,000,000.00
	OCEAN LIFTER I LIMITED	3,232,074.11	6,730,435.85
Short-term borrowings	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	282,658,798.64	100,113,513.90
	China Merchants Group Finance Company Limited	282,658,798.64	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	80,249,021.13	14,104,340.10
	CHINA MERCHANTS INVESTMENTS LIMITED	43,749,021.13	-
	China Merchants Group Finance Company Limited	36,500,000.00	14,104,340.10
	Associate of the ultimate controlling party	-	27,942,022.91
	China Merchants Bank Co., Ltd.	-	27,942,022.91
Non-current liabilities due within one year	Other enterprises controlled by the same controlling shareholder and ultimate controlling party	35,782,262.73	96,052,288.72
	China Merchants Group Finance Company Limited	31,277,566.41	205,244.94
	OCEAN LIFTER I LIMITED	4,504,696.32	3,908,588.76
	Guangdong Sinotrans Co., Ltd.	-	91,938,455.02
	Associate of the ultimate controlling party	-	5,993,391.20
	China Merchants Bank Co., Ltd.	-	5,993,391.20

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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 YEAR (CONTINUED)

(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 labour 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 on 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 a total custody fee income of RMB39,392,500 from SINOTRANS & CSC in the previous year.

(5) Related leases

1) The Group as the lessor

Name of lessee	Type of leased assets	Rental income recognised for the current year	Rental income recognised for the prior year
Sinotrans Container Lines (Hong Kong) Co., Ltd.	Transportation equipment	64,246,988.60	45,569,124.70
Sinotrans Container Lines Co., Ltd.	Transportation equipment	14,917,792.68	20,232,222.45
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	8,095,238.12	8,095,238.12
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation equipment	3,501,029.67	3,203,515.98
China Yangtze River Shipping Co., Ltd.	Transportation equipment	2,576,544.53	2,145,864.03
Sinotrans Senko International Cold Chain Logistics (Shanghai) Co., Ltd.	Buildings	2,281,558.94	4,405,985.29
Sinotrans Sunny Express Co., Ltd.	Buildings, transportation	1,573,773.59	5,445,153.71
Others	Buildings, transportation	1,232,602.89	1,094,035.73
Total	—	98,425,529.02	90,191,140.01

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Notes to the Financial Statements

For the Year ended 31 December 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 YEAR (CONTINUED)

(5) Related leases (Continued)

2) The Group as the lessee

Name of lessor	Type of leased assets	Rental expenditure for current year	Rental expenditure for the prior year
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Lands and buildings	56,105,098.68	51,005,427.96
Beijing Sinotrans Land Transportation Co., Ltd.	Lands and buildings	21,814,730.07	33,572,181.95
Beijing Sinotrans Logistics Center Co., Ltd.	Lands and buildings	19,075,703.36	29,867,734.97
Shanghai Foreign Trade Warehouse Pudong Company	Lands and buildings	9,324,269.50	13,382,112.25
Sinotrans Nantong Co., Ltd.	Lands and buildings	7,870,092.26	5,438,028.91
Sinotrans Beijing Sanjianfang Warehouse Ltd.	Lands and buildings	7,614,636.72	14,735,320.06
China Freight Forwarding Fujian Hexi Storage & Transportation Company	Lands and buildings	6,327,520.37	4,514,638.48
Sinotrans Shanghai (Group) Co., Ltd.	Lands and buildings	6,244,142.88	8,498,953.27
Sinotrans Shanghai Zhang Huabang Storage and Transportation Co., Ltd.	Lands and buildings	5,742,314.20	5,371,875.00
Shenzhen Qianhai Shekou Enlightenment Industrial Co., Ltd.	Lands and buildings	5,211,625.48	3,474,417.00
Wenzhou Sinotrans Logistics Co., Ltd.	Lands and buildings	3,652,200.00	3,353,811.75
Liaoning Sinotrans Co., Ltd.	Lands and buildings	2,686,056.75	2,719,728.56
Guangdong Sinotrans Co., Ltd.	Lands and buildings	2,405,758.61	—
Sinotrans Shaanxi Co., Ltd.	Lands and buildings	2,010,500.00	—
Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	Lands and buildings	1,944,197.99	1,764,675.00
Dalian Container Terminal Co., Ltd.	Lands and buildings	1,900,000.00	—
Sinotrans Jinling Co., Ltd.	Lands and buildings	1,780,314.96	2,167,767.00
Xiamen Sinotrans Co., Ltd.	Lands and buildings	1,699,254.36	1,618,371.90
Shanghai Sinotrans Anda Storage and Transportation Co., Ltd.	Lands and buildings	1,531,340.69	1,257,975.00
Shanghai Foreign Trade Yangxing Storage & Transportation Co., Ltd.	Lands and buildings	1,384,251.01	1,143,300.00
China Merchants Landmark (Shenzhen) Co., Ltd.	Lands and buildings	1,333,700.63	1,270,392.06
Sinotrans (Shenzhen) Co., Ltd.	Lands and buildings	1,270,422.00	951,840.00
Sinotrans Guangxi Guigang Company	Lands and buildings	1,179,999.96	1,179,999.97
Sinotrans (Hong Kong) Group Co., Ltd.	Lands and buildings	1,144,054.80	—
China Merchants Financial Leasing Co., Ltd.	Buildings, other assets	1,002,483.66	376,935.95
Others	Buildings, other assets, etc.	5,747,463.40	30,323,690.29
Total	—	178,002,132.34	217,989,177.33

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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 YEAR (CONTINUED)

(6) Related guarantees

1) The Group as the guarantor

Financing guarantees:

Guaranteed parties	Guaranteed balance at the end of the year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
SE LOGISTICS HOLDING B.V.	1,596,420,915.95	1,585,014,901.76	2020-12-04	2027-12-08	No
CHINA ASSESS INVESTMENT LIMITED	1,275,578,802.00	1,167,483,744.00	2020-12-22	2023-12-21	No
China Merchants Shipping Enterprise Co., Ltd.	850,385,868.00	778,322,496.00	2020-12-22	2023-12-21	No
China Merchants Great Stone Trade Logistics Co., Ltd.	334,395,003.49	334,563,464.54	2016-05-11	2031-05-04	No
Sinotrans Logistics Co., Ltd.	200,000,000.00	-	2022-08-29	2023-08-28	No
Shenzhen Haixing Harbor Development Co., Ltd.	106,835,461.82	108,531,262.80	2019-07-01	2037-07-01	No
China Merchants Logistics Shenzhen Co., Ltd.	100,000,000.00	-	2022-08-25	2023-08-24	No
Jiangmen High-tech Port Development Co., Ltd.	-	414,862,492.48	2018-12-18	2022-09-23	Yes
Sinotrans Logistics Co., Ltd.	-	200,000,000.00	2021-07-21	2022-07-20	Yes
China Merchants Logistics Shenzhen Co., Ltd.	-	100,000,000.00	2021-08-13	2022-08-12	Yes

Credit guarantees:

The Group provides a 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 31 December 2022, the Group provided a guarantee for credit lines to its subsidiaries amounting to RMB2,802,700,000 (1 January 2022: RMB2,678,000,000).

In order to meet the daily operation and business development needs of the Group's subsidiaries, on 19 October 2022, the Company issued a *Confirmation Letter* to Bank of China Limited (hereinafter referred to as Bank of China). Pursuant to the *Credit Limit Agreement* signed between the Company and Bank of China, it was confirmed to split the credit limit to 93 subsidiaries of the Group with an aggregate amount of RMB3,241,950,000, and it was confirmed that the debts incurred by the subsidiaries as a result of the use of the aforesaid credit limit were all included in the *Maximum Amount Guarantee Contract, Application for Arrangement and Split of Credit Limit*, or other guarantee contracts/clauses signed or to be signed between the Company and the Bank of China, which are guaranteed by the Company; the term of use of the credit limit (i.e. the guarantee term) is one year from the effective date of the new annual credit limit provided by Bank of China to its subsidiaries.

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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 YEAR (CONTINUED)

(6) Related guarantees (Continued)

1) The Group as the guarantor (Continued)

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 at 31 December 2022, the balance of operating guarantees provided to subsidiaries and joint ventures and associates was RMB30,861,893 (1 January 2022: RMB42,977,349).

Qualification guarantees:

The Group guarantees the futures delivery warehouse business of Sinotrans Central China, Sinotrans Eastern, 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 guarantees 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 year	Guaranteed balance at the beginning of the year	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
China Merchants Group (Hong Kong) Co., Ltd.	1,071,960,933.00	1,006,846,213.66	2015-06-25	2030-06-30	No

Note: In order to finance the construction of the logistics centre of the "Tsing Yi 181 Project" in Hong Kong, KONGWELL LOGISTICS, 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 RMB2,590,570,000). China Merchants Group (Hong Kong) Limited, a related party of the Company, provided a full guarantee.

