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中國外運股份有限公司
SINOTRANS LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 0598)

ANNOUNCEMENT OF INTERIM RESULTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "**Board**") of Sinotrans Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2019, which have been prepared in accordance with China Accounting Standards for Business Enterprises. This announcement, including the full text of the 2019 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results. Printed version of the Group's 2019 Interim Report will be sent to H shareholders of the Company on or before 30 September 2019 and available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and of the Company at http://www.sinotrans.com at the same time.

INTERIM REPORT **2019**

CUSTOMERS' SUCCESS
OUR ACHIEVEMENT

中國外運股份有限公司
SINOTRANS LIMITED

Stock Code: 00598 Hong Kong 601598 Shanghai

Important Notice

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

2. Absent Directors

Position of the absent Director	Name of the absent Director	Reason for the absence of the Director	Name of the proxy
Director	Su Jian	Absent due to other business engagement	Xiong Xianliang
Independent Director	Song Haiqing	Absent due to other business engagement	Li Qian

3. The Interim Report is unaudited.

4. Li Guanpeng, the Company's legal representative, Wang Jiuyun, chief financial officer, and Li Xiaoyan, the head of the financial department (person-in-charge of accounting) hereby make the statement that they guarantee that the financial report contained in this Interim Report is true, accurate and complete.

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

   Nil

6. Risk disclaimer of forward-looking statements

   ✓ Applicable ☐ Not applicable

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

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

   No

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

   No

9. Significant risk alert

   The Company has described the potential risks in detail in the Report. Please refer to "Chapter 4 Management Discussion and Analysis of Business Performance (Report of the Board of Directors) – II. OTHER DISCLOSURES – (III) Potential risks" in this Report.

10. Others

    ✓ Applicable ☐ Not applicable

    The Company's 2019 interim financial report has been prepared in accordance with Accounting Standards for Business Enterprises published by the Ministry of Finance of the People's Republic of China and related provisions (hereinafter referred to as "PRC GAAP Standards"). Unless otherwise specified, the reporting currency in this Report is Renminbi ("RMB").

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

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BOEING 747 FREIGHTER

广东中外运黄埔仓码有限公司

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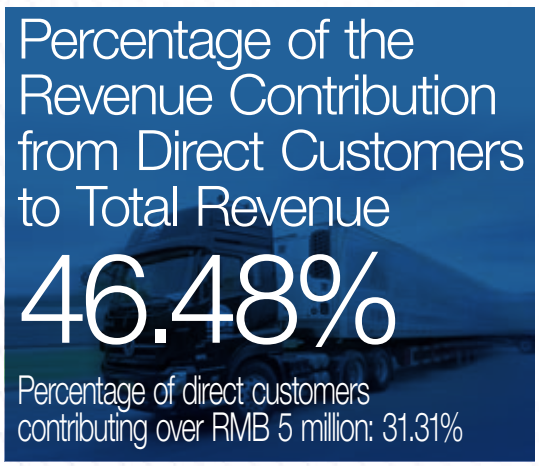
Highlights of the First Half of 2019



1. Quality and profitability enhancement became precise and far-reaching

Since the full commencement of quality and profitability enhancement, with close cooperation of teams of the Project Management Office of quality and profitability improvement, each task has been conducted in an orderly manner, giving impetus to continuous improvement of operation quality.

2. Full integration of overseas resources was started with the establishment of Sinotrans Overseas Development Limited

Setting up overseas company will further promote the construction of overseas channels, better facilitate adoption to the macro environment of Belt and Road Initiative, international cooperation for and transfer of production capacity, the pace of "going global" of the domestic enterprises and other changing trends in the external environment, and provide stronger support to overseas expansion and implementation of cross-border business in project logistics, e-commerce logistics, and logistics, fully improving the Company's abilities to provide end-to-end integrated supply chain services.

3. Digitalized transformation was effectively pushed forward along clear pathway

- Acceleration of the on-line principal operations increased customer experience through the methods of service visualization, traceability and provision of product online services;
- Formation of research and development capabilities on business solutions ultimately achieved mutual sharing of business systems and resources through logistics control tower technology to realize digitalization of operational management and control and visualization of logistics resources;
- The application of new logistics technologies of ABCDT to the actual scenario was speeded up;
- A digital management and innovation mechanism was built, then formulated digital planning, established a digital team and conducted innovation management and underwent innovation results transformation.

Chapter 1 Definitions

In this report, unless the context otherwise indicates, the following words 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	招商局集團有限公司 (China Merchants Group Limited), a state wholly-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 ultimate holding company of the Company, which holds approximately 56.34% of the issued share capital of the Company at the date of this Report
China Merchants Group or CMG	招商局集團有限公司 (China Merchants Group Limited) and its subsidiaries
Company	中國外運股份有限公司 (Sinotrans Limited), 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)	domestic invested Share(s) of RMB1.00 each in the share capital of the Company
Finance Company	招商局集團財務有限公司 (China Merchants Group Finance Co., Ltd.) formerly known as 中外運長航財務有限公司 (Sinotrans & CSC Finance Co., Ltd.), a company owned as to 51% by China Merchants and 49% by Sinotrans & CSC
Group	Sinotrans Limited and its subsidiaries
H Share(s)	overseas listed foreign invested Share(s) of RMB1.00 each in the issued share capital of the Company
HK$	Hong Kong dollars, the lawful currency of Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange/SEHK	The Stock Exchange of Hong Kong Limited

Chapter 1
Definitions

IFRS	Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board ("IASB")
Loscam International	China Merchants Loscam International Holdings Co., Ltd.
Management	The Group's major operating decision-makers
Model Code	the Model Code for Securities Transactions by Directors contained in Appendix 10 to the SEHK Listing Rules
PRC	the People's Republic of China
PRC GAAP Standards	Accounting Standards for Business Enterprises issued by the Ministry of Finance and relevant regulations
RMB	Renminbi, the lawful currency of the PRC
SEHK Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
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., a subsidiary of the Company
Sinotrans & CSC	Sinotrans & CSC Holdings Co., Ltd., a wholly-owned subsidiary of China Merchants Group Limited established under the laws of the PRC, the controlling shareholder of the Company which holds 34.71% of the issued share capital of the Company at the date of this Report
Sinotrans & CSC Group	Sinotrans & CSC Holdings Co., Ltd. and its subsidiaries
Sinotrans Logistics	Sinotrans Logistics Co., Ltd., formerly known as China Merchants Logistics Holding Group Co., Ltd. ("China Merchants Logistics"), and changed its name on March 2019
SSE	Shanghai Stock Exchange
SSE Listing Rules	Listing Rules of Shanghai Stock Exchange
Subsidiary	has the meaning given by SEHK Listing Rules
Supervisory Committee	the Supervisory Committee of the Company

Chapter 2
General Company Information and Key Financial Indicators

I. COMPANY INFORMATION

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

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary of the Board	**Joint Company Secretary**	**Representative of Securities Affairs**
Name	Li Shichu	Hui Wai Man, Shirley	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	Sinotrans Building Tower B, Building 10, No. 5 Anding Road, Chaoyang District, Beijing, China
Tel.	8610 52295721	8610 52295721	8610 52295721
Fax	8610 52296519	8610 52296519	8610 52296519
Email	ir@sinotrans.com	ir@sinotrans.com	ir@sinotrans.com

III. BASIC INFORMATION

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

IV. INFORMATION DISCLOSURE AND PREPARATION LOCATIONS

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

Chapter 2
General Company Information and Key Financial Indicators

V. OVERVIEW OF COMPANY STOCK

Class of share	Stock exchange	Stock abbreviation	Stock code
H-Share	Hong Kong Stock Exchange	Sinotrans	0598
A-Share	Shanghai Stock Exchange	Sinotrans	601598

VI. OTHER RELEVANT INFORMATION

✓Applicable ☐Not applicable

Public certified accountants engaged by the Company (domestic)	Name	ShineWing Certified Public Accountants LLP
	Office address	9/F, Block A, Fuhua Mansion, No. 8 Chaoyang North Street, Dongcheng District, Beijing
Compliance legal counsel engaged by the Company (domestic)	Name	FenXun Partners
	Office address	Suite 3501, China World Office 2, No. 1 Jianguomenwai Avenue Beijing
Compliance legal counsel engaged by the Company (overseas)	Name	Baker & McKenzie
	Office address	14/F One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong
Sponsors to continuously perform their supervisory function during the Reporting Period	Name	CITIC Securities Company Limited
	Office address	21 Floor, CITIC Securities Building, 48 Liangmaqiao Road, Chaoyang District, Beijing
	Name	China Merchants Securities Co., Ltd.
	Office address	26th Floor, CMS China Securities Plaza, No.111 FuHua Rd, Futian District, Shenzhen, Guangdong Province
A-Share registrar and transfer office of the Company	Name	China Securities Depository & Clearing Corp. Ltd. Shanghai Branch
	Office address	China Insurance Building, 166 East Lujiazui Road, Pudong New Area, Shanghai
H-Share registrar and transfer office of the Company	Name	Computershare Hong Kong Investor Services Limited
	Office address	Room 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Business address in Hong Kong	Office address	Room F and G, 20/F, MG Tower, No.133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
Principal banker	Name	Bank of China
	Office address	No.1 Inner Street, Fuxingmen, Xicheng District, Beijing, China

Chapter 2
General Company Information and Key Financial Indicators

VII. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key accounting data	**Reporting Period (January to June)**	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Operating income	**37,720,583,082.13**	36,494,110,131.27	3.36
Net profits attributable to shareholders of the Company	**1,517,484,875.36**	1,295,516,438.92	17.13
Net profits net of non-recurring profit or loss attributable to shareholders of the Company	**1,308,272,780.14**	1,023,462,824.38	27.83
Net cash flows from operating activities	**-478,672,540.34**	–1,061,593,116.23	N/A

	As at the end of the Reporting Period	As at the end of last year	Change as compared to the end of last year (%)
Net assets attributable to shareholders of the Company	**27,010,476,683.06**	23,236,402,371.62	16.24
Total assets	**61,109,252,019.14**	61,494,221,583.94	-0.63

(II) Key Financial Indicators

Key financial indicators	**Reporting Period (January to June)**	Corresponding period of last year	Change as compared to the corresponding period of last year (%)
Basic earnings per share (Yuan/share)	**0.2115**	0.2142	-1.26
Diluted earnings per share (Yuan/share)	**0.2115**	0.2142	-1.26
Basic earnings per share, net of non-recurring profit or loss (Yuan/share)	**0.1823**	0.1692	7.74
Weighted average return on equity (%)	**5.69**	5.92	a decrease of 0.23 percentage point
Net weighted average return on equity, net of non-recurring profit or loss (%)	**4.91**	4.68	an increase of 0.23 percentage point

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

☐Applicable ✓Not applicable

Chapter 2
General Company Information and Key Financial Indicators

VIII. ACCOUNTING INFORMATION DIFFERENCES BETWEEN DOMESTIC AND OVERSEAS ACCOUNTING STANDARDS

☐Applicable ✓Not applicable

IX. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

✓Applicable ☐Not applicable

Unit: Yuan *Currency: RMB*

Non-recurring profit or loss items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	90,176,187.51	
Tax returns and abatement that are examined and approved beyond authority, or without official approval documents or occasional		
Government subsidies recognized in 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)	108,612,633.66	
Capital occupation fees charged from the non-financial enterprises and counted into the current profits or losses of the Company	6,823,270.94	
Gains arising from the differences between the investment cost and the portion of fair value of identifiable net assets in subsidiaries, associates and joint ventures		
Gains and losses from exchange of non-monetary assets		
Gains and losses from entrusting others to invest or manage assets		
Asset impairment provisions due to force majeure factors such as natural disasters		
Gains and losses from debt restructuring		
Enterprise restructuring costs such as staff settlement expenses and integration costs		
Gains and losses that exceeds the fair value in transaction 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		
Gains and losses arising from contingencies irrelevant to the Company normal business operations		
Gains and losses from changes in fair value arising from held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and investment income arising from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment other than effective hedging business related to the Company's normal business operations	6,808,421.18	
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	15,546,496.70	
Gains and losses from external entrusted loans		
Gains and losses from changes in fair value of investment properties subsequently measured in the fair value model		
Impact on the current profits and losses by one-off adjustment according to laws and regulations related to tax and accounting		
Trusteeship fee income from entrusted operations	7,500,000.00	
Other non-operating income and expenses other than the above items	32,697,350.89	
Other gains and losses classified to non-recurring profits or losses	5,295,870.75	Super deduction of value-added tax
Impact on non-controlling interests	-1,471,807.97	
Impact on income tax	-62,776,328.44	
Total	209,212,095.22	

X. OTHERS

☐Applicable ✓Not applicable

Chapter 3
Business Overview

I. MAIN BUSINESSES, OPERATION MODEL AND INDUSTRY INFORMATION OF THE COMPANY DURING THE REPORTING PERIOD

(I) Main Business And Operation Model Of The Company

The Group is a leading integrated logistics services enterprise in the PRC whose principal businesses include freight forwarding, logistics, storage and terminal services, and other services. The geographical areas covered by the Group's businesses operation mainly include coastal regions and strategic locations under rapid growth in China. We have an extensive and well-covered domestic service network and overseas network. With comprehensive service networks resources and the mode of integrated logistics services and professional capability, the Group is able to provide customers with omni channel integrated logistics services, become our customers' professional collaborative partner in logistics, and maintain the leading position amidst market competition.

1. Freight Forwarding

The freight forwarding business of the Group primarily include sea freight forwarding, air freight forwarding and shipping agency. The Group is one of the leading sea freight forwarding service providers in the world and the largest freight forwarding company in China. With service networks throughout the world, the Group can provide integrated supply chain logistics services from all major ports in China to major trading countries and regions. Meanwhile, the Group provides professional air freight forwarding for customers globally. Its overseas service centers are available in Asia, Europe and North America, covering dozens of countries and areas. As a leading air freight forwarding enterprise, it has accumulated extensive operating experience and signed strategic cooperation agreements with key airlines at home and abroad, which would provide enough transportation resources to ensure timely delivery of customers' air cargo. The Group is also a leading shipping agency service company in China, and it has established not only branches in more than 70 ports in coastal areas in China and areas along the Yangtze River, but also representative offices in Hong Kong, Japan, South Korea, Singapore, UK, Germany and Thailand, etc., rendering shipping companies with services such as entering and leaving ports, booking space, documentations, ship supply and other ship related businesses in ports.

In recent years, the Group has elevated the freight forwarding and related businesses from single model operation, focused on the products, packaged service modules centering on customer needs and provided integrated supply chain services, and gradually developed a series of unique and competitive products through the combination with online operation and digitalization of businesses.

Chapter 3
Business Overview

2. *Logistics*

The Group offers tailored and integrated logistics solutions covering the entire value chain to customers, based on their needs and ensures the successful implementation of such solutions. The principal logistics services include contract logistics, project logistics, chemical logistics and cold chain logistics.

(1) Contract logistics

Contract logistics customers are in such industries as fast-moving consumer goods, automobile and spare parts, electronic products, international procurement and medical health etc. The Group provides customers with supply chain management services containing production logistics, inbound logistics, outbound logistics and reverse logistics based on long-term cooperation agreements. Managing a wide range of logistics center resources across the country, the Group has established a contract logistics service system covering major economic areas of the country and has gradually extended the service network overseas, which enables the Group to provide customers with one-stop all-round contract logistics services.

(2) Project logistics

The project logistics business of the Group mostly cover the countries and regions along "The Belt and Road". The Group furnishes the engineering procurement construction customers in China in the industries such as petrochemical, electric power, metallurgical mining, infrastructure and rail vehicles with design and implementation services of one-stop door-to-door logistics solutions for engineering equipment and materials from China to overseas destinations. The services provided include but are not limited to logistics plan design, sea transportation, air transportation, land transportation, warehousing, loading and unloading, packaging, customs declaration and inspection, port transit, bulk transportation, import and export policy consulting, etc.

3. *Storage and terminal services*

The Group has rich resources of warehouses, terminals and container yards, being an indispensable basis for the Group to offer high quality and efficient freight forwarding and comprehensive logistics services. As to the storage and terminal services, the Group provides storage and related services for the customers.

4. *Other services*

Other services of the Group mainly comprise container leasing, shipping, trucking and express services, etc.

(II) Development of the Industry

1. Strong support and guidance from government to drive the development of logistics industry

In 2019, government launched a series of important measures to promote the high-quality development of logistics. Total 24 ministries and commissions, including the National Development and Reform Commission and the Ministry of Transport, jointly issued "Opinions on Promoting High-quality Development of Logistics Industry to Form a Strong Domestic Market", to speed up efforts to sharpen the competitive edges of regional economy and national economy by consolidating the achievements of reducing costs and improving efficiency in logistics, enhancing the vitality of logistics enterprises, increasing the cost-effectiveness of the industry, and supporting the smooth operation of full-chain logistics. In addition, the National Development and Reform Commission and the Ministry of Transport published "National Logistics Hub Network Construction Plan (2019-2020)" to promote the construction of network infrastructures such as logistics. The Ministry of Transport estimated that the logistics costs would reduce by RMB120.9 billion in 2019, while the volume of shipping and railway joint transportation would increase by more than 15%; and the value-added tax reform was launched nationwide, to reduce the tax rate from 10% to 9% within transportation industry. High-quality development of logistics industry driven by all sectors of the society has entered a substantial stage and the policy benefits of logistics have been further highlighted.

2. Growth of logistics market scale stable albeit slowing down with its structure improving

Generally, logistics market shows a trend of stable but decelerating growth rate. For the first half of 2019, the total value of social logistics goods in China amounted to RMB139.5 trillion, representing a year-on-year increase of 6.1% calculated at comparable price, which is slightly lower than GDP growth rate, falling by 0.8 percentage point as compared to the corresponding period of last year; the total logistics cost amounted to RMB6.6 trillion, representing a year-on-year increase of 8.0%, which is higher than the increase of GDP and total value of social logistics goods.

Achievements have been obtained in the structure reform of logistics industry, with the shift of growth drivers and continuous acceleration of transformation and upgrade of the industry. The rapid growth of total value of logistics goods by corporates and residents has become a boost to logistics demand. The total value of industrial logistics products maintained steady growth, while the growth of total value of imported logistics goods slowed down.

II. EXPLANATION ON SIGNIFICANT CHANGES TO MAJOR ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

✓Applicable ☐Not applicable

As for significant changes to major assets of the Company during the Reporting Period, please refer to "Chapter 4 Management Discussions and Analysis of Business Performance (Report of the Board of Directors) – I. Discussion and Analysis of Business Performance – (IV) Analysis of Assets and Liabilities" in this report.

Including: Overseas assets 15,581,120,864.92 (Unit: Yuan Currency: RMB), accounting for 25.50% of the total assets.

Chapter 3
Business Overview

III. ANALYSIS OF CORE COMPETITIVENESS DURING THE REPORTING PERIOD

✓Applicable ☐Not applicable

1. Business and Brand Advantages

Over the years, the Group has focused on the development of integrated logistics service, while continuing to further innovate and transform. It has also established stable and long-term business relationships with a number of customers and suppliers both at home and abroad. With the capabilities of providing integrated logistics services covering sea, road and air channels as well as end-to-end and integrated logistics services, the Group has good business and brand advantages among the peers.

2. Network and Resource Advantages

The Group owns logistics centers, container freight stations, terminals and other logistics resources in coastal ports, key cities in China and relevant overseas regions. Through reconstruction, the Group forms five major regional entities, namely East China, South China, Central China, North China and Northeast China. The Group operates its businesses in all the provinces and regions in China, along with its overseas subsidiaries located in Asia, Europe, America, Africa and Oceania, all of which actively interact with the five domestic regional subsidiaries in China. The Group will also coordinate with finance, trade, shipping and ports businesses worldwide under CMG to implement industry-finance integration and industry-industry collaboration, so as to provide customers with access to global logistics services.

3. Talent and Service Advantages

The Company has a group of logistics professionals and a high-caliber management team to adapt to ever-changing customer demands, industrial innovation and cross-border competition and to constantly provide customers with superior logistics services. Having great logistics solution designs and the capacity of implementation, the Company has accumulated extensive experience in industrialized services and achieved good results, including engineering logistics, fast-moving consumer goods and retail industry, electronic communication and professional logistics sectors such as high-tech industry, chemical industry, automobile and spare parts industry, cold-chain transport, special transport, LTL express, convention and exhibition event logistics etc.

4. Innovation and Technical Advantages

The Company is committed to forging a world-class intelligent logistics platform corporation. By leveraging logistics whole-scene advantages of whole-region, whole-process and integrated online and offline channels, along with algorithm advantages, the Company has achieved noticeable results in the development and application of artificial intelligence, block chain, cloud computing, big data and IoT new technologies and the promotion of intelligent logistics applications like intelligent storage and intelligent transport. The Company strives to expedite the innovation and development of its E-commerce related business and accelerate the construction of digitalization of existing principal operations, platform and ecosphere operation. Rapid growth was achieved in “Y2T” Platform, NTOCC platform of Sinotrans and Sinotrans customs cloud.

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

I. DISCUSSION AND ANALYSIS OF BUSINESS PERFORMANCE

(I) Overall Operations during the Reporting Period

In the first half of 2019, under the unfavorable conditions of global economic downturn and trade frictions between China and America, the Group concentrated on the "13th Five-Year" Plan, and adhered to the principles of "Quality, Transformation, Integration, Innovation, Reform and Management", with the joint efforts of all staff, thereby creating positive developments in various respects.

- ***Quality and profitability enhancement became precise and far-reaching***

  To comprehensively improve the Company's operating quality and profitability, the Group set up a project management office (PMO) for quality and profitability improvement in the first half of 2019, targeting at seven aspects, i.e. purchases from suppliers, optimization of business structure, improvement of financial management ability, improvement of assets operating management, new business, digitalization and special projects, with continuous development and optimization measures taken to increase revenue, reduce cost and empower based on actual circumstances.

- ***Full integration of overseas resources was started with the establishment of overseas subsidiary***

  To further promote the construction of overseas channels and as a better response to the macro environment of Belt and Road Initiative, international cooperation and transfer of production capacity and "going global" strategy of Chinese enterprises, the Company established Sinotrans Overseas Development Limited in June 2019, strongly supporting the overseas expansion and implementation of integrated full-value supply chain of project logistics, e-commerce logistics, etc. The overseas subsidiary currently is still in an early development stage with its focus on integrating existing overseas network of the Group. In the future, it will become the operation platform for all overseas business of the Group and play a fundamental role in the Group's overseas investment. Future overseas development of the Group will mainly focus on the countries and regions along "The Belt and Road". Our strategy for consolidation in Asia, improvement in Africa, expansion in Europe and break through in America shall be unveiled. We aim to achieve a significant increase in the contribution of overseas revenue to the Group, after 3 to 5 years of operation and development.

- ***Digitalized transformation was effectively pushed forward along clear pathway***

  In the first half of 2019, the transformation towards digitalization is pushed forward in the following four aspects:

  Firstly, to improve customer experience by promoting online principal operations and providing online visualized services. Indicators of online principal operations such as the volume of public booking, the number of active enterprise customers and daily visits all ranked among the top comparable public platforms in the PRC. Revenue of the platform steadily increased, with logistics information including container data, location, and information of logistics status developing.

  Secondly, to improve R&D capabilities on business solutions, and to ultimately achieve sharing of business systems and resources through logistics control tower technology to realize digitalized operational management and visualized logistics resources, formulating intelligent logistics solutions for seven target customer industries such as electronics and chemical products. FlexTrans, the online platform for consolidated delivery, is in official operation. The efficiency of shared customs affairs center has been significantly improved. The construction of shared finance center has also begun. In the second half of the year, the Group will continue the research and development of standardized products and the promotion of shared center model.

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

Thirdly, to accelerate the application of new logistics technology of ABCDT in real scenes, including the trial application of the intelligent and automatic warehouse solutions among major customers, the application of recognition technology based on AI technologies, etc. With the application of block chain technologies, the Group has docked its system with the system of certain bank partners and achieved integration and diversification of services. More than 31,570 equipment (including 24 types of IoT hardware, sensors, RFID labels, etc.) were connected to IoT, making safety solutions possible with full coverage tracking of high value cargo and track monitoring of chemical tanks.

Fourthly, to build a digital management and innovation mechanism, formulate digital plans, build digital team, and to capitalize innovation management and innovation achievements. The Group is planning to build an advanced logistics technology center to enhance the innovation structure and mechanism, through which to ensure the sustainable development of digitalization. The Group has 18 issued patents in total, with 11 new patents pending in 2019 (including 1 issued patent).

1. *Overview of Operations*

In the first half of 2019, the Group achieved revenue of RMB37.721 billion, representing a year-on-year increase of 3.36%; the Group achieved net profit of RMB1.583 billion, representing a year-on-year decrease of 1.21%, because the Group booked RMB236 million gain of fair value change brought by the stake it held in Americold Realty Trust (the "Americold") in the corresponding period of last year, and such stake had been disposed of at the end of last year; thus, there was no such gain in this year. The Group's net profit attributable to shareholders of listed company amounted to RMB1.517 billion, representing a year-on-year increase of 17.13%, because the Company acquired the minority equity interest of Sinoair through share swap in January of 2019, resulting in the great decrease in the amount of minority interest in the Reporting Period.

2. *Operation Statistics*

The table below sets forth certain operation statistics of the Group by business segments during the period indicated:

	For the six months ended 30 June	
	2019	2018
Freight Forwarding		
Sea Freight Forwarding (in ten thousand TEUs)	**630.3**	612.8
Air Freight Forwarding (in million kilograms)	**235.1**	272.3
Shipping Agency (in ten thousand TEUs)	**1,303.9**	1,236.5
Shipping Agency (in million tonnes)	**213.2**	186.9
Logistics		
Contract Logistics (in million tonnes)	**20.0**	20.0
Project Logistics (in million tonnes)	**3.2**	5.7
Chemical Logistics (in million tonnes)	**1.6**	1.5
Cold-chain Logistics (in million tonnes)	**0.6**	0.5
Storage and Terminal Services		
Warehouse and Yard Operation		
Containers (in ten thousand TEUs)	**439.8**	429.0
Bulk Cargo (in million tonnes)	**7.5**	7.8
Terminal Services (in ten thousand TEUs)	**181.9**	193.8
Other Services		
Container Leasing (in ten thousand TEUs per day)	**8.4**	8.4
Shipping (in ten thousand TEUs)	**147.3**	141.5
Trucking (in ten thousand TEUs)	**43.4**	40.5
Express Services (in ten thousand units)	**6,245.0**	4,614.0

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The Group's operating results of major segments and segment profits (calculated as segment gross profits net of the effect of investment income) are set out below.

Freight Forwarding

External revenue from the Group's freight forwarding business for the first half of 2019 increased by 8.85% to RMB23.893 billion from RMB21.95 billion for the corresponding period of last year; and the segment profit amounted to RMB653 million, up by 4.04% from RMB628 million for the corresponding period of last year, which was mainly attributable to the increase of business volume.

Logistics

External revenue from the Group's logistics services for the first half of 2019 amounted to RMB9.763 billion, representing a decrease of 1.83% from RMB9.945 billion for the corresponding period of last year; and the segment profit amounted to RMB429 million, representing an increase of 8.99% from RMB394 million for the corresponding period of last year. The decrease of the revenue was mainly caused by the business volume drop in project logistics; while contract logistics managed to promote the total segment margin through the optimization of business structure and customer mix, as well as the elevation of internal resources collaboration.

Storage and Terminal Services

External revenue from the Group's storage and terminal services for the first half of 2019 amounted to RMB1.152 billion, representing a decrease of 3.97% from RMB1.2 billion for the corresponding period of last year. Segment profit amounted to RMB208 million, representing a decrease of 2.63% from RMB214 million for the corresponding period of last year, which was mainly attributable to the drop of volume of bulk cargo handled in warehouses and yards as well as terminals of certain subsidiaries.

Other Services

The Group's external revenue from other services (mainly from containers leasing, shipping, trucking and express services) for the first half of 2019 amounted to RMB2.912 billion, representing a decrease of 14.32% from RMB3.399 billion for the corresponding period of last year; segment profit amounted to RMB41 million, representing a decrease of 80.81% from RMB214 million for the corresponding period of last year, which was mainly because the Group partially disposed of equity interests in Loscam International in the second half of last year and no longer consolidated Loscam International during the Reporting Period.

The express services operated by the Group's joint venture recorded an investment gain of RMB483 million, representing a year-on-year decrease of 12.20%.

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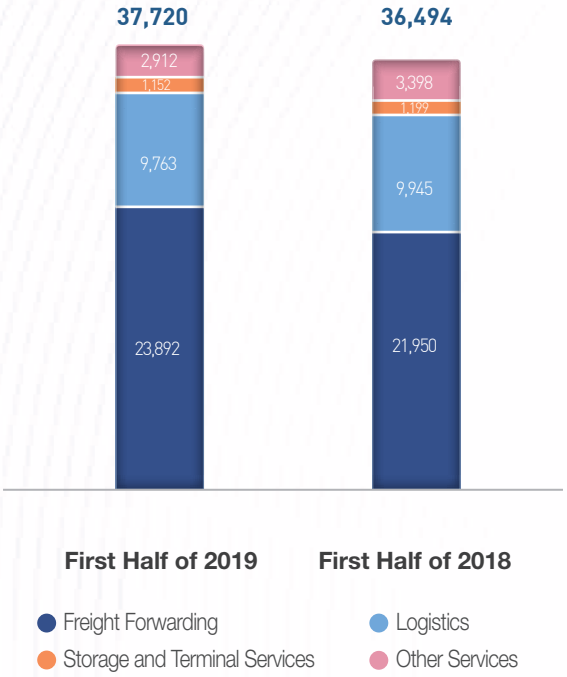
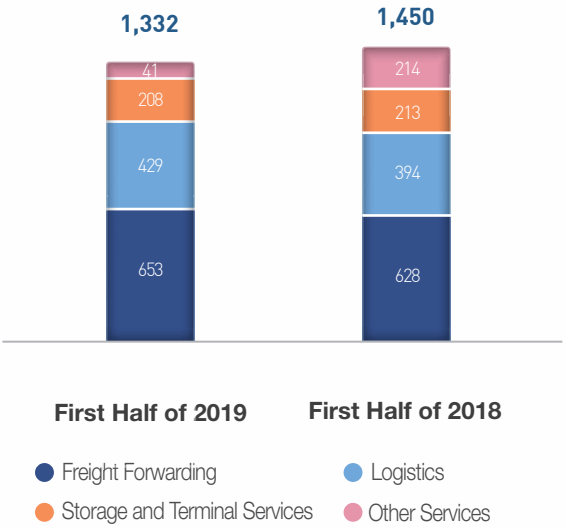
External Revenue (RMB million)

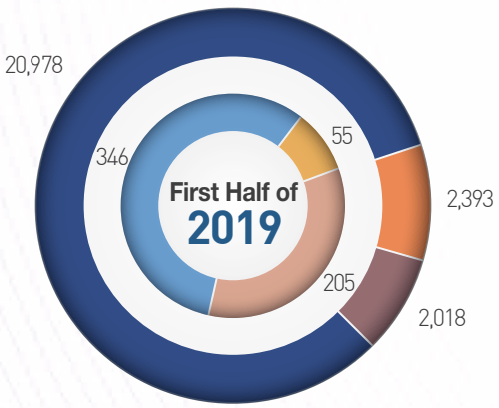


Segment Profit (RMB million)

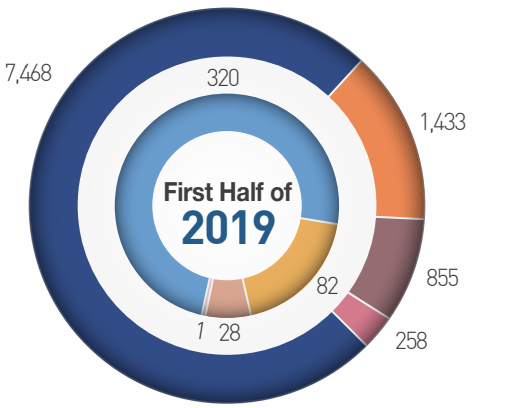


Key Sector Revenue and Profit

Freight Forwarding (RMB million)



Logistics (RMB million)



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(II) Analysis on Main Businesses

1. *Analysis of Changes to Relevant Items in Financial Statements*

Unit: Yuan Currency: RMB

Items	**Amount for the Reporting Period**	Amount for the corresponding period of last year	Change (%)	Reason for changes
Operating income	**37,720,583,082.13**	36,494,110,131.27	3.36	Mainly because of the increase in freight forwarding revenue resulting from the rising business volume for the first half of 2019.
Operating costs	**35,330,227,293.42**	33,554,405,591.50	5.29	Mainly because of the year-on-year increase in business volume for the first half of 2019.
Selling expenses	**405,350,506.40**	453,275,026.81	-10.57	Mainly because the equity interests in Loscam International were partially disposed of in the second half of 2018 and Loscam International is no longer consolidated during the Reporting Period.
Administrative expense	**1,144,189,453.58**	1,232,817,762.36	-7.19	Mainly because the equity interests in Loscam International were partially disposed of in the second half of 2018 and Loscam International is no longer consolidated during the Reporting Period.
Financial costs	**124,852,662.04**	152,646,496.77	-18.21	Mainly because the year-on-year decrease in borrowings for the first half of this year results in the decrease in interest expenses and exchange losses of subsidiaries decrease.
Research and development expenses	**6,369,330.91**	1,936,606.04	228.89	Mainly because of the increased investment in information systems during the Reporting Period.
Net cash flows from operating activities	**-478,672,540.34**	–1,061,593,116.23	N/A	Mainly because of the adoption of new lease standard during the Reporting Period and the significant drop of expenses during the Reporting Period as compared to the corresponding period of last year.
Net cash flows from investment activities	**-205,586,084.50**	–517,862,825.23	N/A	Mainly because of the decrease of capital expenditure during the Reporting Period as compared to the corresponding period of last year.
Net cash flows from financing activities	**-3,441,987,484.97**	770,639,798.10	-546.64	Mainly because of the repayment of borrowings during the Reporting Period.

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2. *Others*

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

☐Applicable ✓Not applicable

(2) Cash Flow

	For the six months ended 30 June	
	2019	2018
	In RMB million	In RMB million
Net cash flows from operating activities	**-478.67**	-1,061.59
Net cash flows from investing activities	**-205.59**	-517.86
Net cash flows from financing activities	**-3,441.99**	770.64
Effect of changes in exchange rate on cash and cash equivalents	**-76.49**	-54.87
Net increase in cash and cash equivalents	**-4,202.73**	-863.68
Balance of cash and cash equivalents at the end of the period	**11,115.09**	8,845.70

Operating Activities

The Group's net cash flows from operating activities increased from RMB-1.062 billion for the corresponding period of 2018 to RMB-479 million for the six months ended 30 June 2019. The increase was mainly due to the decrease in operating cash outflow of RMB271 million resulting from the adoption of new lease standard, and the decrease in operating cash outflow of RMB98 million because of the significant drop of expenses during the Reporting Period as compared to previous period. There were not many changes to the net cash flow of the Group's principal activities as compared to previous period.

Investment Activities

The net cash flows from investment activities for the six months ended 30 June 2019 amounted to RMB-206 million, mainly including additions in property, machine and equipment of RMB736 million, additions in intangible assets and other assets of RMB141 million, additions in other equity-instrument investments of RMB18 million, and the payment of RMB9 million difference between the disposal price of subsidiary and the carrying amount, partially offset by repayments from joint ventures and associates of RMB388 million, received interest of RMB114 million on wealth management products, disposal of property, machine and equipment of RMB129 million, investment gains of RMB40 million, disposal of intangible assets of RMB17 million and collection of investment in joint ventures and associates of RMB11 million.

For the six months ended 30 June 2018, net cash flows from investing activities amounted to RMB-518 million, primarily comprising RMB1.036 billion used for purchase of property, plant and equipment, RMB677 million used for increase of term deposits with a term of over three months, RMB611 million used for purchase of the financial assets at fair value through profit or loss and RMB114 million used for increase of the other non-current assets, partially offset by RMB1.65 billion received from the disposal of the financial assets at fair value through profit or loss, as well as RMB193 million received from the disposal of the purchase of property, plant and equipment.

Financing Activities

The net cash flow generated from financing activities for the six months ended 30 June 2019 amounted to RMB-3.442 billion, mainly including new borrowings of RMB132 million and capital contribution from non-controlling Shareholders of RMB58 million, partially offset by cash payment of RMB2.31 billion as the repayment of borrowings, payment of non-related party capital transactions of RMB692 million, payment of rental deposits of RMB271 million, cash repayment of interest of RMB248 million, payment of legal advisor consulting fee of RMB55 million in relation to the merger of Sinoair by absorption, payment of transfer consideration of RMB10 million in relation to the acquisition of remaining equity interest in Shenzhen Henglu Logistics Co., Ltd.* and payment of dividend of RMB45 million.

The net cash flow generated from financing activities for the six months ended 30 June 2018 amounted to RMB771 million, primarily comprising RMB5.46 billion of new borrowings, partially offset by RMB3.766 billion paid in cash for the repayment of borrowings, RMB534 million for the payment of acquisition of subsidiaries, RMB228 million for the payment of interest, and RMB198 million for the payment of dividend.

(3) Others

☐Applicable ✓Not applicable

(III) Explanation on Material Changes in the Profit resulting from Non-Core Businesses

✓Applicable ☐Not applicable

The influence of the Group's non-core business to profit during the Reporting Period mainly included:

1. Gains on fair value changes of the Group during the Reporting Period decreased by RMB236 million as compared to the corresponding period of last year, mainly because the Company booked RMB236 million gain of fair value brought by the stake it held in Americold in the corresponding period of last year, and such stake had been disposed of at the end of last year; thus, there was no such gain in this year.

2. Gains on disposal of assets of the Group during the Reporting Period decreased by RMB22.06 million, representing a year-on-year decrease of 25.62%, as compared to the corresponding period of last year, mainly because the Group gained RMB23 million on disposal of pallets of Sinotrans Logistics, a subsidiary of the Group during the previous period, which did not incur during the Reporting Period.

3. Non-operating income of the Group during the Reporting Period increased by RMB24.53 million, representing a year-on-year increase of 82.36%, as compared to the corresponding period of last year, mainly due to the increase in other gains upon a judgement given in favour of us, and the increased penalty and compensation received in ordinary course of business as compared to the corresponding period of last year. Non-operating expenses of the Group during the Reporting Period decreased by RMB52.81 million, representing a year-on-year decrease of 85.27%, mainly due to the decrease in losses on outstanding litigation.