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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 YEAR (CONTINUED)

(7) Related party fund lending

Related party	Loan amount	Starting date	Maturity date	Description
Borrowed				
China Merchants Bank Co., Ltd.	200,000,000.00	2022-08-29	2023-08-28	Short-term borrowings
China Merchants Group Finance Company Limited	182,483,048.65	2022-01-26	2023-01-26	Short-term borrowings
China Merchants Group Finance Company Limited	50,087,874.99	2022-08-29	2023-08-28	Short-term borrowings
China Merchants Group Finance Company Limited	25,043,937.50	2022-06-06	2023-06-05	Short-term borrowings
China Merchants Group Finance Company Limited	25,043,937.50	2022-09-27	2023-09-26	Short-term borrowings
CHINA MERCHANTS INVESTMENTS LIMITED	43,749,021.13	2022-09-21	2025-09-21	Long-term borrowings
China Merchants Group Finance Company Limited	36,541,265.28	2022-07-12	2028-05-10	Long-term borrowings, non-current liabilities due within one year
China Merchants Group Finance Company Limited	31,236,301.13	2020-12-04	2023-12-03	Non-current liabilities due within one year
Guangdong Sinotrans Co., Ltd.	91,938,455.02	2012-12-31	No specific maturity date	Long-term payables
SINOTRANS & CSC	20,000,000.00	2016-03-07	2034-03-06	Long-term payables
OCEAN LIFTER I LIMITED	7,736,770.43	2020-06-15	2024-06-15	Long-term payable, non-current liabilities due within one year
Lent				
Sinotrans Suzhou Logistics Center Co., Ltd.	28,500,000.00	2016-08-17	2026-08-17	Long-term receivables, non-current assets due within one year
Shanghai Pu'an Storage Co., Ltd.	20,320,000.00	2017-04-18	2024-12-30	Long-term receivables, non-current assets due within one year
MAXX LOGISTICS FZCO.	18,185,923.82	2017-12-20	No Fixed Duration	Other receivables

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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 YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers, and senior managers

1) Remuneration of directors, supervisors, and general managers

Item	Current year	Prior year
Directors:	—	—
Fee (Note)	664,800.00	664,800.00
Other remuneration	—	—
– Wages, allowances	921,313.50	1,753,968.88
– Discretionary bonuses	546,000.00	568,718.85
– Contributions under the pension plan	221,500.80	358,681.60
– Share-based payment	809,531.85	—
Supervisors:	—	—
Fee	214,800.00	214,800.00
Other remuneration	—	—
– Wages, allowances	1,174,487.00	1,342,935.96
– Discretionary bonuses	558,948.00	547,877.43
– Contributions under the pension plan	229,619.76	263,155.52
– Share-based payment	—	—

Note: The directors' fees disclosed above represent the payment of RMB664,800.00 (prior year: RMB664,800.00) to independent non-executive directors.

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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 YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers, and senior managers (Continued)

2) Scope of remuneration of directors, supervisors, and general managers

Item	Fee of directors	Wages, allowances	Discretionary bonuses	Contributions		Share-based payment	Total
				to the pension scheme	subtotal		
Current year							
Directors:	—	—	—	—	—	—	—
- Boming Feng	-	-	-	-	-	-	-
- Dexing Song	-	-	-	-	-	-	-
- Rong Song	-	921,313.50	546,000.00	221,500.80	1,688,814.30	539,687.90	2,228,502.20
- Weidong Deng	-	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	269,843.95	269,843.95
- Li Luo	-	-	-	-	-	-	-
- Kewei Xu	-	-	-	-	-	-	-
- Taiwan Wang	166,200.00	-	-	-	166,200.00	-	166,200.00
- Yan Meng	166,200.00	-	-	-	166,200.00	-	166,200.00
- Haiqing Song	166,200.00	-	-	-	166,200.00	-	166,200.00
- Qian Li	166,200.00	-	-	-	166,200.00	-	166,200.00
Supervisors:	—	—	—	—	—	—	—
- Bilie Huang	-	585,313.50	327,600.00	104,366.88	1,017,280.38	-	1,017,280.38
- Suiqi Kou	-	-	-	-	-	-	-
- Fangsheng Zhou	107,400.00	-	-	-	107,400.00	-	107,400.00
- Zhaoping Fan	107,400.00	-	-	-	107,400.00	-	107,400.00
- Shengyun Wang	-	589,173.50	231,348.00	125,252.88	945,774.38	-	945,774.38
Prior year							
Directors:	—	—	—	—	—	—	—
- Guanpeng Li (Resigned)	-	661,635.08	213,452.05	146,510.08	1,021,597.21	-	1,021,597.21
- Dexing Song	-	-	-	-	-	-	-
- Rong Song	-	1,092,333.80	355,266.80	212,171.52	1,659,772.12	-	1,659,772.12
- Jian Su (Resigned)	-	-	-	-	-	-	-
- Xianliang Xiong (Resigned)	-	-	-	-	-	-	-
- Jian Jiang	-	-	-	-	-	-	-
- Kewei Xu	-	-	-	-	-	-	-
- Taiwan Wang	166,200.00	-	-	-	166,200.00	-	166,200.00
- Yan Meng	166,200.00	-	-	-	166,200.00	-	166,200.00
- Haiqing Song	166,200.00	-	-	-	166,200.00	-	166,200.00
- Qian Li	166,200.00	-	-	-	166,200.00	-	166,200.00
Supervisors:	—	—	—	—	—	—	—
- Bilie Huang	-	223,332.36	73,701.43	24,009.44	321,043.23	-	321,043.23
- Yingjie Liu (Resigned)	-	-	-	-	-	-	-
- Fangsheng Zhou	107,400.00	-	-	-	107,400.00	-	107,400.00
- Zhaoping Fan	107,400.00	-	-	-	107,400.00	-	107,400.00
- Shengyun Wang	-	585,145.80	231,348.00	123,059.04	939,552.84	-	939,552.84
- Zheng Mao (Resigned)	-	534,457.80	242,828.00	116,087.04	893,372.84	-	893,372.84

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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 YEAR (CONTINUED)

(8) Remuneration of directors, supervisors, general managers, and senior managers (Continued)

3) Five highest paid individuals

Of the five highest paid individuals for the current year 1 of them is a director (prior year: 1), and details of their remuneration are set out above. The details of the remuneration of the remaining 4 (prior year: 4) highest paid individuals who are not directors or supervisors for the current year are as follows:

Item	Current year	Prior year
Salary, allowance	2,897,009.10	3,295,941.08
Discretionary bonuses	1,534,409.59	1,047,375.00
Contributions to the pension scheme	669,503.52	663,918.66
Share-based payment	1,481,835.00	–

The number of the highest paid individuals with remuneration within the following bands who are not directors or supervisors are as follows:

Item	The number of individuals in current year	The number of individuals in prior year
Less than HKD1,000,000	0	0
HKD1,000,001 to HKD1,500,000	4	2
HKD1,500,001 to HKD2,000,000	0	2
HKD2,000,001 to HKD2,500,000	0	0

- 4) None of the directors of the Company has waived or agreed to waive any remuneration during the year, except for the directors of Boming Feng, Dexing Song, Weidong Deng, Li Luo, and Kewei Xu, who did not receive any remuneration from the Company during the year. 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 Year ended 31 December 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 YEAR (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 year	Prior year
Salary, allowance	5,949,160.89	8,332,466.72
Discretionary bonuses	3,176,008.27	2,770,144.85
Contributions to the pension scheme	1,369,548.88	1,713,526.06
Share-based payment	2,585,703.93	–
Total	13,080,421.97	12,816,137.63

(9) Related party deposits

The difference between deposits placed and withdrawals by the Group with China Merchants Bank in 2022 was net withdrawals of RMB201,023,105.19 (net withdrawals of RMB62,765,509.58 in 2021) and interest income from deposits of RMB4,831,624.18 in 2022 (RMB16,376,611.36 in 2021). The difference between deposits and withdrawals with the Finance Company in 2022 was net withdrawals of RMB381,971,383.31 (net deposits of RMB163,647,820.85 in 2021). Interest income from deposits of RMB82,992,697.05 in 2022 (RMB75,339,729.56 in 2021).

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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 YEAR (CONTINUED)

(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.

(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, should provide loans to China Merchants Great Stone Trade Logistics Co., Ltd. (hereinafter referred to as China Merchants Great Stone), a subsidiary of the Group, 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 of 31 December 2022, Sinotrans (Hong Kong) Logistics Limited and China Merchants Investment Company Limited have provided loans of USD4.2 million and USD5.8 million, respectively, to China Merchants Great Stone.

Sinotrans Logistics, a subsidiary of the Group, entered into an “Account Receivable Transfer Contract” with China Merchants Wealth on December 1st, 2022 to transfer accounts receivable of RMB825 million to China Merchants Wealth and recognized a gain or loss on derecognition of RMB -25,020,271.36.

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Notes to the Financial Statements

For the Year ended 31 December 2022

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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.

(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 31 December 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
USD	8,767,226,917.07	9,655,917,711.92	3,503,669,654.88	4,042,951,232.54
HKD	892,856,251.73	853,200,522.21	5,730,174,737.77	6,112,278,173.78
EUR	423,953,760.19	332,958,044.10	1,951,695,682.56	2,106,331,178.77
Total	10,084,036,928.99	10,842,076,278.23	11,185,540,075.21	12,261,560,585.09

Note: The closing balances of foreign currency assets and liabilities are presented in RMB at the year-end 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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Notes to the Financial Statements

For the Year ended 31 December 2022

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

1) Foreign exchange risk (Continued)

Sensitivity analysis of foreign exchange risk

With other variables remaining unchanged, the pre-tax effects of reasonable changes in the exchange rate on current profit or loss and shareholders' equity are as follows:

Exchange rate changes	Current year		Prior year	
	Effect on total comprehensive income	Pre-tax effects on shareholders' equity	Effect on total comprehensive income	Pre-tax effects on shareholders' equity
USD appreciation by 5% against RMB	263,177,863.11	263,177,863.11	280,661,078.05	280,661,078.05
USD devaluation by 5% against RMB	-263,177,863.11	-263,177,863.11	-280,661,078.05	-280,661,078.05
HKD appreciation by 5% against RMB	-241,865,924.30	-241,865,924.30	-263,082,529.29	-263,082,529.29
HKD devaluation by 5% against RMB	241,865,924.30	241,865,924.30	263,082,529.29	263,082,529.29
EUR appreciation by 5% against RMB	-76,387,096.12	-76,387,096.12	-88,672,341.18	-88,672,341.18
EUR devaluation by 5% against RMB	76,387,096.12	76,387,096.12	88,672,341.18	88,672,341.18

2) Interest rate change risk

The Group's foreign currency borrowings were mainly floating rate borrowings in USD, HKD, and EUR, the interest rates of which were not affected by the adjustment of the benchmark lending rate by the People's Bank of China.