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(IV) Analysis of Assets and Liabilities

✓Applicable ☐Not applicable

1. *Assets – Liabilities Analysis Table*

Unit: Yuan Currency: RMB

Item	Amount at the end of the Reporting Period	Percentage of the amount at the end of the Reporting Period to total assets (%)	Amount at the end of last period	Percentage of the amount at the end of last period to total assets (%)	Percentage of the amount at the end of the Reporting Period as compared to that of last period (%)
Cash and bank balances	**11,217,779,207.75**	18.36	15,528,432,818.79	25.25	-27.76
Inventories	**137,767,973.98**	0.23	266,600,487.08	0.43	-48.32
Interest receivables	**4,861,013.87**	0.01	11,361,382.76	0.02	-57.21
Non-current assets due within one year	**45,914,894.50**	0.08	74,928,213.64	0.12	-38.72
Long-term prepaid expenses	**153,119,537.35**	0.25	263,995,854.52	0.43	-42.00
Right-of-use assets	**1,966,935,865.00**	3.22	–	–	–
Other non-current assets	**112,763,050.27**	0.18	38,513,050.27	0.06	192.79
Short-term borrowings	**5,000,000.00**	0.01	2,231,743,549.91	3.63	-99.78
Dividend payables	**1,091,823,702.85**	1.79	106,507,405.73	0.17	925.12
Other payables	**1,442,265,989.79**	2.36	2,804,848,820.33	4.56	-48.58
Non-current liabilities due within one year	**4,560,527,843.86**	7.46	1,166,302,753.40	1.90	291.02
Estimated liabilities	**273,058,806.56**	0.45	407,925,602.60	0.66	-33.06
Bonds payable	**1,998,663,013.72**	3.27	3,497,076,575.36	5.69	-42.85

The change in cash and bank balances was mainly due to increased cash repayment of borrowings for the Reporting Period.

The change in inventory was mainly because the trading contract signed with customers expired for the Reporting Period, resulting in continuous load-out of goods.

The change in interest receivables was mainly due to the decrease in deposits placed at Finance Company during the Reporting Period.

The change in non-current assets due within one year was mainly due to the collection of borrowings to joint ventures and associates of RMB48.04 million, and the increase of RMB19.025 million in long-term and other receivables catalogued to non-current assets due within one year during the Reporting Period.

The change in long-term prepaid expenses and right-of-use assets was mainly because that long-term deferred expenses were adjusted to right-of-use assets for the Reporting Period upon adoption of new lease standard.

The change in other non-current assets was mainly due to the increase in prepaid land deposit of RMB74.25 million during the Reporting Period, which did not incur for the corresponding period of last year.

The change in short-term borrowings was mainly due to the repayment of borrowings of RMB683 million by Wide Shine Development Limited, RMB342 million by Sinotrans (HK) Logistics Limited, and RMB1.2 billion by Sinotrans Logistics during the Reporting Period.

The change in dividend payables was mainly because the Company declared to distribute dividend of RMB962 million for the Reporting Period.

The change in other payables was mainly due to repayment of advances and collections for other payables, and non-related party capital transactions for amount of RMB616 million and RMB692 million respectively during the Reporting Period.

The change in non-current liabilities due within one year was mainly due to RMB1.5 billion of long-term borrowing due within one year catalogued to non-current liabilities due within one year, and the RMB1.5 billion five-year bonds issued by the Company catalogued to non-current liabilities due within one year.

The change in estimated liabilities was mainly due to the compensation of RMB47 million made by Sinotrans North China Co., Ltd. in relation to Xiamen Case, and the estimated loss of RMB70 million in the accident of Sinotrans Jiuling Transport & Storage Co., Ltd. during the Reporting Period, which were all settled with customers during the Reporting Period.

The change in bonds payable was mainly due to the RMB1.5 billion five-year bonds issued by the Company catalogued to non-current liabilities due within one year.

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

✓Applicable ☐Not applicable

The major restricted assets of the Company are consisted of cash and bank balances such as guaranteed deposit and collateralized assets for obtaining long-term and short-term borrowings from banks, mainly including:

1. The capital in escrow account of the Group's subsidiaries with limited right of use amounted to RMB103 million at the end of the Reporting Period, among which was mainly guaranteed deposit of RMB54.386 million and performance bond of RMB30 million.

2. 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 an agreement of facilities with China Development Bank for the facilities of HK$2.9 billion in aggregate. China Merchants Holdings (Hong Kong) Company Limited, a related party of the Group, provided a full guarantee, while Global Traffic entered into a debenture with China Development Bank on 26 June 2015, under which Global Traffic was the charger. As of 30 June 2019, the assets with restricted right of use were included in investment property and intangible assets.

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

3. Other Explanations

☐Applicable ✓Not applicable

(V) Analysis of Investments

1. Overall Analysis of External Equity Investments

✓Applicable ☐Not applicable

The Group's long-term equity investment at the end of the Reporting Period amounted to RMB7.528 billion, representing an increase of RMB554 million and a year-on-year increase of 7.95% as compared to RMB6.974 billion at the beginning of the year, primarily due to the increase of RMB483 million in long-term equity investment in DHL-Sinotrans International Air Courier Ltd. as a result of profit and loss adjustments in the Reporting Period.

(1) Major equity investment

✓Applicable ☐Not applicable

For details of the merger of Sinoair by the Company, please refer to "II. OTHER DISCLOSURES – (IV) Other Disclosures" in this Chapter.

(2) Major non-equity investment

☐Applicable ✓ Not applicable

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(3) Financial assets at fair value

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Item	Source of funds	Cost at the beginning of the year	Acquisition during the Reporting Period	Other addition	Disposal during the Reporting Period	Cost at the end of the Reporting Period	At the beginning of the year	At the end of the year	Investment gains
Wealth management	Self-financing	400,000,000.00	-	-	-	400,000,000.00	-	-	-
Nanjing Port Longtan Container Co., Ltd.	Self-financing	184,626,449.99	-	-	-	184,626,449.99	-	-	-
China Merchants Logistics Synergy Limited Partnership	Self-financing	159,619,125.00	-	-	-	159,619,125.00	-	-	-
BOE Technology Group Co., Ltd	Self-financing	127,133,750.00	-	-	-	127,133,750.00	5,286,750.00	46,070,250.00	1,510,500.00
China United Tally Co., Ltd.	Self-financing	91,441,143.61	-	-	-	91,441,143.61	-	-	5,000,000.00
SINO-BLR Industrial Investment Fund	Self-financing	16,777,930.74	17,637,829.66	-	-	34,415,760.40	-	-	-
Shenyang Airport Logistics Co., Ltd.* (瀋陽空港物流有限公司)	Self-financing	33,730,000.00	-	-	-	33,730,000.00	-	-	-
Air China Limited	Self-financing	8,076,871.60	-	-	-	8,076,871.60	13,961,449.48	19,528,721.69	297,921.18
Pankorea Yingkou Ferry Co., Ltd.	Self-financing	2,896,775.00	-	-	-	2,896,775.00	-	-	-
Pingze Container Port Co., Ltd.* (平澤集裝箱碼頭有限公司)	Self-financing	2,870,000.00	-	-	-	2,870,000.00	-	-	-
Guangdong Waiyun Automobile Fitting Factory* (廣東外運汽車服務有限公司)	Self-financing	805,325.00	-	-	-	805,325.00	-	-	-
Chengdu Rongjie Technology Co., Ltd.* (成都蓉捷科技有限公司)	Self-financing	400,000.00	-	-	-	400,000.00	-	-	-
Ocean Network Express (China) Ltd.	Self-financing	250,000.00	-	-	-	250,000.00	-	-	-
Sichuan Tianhua Co., Ltd.	Self-financing	134,680.92	-	-	-	134,680.92	-	-	-
China Ferry Terminal Services Limited	Self-financing	128,922.35	-	514.98	-	129,437.33	-	-	-
Shenzhen Sealink Technology, LLC* (深圳市海易通科技有限責任公司)	Self-financing	110,000.00	-	-	-	110,000.00	-	-	-
Shaanxi Sinotrans Sanyuan Coal Logistics Investment Co., Ltd.* (陝西中外運三原煤炭物流投資有限公司)	Self-financing	100,000.00	-	-	-	100,000.00	-	-	-
Taizhou Yiyou Shipping Agency Co., Ltd. * (泰州益友船務代理有限公司)	Self-financing	100,000.00	-	-	-	100,000.00	-	-	-
Beijing BITEMC Electronic Co., Ltd.	Self-financing	46,500.00	-	-	-	46,500.00	-	-	-
China Merchants Port Holdings Company Limited	Self-financing	8,762.00	-	35.00	-	8,797.00	31,414.57	31,540.06	-
Total		1,029,256,236.21	17,637,829.66	549.98	-	1,046,894,615.85	19,279,614.05	65,630,511.75	6,808,421.18

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(VI) Disposal of Major Assets and Equity

☐Applicable ✓ Not applicable

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

✓ Applicable ☐Not applicable

1. *Major Subsidiaries Controlled by the Company*

Currency: RMB

Full name	Nature of business	Registered capital (RMB)	Shareholding (%)	Total assets (RMB'000)	Net assets (RMB'000)	Operating income (RMB'000)	Net profit (RMB'000)
Sinotrans South China Co., Ltd.	Freight forwarding, logistics, and storage and terminal services	1,349,668,931.90	100.00	71,0778.20	331,105.00	455,199.06	18,552.70
Sinotrans Eastern Company Limited	Freight forwarding, logistics, and storage and terminal services	1,120,503,439.18	100.00	541,310.27	225,496.85	840,044.99	18,614.46
Sinotrans Air Transportation Development Co., Ltd.	Air freight forwarding and express services	905,481,720.00	100.00	1,114,237.99	930,475.62	357,787.43	56,441.03
Sinotrans Central China Co., Ltd	Freight forwarding, logistics, and storage and terminal services	645,339,941.77	100.00	439,092.54	167,551.20	500,009.83	18,428.31
Sinotrans Logistics Co., Ltd.	Logistics	1,444,000,000.00	100.00	2,097,686.69	554,992.95	587,351.92	19,921.78

2. *Major Subsidiaries Invested by the Company*

Name of investees	Nature of business	Registered capital	Shareholding (%)	Total assets (RMB'000)	Net assets (RMB'000)	Operating income (RMB'000)	Net profit (RMB'000)
DHL-Sinotrans International Air Courier Ltd.	Air express	US$14.5 million	50	553,900.60	356,365.21	645,257.86	96,628.45
China Merchants Loscam International Holdings Co., Ltd.* (招商路凱國際控股有限公司)	Pallet leasing	US$101	45	612,012.01	312,742.08	76,634.44	7,567.03
Wuhan Port Container Company Limited	Container loading and freight forwarding	RMB400 million	30	89,670.20	58,149.71	6,190.06	2,798.07

(VIII) Structured Entities Controlled by the Company

☐Applicable ✓ Not applicable

II. OTHER DISCLOSURES

(I) Warning and Explanation on Anticipated Loss on the Cumulative Net Profits from the Beginning of the Year to the End of the Next Reporting Period or Significant Changes as Compared to the Corresponding Period of Last Year

☐Applicable ✓Not applicable

(II) Business Development and Outlook

As for the forecasts of global economy in June, the World Bank estimated that the global GDP would show a year-on-year increase of 2.6% in 2019, lower than the estimate in January of 2.9%, representing a decrease of 0.4 percentage point in growth rate over the corresponding period of last year; the global economic growth rate was estimated to be 2.7% in 2020, as compared with 2.8% previously. The global activities in the manufacturing industry became sluggish, trade tensions had not been effectively alleviated, some emerging markets encountered pressure from the financial market, and the world economy demonstrated downward momentum in terms of growth rate. The World Bank expected the global economy to stabilize starting from 2021.

The Group will constantly insist to "lead the whole deployment by strategy, and carry through quality and profitability to the end", and fully provide direction and empower various tasks. The Group will better capitalize on the following aspects in the second half of the year:

- Quality and profitability enhancement should focus on capacity building to strengthen capabilities in generating new income sources and reducing expenditure, streamlining operation, making structural adjustment, etc.

- Transformation of principal operations should focus on the nationwide promotion and systematic implementation, firstly pursuing upgrade of freight forwarding and related businesses along the whole supply chain and introducing nationwide products; secondly pursuing integration and upgrade of logistics along the value chain, and driving development of the whole deployment by solutions; thirdly pursuing platform upgrade of e-commerce business to build a full chain and an ecosystem; fourthly accelerating the construction of five major channels to achieve real efforts in linkage.

- Resources integration should focus on "quality" and "profitability", and will fully confirm and examine the quality and results of integration, and link up with quality and profitability enhancement, under the premise of basically forming a unprecedented business layout of the five regions and five top professional entities.

- Intelligent logistics construction should focus on establishing a "digital operation platform" to nurture intelligent logistics core abilities in all scenarios and along the whole chain through digital operation platform connecting and supporting the front desk of our products and the strong operational back office.

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(III) Potential Risks

✓Applicable ☐Not applicable

1. Potential Risks

(1) Macroeconomy risks. In 2019, global trade tensions have not been effectively eased away, while some emerging markets encountered with financial market pressure. Economy in developed countries, especially Europe, experienced worse weakness than expected. With the downward trend of world economic growth, logistics demand declined, and the growth of national freight volume slowed down. The China-US trade dispute intensified and the exchange rate of US dollar rising, which may adversely affect the performance and financial position of the Group. Meanwhile, the Group's turnover and transportation and related expenses are partially settled in foreign currencies, with foreign exchange risks mainly coming from fluctuations in foreign exchange rates of US dollar and Hong Kong dollar. The Group cannot guarantee that future exchange rate movements of Renminbi against US dollar and other currencies will not adversely affect its performance and financial position (including its ability to pay dividends).

(2) Industry competition risk. The Group's primary business is conducted in a completely competitive market, with many participants in the fragmented logistics industry. Driven by the intensified homogenization competition among logistics enterprises, the logistics industry is constantly reorganized and integrated, and the industry development and market competition tend to be fierce. With the influence of capital inflows and cross-industry competition from e-commerce companies and shipping companies, the Group may expose to the risk of declining industry status and market share.

(3) Business operation risk. The Group aims to provide customers with whole-process supply chain service, which involves many logistics operations and links, also many upstream and downstream partners. The expansion of the Company's business scale would increase difficulties of assets management, setting higher requirements for organization structuring, internal control, capital management and personnel arrangement. Without digitalized efficient communication and coordination mechanism, we may expose to risks of poor customer service quality, inefficient supplier management and cargo damages, resulting in revenue loss.

(4) Investment risk. In order to meet the Group's transformation and business development, the Group will increase investment in infrastructures such as warehouses and yards, intelligent logistics equipment as well as improvement of information systems. The process of investment may not up to expectation, and there may be significant fluctuations in objective operating environment and market demand forecasts during the process of project investment, resulting in unexpected losses which will affect the Group's future cash inflows.

(5) Credit risk. The Group's credit risk covers trade and other receivables, financial instruments classified as measured at fair value through other comprehensive income, restricted deposits and the total balance of time deposits and financial guarantees expired over three months from the original maturity date. The maximum amount of credit risk undertook due to the failure of other parties in performing their financial instrument liabilities is the carrying amount. In terms of accounts receivable, with the expanding business scale of the Company, the competition will become more intense, and the risk of recovery may increase in line with the increase in the balance of accounts receivable; especially, with the long credit period of certain large scale customers, the Company's financial security will be affected by any adverse change in market.

2. Counter measures

(1) Through strengthening the tracking, research, judgment and analysis of the macroeconomic situation, industrial policy, monetary policy and fiscal policy, the Group will dynamically adjust the business and customer structure to proactively expand to new businesses. Based on its understanding of competitors' business strategies, the Group will adopt various measures to develop and improve competitiveness amid the lack of market demand. It will also explore new customers while strengthening relationships with existing customers, so as to improve its overall planning in emerging market.

(2) According to the Company's strategy, the Group will restructure a market-oriented and globalized business model, and update the freight forwarding and other relevant businesses to whole-process supply chain to develop systematic product research and development capabilities; it will update logistics sector to value chain integration to develop B2B2C solutions capability; and update e-commerce related business to platform and ecosphere transformation to develop crossover connection capability and to enhance the Company's core competitiveness.

(3) The Group will optimize the organization structuring and function division of risk management based on the business development to promote the integration of risk management and internal control; increase investment in scientific and technological innovation to improve capabilities in providing core digitalized support, core platform and core data and algorithm, enhancing efficiency of customer services and supplier management. It will strengthen management and control of business operations, and improve data quality by rearranging business processes and data assets. The Group will assign risk management responsibility to individuals, and emphasis more on IT management and control of business risks, in avoidance of risks rising from human error or management fault. Emergency plan relating to operating risks will be formulated to avoid or reduce the impact of losses caused by operating risk on the Company.

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(4) The Group will coordinate the management of key logistics resources to form a forward-looking strategic investment layout, and conduct feasibility analysis of projects with emphasis on process management and post-investment evaluation of investment projects.

(5) The Group will reinforce the construction of IT systems such as the credit control platform to realize visual management of the credit control process and enhance the dynamic management ability of accounts receivable; it will further improve the risk alert mechanism, and establish and improve a scientific system of monitoring indicators. The Group will also strengthen its comprehensive credit management and enhance credit guarantee capability.

(IV) Other Disclosures

✓Applicable ☐Not applicable

(1) Merger of Sinoair by absorption

On 31 May 2018, the proposal in relation to merger of Sinoair, a subsidiary of the Company, by absorption through share swap was considered and approved at the Company's extraordinary general meeting and the class general meetings. According to the proposal, for A Shares issued for the merger by absorption through share swap and A Shares converted from the Domestic Shares originally held by the Company, application for listing of such Shares on the Shanghai Stock Exchange will be made. For details, please refer to the circular disclosed by the Company on the website of the Hong Kong Stock Exchange on 18 April 2018. On 8 October 2018, the merger by absorption through share swap was unconditionally approved by the CSRC. As at 10 January 2019, the Company has completed the issuance of 1,351,637,231 RMB-dominated ordinary shares (A Shares), and public investors of ordinary shares of Sinoair have exchanged the 353,600,322 A shares of Sinoair for 1,351,637,231 A Shares issued by the Company at a ratio of 1:3.8225. On 18 January 2019, A Shares issued by the Company were officially listed on Shanghai Stock Exchange. For details, please refer to the "Announcement in relation to Issuance of A Shares by Sinotrans Limited in respect to the Merger of Sinotrans Air Transportation Development Co., Ltd. by Absorption through Share Swap and the Financial Statements for the Third Quarter of 2018" disclosed by the Company on the website of Shanghai Stock Exchange on 15 January 2019. As at the date of this report, the Company is processing the relevant legal procedures for the cancellation of the corporate qualification of Sinoair and the transfer of all its assets and liabilities to the Company.

(2) Income Tax

For the six months period ended 30 June 2019, the Group's income tax expenses amounted to RMB234 million, representing a decrease of 47.26% as compared to RMB444 million for the corresponding period of last year, mainly due to (1) the decrease in Sinoair's income tax of RMB29.2426 million with Sinoair no longer a subject of tax payment upon the merger by the Company and no income tax provided, and the decrease in total profit; (2) the decrease in Sinotrans Logistics' income tax of RMB188 million with the equity interest in Loscam International disposed and Loscam International no longer consolidated, the offset of the income tax recognized last year upon the disposal of Americold's shares, as well as the larger amount of income tax provided on the fair value gains brought by Americold's shares in the first half of 2018 and there was no tax provided on such gains in this year.

(3) Capital Expenditures

For the six months period ended 30 June 2019, the Group's capital expenditure amounted to RMB841 million, among which RMB486 million was used for the construction of warehouses, terminals, yards and logistics centers, RMB145 million was used to purchase transportation vehicles and equipment, RMB63 million was used to update and purchase IT investment and office facilities, and RMB129 million was used for acquisition of properties and others.

(4) Securities Investment

As at 30 June 2019, the listed equity investments held by the Group was RMB201 million, the details of which are set out in Note IX. 13 to the financial statements.

(5) Contingent Liabilities and Guarantees

As at 30 June 2019, contingent liabilities mainly comprised outstanding lawsuits of the Group arising from its ordinary course of business, amounting to RMB377.6241 million (31 December 2018: RMB53.367 million).

For details of the guarantees, please see "XI. MATERIAL CONTRACTS AND PERFORMANCE – 2. Guarantees" under "Chapter 5 Significant Events" in this report.

(6) Borrowings and Bonds

As at 30 June 2019, the Group's total borrowings amounted to RMB9.723 billion (31 December 2018: RMB11.871 billion), among which RMB2.905 billion was denominated in Renminbi, RMB6.219 billion in Hong Kong dollars and RMB599 million in US dollars. Of the above bank borrowings, RMB2.621 billion shall be payable within a year.

As at 30 June 2019, the Group's total bonds payables amounted to RMB3.498 billion (31 December 2018: RMB3.497 billion).

Details of the Group's borrowings and bonds as at 30 June 2019 are set out in Note IX.27, 35 and 36 to the financial statements.

(7) Secured and Guaranteed Borrowings

Details of the Group's secured and guaranteed borrowings are set out in Note IX.27(1) and 35 to the financial statements.

(8) Debt-to-Asset Ratio

As at 30 June 2019, the debt-to-asset ratio of the Group was 53.66% (at the end of 2018: 54.71%), which was calculated by dividing total liabilities by total assets of the Group as at 30 June 2019.

(9) Government Grants

For the six months period ended 30 June 2019, government grants received by the Group in relation to revenue amounted to RMB506 million in total, details of which are set out in Note IX.60 to the financial statements.

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(10) Employees

Number of employees: as at 30 June 2019, the number of employees of the Group was 34,097 (31 December 2018: 36,441), and the decrease was mainly due to the outsourcing of certain businesses, improvement of efficiency, as well as the optimized staff structure. Also, some subsidiaries are no longer consolidated in financial statements subsequent to the disposal of their equity interest.

Training plan: as at 30 June 2019, the offline training of the Group accumulated to 632,586 hours with 66,383 participants, while 6,620 online courses were completed (5,802 learning hours in total). The training program of the Group mainly included trainings on corporate strategy and corporate culture, basis working skills, business knowledge, elevation of management skills and leadership, new employee orientation and self-study skill organized by the Group during the Reporting Period. With the development of the Group, to ensure the constant elevation of the staff quality, the Group will increase the employees' access to trainings and continuously review and improve the training courses to meet the requirement of the business operation and employee development.

Remuneration policy: A remuneration and benefit management system that matches the Company's characteristics has been established pursuant to the Labour Contract Law and relevant laws and regulations to formalise remuneration management. Emolument will be paid for the strategic implementation of key links, the development of unique competitiveness, the training of talents, as well as the effectiveness and production efficiency of staff. The remuneration standards and adjustment plans will be determined based on the Company's cost and budget management range, with reference to market data. Details of employees' remuneration are set out in Note IX. 30 to the financial statements.

(11) Interim Dividend

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2019.

Chapter 5 Significant Events

I. BRIEF INTRODUCTION OF SHAREHOLDERS' GENERAL MEETINGS

Sessions of meeting	Date	Inquiry index of designated website for publication of the resolutions	Disclosure date of the publication of the resolutions
2019 first extraordinary general meeting	7 March 2019	The websites of Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.sinotrans.com)	8 March 2019
2018 annual general meeting	5 June 2019	The websites of Shanghai Stock Exchange (www.sse.com.cn), Hong Kong Stock Exchange (www.hkex.com.hk) and the Company (www.sinotrans.com)	6 June 2019

Explanations of general meetings

✓ Applicable ☐Not applicable

The Company convened 2019 first extraordinary general meeting on 7 March 2019, at which proposals in relation to the followings were considered and approved: (1) the amendments to the Articles of Association of the Company; (2) the increase of the registered capital of the Company; (3) the continuing related-party transaction with China Merchants Bank Co., Ltd. ("China Merchants Bank"); and (4) the estimated guarantee of the Company for 2019.

The Company convened 2018 annual general meeting on 5 June 2019, at which proposals in relation to the followings were considered and approved: (1) the Work Report of the Board for the year 2018; (2) the Work Report of the Supervisory Committee for the year 2018; (3) debriefing the Work Report of the Independent Directors; (4) the Final Financial Accounts Report for the year 2018; (5) the Annual Report of the Company for the year 2018; (6) the financial budget for the year 2019; (7) the profit distribution plan for the year 2018; (8) the allowance of the independent Directors; (9) the allowance of the independent Supervisors; (10) the updated mandate of the issue of Debt Financing Instruments; (11) the appointment of Supervisor of the Company; (12) the appointment and removal of the auditor for financial reports and internal control; (13) the renewal of liability insurance for Directors, Supervisors, Senior Management members and other members of the Company; (14) the appointment of Directors of the Company: 14.01 the appointment of Mr. Su Jian as a Director of the Company; 14.02 the appointment of Mr. Xiong Xianliang as a Director of the Company; and 14.03 the appointment of Mr. Jiang Jian as a Director of the Company.

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

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

Whether to distribute or to convert	No
Number of bonus share per 10 shares (share)	0
Amount of dividend per 10 shares (tax included)	0
Number of shares converted per 10 shares (share)	0

Notes to proposals of profit distribution or conversion of capital reserve fund into share capital

Nil

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

The Profit Distribution Plan for the year 2018 of the Company has been considered and approved at the 2018 annual general meeting of the Company on 5 June 2019. The final dividend for 2018 of RMB1.3 per ten shares (tax included), namely RMB0.13 per share (tax included) was declared based on the total share capital of 7,400,803,875 shares upon issuance and listing of A Shares, amounting to RMB962,104,504 in total (tax included). The aforesaid dividend has been fully distributed in cash on 19 July 2019.

III. PERFORMANCE OF UNDERTAKINGS

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

✓Applicable ☐Not applicable

No.	Commitment background	Commitment type	Commitment by	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Whether timely and strictly fulfilled
1	Commitments related to asset restructuring	Profit forecast and compensation	China Merchants Group	China Merchants Logistics' net profit attributable to the parent company for 2017 and 2018 on a consolidated basis are not lower than RMB560 million and RMB580 million respectively; if the performance of China Merchants Logistics does not meet the above commitment, the covenantor will make up the difference between the actual net profit of the year and the net profit under the commitment by way of cash in RMB to the Company or China Merchants Logistics within three (3) months after the announcement of the relevant annual result of the Company.	Date of the commitment: 25 September 2017; Term of the commitment: 25 September 2017 – 30 June 2019	Yes	Yes

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No.	Commitment background	Commitment type	Commitment by	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Whether timely and strictly fulfilled
2 3 4 5	Commitments related to material asset restructuring	Others	China Merchants Group Sinotrans & CSC Group The Company All Directors, Supervisors and Senior Management of the Company	There are no circumstances where the covenantor party and relevant insiders conduct any insider dealing with information of the merger by absorption. There are no circumstances where the covenantor party and relevant insiders are forbidden from participation in a significant asset restructuring of listed companies due to penalties or on-going investigation as a result of participation in insider dealing related to a significant asset restructuring.	Time of the commitment: 28 February 2018; Term of the commitment: 28 February 2018 – 18 January 2019	Yes	Yes
6 7	Commitments related to material asset restructuring	Declaration on penalties and integrity over the last five years	The Company All Directors, supervisors and senior management of the Company (except Fan Zhaoping)	There are no circumstances where the covenantor was subjected to any administrative penalties (except those expressly irrelevant to the securities market), criminal penalties, material civil litigation or arbitration in the last five years. There are no circumstances where the covenantor failed to repay its large debt, failed to fulfil its commitment, was subjected to administrative supervision by the CSRC or was subjected to disciplinary action by the Exchange	Time of the commitment: 28 February 2018; Term of the commitment: 28 February 2018 – 18 January 2019	Yes	Yes
8	Commitments related to material asset restructuring	Declaration on penalties and integrity over the last five years	Mr. Fan Zhaoping	The covenantor was subjected to supervision due to short swing trading, which include the circulation of a notice of reprimanding imposed on him by the Shenzhen Stock Exchange and the issuance of warning letter by the Shenzhen Branch of CSRC. Other than these, there are no circumstances where the covenantor was subjected to any administrative penalties (except those expressly irrelevant to the securities market), criminal penalties, material civil litigation or arbitration in the last five years. There are no circumstances where the covenantor failed to repay its large debt, failed to fulfil its commitment, was subjected to administrative supervision by the CSRC or was subjected to disciplinary action by the Exchange	Time of the commitment: 28 February 2018; Term of the commitment: 28 February 2018 – 18 January 2019	Yes	Yes

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No.	Commitment background	Commitment type	Commitment by	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Whether timely and strictly fulfilled
9 10 11 12	Commitments related to material asset restructuring	Others	The Company Sinotrans & CSC China Merchants Group All Directors, supervisors and senior management of the Company	The covenantor shall provide relevant information to the merger by absorption in a timely manner and shall issue relevant instruction. The covenantor confirms that the relevant information is true, accurate and complete and that there are no false and misleading statement or material omission in those documents.	Time of the commitment: 28 February 2018; Term of the commitment: 28 February 2018 – 18 January 2019	Yes	Yes
13 14	Commitments related to material asset restructuring	Others	The Company Directors, supervisors and senior management	The covenantor undertakes that the information contained in the disclosure and application files of the merger by absorption are true, accurate and complete and that there are no false and misleading statement or material omission in those documents.	Time of the commitment: 13 April 2018; Term of the commitment: 13 April 2018 – 18 January 2019	Yes	Yes
15	Commitments related to material asset restructuring	Others	All Directors, supervisors and senior management of the Company	The covenantor has no plan to reduce shareholdings of Sinoair from the merger by absorption resumption date to the implementation completion date.	Time of the commitment: 28 February 2018; Term of the commitment: 26 March 2018 – 10 January 2019	Yes	Yes
16	Commitments related to material asset restructuring	Others	The Company	The covenantor agrees in principle with the merger by absorption and has no plan to reduce shareholdings in Sinoair from the merger by absorption resumption date to the implementation completion date.	Time of the commitment: 28 February 2018; Term of the commitment: 26 March 2018 – 10 January 2019	Yes	Yes
17 18	Commitments related to material asset restructuring	Others	Sinotrans & CSC Group China Merchants Group	The covenantor agrees in principle with the merger by absorption and has no plan to reduce shareholdings in Sinoair from the merger by absorption resumption date to the implementation completion date.	Time of the commitment: 28 February 2018; Term of the commitment: 26 March 2018 – 10 January 2019	Yes	Yes

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No.	Commitment background	Commitment type	Commitment by	Summary of the commitment	Time and term of the commitment	Is there a term for fulfilment	Whether timely and strictly fulfilled
19 20	Commitments related to material asset restructuring	Others	China Merchants Group Shenzhen China Merchants Shekou Assets Management Co., Ltd.	The covenantor undertakes to other dissenting Sinoair shareholders (except the shareholders of the Company and those shareholders who have undertaken with Sinoair to not exercise Cash Alternative) who have effectively declared to exercise Cash Alternative in accordance with the process stipulated under the merger by absorption Cash Alternative plan.	Time of the commitment: 13 April 2018; Term of the commitment: 8 October 2018 – 10 January 2019	Yes	Yes
21	Commitments related to material asset restructuring	Others	China Merchants Group	If the trading prices of the Company's A shares on the Shanghai Stock Exchange for any one trading days within 5 consecutive trading days are below the issue price, the Company shall increase its shareholding through the Shanghai Stock Exchange trading system during that 7 trading days (including the original commitment and the extend commitment) in compliance with law and regulation, with the total fund of shareholding increase not exceeds RMB800 million, until the earliest of the following two events: (1) the aforementioned fund is exhausted; (2) the trading prices of the Company's A shares are above the issue price and that the covenantor does not dispose of the shares from the increase in shareholding within 6 months of the completion of the increase in shareholding.	Time of the commitment: 28 May 2018 and 24 January 2019; Term of the commitment: 18 January 2019 – 28 January 2019	Yes	Yes

For related commitments of the Company within their terms, please refer to section titled "PERFORMANCE OF COMMITMENTS" in the 2018 annual report of the Company.

IV. APPOINTMENT AND DISMISSAL OF AUDITORS

Description of the appointment and dismissal of auditors

✓ Applicable ☐Not applicable

On 16 May 2019, the 12th meeting of the second session of the Board was convened, at which the proposal in relation to the appointment and removal of the auditor for financial reports and internal control was considered and approved. The Board agreed to cease the appointment of SHINEWING (HK) CPA Limited as the international auditor of the Company, and to re-appoint SHINEWING Certified Public Accountants LLP as the auditor of the Company for financial reports and internal control for the year 2019, with a term of office until the conclusion of the 2019 annual general meeting of the Company. The total audit fee is RMB9.5 million, among which the audit fees for financial reports and internal control are RMB7.95 million and RMB1.55 million, respectively. The proposal has been considered and approved at the 2018 annual general meeting convened on 5 June 2019 by the Company.

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Explanations on change in the auditor during the auditing period

☐Applicable ✓ Not applicable

Explanations of the Company on "Non-Standard Auditing Report" issued by auditors

☐Applicable ✓ Not applicable

Explanations of the Company on "Non-Standard Auditing Report" issued by the certified public accountant in the financial report of last year's annual report

☐Applicable ✓ Not applicable

V. EVENTS RELATED TO BANKRUPTCY AND REORGANIZATION

☐Applicable ✓ Not applicable

VI. MATERIAL LITIGATION AND ARBITRATION

☐ The company was involved in material litigation or arbitration proceedings.

✓ The company was not involved in material litigation or arbitration proceedings.

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

✓ Applicable ☐Not applicable

In May 2019, Tianjin Branch of Sinotrans Jiuling Transport & Storage Co., Ltd. (hereinafter referred to as "Tianjin Jiuling"), a subsidiary of the Company, received a Notice of Administrative Penalty ((Jin Bin) Emergency Notice of Penalty [2019] 94) issued by Bureau of Emergency Management of Tianjin Binhai New Area, in relation to the fire in the Tianjin Jiuling Dagang warehouse at Anhe Road, Dagang Economic Development Zone, Binhai New Area on 28 October 2018. The burned area of the fire was 23,487.53 square meters with no casualties. The accident did not have significant impact on the Company's daily business operations and performance. After the accident, the Company actively cooperated with the government departments to carry out emergency response handling and strengthened the supervision and guidance of the production and operation management of the subsidiaries, implemented responsibility system on fire control safety on subsidiaries, comprehensively checked and controlled any fire safety hazards, strengthened employees' fire safety awareness in order to prevent similar accident. For details, please refer to relevant announcements dated 30 May 2019 published by the Company on China Securities Journal, Securities Daily, as well as the websites of Shanghai Stock Exchange (www.sse.com.cn) and Hong Kong Stock Exchange (www.hkex.com.hk).

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

☐Applicable ✓ Not applicable

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

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

☐Applicable ✓ Not applicable

(II) Incentives Not Disclosed in the Temporary Announcements or with Subsequent Progress

Equity incentives

☐Applicable ✓ Not applicable

Other explanations

☐Applicable ✓ Not applicable

Employee stock ownership scheme

☐Applicable ✓ Not applicable

Other incentives

☐Applicable ✓ Not applicable

X. MATERIAL RELATED PARTY TRANSACTIONS

(I) Material Related Party Transactions

The material related party transactions undertaken by the Group for the six months ended 30 June 2019 are set out in Note X.5 to the unaudited condensed consolidated interim financial statements.

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

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

☐Applicable ✓ Not applicable

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

✓Applicable ☐Not applicable

(1) On 10 November 2017, the Company entered into a Master Services Agreement with China Merchants, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the annual cap of the amount of transportation and logistics services provided by the Group to China Merchants Group shall be RMB2,500 million, RMB3,250 million and RMB4,225 million in 2018, 2019 and 2020, respectively; the annual cap of the amount of transportation and logistics services received by the Group from China Merchant Group shall be RMB3,500 million, RMB4,550 million and RMB5,915 million in 2018, 2019 and 2020, respectively. For the six months ended 30 June 2019, the transportation and logistics services provided by the Group to China Merchants amounted to RMB497 million, while the transportation and logistics services received from China Merchants was RMB914 million.

(2) On 10 November 2017, the Company entered into a Master Lease Agreement with China Merchants, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the annual cap of the amount of property leased by the Group from China Merchants Group shall be RMB300 million, RMB330 million and RMB363 million in 2018, 2019 and 2020, respectively. For the six months ended 30 June 2019, the expenses of the Group in respect of leasing of properties from China Merchants Group was RMB59 million.

(3) On 10 November 2017, the Company entered into a Financial Services Agreement with the Finance Company, the term of which is from 1 January 2018 to 31 December 2020. According to the agreement, the daily outstanding balance of the Group's deposit at the Finance Company shall not exceed RMB4 billion for the year of 2018, and RMB5 billion for the year of 2019 and 2020 respectively. For the six months period ended 30 June 2019, the Group's daily maximum deposit balance at the Finance Company was RMB3.132 billion.

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

(4) On 7 March 2019, the Company convened the 2019 first extraordinary general meeting, at which the Proposal in Relation to the Continuing Related-party Transaction with China Merchants Bank was considered and approved. According to the proposal, no limit will be imposed on the loan issued by China Merchants Bank. The annual cap of deposit is RMB3,500 million and RMB4,000 million in 2019 and 2020, respectively. As at 30 June 2019, the Group's deposit balance at China Merchants Bank was RMB304 million.

For details, please refer to relevant announcements dated 21 January 2019 and 7 March 2019 published by the Company on Shanghai Stock Exchange (www.sse.com.cn) and Hong Kong Stock Exchange (www.hkex.com.hk).

3. Events Not Disclosed in the Temporary Announcements

☐Applicable ✓ Not applicable

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

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

☐Applicable ✓ Not applicable

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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 Agreement upon Performance is Involved

☐Applicable ✓ Not applicable

(IV) Significant Related Party Transactions involving Joint External Investments

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

☐Applicable ✓ Not applicable

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

☐Applicable ✓ Not applicable

3. Events Not Disclosed in the Temporary Announcements

☐Applicable ✓ Not applicable

(V) Claims and Liabilities between Related Parties

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

☐Applicable ✓ Not applicable

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

☐Applicable ✓ Not applicable

3. *Events Not Disclosed in the Temporary Announcements*

✓Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related parties	Capital provided to related parties			Capital provided by related parties to listed company		
	Opening balance	Amount of the transaction	Closing balance	Opening balance	Amount of the transaction	Closing balance
Other companies controlled by the same parent company and ultimate controlling party	3,963,772,223.96	-762,727,909.18	3,201,044,314.78	5,237,465,694.13	-1,163,299,817.28	4,074,165,876.85
Associates and joint ventures	743,800,214.87	-359,760,003.28	384,040,211.59	153,775,053.71	714,451.00	154,489,504.71
Other related parties	10,934,882.28	-3,175,287.46	7,759,594.82	–	37,334,365.92	37,334,365.92
Total	4,718,507,321.11	-1,125,663,199.92	3,592,844,121.19	5,391,240,747.84	-1,125,251,000.36	4,265,989,747.48
Reasons for connected debts and liabilities	Proceeds in dealings with connected companies					
The impact of connected debts and liabilities on the operating results and financial condition of Company	Connected debts and liabilities are conducted based on the time agreed under the contract or agreement in accordance with the financial settlement process and have no material effect on the operation results and financial position of the Company.					