The Group's major liabilities exposed to interest rate risk are short-term borrowings, long-term payables, and long-term borrowings, etc.

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For the Year ended 31 December 2022

(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)

Sensibility analysis of interest rate risks

The sensibility analysis of interest rate risks is based on the following assumptions:

- Any changes in market interest rates affect interest income or expenses of financial instruments with variable interest rates.
- For financial instruments with fixed interest rates that are measured at fair value, any changes in market interest rates only affect their interest income or expenses.
- Any changes in fair value of other financial assets and liabilities that are calculated using the discounted cash flow method at the prevailing market interest rate at the date of the statement of financial position.

On the basis of the above assumptions, and with other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in interest rates on current profit or loss and shareholders' equity are as follows:

	Current year		Prior year	
	Effects on total profit	Pre-tax effects on shareholders' equity	Effects on total profit	Pre-tax effects on shareholders' equity
Interest rate changes				
Interest rate rises by 0.5%	-36,210,395.00	-36,210,395.00	-37,461,222.18	-37,461,222.18
Interest rate is lowered by 0.5%	36,210,395.00	36,210,395.00	37,461,222.18	37,461,222.18

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(1) Market risk (Continued)

3) Other price risks

Held-for-trading financial assets, other equity instrument investments, and other non-current financial assets held by the Group are measured at fair value at the date of the 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 year			Prior year		
		Effects on total profit	Effects on comprehensive income	Pre-tax effects on shareholders' equity	Effects on total profit	Effects on comprehensive income	Pre-tax effects on shareholders' equity
Held-for-trading financial assets	Stock price rises by 10%	66,409.67	-	66,409.67	69,462.35	-	69,462.35
Other non-current financial assets		13,506,696.00	-	13,506,696.00	21,683,269.79	-	21,683,269.79
Other equity instruments		-	3,057,672.82	3,057,672.82	-	2,633,637.06	2,633,637.06
Held-for-trading financial assets	Stock price falls by 10%	-66,409.67	-	-66,409.67	-69,462.35	-	-69,462.35
Other non-current financial assets		-13,506,696.00	-	-13,506,696.00	-21,683,269.79	-	-21,683,269.79
Other equity instruments		-	-3,057,672.82	-3,057,672.82	-	-2,633,637.06	-2,633,637.06

(2) Credit risk

As at 31 December 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 and the Note X. 4. (6).

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

In order to reduce the credit risk, the Group has set up a group to determine credit lines, conduct credit approvals and implement other monitoring procedures to ensure that any necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of each individual receivable at the end of the reporting period to ensure that sufficient credit loss provision is made for amounts that are irrecoverable. As a result, the Group's management considers that the Group's credit risk has been reduced significantly.

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 balances of accounts receivable and other receivables disclosed in Note IX. 4 and 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 does not consider the significant credit risk and losses incurred due to default.

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 similar risk characteristics. The aging information can reflect the solvency of these customers when the receivables are due. As at 31 December 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	13,222,815,418.59	191,730,823.57
1 to 2 years (including 2 years)	41.68	110,637,272.90	46,113,615.34
2 to 3 years (including 3 years)	88.26	29,133,273.25	25,713,026.97
More than 3 years	100.00	70,139,286.17	70,139,286.17
Total	—	13,432,725,250.91	333,696,752.05

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(2) Credit risk (Continued)

The above expected credit loss 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 31 December 2022, there have been no significant changes to the Group's valuation approach and material assumptions.

As at 31 December 2022, the maximum amount of financial guarantees provided by the Group for joint ventures and associates was RMB106,835,461.82. Details of the financial guarantee contracts are set out in Note X. 4. (6). As at 31 December 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 year from 1 January 2022 to 31 December 2022, there were no significant changes in the Group's assessment approach and material assumptions.

(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 year amounted to RMB21,222 million (1 January 2022: RMB21,840 million).

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(3) Liquidity risk (Continued)

According to the maturity date of undiscounted contract cash flows, the financial assets and liabilities held by the Group are analysed as follows:

Item	Carrying amount	Within 1 year	1 to 5 years	Over 5 years	Total
1. Non-derivative financial assets and liabilities					
Cash and bank balances	16,308,894,027.70	16,308,894,027.70	-	-	16,308,894,027.70
Held-for-trading financial assets	664,096.67	664,096.67	-	-	664,096.67
Bills receivable	88,529,670.89	88,529,670.89	-	-	88,529,670.89
Accounts receivable	13,347,781,283.61	13,887,312,518.73	-	-	13,887,312,518.73
Receivables financing	476,847,200.59	476,847,200.59	-	-	476,847,200.59
Other receivables	1,861,785,925.82	2,013,833,771.94	-	-	2,013,833,771.94
Non-current assets due					
within one year	13,957,417.55	16,626,882.83	-	-	16,626,882.83
Other equity instrument investments	30,576,728.20	-	-	30,576,728.20	30,576,728.20
Other non-current financial assets	708,417,806.54	-	-	708,417,806.54	708,417,806.54
Long-term receivables	36,495,000.00	-	38,567,555.56	63,487,419.48	102,054,975.04
Short-term borrowings	582,764,215.31	592,223,037.10	-	-	592,223,037.10
Long-term borrowings	5,347,701,871.99	126,282,628.08	5,461,252,447.08	200,059,702.47	5,787,594,777.63
Accounts payable	13,871,341,279.32	13,871,341,279.32	-	-	13,871,341,279.32
Bills payable	72,837,290.13	72,837,290.13	-	-	72,837,290.13
Other payables	2,938,189,667.99	2,938,189,667.99	-	-	2,938,189,667.99
Non-current liabilities due					
within one year	3,226,339,059.15	3,400,399,963.15	-	-	3,400,399,963.15
Bonds payable	3,997,705,534.28	133,000,000.01	4,192,778,082.19	-	4,325,778,082.20
Lease liabilities	2,401,893,794.83	-	1,792,994,375.42	1,453,998,526.97	3,246,992,902.39
Long-term payables	164,017,516.89	6,655,909.36	73,185,678.22	135,948,088.83	215,789,676.41

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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.

The fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with the common pricing model based on the discounted future cash flow method or recognized using observable current market prices.

The fair value of derivative instruments is determined using publicly quoted prices in active markets.

The Group's Management believes that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the financial statements approximate the fair values of those assets and liabilities.

The following table presents the fair value information and the level of the measurement at fair value at the end of the reporting period for the Group's assets and liabilities measured at fair value on a continuous and non-continuous basis at each balance sheet date. The level within which the results of the measurements at fair value fall depends on the lowest level of inputs that are significant to the measurement at fair value as a whole. The three levels of inputs are defined as:

Level I input value: the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market.

Level II input value: the direct or indirect observable input value of related assets or liabilities other than the Level I input value.

Level III input value: the unobservable input value of related assets or liabilities.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

(1) Assets measured at fair value on a continuous basis

Item	Fair value at the end of the year			Total
	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	
I. Continuous measurement at fair value				
(I) Held-for-trading financial assets	664,096.67	-	-	664,096.67
1. Financial assets at fair value through profit or loss	664,096.67	-	-	664,096.67
(II) Receivables financing	-	476,847,200.59	-	476,847,200.59
(III) Other equity instrument investments	30,576,728.20	-	-	30,576,728.20
(IV) Other non-current financial assets	135,066,960.00	-	573,350,846.54	708,417,806.54
Total assets measured at fair value on a continuous basis	166,307,784.87	476,847,200.59	573,350,846.54	1,216,505,832.00

(2) Determination of market price of the 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 applies 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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(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 Book balances 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					Unrealized gains or losses for the period through profit or loss on assets held at the end of the reporting period		
				Included in profit or loss	Charge to other comprehensive income	Purchase	Issuance	Sale	Settlement	Others	Effects from translation in foreign currency statements	Closing balance	
Held-for-trading financial assets	100,000.00	-	-	-100,000.00	-	-	-	-	-	-	-	-	-100,000.00
Financial assets at fair value through profit or loss	100,000.00	-	-	-100,000.00	-	-	-	-	-	-	-	-	-100,000.00
- Investment in debt instruments	-	-	-	-	-	-	-	-	-	-	-	-	-
- Investments in equity instruments	100,000.00	-	-	-100,000.00	-	-	-	-	-	-	-	-	-100,000.00
Other non-current financial assets	581,031,462.99	-	-	-7,823,263.76	-	-	-	-	-12,674.05	155,321.36	573,350,846.54	-7,823,263.76	
Financial assets at fair value through profit or loss	581,031,462.99	-	-	-7,823,263.76	-	-	-	-	-12,674.05	155,321.36	573,350,846.54	-7,823,263.76	
- Investments in equity instruments	581,031,462.99	-	-	-7,823,263.76	-	-	-	-	-12,674.05	155,321.36	573,350,846.54	-7,823,263.76	
Total	581,131,462.99	-	-	-7,923,263.76	-	-	-	-	-12,674.05	155,321.36	573,350,846.54	-7,923,263.76	

Note: Dividend gains and disposal gains totaling RMB71,764,771.39 (gains and losses not in the current year) were obtained from the continuous items of Level III measurement at fair value during the year.