(VI) Other Material Related Party Transactions

☐Applicable ✓ Not applicable

(VII) Others

☐Applicable ✓ Not applicable

XI. MATERIAL CONTRACTS AND PERFORMANCE

1. Trusteeship, Contracting and Leasing

☐Applicable ✓ Not applicable

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2. Guarantee

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

External guarantee of the Company (excluding those provided to subsidiaries)

Guarantors	Relationship between guarantors and listed company	The guaranteed party	Amount of the guarantee	Date of the guarantee (date of the agreement)	Guarantee beginning date	Guarantee maturity date	Type of guarantee	Status of guarantee	Is the guarantee overdue	Guarantee overdue amount	Is counter guarantee available	Guarantee provided to the related parties	Connected relationship
Sinotrans Air Transportation Development Co., Ltd.	Subsidiaries	Sinotrans Luzhou Port Logistics Co., Ltd.* (中外運瀘州港保稅物流有限公司)	14,130,000.00	2017-01-10	2017-01-10	2022-01-10	General guarantee	No	No	-	No	Yes	Joint ventures
Sinotrans South China Company Limited	Subsidiaries	Dongguan Humen Port Container Terminal Co., Ltd* (東莞市虎門港集裝箱港務有限公司)	17,793,520.77	2015-08-27	2015-08-27	2023-01-09	Joint guarantee liabilities	No	No	-	No	Yes	Joint ventures
Sinotrans Heavylift Logistics Company Limited* (中國外運大件物流有限公司)	Subsidiaries	Sinotrans Sarens Logistics Company Limited	14,937,055.48	2016-06-06	2016-07-01	2021-06-30	Joint guarantee liabilities	No	No	-	No	Yes	Joint ventures
Total guaranteed amount during the Reporting Period (excluding guarantees provided to subsidiaries)													-
Balance of total guarantees as at the end of the Reporting Period (A) (excluding guarantees provided to subsidiaries)													46,860,576.25
Guarantees provided by the Company to subsidiaries													
Total guaranteed amount to subsidiaries during the Reporting Period													-
Total guaranteed balance to subsidiaries as at the end of the Reporting Period (B)													5,393,540,263.69
Total guarantees (including guarantees to subsidiaries) provided by the Company													
Total guaranteed amount (A+B)													5,440,400,839.94
Total guaranteed amount as a percentage of the net asset value of the Company (%)													19.21
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)													5,203,433,639.39
Total guaranteed amount in excess of 50% of net asset value (E)													-
Total guaranteed amount of the above three items (C+D+E)													5,203,433,639.39
Statement on the contingent joint liability in connection with unexpired guarantees							Nil						
Details of guarantee							As at 30 June 2019, the external guarantee provided by the Company amounted to RMB5,440,400,839.94. Except guarantees mention above, the Group provided guarantees for facilities applied by its subsidiaries from Finance Company, China Merchants Bank, etc.. As at 30 June 2019, the facilities guarantee provided by the Group to its subsidiaries was RMB2,489,600,000.00.						

3. Other Material Contracts

☐Applicable ✓ Not applicable

XII. THE WORK OF THE LISTED COMPANY ON POVERTY ALLEVIATION

☐Applicable ✓Not applicable

XIII. CONVERTIBLE BONDS

☐Applicable ✓ Not applicable

XIV. ENVIRONMENTAL INFORMATION

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

☐Applicable ✓ Not applicable

(II) Environmental Protection of the Companies Other than Key Pollutant Discharging Units

✓Applicable ☐Not applicable

The Company is not listed as key pollutant discharging unit defined by environmental protection department. During the Reporting Period, the Company focused on environmental protection in daily work and business activities, complied with relevant national environmental laws and regulations, and accepted and cooperated with the supervision and inspection of environmental protection department. In terms of energy conservation and emission reduction, the Company reduced tail gas pollution emissions through strict implementation of vehicle emission standards, rational deployment and operation of vehicles, optimization of transportation structure and improvement of vehicle loading rate and mileage utilization; optimized energy consumption structure by using solar energy, LED energy-saving lamps, photovoltaic power generation, as well as clean energy vehicles and eliminating old high energy-consumption equipment; improved operation efficiency and reduced energy consumption by improving business operation process and technology, and introducing automatic operation equipment, combining with the application of new technology and intelligent solution. Meanwhile, by advocating all employees to strengthen environment protection awareness and take green and low-carbon actions to conserve energy and protect environment, we achieved a win-win situation for environmental protection and economic benefits. In terms of environmental self-monitoring, the Company applied energy-saving and environmental protection systems to regularly monitor relevant environmental indicators. During the Reporting Period, the Company's comprehensive energy consumption per ten thousand of revenue (at comparable price) was 0.0155 tons of standard coal, representing a year-on-year decrease of 11.4%.

(III) Explanation of Reasons for Non-Disclosure of Environmental Information of Companies other than Key Pollutant Discharging Units

☐Applicable ✓Not applicable

(IV) Explanation of the Subsequent Progress or Changes on the Environmental Information Disclosed during the Reporting Period

☐Applicable ✓ Not applicable

XV. CORPORATE GOVERNANCE

During the Reporting Period, the Company kept improving its corporate governance structure in accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies in China promulgated by the CSRC and other applicable laws and regulations, as well as the requirements on corporate governance by Shanghai Stock Exchange and Hong Kong Stock Exchange. The Company has set up a sound internal control system and constantly promotes the standardized and systematic management to enhance corporate governance.

The Company is committed to high standards of corporate governance and has adopted the provisions in the CG Code set out in Appendix 14 to the SEHK Listing Rules as the corporate governance code of the Company. The Company has confirmed that it has complied with all other principals and code provisions for the six months ended 30 June 2019, except the deviation from Code Provision E.1.2 which provides that the chairman of the Board should attend the annual general meeting and invite the chairmen of the audit committee, remuneration committee and nomination committee and any other committees (as appropriate) to attend the annual general meeting. As the 2018 annual general meeting of the Company was held in Beijing and no Shareholders of the Company attended the meeting in person, not all the chairmen of related committees were invited to attend the annual general meeting. Two independent non-executive Directors (as chairman of audit committee and nomination committee respectively) attended the annual general meeting, while chairman of the Company's Board did not attend the meeting due to other business commitments. Mr. Song Rong, the executive Director and president of the Company, was elected to take the chair of the annual general meeting by over half of the Directors.

(I) Members of the Board of Directors

As at 30 June 2019, the Board comprised 11 Directors, including: Mr. Li Guanpeng as the chairman; Mr. Song Dexing as the vice chairman; Mr. Song Rong as executive Director; Mr. Su Jian, Mr. Xiong Xianliang, Mr. Jiang Jian, and Mr. Jerry Hsu as non-executive Directors; and Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing and Ms. Li Qian as independent non-executive Directors.

The Company has published the list of the Board members with their roles and positions on the websites of Hong Kong Stock Exchange, Shanghai Stock Exchange and the Company. Each Director of the Company acknowledges his/her responsibilities as a Director and is aware of the Company's operation procedure, business activities and development.

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

For detailed changes of Directors, Supervisors and Senior Management of the Company during the Reporting Period, please refer to "Chapter 8 Directors, Supervisors and Senior Management – II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY" in this report.

For the six months ended 30 June 2019, no other latest changes in information of Directors, Supervisors and Senior Management of the Company are required to be disclosed in accordance with Rule 13.51B of the SEHK Listing Rules.

(III) Executive Committee

The executive committee is a standing organization under the Board and reports to the Board. The principal responsibilities of executive committee include conducting research and providing advice on the development strategy and material investment decisions of the Company; guiding, examining and monitoring operation management members to carry out the development strategies, operation plans and other decisions made by the Board; and executing the resolutions during the adjournment of Board meetings based on the authorization of the Board.

The current executive committee comprises chairman of the Board Mr. Li Guanpeng, vice chairman Mr. Song Dexing, and executive Director Mr. Song Rong, with Mr. Li Guanpeng acting as the chairman of the executive committee.

(IV) Audit Committee

The principal responsibilities of the audit committee include reviewing the financial reporting procedure, internal audit and internal control system of the Company, and monitoring integrity of the Company's financial statements, annual reports and accounts and interim reports.

The current audit committee comprises all independent non-executive Directors, namely Mr. Meng Yan, Mr. Wang Taiwen, Mr. Song Haiqing and Ms. Li Qian, with Mr. Meng Yan acting as the chairman of the audit committee.

The audit committee of the Company and SHINEWING Certified Public Accountants LLP, the Company's auditor, have reviewed the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries for the six months period ended 30 June 2019.

(V) Remuneration Committee

The principal responsibilities of the 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.

The current remuneration committee comprises all independent non-executive Directors, namely Ms. Li Qian, Mr. Wang Taiwen, Mr. Meng Yan, and Mr. Song Haiqing, with Ms. Li Qian acting as the chairman of the remuneration committee.

Chapter 5
Significant Events

(VI) Nomination Committee

The principal responsibilities of the nomination committee include selecting and making recommendations on candidates for Directors, president of the Company and other Senior Management as classified by the Articles of Association, and the selecting criteria and procedures, and assessing the independence of independent non-executive Directors.

The current nomination committee comprises all independent non-executive Directors and chairman of the Board, namely Mr. Wang Taiwen, Mr. Meng Yan, Mr. Song Haiqing, Ms. Li Qian and Mr. Li Guanpeng, with Mr. Wang Taiwen acting as the chairman of the nomination committee.

(VII) Supervisory Committee

The Supervisory Committee reports to general meeting. As a standing supervisory organization of the Company, the principal responsibilities of the Supervisory Committee include supervising the Board and its members, as well as Senior Management (including president, vice president, chief financial officer, board secretary, IT directors), to prevent them from abusing authority or infringing the legitimate interests of Shareholders, the Company or Company's staffs, and to safeguard legitimate interests of the Company and Shareholders.

The current Supervisory Committee comprises one shareholder-representative Supervisor, two independent Supervisors and two staff-representative Supervisors, namely Mr. Liu Yingjie, Mr. Zhou Fangsheng, Mr. Fan Zhaoping, Ms. Ren Dongxiao and Ms. Mao Zheng, with Mr. Liu Yingjie acting as the chairman of the Supervisory Committee.

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

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

The Directors and Supervisors have confirmed, following specific enquiries made by the Company that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding securities transactions by directors and supervisors for the six months from 1 January 2019 to 30 June 2019.

XVI. EXPLANATION ON OTHER MATERIAL MATTERS

(I) Changes of Accounting Policies, Accounting Estimates and Calculation Methods and Their Reasons and Impact Compared to Last Accounting Period

✓Applicable ☐Not applicable

Chapter 5
Significant Events

New Lease Standard

On 7 December 2018, the Ministry of Finance issued the "Notice on the issuance of revised Accounting Standards for Business Enterprises No. 21 – Leasing" (Cai Kuai [2018] No. 35), which revised the "Accounting Standards for Business Enterprises No. 21 – Leasing". For enterprises listed both at home and abroad as well as those listed abroad which adopt IFRS or PRC GAAP Standards to prepare financial reports, the new standards shall enter into force on 1 January 2019; for other enterprises that implement the PRC GAAP Standards, the new standards shall come into effect on 1 January 2021. Details are set out in Note VI.1 to the financial statements.

(II) Correction of Significant Accounting Errors Required to be Restated, the Amount after Correction, Reasons and Impact during the Reporting Period

☐Applicable ✓Not applicable

(III) Others

☐Applicable ✓Not applicable

Chapter 6
Movement of Common Shares and Particulars of Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of Changes in Shares

1. Table of Changes in Shares

Unit: Share

	Before the change		Increase/Decrease of the change (+, -)					After the change	
	Number	Percentage (%)	Issuance of new shares	Bonus Share	Conversion of common reserve fund	Others	Sub-total	Number	Percentage (%)
I. Restricted shares	3,904,279,644	64.54						3,904,279,644	52.75
1. State-owned shares									
2. State-owned legal person shares	3,904,279,644	64.54						3,904,279,644	52.75
3. Other domestic shares									
Of which: domestic non-state-owned legal person shares									
domestic natural person shares									
4. Foreign shares									
Of which: overseas legal person shares									
overseas natural person shares									
II. Tradable shares without restrictions	2,144,887,000	35.46	1,351,637,231				1,351,637,231	3,496,524,231	47.25
1. Ordinary shares dominated in RMB			1,351,637,231				1,351,637,231	1,351,637,231	18.26
2. Foreign shares domestically listed									
3. Foreign shares listed overseas	2,144,887,000	35.46						2,144,887,000	28.98
4. Others									
III. Total shares	6,049,166,644	100.00					1,351,637,231	7,400,803,875	100.00

Chapter 6
Movement of Common Shares and Particulars of Shareholders

2. *Particulars of Changes in Shares*

✓ Applicable ☐Not applicable

On 10 January 2019, the Company completed the transfer and registration procedure for the 1,351,637,231 A Shares at the Shanghai branch of China Securities Depository and Clearing Company Limited, which issued by the Company for merger of Sinoair by absorbing through share swap; and the existing Domestic Shares of the Company have been transferred into A Shares. For details, please refer to relevant announcements dated 12 January 2019 published on China Securities Journal and Securities Daily, and announcement dated 11 January 2019 published on the website of Hong Kong Stock Exchange (www.hkex.com.hk). The A Shares aforementioned have been listed on the Shanghai Stock Exchange on 18 January 2019. The share capital of the Company before and after changes in Shares is as follows:

	As at 31 December 2018		As at 10 January 2019		**As at 30 June 2019**	
Class of Shares	Number of Shares (shares)	Percentage of Shares	Number of Shares (shares)	Percentage of Shares	**Number of Shares (shares)**	**Percentage of Shares**
A Shares/Domestic Shares	3,904,279,644	64.54%	5,255,916,875	71.02%	**5,255,916,875**	**71.02%**
H Shares	2,144,887,000	35.46%	2,144,887,000	28.98%	**2,144,887,000**	**28.98%**
Total	6,049,166,644	100.00%	7,400,803,875	100.00%	**7,400,803,875**	**100.00%**

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

☐Applicable ✓Not applicable

4. *Other Contents that the Company Deemed Necessary or Securities Regulatory Authorities Require to Disclose*

☐Applicable ✓Not applicable

(II) Changes in Shares Lock-up

☐Applicable ✓Not applicable

For details of shareholdings of shareholders lock-up, please refer to " (II) The Shareholding of the top 10 Shareholders and top 10 Outstanding Shareholders (or Shareholders Unlock-up) at the End of the Reporting Period" under "II. PARTICULARS OF SHAREHOLDERS" in this Chapter.

Chapter 6
Movement of Common Shares and Particulars of Shareholders

II. PARTICULARS OF SHAREHOLDERS

(I) Number of Shareholders:

Number of ordinary Shareholders at the end of the Reporting Period (shareholders)	94,314
Number of preferred Shareholders with restored voting rights at the end of the Reporting Period (shareholders)	0

(II) The Shareholding of the Top 10 Shareholders and Top 10 Outstanding Shareholders (or Shareholders Unlock-up) at the End of the Reporting Period

Unit: share

	Shareholding of the top 10 shareholders						
					Pledged or frozen status		
Name of Shareholders (Full Name)	Increase or decrease during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage (%)	Number of shares lock-up	Shares Status	Number	Nature of shareholders
Sinotrans & CSC Holdings Co., Ltd.	0	2,461,596,200	33.26	2,461,596,200	Nil	0	State-owned legal person
HKSCC NOMINEES LIMITED	81,879	2,107,475,449	28.48	0	Unknown	Unknown	Overseas legal person
China Merchants Group Limited	157,913,995	1,600,597,439	21.63	1,600,597,439	Nil	0	State-owned legal person
Central Huijin Asset Management Co., Ltd. (中央匯金資產管理有限責任公司)	51,346,878	51,346,878	0.69	0	Nil	0	State-owned legal person
China National Machinery Imp. & Exp. Corp. (中國機械進出口(集團)有限公司)	37,849,623	37,849,623	0.51	0	Nil	0	State-owned legal person
DEUTSCHE POST BETEILIGUNGEN HOLDING	0	35,616,000	0.48	0	Unknown	Unknown	Overseas legal person
China Securities Finance Co., Ltd. (中國證券金融股份有限公司)	31,129,481	31,129,481	0.42	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Limited (香港中央結算有限公司)	19,357,968	19,357,968	0.26	0	Nil	0	Overseas legal person
BTG Hotels (Group) Co., Ltd. (北京首旅酒店(集團)股份有限公司)	13,354,749	13,354,749	0.18	0	Nil	0	State-owned legal person
Chen Jingjian	12,258,908	12,258,908	0.17	0	Nil	0	Domestic natural person

Chapter 6
Movement of Common Shares and Particulars of Shareholders

Shareholding of the Top 10 Shareholders Unlock-up

Name of shareholders	Number of shares unlock-up	Class and number of shares	
		Class	Number
HKSCC NOMINEES LIMITED	2,107,475,449	Foreign shares listed overseas	2,107,475,449
Central Huijin Asset Management Co., Ltd. (中央匯金資產管理有限責任公司)	51,346,878	Ordinary shares denominated in RMB	51,346,878
China National Machinery Imp. &Exp. Corp. (中國機械進出口(集團)有限公司)	37,849,623	Ordinary shares denominated in RMB	37,849,623
DEUTSCHE POST BETEILIGUNGEN HOLDING	35,616,000	Foreign shares listed overseas	35,616,000
China Securities Finance Co., Ltd. (中國證券金融股份有限公司)	31,129,481	Ordinary shares denominated in RMB	31,129,481
Hong Kong Securities Clearing Company Limited	19,357,968	Ordinary shares denominated in RMB	19,357,968
BTG Hotels (Group) Co., Ltd. (北京首旅酒店(集團)股份有限公司)	13,354,749	Ordinary shares denominated in RMB	13,354,749
Chen Jingjian	12,258,908	Ordinary shares denominated in RMB	12,258,908
Sun Yunhe	7,598,366	Ordinary shares denominated in RMB	7,598,366
Cai Weimin	7,306,915	Ordinary shares denominated in RMB	7,306,915
Explanations on the connected relationships 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 6
Movement of Common Shares and Particulars of Shareholders

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

✓ Applicable ☐Not applicable

Unit: share

No.	Name of shareholders lock up	Number of shares lock-up	Availability of the shares lock-up for listing and trading: Available time for listing and trading	Availability of the shares lock-up for listing and trading: Number of additional shares available for listing and trading	Conditions for lock-up
1	Sinotrans & CSC Holdings Co., Ltd.	2,461,596,200	18 July 2022	0	Note 1
2	China Merchants Group Limited	1,442,683,444	18 July 2022	0	Note 1
3	China Merchants Group Limited	157,913,995	29 July 2019	0	Note 2
Explanations on the connected relationships or acting in concert among the above shareholders		Sinotrans & CSC is a wholly-owned subsidiary of China Merchants.			

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

Note 2: From 18 January 2019 to 28 January 2019, China Merchants performed its further purchase undertakings and increased its holding of the Company's A Shares by 157,913,995 shares, representing 2.13% of the total share capital of the Company. It undertook that it will not sale the purchased Shares within six months after the increase of shareholding. The purchased Shares mentioned above have been available for trading on 29 July 2019. For details, please refer to the "Announcement in Relation to the Performance of Undertakings by Shareholders and Actual Controllers of the Company" published by the Company on the website of Shanghai Stock Exchange on 29 January 2019.

Chapter 6
Movement of Common Shares and Particulars of Shareholders

(III) Interests and Short Positions of Substantial Shareholders Disclosed as Required by SFO

As at 30 June 2019, so far as the Directors of the Company were aware, the following persons (other than Directors, Supervisors and chief executives) had interests and short positions of the Company which were required to be disclosed to the Company and Hong Kong Stock Exchange pursuant to the provisions in Divisions 2 and 3 of Part XV of SFO, or to be recorded in the register kept by the Company pursuant to Section 336 of SFO.

Name	Corporate interests	Class of Shares	Percentage in total issued Share capital	Percentage in issued H Share capital
China Merchants (Note 1)	4,062,193,639 (L)	A Shares	54.89%	–
	107,183,000 (L)	H Shares	1.45%	4.997%
Pandanus Associates Inc. (Note 2)	172,649,000 (L)	H Shares	2.33%	8.05%
Citigroup Inc. (Note 3)	154,113,023 (L)	H Shares	2.08%	7.18%
	149,788,995 (P)	H Shares	2.02%	6.98%
BlackRock, Inc. (Note 4)	147,346,454 (L)	H Shares	1.99%	6.87%
	238,000 (S)	H Shares	0.00%	0.01%
JPMorgan Chase & Co. (Note 5)	142,533,585 (L)	H Shares	1.93%	6.64%
	8,512,831 (S)	H Shares	0.12%	0.39%
	109,186,097 (P)	H Shares	1.48%	5.09%
LSV ASSET MANAGEMENT (Note 6)	128,534,000 (L)	H Shares	1.74%	5.99%

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

Notes

1. As at 30 June 2019, Sinotrans & CSC directly held 2,461,596,200 A Shares (long position) of the Company, and China Merchants directly held 1,600,597,439 A Shares (long position). Sinotrans & CSC indirectly held 107,183,000 H Shares (long position) through its wholly owned subsidiaries, among which, Sinotrans (Hong Kong) Holdings Ltd. held 106,683,000 H Shares (long position), and Sinotrans Shipping Inc. held 500,000 H Shares (long position). As Sinotrans & CSC is the wholly-owned subsidiary of China Merchants, China Merchants is deemed to be interested in 56.34% of issued Shares of the Company.

2. According to the Disclosure of Interests Form submitted by Pandanus Associates Inc. on the website of Hong Kong Stock Exchange, 172,649,000 H Shares (long position) are interests of corporations controlled by substantial shareholders, of which 38,566,000 H Shares (long position) are reported as unlisted derivatives settled in cash.

3. According to the Disclosure of Interest Form submitted by Citigroup Inc. on the website of Hong Kong Stock Exchange, Citigroup Inc. held 3,136,000 H Shares (long position) in the capacity of security interest holder, and held 149,788,995 H Shares (long position) in the capacity of approved lending agent. 1,188,028 H Shares (long position) are interests of corporations controlled by substantial shareholders.

4. According to the Disclosure of Interests Form submitted by BlackRock Inc. on the website of Hong Kong Stock Exchange, 147,346,454 H Shares (long position) and 238,000 H Shares (short position) are interests of corporations controlled by substantial shareholders, of which 89,000 H Shares (short position) are reported as unlisted derivatives settled in cash.

5. According to the Disclosure of Interest Form submitted by JPMorgan Chase & Co. on the website of Hong Kong Stock Exchange, JPMorgan Chase & Co. held 174,000 H Shares (long position) in the capacity of investment manager, 16,493,000 H Shares (long position) in the capacity of security interest holder, and 109,186,097 H Shares (long position) in the capacity of approved lending agent. 16,680,488 H Shares (long position) and 8,512,831 H Shares (short position) are interests of corporations controlled by substantial shareholders, of which 801,000 H Shares (long position) and 8,512,831 H Shares (short position) are reported as unlisted derivatives settled in cash.

6. According to the Disclosure of Interests Form submitted by LSV ASSET MANAGEMENT on the website of Hong Kong Stock Exchange, LSV ASSET MANAGEMENT held 87,013,000 H Shares (long position) in the capacity of investment manager. 41,521,000 H Shares (long position) are deemed interest through its general partnership interest in certain limited partnerships.

Save as disclosed above, as at 30 June 2019, so far as the Directors of the Company were aware, there was no other person (other than Directors, Supervisors or chief executives) who had any interests and short positions 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

III. CHANGES OF CONTROLLING SHAREHOLDERS OR ACTUAL CONTROLLERS

☐Applicable ✓Not applicable

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

During the six months ended 30 June 2019, none of the members of the Group has repurchased, sold or redeemed any listed securities of the Company.

Chapter 7
Particulars of Preferred Shares

☐Applicable ✓Not applicable

Chapter 8
Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDING

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

☐Applicable ✓Not applicable

Other information

☐Applicable ✓Not applicable

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

☐Applicable ✓Not applicable

(III) Interests and Short Positions of the Directors, Supervisors and Chief Executives

As at 30 June 2019, so far as the Directors of the Company were aware, none of the Directors, Supervisors, chief executives or their associates had any interests in any shares or debentures and short positions of the Company or any associated corporation of the Company which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests and short positions which they are deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of SFO to be recorded in the register kept by the Company referred to therein, or which were required to be notified to the Company and Hong Kong Stock Exchange pursuant to the Model Code.

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

✓Applicable ☐Not applicable

Name	Position held	Changes
Wang Hong	Chairman	Resigned
Li Guanpeng	Chairman	Elected
Wang Lin	Executive Director	Resigned
Wu Xueming	Executive Director	Resigned
Su Jian	Non-executive Director	Elected
Xiong Xianliang	Non-executive Director	Elected
Jiang Jian	Non-executive Director	Elected
Liu Yingjie	Chairman of Supervisory Committee	Elected
Mao Zheng	Staff representative Supervisor	Elected
Li Guanpeng	President	Resigned
Song Rong	President	Appointed
Song Rong	Vice President	Dismissed

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

✓Applicable ☐Not applicable

1. On 26 February 2019, Mr. Wang Hong, the chairman and executive Director of the Company resigned his position as a Director. On the same day, the Company held the 8th meeting of the second session of the Board, at which the Proposal in Relation to the Election of Mr. Li Guanpeng as the Chairman of the Company (Legal Representative) was considered and approved. The Board agreed to elect Mr. Li Guanpeng as the chairman of the Company (Legal Representative), with a term of office from the date of approval by the Board to conclusion of the second session of the Board.

2. On 14 March 2019, the Company held the first staff representative meeting for the year of 2019, and agreed to elect Ms. Mao Zheng as the staff representative Supervisor of the Company, with a term of office from the date of approval by the staff representative meeting to conclusion of the second session of the Board.

3. On 22 April 2019, Mr. Li Guanpeng, the president of the Company, resigned his position as the president. On the same day, the Company held the 10th meeting of the second session of the Board, at which the Proposal in Relation to the Appointment and Dismissal of Senior Management of the Company was considered and approved. The Board agreed to appoint Mr. Song Rong as the president of the Company, with a term of office from the date of approval by the Board to conclusion of the second session of the Board, and to dismiss Mr. Song Rong from the position of vice president of the Company.

4. On 22 April 2019, Mr. Wang Lin and Mr. Wu Xueming, executive Directors of the Company, resigned their position as Directors.

5. On 5 June 2019, the Company convened 2018 annual general meeting, at which the Proposal in Relation to Election of Directors of the Company and the Proposal in Relation to Election of Supervisor of the Company were considered and approved. Mr. Su Jian, Mr. Xiong Xianliang and Mr. Jiang Jian were appointed as non-executive Directors of the Company, and Mr. Liu Yingjie was appointed as a Supervisor of the Company, with a term of office from the date of approval by the annual general meeting to conclusion of the second session of the Board.

6. On 12 June 2019, the Company held the 3rd meeting of Supervisory Committee for the year of 2019, at which the Proposal in Relation to Election of Chairman of the Supervisory Committee of the Company was considered and approved. The Company agreed to elect Mr. Liu Yingjie as the chairman of Supervisory Committee of the Company, with a term of office from the date of approval by Supervisory Committee to conclusion of the second session of the Board.

Relevant announcements regarding above matters have been published on China Securities Journal, Securities Daily, as well as the websites of Shanghai Stock Exchange (www.sse.com.cn) and Hong Kong Stock Exchange (www.hkex.com.hk).

III. OTHERS

☐Applicable ✓Not applicable

Chapter 9
Particulars of Corporate Bonds

✓Applicable ☐Not applicable

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: billion Currency: RMB

Name of bond	Short name	Code	Date of issuance	Maturity date	Balance of bond	Interest rate (%)	Payment method of principal and interest	Transaction site
Sinotrans Limited 2016 Corporate Bond (Phase I)	16 Sinotrans 01	136248	2 March 2016	2 March 2021	20	3.20	Interest paid annually on the basis of simple interest instead of compound interest, principal to be paid in lump-sum upon maturity	Shanghai Stock Exchange
Sinotrans Limited 2016 Corporate Bond (Phase II)	16 Sinotrans 03	136654	24 August 2016	24 August 2021	15	2.94	Interest paid annually on the basis of simple interest instead of compound interest, principal to be paid in lump-sum upon maturity	Shanghai Stock Exchange

Arrangement to ensure the suitability of investors: "16 Sinotrans 01" and "16 Sinotrans 03" both target at qualified investors.

Payment of Interests of Company Bonds

✓Applicable ☐Not applicable

On 2 March 2019, the Company paid interest on the "16 Sinotrans 01" corporate bonds, and the interest payment amount was RMB64 million. On 26 August 2019, the Company paid interest on the "16 Sinotrans 03" corporate bonds, and the interest payment amount was RMB44.1 million. Both were disclosed on the website of the Shanghai Stock Exchange.

Other Particulars of Company Bonds

✓Applicable ☐Not applicable

Corporate bond "16 Sinotrans 03" is a fixed interest rate product that has a term of 5 years, with options for the issuer to adjust the coupon rate and for investors to resell at the end of the 3rd year. Specific terms are set out below:

Options for issuer to adjust coupon rate: the coupon rate of the said bond remains unchanged within the first 3 years of the term. If the issuer exercises the option to adjust coupon rate, the unsold bonds shall adjust the coupon rate of the last 2 years based on that of the first 3 years and the coupon rate shall remain unchanged for the last 2 years; if the issuer does not exercise the option to adjust coupon rate, the unsold bonds shall remain at the same coupon rate in the last 2 years of the term.

Option for investors to resell: after the issuer issues announcement on whether the coupon rate of the bonds will be adjusted and the range of adjustment, the holders of the bonds shall have the right to resell part or all of the bonds they hold to the issuer at the book value on the interest payment date of the 3rd year of the term of the bond. The issuer shall complete the payment for reselling in accordance with the relevant transaction rules of the bond registrant of the Shanghai Stock Exchange.

During the Reporting Period, 16 Sinotrans 03 corporate bonds were not available for the exercising of options to adjust coupon rate and for investors to resell. On 29 July 2019, the Company has disclosed "Announcement in relation to Adjustment of 16 Sinotrans 03 Coupon Rate" and "Implementation Announcement of Reselling 2016 Corporate Bond (Phase II)" on Shanghai Stock Exchange, and disclosed "Announcement on the Reselling Applications of 2016 Corporate Bond (Phase II)" and "Announcement on the Reselling Results of 2016 Corporate Bond (Phase II)" on 9 August 2019 and 21 August 2019, respectively.

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

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

Other Explanations

☐Applicable ✓Not applicable

III. USE OF PROCEEDS FROM SALES OF CORPORATE BONDS

✓Applicable ☐Not applicable

After the Company has received the proceeds, it shall transfer the proceeds from a special account to its own account for further use. The proceeds are used in accordance with the agreed usage and there are no anomalies. The balance of the proceeds is nil at present.

IV. RATING OF CORPORATE BONDS

✓Applicable ☐Not applicable

Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. has given an AAA rating to the issuer of the corporate bond, demonstrating that the issuer has strong solvency and can hardly be effected by adverse economic circumstances with the lowest level of default risk, and the current debt rating is AAA for "16 Sinotrans 01" and "16 Sinotrans 03", demonstrating that the bonds have strong creditworthiness and can hardly be effected by adverse economic circumstances with the lowest level of default risk. The rating date is 23 May 2019. The rating outlook is "Stable". The Company has disclosed "Announcement in relation to the Rating Results of Corporate Bond 16 Sinotrans 01 and 16 Sinotrans 03" and "Rating Report on Sinotrans Limited and 16 Sinotrans 01 and 16 Sinotrans 03 Issued by Sinotrans Limited" on the website of Shanghai Stock Exchange.

Chapter 9
Particulars of Corporate Bonds

V. BOND CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT PLAN AND OTHER CIRCUMSTANCES DURING THE REPORTING PERIOD

✓Applicable ☐Not applicable

After the issuance of the corporate bond, the Company will further strengthen asset debt management, liquidity management and management of the use of proceeds according to the debt structure, to ensure that the proceeds are used according to plan and that sufficient funds are provided to pay annual interests and matured principals in a timely manner, thereby investors' interests are fully safeguarded.

To sufficiently and effectively protect bond holders' interests, the Company has formulated a series of working plans to ensure the timely and sufficient payment of the corporate bond, including formulating the Rules for the Bond Holders' Meeting, making full use of the bond trustees' functions, setting up specialised repayment task force, strictly fulfilling the Company's obligation of information disclosure and commitments, etc., thereby striving to take measures that can ensure the safe payment of interests and redemption.

There were no changes in debt repayment plan and other repayment arrangement, the implementation of which was carried out normally and maintained consistent with the commitments made in the bond prospectus.

VI. CONVENING OF CORPORATE BOND HOLDERS' MEETINGS

☐Applicable ✓Not applicable

VII. PERFORMANCE OF THE CORPORATE BOND TRUSTEE

✓Applicable ☐Not applicable

During the term of the corporate bond, the bond trustee, BOCI Securities Limited (hereinafter referred to as "BOCI Securities"), strictly complied with the stipulations in the Bond Trust Management Agreement, and kept track on the Company's credit rating, the use of the proceeds and the payment of principal and interests with respect to the corporate bond, among others, and urged the Company to fulfil the obligations listed in the prospectus of corporate bond. The trustee has proactively performed its duties as a bond trustee to protect the lawful interests of the bond holders.

In 26 June 2019, BOCI Securities made an announcement on the website of Shanghai Stock Exchange in relation to the entrust management for the corporate bonds of Sinotrans Limited in 2018.

VIII. ACCOUNTING INFORMATION AND FINANCIAL INDICATORS AS AT THE END OF THE REPORTING PERIOD AND LAST YEAR (OR DURING THE REPORTING PERIOD OR THE CORRESPONDING PERIOD OF LAST YEAR)

✓Applicable ☐Not applicable

Unit: Yuan Currency: RMB

Main indicators	**As at the end of the Reporting Period**	As at the end of last year	Changes as compared to the end of last year (%)
Current ratio	**1.37**	1.55	-12.10
Quick ratio	**1.25**	1.40	-10.77
Debt-to-asset ratio (%)	**53.66**	54.71	a decrease of 1.05 percentage point
Loan repayment ratio (%)	**100**	100	0

	Reporting Period (January to June)	Corresponding period of last year	Changes as compared to the corresponding period of last year (%)
EBITDA interest coverage ratio	**9.73**	10.60	-8.23
Interest payment ratio (%)	**100**	100	0

IX. OVERDUE DEBTS

☐Applicable ✓Not applicable

X. PAYMENT OF INTERESTS OF OTHER BONDS AND DEBT FINANCING INSTRUMENT

☐Applicable ✓Not applicable

XI. BANK LINE OF CREDIT DURING THE REPORTING PERIOD

✓Applicable ☐Not applicable

As at 30 June 2019, the Company has a line of credit of RMB26.396 billion (RMB equivalent), of which RMB11.054 billion has been used. The bank loans have all been repaid with interest on time.

Chapter 9
Particulars of Corporate Bonds

XII. FULFILMENT OF AGREEMENT OR COMMITMENT LISTED IN THE BOND PROSPECTUS DURING THE REPORTING PERIOD

✓Applicable ☐Not applicable

The Company has a good track record on fulfilling agreement or commitment listed in the bond prospectus and there has been no adverse impact on the investors' interests.

XIII. SIGNIFICANT EVENT OCCURRED TO THE COMPANY AND THE IMPACT ON THE COMPANY'S OPERATION AND DEBT-PAYING ABILITY

✓Applicable ☐Not applicable

During the Reporting Period, the Company converted its original domestic shares to A Shares, which have been listed on Shanghai Stock Exchange. As a dual-listed company (A Shares and H Shares), the Company has more channels for to its capitalization development, which is beneficial to the development of the Company's operation and will further enhance the financing channels and abilities of the Company. For details, please refer to the "Announcement in relation to Issuance of A Shares by Sinotrans Limited in respect to the Merger of Sinotrans Air Transportation Development Co., Ltd. by Absorption through Share Swap and the Financial Statements for the Third Quarter of 2018" and the "Announcement in relation to the Approval Granted by Shanghai Stock Exchange for the Issuance of A Shares by Sinotrans Limited" disclosed by the Company on the website of Shanghai Stock Exchange on 15 January 2019 and 16 January 2019, respectively.

Chapter 10
Consolidated Statement of Financial Position

The period ended 30 June 2019

Unit: RMB

Item	Note	30 June 2019	31 December 2018
Current assets			
Cash and bank balances	IX.1	**11,217,779,207.75**	15,528,432,818.79
Held-for-trading financial assets	IX.2	**400,140,337.06**	400,140,176.57
Derivative financial assets		**–**	–
Bills receivable	IX.3	**535,079,595.39**	555,923,514.54
Accounts receivable	IX.4	**11,807,498,026.49**	10,417,568,351.23
Receivables financing		**–**	–
Prepayments	IX.5	**2,280,508,571.87**	2,090,854,225.68
Other receivables	IX.6	**1,434,987,143.98**	1,421,577,191.34
Including: interest receivables	IX.6	**4,861,013.87**	11,361,382.76
dividend receivables	IX.6	**69,717,260.26**	63,826,982.07
Inventories	IX.7	**137,767,973.98**	266,600,487.08
Including: raw materials	IX.7	**31,900,774.62**	31,381,721.88
finished goods	IX.7	**76,732,309.96**	198,607,733.96
Contract assets		**–**	–
Held-for-sale assets	IX.8	**53,745,651.81**	53,745,651.81
Non-current assets due within one year	IX.9	**45,914,894.50**	74,928,213.64
Other current assets	IX.10	**539,230,197.07**	559,144,645.56
Total current assets		**28,452,651,599.90**	31,368,915,276.24
Non-current assets			
Debt investments		**–**	–
Other debt investments		**–**	–
Long-term receivables	IX.11	**114,747,909.55**	142,009,746.55
Long-term equity investments	IX.12	**7,527,920,557.89**	6,973,522,714.05
Other equity instrument investments	IX.13	**200,809,593.29**	154,458,821.08
Other non-current financial assets	IX.14	**511,575,197.25**	493,936,852.61
Investment properties	IX.15	**2,483,804,618.11**	2,478,006,337.36
Fixed assets	IX.16	**11,998,239,671.14**	11,942,099,732.71
Construction in progress	IX.17	**2,014,007,136.54**	1,997,349,529.53
Right-of-use assets	IX.18	**1,966,935,865.00**	——
Intangible assets	IX.19	**5,176,526,821.72**	5,228,339,127.68
Development expenditure	IX.20	**31,320,671.42**	30,511,836.16
Goodwill	IX.21	**169,670,069.78**	169,670,069.78
Long-term prepaid expenses	IX.22	**153,119,537.35**	263,995,854.52
Deferred tax assets	IX.23	**195,159,719.93**	212,892,635.40
Other non-current assets	IX.24	**112,763,050.27**	38,513,050.27
Total non-current assets		**32,656,600,419.24**	30,125,306,307.70
Total assets		**61,109,252,019.14**	61,494,221,583.94

The notes form an integral part of the financial statements.

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

Guanpeng Li	Jiuyun Wang	Xiaoyan Li
Person-in-charge	Person-in-charge	Person-in-charge
of the Company	for Accounting work	of Accounting Department

Chapter 10
Consolidated Statement of Financial Position
The period ended 30 June 2019

Unit: RMB

Item	Note	30 June 2019	31 December 2018
Current liabilities			
Short-term borrowings	IX.27	**5,000,000.00**	2,231,743,549.91
Held-for-trading financial liabilities		**–**	–
Derivative financial liabilities		**–**	–
Bills payable		**–**	–
Accounts payable	IX.28	**9,293,365,651.76**	9,056,129,695.54
Advances from customers		**–**	–
Contract liabilities	IX.29	**2,546,645,305.74**	2,576,275,224.01
Employee remuneration payable	IX.30	**1,180,972,330.61**	1,470,491,147.30
Including: wages payable	IX.30	**910,304,984.61**	1,188,527,792.37
welfare payables	IX.30	**41,775,662.51**	5,079,485.26
Taxes and levies payable	IX.31	**412,039,806.09**	481,975,148.65
Including: Taxes payable	IX.31	**402,718,264.38**	470,714,144.47
Other payables	IX.32	**2,670,117,207.23**	3,045,689,490.76
Including: interest payables	IX.32	**136,027,514.59**	134,333,264.70
dividend payables	IX.32	**1,091,823,702.85**	106,507,405.73
Held-for-sale liabilities		**–**	–
Non-current liabilities due within one year	IX.33	**4,560,527,843.86**	1,166,302,753.40
Other current liabilities	IX.34	**172,452,765.74**	167,271,210.90
Total current liabilities		**20,841,120,911.03**	20,195,878,220.47
Non-current liabilities			
Long-term borrowings	IX.35	**7,102,525,199.61**	8,473,129,636.53
Bonds payable	IX.36	**1,998,663,013.72**	3,497,076,575.36
Including: preference shares		**–**	–
perpetual bonds		**–**	–
Lease liabilities	IX.37	**1,515,439,998.69**	——
Long-term payables	IX.38	**657,095,896.29**	656,231,579.79
Long-term employee remuneration payable	IX.39	**2,962,017.23**	3,043,019.68
Estimated liabilities	IX.40	**273,058,806.56**	407,925,602.60
Deferred income	IX.41	**387,108,726.75**	395,905,585.01
Deferred tax liabilities	IX.23	**11,364,860.11**	11,590,458.74
Other non-current liabilities		**–**	–
Total non-current liabilities		**11,948,218,518.96**	13,444,902,457.71
Total liabilities		**32,789,339,429.99**	33,640,780,678.18
Shareholders' equity:			
Share capital	IX.42	**7,400,803,875.00**	6,049,166,644.00
Other equity instruments		**–**	–
Including: preference shares		**–**	–
perpetual bonds		**–**	–
Capital reserve	IX.43	**6,054,380,776.16**	4,124,486,665.68
Less: treasury shares		**–**	–
Other comprehensive income	IX.66	**-278,186,144.87**	-275,001,310.29
Including: translation difference of the statements in foreign currency	IX.66	**-384,464,982.28**	-327,135,927.64
Special reserve	IX.44	**49,831,778.60**	41,536,205.81
Surplus reserve	IX.45	**811,845,310.51**	811,845,310.51
Including: statutory reserve fund	IX.45	**811,845,310.51**	811,845,310.51
discretionary reserve fund		**–**	–
Retained earnings	IX.46	**12,971,801,087.66**	12,484,368,855.91
Equity attributable to owners of the Company		**27,010,476,683.06**	23,236,402,371.62
Non-controlling interests		**1,309,435,906.09**	4,617,038,534.14
Total shareholders' equity		**28,319,912,589.15**	27,853,440,905.76
Total liabilities and shareholders' equity		**61,109,252,019.14**	61,494,221,583.94

The notes form an integral part of the financial statements

Chapter 10
Statement of Financial Position of the Company

The period ended 30 June 2019

Unit: RMB

Item	Note	30 June 2019	31 December 2018
Current assets			
Cash and bank balances	XVII.1	**3,261,278,401.06**	2,232,514,434.17
Held-for-trading financial assets		**400,000,000.00**	400,000,000.00
Derivative financial assets		**–**	–
Bills receivable	XVII.2	**28,940,227.44**	22,838,736.35
Accounts receivable	XVII.3	**618,011,001.48**	1,175,939,622.77
Receivables financing		**–**	–
Prepayments		**21,314,569.15**	27,737,883.02
Other receivables	XVII.4	**9,897,708,634.64**	7,770,199,706.08
Including: interest receivables	XVII.4	**1,712,595.34**	177,001.57
dividend receivables	XVII.4	**367,369,926.41**	84,271,356.22
Inventories		**–**	–
Including: raw materials		**–**	–
finished goods		**–**	–
Contract assets		**–**	–
Held-for-sale assets		**–**	–
Non-current assets due within one year		**326,141,824.66**	354,010,852.27
Other current assets		**39,697,036.46**	49,054,666.08
Total current assets		**14,593,091,694.89**	12,032,295,900.74
Non-current assets			
Debt investments		**–**	–
Other debt investments		**–**	–
Long-term receivables	XVII.5	**1,595,673,211.84**	1,606,581,598.47
Long-term equity investments	XVII.6	**18,311,757,471.62**	11,110,762,797.06
Other equity instrument investment		**–**	–
Other non-current financial assets		**630,314,038.78**	630,314,038.78
Investment properties		**–**	–
Fixed assets		**45,850,349.53**	47,976,127.19
Construction in progress		**11,549,969.98**	9,215,368.60
Right-of-use assets		**579,345,118.05**	——
Intangible assets		**77,047,605.37**	69,898,549.74
Development expenditure		**22,543,178.54**	23,314,238.03
Goodwill		**–**	–
Long-term prepaid expenses		**1,363,594.82**	1,619,094.06
Deferred tax assets		**–**	–
Other non-current assets		**–**	–
Total non-current assets		**21,275,444,538.53**	13,499,681,811.93
Total assets		**35,868,536,233.42**	25,531,977,712.67

The notes form an integral part of the financial statements.

Chapter 10
Statement of Financial Position of the Company
The period ended 30 June 2019

Unit: RMB

Item	Note	30 June 2019	31 December 2018
Current liabilities			
Short-term borrowings		–	–
Held-for-trading financial liabilities		–	–
Derivative financial liabilities		–	–
Bills payable		–	–
Accounts payable		**471,133,288.61**	538,121,606.24
Advances from customers		–	–
Contract liabilities		**43,630,315.03**	59,614,593.16
Employee remuneration payables		**115,962,040.67**	116,379,594.67
Including: wages payable		**51,058,870.46**	61,979,019.45
welfare payable		**8,194,834.68**	8,807.60
Taxes and levies payable		**10,313,516.61**	3,914,293.99
Including: Taxes payable		**9,670,294.53**	3,247,637.35
Other payables		**7,664,068,399.17**	4,806,897,398.65
Including: interest payables		**58,794,078.22**	69,188,324.82
dividend payables		**962,104,503.75**	–
Held-for-sale liabilities		–	–
Non-current liabilities due within one year		**4,014,079,990.02**	1,000,000,000.00
Other current liabilities			–
Total current liabilities		**12,319,187,550.11**	6,524,927,486.71
Non-current liabilities			
Long-term borrowings	XVII.7	**124,000,000.00**	1,624,000,000.00
Bonds payable		**1,998,663,013.72**	3,497,076,575.36
Including: preference shares		–	–
perpetual bonds		–	–
Lease liabilities		**592,761,612.87**	——
Long-term payables		–	–
Long-term employee remuneration payable		–	–
Estimated liabilities		–	–
Deferred income		–	–
Deferred tax liabilities		–	–
Other non-current liabilities		–	–
Total non-current liabilities		**2,715,424,626.59**	5,121,076,575.36
Total liabilities		**15,034,612,176.70**	11,646,004,062.07
Shareholders' equity:		–	–
Share capital		**7,400,803,875.00**	6,049,166,644.00
Other equity instruments		–	–
Including: preference shares		–	–
perpetual bonds		–	–
Capital reserve	XVII.8	**10,766,818,357.69**	5,113,523,892.31
Less: treasury shares		–	–
Other comprehensive income		**-13,225,585.69**	-13,225,231.95
Including: Translation difference of the statements in foreign currency		**917,131.18**	917,484.92
Special reserve		**4,377,943.16**	4,439,943.32
Surplus reserve		**811,845,310.51**	811,845,310.51
Including: statutory reserve fund		**811,845,310.51**	811,845,310.51
discretionary reserve fund		–	–
Retained earnings	XVII.9	**1,863,304,156.05**	1,920,223,092.41
Total shareholders' equity		**20,833,924,056.72**	13,885,973,650.60
Total liabilities and shareholders' equity		**35,868,536,233.42**	25,531,977,712.67

The notes form an integral part of the financial statements.

Chapter 10
Consolidated Statement of Profit or Loss and Other Comprehensive Income

The period ended 30 June 2019

Unit: RMB

Item	Note	**Six months ended 30 June 2019**	Six months ended 30 June 2018
I. Total income from operations	IX.47	**37,720,583,082.13**	36,494,110,131.27
Including: Operating income	IX.47	**37,720,583,082.13**	36,494,110,131.27
II. Total costs of operation		**37,108,851,749.63**	35,491,787,041.82
Including: Operating costs	IX.47	**35,330,227,293.42**	33,554,405,591.50
Tax and surcharges	IX.48	**97,862,503.28**	96,705,558.34
Selling expenses	IX.49	**405,350,506.40**	453,275,026.81
Administrative expenses	IX.50	**1,144,189,453.58**	1,232,817,762.36
Research and development expenses	IX.51	**6,369,330.91**	1,936,606.04
Finance costs	IX.52	**124,852,662.04**	152,646,496.77
Including: interest expenses	IX.52	**285,154,240.86**	232,587,464.01
interest income	IX.52	**131,911,131.46**	106,959,931.36
net exchange income	IX.52	**27,303,864.61**	–
net exchange loss	IX.52	**–**	6,019,121.74
Add: Other income	IX.53	**493,041,415.84**	185,607,839.43
Investment income (loss denoted by "-")	IX.54	**625,647,215.09**	613,295,537.69
Including: share of result of associates and joint ventures	IX.54	**592,996,770.87**	607,586,967.88
income from derecognition of financial assets measured at amortised cost (loss denoted by "-")	IX.54	**-263,435.66**	-3,440,343.15
Gain from changes in fair value (loss denoted by "-")	IX.55	**–**	236,095,991.60
Impairment of assets (loss denoted by "-")	IX.56	**–**	-295,929.39
Credit loss impairment (loss denoted by "-")	IX.57	**-22,272,959.42**	-44,331,708.28
Income from assets disposal (loss denoted by "-")	IX.58	**64,070,728.81**	86,135,727.24
III. Operating profits (loss denoted by "-")		**1,772,217,732.82**	2,078,830,547.74
Add: non-operating income	IX.59	**54,307,782.62**	29,779,958.92
Including: government grants	IX.60	**12,485,688.08**	8,308,198.63
Less: non-operating expenses	IX.61	**9,124,743.65**	61,930,741.99
IV. Total profit (total loss denoted by "-")		**1,817,400,771.79**	2,046,679,764.67
Less: income tax expenses	IX.62	**234,358,439.67**	444,326,771.58
V. Net profit (net loss denoted by "-")		**1,583,042,332.12**	1,602,352,993.09
(I) Classified by the continuity of operation		**–**	–
1. Profit or loss from continuing operations (net loss denoted by "-")		**1,583,042,332.12**	1,602,352,993.09
2. Profit or loss from discontinued operations (net loss denoted by "-")		**–**	–
(II) Classified by attribution of the ownership		**–**	–
1. Profit or loss attributable to owners of the Company (net loss denoted by "-")		**1,517,484,875.36**	1,295,516,438.92
2. Profit or loss attributable to non-controlling interests (net loss denoted by "-")		**65,557,456.76**	306,836,554.17

The notes form an integral part of the financial statements.

Chapter 10
Consolidated Statement of Profit or Loss and Other Comprehensive Income
The period ended 30 June 2019

Unit: RMB

Item	Note	**Six months ended 30 June 2019**	Six months ended 30 June 2018
VI. Other comprehensive income, net of tax	IX.66	**1,606,646.75**	-279,319,477.26
Other comprehensive income attributable to owners of the Company, net of tax	IX.66	**-3,184,834.58**	-243,032,873.26
(I) Other comprehensive income not to be reclassified to profit or loss	IX.66	**46,350,772.21**	-56,309,419.85
1. Amount of change arising from re-measurement of the defined benefit plan		**–**	–
2. Other comprehensive income not to be reclassified into profit or loss under equity method		**–**	–
3. Changes in fair value of other equity instruments investments	IX.66	**46,350,772.21**	-56,309,419.85
4. Changes in fair value attributable to the changes in credit risk		**–**	–
5. Others		**–**	–
(II) Other comprehensive income to be reclassified to profit or loss	IX.66	**-49,535,606.79**	-186,723,453.41
1. Other comprehensive income to be reclassified to profit or loss under equity method	IX.66	**7,793,447.85**	-2,350,966.49
2. Changes in fair value of other debt investments		**–**	–
3. Reclassification of financial assets		**–**	–
4. Credit loss impairment of other debt investments		**–**	–
5. Cash flow hedge reserve (effective portion of gains or losses from cash flow hedges)		**–**	–
6. Translation differences of the financial statements in foreign currency	IX.66	**-57,329,054.64**	-184,372,486.92
7. Others		**–**	–
Other comprehensive income attributable to non-controlling interests, net of tax	IX.66	**4,791,481.33**	-36,286,604.00
VII. Total comprehensive income	IX.66	**1,584,648,978.87**	1,323,033,515.83
Total comprehensive income attributable to owners of the Company	IX.66	**1,514,300,040.78**	1,052,483,565.66
Total comprehensive income attributable to non-controlling interests	IX.66	**70,348,938.09**	270,549,950.17
VIII. Earnings per share:			
Basic earnings per share (RMB/share)		**0.21**	0.21
Diluted earnings per share (RMB/share)		**0.21**	0.21

The notes form an integral part of the financial statements.

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

The period ended 30 June 2019

Unit: RMB

Item	Note	**Six months ended 30 June 2019**	Six months ended 30 June 2018
I. Income from operations	XVII.10	**826,536,613.30**	1,041,502,689.86
Less: Operating cost	XVII.10	**653,973,419.87**	887,399,044.41
Tax and surcharges		**188,508.37**	-332,346.89
Selling expenses		**59,895,889.56**	61,765,435.87
Administrative expenses		**106,038,356.31**	124,714,074.62
Research and development expenses		**4,125,643.65**	1,814,821.13
Finance costs	XVII.11	**8,705,457.43**	14,986,904.73
Including: interest expenses	XVII.11	**141,876,998.00**	114,493,719.78
interest income	XVII.11	**131,061,252.84**	85,342,623.54
net exchange income	XVII.11	**3,825,013.64**	14,556,331.23
net exchange loss	XVII.11	**–**	–
Add: Other income		**–**	–
Investment income (loss denoted by "-")	XVII.12	**928,711,100.23**	1,323,425,812.48
Including: share of result of associates and joint ventures	XVII.12	**30,055,931.22**	31,020,168.10
income from derecognition of financial assets measured at amortised cost (loss denoted by "-")		**–**	–
Gain from changes in fair value (loss denoted by "-")		**–**	–
Impairment of assets (loss denoted by "-")		**–**	–
Credit loss impairment (loss denoted by "-")		**4,820,187.10**	-3,689,266.18
Income from assets disposal (loss denoted by "-")		**10,000.00**	280.00
II. Operating profits(loss denoted by "-")		**927,150,625.44**	1,270,891,582.29
Add: non-operating income		**1,707,510.88**	320,000.13
Including: government grants		**5,000.00**	–
Less: non-operating expenses		**515,859.95**	11,191.26
III. Total profit (total loss denoted by "-")		**928,342,276.37**	1,271,200,391.16
Less: income tax expenses		**153,600.00**	–
IV. Net profit (net loss denoted by "-")		**928,188,676.37**	1,271,200,391.16
Net profit from continuing operations (net loss denoted by "-")		**928,188,676.37**	1,271,200,391.16
Net profit from discontinued operations (net loss denoted by "-")		**–**	–
V. Other comprehensive income, net of tax		**-353.74**	162,355.84
(I) Other comprehensive income not to be reclassified to profit or loss		**–**	–
1. Amount of change arising from re-measurement of the defined benefit plan		**–**	–
2. Other comprehensive income not to be reclassified into profit or loss under equity method		**–**	–
3. Changes in fair value of other equity instruments investments		**–**	–
4. Changes in fair value of the enterprise's own credit risk		**–**	–
5. Others		**–**	–
(II) Other comprehensive income to be reclassified to profit or loss		**-353.74**	162,355.84
1. Other comprehensive income to be reclassified to profit or loss under equity method		**–**	–
2. Changes in fair value of other debt investments		**–**	–
3. Amount of financial assets to be reclassified into other comprehensive income		**–**	–
4. Expected credit loss for 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		**-353.74**	162,355.84
7. Others		**–**	–
VI. Total comprehensive income		**928,188,322.63**	1,271,362,747.00

The notes form an integral part of the financial statements.

Chapter 10
Consolidated Statement of Cash Flows

The period ended 30 June 2019

Unit: RMB

Item	Note	**Six months ended 30 June 2019**	Six months ended 30 June 2018
I. Cash flows from operating activities:			
Cash received from sales of goods and providing services		**36,622,618,858.29**	36,685,314,151.28
Tax rebate received		**1,771,297.86**	2,619,115.43
Cash received from other operating activities	IX.67	**606,626,246.66**	622,955,836.81
Sub-total of cash inflows from operating activities		**37,231,016,402.81**	37,310,889,103.52
Cash paid for goods and services		**32,824,929,664.02**	33,569,187,456.82
Cash paid to and on behalf of employees		**2,916,645,777.22**	3,041,179,540.04
Cash paid for taxes and levies		**793,696,973.45**	738,972,839.51
Cash paid for other operating activities	IX.67	**1,174,416,528.46**	1,023,142,383.38
Sub-total of cash outflows from operating activities		**37,709,688,943.15**	38,372,482,219.75
Net cash flows from operating activities	IX.67	**-478,672,540.34**	-1,061,593,116.23
II. Cash flows from investment activities			
Cash received from the disposal of investments		**10,843,782.83**	1,208,577,100.10
Cash received from investment income		**40,078,948.86**	86,983,597.71
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		**146,042,121.57**	254,407,358.32
Net cash received from disposal of subsidiaries and other entities			
Cash received from other investment activities	IX.67	**501,954,254.43**	19,650,952.25
Sub-total of cash inflows from investment activities		**698,919,107.69**	1,569,619,008.38
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**876,982,356.42**	1,217,252,972.47
Cash paid for investments		**18,137,829.66**	181,242,845.59
Net cash paid for acquisition of subsidiaries and other operating entities		**–**	–
Cash paid for other investment activities	IX.67	**9,385,006.11**	688,986,015.55
Sub-total of cash outflows from investment activities		**904,505,192.19**	2,087,481,833.61
Net cash flows from investment activities		**-205,586,084.50**	-517,862,825.23
III. Cash flows from financing activities:			
Cash received from capital contributions		**58,307,400.00**	37,692,446.57
Including: cash contribution to subsidiaries from minority shareholders' investment		**58,307,400.00**	37,692,446.57
Cash received from borrowings		**132,285,392.18**	5,459,654,448.95
Cash received from other financing activities	IX.67	**–**	
Sub-total of cash inflows from financing activities		**190,592,792.18**	5,497,346,895.52
Cash paid for repayment of debts		**2,309,901,422.03**	1,542,278,788.14
Cash paid for distribution of dividends or profits or settlement of interest	IX.67	**292,935,872.56**	426,326,391.22
Including: dividends and profits paid by subsidiaries to minority shareholders		**44,740,223.30**	66,310,773.38
Cash paid for other financing activities	IX.67	**1,029,742,982.56**	2,758,101,918.06
Sub-total of cash outflows from financing activities		**3,632,580,277.15**	4,726,707,097.42
Net cash flows from financing activities		**-3,441,987,484.97**	770,639,798.10
IV. Effects of changes in exchange rate on cash and cash equivalents		**-76,484,492.59**	-54,866,666.20
V. Net increase (decrease) in cash and cash equivalents		**-4,202,730,602.40**	-863,682,809.56
Add: balance of cash and cash equivalents at the beginning of the period		**15,317,824,974.56**	9,709,382,226.84
VI. Balance of cash and cash equivalents at the end of the period	IX.68	**11,115,094,372.16**	8,845,699,417.28

The notes form an integral part of the financial statements.

Chapter 10
Statement of Cash Flows of the Company

The period ended 30 June 2019

Unit: RMB

Item	Note	**Six months ended 30 June 2019**	Six months ended 30 June 2018
I. Cash flows from operating activities:			
Cash received from sales of goods and providing services		**731,388,092.90**	1,067,797,479.32
Tax rebate received		**–**	–
Cash received from other operating activities		**23,087,189.73**	50,164,555.92
Sub-total of cash inflow from operating activities		**754,475,282.63**	1,117,962,035.24
Cash paid for goods and services		**713,742,455.46**	876,089,322.23
Cash paid to and on behalf of employees		**113,373,863.60**	130,954,742.06
Cash paid for taxes and levies		**5,704,661.01**	10,704,314.14
Cash paid for other operating activities		**80,840,139.64**	15,801,875.25
Sub-total of cash outflows from operating activities		**913,661,119.71**	1,033,550,253.68
Net cash flows from operating activities	XVII.13	**-159,185,837.08**	84,411,781.56
II. Cash flows from investment activities			
Cash received from the disposal of investments		**–**	1,200,000,000.00
Cash received from investment income		**626,941,045.44**	662,508,299.90
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		**246,487.85**	186,349.58
Net cash received from disposal of subsidiaries and other operation entities		**–**	–
Cash received from other investment activities		**462,362,571.72**	1,061,513,442.44
Sub-total of cash inflows from investment activities		**1,089,550,105.01**	2,924,208,091.92
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**28,141,836.64**	9,600,219.53
Cash paid for investments		**100,000,000.00**	–
Net cash paid for acquisition of subsidiaries and other operating entities		**–**	–
Cash paid for other investment activities		**2,121,773,417.13**	2,648,087,825.36
Sub-total of cash outflows from investment activities		**2,249,915,253.77**	2,657,688,044.89
Net cash flows from investment activities		**-1,160,365,148.76**	266,520,047.03
III. Cash flows from financing activities:			
Cash received from capital contributions		**–**	7,650,000.00
Cash received from borrowings		**–**	500,000,000.00
Cash received from other financing activities		**3,511,980,495.71**	–
Sub-total of cash inflows from financing activities		**3,511,980,495.71**	507,650,000.00
Cash paid for repayment of debts		**–**	–
Cash paid for distribution of dividends or profits or settlement of interest		**132,277,569.76**	139,914,681.17
Cash paid for other financing activities		**1,039,770,862.31**	–
Sub-total of cash outflows from financing activities		**1,172,048,432.07**	139,914,681.17
Net cash flows from financing activities		**2,339,932,063.64**	367,735,318.83
IV. Effects of changes in exchange rate on cash and cash equivalents		**8,382,889.09**	-7,052,193.96
V. Net increase in cash and cash equivalents		**1,028,763,966.89**	711,614,953.46
Add: balance of cash and cash equivalents at the beginning of the period		**2,232,379,636.67**	326,727,167.08
VI. Balance of cash and cash equivalents at the end of the period		**3,261,143,603.56**	1,038,342,120.54

The notes form an integral part of the financial statements.

Chapter 10 Consolidated Statement of Changes in Equity

The period ended 30 June 2019

Unit: RMB

Item	Six months ended 30 June 2019 Equity attributable to owners of the Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
I. Closing balance of the prior period	6,049,166,644.00	-	-	-	4,124,486,665.68	-	-275,001,310.29	-327,135,927.64	41,536,205.81	811,845,310.51	12,484,368,855.91	23,236,402,371.62	4,617,038,534.14	27,853,440,905.76
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-67,948,139.86	-67,948,139.86	-13,083,943.14	-81,032,083.00
Correction of prior errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current period	6,049,166,644.00	-	-	-	4,124,486,665.68	-	-275,001,310.29	-327,135,927.64	41,536,205.81	811,845,310.51	12,416,420,716.05	23,168,454,231.76	4,603,954,591.00	27,772,408,822.76
III. Increases/decreases in current period (decreases denoted by "-")	1,351,637,231.00	-	-	-	1,929,894,110.48	-	-3,184,834.58	-57,329,054.64	8,295,572.79	-	555,380,371.61	3,842,022,451.30	-3,294,518,684.91	547,503,766.39
(I) Total comprehensive income	-	-	-	-	-	-	-3,184,834.58	-57,329,054.64	-	-	1,517,484,875.36	1,514,300,040.78	70,348,938.09	1,584,648,978.87
(II) Capital contributed and reduced by owners	1,351,637,231.00	-	-	-	1,929,894,110.48	-	-	-	-	-	-	3,281,531,341.48	-3,297,679,281.81	-16,147,940.33
1. Ordinary shares issued	1,351,637,231.00	-	-	-	2,038,565,420.42	-	-	-	-	-	-	3,390,202,651.42	-3,297,679,281.81	92,523,369.61
2. Capital invested by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payments included in shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-108,671,309.94	-	-	-	-	-	-	-108,671,309.94	-	-108,671,309.94
(III) Appropriation and use of special reserve	-	-	-	-	-	-	-	-	8,295,572.79	-	-	8,295,572.79	763,675.48	9,059,248.27
1. Appropriation of special reserve	-	-	-	-	-	-	-	-	22,913,983.74	-	-	22,913,983.74	1,332,086.41	24,246,070.15
2. Use of special reserve	-	-	-	-	-	-	-	-	-14,618,410.95	-	-	-14,618,410.95	-568,410.93	-15,186,821.88
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-	-962,104,503.75	-962,104,503.75	-67,952,016.67	-1,030,056,520.42
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Including: statutory reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
discretionary reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners	-	-	-	-	-	-	-	-	-	-	-962,104,503.75	-962,104,503.75	-67,952,016.67	-1,030,056,520.42
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Internal transfers of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital transferred from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital transferred from surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Transfer of changes in defined benefit plans into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of current period	7,400,803,875.00	-	-	-	6,054,380,776.16	-	-278,186,144.87	-384,464,982.28	49,831,778.60	811,845,310.51	12,971,801,087.66	27,010,476,683.06	1,309,435,906.09	28,319,912,589.15

The notes form an integral part of the financial statements.

Chapter 10 Consolidated Statement of Changes in Equity

The period ended 30 June 2019

Unit: RMB

Items	Six months ended 30 June 2018													
	Equity attributable to owners of the Company													
		Other equity instruments												
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
I. Closing balance of the prior period	6,049,166,644.00	-	-	-	3,993,586,673.99	-	277,450,293.21	-198,004,401.92	33,687,174.45	699,577,957.51	10,376,503,880.96	21,429,972,624.12	4,405,087,779.70	25,835,060,403.82
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current period	6,049,166,644.00	-	-	-	3,993,586,673.99	-	277,450,293.21	-198,004,401.92	33,687,174.45	699,577,957.51	10,376,503,880.96	21,429,972,624.12	4,405,087,779.70	25,835,060,403.82
III. Increases/decreases in current period (decreases denoted by "-")	-	-	-	-	2,916,148.50	-	-243,032,873.26	-184,372,486.92	961,977.21	-	811,542,361.95	572,387,614.40	6,711,349.72	579,098,964.12
(I) Total comprehensive income	-	-	-	-	-	-	-243,032,873.26	-184,372,486.92	-	-	1,295,516,438.92	1,052,483,565.66	270,549,950.17	1,323,033,515.83
(II) Capital contributed and reduced by owners	-	-	-	-	2,916,148.50	-	-	-	-	-	-	2,916,148.50	34,815,445.64	37,731,594.14
1. Ordinary shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payments included in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	2,916,148.50	-	-	-	-	-	-	2,916,148.50	34,815,445.64	37,731,594.14
(III) Appropriation and use of specific reserve	-	-	-	-	-	-	-	-	961,977.21	-	-	961,977.21	-	961,977.21
1. Appropriation of specific reserve	-	-	-	-	-	-	-	-	19,569,531.03	-	-	19,569,531.03	-	19,569,531.03
2. Use of specific reserve	-	-	-	-	-	-	-	-	-18,607,553.82	-	-	-18,607,553.82	-	-18,607,553.82
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-	-483,974,076.97	-483,974,076.97	-298,654,046.09	-782,628,123.06
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Including: statutory reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
discretionary reserve fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners	-	-	-	-	-	-	-	-	-	-	-483,933,331.52	-483,933,331.52	-298,614,898.48	-782,548,230.00
(V) Internal transfers of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-40,745.45	-40,745.45	-39,147.61	-79,893.06
1. Capital transferred from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital transferred from surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Transfer of changes in defined benefit plans into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of current period	6,049,166,644.00	-	-	-	3,996,502,822.49	-	34,417,419.95	-382,376,888.84	34,649,151.66	699,577,957.51	11,188,046,242.91	22,002,360,238.52	4,411,799,129.42	26,414,159,367.94

The notes form an integral part of the financial statements.

Chapter 10 Statement of Changes in Equity of the Company

The period ended 30 June 2019

Unit: RMB

Items	Six months ended 30 June 2019											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained earnings	Sub-total
I. Closing balance of the prior period	6,049,166,644.00	-	-	-	5,113,523,892.31	-	-13,225,231.95	917,484.92	4,439,943.32	811,845,310.51	1,920,223,092.41	13,885,973,650.60
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-23,003,108.98	-23,003,108.98
Correction of prior errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current period	6,049,166,644.00	-	-	-	5,113,523,892.31	-	-13,225,231.95	917,484.92	4,439,943.32	811,845,310.51	1,897,219,983.43	13,862,970,541.62
III. Increases/decreases in current period (decreases denoted by "-")	1,351,637,231.00	-	-	-	5,653,294,465.38	-	-353.74	-353.74	-62,000.16	-	-33,915,827.38	6,970,953,515.10
(I) Total comprehensive income	-	-	-	-	-	-	-353.74	-353.74	-	-	928,188,676.37	928,188,322.63
(II) Capital contributed and reduced by owners	1,351,637,231.00	-	-	-	5,653,294,465.38	-	-	-	-	-	-	7,004,931,696.38
1. Ordinary shares issued	1,351,637,231.00	-	-	-	5,730,941,859.44	-	-	-	-	-	-	7,082,579,090.44
2. Capital invested by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payments included in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-77,647,394.06	-	-	-	-	-	-	-77,647,394.06
(III) Appropriation and use of specific reserve	-	-	-	-	-	-	-	-	-62,000.16	-	-	-62,000.16
1. Appropriation of specific reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Use of specific reserve	-	-	-	-	-	-	-	-	-62,000.16	-	-	-62,000.16
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-	-962,104,503.75	-962,104,503.75
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
Including: statutory reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
discretionary reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk provision	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners	-	-	-	-	-	-	-	-	-	-	-962,104,503.75	-962,104,503.75
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Internal transfers of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital transferred from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital transferred from surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Transfer of changes in defined benefit plans into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of current period	7,400,803,875.00	-	-	-	10,766,818,357.69	-	-13,225,585.69	917,131.18	4,377,943.16	811,845,310.51	1,863,304,156.05	20,833,924,056.72

The notes form an integral part of the financial statements.

Chapter 10 Statement of Changes in Equity of the Company

The period ended 30 June 2019

Unit: RMB

Items	Six months ended 30 June 2018											
		Other equity instruments										
	Share capital	Preference shares	Perpetual bonds	Others	Capital reserve	Less: treasury shares	Other comprehensive income	Including: translation difference of the statements in foreign currency	Special reserve	Surplus reserve	Retained earnings	Sub-total
I. Closing balance of the prior period	6,049,166,644.00	-	-	-	5,113,523,892.31	-	-13,870,645.17	272,071.70	4,530,380.51	699,577,957.51	1,393,750,246.98	13,246,678,476.14
Add: changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Correction of prior errors	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current period	6,049,166,644.00	-	-	-	5,113,523,892.31	-	-13,870,645.17	272,071.70	4,530,380.51	699,577,957.51	1,393,750,246.98	13,246,678,476.14
III. Increases/decreases in current period (decreases denoted by "-")	-	-	-	-	-	-	162,355.84	162,355.84	-33,481.07	-	787,267,059.64	787,395,934.41
(I) Total comprehensive income	-	-	-	-	-	-	162,355.84	162,355.84	-	-	1,271,200,391.16	1,271,362,747.00
(II) Capital contributed and reduced by owners	-	-	-	-	-	-	-	-	-	-	-	-
1. Ordinary shares issued	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital invested by holders of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-
3. Amount of share-based payments included in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(III) Appropriation and use of Specific reserve	-	-	-	-	-	-	-	-	-33,481.07	-	-	-33,481.07
1. Appropriation of Specific reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Use of Specific reserve	-	-	-	-	-	-	-	-	-33,481.07	-	-	-33,481.07
(IV) Profit distribution	-	-	-	-	-	-	-	-	-	-	-483,933,331.52	-483,933,331.52
1. Appropriation of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
Including: statutory reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
discretionary reserve fund	-	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk provision	-	-	-	-	-	-	-	-	-	-	-	-
3. Distribution to owners	-	-	-	-	-	-	-	-	-	-	-483,933,331.52	-483,933,331.52
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Internal transfers of shareholders' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital transferred from capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital transferred from surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Recovery of losses by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Transfer of changes in defined benefit plans into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at the end of current period	6,049,166,644.00	-	-	-	5,113,523,892.31	-	-13,708,289.33	434,427.54	4,496,899.44	699,577,957.51	2,181,017,306.62	14,034,074,410.55

The notes form an integral part of the financial statements.

Chapter 10
Notes to the Financial Statements

For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is 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 stock has increased from 2,624,087,200 shares to 4,249,002,200 shares, including 2,461,596,200 domestic shares and 1,787,406,000 H-shares held by China Foreign Transportation Group Company, accounting for 57.9% and 42.1% of the issued stock respectively.

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

On 11 June 2004, according to the resolution passed by the board of directors and the shareholders' meeting of the Company, approved by the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as "SASAC") of Approval on Issues Relevant to the Private Issuance of H-share Stocks by Sinotrans Limited (State-owned Assets Right [2014] No.441) and on 9 July 2014, CSRC approved the Approval on Additional Issuance of Overseas Listed Foreign Shares by Sinotrans Limited (Securities Regulatory License [2014] No.688), the Company allocated 357,481,000 H-shares to its partners, with a par value of RMB1 per share, accounting for 8.41% of the issued stock, the Company's issued stock has increased from 4,249,002,200 shares to 4,606,483,200 shares. Hereby, the registered capital of the Company is changed to RMB4,606,483,200.

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

Chapter 10
Notes to the Financial Statements

For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is RMB)

I. GENERAL INFORMATION OF THE COMPANY (CONTINUED)

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

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

The Company belongs to the logistics and transport industry, specifically involving non-vessel transport business (valid until 9 March 2024); ordinary freight; international express (except for the franchise business of postal enterprises) (valid until 20 June 2020); domestic waterway transport shipping agency and passenger cargo transport agency business; undertake the international transportation agency business of marine, land, air import and export goods, international exhibits, private goods and transit goods, etc.. Registered address of the Company: A43, Xizhimen Beidajie, Haidian District, Beijing. Legal representative: GuanPeng Li.

The main business of the Company and its subsidiary (hereinafter referred to as "the Group") includes freight forwarding, logistics, storage and terminal services and other services. The Group's main business is located in China.

For details of the scope of consolidated financial statements, please refer to the note "VIII. Enterprise Consolidation and Consolidated Financial Statements".

Chapter 10
Notes to the Financial Statements

For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is RMB)

II. BASIS FOR THE PREPARATION

The Group has assessed its ability to continue as a going concern for the next 12 months from the end of the reporting period and has not identified any event or circumstances that may cast a significant doubt over its ability to continue as a going concern. The Group's 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 Stock Exchange of Hong Kong Limited (the "Listing Rules") and based on the accounting policies and accounting estimates as described in the note "IV. Significant Accounting Policies, Accounting Estimates"

III. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company for the period ended 30 June 2019 are prepared in compliance with Accounting Standards for Business Enterprises, and truly and completely present the consolidated and the Group's financial position as at 30 June 2019 and their financial performance, cash flows and other information for the period then ended.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OF THE COMPANY

1. Fiscal year

The Group adopts a calendar year, being the period from 1 January to 31 December of each year, as its fiscal year.

2. Functional currency

Renminbi is the currency in the main economic environment where the Company and its domestic subsidiaries operate. The Company and its domestic subsidiaries take Renminbi as the functional currency. 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 Group 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.

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

3. Accounting basis and measurement (continued)

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

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

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

- The Level I input value is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market.

- The Level II input value is the direct or indirect observable input value of related assets or liabilities other than the Level I input value.