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XI FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. FAIR VALUE (CONTINUED)

- (5) **Reconciliation information between opening and closing Book balances and sensitivity analysis of unobservable parameters for continuous items of level III measurement at fair value (Continued)**

Sensitivity analysis of unobservable inputs:

Indicator changes	Current year	
	Effects on total profit	Pre-tax effects on shareholders' equity
Lack of market liquidity discount increased by 5%	-28,667,542.33	-28,667,542.33
Lack of market liquidity discount decreased by 5%	28,667,542.33	28,667,542.33

- (6) **Reasons for conversion and policy for determining the point of conversion for items that are continuously measured at fair value and that are converted between levels during the year**

The Group's continuous fair value items measured at fair value have not been converted between levels during the year.

- (7) **Changes in valuation techniques occurred during the year and the reasons for the changes**

There were no changes in the valuation techniques of the Group during the year.

- (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 31 December 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	31 December 2022	31 December 2021
Short-term borrowings	582,764,215.31	438,453,511.69
Non-current liabilities due within one year	3,226,339,059.15	946,334,185.61
Long-term borrowings	5,347,701,871.99	7,962,070,435.92
Bonds payable	3,997,705,534.28	3,996,465,534.26
Long-term payables	164,017,516.89	117,923,603.36
Lease liabilities	2,401,893,794.83	1,714,149,755.92
Less: cash and cash equivalents	16,175,335,821.17	14,211,362,240.62
Net liability	-454,913,828.72	964,034,786.14
Shareholders' equity	36,868,443,996.99	35,050,301,944.08
Shareholders' equity and net liabilities	36,413,530,168.27	36,014,336,730.22
Leverage ratio	-1%	3%

XII. CONTINGENCIES

Item	Closing balance	Opening balance
Contingent liabilities arising from external guarantees:	—	—
– Loan guarantee for fellow subsidiaries	4,356,780,589.44	4,580,247,098.78
– Loan guarantee for associates	106,835,461.82	108,531,262.80
Total	4,463,616,051.26	4,688,778,361.58

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XII. CONTINGENCIES (CONTINUED)

(1) AS AT 31 DECEMBER 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:	—	10,060.68	1,946.60	—
China Railway Construction Bridge Engineering Bureau Group Co., Ltd.	The Group was engaged in the EPC services from China Railway Construction Bridge Engineering Bureau Group Co., Ltd. and a dispute arose because the settlement amount could not be agreed.	3,734.00	—	Arbitration in progress
Jiangsu Sierband Petrochemical Co., Ltd.	The Group was required to bear the rescue and relief costs by Jiangsu Sierband Petrochemical Co., Ltd. in the course of providing transportation services for bulky equipment due to ground subsidence which caused the transportation vehicles and equipment to be in danger.	2,131.68	—	First trial in progress
Guangzhou Salvage Bureau of the Ministry of Transport	The Group was required to bear the rescue costs by the Guangzhou Salvage Bureau of the Ministry of Transport as a result of the vessel running aground in the course of providing transportation services.	1,700.00	—	First trial in progress
China Life Property and Casualty Insurance Company Limited Ningbo Branch	The Group provided in-plant logistics services to Yongfeng Yu Paper Mfg.(Yangzhou) Co., Ltd. and was suspected to have suffered losses as a result of a fire caused by a fault in the internal electrical wiring of the Group's forklift trucks and China Life Property and Casualty Insurance Company Limited Ningbo Branch sought compensation from the Group after paying compensation to Yongfeng Yu Paper Mfg.(Yangzhou) Co., Ltd.	1,371.00	822.60	First trial to be held
China Guangfa Bank Co., Ltd. Anyang Branch	The Group was involved in a pledge supervision contract dispute with the other party in the course of providing pledge supervision services to China Guangfa Bank Co., Ltd. Anyang Branch.	874.00	874.00	Remanded for retrial
Chengda Hengrun (Dalian Bonded Zone) Co., Ltd.	Due to the embargo order, the Group had a dispute with Chengda Hengrun (Dalian Bonded Zone) Co., Ltd. over cargo transportation services.	250.00	250.00	Trial to be held at a later date
Major cargo damage disputes (not yet sued):	—	7,229.19	7,229.19	—
Beijing Aircraft Maintenance Engineering Co., Ltd.	The Group had a cargo damage dispute with Beijing Aircraft Maintenance Engineering Co., Ltd. for the provision of transportation services.	3,877.79	3,877.79	—
JiangXi Ganzhong Foreign Trade Development Co., Ltd.	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	—
Ruili Integrated Circuit Co., Ltd.	The Group had a dispute with Ruili Integrated Circuit Co., Ltd. due to the provision of freight forwarding services.	580.00	580.00	—

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XII CONTINGENCIES (CONTINUED)

(2) CONTINGENT LIABILITIES ARISING FROM OTHER MATTERS OF THE GROUP AS AT 31 DECEMBER 2022

The details of capital commitments are described in Note XIII.

(3) AS AT 31 DECEMBER 2022, THERE WERE NO CONTINGENT ASSETS RESULTING FROM THE CONTINGENT EVENTS.

XIII. CAPITAL COMMITMENT

Item	Closing amount	Opening amount
Capital expenditures contracted but not recognised in the financial statements	—	—
– Purchase and construction of assets	1,338,159,634.12	1,077,779,842.13
– Investments in associates, joint ventures and other invested entities (Note)	277,134,009.42	183,909,543.10
– Port investment projects	30,587,999.42	35,574,390.84
Total	1,645,881,642.96	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 31 December 2022, it has invested USD9.5246 million, and the amount committed but not funded is approximately RMB38.134 million.

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 31 December 2022, the aforementioned partnership has been registered and the Company contributed established RMB1 million, with uncommitted capital of RMB149 million.

On 17 March 2022, Cross-border e-commerce company, 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 cross-border e-commerce company contributed RMB100 million, representing 20%. As at 31 December 2022, RMB10 million had been contributed and RMB90 million had been committed but not yet contributed.

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XIV. NON-ADJUSTMENT EVENTS AFTER THE DATE OF THE BALANCE SHEET

(1) PROFIT DISTRIBUTION PLAN

Approved by the resolution of the Third Meeting of the Nineteenth Session of the Board of Directors of the Company held on 27 March 2023, the Company intends to distribute a cash dividend of RMB0.1 (including tax) per share based on the total share capital registered on the record date for the implementation of equity distribution (net of shares in the company's special account for repurchase) in 2022, with an estimated distribution of RMB724,493,687.50. The profit distribution plan is subject to the approval of the Company's Shareholders' Meeting.

(2) SHARE REPURCHASE AND CANCELLATION

As described in Note IX, 46, as at 31 December 2022, the Company repurchased an aggregate of 95,001,000 H-share, of which 49,302,000 shares were not yet cancelled. From 1 January 2023 to the date of approval of this financial report, the Company repurchased an aggregate of 11,586,000 additional H-share, and 11,586,000 of the additional repurchased H-share, together with the aforementioned 49,302,000 H-share outstanding as at 31 December 2022, was cancelled on 10 February 2023. As at the date of approval of this financial report, the total issued share capital of the Company was reduced to 7,294,216,875 shares.

Apart from the above, the Group has no other significant events after the date of balance sheet.

XV. EXCHANGE OF NON-MONETARY ASSETS

There were no significant non-monetary asset exchanges and transactions for the Group during the year.

XVI. DEBT RESTRUCTURING

There was no significant debt restructuring of the Group during the year.

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Notes to the Financial Statements

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY

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	—	—	116,973.88	—	—	98,233.99
Including: RMB	85,234.16	1.0000	85,234.16	85,234.16	1.0000	85,234.16
USD	2,952.74	6.9646	20,564.65	252.74	6.3757	1,611.40
Others	—	—	11,175.07	—	—	11,388.43
Cash at banks	—	—	8,035,280,791.41	—	—	6,680,247,881.39
Including: RMB	6,537,760,558.50	1.0000	6,537,760,558.50	4,969,091,002.40	1.0000	4,969,091,002.40
USD	207,311,862.59	6.9646	1,443,844,198.18	268,333,437.98	6.3757	1,710,813,500.55
Others	—	—	53,676,034.73	—	—	343,378.44
Other cash and bank balances	—	—	85,465,437.12	—	—	247,225,829.84
Including: RMB	85,465,437.12	1.0000	85,465,437.12	247,225,829.84	1.0000	247,225,829.84
Total	—	—	8,120,863,202.41	—	—	6,927,571,945.22
Including: total amount deposited abroad	—	—	-	—	—	-

(1) Restricted use of cash and cash equivalents at the end of the year

Item	Closing balance	Opening balance	Reasons for restricted use
Interest receivables	85,223,044.20	76,683,790.84	Not yet settled
Credit card deposits	134,797.50	134,797.50	Credit card deposits
Security margin	107,595.42	107,241.50	Security margin
Equity acquisition payment	-	170,000,000.00	Custodial accounts
Performance bond	-	300,000.00	Performance guarantee
Total	85,465,437.12	247,225,829.84	—

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VII. 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	24,600,513.95	1,747,848.96
Total	24,600,513.95	1,747,848.96

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

(3) The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date

Type	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Commercial acceptances bills	-	24,600,513.95
Total	-	24,600,513.95

(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 31 December 2022 and 31 December 2021, there were no commercial acceptance bills held by the Group subject 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 actual write-off of bills receivable during the year.

(7) There were no amounts due from shareholders' entities holding 5% (or more) of the voting shares of the Company at the end of the year.

(8) The maturity date of the bills receivable mentioned above is all within 360 days.

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE

(1) Overall status of accounts receivable

Item	Closing balance	Opening balance
Accounts receivables	1,064,165,615.89	667,907,237.50
Less: Credit loss provision	47,677,032.83	48,837,241.61
Total	1,016,488,583.06	619,069,995.89

(2) 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)	999,972,533.02	93.97	20,333,506.48	603,348,929.80	90.34	7,054,976.75
1 to 2 years (including 2 years)	50,435,066.30	4.74	19,978,012.29	32,011,539.92	4.79	15,001,397.20
2 to 3 years (including 3 years)	4,542,059.39	0.43	1,688,845.09	20,966,824.15	3.14	16,167,447.27
More than 3 years	9,215,957.18	0.86	5,676,668.97	11,579,943.63	1.73	10,613,420.39
Total	1,064,165,615.89	100.00	47,677,032.83	667,907,237.50	100.00	48,837,241.61

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For the Year ended 31 December 2022

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Classification of accounts receivable

Item	Original value				Credit loss provision				Total	Net value	Original currency	Credit loss accrual reasons
	Less than 180 days	180 days to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Less than 180 days	180 days to 1 year	1 to 2 years				
Low-risk portfolio	219,463,707.17	2,165,415.99	2,503,175.06	2,628,570.73	3,539,288.21	229,290,157.16	-	-	-	-	229,290,157.16	Note 1
Normal risk portfolio	593,947,154.74	162,963,155.39	47,981,891.24	1,913,488.66	5,230,895.53	811,976,585.56	8,612,233.72	2,362,820.79	19,978,012.29	1,688,845.09	774,103,778.14	Note 2
Accounts receivable with individual credit loss provision	-	22,453,093.73	-	-	445,773.44	22,898,873.17	-	9,358,451.97	-	445,773.44	13,094,647.76	Higher individual risk
Total	812,400,861.91	187,571,671.11	50,435,066.30	4,542,059.39	9,215,957.18	1,064,165,615.89	8,612,233.72	11,721,272.76	19,978,012.29	1,688,845.09	47,677,032.83	1,016,488,583.06

Note 1: The accounts receivable in the Company's low-risk portfolio are 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 Company adjusts them to the normal risk portfolio or to accounts receivable with individual credit loss provision.

Note 2: The Company's normal risk portfolio is 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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Notes to the Financial Statements

For the Year ended 31 December 2022

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(3) Classification of accounts receivable (Continued)

Of which: Accounts receivable with individual provision for credit losses at the end of the year

Name of debtor	Book balance	Credit loss provision	Expected credit loss rate (%)	Reason for accrual
Entity 1	22,453,099.73	9,358,451.97	41.68	Involved in litigation
Others	445,773.44	445,773.44	100.00	Involved in litigation, disputes
Total	22,898,873.17	9,804,225.41	—	—

(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	229,290,157.16	—	—
Total	229,290,157.16	—	—

(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)	756,900,310.13	1.45	10,975,054.51
1 to 2 years (including 2 years)	47,931,891.24	41.68	19,978,012.29
2 to 3 years (including 3 years)	1,913,488.66	88.26	1,688,845.09
More than 3 years	5,230,895.53	100.00	5,230,895.53
Total	811,976,585.56	—	37,872,807.42

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VII. 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 year

Item	Opening balance	Accrual	Changes in current year			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current year	48,837,241.61	11,181,733.95	5,207,942.05	7,134,000.68	–	47,677,032.83
Prior year	55,630,418.06	4,442,806.41	11,225,530.76	10,452.10	–	48,837,241.61

(7) Significant credit loss provision recovered or reversed during the year

Company name	Book balance of accounts receivable	Reason for recovery or reversal	Basis for determining the original credit losses provision	Accumulated amount of credit losses provision	Recovered or Reversal amount
				before recovery or reversal	
Entity 1	2,187,345.09	Payment recovery	Involved in litigation	2,187,345.09	2,187,345.09
Entity 2	1,757,234.80	Payment recovery	Involved in litigation	1,757,234.80	1,757,234.80
Others	1,263,362.16	Payment recovery	Involved in litigation, disputes, etc.	1,263,362.16	1,263,362.16
Total	5,207,942.05	—	—	5,207,942.05	5,207,942.05

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. ACCOUNTS RECEIVABLE (CONTINUED)

(8) Accounts receivable actual write-off during the year

Company name	Nature of accounts receivable	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related parties transactions
Entity 1	Logistics business	4,291,562.73	Account aging is too long, uncollectable payments	Approved by the General Manager's Office	No
Entity 2	Logistics business	1,514,941.68	Account aging is too long, uncollectable payments	Approved by the General Manager's Office	No
Sinotrans International Trading Co., Ltd.	Logistics business	1,224,901.39	Company bankruptcy	Approved by the General Manager's Office	Yes
Entity 3	Logistics business	59,750.00	Account aging is too long, uncollectable payments	Approved by the General Manager's Office	No
Entity 4	Logistics business	42,844.88	Account aging is too long, uncollectable payments	Approved by the General Manager's Office	No
Total	—	7,134,000.68	—	—	—

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

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2022
(Unless indicated otherwise, all amounts are expressed in RMB)

XVII. 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	Proportion of total accounts receivable (%)
Entity 1	Client	172,189,036.87	Within 1 year, 1 to 2 years, 2 to 3 years	2,661,151.71	16.18
Hunan Zhongnan International Land Port Co., Ltd.	Subsidiary	90,929,060.05	Within 1 year	—	8.54
Sinotrans Central China Co., Ltd.	Subsidiary	54,322,472.47	Within 1 year	—	5.10
Entity 2	Client	46,497,370.49	Within 1 year, 1 to 2 years	4,826,236.40	4.37
Entity 3	Client	38,728,250.65	Within 1 year, 1 to 2 years, 2 to 3 years	1,308,261.86	3.64
Total	—	402,666,190.53	—	8,795,649.97	37.83

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

(12) As at 31 December 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.

(13) The Company had no accounts receivable involving government grants at the end of the year.

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. RECEIVABLES FINANCING

Type	Closing balance	Opening balance
Bills receivable	22,897,160.22	16,840,375.57
Including: bank acceptance bills	22,897,160.22	16,840,375.57
Total	22,897,160.22	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 due to defective endorsement, etc. at the end of the year.
- (2) There was no pledged bills receivable at the end of the year.
- (3) **The closing balance of endorsed or discounted bills receivable not yet due at the balance sheet date**

Type	Amount derecognized at the end of the year	Amount not derecognized at the end of the year
Bank acceptance bills	78,113,034.68	–
Total	78,113,034.68	–

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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For the Year ended 31 December 2022

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

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. RECEIVABLES FINANCING (CONTINUED)

- (4) There were no bills transferred to accounts receivable at the end of the year due to non-performance by the drawer.
- (5) As at 31 December 2022 and 31 December 2021, there were no bank acceptance bills held by the Group subject to significant credit risk which resulted in significant losses due to default (bills receivable are expected to be fully recoverable); therefore, there was no credit loss provision incurred.
- (6) There was no actual write-off of bills receivable during the year.
- (7) There were no amounts due from shareholders' entities holding 5% (or more) of the voting shares of the Company at the end of the year.
- (8) The maturity date of the bills receivable mentioned above is all within 360 days.

5. OTHER RECEIVABLES

Item	Closing balance	Opening balance
Interest receivables	–	–
Dividend receivables	26,872,094.63	26,872,094.63
Other receivables	9,355,440,361.02	8,728,649,402.54
Total	9,382,312,455.65	8,755,521,497.17

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(1) Dividend receivables

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase in current year	Decrease in current year	Effects from translation in foreign currency statements	Closing balance	Reason for non-recovery	Whether an impairment occurs and judgment basis
Dividend receivables aged within 1 year	-	-	3,273,215,385.79	3,273,215,385.79	-	-	—	—
DHL-Sinotrans International Air Courier Ltd.	-	-	2,134,290,051.37	2,134,290,051.37	-	-	—	—
Sinotrans Air Transport Development Co., Ltd.	-	-	289,712,852.21	289,712,852.21	-	-	—	—
Sinotrans South China Co., Ltd.	-	-	187,260,846.01	187,260,846.01	-	-	—	—
Sinotrans Central China Co., Ltd.	-	-	150,072,115.51	150,072,115.51	-	-	—	—
Sinotrans Changjiang Co., Ltd.	-	-	136,273,759.49	136,273,759.49	-	-	—	—
Sinotrans Logistics Co., Ltd.	-	-	109,853,108.30	109,853,108.30	-	-	—	—
Sinotrans North China Co., Ltd.	-	-	87,713,827.28	87,713,827.28	-	-	—	—
China Southern Airlines Logistics Co., Ltd.	-	-	59,133,680.15	59,133,680.15	-	-	—	—
Sinotrans Northeast Co., Ltd.	-	-	23,404,555.94	23,404,555.94	-	-	—	—
Jiangsu Jiangyin Port Group Co., Ltd.	-	-	21,937,500.00	21,937,500.00	-	-	—	—
Sinotrans Fujian Co., Ltd.	-	-	20,776,906.57	20,776,906.57	-	-	—	—
Sinotrans Korea Shipping Co., Ltd.	-	-	13,620,443.54	13,620,443.54	-	-	—	—
Sinotrans Heavy-lift Logistics Co., Ltd.	-	-	11,401,217.37	11,401,217.37	-	-	—	—
Sinotrans (Japan) Co., Ltd.	-	-	10,250,961.13	10,250,961.13	-	-	—	—
China Marine Shipping Agency Co., Ltd.	-	-	9,324,979.98	9,324,979.98	-	-	—	—
Nissin-Sinotrans International Logistics Co., Ltd.	-	-	5,000,000.00	5,000,000.00	-	-	—	—
Sinotrans Logistics (Pakistan) Limited	-	-	1,653,210.03	1,653,210.03	-	-	—	—
Ma'anshan Tianshun Port Co., Ltd.	-	-	700,000.00	700,000.00	-	-	—	—
Shanghai Tongyun International Logistics Co., Ltd.	-	-	493,168.70	493,168.70	-	-	—	—
New Land Bridge (Lianyungang) Terminal Co., Ltd.	-	-	342,202.21	342,202.21	-	-	—	—
Dividend receivables aged over 1 year	26,872,094.63	-	249,521,598.19	249,521,598.19	-	26,872,094.63	—	—
Sinotrans Eastern Company Limited	10,904,887.09	-	249,521,598.19	249,521,598.19	-	10,904,887.09	Support the development of subsidiary	No
Sinotrans Anhui Co., Ltd.	8,067,261.02	-	-	-	-	8,067,261.02	Support the development of subsidiary	No
Trade Sky International Limited	3,241,600.00	-	-	-	-	3,241,600.00	Support the development of subsidiary	No
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	26,872,094.63	-	3,522,736,983.98	3,522,736,983.98	-	26,872,094.63	—	—