- The Level III input value is the unobservable input value of related assets or liabilities.

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 obtained in the business combination are recognised at their carrying amounts at the date of merger as recorded by the party being combined. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) is adjusted to capital reserves (capital premium). If the capital premium is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss when incurred by the combining party.

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

4. Business combination (continued)

4.2 Business combination not involving entities under common control

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

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

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

5. Goodwill

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

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

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

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

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

6. Consolidated financial statements

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

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

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

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

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

The significant accounting policies and accounting periods adopted by the subsidiaries shall be determined in accordance with the accounting policies and accounting periods uniformly stipulated by the Company.

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.

The share of the subsidiary's equity interest that does not belong to the Company shall be treated as non-controlling interests and shall be listed as "non-controlling interests" under the owners' equity item in the consolidated statement of financial position. The share of the current net profit and loss of a subsidiary belonging to non-controlling interests shall be listed under the item of "Profit or loss attributable to non-controlling interests" under the item of net profit in the consolidated statement of profit or loss and other comprehensive income. The shares of non-controlling interests in the current comprehensive income of a subsidiary shall be listed under the item of "Total Comprehensive Income attributable to non-controlling interests" under the item of total comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

Chapter 10
Notes to the Financial Statements
For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is RMB)

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

6. Consolidated financial statements (continued)

The loss of the subsidiary shared by the non-controlling interests exceeds the share of the non-controlling interests in the initial owner's equity of the subsidiary, and the balance still offset the shareholder's equity.

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

When a business combination is achieved in stages and not involving entities under common control, it is further determined if it is a "package deal" or not a "package deal": if it belongs to a "package deal", accounting for it shall be treated as a transaction in which control is acquired. If it does not belong to a "package deal", accounting for it shall be treated the acquisition of control on the purchase date, the equity of the acquiree held before the purchase date shall be re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the net book value shall be recorded into the profit or loss of the current period; where the purchase of the acquirer's equity held prior to the date of purchase involves other comprehensive income and other changes in owners' equity under equity method, it shall be recognised as profit or loss of the current period on the purchase date.

When the Group loses control of a subsidiary due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of losing the right of control. The difference between (1) the aggregate of the consideration received on disposal and the fair value of any retained interest and (2) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest shall be included in the investment income of the period when control is lost and the goodwill shall be written off at the same time. Other comprehensive income related to the equity investment of the former subsidiary shall be converted into current investment income when the control is lost.

Where the transactions of disposal of equity investment in a subsidiary until control is lost constitute a basket of transactions, the Company accounts for the transactions as a transaction of disposal of a subsidiary until control is lost, each disposal price and the accounting policy/accounting period adopted by the subsidiary are inconsistent with the Company before loss of control, when preparing consolidated financial statements, the Group followed the Company's accounting policy/accounting period to prepare the necessary adjustment of the financial statements of the subsidiary.

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

7. Joint venture arrangement

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

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

Joint venture arrangement is classified into joint operation and joint venture. A joint operation means an arrangement whereby the parties to the joint venture enjoy the relevant assets of the arrangement and bear the relevant liabilities of the arrangement. A joint venture is an arrangement in which the parties to the joint venture have rights only to the net assets of the said 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, strong liquidity, easy to be converted into cash with known amount and little risk of value change.

9. Financial instruments

When the Group becomes a party to a financial instrument, it shall recognise a financial asset or financial liability. Financial assets and financial liabilities are measured at fair value at the time of initial recognition. For financial assets and liabilities measured at fair value through profit or loss, relevant transaction costs are directly included in current profits and losses. For other categories of financial assets and financial liabilities, the relevant transaction costs shall be included in the initial recognition amount. When the Group in accordance with the *Accounting Standards for Business Enterprises No. 14 – Revenue* ("New Revenue Standard") considered that there is no significant financing component of accounts receivable or do not consider the financing component of the contract not more than one year, the initial recognition of accounts receivable is in accordance with the definition of revenue standards for the initial measurement of the transaction price.

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.

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

9. Financial instruments (continued)

9.1 Classification and Measurement of Financial Assets (continued)

9.1.1 Financial Assets Measured at Amortised Cost

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortised cost.

The above financial assets are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in profit or loss in the current period.

9.1.1.1 Effective Interest Rate Method and Amortised Cost

The effective interest rate method refers to the method of calculating the amortised cost of financial assets or financial liabilities and counting interest income or interest expense apportionment into each accounting period.

The effective interest rate refers to the interest rate used to discount the estimated future cash flow of the financial asset or financial liability in the expected duration into the carrying amount of the financial asset or the amortised cost of the financial liability. In determining the effective interest rate, the expected cash flow is estimated on the basis of all contract terms of the financial asset or financial liability (such as prepayment, rollover, call option or other similar options, etc.) without taking into account the expected credit loss.

The amortised cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognised net of principal repaid, plus or less the cumulative amortised amount arising from amortisation of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative credit loss allowance (only applicable to financial assets).

The Group recognises interest income according to the effective interest rate method for financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income. Except in the following cases, the Group shall calculate and determine the interest income based on the carrying amount of financial assets multiplied by the effective interest rate:

- For the purchased or internally generated credit-impaired financial assets, the Group recognises interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.

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

9. Financial instruments (continued)

9.1 Classification and Measurement of Financial Assets (continued)

9.1.1 Financial Assets Measured at Amortised Cost (continued)

9.1.1.1 Effective Interest Rate Method and Amortised Cost (continued)

- For the purchased or internally generated financial assets without credit impairment but subsequently becoming credit-impaired, the Group subsequently recognises their interest income based on amortised costs and effective interest rate of such financial assets. If there exists no credit impairment due to improvement in credit risk of the financial instruments subsequently, the Group recognises interest income based on applying effective interest rate to gross carrying amount of the financial assets.

9.1.2 Financial Assets Measured at Fair Value through Other Comprehensive Income

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling. Financial assets that meet the above conditions are subsequently measured at fair value through other comprehensive income.

Relevant loss/gain on impairment and interest income of financial assets measured at fair value through other comprehensive income based on effective interest rate are recognised in profit or loss of the current period. Except for the above circumstances, changes in fair value of such financial assets are all recognised in other comprehensive income. Upon derecognition of the financial assets, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in profit or loss of the current period.

9.1.3 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets measured at fair value through profit or loss include financial assets classified as measured at fair value and the changes are included in profit or loss of the current period and financial assets designated as measured at fair value through profit or loss.

- Any financial assets that does not qualify for amortised cost measurement or measurement at fair value through other comprehensive income or designated at fair value through other comprehensive income are classified into financial assets measured at fair value through profit or loss.

- At the time of initial recognition, in order to eliminate or significantly reduce accounting mismatch, the Group may irrevocably designate financial assets as financial assets measured at fair value through profit or loss of the current period.

In addition to the financial assets that are part of the hedging relationship, the fair value shall be used for subsequent measurement of such financial assets, and the gains or losses resulting from the changes in the fair value and the dividends and interest income related to such financial assets shall be recorded into profit or loss of the current period.

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

9. Financial instruments (continued)

9.1 Classification and Measurement of Financial Assets (continued)

9.1.4 Financial Assets Designated as at Fair Value through Other Comprehensive Income

Upon initial recognition, the Group may, on the basis of individual financial assets, irrevocably designate non-tradable equity instruments as financial assets measured at fair value and other comprehensive income. Financial assets acquired or recognised through business combination not under common control are classified as financial assets measured at fair value through profit or loss, and are not designated as financial assets measured at fair value through other comprehensive income.

The fair value changes of such financial asset is recognised in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period for which the Group holds the investments in equity instruments, dividend income is recognised in profit or loss of the period when the Group has right to collect dividend, the economic benefits associated with dividend will probably flow into the Group and the amount of dividend can be reliably measured.

9.2 Impairment of Financial Instruments

The Group undertakes to recognise loss provision on the basis of expected credit losses for the classification includes financial instruments measured at amortised cost, financial instruments measured at fair value through other comprehensive income, leasing receivables, contract assets, accounts receivable and loans commitments.

The Group measures loss provision in terms of the amount equivalent to the expected credit loss over the full lifetime for the contract assets and accounts receivable formed by transactions regulated by New Revenue Standard that do not contain significant financing elements or do not consider financing elements in contracts that do not exceed one year, contract assets and accounts receivable, leasing receivables with significant financing components formed by transaction regulated by New Revenue Standard.

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 during the full lifetime; If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Group shall measure its loss provision at an amount equivalent to the expected credit loss of the financial instruments within the next 12 months. Except for financial assets measured at fair value through other comprehensive income, the increased or retracted amount of credit loss provision shall be recorded in profit or loss of the period as impairment loss or gain. For financial assets classified as fair value through other comprehensive income, the Group shall recognise its credit loss provision in other comprehensive income, and record impairment loss or gain into profit or loss of current period, without reducing the carrying amount of the financial assets listed in the statement of financial position.

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

9. Financial instruments (continued)

9.2 Impairment of Financial Instruments (continued)

The Group measured loss provisions at the full lifetime expected credit loss of the financial instruments in the prior accounting period. However, at the end of the reporting period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss provisions for the financial instrument at 12-month expected credit loss at the end of the reporting period for the current period. Relevant reversal of loss provisions is included in profit or loss for the current period as gain on impairment.

9.2.1 Significant Increase in Credit Risk

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

The Group will take the following factors into consideration when evaluating whether the credit risk is significantly increased:

(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;

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

9. Financial instruments (continued)

9.2 Impairment of Financial Instruments (continued)

9.2.1 Significant Increase in Credit Risk (continued)

(8) Whether the credit risk of other financial instruments issued by the same debtor increases significantly;

(9) Whether there has been a significant adverse change in the regulatory, economic or technological environment of the debtor;

(10) Whether there has been a significant change in the value of the collateral or in the quality of the collateral or credit enhancement provided by a third party as collateral for a debt. These changes are expected to reduce the debtor's financial incentive to repay the debt within the time limit specified in the contract or affect the probability of default;

(11) Whether there is a significant change in the borrower's economic motivation to repay the loan within the agreed term;

(12) Anticipated changes to the loan contract, including whether the anticipated breach of contract may result in the release or amendment of contractual obligations, the granting of interest-free periods, the jump in interest rates, the demand for additional collateral or collateral, or other changes to the contractual framework of the financial instrument;

(13) Whether the expected performance and repayment behavior of the debtor change significantly;

(14) Whether the Group has changed the credit management method of financial instruments;

(15) Whether the contract payment is overdue.

At the end of the reporting period, the Group assumes that credit risk of the financial instrument has not increased significantly since initial recognition when the Group determines that the financial instrument is only exposed to low credit risk.

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

9. Financial instruments (continued)

9.2 Impairment of Financial Instruments (continued)

9.2.2 Credit-impaired Financial Assets

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

(1) The issuer or debtor has major financial difficulties;

(2) Breach of contract by the debtor, such as breach or delay in payment of interest or principal;

(3) The creditor gives the debtor concessions that would not be made under any other circumstances for economic or contractual reasons in connection with the debtor's financial difficulties;

(4) The debtor is likely to go bankrupt or undergo other financial restructuring;

(5) The financial difficulties of the issuer or debtor result in the disappearance of the active market of the financial asset;

(6) Purchase or originate a financial asset at a substantial discount that reflects a credit loss.

9.2.3 Determination of Expected Credit Losses

In addition to the financial assets measured by fair value through profit or loss, the Group shall make provision for the loss of financial assets on the basis of expected credit losses. Expected credit losses are the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit losses refers to the difference between the cash flow of all contracts discounted according to the original effective interest rate and the expected cash flow of all contracts receivable according to the contract, that is, the present value of all cash shortages.

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

9. Financial instruments (continued)

9.2 Impairment of Financial Instruments (continued)

9.2.3 Determination of Expected Credit Losses (continued)

Accounts Receivable

The Group adopts a simplified method to recognise the lifetime expected credit losses at the initial recognition of accounts receivable. According to the customer's credit rating, business scale, historical payment collection and bad debt loss, the Group estimates the expected credit losses in the following two ways:

(1) For accounts receivable involving large amount, long-term cooperative relationship or abnormal situation of cooperative relationship, the Group does not consider the provision matrix, but confirms the loss provision according to the full lifetime expected credit losses at the initial recognition, according to the specific credit risk characteristics of accounts receivable, such as customer credit rating, industry and business characteristics, historical repayments and bad debt losses, etc. At the end of each reporting period, the Group reassesses the changes of expected credit loss of accounts receivable in the remaining lifetime to adjust the loss provision.

(2) For other accounts receivable which do not belong to the above situation, the Group divides financial instruments into different groups based on the characteristics of common credit risk, and uses provision matrix to determine the credit losses of relevant financial instruments on the basis of combination. The common credit risk features adopted by the Group include credit risk rating, initial recognition date, remaining contract duration, the industry in which the debtor is located, the type of collateral and the value of collateral relative to financial assets.

On the basis of combination, the Group determines the provision matrix of default rate for historical observation during the expected duration of accounts receivable, and make adjustments to forward looking estimates. On each reporting date, the Group updates its historical observations of default rates and analyses changes in forward-looking estimates. If the provision matrix needs to be adjusted, the provision matrix shall be adjusted according to the changes and loss provisions shall be made.

Contract Assets

For the contract assets, the Group adopts the simplified method permitted by the Accounting Standards for Business Enterprises to confirm the lifetime expected credit losses of the contract assets at the initial recognition. The provision matrix is determined based on the historical observed default rate of contract assets with similar credit risk characteristics during the expected duration, and is adjusted for forward looking estimation. The Group updates historical default rates on each reporting date and analyses changes in forward-looking estimates.

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

9. Financial instruments (continued)

9.2 Impairment of Financial Instruments (continued)

9.2.3 Determination of Expected Credit Losses (continued)

Leasing Receivables

For the leasing receivables, the Group's provision matrix adopts the simplified method permitted by the Accounting Standards for Business Enterprises, and uses the simple model matrix to recognise the full lifetime expected credit loss of the leasing receivables when the initial recognition of the leasing receivables is made. The calculation method is the default probability * default loss rate * default risk exposure.

Other Receivables

Other receivables recognise credit losses at the time of initial recognition. If the credit risk of other receivables has not increased significantly since the initial recognition, the Group shall measure its loss provision according to the amount equivalent to the expected credit loss of other receivables in the next 12 months, and the resulting increase or reversal amount of loss provision shall be included in the current profit and loss as impairment loss or gain.

If the credit risk of other receivables 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 other receivables in the full lifetime. The resulting increase or reversal of loss provision shall be recorded as impairment loss or gain in the current profit and loss. The term of "expected credit loss in the next 12 months", refers to the expected credit loss caused by the possible default event within 12 months after the end of the reporting period (if the expected lifetime of other receivables is less than 12 months, it is the expected duration), and it is a part of the expected credit loss in the full lifetime.

Other Financial Assets

For other financial assets measured at amortised cost, measured at fair value through other comprehensive income, as well as financial guarantee contracts, the Group has carried out expected credit loss assessment based on forward-looking information. The Group confirms the relevant loss provision on each reporting date, and the impairment method adopted is dependent on whether the credit risk has increased significantly since the initial recognition. If the credit risk has not increased significantly since the initial confirmation, the Group shall measure its loss provision according to the amount of the expected credit loss in the next 12 months; if the credit risk increases significantly after the initial recognition, the impairment shall be recognised according to the pre-credit loss of the full lifetime.

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

9. Financial instruments (continued)

9.2 Impairment of Financial Instruments (continued)

9.2.3 Determination of Expected Credit Losses (continued)

Other Financial Assets (continued)

The Group determines the expected credit loss of the relevant financial instruments according to the following methods:

- For financial assets, the credit loss shall be the present value of the difference between the contractual cash flow to be collected by the Group and the expected cash flow to be collected.

- For leasing 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 the unwithdrawn loan commitment, the credit loss shall be the present value of the difference between the contract cash flow to be collected by the Group and the expected cash flow to be collected if the loan commitment holder draws the corresponding loan. The Group's estimate of the expected credit loss of the loan commitment is consistent with its expectation of the withdrawal of the loan commitment.

- For financial assets that are credit-impaired at the end of the reporting period but is not purchased or originated, the credit loss is the difference between the carrying balance of the financial asset and the present value of the estimated future cash flow discounted at the original real interest rate.

Factors reflected by the Group's approach to measuring expected credit losses on financial instruments include: 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 Reduction in Financial Assets

The Group directly reduces the gross carrying amount of financial assets when ceasing to reasonably expect that the contractual cash flow of such financial assets may be fully or partially recoverable. Such reduction comprises derecognition of relevant financial assets..

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

9. Financial instruments (continued)

9.3 Transfer of Financial Assets

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

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

- If the transferred financial assets are measured at amortised cost, the carrying amount of the related liabilities is equal to the carrying amount of the continued involvement in the transferred financial assets less the amortised cost of the rights retained by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the amortised cost of the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). Relevant liabilities are not designated as financial liabilities which are measured at fair value and whose changes are included in current profits and losses.

- If the transferred financial assets are measured at fair value, the carrying amount of the related liabilities is equal to the carrying amount of the continued involvement in the transferred financial assets minus the rights reserved by the Group (if the Group retains the relevant rights due to the transfer of financial assets) and the fair value of the obligations undertaken by the Group (if the Group assumes the relevant obligations due to the transfer of financial assets). The fair value of the right and obligation shall be the fair value measured on an independent basis.

The overall transfer of financial assets meets the conditions for derecognition, for the classification of financial assets measured at amortised cost and the classification of financial assets measured at fair value through other comprehensive income, the difference between the carrying amount of the transferred financial assets and the amounts 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 to retained earnings.

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

9. Financial instruments (continued)

9.3 Transfer of Financial Assets (continued)

If the partial transfer of financial assets meets the conditions for derecognition, the total carrying amount of the financial assets before the transfer shall be apportioned 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 balance 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 and the carrying amount of the part of the derecognition on the date of derecognition shall be recorded into the current profit and loss or retained earnings.

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

9.4 Classification and Measurement of Financial Liabilities

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.

Financial liabilities at the time of initial recognition are divided into financial liabilities and other financial liabilities measured at fair value through profit or loss.

9.4.1 Financial Liabilities Measured at Fair Value through Profit or Loss

Financial liabilities measured at fair value, including held-for-trading financial liabilities (including derivatives belonging to financial liabilities) and financial liabilities designated at fair value through profit or loss.

At the time of initial recognition, financial liabilities that meet one of the following conditions can be irrevocably designated as financial liabilities measured at fair value through profit or loss: (1) The designation may eliminate or significantly reduce the inconsistency in recognition and measurement of the relevant gains or losses arising from the difference in the measurement basis of the financial liability; (2) Manage and evaluate the financial liability combinations or financial asset and financial liability combinations on the basis of fair value according to the enterprise risk management or investment strategy stated in the formal written document, and report to the key management personnel on this basis within the Group; (3) A qualified hybrid tool that contains embedded derivatives.

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

9. Financial instruments (continued)

9.4 Classification and Measurement of Financial Liabilities (continued)

9.4.1 Financial Liabilities Measured at Fair Value through Profit or Loss (continued)

Held-for-trading financial liabilities are subsequently measured at fair value. The gains or losses resulting from changes in fair value and dividends or interest expenditures related to such financial liabilities are recorded in current profits and losses.

Financial liabilities designated as financial liabilities measured at fair value through profit or loss shall be included in other comprehensive income due to changes in the fair value of the liabilities caused by changes in the Group's own credit risk, and when the liabilities are terminated, the cumulative changes in their fair value caused by changes in their own credit risk of other comprehensive income shall be transferred to retained earnings. The profits or losses resulting from the changes in the remaining fair value and the dividends or interest expenditures related to such financial liabilities are included in the current profits and losses. If the above-mentioned way of dealing with the impact of the changes in the credit risk of such financial liabilities will result in or expand the accounting mismatch in profits and losses, the Group shall include all the gains or losses of such financial liabilities (including the amount of the impact of the changes in the credit risk of the enterprise itself) into the profits and losses of the current period.

Where a financial liability is formed as a result of business combination not under common control and recognised by the Group as the purchaser, the financial liability shall be recognised as measured at fair value through profit or loss by the Group.

9.4.2 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 involvement in the financial liabilities formed by the transferred financial assets, shall be classified as financial liabilities measured as at amortised costs, and shall be subsequently measured as at amortised costs. The profits or losses generated by derecognition or amortisation shall be recorded into profit or loss of current period. Amortised costs are set out in Notes IV. 9.1.1.1.

The Group and the counterparty modify or renegotiate the contract which has not resulted in derecognition of the financial liabilities measured subsequently at amortised cost, but resulted in changes in contract cash flow, the Group recalculates the carrying amount of the financial liability and records the relevant gains or losses into the current profits and losses. The carrying amount of the financial liability recalculated is determined by the Group based on the contract cash flow that will be renegotiated or modified at the present value discounted from the original effective interest rate of the financial liability. For all costs or expenses arising from the modification or renegotiation of the contract, the Group adjusts the carrying amount of the modified financial liabilities and amortises them over the remaining term of the modified financial liabilities.

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

9. Financial instruments (continued)

9.5 Derecognition of Financial Liabilities

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

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

9.6 Equity Instruments

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

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

9.7 Derivative Instruments and Embedded Derivative Instruments

Derivative financial instruments include forward foreign exchange contracts, currency exchange rate swap contracts, interest rate swap contracts and foreign exchange options contracts, etc. Derivative instruments are initially measured at fair value on the signing date of relevant contracts, and are subsequently measured at fair value. Except for the derivatives designated as hedging instruments and highly effective hedging instruments, the gains or losses caused by the changes in their fair value will be included in the profit and loss period according to the nature of the hedging relationship and the requirements of the hedge accounting, and the changes in the fair value of other derivatives will be recorded in profit or loss in current period.

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 on the classification of financial assets as a whole to the mixed contracts.

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

9. Financial instruments (continued)

9.7 Derivative Instruments and Embedded Derivative Instruments (continued)

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

(1) The embedded derivative instruments are not closely related to the main contract in terms of economic characteristics and risks;

(2) The separate instruments with the same terms as the embedded derivative instruments comply with the definition of derivative instruments;

(3) The mixed contracts are not measured at fair value through profit or loss.

Where the embedded derivative instruments are split from the mixed contracts, the Group shall account for the main contract of the mixed contracts in accordance with the applicable accounting standards. If the Group is unable to reliably measure the fair value of the embedded derivative instruments according to the terms and conditions of the embedded derivative instruments, the fair value of the embedded derivative instruments shall be determined according to the difference between the fair value of the mixed contracts and the fair value of the main contract. After using the above method, if the fair value of the embedded derivative instruments still cannot be measured separately on the acquisition date or subsequent to the end of the reporting period, the Group will designate the mixed contracts as financial instruments measured at fair value through profit or loss.

9.8 Convertible Bonds

The convertible bonds issued by the Group which contain liabilities and conversion options, shall be split upon initial recognition and respectively recognised. Specifically, conversion options for settlement of fixed amount of cash or other financial assets in exchange for fixed amount of self-equity instruments is accounted for as equity.

At the time of the initial recognition, the fair value of the liability portion is determined at current market prices similar to those of non-convertible bonds. The difference between the overall issue price of convertible bonds and the fair value of the liabilities shall be taken as the value of the conversion options of the bondholders to convert the bonds into equity instruments and recorded in the capital reserve. (other capital reserve – share transfer rights).

In the subsequent measurement, the liabilities of convertible bonds are measured at amortised cost using the effective interest rate method. The value of the conversion option divided into equity continues to be retained in the equity. No loss or gain is incurred when a convertible bond expires or is converted.

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

9. Financial instruments (continued)

9.8 Convertible Bonds (continued)

The transaction costs incurred in issuing convertible bonds shall be apportioned between the liability component and the equity component according to their respective fair value. Transaction costs related to the equity component are directly recorded in the equity; Transaction costs related to the liability component are recorded in the carrying amount of the liability and amortised over the term of the convertible bonds using the effective interest rate method

9.9 Offset of Financial Assets and Financial Liabilities

When the Group has legal right to offset recognised financial assets and liabilities, and this legal right is the currently executable, at the same time, when the Group plans to settle or simultaneously realise the financial assets and liquidate the financial liabilities in the net amount, the financial assets and financial liabilities are shown in the consolidated statement of financial position with the amount offset by each other. In addition, financial assets and financial liabilities are shown separately in the statement of financial position and shall not be offset against each other.

10. Inventories

The Group's inventory mainly includes raw materials, turnover materials (packaging, low-priced consumables, etc.) and inventory goods. Inventory is initially measured at cost, the cost of inventory includes purchase cost, processing cost and other expenses incurred to bring the inventory to the current place and state.

The weighted average method is adopted to determine the actual cost of the inventory. The turnover materials are amortised by the one-off amortisation method.

At the end of the reporting period, inventory is measured at the lower of cost and net realisable value. When the net realisable value is lower than the cost, the Group withdraws the provisions for decline in value.

Net realisable value refers to the estimated price of the inventory minus the estimated cost to be incurred at the time of completion, the estimated cost of sale and the amount after relevant taxes in daily activities. In determining the net realisable value of inventories, based on the concrete evidence obtained, the Group takes into account the purpose of holding inventory and the impact of events after the end of the reporting period.

For inventories with large quantity and low unit price, provisions for decline in value are accounted according to the inventory category; for the inventories related to the product series produced and sold in the same region, which the same or similar end-use or purpose, and which are difficult to be measured separately from other items, the Group consolidates provisions for decline in value; Other provision for decline in value is withdrawn based on the difference between the cost of a single inventory item and its net realisable value.

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

10. Inventories (continued)

After withdrawal the provisions for decline in value, if the factors of the previous write-down of the inventory value have disappeared, and result in the net realisable value of the inventory is higher than its carrying amount, it shall be reversed within the amount of the original provisions for decline in value, and the amount reversed shall be recorded in the current profit and loss.

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

11. Long-term equity investment

11.1 Determine the Basis for Joint Control and Significant Influence on the Invested Entities

Control refers to the investor has the power over the investee, and enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power of the investee to influence the amount of returns. Joint control refers to the joint control over an arrangement according to relevant agreements, and the related activities of the arrangement can only be decided after the consensus of the parties sharing the control. Significant influence refers to the power to participate in the decision-making of the financial and operational policies of the investee, but cannot control or jointly control the formulation 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 Investment Cost

For the long-term equity investment acquired by business combination under common control, the initial investment cost of the long-term equity investment shall be the share of the owner's equity of the combined party in the carrying amount of the ultimate controlling party's consolidated financial statements on the consolidated date. The difference between (1) the initial investment cost of long-term equity investment (2) the cash paid (3) the non-cash assets transferred (4) the carrying amount of the debts undertaken shall be adjusted to capital reserve; If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted. For issuing equity securities as consideration, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the combining party on the date of combination in the consolidated financial statements of the ultimate controlling party. The aggregate face values of the shares are accounted for share capital. The difference between the initial investment cost and the aggregate face values of the shares issued is adjusted to capital reserve. If the capital reserve is insufficient to be written down, the retained earnings shall be adjusted.

As for the long-term equity investment acquired by the enterprise merger not under common control, the initial investment cost of the long-term equity investment shall be taken as the merger cost on the acquisition date.

Chapter 10
Notes to the Financial Statements

For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is RMB)

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

11. Long-term equity investment (continued)

11.2 Determination of Investment Cost (continued)

The intermediary fees such as auditing, legal services, evaluation and consultation and other related administrative expenses incurred by the combining party or the acquirer for business combination shall be recorded into the profits and losses of the current period when incurred.

The initial measurement of the long-term equity investment obtained by other means other than the long-term equity investment formed by the business combination shall be made accounted to the cost. For the additional investment can be significant influence on the invested units or the application of common control but does not constitute control, the cost of long-term equity investment is the sum of the fair value of the original equity investment plus the additional investment cost determined in accordance with the *Accounting Standards for Enterprises No. 22 – Recognition and Measurement of Financial Instruments*.

11.3 Subsequent Measurement and Profit or Loss Recognition Method

11.3.1 Long-term Equity Investment Calculated by Cost Method

The Company's financial statements adopt the cost method to calculate the long-term equity investment in subsidiaries. Subsidiaries refer to invested entities which can be controlled by the Group.

The long-term equity investment calculated by cost method is measured by the initial investment cost. Adding or recovering investment shall be adjusted to the cost of long-term equity investment. The current investment income is recognised according to the cash dividend or profit declared to be issued by the invested entity.

11.3.2 Long-term Equity Investment Calculated by 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 calculated by equity method. Associates refer to invested entity to which the Group can exert a significant influence, and joint venture is a joint venture arrangement in which the Group has only the right to the net assets of the arrangement.

When adopt equity method accounting, if the initial investment cost of long-term equity investment is greater than the fair value share of identifiable net assets of the invested entity, the initial investment cost of long-term equity investment shall not be adjusted; If the initial investment cost is less than the fair value share of the identifiable net assets of the invested entity, the difference shall be recorded into the current profits and losses, and the long-term equity investment cost shall be adjusted at the same time.

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

11. Long-term equity investment (continued)

11.3 Subsequent Measurement and Profit or Loss Recognition Method (continued)

11.3.2 Long-term Equity Investment Calculated by Equity Method (continued)

When adopt equity method accounting, the investment income and other comprehensive income shall be recognised respectively according to the share of net profit and loss and other comprehensive income realised by the invested entity, and the carrying amount of long-term equity investment shall be adjusted at the same time; the carrying amount of long-term equity investment shall be reduced accordingly by calculating the portion to be enjoyed according to the profit or cash dividend declared by the invested entity; The carrying amount of long-term equity investment shall be adjusted and included in the capital reserve for other changes in the owner's rights and interests of the invested entity except net profit or loss, other comprehensive income and profit distribution. When recognising the share of the net profit or loss of the invested entity, the net profit of the invested entity shall be adjusted and recognised on the basis of the fair value of the identifiable assets of the invested entity at the acquisition date. If the accounting policies and periods adopted by the invested entity are inconsistent with those of the Group, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and period of the Group. The investment income and other comprehensive income shall be recognised accordingly. For transactions between the Group and associates or joint ventures, the assets invested or sold do not constitute business, and the gains and losses of internal transactions are offset by the shareholding attributable to the Group. On this basis, the investment gains and losses are recognised. However, the unrealised internal transaction losses between the Group and the invested entity shall not be offset if they belong to the impairment losses of the transferred assets.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the invested entity is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, estimated liability is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the invested entity, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

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

11. Long-term equity investment (continued)

11.4 Long-term Equity Investment Disposal

At the time of the disposal of long-term equity investment, the difference between its carrying amount and the actual consideration obtained shall be recorded into the current profit and loss. For long-term equity investment calculated by equity method, the remaining equity after disposal is still accounted by equity method. Other comprehensive income recognised by equity method is accounted for on the same basis as the assets or liabilities directly disposed of by the invested entity, and the profits and losses of the current period are carried forward proportionally; Owner's equity recognised by changes in owners' equity of the investor other than net profits and losses, other comprehensive incomes and profit distribution. For long-term equity investments carried over to current profits and losses proportionally and accounted for by cost method, if the remaining equity is still accounted for by cost method after disposal, the other comprehensive income recognised by equity method or under financial instrument recognition and measurement standard before the control of the invested entity shall be accounted for on the same basis as the assets or liabilities directly disposed of by the invested entity, and the profits and losses of the current period shall be carried forward proportionally; the owner's equity changes in the net assets of the invested entity recognised by equity method, except net profit and loss, other comprehensive income and profit distribution, are carried forward and recognised in profit or loss in the current period proportionally.

Where the Group loses control over the invested entity 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 invested entity, it shall be accounted for by equity method instead, and the remaining equity shall be accounted for by equity method when it is deemed to be acquired; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the invested entity, it shall be accounted for according to the relevant provisions of the financial instruments recognition and measurement standard, and the difference between its fair value and carrying amount on the date of loss of control shall be included in the profits and losses of the current period. The other comprehensive income recognised by adopting equity method or financial instrument recognition and measurement standard before the control of the invested entity shall be accounted for on the same basis as the assets or liabilities directly disposed of by the invested entity when losing control over the invested entity. Changes of owners' equity except for net profit or loss, other comprehensive income and profit distribution are recognised in profit or loss for the current period when losing control. Specifically, if the remaining equity after disposal is accounted for by equity method, other comprehensive income and other owners' equity are carried forward proportionally; if the remaining equity after disposal is accounted for according to the standard of recognition and measurement of financial instruments, all other comprehensive income and other owners' equity are carried forward.

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

11. Long-term equity investment (continued)

11.4 Long-term Equity Investment Disposal (continued)

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 standard of recognition and measurement of financial instruments, and the difference between the fair value and carrying amount on the date of the loss of joint control or significant influence shall be included in the profits and losses of the current period. Other comprehensive income recognised by the original equity method shall be accounted for on the same basis as the assets or liabilities directly disposed of by the invested entity when the equity method is terminated. Owner's equity recognised by the invested party due to the change of owner's rights and interests other than net profit and loss, other comprehensive income and profit distribution shall be derecognised when the equity method is terminated. All of them will be transferred to the current investment income.

The Group disposes of its subsidiary's equity investment step by step through multiple transactions until it loses control, if the aforementioned transaction belongs to a package deal, the transaction shall be treated as a transaction dealing with subsidiary equity investment and losing control. Before losing control, the difference between the carrying amount of each disposal price and the long-term equity investment corresponding to the disposal equity shall be recognised as other comprehensive income for the current period. When losing control, the difference shall be transferred from other comprehensive income to profit or loss of the same period.

12. Investment properties

Investment properties refer to the properties held by the Group for the purpose of earning rent or capital appreciation, or both, including leased land use rights, leased buildings, etc.

Investment properties are initially measured at cost. Subsequent expenditures related to investment properties are included in the cost of investment properties if the economic benefits related to the asset are likely to flow in and its cost is measured reliably. Other subsequent expenditures shall be recorded into the current profits and losses when incurred.

The Group adopts the cost model for the subsequent measurement of investment properties, and carries out depreciation or amortisation in accordance with the policies consistent with the buildings or land use rights.

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

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

13. Fixed assets and depreciation

Fixed assets refer to the tangible assets held for the production of goods, provision of labor services, lease or management and whose service life exceeds one fiscal year. Fixed assets are recognised only when their economic benefits are likely to flow to the group and their costs can be measured reliably. Fixed assets are initially measured in terms of cost and taking into account the impact of expected disposal costs.

Subsequent expenditures related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and their costs are measured reliably, shall be included in the cost of fixed assets and the carrying amount of the replaced part shall be derecognised. Other subsequent expenditures, when incurred, shall be included in the current profits and losses.

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

Category	Service life (year)	Estimated Residual value rate (%)	Yearly depreciation rate (%)
Buildings, special railway lines and docks	8-50	0-10	1.80-12.50
Ships and vehicles	3-25	0-10	3.60-33.33
Containers	8-15	5	6.33-11.88
Machinery and equipment	5-10	5	9.50-19.00
Office equipment and furniture	3-20	0-10	4.50-33.33

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

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

The Group shall, at least at the end of the year, review the service life, estimated residual value and depreciation method of the fixed assets, and shall treat any change as accounting estimation change.

14. Construction in process

The construction in process is measured by actual cost, which includes the expenditure incurred during the construction period, the capitalised borrowing cost before the project reaches its intended usable state, and other related costs etc. There is no depreciation in construction. Construction in progress is carried over to fixed assets after it reaches its intended usable state.

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

15. Intangible assets

15.1 Intangible Assets

Intangible assets include land use right, software use right, trademark right and so on.

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. The amortisation methods, service life and estimated residual value of various intangible assets are as follows:

Category	Amortisation Method	Service life (year)	Ratio of remaining value (%)
Land use right	Straight-line method	10-50	0
Software use right	Straight-line method	5	0

At the end of the period, the service life and amortisation method of intangible assets with limited service life shall be reviewed and adjusted if necessary

15.2 Research and Development Expenditures

Expenditure at the research stage shall be recorded into current profits and losses when incurred.

Expenditures in the development stage that meet the following conditions at the same time shall be recognised as intangible assets, and expenditures in the development stage that cannot meet the following conditions shall be recorded into current profits and losses:

(1) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

(2) Its intention to complete the intangible asset and use or sell it.

(3) How the intangible asset will generate probable future economic benefits.

(4) The available of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(5) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

If it is impossible to distinguish the expenditure in the research stage from the expenditure in the development stage, all the R&D expenditure incurred shall be recorded into the current profits and losses.

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

16. Long-term prepaid expenses

Long-term prepaid expenses are costs that have occurred but should be borne by the current and subsequent periods for a period of more than one year. Long-term prepaid expenses are amortised evenly over the period of anticipated benefit.

17. Impairment of non-financial assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Once the impairment loss of the aforesaid assets is recognised, it is not reversed in subsequent accounting periods.

18. Estimated liabilities

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

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

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

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

19. Employee remunerations

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

In addition to the compensation for the termination of the labor relationship with the employee, the Group shall recognise the employee compensation payable as a liability during the accounting period when the employee provides services.

The Group shall participate in the employee social security system established by government institutions according to the regulations, including basic endowment insurance, medical insurance, housing accumulation fund and other social security systems, and the corresponding expenditure shall be included in the cost of related assets or current profit and loss when incurred.

Short-term compensation refer to the compensation that the Group needs to pay to all employees within 12 months after the end of the annual reporting period for the relevant services provided by employees, with the exception of post-employment benefits and termination benefits. Short-term compensation include: employee salaries, bonuses, allowances and subsidies, employee welfare, medical insurance industrial injury insurance and birth insurance and housing fund, trade union funds and employee education funds, short-term paid absence, short-term profit-sharing plan, non-monetary benefits and other short-term compensation. During the accounting period when the employees provide services, the Group shall recognise the short-term remuneration payable as a liability and record it into the cost or expense of related assets according to the beneficiaries of the services provided by the employees.

Post-employment benefit refers to the various forms of remuneration and welfare provided by the Group after the employee retires or dissolves labor relations with the enterprise in order to obtain the services provided by the employee, with the exception of short-term 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 postretirement welfare, or the regulations or measures formulated by the Group for the provision of post-retirement welfare to the employee. Where, a defined escrow plan is a post-employment benefit plan in which the Group no longer undertakes the further payment obligation after the fixed fee is deposited into the independent fund; Defined benefit plans refer to post-employment benefit plans other than defined contribution plans. During the accounting period when the employee provides services for the Group, the amount due for deposit calculated according to the defined escrow plan shall be recognised as a liability and recorded into the current profit and loss or the cost of related assets.