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For the Year ended 31 December 2022
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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables

1) 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)	4,293,511,350.90	45.89	-	2,737,773,692.86	31.36	-
1 to 2 years (including 2 years)	774,838,812.18	8.28	-	407,417,520.52	4.67	-
2 to 3 years (including 3 years)	334,726,141.63	3.58	-	2,229,101,096.90	25.53	30,000.00
More than 3 years	3,952,364,056.31	42.25	-	3,355,527,092.26	38.44	1,140,000.00
Total	9,355,440,361.02	100.00	-	8,729,819,402.54	100.00	1,170,000.00

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

2) Classification of other receivables

Item	Original value						Credit loss provision						Total	Net value	Original currency	Credit loss accrual reasons		
	Aging						Aging											
	Less than 180 days	181 days to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total	Less than 180 days	181 days to 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total						
Low-risk portfolio	3,145,851,137.18	1,147,660,213.72	774,839,812.18	334,726,144.63	3,982,394,056.31	9,355,440,361.02	-	-	-	-	-	-	-	-	9,355,440,361.02	RMB, USD	Note	
Normal risk portfolio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables with individual credit loss provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	3,145,851,137.18	1,147,660,213.72	774,839,812.18	334,726,144.63	3,982,394,056.31	9,355,440,361.02	-	-	-	-	-	-	-	-	9,355,440,361.02	-	-	-

Note: 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.

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For the Year ended 31 December 2022

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VII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

3) Analysis by nature of payments

Item	Closing balance			Opening balance		
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value
Related party payments	9,329,201,431.87	-	9,329,201,431.87	8,714,062,278.86	-	8,714,062,278.86
Advances	11,050,892.20	-	11,050,892.20	8,323,187.39	-	8,323,187.39
Deposits, collateral	13,382,733.28	-	13,382,733.28	5,962,096.62	1,170,000.00	4,792,096.62
Reserves	1,357,073.64	-	1,357,073.64	1,359,645.42	-	1,359,645.42
Others	448,230.03	-	448,230.03	112,194.25	-	112,194.25
Total	9,355,440,361.02	-	9,355,440,361.02	8,729,819,402.54	1,170,000.00	8,728,649,402.54

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

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	-	-	1,170,000.00	1,170,000.00
Opening balance in current year:	-	-	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Accrual in current year	-	-	-	-
Reversal in current year	-	-	-	-
Carry forward in current year	-	-	-	-
Write-off in current year	-	-	-1,170,000.00	-1,170,000.00
Other changes	-	-	-	-
Closing balance	-	-	-	-

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

5) Changes in the provision for credit losses on other receivables

Item	Opening balance	Accrual	Changes in current year			Closing balance
			Recovery or reversal	Carry-forward or write-off	Other changes	
Current year	1,170,000.00	-	-	1,170,000.00	-	-
Prior year	-	1,170,000.00	-	-	-	1,170,000.00

6) Actual write-off of other receivables during the reporting period

Company name	Nature of other receivables	Write-off amount	Reason for write-off	Write-off procedures performed	Whether arising from related transactions
Entity 1	Security deposits	500,000.00	Account aging is too long, uncollectible payments	Approved by the General Manager's Office	No
Entity 2	Security deposits	500,000.00	Account aging is too long, uncollectible payments	Approved by the General Manager's Office	No
Entity 3	Security deposits	30,000.00	Account aging is too long, uncollectible payments	Approved by the General Manager's Office	No
Entity 4	Security deposits	60,000.00	Account aging is too long, uncollectible payments	Approved by the General Manager's Office	No
Entity 5	Security deposits	30,000.00	Account aging is too long, uncollectible payments	Approved by the General Manager's Office	No
Entity 6	Security deposits	50,000.00	Account aging is too long, uncollectible payments	Approved by the General Manager's Office	No
Total	—	1,170,000.00	—	—	—

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VII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

7) 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	288,708.00	-	42,888,708.00	-
Total	288,708.00	-	42,888,708.00	-

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

Company name	Relationship with the Company	Amount	Aging	Percentage of total other receivables (%)	Credit loss provision	Nature or content
Sinotrans Logistics Co., Ltd.	Subsidiary	2,558,038,963.76	Within 1 year, 1 to 2 years, 2 to 3 years	27.34	-	Related party payments
Sinotrans (HK) Logistics Limited	Subsidiary	1,613,013,402.17	Within 1 year, 1 to 2 years, 2 to 3 years, more than 3 years	17.24	-	Related party payments
Sinotrans South China Co., Ltd.	Subsidiary	1,397,444,224.11	Within 1 year, 1 to 2 years, 2 to 3 years, more than 3 years	14.94	-	Related party payments
Sinotrans Cross Border E-commerce Logistics Co., Ltd.	Subsidiary	910,545,050.00	Within 1 year	9.73	-	Related party payments
Sinotrans Eastern Company Limited	Subsidiary	460,805,193.12	Within 1 year, 2 to 3 years, more than 3 years	4.93	-	Related party payments
Total	—	6,939,846,833.16	—	74.18	-	—

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

9) Receivables from related parties

Company name	Relationship with the Company	Amount	Percentage of total other receivables (%)
Sinotrans Logistics Co., Ltd.	Subsidiary	2,558,038,963.76	27.34
Sinotrans (HK) Logistics Limited	Subsidiary	1,613,013,402.17	17.24
Sinotrans South China Co., Ltd.	Subsidiary	1,397,444,224.11	14.94
Sinotrans Cross Border E-commerce Logistics Co., Ltd.	Subsidiary	910,545,050.00	9.73
Sinotrans Eastern Company Limited	Subsidiary	460,805,193.12	4.93
Sinotrans Central China Co., Ltd.	Subsidiary	303,257,101.23	3.24
Sinotrans Logistics Investment Holdings Co., Ltd.	Subsidiary	294,864,573.88	3.15
Sinotrans Logistics Development Co., Ltd.	Subsidiary	258,673,927.01	2.76
Sinotrans Changjiang Co., Ltd.	Subsidiary	207,632,739.15	2.22
Sinotrans Fujian Co., Ltd.	Subsidiary	172,886,603.84	1.85
Sinotrans (Ningbo) Meishan Free Trade Port International Logistics Co., Ltd.	Subsidiary	130,590,000.00	1.40
Sinotrans Landbridge Transportation Co., Ltd.	Subsidiary	129,083,276.98	1.38
Sinotrans Guangxi Co., Ltd.	Subsidiary	98,525,267.63	1.05
Sinotrans Cold Chain Logistics Co., Ltd.	Subsidiary	98,369,490.55	1.05
Sinotrans Heavy-lift Logistics Co., Ltd.	Subsidiary	86,782,559.22	0.93
Shenzhen Sinotrans Logistics Co., Ltd.	Subsidiary	79,843,488.25	0.85
Sinotrans Innovative Technology Co., Ltd.	Subsidiary	67,381,721.90	0.72
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,660,000.00	0.61
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,900,000.00	0.44
Sinotrans Chemical International Logistics Co., Ltd.	Subsidiary	23,955,670.87	0.26
SINOTRANS OVERSEAS DEVELOPMENT LIMITED	Subsidiary	20,208,600.25	0.22
Guangdong Sinotrans Huangpu Warehouse Code Co., Ltd.	Subsidiary	20,000,000.00	0.21
Others	—	299,739,577.95	3.20
Total	—	9,329,201,431.87	99.72

10) There were no other receivables involving government grants at the end of the year.

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2022

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

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

5. OTHER RECEIVABLES (CONTINUED)

(2) Other receivables (Continued)

- 11) There were no other receivables derecognized due to the transfer of financial assets during the year.
- 12) As at 31 December 2022, there were no other receivables transferred, such as securitization and factoring with other receivables, that continues to be involved in assets and liabilities recognised.
- 13) There were no prepayments transferred to other receivables during the year.

6. LONG-TERM RECEIVABLES

Item	Closing balance			Opening balance			Discount rate range at the end of the year
	Book balance	Credit loss provision	Book value	Book balance	Credit loss provision	Book value	
Related party loan	1,819,884,948.90	-	1,819,884,948.90	1,757,633,449.19	-	1,757,633,449.19	1.2%-12.5%
Total	1,819,884,948.90	-	1,819,884,948.90	1,757,633,449.19	-	1,757,633,449.19	—
Less: portion due within one year	171,727,000.00	-	171,727,000.00	320,564,380.15	-	320,564,380.15	—
Long-term receivables due after one year	1,648,157,948.90	-	1,648,157,948.90	1,437,069,069.04	-	1,437,069,069.04	—

Note: The Company's long-term receivables at the end of the year include entrusted loans to subsidiaries of RMB1,771,064,948.90, loans to a joint venture, Suzhou Logistics Center, of RMB28,500,000 and loans to an associate, Shanghai Pu'an, of RMB20,320,000, of which long-term receivables due within one year were RMB159,402,000, RMB7,125,000 and RMB5,200,000, 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	Additional investment	Reduce investment	Other increases (decreases)	Effects from translation in foreign currency statements	Closing balance
Investment in joint venture	2,617,121,828.16	-	-	-235,005,858.65	-	2,382,115,969.51
Investment in associate	394,805,591.50	49,000,000.00	-	52,953,111.78	-	496,758,703.28
Subtotal	19,264,369,045.23	110,911,926.83	-	-245,018,471.72	-	19,130,262,500.34
Less: impairment provision of long-term equity investments	-	-	-	-	-	-
Total	19,264,369,045.23	110,911,926.83	-	-245,018,471.72	-	19,130,262,500.34

Chapter 11 Notes to the Financial Statements

For the Year ended 31 December 2022

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XVII 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) 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 current year				Closing balance	Closing balance of impairment provision	
						Other comprehensive income adjustments	Cash dividends and profits declared in equity	Impairment provision	Effects from translation in foreign currency statements			Others
Joint ventures												
DHL-Sinotrans International Air Courier Ltd.	339,323,237.2	2,617,121,823.16	-	-	1,906,406,972.53	-	23,538.92	2,141,436,430.10	-	-	-	2,382,115,953.51
Nissin-Sinotrans International Logistics Co., Ltd.	69,144,516.07	2,266,323,677.55	-	-	1,867,069,667.62	-	83,615.00	2,134,290,051.37	-	-	-	2,019,203,903.80
Sinotrans Suzhou Logistics Center Co., Ltd.	55,518,991.25	83,699,591.25	-	-	24,539,400.28	-	-	5,000,000.00	-	-	-	113,144,991.53
Sinotrans PPS Cold Chain Logistics Co., Ltd.	97,998,300.00	94,479,446.32	-	-	3,363,555.43	-	-62,620.11	-	-	-	-	97,700,372.64
Shanghai Tongyun International Logistics Co., Ltd.	90,000,000.00	48,401,610.10	-	-	3,109,181.30	-	-	-	-	-	-	51,510,791.40
Sinotrans Logistics (Pakistan) Limited	16,058,835.00	34,816,324.54	-	-	1,933,025.21	-	2,613.03	493,168.70	-	-	-	36,259,394.08
Shanghai United Cold Chain Logistics Co., Ltd.	1,457,004.00	24,597,094.28	-	-	4,496,893.99	-	-	1,653,210.03	-	-	-	27,407,768.24
Others	15,000,000.00	17,123,366.00	-	-	-5,224,278.23	-	-	-	-	-	-	11,899,057.77
Associates												
Jiangsu Jiangyin Port Group Co., Ltd.	14,246,018.40	17,770,146.12	-	-	7,116,538.93	-	-	-	-	-	-	24,866,685.05
Shanghai Pusan Storage Co., Ltd.	208,807,867.00	394,805,591.50	49,000,000.00	-	73,057,030.83	-	2,533,530.95	22,637,500.00	-	-	-	496,768,703.28
Qingzhu Logistics Technology Co., Ltd.	59,319,000.00	278,262,053.08	-	-	77,075,453.26	-	1,937,232.37	21,937,500.00	-	-	-	335,327,236.71
Meianshan Transhub Port Co., Ltd.	78,173,640.00	77,574,597.46	-	-	1,443,241.18	-	-	-	-	-	-	79,017,921.64
China International Exhibition Transportation Co., Ltd.	49,000,000.00	-	49,000,000.00	-	-2,234,031.45	-	556,348.38	-	-	-	-	47,382,317.13
China Merchants Sinotrans (Suzhou) Industrial Innovation Private Equity Investment Fund Partnership (Limited Partnership)	21,000,000.00	30,848,843.33	-	-	827,794.22	-	-	700,000.00	-	-	-	30,976,637.55
Others	315,227.00	7,130,097.63	-	-	-3,055,509.38	-	-	-	-	-	-	4,074,588.25
Total												
	1,000,000.00	1,000,000.00	-	-	-1,000,000.00	-	-	-	-	-	-	-
	568,131,490.72	3,011,927,419.66	49,000,000.00	-	1,919,464,008.36	-	2,557,179.87	2,164,073,630.10	-	-	-	2,878,874,672.79

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For the Year ended 31 December 2022

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

XVII 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) Investment in subsidiaries

Investee	Opening balance	Increase in current year	Decrease in current year	Effect of translation of foreign currency statements	Closing balance
Sinotrans Air Transportation Development Co., Ltd. (Note)	5,865,890,299.53	1,330,102.02	10,755,446.25	-	5,856,464,955.30
Sinotrans Logistics Co., Ltd.	4,735,251,354.67	2,564,089.43	-	-	4,737,815,444.10
Sinotrans South China Co., Ltd.	1,272,219,038.71	4,120,525.83	-	-	1,276,339,564.54
Sinotrans Eastern Company Limited	1,079,345,218.38	2,759,419.10	-	-	1,082,104,637.48
Sinotrans Changjiang Co., Ltd.	791,516,900.00	365,855.57	-	-	791,882,755.57
Sinotrans Central China Co., Ltd.	629,117,947.59	2,350,156.94	-	-	631,468,104.53
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	96,114.60	-	-	201,028,283.93
Sinotrans Northeast Co., Ltd.	135,000,000.00	1,451,020.38	-	-	136,451,020.38
Sinotrans North China Co., Ltd.	134,456,656.87	1,237,087.89	-	-	135,693,744.76
Sinotrans Heavy-lift Logistics Co., Ltd.	134,428,500.00	285,243.32	-	-	134,713,743.32
Sinotrans Hubei Company Limited	121,144,778.00	136,420.72	-	-	121,281,198.72
Sinotrans Innovative Technology Co., Ltd.	100,000,000.00	229,434.85	-	-	100,229,434.85
Sinotrans Logistics Investment Holdings Co., Ltd.	97,238,088.71	365,855.57	-	-	97,603,944.28
Others	184,471,065.97	44,620,600.61	52,210,278.60	-	176,881,387.98
Total	16,252,441,625.57	61,911,926.83	62,965,724.85	-	16,251,387,827.55

Note: The increase in the current year was mainly due to the increase of RMB36 million in the capital of Sinotrans Cold Chain Logistics Co., Ltd., a subsidiary, and the granting of stock options by the Company to employees of certain subsidiaries (please refer to Note IX.72 for details), which increased the long-term equity investment in subsidiaries by RMB20,903,400.

The decrease in the current year was mainly due to the adjustment of Sinotrans (Japan) Co., Ltd. and Sinotrans Korea Shipping Co., Ltd. from direct shareholdings of the Company to Level 3 subsidiaries and the acceptance of the free transfer of assets from Sinoair.

- (3) There was no impairment provision for long-term equity investment during the year.
- (4) As at 31 December 2022, there was no significant restriction on the Company's ability to transfer funds from joint ventures or associates to the Company.

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

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

8. LONG-TERM BORROWINGS

Type of Loan	Closing balance	Opening balance	Interest rate range (%) at the end of the year
Fiduciary loans	95,500,000.00	102,625,000.00	1.20
Total	95,500,000.00	102,625,000.00	—
Less: Long-term borrowings due within one year	—	—	—
Including: Fiduciary loans	—	—	—
Long-term borrowings due after one year	95,500,000.00	102,625,000.00	—

(1) There were no long-term borrowings outstanding at the end of the year.

(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	-	28,500,000.00	-	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 loans rolled over in the closing balance.

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XVII 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 medium-term notes (phase I)	1,999,143,890.41	1,998,903,890.41
2021 corporate bonds (phase I)	1,998,561,643.87	1,997,561,643.85
Total	3,997,705,534.28	3,996,465,534.26

Note: The details of bonds payable are described in Note IX.37.