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

19. Employee remunerations (continued)

The Group provides retirement benefits to employees who accept internal retirement arrangements. Inside retreat welfare is to point to did not reach the emeritus age that the country sets via approving the worker that withdraws job post of one's own accord the salary that pays and the society insurance premium that are its pay. For internal retirement benefits, if the conditions related to the recognition of internal retirement benefits are met, the internal retirement benefits to be paid by the Group during the period when the employee stops providing the service solstice normally retires will be recognised as liabilities according to the present value and recorded into the profits and losses of the current period.

Termination benefits means that the Group terminates the labor relationship with the employee before the expiration of the employee's labor contract or compensates the employee to encourage the employee to voluntarily accept the reduction. Where the Group provides termination benefits to the employee, the liability arising from the termination benefits shall be recognised at an early date and recorded into the current profit or loss if: (1) the Group cannot unilaterally withdraw the termination benefits provided by the termination plan or reduction proposal. (2) when the Group confirms the costs or expenses related to the restructuring related to the payment of termination benefits

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

20. Bonds payable

The initial recognition of the bonds payable of the Group shall be measured at the fair value, and the relevant transaction expenses shall be included in the initial recognition amount. Bonds payable is measured at amortised cost subsequently.

The difference between the issue price of the bonds and the total face value of the bonds shall be regarded as the bond premium or discount, which shall be amortised at the time of interest withdrawal according to the effective interest rate method within the duration of the bonds, and shall be handled according to the principle of borrowing costs.

21. Revenue recognition

Since 1 January 2018, the Group has applied New Revenue Standard revised by the Ministry of Finance in 2017 as follows:

All revenues shall be recognised only when they simultaneously meet the following conditions: (I) the parties to the contract have approved the contract and promised to perform their respective obligations; (II) the contract specifies the rights and obligations of each party related to the provision of labor services; (III) the contract has clear payment terms related to the provision of labor services; (IV) the contract has commercial substance, that is, the performance of the contract will change the risk, time distribution or amount of the future cash flow of the enterprise; (V) the consideration entitled to receive for the provision of services to customers is likely to be recovered. If the above conditions are not met, the collected consideration shall be recognised as income only when the residual obligation to provide service to the customer is no longer borne and the consideration already received from the customer need not be refunded; otherwise, the collected consideration shall be treated as a liability.

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

21. Revenue recognition (continued)

On the commencement date of the contract, the Group shall evaluate the contract, identify each individual performance obligation contained in the contract, determine whether each individual performance obligation shall be performed within a certain period of time or at a certain point, and then separately recognise the revenue when each individual performance obligation is performed.

If one of the following conditions is satisfied, revenue shall be recognised within a certain period of time, otherwise revenue shall be recognised at a certain point: (I) customers obtain and consume the economic benefits brought about by the Group's performance at the same time as the Group's performance. (II) customers can control the goods under construction in the course of the Group's performance. (III) the goods or services produced by the Group in the course of its performance are irreplaceable and the Group has the right to collect payments for the part of performance that has been completed so far during the entire contract period.

For the recognition of revenue at a certain point, the following signs should be taken into account: (I) the Group enjoys the right to collect cash on the goods or services, that is, the customer has the obligation to pay for the goods or services at the present time. (II) the Group has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity. (III) the Group has transferred the goods in kind to the customers, that is, the customers have actually taken possession of the goods. (IV) the Group has transferred the main risks and rewards in the ownership of the commodity to its customers, that is, the customers have acquired the main risks and rewards in the ownership of the commodity. (V) the customer has accepted the goods. (VI) other signs indicating that the customer has acquired control over the commodity

On the commencement date of the contract, the Group identifies the individual performance obligations existing in the contract and allocates the transaction price to the individual performance obligations according to the relative proportion of the individual selling prices of the commodities promised by the individual performance obligations. In determining the transaction price, the factors such as variable consideration, significant financing elements in the contract, non-cash consideration and customer consideration are taken into account.

Principal Responsible Person and Agent

Based on whether the Group has control over the goods or services before transferring them to its customers, it judges whether the company is the principal responsible person or agent for the application of the new revenue criteria when conducting transactions. If the Group is able to control the goods or services before transferring them to its customers, it shall be the principal responsible person to confirm the income in accordance with the total amount of consideration received or receivable; otherwise, the Group shall be the agent to confirm the income in accordance with the amount of commission or handling fee expected to be entitled to collect, after deducting the price payable to other interested parties according to the total amount of consideration received or receivable. The net amount of the commission shall be determined according to the amount or proportion of the commission.

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

21. Revenue recognition (continued)

Customer's Unexercised Contract Rights

If the Group receives advance sales of goods or services from its customers, it first recognises the amount as a liability and then converts it into revenue when it fulfills its relevant performance obligations. When the Group's advance receipts need not be returned and the customer may abandon all or part of its contractual rights, the Group expects to be entitled to the amount related to the contractual rights abandoned by the customer, the amount mentioned above shall be recognised as income proportionally in accordance with the mode of exercising the contractual rights of the customer; otherwise, the Group will only have a very low possibility of the customer requesting the performance of the remaining obligations. Only then will the balance of the above liabilities be converted into income.

Cost of Contract Acquisition

The incremental costs incurred by the Group in order to obtain a contract (i.e. costs that would not occur without a contract) are expected to be recoverable and recognised as an asset. If the Amortisation period of the asset does not exceed one year, the profits and losses of the current period shall be included in the occurrence. Other expenditures incurred by the Group in order to obtain the contract shall be included in the profits and losses of the current period at the time of occurrence, except those clearly borne by the customers.

Cost of Performance of Contract

The cost incurred by the Group for the performance of the contract does not fall within the scope of other enterprise accounting standards other than revenue standards and meets the following conditions at the same time. It is recognised as an asset: (1) the cost is directly related to a current or expected contract; (2) the cost increases the resources that the Group will use to perform its obligations in the future; (3) the cost is expected to be recovered.

The above-mentioned assets related to contract costs shall be amortised on the same basis as the revenue of goods or services related to the assets, and shall be included in current profits and losses.

The carrying amount of the above-mentioned assets related to the contract cost is higher than the difference between the following two items, which exceeds part of the provision for impairment and confirms that the loss of impairment of assets is: (1) the residual consideration expected to be obtained by the Group as a result of the transfer of goods or services related to the assets; (2) the estimated cost to be incurred for the transfer of the related goods or services.

After the provision for impairment is made, if the factors of impairment in the previous period change, so that the above two differences are higher than the carrying amount of the asset, the original provision for impairment of the asset shall be transferred back to the original provision for impairment of the asset, which shall be included in the current profit and loss, but the carrying amount of the transferred asset shall not exceed the carrying amount of the asset on the transfer date assuming that the provision for impairment is not included

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

21. Revenue recognition (continued)

Cost of Performance of Contract (continued)

Contract assets refer to the Group's right to receive consideration for the transfer of goods or services to its customers, which depends on factors other than the passage of time. For accounting policies on impairment of contractual assets, see Notes IV.9, 9.2. The Group's unconditional (i.e., depending only on the passage of time) right to collect consideration from customers is shown separately as receivables.

Contract liabilities refer to the obligations of the Group to transfer goods or services to its customers when they have received or received consideration from their customers.

The Group's revenue mainly comes from the following business types:

(1) Freight Forwarding Revenue

Revenue is confirmed according to the service completion schedule during the period of providing freight forwarding services, and the service completion schedule is determined according to the proportion of the services already provided to the total amount of services to be provided. If the Group is in fact the principal responsible person for providing services for the transport of goods to its customers, the recognised revenue generally includes the carrier's freight charges to the Group.

(2) Logistics Revenue

The revenue of logistics service is confirmed according to the service completion schedule during the logistics service period, and the service completion schedule is determined according to the proportion of the service provided to the total service provided.

(3) Revenue from Storage and Terminal Services

The revenue of storage service is confirmed according to the service completion schedule during the period of service provision, and the service completion schedule is determined according to the proportion of the service provided to the total service provided. Revenue from terminal services is recognised when relevant services are provided.

(4) Revenue from Other Services

Revenue from other services, such as shipping, automobile and express services, is recognised in accordance with the service completion schedule during the service period.

22. Government Grants

Government grants refer to the Group's free access to monetary and non-monetary assets from the government. Government grants are recognised when they meet the conditions attached to government grants and can be received.

Where government grants are monetary asset, it shall be measured according to the amount received or receivable. If the government grants are non-monetary assets, they shall be measured at the fair value; if the fair value cannot be obtained reliably, they shall be measured at the nominal amount. Government grants measured in nominal amounts are directly recorded in current profits and losses.

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

22. Government grants (continued)

Government grants related to assets shall be recognised as deferred earnings, and profits and losses shall be recorded in stages according to a reasonable and systematic method during the service life of the relevant assets. Government grants measured in nominal amounts are directly recorded in current profits and losses. If the relevant assets are sold, transferred, scrapped or damaged before the end of their service life, the balance of related deferred earnings that have not been allocated shall be transferred to the profits and losses of the current period of asset disposal.

If the government grants related to income is used to compensate the related cost or loss of the Group in the following period, it shall be recognised as deferred income and shall be included in the current profit and loss during the period of confirming the relevant cost or loss; if the government grants are used to compensate the related cost or loss incurred by the Group, it shall be directly included in the current profit and loss.

For government grants that include both asset-related and income-related parts, different parts should be separately accounted for; for those that are difficult to distinguish, they should be classified as income-related government grants as a whole.

Government grants related to the daily activities of the Group shall be accounted for in accordance with the essence of economic operations and other benefits or cost deductions. Government grants unrelated to the daily activities of the Group shall be included in the non-operating income and expenditure.

23. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets eligible for capitalisation begin to capitalise when asset expenditure has occurred, borrowing costs have occurred, and purchasing, construction or production activities necessary to make assets available or marketable have begun; Capitalisation shall cease when the assets constructed or produced in accordance with the capitalisation conditions reach the intended usable or saleable state. If an abnormal interruption occurs in the acquisition, construction or production process of assets eligible for capitalisation and the interruption lasts for more than three consecutive months, the capitalisation of borrowing costs shall be suspended until the acquisition, construction or production activities of assets resume.

The rest borrowing costs are recognised as expenses in the current period of occurrence.

The actual interest expenses incurred in the current period of special loans shall be capitalised after deducting the interest income obtained by depositing unused borrowing funds into banks or the investment income obtained from temporary investments; general borrowings the capitalised amount is determined by multiplying the weighted average of the aggregate asset expenditures in excess of the special borrowings by the capitalisation rate of the general borrowings occupied. The capitalisation rate is calculated based on the weighted average interest rate of general borrowings. During the capitalisation period, the exchange balance of the foreign currency special borrowings shall be fully capitalised; the exchange difference of foreign currency general borrowings shall be recorded into the current profit and loss.

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

24. Income tax

Income tax expenses include current income tax and deferred income tax.

24.1 Current Income Tax

At the end of the reporting period, the current income tax liabilities (or assets) formed in the current and previous periods are measured by the expected amount of income tax payable (or returned) in accordance with the provisions of the tax law.

24.2 Deferred Tax Assets and Deferred Tax Liabilities

The statement of financial position liability method is used to confirm deferred income tax assets and deferred income tax liabilities for the difference between the carrying amount of certain assets and liabilities and their tax base, as well as the temporary difference between the carrying amount of items that are not recognised as assets and liabilities but can be determined according to the tax law.

Deferred tax is generally recognised for all temporary differences. However, for deductible temporary differences, the Group recognises the relevant deferred tax assets to the extent that it is likely to obtain the amount of taxable income to offset the deductible temporary differences. In addition, the deferred tax assets or liabilities related to the initial recognition of goodwill and the temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither merger of enterprises nor affect accounting profits or taxable income (or deductible losses) at the time of occurrence are not recognised.

For deductible losses and tax credits that can be carried forward in subsequent years, the deferred tax assets are recognised to the extent that future taxable income is likely to be obtained to offset deductible losses and tax credits.

The Group recognises deferred tax liabilities arising from temporary differences in taxable investments in subsidiaries, joint ventures and joint ventures, unless the Group can control the time for the reversal of temporary differences and the temporary differences are likely not to be reversed in the foreseeable future. For deductible temporary differences related to investments of subsidiaries, associates and joint ventures, the Group recognises deferred tax assets only when the temporary differences are likely to be reversed in the foreseeable future and the amount of taxable income used to deduct the temporary differences is likely to be obtained in the future.

At the end of the reporting period, the deferred tax assets and deferred tax liabilities shall be measured at the applicable tax rate during the period of anticipated recovery of the relevant assets or liquidation of the related liabilities in accordance with the provisions of the tax law.

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

24. Income tax (continued)

24.2 Deferred Tax Assets and Deferred Tax Liabilities (continued)

Except the current income tax and deferred income tax related to transactions and events directly included in other comprehensive income or owner's rights and interests are included in other comprehensive income or owner's rights and interests, and the carrying amount of goodwill adjusted by deferred income tax resulting from business combination, the other current income tax and deferred income tax expenses or gains are included in current profits and losses.

At the end of the reporting period, the carrying amount of deferred tax assets is reviewed. If it is likely that sufficient taxable income will not be obtained in the future to offset the interests of deferred tax assets, the carrying amount of deferred tax assets is written down. When it is possible to obtain sufficient taxable income, the amount written down shall be reversed.

24.3 Offset of Income Tax

When the Group has the legal right to settle in net, and intends to settle in net or acquire assets and pay off liabilities simultaneously, the Group's current income tax assets and current income tax liabilities are reported in net after offset.

When the Group has the legal right to settle current income tax assets and current income tax liabilities in net amount, and deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection and administration department on the same tax payer or to different tax payers, but in the future, during the period when significant deferred tax assets and liabilities are being reversed, they are related to the deferred tax assets and liabilities. When the taxpayer intends to settle the current income tax assets and liabilities in net terms or acquire assets and pay off liabilities simultaneously, the Group deferred tax assets and deferred tax liabilities to offset the net amount presented.

25. Foreign currency business and foreign currency financial statements translation

25.1 Foreign Currency Business

The spot exchange rate on the date of transaction is used to convert foreign currency transactions when they are initially recognised.

At the end of the reporting period, foreign currency monetary items are converted into account-keeping base currencies at the spot exchange rate on that day, resulting in the exchange difference between the spot exchange rate on that day and the spot exchange rate at the time of initial recognition or at the end of previous reporting period, except for: (1) the exchange difference of special foreign currency loans that meet the capitalisation conditions shall be capitalised into the cost of related assets during the capitalisation period; (2) in order to avoid foreign exchange risk, the exchange difference of hedging instruments is treated according to the hedging accounting method; (3) exchange differences arising from changes in carrying amounts of monetary items available for sale, other than amortised costs, are included in the current profits and losses, except for other comprehensive income.

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

25. Foreign currency business and foreign currency financial statements translation (continued)

25.1 Foreign Currency Business (continued)

Where the preparation of consolidated financial statements involves overseas operations, if there is a foreign currency monetary item substantially constituting net investment in overseas operations, the exchange difference resulting from the change of exchange rate shall be included in the "Conversion Difference in Foreign Currency Statements" item of other comprehensive income; when dealing with overseas operations, it shall be included in the profits and losses of the current period of disposal.

Foreign currency non-monetary items measured at historical cost are still measured at the book-keeping base currency amount converted at the spot exchange rate on the date of transaction. Foreign currency non-monetary items measured by fair value shall be converted by spot exchange rate on the date of determination of fair value. The difference between the converted amount of the book-keeping standard currency and the original amount of the book-keeping standard currency shall be treated as changes in fair value (including changes in exchange rate), and shall be included in current profits and losses or recognised as other comprehensive income.

25.2 Foreign Currency Financial Statements Translation

In order to prepare consolidated financial statements, foreign currency financial statements of overseas operations are converted into Renminbi statements by the following methods: all assets and liabilities in the consolidated statement of financial position are converted at the spot exchange rate at the end of the reporting period; owner's equity items are converted at the spot exchange rate on the date of occurrence; all items in the profit statement and items reflecting the amount of profit distribution are converted at the spot exchange rate on the transaction occurrence date. Approximate exchange rate conversion of futures exchange rate; after conversion, the difference between the total amount of assets and liabilities and owner's equity items is recognised as other comprehensive income and included in owner's equity.

Foreign currency cash flow and cash flow of overseas subsidiaries are converted by the approximate exchange rate of spot exchange rate on the date of cash flow occurrence, and the impact of exchange rate changes on cash and cash equivalents is taken as a regulation item, which is separately shown in the cash flow statement as the "Effects of Changes in Exchange Rate on Cash and Cash Equivalents".

The balance at the beginning of the period and the actual number of the previous period are shown in accordance with the amount converted from the financial statements of the previous period.

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

25. Foreign currency business and foreign currency financial statements translation (continued)

25.2 Foreign Currency Financial Statements Translation (continued)

When dealing with all the owner's rights and interests of the Group operating abroad or losing control over overseas operations due to the disposal of some equity investments or other reasons, all the foreign currency statement conversion differences listed in other comprehensive income items in the consolidated statement of financial position related to the overseas operation belonging to the owner's rights and interests of the Company shall be transferred to the current profits and losses of the disposal.

When dealing with part of the equity investment or other reasons leading to the reduction of the proportion of holding overseas operating rights and interests but not losing control over overseas operations, the balance of foreign currency statement conversion related to the part of overseas operation and disposal will be attributed to the rights and interests of non-controlling shareholders and will not be transferred into current profits and losses. When disposing of part of the equity of an overseas associates or joint ventures, the foreign currency translation difference related to the overseas operation shall be transferred to the current profits and losses of the disposal according to the proportion of the disposal of the overseas operation.

26. Lease

The Group assesses whether a contract is a lease or includes a lease on the commencement date. Where a party to a contract transfers its right to control the use of one or more identified assets in a certain period of time in exchange for consideration, such contract shall be a lease or shall include a lease. Unless the terms and conditions of a contract change, the Group is not required to reassess whether the contract is a lease or includes a lease. In order to determine whether the contract has transferred the right to control the use of identified assets within a certain period, the Group assesses whether the client under the contract is entitled to receive almost all economic benefits arising from the use of the identified assets during the use period and has the right to dominate the use of the identified assets during such period.

Where the contract contains several separate leases, the Group will split the contract and account for each separate lease. The right to use the identified assets constitutes a separate lease under the contract when the following conditions are met at the same time:

(1) The lessee may benefit from the use of the assets alone or in conjunction with other resources that are readily available.

(2) Such assets are not highly dependent upon or correlated with other assets under the contract.

Where the contract contains both the lease and non-lease parts, the Group, as the lessor or lessee, shall split the lease and non-lease parts for accounting purpose.

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

26. Lease (continued)

When two or more contracts with leases entered into with the same trading party or its affiliates at the same time or around meet one of the following conditions, the Group will consolidate them into one contract for accounting purpose:

(1) The two or more contracts are entered into and constitute a package of transactions for the overall commercial purpose that cannot be understood without considering them as a whole.

(2) The amount of consideration for one of the two or more contracts depends on the pricing or performance of the other contracts.

(3) The use right of assets transferred under the two or more contracts together constitutes a separate lease.

26.1 The Group Records the Leasing Business as a Lessee

26.1.1 Initial recognition and measurement of the lease

The Group's lease includes office equipment, warehouse, vehicle and machinery, etc.

Except for short-term leases and low-value asset leases, the group recognises the right to use assets and lease liabilities on the commencement date of the lease.

Short-term leases refer to the leases with a lease term of no more than 12 months since the commencement date of the lease term, short-term leases not include a option to purchase the leased assets. Low-value asset leases refer to the leases with a value of no more than RMB30,000 or USD5,000 when a single lease asset is a new asset. If the Group subleases or expects to sublease the leased assets, the original lease is not classified as a low-value asset lease. The Group does not recognise right-of-use assets and lease liabilities for short-term leases and low-value asset leases. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease, contingent rents are recorded as current profits and losses when actually incurred.

The Group's right-of-use assets are initially measured at cost. This cost includes:

(1) The initial measurement amount of lease liability;

(2) The lease payment made on or before the commencement date of the lease term, net of the lease incentive amount already enjoyed when there is a lease incentive;

(3) The initial direct costs incurred by the Group;

(4) The expected costs incurred by the Group for the purpose of demolition and removal of leased assets, recovery of the premises where the leased assets are located or restoration of the leased assets to the state agreed upon in the lease terms.

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

26. Lease (continued)

26.1 The Group Records the Leasing Business as a Lessee (continued)

26.1.1 Initial recognition and measurement of the lease (continued)

The lease liability is initially measured at the present value of the outstanding lease payments on the commencement date of the lease term. The lease payment refers to the amount paid by the Group to the lessor in relation to the right to use the leased asset during the lease term, including:

(1) The fixed payment and the substantial fixed payment, net of the lease incentive amount when there is a lease incentive;

(2) The variable lease payments depending on the index or ratio, which are determined at the time of initial measurement based on the index or ratio on the commencement date of the lease term.

(3) The exercise price of the call option, provided that the lessee reasonably determines that it will exercise the option;

(4) The amount payable to exercise the option to terminate a lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;

(5) The amount payable based on the residual value of the security provided by the lessee.

In calculating the present value of the lease payment, the Group uses the interest rate implicit in lease as the discount rate; if it is impossible to determine the interest rate implicit in lease, the incremental borrowing rate of the Group shall be adopted as the discount rate.

The lease term refers to the irrevocable period during which the Group has the right to use the leased assets. Where the Group has the option to renew the lease, namely being entitled to renew such lease, and reasonably determines to exercise such option, the lease term shall also include the period covered by such renewal option. Where the Group has the option to terminate the lease, namely being entitled to terminate such lease, and reasonably determines not to exercise such option, the lease term shall also include the period covered by such termination option. In the event of the occurrence of major events or changes within the control of the Group, which may affect whether the Group can reasonably determine to exercise the corresponding option, the Group shall reassess whether it can reasonably determine to exercise such renewal option, call option or not to exercise the termination option.

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

26. Lease (continued)

26.1 The Group Records the Leasing Business as a Lessee (continued)

26.1.2 Subsequent measurement of leases

After the commencement date of the lease term, the Group adopts the straight-line method to depreciate the right-of-use assets. If the lease transfers ownership of the underlying asset at the end of the lease term or if the cost reflects a purchase option which the lessee is expected to exercise, the right-of-use asset should be depreciated over the useful life of the underlying asset. If there is no transfer of ownership and no purchase option, the right-of-use asset should be depreciated from the commencement date to the earlier of the end of the useful life and the end of the lease term.

At the end of the period, according to the relevant provisions of asset impairment, the Group identifies whether the right-of-use assets are impaired and accounts for the identified impairment loss.

The Group calculates the interest expenses of the lease liability for each period of the lease term at the interest rate implicit in lease or the incremental borrowing rate, and includes it into the current profit and loss. The variable lease payment not included in the measurement of lease liability shall be recorded into the current profit and loss when actually incurred.

After the commencement date of the lease term, when the actual fixed payment changes, the estimated amount due for the residual value of the guarantee changes, the index or ratio used to determine the lease payment changes, the assessment results or actual exercise of call option, renewal option or termination option change, the Group re-measures the lease liability based on the present value of the changed lease payment, and adjusts the carrying amount of the right-of-use assets accordingly. When the carrying amount of the right-of-use asset has been reduced to zero, but further reduction is still required for the lease liability, the Group recognises the remaining amount in the current profit and loss.

Lease change refers to the change of lease scope, lease consideration and lease term in addition to the terms of the original contract, including increasing or terminating the use right of one or more leased assets, and extending or shortening the lease term stipulated in the contract, etc. If the lease changes and meets the following conditions, the Group accounts for the lease change as a separate lease:

(1) The lease change expands the scope by increasing the use right of one or more leased assets;

(2) The increased consideration is equivalent to the amount of the individual price for the enlarged portion of the lease scope adjusted under the contract.

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

26. Lease (continued)

26.1 The Group Records the Leasing Business as a Lessee (continued)

26.1.2 Subsequent measurement of leases (continued)

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group shares the consideration of the contract after the change in accordance with the provisions of lease splitting and consolidation, and re-determines that the lease liability is re-measured at the present value of the changed lease payment and the revised discount rate during the lease term. When calculating the present value of the lease payment after the change, the Group adopts the interest rate implicit in lease of the remaining lease term as the discount rate; if the interest rate implicit in lease of the remaining lease term cannot be determined, the Group's incremental borrowing rate as at the effective date of the lease change is adopted as the discount rate.

If the lease change results in a reduction in the scope of lease or the term of lease, the Group reduces the carrying amount of the right-of-use assets and recognises the related gains or losses on the partly or fully terminated lease in the current profit or loss. If other lease changes result in the re-measurement of the lease liability, the Group adjusts the carrying amount of the right-of-use assets accordingly.

26.2 The Group Records the Leasing Business as a Lessor

Leases that essentially transfer almost all risks and rewards related to the ownership of leased assets are classified as financial leases, and leases other than financial leases are operating leases.

26.2.1 The Group Records Operating Leasing Business as a Lessor

The rental income of operating lease is recognised as current profit and loss by the straight-line method during each period of the lease term. Initial direct costs associated with operating leases are capitalised when they occur, and amortised into profit or loss of the current period on the same basis as the recognition of rental income. Contingent rentals are recognised as expenses in the periods in which they are incurred.

26.2.2 The Group Records Financial Leasing Business as a Lessor

On the commencement date of the lease, the Group recognises the finance lease receivable from the finance lease and derecognises the finance lease assets. When making the initial measurement of the finance lease receivable, the net lease income is used as the value of the finance lease receivable. The net lease investment is the amount of the unsecured residual value and the leased amount that has not been received on the start date of the lease term, which is discounted according to the present value of the leased interest rate.

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

26. Lease (continued)

26.2 The Group Records the Leasing Business as a Lessor (continued)

26.2.2 The Group Records Financial Leasing Business as a Lessor (continued)

The Group calculates and recognises the interest income for each period of the lease period based on the fixed periodic interest rate. The variable lease payments that are not included in the measurement of the net lease investment should be recognised in profit or loss when it is incurred.

Finance lease receivables, after deducting unearned finance income, are presented under current assets and non-current assets separately.

26.3 Sale and leaseback transaction

The Group follows assessment in Note IV.21 to determine whether the asset transfer in sale and leaseback transaction is a sale.

26.3.1 The Group records the sale and leaseback transaction business as a lessee

The transfer of assets in the sale and leaseback transaction is a sale. The Group, as the lessee, measures the right-of-use assets formed by the sale and leaseback based on the portion of the original asset's book value that is related to the use rights obtained from the leaseback, and only transfers to the lessor's right confirms the relevant gains or losses; if the asset transfer in the sale and leaseback transaction is not part of the sale, the Group continues to recognise the transferred assets as the lessee, and at the same time recognises a financial liability equal to the transfer income, in accordance with this Note IV. 9 account for the financial liabilities.

26.3.2 The Group records the sale and leaseback transaction business as a lessor

If the asset transfer in the sale and leaseback transaction is a sale, the Group acts as the lessor to account for the purchase of the asset and, accounts for the asset lease according to the policies above. If the asset transfer in the sale and leaseback transaction is not a sale, the Group does not recognise the transferred asset, but a financial asset equal to the transfer income is recognised, and the financial assets are accounted for in accordance with Note IV.9.

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

27. Held-for-sale

When the Group recovers its carrying amount mainly by selling (including the exchange of non-monetary assets with commercial substance) rather than continuing to use a non-current asset or disposal group, it is classified as holding for sale.

Non-current assets or disposal groups classified as holding categories for sale need to satisfy the following conditions: (1) according to the usual practice of selling such assets or disposal groups in similar transactions, they can be sold immediately in the current situation; (2) the sale is highly likely, that is, the Group has made a decision on a sale plan and obtained a definite purchase commitment, and the sale is expected to be completed within one year.

The Group holds non-current assets or disposal groups for sale at a lower level between the net amount of the carrying amount and fair value minus the cost of sale. If the carrying amount is higher than the fair value minus the selling expenses, the carrying amount shall be written down to the net amount after the fair value minus the selling expenses. The amount written down shall be recognised as the loss of impairment of assets, and shall be included in the current profits and losses, and the provision for impairment of assets classified as held-for-sale shall be included. If the net increase of the fair value of the non-current assets classified as held-for-sale minus the selling expenses subsequent to the end of the reporting period, the amount previously written down shall be restored, and the amount of loss of impairment of assets recognised after the classification of holding for sale shall be turned back, and the amount returned shall be included in the profits and losses of the current period.

Non-current assets classified as held-for-sale or non-current assets in the disposal group are not depreciated or amortised, the interest and other expenses on liabilities in the disposal group held-for-sale continue to be recognised.

The equity investment of associates or joint ventures is classified as holding all or part of the assets for sale, and the part classified as holding for sale is no longer calculated by the equity method from the date of classification as held for-sale.

28. Safety production cost

The Group shall withdraw the production safety fee in accordance with the No.16 [2012] *Administrative Measures for the Withdrawal* and Use of *Safety Production Cost* jointly issued by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, which shall be included in the cost of related products or the current profit and loss, and transferred to the special reserve. Where the extracted safe production takes time and belongs to expenses, the special reserve shall be directly written off. If the extracted safety production expenses are used to form fixed assets, the expenses incurred by the collection of “Construction in Process” shall be recognised as fixed assets when the safety project is completed and reaches the predetermined usable state; At the same time, special reserves are deducted according to the cost of forming fixed assets, and the accumulated depreciation of the same amount is recognised. The fixed assets are no longer depreciated in the later period.

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

29. Asset securitisation business

Where a financial asset is transferred, it shall be judged according to the transfer of almost all risks and rewards in the ownership of the relevant financial asset: where all the transferred financial assets have been transferred, the recognition of the corresponding financial assets shall be terminated; where there is no transfer and almost all risks and rewards in the ownership of the relevant financial assets are retained, the recognition shall not be terminated; where there is no transfer or retention of almost all risks and rewards in the ownership of the relevant financial asset, the recognition shall be terminated according to the degree of involvement in the control of the financial asset: where the control of the financial asset is abandoned, the recognition of the financial asset shall be terminated; if the control over the financial asset is not abandoned, the relevant financial asset shall be recognised according to the degree of its continuous involvement in the financial asset, and the relevant liabilities shall be recognised accordingly.

On derecognition of a financial asset, the difference between the consideration received and the corresponding carrying amount shall be recorded into the current profit and loss, and the accumulated change of the fair value of the relevant financial asset directly recorded into the owner's equity shall be transferred into the current profit and loss; On derecognition of a portion of financial asset, the carrying amount of the whole financial asset involved in the transfer shall be apportioned between the portion that is derecognised and the portion that is not derecognised according to their respective relative fair value, and the carrying amount after apportionment shall be used as the basis to deal with the part transferred according to the whole transfer. If the conditions for termination of recognition are not met, the consideration received shall be recognised as a financial liability.

30. Discontinued operation

Discontinued operation refers to a separate component of the Group which meets one of the following conditions and which has been disposed of or classified as held-for-sale:

(1) The component represents an independent major business or a major area of operation;

(2) The component is part of an associated plan for the disposition of an independent major business or a separate major area of operation;

(3) The component is a subsidiary acquired specifically for resale.

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 directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1. Key sources of estimation uncertainty

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

1.1 Impairment of Receivables – Expected Credit Loss

At the end of the reporting period, the Group reviews the receivables measured at the amortised cost to assess the specific amount of expected credit losses. The Group measures its loss preparation in terms of the amount equivalent to the expected credit loss of receivables throughout the duration of the receivables. The Group is characterised by common risks, dividing receivables into different groups, and using impairment matrix to determine the credit losses of related financial instruments on the basis of combination. The Group's method of measuring expected credit losses reflects the following factors: unbiased probability weighted average amount determined by evaluating a series of possible outcomes; time value of money; reasonable and valid information on past events, current situation and future economic forecasts that can be obtained without unnecessary additional costs or efforts at the end of the reporting period. If there is a discrepancy between the re-estimation results and the existing estimates, the discrepancy will affect the estimated profits and the carrying amount of receivables during the period of change.

1.2 Estimated Useful Lives and Estimated Residual Value of Fixed Assets

The estimated useful lives and estimated residual value of fixed assets are based on historical experience with the actual useful life and residual value of fixed assets of similar nature and function and may change significantly as a result of technological innovation and competitors' response to severe industry competition. When the estimated useful lives and residual value of fixed assets are less than the previous estimates, the Group will increase depreciation, or write off or write down obsolete technologies or non-strategic fixed assets.

1.3 Impairment of Non-current Assets

If there is an indication that the carrying amount of non-current assets cannot be recovered, it indicates that there may be impairment of assets, and impairment loss should be recognised.

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

1. Key sources of estimation uncertainty (continued)

1.3 Impairment of Non-current Assets (continued)

The carrying amount of an non-current asset or cash-producing unit, is periodically reviewed to determine whether the recoverable amount is less than the carrying amount. Impairment tests are performed when events or circumstances indicate that the carrying amount of the asset or cash generation unit may not be recoverable. When the recoverable amount is less than the carrying amount, the carrying amount shall be written down to the recoverable amount. The recoverable amount is the higher of the fair value of the asset minus the sales expenses and the use value.

When evaluating the use value, it requires a significant judgment to discount the expected cash flow of the asset or cash output unit into the present value. The Group will use all available information including the discount rate, the reasonable gross margin for the budget period and the growth rate after the budget period to determine an approximately reasonable recoverable amount.

1.4 Impairment of Goodwill and Intangible Assets with Infinite Useful Lives

When determining whether the goodwill or intangible assets with infinite useful lives are impaired, it is necessary to estimate the value in use of the cash generating unit that distributes the goodwill. The Group management shall make a material judgment and assumption in assessing the recoverable amount of the impairment of such cash generating units. The recoverable amount is recognised by reference to the use value of the cash generating unit concerned and significant assumptions need to be made about the discount rate and growth rate over the period in order to arrive at the net present value of the discounted future cash flow analysis. If the discounted future cash flow analysis is lowered or the actual cash flow is lower than expected, the recoverable amount will be adjusted or a material impairment loss will occur.

1.5 Estimated Liabilities in Claims Proceedings

In its daily business activities, the Group has business disputes with several customers and suppliers. These disputes are mainly due to the loss or damage of goods when the Group provides freight forwarding services, professional logistics services, and transportation and warehousing services. When recognising the expected liabilities related to the litigation claims, the management judges whether the litigation related matters may lead to the outflow of economic interests from the Group, or the amount of compensation when relevant, the management judges the amount of compensation. In deciding on the expected liabilities, management considers the experience of similar cases in the past, the results of recent related cases, adverse circumstances for the Group under individual jurisdictions and past court decisions to determine the expected liabilities. When the actual loss of compensation is greater or less than expected, it may be necessary to further calculate or write-off the estimated liabilities, which will also affect the profits during the change period. For the estimated liabilities recognised in this period, please refer to Note IX.40.

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

1. Key sources of estimation uncertainty (continued)

1.6 Other Estimated Liabilities

In addition to the estimated liabilities in the above claim litigation, the Group will incur a number of obligations in its daily business activities. The management determines the possibility and amount of outflow of related resources needed to resolve the obligations based on the best estimate, and recognises the amount of the forecasted liabilities. However, the amount and time of cash flow caused by these obligations are uncertain.

1.7 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 tax assets for all unused deductible temporary differences and deductible losses. This requires the management of the Group to use a large number of judgments to estimate the time and amount of future taxable income, combined with tax planning strategy, to determine the amount of deferred 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 submit deferred 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 tax liabilities will be recognised and recorded in profits and losses at a relatively early period between the change of distribution plan and the announcement of profit distribution.

1.8 Fair Value of Financial Instruments

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

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

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

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

1. Key sources of estimation uncertainty (continued)

1.9 Lease term – a lease contract that includes a renewal option

The lease term refers to the irrevocable period during which the Group has the right to use the leased assets. Where the Group has the option to renew the lease and reasonably determines to exercise such option, the lease term shall also include the period covered by such renewal option. In assessing whether the Group can reasonably determine to exercise such renewal option, it shall consider all relevant facts and circumstances relating to the economic benefits arising from the exercise of such renewal option by the Group, including anticipated changes in facts and circumstances occurred from the commencement date of the lease to the date of exercise of the option.

VI. EXPLANATIONS ON THE CHANGES AND ERROR CORRECTION OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATION

1. Changes of accounting policies and their effects

(1) New Lease Standard

On 7 December 2018, the Ministry of Finance issued *the Notice on Amendment and Issuance of Accounting Standards for Business Enterprises No. 21 – Leases* (Cai Kuai [2018] No. 35) to make amendments to Accounting Standards for Business Enterprises No. 21 – Leases (New Lease Standard). The enterprises that are listed in both domestic and overseas markets and the enterprises that are listed overseas and use International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial reports shall apply such new standards from 1 January 2019; and other enterprises that adopt Accounting Standards for Business Enterprises shall apply such new standards from 1 January 2021.

The New Lease Standard requires the lessee to adopt a single accounting model to measure the leased assets. Other than short-term leases and low-value asset leases, all the leases of the lessee shall be included in the statement of financial position and right-of-use assets and lease liabilities shall be recognised and provided for depreciation and interest expenses, respectively.

The Group applies the New Lease Standard from 1 January 2019 and recognises, measures and reports the leases of the Group in accordance with the requirements of New Lease Standard since that day. For the details on the amended accounting policies, see Note IV.26.

VI. EXPLANATIONS ON THE CHANGES AND ERROR CORRECTION OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATION (CONTINUED)

1. Changes of accounting policies and their effects (continued)

(1) New Lease Standard (continued)

The Group has made transitional adjustments based on the requirements of New Lease Standard. As for the contracts which have been existed before the initial application date, the Group will not revaluate whether they are leases or include leases on the initial application date. The Group adjusts the retained earnings at the beginning of the year when these standards are applied initially and the amounts of other relevant items of the financial statements based on the cumulatively effected amounts arising from the initial application of these standards, without adjusting the comparative information.

- As for the finance leases before the initial application date, the Group measures the right-of-use assets and lease liabilities according to the carrying amount of the finance lease assets and finance lease payable respectively.

- As for the operating leases before the initial application date, the Group measures the lease liabilities based on the current value of the remaining lease payment amount discounted at the incremental borrowing rate of the Group on the initial application date and measures the right-of-use assets using the carrying amount under the new lease standards from the starting date of the lease term based on each lease assumption (using the incremental borrowing rate of the lessee on the initial application date as the discount rate).