(2) The maturity dates of bonds payable are analysed as follows:

Item	Closing balance	Opening balance
1 to 2 years (including 2 years)	1,998,561,643.87	–
2 to 5 years (including 5 years)	1,999,143,890.41	3,996,465,534.26
Total	3,997,705,534.28	3,996,465,534.26

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Notes to the Financial Statements

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

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

9. BONDS PAYABLE (CONTINUED)

(3) Bonds payable increase/decrease statement

Name of bonds	Issue Face value	Bond date	Bond term	Issue amount	Opening balance	Effects from changes in the scope of consolidation	Issue in current year	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	-	-	62,999,999.98	240,000.00	63,000,000.00	-	2,026,415,123.26
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	-	-	70,000,000.01	1,000,000.02	70,000,000.00	-	2,037,876,712.38
Total	4,000,000,000.00	—	—	4,000,000,000.00	4,063,051,835.63	-	-	132,999,999.99	1,240,000.02	133,000,000.00	-	4,064,291,835.64
Less: Bonds payable due within one year	—	—	—	—	66,586,301.37	—	—	—	—	—	—	66,586,301.36
Bonds payable due after one year	—	—	—	—	3,996,465,534.26	—	—	—	—	—	—	3,997,705,534.28

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

10. CAPITAL RESERVES

2022

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	10,764,553,016.02	—	43,474,489.54	10,721,078,526.48
1.Capital invested by investors	10,845,010,221.40	—	43,474,489.54	10,801,535,731.86
2.Others	-80,457,205.38	—	—	-80,457,205.38
II. Other capital reserves	2,560,541.56	32,673,257.60	—	35,233,799.16
1.Other changes in equity in equity of investees other than net profit or loss, other comprehensive income and profit distributions	3,105,011.21	2,557,179.87	—	5,662,191.08
2.Unexercised share payments	—	30,116,077.73	—	30,116,077.73
3.Others	-544,469.65	—	—	-544,469.65
Total	10,767,113,557.58	32,673,257.60	43,474,489.54	10,756,312,325.64
Including: Exclusively state-owned capital reserves	—	—	—	—

2021

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
I. Share capital premium	10,764,553,016.02	—	—	10,764,553,016.02
1.Capital invested by investors	10,845,010,221.40	—	—	10,845,010,221.40
2.Others	-80,457,205.38	—	—	-80,457,205.38
II. Other capital reserves	-544,469.65	3,105,011.21	—	2,560,541.56
1.Other changes in equity in 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	—	—	-544,469.65
Total	10,764,008,546.37	3,105,011.21	—	10,767,113,557.58
Including: Exclusively state-owned capital reserves	—	—	—	—

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. RETAINED EARNINGS

Item	Current year	Prior year
Closing balance of the prior year	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 year	2,962,226,208.37	3,105,245,270.41
Including: Net profit for the year	2,962,226,208.37	3,105,245,270.41
Decrease in the current year	2,377,222,747.96	1,197,507,244.56
Including: Appropriation to statutory surplus for the year	296,222,620.84	310,524,527.04
Dividends distribution	2,080,591,039.93	888,096,465.00
Others	409,087.19	-1,113,747.48
Closing balance of current year	5,108,267,970.16	4,523,264,509.75

12. OPERATING INCOME, COSTS

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Forwarding and related business	3,224,471,679.59	3,113,864,215.50	2,592,038,962.79	2,432,839,222.98
Logistics	2,005,160,628.31	1,824,407,019.91	1,586,276,521.60	1,432,007,919.14
Total	5,229,632,307.90	4,938,271,235.41	4,178,315,484.39	3,864,847,142.12

(1) Note on apportionment to remaining performance obligations

The Company has entered into contracts (agreements, orders, etc.) with customers at the end of the year, but the portion of the transaction price for performance obligations that have not yet been performed or have not yet been fulfilled that has been received or receivable from the customer of RMB88,582,991.37 (closing balance of contract liabilities) will be recognised as revenue within one year. The remaining transaction prices are not presented due to the expected term of these contracts being less than one year and the dispersed nature of the customers involved and a large number of contracts, which simplifies the treatment. The Company has no variable consideration clauses in the above contracts.

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

12. OPERATING INCOME, COSTS (CONTINUED)

(2) Operating income classified by point of recognition

January – December 2022

Item	Forwarding and related business	Logistics
Operating income	—	—
Including: Recognition at a certain point	3,224,471,679.59	2,005,160,628.31
Recognition within a certain period	—	—
Lease income	—	—
Total	3,224,471,679.59	2,005,160,628.31

January – December 2021

Item	Forwarding and related business	Logistics
Operating income	—	—
Including: Recognition at a certain point	2,592,038,962.79	1,586,276,521.60
Recognition within a certain period	—	—
Lease income	—	—
Total	2,592,038,962.79	1,586,276,521.60

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

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Notes to the Financial Statements

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

13. FINANCE COSTS

Item	Current year	Prior year
Interest expense	242,000,800.14	233,221,294.85
Including: Bank and other loans	80,575,787.21	94,681,247.50
Bond interest	134,240,000.01	110,568,591.81
Interest expense on lease liabilities	27,185,012.92	27,971,455.54
Less: Capitalized interest costs	-	-
Less: Interest income	269,524,302.74	243,584,228.82
Net exchange loss (net gains denoted by “-”)	-82,324,638.95	25,578,955.90
Others	2,849,227.90	1,187,803.21
Total	-106,998,913.65	16,403,825.14

14. INVESTMENT INCOME

Item	Current year	Prior year
Income from long-term equity investments under the equity method	1,979,464,003.36	1,163,173,942.54
Income from long-term equity investments under the cost method	1,299,187,171.52	2,082,680,596.30
Investment income from holding other non-current financial assets	59,475,882.36	44,591,693.07
Investment income from disposal of held-for-trading financial assets	-	2,678,422.27
Investment income from disposal of receivables financing	-638,782.87	-
Investment income from the disposal of other non-current financial assets	-	314,281.97
Total	3,337,488,274.37	3,293,438,936.15

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

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Notes to the Financial Statements

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XVII NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

15. SUPPLEMENTARY INFORMATION OF THE COMPANY IN THE CASH FLOW STATEMENT

Item	Current year	Prior year
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	2,962,226,208.37	3,105,245,270.41
Add: Impairment of assets	—	—
Credit loss impairment	5,973,791.90	-5,612,724.35
Depreciation of fixed assets, investment properties	12,023,970.59	12,141,602.31
Depreciation of right-to-use assets	26,016,436.04	25,762,925.74
Amortisation of intangible assets	81,523,002.12	43,092,954.36
Amortisation of long-term prepaid expenses	322,148.63	654,690.04
Losses from disposal of assets (gains denoted by “-”)	3,932.43	-1,089,256.80
Losses from destroy and scrapping of non-current assets (gains denoted by “-”)	-1,133.61	2,894.13
Losses from changes in fair value (gains denoted by “-”)	—	—
Finance costs (income denoted by “-”)	83,979,089.67	235,449,130.26
Investments losses (income denoted by “-”)	-3,337,488,274.37	-3,293,438,936.15
Decrease in deferred tax assets (increase denoted by “-”)	—	—
Increase in deferred tax liabilities (decrease denoted by “-”)	—	—
Decrease in inventories (increase denoted by “-”)	-143,233.41	—
Decrease in operating receivables (increase denoted by “-”)	-499,491,885.96	-191,713,831.65
Increase in operating payables (decrease denoted by “-”)	18,455,621.42	-92,038,257.03
Net cash flows from operating activities	-646,600,326.18	-161,543,538.73
2. Major investing and financing activities not involving cash receipts and payments:	—	—
Conversion of debts into capital	—	—
Convertible corporate bonds due within one year	—	—
Fixed assets under finance lease	—	—
Conversion of the balance of salary difference in the prior years into national capital	—	—
3. Net changes in cash and cash equivalents:	—	—
Closing cash balance	8,035,397,765.29	6,680,346,115.38
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 year	—	—
Net increase in cash and cash equivalents	1,355,051,649.91	2,063,950,387.04

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

XVIII.SUPPLEMENTARY INFORMATION

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR

In accordance with the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-operating Profit or Loss (2008) issued by the CSRC, the Group's non-recurring profit or loss for the year 2022 are as follows:

Item	Current year	Prior year	Description
Profit or loss on the disposal of non-current assets	350,540,722.71	158,123,761.47	—
Tax returns and reliefs approved beyond authority, or no official approval document or occasional	-	-	—
Government grants included in current profit or loss	310,188,323.62	285,842,840.37	—
Capital occupancy fees from non-financial enterprises included in current profit or loss	4,202,336.71	3,837,045.70	—
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	-	507,907.22	—
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	-1,107,968.89	-13,664.08	—
Enterprise restructuring costs	-	-	—
Profit or loss in excess of fair value arising from transactions with materially unfair transaction prices	-	-	—
Current net profit or loss of subsidiaries from the business combination under the same control from the beginning of the year to the date of combination	53,360.67	115,043.15	—
Profit or loss arising from contingencies irrelevant to the normal business operations of the company	-	-	—
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	-33,173,887.57	26,642,317.24	—

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

XVIII.SUPPLEMENTARY INFORMATION (CONTINUED)

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE YEAR (CONTINUED)

Item	Current year	Prior year	Description
Reversal of provision for impairment of receivables subject to separate impairment tests	19,622,046.75	46,517,743.61	—
Profit or loss from external entrusted loans	-	-	—
Profit or loss from changes in fair value of investment properties subsequently measured using the fair value model	-	-	—
Effects of one-time adjustment to current profit or loss on current profit or loss according to tax and accounting and other laws and regulations	-	-	—
Trusteeship fee income from entrusted operations	-	39,392,452.83	—
Other non-operating income and expenses not mentioned above	-27,646,046.93	-163,537,242.91	—
Other profits or losses with the definition of non-recurring profit or loss	103,686,105.15	85,739,137.20	Note
Subtotal	726,364,992.22	483,167,341.80	—
Income tax effects	-128,261,645.54	-116,171,350.84	—
Effects of non-controlling interests (after tax)	-64,591,592.13	-42,713,729.84	—
Total	533,511,754.55	324,282,261.12	—

Note: Other profits or losses with the definition of non-operating profit or loss are mainly additional VAT deductions of the Group in the current year.

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 year 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	11.93	0.55	0.55
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	10.36	0.48	0.48

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Notes to the Financial Statements

For the Year ended 31 December 2022

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

XIX. OTHER SIGNIFICANT EVENTS

The Group has no other significant events required to be disclosed during the year.

XX. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for the year 2022 were approved for presentation by the Board of Directors of the Group on 27 March 2023.

Chairman: Feng Boming

Submission date for Board approval: 27 March 2023

REVISION HISTORY

Applicable Not applicable



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