As for the operating lease under which the leased assets belong to low-value assets before the initial application date or the operating lease which will be completed within 12 months, the Group adopts simplified treatment without recognizing right-of-use assets and lease liabilities. In addition, the Group adopts the following simplified treatment for the operating lease before the initial application date:

- When lease liabilities are measured, the same discount rate applies to leases with similar characteristics; the measurement of the right-of-use assets does not include initial direct expense;

- When there is an option to continue or terminate the lease, the Group determines the lease term based on the actual exercise of the option and other latest conditions before the initial application date;

- As an alternative to the impairment test of the right-of-use assets, the Group evaluates whether a contract containing lease is a contract generating loss and adjusts the right-of-use assets based on the amount of loss provision included in the statement of financial position before the initial application date;

- As for the lease changes before the initial application date, the Group makes accounting treatment based on the final arrangement of lease changes.

VI. EXPLANATIONS ON THE CHANGES AND ERROR CORRECTION OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATION (CONTINUED)

1. Changes of accounting policies and their effects (continued)

(1) New Lease Standard (continued)

As for the outstanding minimum lease payment for the significant operating lease disclosed in the financial statements for 2018, the Group makes the following adjustments based on the difference between the present value discounted at the incremental borrowing rate of the Group as the lessee on 1 January 2019 and the lease liabilities included in the statement of financial position on 1 January 2019:

Item	Amount
Minimum lease payment for the significant operating lease as at 31 December 2018	3,150,251,426.85
Less: minimum lease payment with simplified treatment	368,886,300.80
Including: short-term lease	347,955,900.06
Low-value assets lease	20,930,400.74
Plus: minimum lease payment for the finance lease as at 31 December 2018	–
Less: adjustments to variable lease payment depending on index or ratio	–
Minimum lease payment under the New Lease Standard as at 1 January 2019	2,781,365,126.05
Weighted average value of the incremental borrowing rates as at 1 January 2019	3.04%, 4.04%, 4.90%
Lease liabilities as at 1 January 2019	1,962,234,851.47

As at 1 January 2019, the details on the effects of the New Lease Standard s adopted by the Group are set out in the following table.

Effected items	Amount as at 31 December 2018	Adjustment amount arising from changes of accounting policies	Amount as at 1 January 2019
Prepayments	2,090,854,225.68	-8,983,605.45	2,081,870,620.23
Other receivables	1,346,388,826.51	-5,503,001.83	1,340,885,824.68
Right-of-use assets	–	1,978,154,247.26	1,978,154,247.26
Long-term prepaid expenses	263,995,854.52	-104,226,489.17	159,769,365.35
Total assets:	**3,701,238,906.71**	**1,859,441,150.81**	**5,560,680,057.52**
Accounts payable	9,056,129,695.54	-18,267,948.20	9,037,861,747.34
Other payables	2,804,848,820.33	48,444.83	2,804,897,265.16
Non-current liabilities due within one year	1,166,302,753.40	387,602,306.48	1,553,905,059.88
Other current liabilities	167,271,210.90	-3,542,114.29	163,729,096.61
Lease liabilities	–	1,574,632,544.99	1,574,632,544.99
Total liabilities	**13,194,552,480.17**	**1,940,473,233.81**	**15,135,025,713.98**
Retained earnings	12,484,368,855.91	-67,948,139.86	12,416,420,716.05
Non-controlling interests	4,617,038,534.14	-13,083,943.14	4,603,954,591.00

VI. EXPLANATIONS ON THE CHANGES AND ERROR CORRECTION OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATION (CONTINUED)

1. Changes of accounting policies and their effects (continued)

(2) New Non-monetary Asset Exchange Standards and New Debt Restructuring Standards

On 9 May 2019, the Ministry of Finance issued the "Notice on Issuance and Amendment of Accounting Standards for Business Enterprises No. 7 – Non-monetary Asset Exchange" (Cai Kuai [2019] No. 8) to make amendments to Accounting Standards for Business Enterprises No. 7 – Non-monetary Asset Exchange. The amendments shall be applied from 10 June 2019.

On 16 May 2019, the Ministry of Finance issued the "Notice on Issuance and Amendment of Accounting Standards for Business Enterprises No. 12 – Debt Restructuring" (Cai Kuai [2019] No. 9) to make amendments to Accounting Standards for Business Enterprises No. 12 – Debt Restructuring. The amendments shall be applied from 17 June 2019.

New Non-monetary Asset Exchange Standards and new Debt Restructuring Standards require that some adjustments shall be made to the non-monetary asset exchange and debt restructuring occurred from 1 January 2019 to the application date in accordance with the newly revised standards. No retroactive adjustment shall be made to the non-monetary asset exchange and debt restructuring occurred before 1 January 2019.

The Group has adopted the above-mentioned new standards according to the above requirements and revised the accounting policies accordingly.

(3) Format Adjustments of New Financial Statements

The Group adopts the "Notice on Amendment and Issuance of the Formats of Financial Statements of General Enterprises" (Cai Kuai [2019] No. 6, hereinafter referred to as "Cai Kuai No. 6 Document") issued by the Ministry of Finance on 30 April 2019 from the preparation of the interim financial statements for 2019. Cai Kuai No. 6 Document has made amendments to the presented items of statement of financial position and profit statement, newly adding the line items of "receivables financing", "right-of-use assets", "lease liabilities", splitting the line items of "bills receivable and accounts receivable", "bills payable and accounts payable" into the line items of "bills receivable", "accounts receivable", "bills payable", "accounts payable", adding the line item of "including: derecognition income of the financial assets measured at amortised cost" under the item of "investment income" and adjusting the presentation locations of some items of the profit statement.

VI. EXPLANATIONS ON THE CHANGES AND ERROR CORRECTION OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATION (CONTINUED)

1. Changes of accounting policies and their effects (continued)

(3) Format Adjustments of New Financial Statements (continued)

As for the changes of above-mentioned presented items, the Group made accounting treatments using retroactive adjustment method and made retroactive adjustments to the comparative information for the prior period.

Effected items	Before the changes of accounting policies 31 December 2018	Reclassification	After the changes of accounting policies 31 December 2018
Bills receivable and accounts receivable	10,973,491,865.77	-10,973,491,865.77	–
Bills receivable	–	555,923,514.54	555,923,514.54
Accounts receivable	–	10,417,568,351.23	10,417,568,351.23
Total assets	**10,973,491,865.77**	**–**	**10,973,491,865.77**
Bills payable and accounts payable	9,056,129,695.54	-9,056,129,695.54	–
Bills payable	–	–	–
Accounts payable	–	9,056,129,695.54	9,056,129,695.54
Total liabilities	**9,056,129,695.54**	**–**	**9,056,129,695.54**

Effected items	Before the changes of accounting policies January to June 2018	Reclassification	After the changes of accounting policies January to June 2019
Finance costs	156,086,839.92	-3,440,343.15	152,646,496.77
Investment income	616,735,880.84	-3,440,343.15	613,295,537.69
Including: derecognition income of the financial assets measured at amortised cost	–	-3,440,343.15	-3,440,343.15

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VI. EXPLANATIONS ON THE CHANGES AND ERROR CORRECTION OF ACCOUNTING POLICIES AND ACCOUNTING ESTIMATION (CONTINUED)

2. Accounting estimate change and its impact

There has been no change in accounting estimate of the Group during the Period.

3. Prior year adjustments and its impact

There is no error correction for the prior period of the Group during the Period.

4. Adjustments to the figures at the beginning of the year arising from business combination under common control

There is no business combination under common control within the Group during the Period.

5. Other adjustments

There was no other adjustments that need to be disclosed during the Period.

VII. TAXES

1. Main tax categories and rates

Tax categories	Tax bases	Tax Rates
Value-added tax (Note 1)	Taxable value added amount (the balance of the VAT on sales less VAT on purchase, and the VAT on sales is calculated on the basis of 3%/6%/9%/10%/13%/16% of the sales amount calculated under the relevant tax law)	3%-16%
Urban maintenance & construction tax	Value-added tax actually paid	1%, 5%, 7%
Education surcharge and local education surcharge	Value-added tax actually paid	2%, 3%
Property tax	70% of the original value of the property, rental income	1.2%, 12%
Enterprise income tax (Note 2)	Taxable income	0-35%

Note 1: If any taxable sales occurring in the Company after April 2019 originally apply the tax rates of 16% and 10%, they shall be adjusted to 13% and 9% respectively.

Note 2: In the year of 2019, the enterprise income tax of the Company and its subsidiaries was calculated at the local current tax rate. The Group's income tax rate in the mainland of the PRC is 25%. The main income tax rates of subsidiaries in the countries or regions outside the mainland of the PRC are as follows:

VII. TAXES (CONTINUED)

1. Main tax categories and rates (continued)

Country or Region	Applicable income tax rate (%)
Hong Kong	16.50%
Japan	35%
Korea	20%
Australia	30%
Belarus	18%
Angola	30%
Brunei	19%
Indonesia	25%
Malaysia	24%
The British Virgin Islands	0.00%

2. Tax preferences and approvals

2.1 Enterprise income tax

(1) According to the Notice on Tax Policy Issues concerning the In-depth Implementation of the Western Development Strategy CS (2011) No. 58 issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration on 27 July 2011 and the Announcement on Enterprise Income Tax Issues concerning the In-depth Implementation of the Western Development Strategy (2012) No. 12 issued by the State Taxation Administration on 6 April 2012, from 1 January, 2011 to 31 December 2020, the enterprises established in Western China whose main business is the industrial projects specified in the Catalogue of Encouraging Industries in Western China and whose main business revenue accounts for more than 70% of the total revenue of the enterprises in the current year may pay their enterprise income tax at the reduced tax rate of 15%. During the reporting period, some branches and subsidiaries of the Group located in Western China enjoyed a preferential income tax rate of 15%.

(2) According to the Notice on Preferential Enterprise Income Tax Policies and Catalogue of Preferences for Hengqin New Area of Guangdong Province, Pingtan Comprehensive Experimental Zone of Fujian Province and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen CS (2014) No. 26, the encouraging industries in Hengqin New Area, Pingtan Comprehensive Experimental Zone and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone are subject to an enterprise income tax at the reduced tax rate of 15% from 1 January 2014 to 31 December 2020. The Group's subsidiaries including Shenzhen Sinotrans Electronic Commerce Co., Ltd. and China Ocean Shipping Agency Shenzhen meet the conditions for encouraging industrial enterprises established in Qianhai, Shenzhen during the reporting period and adopt the enterprise income tax rate of 15%.

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VII. TAXES (CONTINUED)

2. Tax preferences and approvals (continued)

2.1 Enterprise income tax (continued)

(3) According to (Cai Sui [2019]) 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, from 1 January 2019 to 31 December 2021, the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 25% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income not exceeding RMB1 million; the income of the small and micro enterprises shall be included in taxable income at a reduced ratio of 50% and they shall pay enterprise income tax at a tax rate of 20% for the portion of annual taxable income more than RMB1 million but no exceeding RMB3 million. Cai Sui [2018] No. 77 was abolished from 1 January 2019. Some subsidiaries of the Company enjoyed above-mentioned tax preference during 2019.

(4) According to the Notice of the State Taxation Administration on the Issues Concerning the Implementation of Income Tax Preferences for High-tech Enterprises (GSH [2009] No. 203), Guangdong Sinotrans Electronic Commerce Co., Ltd. and E-TRANS INFORMATION DEVELOPMENT CO., LTD have been enjoying tax preferences for high-tech enterprises at the reduced enterprise income tax rate of 15% since 2016.

(5) According to the Notice of the State Taxation Administration on the Implementation of Several Tax Collection Issues under the Enterprise Income Tax Law (GSH No. [2010] No. 79) and Article 26 of the Enterprise Income Tax Law, any dividends, bonuses and other equity investment gains between resident enterprises are exempted from enterprise income tax. The Group and its subsidiaries are exempted from enterprise income tax on dividends, bonuses and other equity investment gains between resident enterprises.

(6) In accordance with the Decree No. 326 of the President of the Republic of Belarus dated 30 June 2014, the occupants in the Great Stone Industrial Park are exempted from income tax on their profits from the sales of independently manufactured goods (projects, services) in the Great Stone Industrial Park for ten calendar years from the date of registration in Belarus; upon expiration of the period of ten calendar years from the date of registration, the profit taxes are paid at half of the tax rate set out in the Decree of the President during the next ten calendar years. In 2019, the projects of Sinotrans Logistics in the Great Stone Industrial Park are exempted from enterprise income tax. In addition to this preferential policy, the income tax rate applicable to the Group's subsidiaries in Belarus is 18%.

VII. TAXES (CONTINUED)

2. Tax preferences and approvals (continued)

2.2 Value-added tax

(1) In accordance with *the Notice on Comprehensively Launching a Pilot Project for the Levy of Value-added Tax in Place of Business Tax* (Cai Shui [2016] No.36), the Group and its subsidiaries enjoy the tax preference of zero tax rate of the value-added taxes on their international freight forwarding business during the period.

(2) In accordance with *the Proclamation on the Issuance of the Interim Measures for the Administration of the Levy of Value-added Tax on Taxpayers' Real Estate Operating Lease Services* (Proclamation (2016) No. 16 of the State Taxation Administration), general taxpayers may choose to apply a simple tax calculation method to calculate their tax payable at the rate of 5% when leasing out any real estate acquired by them before 30 April 2016. South China Branch of Sinoair and Beijing Sinotrans Airport Property Service Co., Ltd. under the Group pay value-added taxes on their real estate operating leasing services at the rate of 5%.

(3) Any logistics auxiliary services (excluding warehousing services and receiving and distributing services) sold to overseas units and completely consumed abroad are exempted from value added tax. The cross-border taxable services of Sinoair and Sinotrans South China Co., Ltd. (hereinafter referred to as "Sinotrans South China") are exempted from value added tax during the period.

(4) Any storage services provided by domestic units and individuals whose storage location is located abroad are exempted from valued-added tax. Any storage services provided by domestic units and individuals of Sinotrans South China whose storage location is located abroad are exempted from valued-added tax during the period.

(5) According to *the requirements of the Announcement on the Policies related to Deepening VAT Reforms* (the Announcement No. 39 of 2019 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs), from 1 April 2019 to 31 December 2021, the taxpayers of production and living services are allowed to deduct taxable amount based on the deductible input tax for the current period plus 10%. The eligible subsidiaries of the Group can enjoy this tax preference.

(6) The value-added tax rate applicable to the Group's subsidiaries in Belarus is 20%. In accordance with the Decree No. 326 of the President of the Republic of Belarus dated 30 June 2014, the value-added tax on the project funds used by Sinotrans Logistics for the construction of the Great Stone Industrial Park during the period shall be refunded.

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VII. TAXES (CONTINUED)

2. Tax preferences and approvals (continued)

2.3 Land use tax

(1) In accordance with the provisions of *the Notice 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 (2017) No. 33), from 1 January 2017 to 31 December 2019, the urban land use tax on storage facility lands for bulk commodities owned by logistics enterprises (including self-used and leased lands) shall be levied at the reduced rate of 50% of the applicable tax standard for the land grade to which they belong.

The land use tax on the storage facility lands of Sinotrans Shanghai Haigang International Logistics Co., Ltd., a subsidiary of the Group which meets the above requirements, was levied at a reduced rate of 50% in 2019.

(2) In accordance with *the Notice of the Ministry of Finance and the State Taxation Administration on the Continued Implementation of Preferential Policies for Property Tax and Urban Land Use Tax on Wholesale Markets for Agricultural Products and Farm Product Markets* (Cai Shui (2016) No. 1) and *the Notice of the Ministry of Finance and the State Taxation Administration on the Continued Implementation of Preferential Policies for Property Tax and Urban Land Use Tax on Wholesale Markets for Agricultural Products and Farm Product Markets* (Cai Shui (2019) No. 12), from 1 January 2019 to 31 December 2021, the property tax and the urban land use tax shall be temporarily exempted for the properties and lands of the wholesale markets of agricultural products and agricultural trading markets which are specifically used to operate agricultural products (including self-owned and leased properties and lands, the same below). For the properties and lands of the wholesale markets of agricultural products and farm product markets which are used to operate other products at the same time, the property tax and the urban land use tax shall be levied and exempted based on the proportion of the area of trading venue of other products to that of agricultural products. In the years of 2018 and 2019, Shenyang Branch of Sinotrans Liaoning Co., Ltd. met such condition and was subject to a land use tax at a reduced rate of 50%.

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. General information of subsidiaries included in the scope of consolidation for the period

Serial number	Name	Grade	Enterprise Type	Registered Place	Principal place of business	Business Nature	Paid-in Capital	Total Shareholding Ratio of the Group (%)	Total Voting Ratio of the Group (%)	Acquisition Method	Remark
1	Sinotrans South China Co., Ltd.	2nd	1	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Freight forwarding, logistics, storage and terminal services	1,349,668,931.90	100.00	100.00	1	
2	Sinotrans Eastern Company Limited	2nd	1	Shanghai	Shanghai	Freight forwarding, logistics, storage and terminal services	1,120,503,439.18	100.00	100.00	1	
3	Sinotrans Air Transportation Development Co., Ltd.	2nd	1	Beijing	Beijing	Air freight forwarding, logistics and express	905,481,720.00	100.00	100.00	1	
4	Sinotrans Yangtse Co., Ltd.	2nd	1	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Freight forwarding and logistics	650,000,000.00	100.00	100.00	1	
5	Sinotrans Central China Co., Ltd.	2nd	1	Qingdao, Shandong Province	Qingdao, Shandong Province	Freight forwarding, logistics, storage and terminal services	645,339,941.77	100.00	100.00	1	
6	Sinotrans Chemical International Logistics Co., Ltd.	2nd	1	Shanghai	Shanghai	Integrated logistics	339,554,483.66	59.20	59.20	1	
7	Sinotrans Fujian Co., Ltd.	2nd	1	Xiamen, Fujian Province	Xiamen, Fujian Province	Freight forwarding, storage and terminal services, and others	223,257,965.92	100.00	100.00	1	
8	Trade Sky International Limited	2nd	3	HKSAR	Xiamen	Hoisting and transporting	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 Logistics Development Co., Ltd.	2nd	1	Beijing	Beijing	Logistics	120,000,000.00	100.00	100.00	1	
11	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	
12	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	
13	Wide Shine Development Limited	2nd	3	HKSAR	HKSAR	Container leasing	79,287,945.35	100.00	100.00	2	
14	Sinotrans Liaoning Co., Ltd.	2nd	1	Dalian, Liaoning Province	Dalian, Liaoning Province	Freight forwarding and logistics	48,966,940.29	100.00	100.00	1	
15	China Marine Shipping Agency Co., Ltd.	2nd	1	Beijing	Beijing	Freight forwarding	30,000,000.00	100.00	100.00	1	
16	Sinotrans Chongqing Co., Ltd.	2nd	1	Chongqing	Chongqing	Freight forwarding	15,869,000.00	100.00	100.00	1	
17	Sinotrans Japan Co., Ltd.	2nd	3	Japan	Japan	Freight forwarding	3,418,111.04	100.00	100.00	2	
18	Sinotrans Korea Shipping Co., Ltd	2nd	3	Korea	Korea	Freight forwarding	2,070,000.00	100.00	100.00	2	
19	Sinotrans Brazil Logistics Ltd	2nd	3	Brazil	Brazil	Integrated logistics	2,065,554.43	100.00	100.00	1	
20	Sinotrans (HK) Logistics Limited	2nd	3	HKSAR	HKSAR	Freight forwarding, logistics	530,557.66	100.00	100.00	2	
21	Sanawat Al-Khier Company For General Trading And Marine Services	2nd	3	Iraq	Iraq	Integrated logistics	292,842.00	100.00	100.00	1	
22	Sinotrans Logistics Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Logistics	1,444,000,000.00	100.00	100.00	2	
23	Sinotrans Innovation & Technology Co., Ltd.	2nd	1	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Integrated logistics	100,000,000.00	100.00	100.00	1	

Notes: enterprise type: 1. domestic non-financial subsidiary; 2. domestic financial subsidiary; 3. overseas subsidiary; 4. public institution; 5. infrastructure unit.

Acquisition method: 1. establishment with investment; 2. business combination under common control; 3. business combination not under common control; 4. others.

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VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Changes and reasons for the changes in scope of consolidation foe the period

(1) Increase in the scope of consolidation

The Company contributed RMB100 million in April 2019 to establish a wholly-owned subsidiary, Sinotrans Innovation & Technology Co., Ltd., in Shenzhen, Guangdong Province, the results of were included in the consolidated financial statements of the Group since its establishment.

(2) Disposal of Subsidiaries

Subsidiary name	Consideration for equity disposal	Equity proportion disposed of (%)	Equity disposal method	The point of time at which the control is lost	Basis for determining the point of time at which the control is lost	The difference between the disposal consideration and share of net assets of the subsidiary corresponding to equity disposed of as included in the consolidated financial statements	Proportion of remaining equity at the date on which the control is lost	Carrying amount of the remaining equity at the date on which the control is lost	Fair value of the remaining equity at the date on which the control is lost	Gains or losses arising from re-measuring the remaining equity at fair value	Method for determining the fair value of the remaining equity at the date on which the control is lost and key assumptions	Amount of other comprehensive income related to original subsidiary's equity investment transferred to investment gains and losses
Shenzhen South China Liquefied Gas Shipping Co., Ltd.	14,791,047.00	100%	Transfer through agreement	1 January 2019	Equity transaction has completed and the actual control is lost	26,021,291.45	-	-	-	-	-	-

3. Business combination of the group not under common control during the period.

4. Itemised description of the reasons for inclusion into the scope of consolidation in the event of less than half of the voting rights or the reasons for exclusion from the scope of consolidation in the event of more than half of the voting rights.

VIII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Material non-wholly owned subsidiaries

(1) Non-controlling interests

30 June 2019

No.	Enterprise name	**Shareholding ratio of non-controlling interests (%)**	**Profits and losses attributable to non-controlling interests in the period**	**Dividends paid to non-controlling interests in the period**	**Cumulative non-controlling interests at the end of the period**
1	Sinotrans Chemical International Logistics Co., Ltd	**40.80**	**7,497,697.46**	**–**	**193,182,869.01**

30 June 2018

No	Enterprise name	Shareholding ratio of non-controlling interests (%)	Profits and losses attributable to non-controlling interests in the period	Dividends paid to non-controlling interests in the period	Cumulative non-controlling interests at the end of the period
1	Sinotrans Air Transportation Development Co., Ltd.	39.05	248,168,703.24	212,160,193.20	3,200,586,733.68
2	Sinotrans Chemical International Logistics Co., Ltd	40.80	10,273,671.64	–	199,528,492.50

(2) Main financial information

Item	**Amount of the period** **Sinotrans Chemical International Logistics Co., Ltd**	Amount of previous period Sinotrans Air Transportation Development Co., Ltd.	Amount of previous period Sinotrans Chemical International Logistics Co., Ltd
Current assets	**706,326,777.54**	6,386,598,772.64	689,777,937.21
Non-current assets	**332,170,754.26**	4,199,167,581.38	253,257,134.46
Total assets	**1,038,497,531.80**	10,585,766,354.02	943,035,071.67
Current liabilities	**417,819,778.21**	2,365,334,999.79	406,455,356.97
Non-current liabilities	**47,117,022.47**	32,652,166.63	25,000,000.00
Total liabilities	**464,936,800.68**	2,397,987,166.42	431,455,356.97
Operating income	**854,215,611.14**	3,283,979,221.88	804,765,992.34
Net profit	**19,493,818.14**	635,804,060.07	27,108,165.58
Total comprehensive income	**19,493,818.14**	542,880,618.33	27,108,165.58
Cash flows from operating activities	**25,235,100.50**	82,378,654.50	28,273,295.63

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

For the following data disclosed in the financial statements, unless otherwise specified, "the beginning of the period" means 1 January 2019, "the end of the period" means 30 June 2019, "current period" means 1 January to 30 June 2019, and "previous period" means 1 January to 30 June 2018.

1. Cash and bank balances

(1) Classification of cash and bank balances

	Closing balance			Opening balance		
Item	Amount in original currency	Exchange rate	Amount in RMB	Amount in original currency	Exchange rate	Amount in RMB
Cash on hand	——	——	**18,644,856.71**	——	——	10,396,081.65
Including: RMB	**4,916,326.25**	**1.0000**	**4,916,326.25**	3,139,036.06	1.0000	3,139,036.06
USD	**153,491.52**	**6.8747**	**1,055,208.15**	366,077.63	6.8632	2,512,463.99
HKD	**181,292.41**	**0.8797**	**159,482.93**	112,580.80	0.8762	98,643.30
JPY	**1,025,466.14**	**0.0638**	**65,424.74**	642,390.31	0.0619	39,763.96
Euro	**1,160.16**	**7.8170**	**9,068.97**	1,160.16	7.8473	9,104.12
Others	——	——	**12,439,345.67**	——	——	4,597,070.22
Cash at banks	——	——	**11,096,449,515.45**	——	——	15,307,428,892.91
Including: RMB	**7,048,621,131.27**	**1.0000**	**7,048,621,131.27**	9,824,092,504.14	1.0000	9,824,092,504.14
USD	**332,289,733.04**	**6.8747**	**2,284,392,227.73**	695,756,458.36	6.8632	4,775,115,725.02
HKD	**1,857,242,488.81**	**0.8797**	**1,633,816,217.41**	637,053,246.40	0.8762	558,186,054.50
JPY	**531,448,514.95**	**0.0638**	**33,906,415.25**	915,189,284.98	0.0619	56,650,216.74
Euro	**3,469,485.04**	**7.8170**	**27,120,964.56**	3,482,294.84	7.8473	27,326,612.30
Others	——	——	**68,592,559.23**	——	——	66,057,780.21
Other cash and bank balances	——	——	**102,684,835.59**	——	——	210,607,844.23
Including: RMB	**100,585,752.50**	**1.0000**	**100,585,752.50**	197,464,844.23	1.0000	197,464,844.23
USD	**305,334.50**	**6.8747**	**2,099,083.09**	-	6.8632	-
HKD	**-**	**0.8797**	**-**	15,000,000.00	0.8762	13,143,000.00
Total	——	——	**11,217,779,207.75**	——	——	15,528,432,818.79
Including: total amount deposited abroad	——	——	**1,808,214,689.73**	——	——	2,238,371,113.14

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

1. Cash and bank balances (continued)

(2) Restricted use of cash and bank balances at the end of the period

Item	**Closing balance**	Opening balance	Reasons for restricted use
Guarantee money	**54,385,969.85**	129,956,176.98	Bank restricted
Performance bond	**30,000,000.00**	70,000,000.00	Contract restricted
Letter of credit margin	**–**	2,009,203.29	Bank restricted
Funds deposited subject to restrictions on the litigation	**12,044,318.25**	–	Court restricted instruction
Others	**6,254,547.49**	8,642,463.96	——
Total	**102,684,835.59**	210,607,844.23	——

2. Held-for-trading financial assets

Item	**Closing balance**	Opening balance
Held-for-trading equity instrument investments	**140,337.06**	140,176.57
Others (Note)	**400,000,000.00**	400,000,000.00
Total	**400,140,337.06**	400,140,176.57

Note: As at 30 June 2019, the Group held RMB400,000,000.00 of short-term wealth management products of Bank of China with no fixed term.

3. Bills receivable

(1) Classification of bills receivable

Type	**Closing balance**	Opening balance
Bank acceptance bills	**513,788,934.72**	537,635,917.84
Commercial acceptance bills	**21,290,660.67**	18,287,596.70
Total	**535,079,595.39**	555,923,514.54

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

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

3. Bills receivable (continued)

(3) Bills receivable that have been endorsed or discounted but yet undue as at 30 June 2019

Type	**Amount derecognised at the end of the period**	Amount not derecognised at the end of the period
Bank acceptance bills	**400,065,449.52**	–
Total	**400,065,449.52**	–

(4) At the end of the period, the Group has accepted the bank acceptance bill of RMB5,954,261.14, which has not been accepted due to the endorsement defect and so on. As of the issuing date of this report, the bills have been accepted.

(5) The Group has no bills (31 December 2018: Nil) converted to accounts receivable as at 30 June 2019 due to non-performance by the drawer.

(6) There is no bad debt provision, as the Group was of the view that neither the exists of significant credit risk on bank acceptance bills held by the Group, nor incurred any material losses due to the defaults from bank (the amount of expected bills receivable can be collected in full), as at 30 June 2019 and 31 December 2018.

(7) The balances stated above had no bills receivable from shareholders holding more than 5% (including 5%) of the voting shares of the Company.

(8) The aging of the bills receivable as mentioned above is less than 360 days.

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

4. Accounts receivable

The terms of service of the Company and its customers are mainly credit transactions, and the new customers are generally required to make advances. The credit period is usually 1 to 6 months. Accounts receivable are interest free.

(1) The accounts receivable by bad debt provision method are categorised as follows

	Closing balance				
	Carrying amount		Bad debt provision		
Classification	Amount	Proportion (%)	Amount	Proportion of the provision (%)	Book value
Bad debt provision on individual assessment	**59,542,877.94**	**0.49**	**50,107,611.95**	**84.15**	**9,435,265.99**
Bad debt provision on portfolio assessment	**12,208,051,110.17**	**99.51**	**409,988,349.67**	**3.36**	**11,798,062,760.50**
Including: portfolio with low recovery risk	**180,550,919.23**	**1.47**	**-**	**-**	**180,550,919.23**
Aging combination	**12,027,500,190.94**	**98.04**	**409,988,349.67**	**3.41**	**11,617,511,841.27**
Total	**12,267,593,988.11**	**100.00**	**460,095,961.62**	**——**	**11,807,498,026.49**

	Opening balance				
	Carrying amount		Bad debt provision		
Classification	Amount	Proportion (%)	Amount	Proportion of the provision (%)	Book value
Bad debt provision on individual assessment	66,249,036.75	0.61	53,335,606.49	80.51	12,913,430.26
Bad debt provision on portfolio assessment	10,791,137,171.41	99.39	386,482,250.44	3.58	10,404,654,920.97
Including: portfolio with low recovery risk	87,142,655.11	0.80	-	-	87,142,655.11
Aging combination	10,703,994,516.30	98.59	386,482,250.44	3.61	10,317,512,265.86
Total	10,857,386,208.16	100.00	439,817,856.93	——	10,417,568,351.23

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

4. Accounts receivable (continued)

(1) The accounts receivable by bad debt provision method are categorised as follows (continued)

1) As at 30 June 2019, accounts receivable whose credit loss impairment assessed individually are as follows:

Entity name	Carrying amount	Expected credit loss rate over the entire lifetime	Bad debt provision	Reasons for accrual
Entity 1	6,671,338.71	100.00%	6,671,338.71	Involving litigation with high recovery risk
Entity 2	6,050,099.67	100.00%	6,050,099.67	The credit risk over the entire life is extremely high
Entity 3	3,965,210.94	100.00%	3,965,210.94	Involving litigation with high recovery risk
Entity 4	3,173,562.72	100.00%	3,173,562.72	Involving litigation with high recovery risk
Entity 5	2,994,837.01	100.00%	2,994,837.01	Involving litigation with high recovery risk
Entity 6	2,795,749.72	15.38%	429,847.84	The credit risk over the entire life is high
Entity 7	2,068,301.89	100.00%	2,068,301.89	Involving litigation with high recovery risk
Entity 8	1,685,307.39	100.00%	1,685,307.39	Involving litigation with high recovery risk
Entity 9	1,465,792.08	100.00%	1,465,792.08	The credit risk over the entire life is extremely high
Entity 10	1,363,684.00	100.00%	1,363,684.00	The credit risk over the entire life is extremely high
Entity 11	1,252,561.15	100.00%	1,252,561.15	Involving litigation with high recovery risk
Entity 12	973,291.71	100.00%	973,291.71	The credit risk over the entire life is extremely high
Entity 13	903,531.78	100.00%	903,531.78	Involving litigation with high recovery risk
Entity 14	891,034.00	100.00%	891,034.00	Involving litigation with high recovery risk
Entity 15	828,800.00	100.00%	828,800.00	Involving litigation with high recovery risk
Entity 16	800,000.00	100.00%	800,000.00	Involving litigation with high recovery risk
Entity 17	681,515.15	100.00%	681,515.15	Involving litigation with high recovery risk
Entity 18	647,927.42	100.00%	647,927.42	The financial condition of the counterparty is tight
Others	20,330,332.60	65.23%	13,260,968.49	The credit risk over the entire life is extremely high
Total	**59,542,877.94**	—	**50,107,611.95**	—

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

4. Accounts receivable (continued)

(1) The accounts receivable by bad debt provision method are categorised as follows (continued)

2) As at 30 June 2019, the accounts receivable with a bad debt provision made by combination are analysed as follows:

Portfolio I: combination with low recovery risk

Items	Carrying amount	Expected credit loss rate over the entire lifetime	Bad debt provision
Accounts receivable of related parties	180,550,919.23	0.00%	–
Total	**180,550,919.23**	**0.00%**	**–**

Portfolio II: the combination of the expected credit loss rate is calculated by the account age as follows

Items	Carrying amount	Expected credit loss rate over the entire lifetime	Bad debt provision
Within 1 year (including 1 year)	11,636,515,071.63	0.86%	99,607,812.58
1 to 2 years (including 2 years)	168,235,242.79	55.24%	92,928,447.24
2 to 3 years (including 3 years)	107,025,993.40	95.05%	101,728,206.73
Over 3 years	115,723,883.12	100.00%	115,723,883.12
Total	**12,027,500,190.94**	——	**409,988,349.67**

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

4. Accounts receivable (continued)

(2) Overall aging of the accounts receivable

The aging of the accounts receivable on trading date is analysed as follows:

Items	Closing balance			Opening balance		
	Carrying amount	**Proportion (%)**	**Bad debt provision**	Carrying amount	Proportion (%)	Bad debt provision
Within 1 year (including 1 year)	**11,822,936,933.55**	**96.38**	**105,988,774.22**	10,444,850,658.31	96.20	105,451,140.96
1 to 2 years (including 2 years)	**191,348,260.65**	**1.56**	**111,184,327.77**	175,205,601.06	1.61	105,287,659.49
2 to 3 years (including 3 years)	**126,673,928.28**	**1.03**	**119,510,818.96**	122,186,275.09	1.13	115,855,948.33
Over 3 years	**126,634,865.63**	**1.03**	**123,412,040.67**	115,143,673.70	1.06	113,223,108.15
Total	**12,267,593,988.11**	**100.00**	**460,095,961.62**	10,857,386,208.16	100.00	439,817,856.93

(3) Changes in bad debt provision for accounts receivable during the period

Items	Opening balance	Increases/decreases in current period				**Closing balance**
		Provision	Recoveries or reversals	Write-back or Write-off	Other movements	
The current period	439,817,856.93	28,648,168.40	8,373,665.87	–	3,602.16	**460,095,961.62**
The last period	304,677,937.72	48,815,302.59	5,052,643.19	443,831.73	2,246,137.02	**350,242,902.41**

(4) The Group had no accounts receivable actually written off at the end of the period.

(5) As of 30 June 2019, the Group has no outstanding debts of shareholders holding more than 5% (including 5%) of the voting shares of the Company.

(6) Entities with the largest receivables

Entity name	**Relationship with the Company**	**Amount**	**Aging**	**Bad debt provision**	**Proportion to total accounts receivables (%)**
Entity 1	Third parties	327,660,653.38	Within 1 year	2,686,817.36	2.67
Entity 2	Third parties	161,682,941.78	Within 2 years	1,466,239.00	1.32
Entity 3	Third parties	140,776,684.59	Within 1 year	1,154,368.81	1.15
Entity 4	Third parties	126,993,086.90	Within 2 years	1,049,085.89	1.04
Entity 5	Third parties	119,846,719.35	Within 2 years	1,170,485.20	0.98
Total	——	876,960,086.00	–	7,526,996.26	7.16

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

4. Accounts receivable (continued)

(7) Receivables from related parties

Entity name	Relationship with the Company	Amount	Aging	Proportion to total accounts receivables (%)	Bad debt provision
Sinotrans Container Lines Co., Ltd.	Under control of the same ultimate controller	33,022,292.52	Within 1 year	0.27	-
Sinotrans Sunny Express Co., Ltd	Under control of the same ultimate controller	17,378,958.07	Within 2 years	0.14	-
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Associate of the ultimate controller	9,966,189.36	Within 1 year	0.08	-
DHL-Sinotrans International Air Courier Ltd	Joint venture of the Group	8,247,142.38	Within 1 year	0.07	-
Sinotrans Anmaishi (Shanghai) International Aviation Express Delivery Co., Ltd.	Joint venture of the Group	7,490,498.92	Within 1 year	0.06	-
Ocean Network Express Pte. Ltd.	Other related parties	6,859,594.82	Within 1 year	0.06	-
Sinotrans Container Lines (Hong Kong) Company Limited	Under control of the same ultimate controller	6,677,575.88	Within 1 year	0.05	-
Chongqing Wanqiao CommunicationTech Co., Ltd	Under control of the same ultimate controller	5,410,832.20	Within 1 year	0.04	-
Tianjin shiyun logistics co. LTD	Associate of the Group	5,226,413.24	Within 1 year	0.04	-
Nissin-Sinotrans International Logistics Co., Ltd.	Joint venture of the Group	5,552,733.00	Within 1 year	0.05	-
Nanjing Tanker Corporation	Under control of the same ultimate controller	4,495,487.35	Within 1 year	0.04	-
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Associate of the Group	4,250,000.00	Within 1 year	0.03	-
Weihai Weidong Shipping Co., Ltd.	Joint ventures and associates	3,712,365.79	Within 1 year	0.03	-
Chongqing Changhang Yihua Shipping Co., Ltd.	Under control of the same ultimate controller	3,627,868.17	Within 1 year	0.03	-
MAXX LOGISTICS LTD.	Joint venture of the Group	3,522,580.95	Within 3 years	0.03	-
Shenyang Jinyun Automobile Logistics Co. Ltd	Joint venture of the Group	3,219,247.88	Within 1 year	0.03	-
Hebei Sinotrans Jiuling Storage and Transportation Co., Ltd.	Under control of the same ultimate controller	3,098,127.12	Within 1 year	0.03	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Joint venture of the Group	3,026,965.77	Within 2 years	0.02	-
Far rise Co., Ltd.	Under control of the same ultimate controller	2,926,662.87	Within 3 years	0.02	-
Henan Sinotrans Bonded Logistics Co., Ltd.	Under control of the same ultimate controller	2,666,326.40	Within 1 year	0.02	-
Shanghai Changhang Shipping Co., Ltd.	Under control of the same ultimate controller	2,605,451.79	Within 1 year	0.02	-
Beijing Sinotrans Land Transportation Co., Ltd.	Under control of the same ultimate controller	2,421,214.11	Within 1 year	0.02	-
Others	—	35,146,390.64	Within 2 years	0.29	-
Total	—	180,550,919.23	—	1.47	-

(8) The Group had no accounts receivable derecognised by transfer of financial assets at the end of the period.

(9) The Group had no amount of assets and liabilities from continued involvement at the end of the period, such as the transfer of accounts receivable.

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

5. Prepayments

(1) The aging of prepayments is analysed as follows:

Items	Closing balance	Opening balance
Within 1 year (including 1 year)	**2,222,629,212.01**	2,022,686,652.67
1 to 2 years (including 2 years)	**28,958,178.45**	26,444,438.82
2 to 3 years (including 3 years)	**16,152,077.79**	16,157,954.51
Over 3 years	**12,769,103.62**	16,581,574.23
Total	**2,280,508,571.87**	2,081,870,620.23

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

Entity name	Closing balance	Aging	Reasons for non-settlement
Shanghai Wusongkou International Cruise Port Development Co., Ltd (Note 1)	**10,636,012.29**	Over 2 years	Uncompleted of the contracted target
Total	**10,636,012.29**	——	——

Note 1: The reasons for unsettled prepayments of Sinotrans Eastern Company Limited (a subsidiary of the Group) to Shanghai Wusongkou International Cruise Port Development Co., Ltd is due to the berth lock deposits at terminal. Such lock deposits need to be paid at least 1 year in advance.

(3) Major entities of prepayments

Entity name	Relationship with the Company	Amount	Aging	Proportion to the total prepayments (%)	Reasons for non-settlement
Entity 1	Third parties	135,861,987.07	Within 2 years	5.96	Project Uncompleted
Entity 2	Third parties	58,250,983.08	Within 1 year	2.55	Project Uncompleted
Entity 3	Third parties	31,159,581.40	Within 1 year	1.37	Project Uncompleted
Entity 4	Third parties	30,183,630.24	Within 1 year	1.32	Project Uncompleted
Entity 5	Third parties	29,781,639.86	Within 2 years	1.31	Project Uncompleted
Total	——	285,237,821.65	——	12.51	——

(4) The Group had no outstanding debts of shareholders holding more than 5% (including 5%) of the voting shares of the Company as of 30 June 2019.

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

6. Other receivables

Item	**Closing balance**	Opening balance
Interest receivables	**4,861,013.87**	11,361,382.76
Dividend receivables	**69,717,260.26**	63,826,982.07
Other receivables	**1,360,408,869.85**	1,340,885,824.68
Total	**1,434,987,143.98**	1,416,074,189.51

(1) Interest Receivables

1) Classification of interest receivables

Item	**Closing balance**	Opening balance
Fixed deposit	**4,861,013.87**	11,361,382.76
Total	**4,861,013.87**	11,361,382.76

2) As of 30 June 2019, the Group has no overdue interest receivables.

3) The management of the Group believes that it is unnecessary to make impairment provision for the interest receivables as at 30 June 2019.

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

6. Other receivables (continued)

(2) Dividend receivables

Invested entities	Opening balance	Increase due to changes in the scope of consolidation	Increase in the period	Decrease in the period	Translated difference in foreign currency statements	**Closing balance**	Reason for non-recovery	Whether an impairment occurs and its judgment basis
Dividend receivables with the aging of less than 1 year	18,158,425.16	-	46,225,127.53	40,098,268.74	-	**24,285,283.95**	—	—
Including: China United Tally Co., Ltd.	10,000,000.00	-	5,000,000.00	-	-	**15,000,000.00**	Announced but not issued yet	No
Wuhan Port Container Co., Ltd.	6,000,000.00	-	-	-	-	**6,000,000.00**	Announced but not issued yet	No
China International Exhibition Transportation Co., Ltd.	-	-	2,797,362.80	-	-	**2,797,362.80**	Announced but not issued yet	No
Air China Limited	-	-	297,921.18	-	-	**297,921.18**	Announced but not issued yet	No
Ams Global Transportation Co., Ltd.	622,425.16	-	-	432,425.19	-	**189,999.97**	Announced but not issued yet	No
China Sinotrans (Pakistan) Logistics Co. LTD	1,536,000.00	-	-	1,536,000.00	-	**-**	—	—
Ningbo Sinotrans Arian Shipping Agency Co., Ltd.	-	-	12,831,240.93	12,831,240.93	-	**-**	—	—
Weihai Weidong Shipping Co., Ltd.	-	-	7,691,062.50	7,691,062.50	-	**-**	—	—
Jiangsu Jiangyin Port Group Co., Ltd	-	-	4,387,500.00	4,387,500.00	-	**-**	—	—
Qingdao Huasheng Airport Logistics Co. Ltd	-	-	3,664,927.24	3,664,927.24	-	**-**	—	—
SINOTRANS ALMAJDOUIE MIDDLE EAST CO. LTD	-	-	3,420,950.00	3,420,950.00	-	**-**	—	—
Jiangsu Sinotrans Nissin International Freight Co., Ltd	-	-	2,395,478.47	2,395,478.47	-	**-**	—	—
BOE Technology Group Co., Ltd	-	-	1,510,500.00	1,510,500.00	-	**-**	—	—
Shanghai Tongyun International Logistics Co.,Ltd.	-	-	1,034,534.30	1,034,534.30	-	**-**	—	—
Qingdao Yujiachang Container Storage And Transportation Co. Ltd	-	-	774,098.86	774,098.86	-	**-**	—	—
Xinghan Shipping Agency Co.,Ltd.	-	-	230,551.25	230,551.25	-	**-**	—	—
Jiangmen Gaosha Sinotrans Agency Co., Ltd.	-	-	189,000.00	189,000.00	-	**-**	—	—
Dividend receivables with the aging over 1 year	45,668,556.91	-	-	236,580.60	-	**45,431,976.31**	—	—
Including: Shenzhen Haixing Harbor Development Co., Ltd.	25,949,781.00	-	-	-	-	**25,949,781.00**	Note 1	No
New Land Bridge (Lianyungang) Dock Co., Ltd.	19,718,775.91	-	-	236,580.60	-	**19,482,195.31**	Note 2	No
Total	63,826,982.07	-	46,225,127.53	40,334,849.34	-	**69,717,260.26**	—	—

Note 1: Shenzhen Haixing Port Development Co., Ltd. (hereinafter referred to as "Shenzhen Haixing") is a joint venture of Sinotrans South China Co., Ltd, a subsidiary of the Group. The dividend was announced in 2015. Due to the upgrading of Shenzhen Haixing's port, it needed more financial source to complete the project. Therefore the dividend payment was suspended. As the Group believed that Shenzhen Haixing can pay dividends through its operating cash inflow after upgrading the port, so no provision for impairment was made. As at date of issuance of this report, the dividend has been recovered.

Note 2: New Land Bridge (Lianyungang) Terminal Co., Ltd. ("New Land Bridge") is a joint venture invested by the Company, Sinotrans (HK) Logistics Limited ("HK Logistics") and Sinotrans Land Bridge Transportation Co., Ltd. Since the dividend paid to overseas companies was not approved by relevant authorities, they have not been issued yet.

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

6. Other receivables (continued)

(3) Other receivables

1) Analysis by nature

Nature	**Closing balance**	Opening balance
Deposits receivable	**647,250,776.53**	624,610,430.75
Government grants receivable	**375,045,374.40**	117,465,430.07
Receivables from related parties	**175,736,313.76**	462,018,333.65
Advanced payments	**84,955,325.98**	81,325,201.09
Reserve fund receivable	**44,228,052.56**	41,362,940.58
Compensation receivable	**35,658,570.20**	36,859,273.21
Others	**132,862,190.79**	114,342,849.22
Subtotal	**1,495,736,604.22**	1,477,984,458.57
Less: bad debt provision	**135,327,734.37**	137,098,633.89
Total	**1,360,408,869.85**	1,340,885,824.68

2) Changes in bad debt provision for other receivables based on 12-month and lifetime expected credit losses in the future

Bad debt provision	**Stage 1 12-month expected credit losses**	**Stage 2 Lifetime expected credit losses (not credit-impaired)**	**Stage 3 Lifetime expected credit losses (credit-impaired)**	**Total**
Balance at 1 January 2019	56,391,100.12	–	80,707,533.77	137,098,633.89
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision in the period	9,142,039.63	–	29,248.09	9,171,287.72
Reversal in the period	186,317.55	–	6,986,513.28	7,172,830.83
Written-off in the period	–	–	–	–
Decrease in disposal of subsidiaries	5,736.27	–	–	5,736.27
Foreign exchange rate changes	4,523.71	–	–	4,523.71
Other changes	-3,768,143.85	–	–	-3,768,143.85
Closing balance	61,577,465.79	–	73,750,268.58	135,327,734.37

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

6. Other receivables (continued)

(3) Other receivables (continued)

3) Analysis by aging

Item	Closing balance			Opening balance		
	Carrying amount	**Proportion (%)**	**Bad debt provision**	Carrying amount	Proportion (%)	Bad debt provision
Less than 1 year (including 1 year)	**1,048,466,599.21**	**70.10**	**13,191,575.42**	1,049,224,651.64	70.99	6,640,309.21
1 to 2 years (including 2 years)	**125,573,461.96**	**8.40**	**8,072,096.19**	151,434,624.42	10.25	26,284,449.80
2 to 3 years (including 3 years)	**158,129,710.22**	**10.57**	**51,535,375.40**	129,338,107.59	8.75	43,128,647.86
More than 3 years	**163,566,832.83**	**10.93**	**62,528,687.36**	147,987,074.92	10.01	61,045,227.02
Total	**1,495,736,604.22**	**100.00**	**135,327,734.37**	1,477,984,458.57	100.00	137,098,633.89

4) Other receivables classified and presented by method of bad debt provision

Category	Closing balance				
	Carrying amount		**Bad debt provision**		
	Amounts	**Proportion (%)**	**Amounts**	**Proportion of the provision (%)**	**Book value**
Bad debt provision on individual assessment	**17,159,542.66**	**1.15**	**16,385,465.38**	**95.49**	**774,077.28**
Bad debt provision on portfolio assessment	**1,478,577,061.56**	**98.85**	**118,942,268.99**	**8.04**	**1,359,634,792.57**
Including: Portfolio with low recovery risk	**993,604,255.08**	**66.43**	**–**	**–**	**993,604,255.08**
Aging combination	**484,972,806.48**	**32.42**	**118,942,268.99**	**24.53**	**366,030,537.49**
Total	**1,495,736,604.22**	**100.00**	**135,327,734.37**	——	**1,360,408,869.85**

Category	Opening balance				
	Carrying amount		Bad debt provision		
	Amounts	Proportion (%)	Amounts	Proportion of the provision (%)	Book value
Bad debt provision on individual assessment	23,671,747.50	1.60	22,897,670.22	96.73	774,077.28
Bad debt provision on portfolio assessment	1,454,312,711.07	98.40	114,200,963.67	7.85	1,340,111,747.40
Including: Portfolio with low recovery risk	1,125,511,594.12	76.15	–	–	1,125,511,594.12
Aging combination	328,801,116.95	22.25	114,200,963.67	34.73	214,600,153.28
Total	1,477,984,458.57	100.00	137,098,633.89	——	1,340,885,824.68

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

6. Other receivables (continued)

(3) Other receivables (continued)

4) Other receivables classified and presented by method of bad debt provision (continued)

Other receivables with a bad debt provision on individual assessment as at 30 June 2019 are analysed as follows:

Entity name	Carrying amount	Expected credit loss rate over the entire life	Bad debt provision	Reasons for accrual
Entity 1	3,000,000.00	100.00%	3,000,000.00	Involving litigation with high recovery risk
Entity 2	2,500,000.00	100.00%	2,500,000.00	Counterparty untraceable or business interruption
Entity 3	2,100,000.00	100.00%	2,100,000.00	The credit risk over the entire life is extremely high
Entity 4	1,471,033.37	100.00%	1,471,033.37	The credit risk over the entire life is extremely high
Entity 5	1,266,533.14	100.00%	1,266,533.14	The credit risk over the entire life is extremely high
Entity 6	976,173.17	73.40%	716,517.89	The credit risk over the entire life is extremely high
Entity 7	711,000.00	31.09%	221,028.00	The credit risk over the entire life is extremely high
Entity 8	623,721.00	100.00%	623,721.00	The credit risk over the entire life is extremely high
Entity 9	474,308.44	100.00%	474,308.44	Involving litigation with high recovery risk
Entity 10	451,692.70	100.00%	451,692.70	The credit risk over the entire life is extremely high
Others	3,585,080.84	99.32%	3,560,630.84	——
Total	17,159,542.66	——	16,385,465.38	——

Other receivables with a bad debt provision made by portfolio as at 30 June 2019 are analysed as follows:

Portfolio 1: Portfolio with low recovery risk

Item	Carrying amount	Expected credit loss rate over the entire life	Bad debt provision
Receivables from related parties	175,736,313.76	0.00%	–
Others	817,867,941.32	0.00%	–
Total	993,604,255.08	–	–

Note: Others are mainly the Group's receivables of any nature such as margin and deposit from relevant national industry authorities and industry associations and the temporary loans, reserve funds and other receivables incurred by active employees of the Group for the purpose of carrying out business activities.

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

6. Other receivables (continued)

(3) Other receivables (continued)

4) Other receivables classified and presented by method of bad debt provision (continued)

Portfolio 2: Aging combination

Item	Carrying amount	Expected credit loss rate over the entire life	Bad debt provision
Less than 1 year (including 1 year)	333,800,911.21	3.81%	12,717,266.98
1 to 2 years (including 2 years)	19,088,441.23	31.48%	6,008,555.51
2 to 3 years (including 3 years)	74,718,650.84	57.35%	42,851,643.30
Over 3 years	57,364,803.20	100.00%	57,364,803.20
Total	484,972,806.48	——	118,942,268.99

5) The Company has no other receivables actually written off during the reporting period.

6) Outstanding debts of shareholders holding more than 5% (inclusive) of the voting shares of the Company

Entity name	Closing balance	Opening balance
Sinotrans & CSC	**7,671,018.63**	–
Total	**7,671,018.63**	–

7) Other receivables with the top five Closing balances pooled by debtor

Entity name	Relationship with the Company	Amount	Aging	Proportion to total other receivables (%)	Bad debt provision	Nature or content
Entity 1	Third parties	188,203,475.38	Within 1 year	12.58	–	China Railway Express, freight service grant
Entity 2	Third parties	90,341,583.80	Within 1 year	6.04	–	Government grants
Entity 3	Associate of the Group	50,000,000.00	Within 1 year	3.34	–	Deposits and advanced payments
Entity 4	Third parties	49,105,065.70	Within 1 year	3.28	–	Government grants
Entity 5	Third parties	25,000,000.00	Within 3 years	1.67	–	Route deposits
Total	——	402,650,124.88	——	26.91	–	——

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

6. Other receivables (continued)

(3) Other receivables (continued)

8) Receivables from related parties

Entity name	Relationship with the Company	Amount	Proportion to total of other receivables (%)
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd. (Note)	Associate of the Group	50,000,000.00	3.34
Loscam Supply Chain Management (Jiaxing) Co., Ltd. (Note)	Associate of the Group	20,013,291.62	1.34
Shenyang Jinyun Automobile Logistics Co. Ltd	Joint venture of the Group	19,905,205.04	1.33
Changhanghuoyun Co., Ltd	Entity controlled by the ultimate controller	18,854,236.74	1.26
MAXX LOGISTICS LTD.	Joint venture of the Group	16,289,740.66	1.09
Sinotrans Hongfeng (Shanghai) International Logistics Co. Ltd	Joint venture of the Group	9,373,691.38	0.63
China Sinotrans Djibouti Co. Ltd	Joint venture of the Group	9,314,149.76	0.62
Sinotrans & CSC	Entity controlled by the ultimate controller	7,671,018.63	0.51
Others	——	24,314,979.93	1.63
Total	——	175,736,313.76	11.75

Note: The Group's receivables from Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd. and Loscam Supply Chain Management (Jiaxing) are mainly for current and advance payments. At the end of 2018, the Group disposed of Loscam International's equity and ceased to included the above companies in the scope of consolidation. Other shareholders shall bear the repayment obligation of the loan in proportion to their shareholdings. As of the date of issuance of this report, above companies have repaid the Group RMB470 million.

The Group's receivables from other related parties are mainly deposits and deposits in business operations.

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

6. Other receivables (continued)

(3) Other receivables (continued)

9) Other receivables in relation to government grants

Entity name	Projects related to government grant	Closing balance	Ending aging	Expected receiving time, balance and reason
Entity 1	China Railway Express, freight service grant	188,203,475.38	Within 1 year	It is expected to be received by the end of August 2019
Entity 2	China Railway Express, freight service government grant – Hunan	90,341,583.80	Within 1 year	It is expected to be received by September 2019 according to the grant policy
Entity 3	China Railway Express, freight service government grant in shenyang	49,105,065.70	Within 1 year	It is expected to be received this year according to the grant policy
Entity 4	Port subsidies, domestic trade subsidies and subsidies for shuttle bus	15,755,979.48	Within 1 year	It is expected to be received this year according to the grant policy
Entity 5	Government demolition funds receivable	15,022,806.00	Within 2 years	The date on which it is received is uncertain
Entity 6	China Railway Express, and Middle Asia freight service government grant in Guangdong province	12,035,860.00	Within 1 year	It is expected to be received by September 2019 according to the grant policy
Entity 7	Subsidy of Support Policy for Foreign Economic and Trade in Meishan of 2018	1,447,725.75	Within 1 year	It is expected to be received by the end of August 2019 according to the Implementation Measures for Foreign Economic and Trade Development in Meishan Bonded Port Area in 2018
Entity 8	Second quarter railway freight agency grant	1,368,000.00	Within 1 year	It is expected to be received this year according to the grant policy
Entity 9	Special fund for the development of international routes and international trains in Nanjing	704,000.00	Within 1 year	It is received as of the date of the report
Entity 10	Financial support	635,948.29	Within 1 year	It is expected to be received this year according to the Interim Measures for Promoting the Development of Modern Service Industry in the Central Business District of Binhai New Area
Entity 11	Container capacity subsidy to support and accelerate the development of Longyan land port	256,600.00	Within 2 years	It is expected to be received by the end of July 2019 according to the Notice on granting of funds for the support of Longyan land port in 2018
Entity 12	Awards for 15 policies in relation to the development of service industry to strengthen and expand transportation enterprises of 2018	168,330.00	Within 1 year	It is expected to be received by the end of August according to the document (Min Cai Wai [2018] No. 39) jointly issued by the Fujian Provincial Department of Finance and Fujian Provincial Department of Commerce of Fujian Province
Total	—	375,045,374.40	—	—

Note: The Group's government grants such as international freight or container allowances were in line with the preferential policies of the region, and the government grants can be declared and obtained on a monthly or quarterly basis according to preferential criteria.

10) At of 30 June 2019, the Group had no amount of assets and liabilities from continued involvement.

11) There were no prepayments transferred to other receivables at the end of the period.

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

7. Inventories

(1) Classification of inventories

Item	Closing balance Carrying amount	Closing balance Inventory falling price reserves	Closing balance Book value	Opening balance Carrying amount	Opening balance Inventory falling price reserves	Opening balance Book value
Raw materials	**34,896,725.44**	**2,995,950.82**	**31,900,774.62**	34,377,672.70	2,995,950.82	31,381,721.88
Goods in stock	**80,233,395.57**	**3,501,085.61**	**76,732,309.96**	202,108,819.57	3,501,085.61	198,607,733.96
Revolving materials	**30,891,889.40**	**1,757,000.00**	**29,134,889.40**	38,368,031.24	1,757,000.00	36,611,031.24
Total	**146,022,010.41**	**8,254,036.43**	**137,767,973.98**	274,854,523.51	8,254,036.43	266,600,487.08

(2) Provision for decline in value

Item	Opening balance	Increase of the period Accrual	Increase of the period Others	Decrease of the period Reversal or write-off	Decrease of the period Others	**Closing balance**
Raw materials	2,995,950.82	–	–	–	–	**2,995,950.82**
Goods in stock	3,501,085.61	–	–	–	–	**3,501,085.61**
Revolving materials	1,757,000.00	–	–	–	–	**1,757,000.00**
Total	8,254,036.43	–	–	–	–	**8,254,036.43**

8. Held-for-sale assets

Item	**Ending carrying value**	**Fair Value**	**Expected disposal cost**	**Time of disposal**
Sinotrans Luzhou Port Bonded Logistic Co., Ltd.	53,745,651.81	82,800,000.00	165,600.00	To be completed within the next 12 months
Total	53,745,651.81	82,800,000.00	165,600.00	——

Note: The Group's subsidiary Sinoair intends to transfer 60% shareholdings and 4.8 million share rights of Sinotrans Luzhou Port Bonded Logistics Co., Ltd. ("Luzhou Bonded"). On 27 November 2018, the equity of Luzhou Bonded was listed on the Beijing Equity Exchange. On 29 December 2018, Sinoair and Luzhou lingang investment group Co., Ltd signed a property sales and purchase agreement with transaction price of RMB82.8 million. The trading will be completed in 2019.

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

9. Non-current assets due within one year

Item	Closing balance	Opening balance
Long-term receivables due within one year	**45,914,894.50**	74,928,213.64
Total	**45,914,894.50**	74,928,213.64

10. Other current assets

Item	Closing balance	Opening balance
Deductible VAT taxation expenses	**507,966,276.41**	504,845,995.78
VAT reimbursement from Belarus	**2,846,630.69**	4,965,919.80
Prepaid taxes	**28,417,289.97**	27,363,722.76
Auditing fee and lawyer fee for project Tengda	**–**	21,969,007.22
Subtotal	**539,230,197.07**	559,144,645.56
Less: impairment provision	**–**	–
Total	**539,230,197.07**	559,144,645.56

11. Long-term receivables

(1) Long-term receivables

Item	Closing balance			Opening balance			Discount rate range at 30 June 2019
	Carrying amount	Impairment provision	Book value	Carrying amount	Impairment provision	Book value	
Amounts due from associates and joint ventures	**94,080,000.00**	**-**	**94,080,000.00**	144,655,512.49	-	144,655,512.49	1.2%-12.5%
Other long-term receivables	**66,582,804.05**	**-**	**66,582,804.05**	72,282,447.70	-	72,282,447.70	—
Total	**160,662,804.05**	**-**	**160,662,804.05**	216,937,960.19	-	216,937,960.19	—
Less: the portion due within one year	**45,914,894.50**	**-**	**45,914,894.50**	74,928,213.64	-	74,928,213.64	—
Long-term receivables due after one year	**114,747,909.55**	**-**	**114,747,909.55**	142,009,746.55	-	142,009,746.55	—

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

11. Long-term receivables (continued)

(1) Long-term receivables (continued)

Note 1: The Group's receivables from associates and joint ventures include the following:

Shanghai Puan Storage Co., Ltd. ("Shanghai Puan"), an associate of the Group, obtained a loan of RMB45.16 million from the Group in April 2017 to supplement Shanghai Puan's circulating funds, and the loan will mature in December 2024 at an annual interest rate of 12.50%. According to the arrangements under the loan contract, Shanghai Puan shall repay the principal and interest on a quarterly basis from June 2017 to November 2024. The balance of the loan was RMB37.08 million ten thousand as at 30 June 2019 (31 December 2018: RMB39.28 million), and the portion which is due within one year is RMB4.68 million.

The Group's joint venture Sinotrans Suzhou Logistics Center Co., Ltd. ("Suzhou Logistic Center") obtained a loan of RMB57 million from the Group in August 2016. The loan term is 10 years and the annual interest rate is 1.20%. The maturity date is August 2026. The loan is a policy-specific loan provided by the Agricultural Development Development Fund to the Company through the Agricultural Development Bank of China, and is dedicated to the Suzhou Logistics Center Wujingjiang Integrated Logistics Park Project. After the construction period of the project, the Suzhou Logistics Center will repay the principal in equal shares for 8 years from August 2019 to August 2026. As at 30 June 2019, the remaining balance of the loan was RMB57 million (31 December 2018: RMB57 million), and the portion which is due within one year is RMB7.125 million.

Note 2: The Group's subsidiary – Sinotrans Air Transportation Development has started its freight forwarding business with Uni-top Airlines Co., Ltd, and its two related parties, UT CHARTER BROKER LTD. and Huali Logistics Co., Ltd. since 2010. UT CHARTER BROKER LTD. owed Sinotrans Air Transportation Development HK$10,726,517.54, Huali Logistics Co., Ltd. owed HK$55,974,597.46, while Uni-top Airlines Co., Ltd. owed Sinotrans Developmen RMB29,880,000.00. On 13 March 2018, Sinotrans Air Transportation Development, Uni-top Airlines Co., Ltd, UT CHARTER BROKER LTD., Huali Logistics Co., Ltd., Uni-top Shenzhen Industrial Co., Ltd. (hereinafter referred to as Uni-top Industry) and Unitop Shenzhen City Holdings Co., Ltd. (hereinafter referred to as Uni-top Holdings) reached a repayment agreement, stipulating that Uni-top Industrial will repay the above debts in six installments within three years and the interest calculated according to the actual number of days and by benchmark the interest rate of bank loans for the same period. Uni-top Holdings assumed joint and several liabilities guarantee for the above debts. As at 30 June 2019, the long-term receivables of Sinotrans Air Transportation Development from Uni-top Industrial equivalent to RMB66,582,804.05, of which the portion due within one year was RMB34,109,894.50.

(2) The Group had no long-term receivables derecognised by transfer of financial assets as at 30 June 2019.

(3) The Group had no assets and liabilities from the transfer of long-term receivables and the continued involvement as at 30 June 2019.

12. Long-term equity investments

(1) Classification of long-term equity investments

Item	Opening balance	Increase of the period	Decrease of the period	Other increases (decreases)	Effects from changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investments in joint ventures	3,267,641,651.25	518,631,542.90	21,188,962.97	-	-	91,893.32	**3,765,176,124.50**
Investments in associates	3,718,316,015.57	85,850,729.55	28,987,358.96	-	-	33,612.62	**3,775,212,998.78**
Subtotal	6,985,957,666.82	604,482,272.45	50,176,321.93	-	-	125,505.94	**7,540,389,123.28**
Less: Provision for impairment of long-term equity investments	12,434,952.77	-	-	-	-	33,612.62	**12,468,565.39**
Total	6,973,522,714.05	—	—	—	—	—	**7,527,920,557.89**

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

12. Long-term equity investments (continued)

(2) Details of long-term equity investments

			Changes for the period											
Invested Entities	Investment cost	Opening balance	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision	Effects from translation in foreign currency statements	Others	Closing balance	Closing balance of impairment provision
Joint ventures	1,829,078,554.08	3,263,621,378.11	-	500,000.00	-1,276,208.02	518,192,336.27	-	-60,793.37	-19,912,754.95	-	91,893.32	-	**3,761,155,851.36**	4,020,273.14
DHL-Sinotrans International Air Courier Ltd.	69,144,505.07	1,238,683,806.72	-	-	-	483,142,227.39	-	-	-	-	-	-	**1,781,826,034.11**	-
Dongguan (Humen) Container Terminals Co., Ltd	376,633,333.00	347,324,792.27	-	-	-	-234,280.25	-	-	-	-	-	-	**347,090,512.02**	-
New Land Bridge (Lianyungang) Dock Co., Ltd.	132,585,575.46	199,724,287.01	-	-	-	2,093,635.59	-	-	-	-	-	-	**201,817,922.60**	-
Wuhu Sanshan Port co. Ltd	140,000,000.00	129,663,051.86	-	-	-	546,143.42	-	-	-	-	-	-	**130,209,195.28**	-
Chengdu Bonded Logistics Investment Ltd.	95,000,000.00	119,600,381.64	-	-	-	2,130,791.09	-	-	-	-	-	-	**121,731,172.73**	-
Sinotrans High-Tech Logistics (Suzhou) Co., Ltd	105,691,247.29	101,412,491.27	-	-	-	4,206,711.74	-	-59,078.37	-	-	-	-	**105,560,124.64**	-
Shenyang jinyun automobile logistics co. LTD	100,000,000.00	90,539,327.30	-	-	-	-308,569.75	-	-	-	-	-	-	**90,230,757.55**	-
Sinotrans Hi_techlogistcs (suzhou) co. LTD	97,898,300.00	87,962,554.22	-	-	-	2,825,628.60	-	-	-	-	-	-	**90,788,182.82**	-
Shanghai Tongyun International Logistics Co.,Ltd.	40,949,168.75	82,459,326.87	-	-	-	1,979,368.57	-	-	-1,034,534.30	-	-	-	**83,404,161.14**	-
Nissin Sinotrans International Logistics Co., Ltd	55,518,961.25	79,086,857.03	-	-	-	4,593,884.95	-	-	-	-	-	-	**83,680,741.98**	-
Shanghai Huasing International Container Freight Transportation Co., Ltd.	81,191,936.23	82,571,047.46	-	-	-	-616,359.52	-	-	-	-	-	-	**81,954,687.94**	-
Ningbo Dagang Container Co., LTD	49,855,251.00	57,832,403.99	-	-	-	2,503,028.16	-	-	-	-	-	-	**60,335,432.15**	-
Sinotrans Sharon logistics co. LTD	48,000,000.00	57,120,107.94	-	-	-	92,789.90	-	-	-	-	-	-	**57,212,897.84**	-
Qingdao port Dongjiakon Sinotrans Logistics Co., Ltd	51,000,000.00	52,532,728.27	-	-	-	811,640.42	-	-	-	-	-	-	**53,344,368.69**	-

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

12. Long-term equity investments (continued)

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

			Changes for the period											
Invested Entities	Investment cost	Opening balance	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision	Effects from translation in foreign currency statements	Others	Closing balance	Closing balance of impairment provision
SIPG Sinotrans Container Depot Co., Ltd	30,000,000.00	48,836,125.98	-	-	-	3,024,016.67	-	-	-	-	-	-	**51,860,142.65**	-
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	56,268,343.25	51,091,701.35	-	-	-	-139,514.92	-	-	-	-	-	-	**50,952,186.43**	-
Sinotrans pfeiffer cold chain logistics co. LTD	90,000,000.00	48,237,574.45	-	-	-	-110,632.81	-	-	-	-	-	-	**48,126,941.64**	-
Sinotrans fan international cold chain logistics (Shanghai) co.LTD	23,500,000.00	22,568,309.63	-	-	-	628,682.89	-	-	-	-	-	-	**23,196,992.52**	-
Ningbo Taiping Int'L Trade Transportation Co., Ltd	17,372,235.90	36,019,163.61	-	-	-	437,555.04	-	-	-	-	-	-	**36,456,718.65**	-
Sinotrans Anmaishi(Shanghai)International Aviation Express Delivery Co., Ltd.	19,911,240.00	21,442,956.13	-	-	-	6,102,520.33	-	-	-	-	-	-	**27,545,476.46**	-
Nittsu Sinotrans Logistic Dalian Co., Ltd.	16,419,924.68	25,831,208.63	-	-	-	-	-	-	-	-	-	-	**25,831,208.63**	-
MAXX LOGISTICS LTD.	1,887,400.00	22,636,085.71	-	-	-	1,793,944.44	-	-	-	-	-	-	**24,430,030.15**	-
Ningbo Dagang New Century Container Co. Ltd	19,815,780.28	23,127,805.96	-	-	-	877,475.45	-	-	-	-	-	-	**24,005,281.41**	-
Shangshun Supply Chain Management (China) Co., Ltd.	27,608,886.00	23,004,836.60	-	-	-	-	-	-	-	-	91,893.32	-	**23,096,729.92**	-
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd. (Note 1)	4,900,000.00	4,970,478.30	-	-	-	122,878.04	-	-	-	-	-	-	**5,093,356.34**	-
Hefei Sinotrans Haoming Logistics Co., Ltd.	500,000.00	-	-	500,000.00	-	-	-	-	-	-	-	-	**500,000.00**	-
Ningbo Sinotrans Arian Shipping Agency Co., Ltd. (Note 2)	1,275,000.00	13,858,395.70	-	-	-1,276,208.02	249,053.25	-	-	-12,831,240.93	-	-	-	**-**	-
Xinghan Shipping Agency Co.,Ltd. (Note 3)	2,550,000.00	238,334.92	-	-	-	-7,783.67	-	-	-230,551.25	-	-	-	**-**	-
Others	73,601,465.92	135,245,237.29	-	-	-	1,447,501.25	-	-1,715.00	-5,816,428.47	-	-	-	**130,874,595.07**	4,020,273.14

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

12. Long-term equity investments (continued)

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

			Changes for the period											
Invested Entities	Investment cost	Opening balance	Effects from changes in the scope of consolidation	Increase in investment	Decrease in investment	Investment profit or loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends and profits declared	Impairment provision	Effects from translation in foreign currency statements	Others	Closing balance	Closing balance of impairment provision
Associates	3,448,865,533.41	3,709,901,335.94	-	-	-9,483,407.56	74,804,434.60	7,793,447.85	3,252,847.10	-19,503,951.40	-	-	-	**3,766,764,706.53**	8,448,292.25
China Merchants Loscam International Holdings Co., Ltd.* (招商路凱國際控股有限公司)	2,012,021,379.89	2,012,021,379.89	-	-	-	34,051,632.29	4,664,787.03	-	-	-	-	-	**2,050,737,799.21**	-
Shenzhen Haixing Harbor Development Co., Ltd.	297,818,642.42	393,176,785.13	-	-	-	-2,482,589.68	-	-	-	-	-	-	**390,694,195.45**	-
Hainan Development Investment Co., Ltd. (Note 4)	351,328,381.51	351,328,381.51	-	-	-	-	-	-	-	-	-	-	**351,328,381.51**	-
Weihai Weidong Shipping Co., Ltd.	206,722,602.90	202,910,534.24	-	-	-	647,945.51	3,128,660.82	-	-7,691,062.50	-	-	-	**198,996,078.07**	-
China Merchants Logistics Group Nanjing Co. LTD	152,200,000.00	166,656,607.39	-	-	-	9,146,589.51	-	92,651.75	-	-	-	-	**175,895,848.65**	-
Wuhan Port Container Co., Ltd.	127,189,584.38	166,963,575.35	-	-	-	8,394,201.41	-	-	-	-	-	-	**175,357,776.76**	-
Jiangsu Jiangyin Port Group Co., Ltd	59,319,000.00	141,171,292.36	-	-	-	19,002,949.47	-	-	-4,387,500.00	-	-	-	**155,786,741.83**	-
Shanghai Pu'An Storage Co. Ltd	31,269,456.00	76,542,805.94	-	-	-	-158,058.55	-	-	-	-	-	-	**76,384,747.39**	-
Ma'Anshan Tianshun Port Co., Ltd.	21,000,000.00	28,908,429.10	-	-	-	276,573.94	-	-	-	-	-	-	**29,185,003.04**	-
Qingdao Huasheng Airport Logistics Co. Ltd	18,000,000.00	23,255,365.84	-	-	-	1,762,883.59	-	-	-3,664,927.24	-	-	-	**21,353,322.19**	-
Zhejiang Port Changxing Port Co., Ltd. (Note 5)	20,100,000.00	20,100,000.00	-	-	-	-	-	-	-	-	-	-	**20,100,000.00**	-
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	20,000,000.00	17,094,539.66	-	-	-	132,000.00	-	-	-	-	-	-	**17,226,539.66**	-
Shanghai Haihui International Container Repair Co., Ltd.	12,431,024.91	12,440,050.29	-	-	-	341,510.00	-	-	-	-	-	-	**12,781,560.29**	-
Ams Global Transportation Co., Ltd. (Note 6)	5,350,873.48	9,483,407.56	-	-	-9,483,407.56	-	-	-	-	-	-	-	**-**	-
Others	114,114,587.92	87,848,181.68	-	-	-	3,688,797.11	-	3,160,195.35	-3,760,461.66	-	-	-	**90,936,712.48**	8,448,292.25
Total	5,277,944,087.49	6,973,522,714.05	-	500,000.00	-10,759,615.58	592,996,770.87	7,793,447.85	3,192,053.73	-39,416,706.35	-	91,893.32	-	**7,527,920,557.89**	12,468,565.39

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

12. Long-term equity investments (continued)

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

Note 1: Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd. ("Hongxin Supply Chain"), a joint venture of the Group, which was jointly established by Weihai Sinotrans Logistics Development Co., Ltd. ("Weihai Sinotrans"), a subsidiary of the Group, and Weihai Integrated Bonded Zone Xinxing Development Co., Ltd. ("Weihai Bonded") on 10 April 2018. In 2018, Weihai Sinotrans contributed RMB4.90 million, holding 49% of its shares, and Weihai Bonded contributed RMB5.10 million, holding 51% of its shares. According to the regulations of Hongxin Supply Chain, Weihai Sinotrans and Weihai Bonded jointly control the company, hence it is accounted for using the equity method.

Note 2: Ningbo Sinotrans Arian Shipping Agency Co., Ltd. ("Ningbo Arian Shipping"), a joint venture of the Group, which was jointly established by Zhejiang Sinotrans Co., Ltd. ("Zhejiang Sinotrans"), a subsidiary of the Group, and Alian Shipping Agency (Hong Kong) Company Limited ("Alian Shipping") on 17 August 2009. On 22 May 2019, Alian Shipping obtained the liquidation report issued by an agency. As of 30 June 2019, Ningbo Arian Shipping had completed all cancellation procedures.

Note 3: Xinghan Shipping Agency Co.,Ltd. ("Xinghan Shipping"), a joint venture of the Group, which was jointly established by China Marine Shipping Agency Co., Ltd ("China Marine Shipping Agency"), a subsidiary of the Group, and Hanjin Shipping of Korea Corporation (韓國株式會社韓進海運) ("Hanjin Shipping") on 20 June 2005. On 31 January 2019, Xinghan Shipping obtained the approval of the Shanghai Municipal Commission of Commerce for cancellation. As of 30 June 2019, Xinghan Shipping had completed all cancellation procedures.

Note 4: Hainan Development Investment Co., Ltd. ("China Merchants Hainan") is an associate of the Group, which was jointly established by Sinotrans (Hong Kong) Logistics Co., Ltd. ("Hong Kong Logistics"), a subsidiary of the Group, China Merchants Group (Hong Kong) Co., Ltd., Jumbo Pacific Holdings Limited, Chiwan Port (Hong Kong) Co., Ltd., China Merchants Highway Network Technology Holdings Co., Ltd. and China Merchants Industrial Investment Co., Ltd. on 18 December 2018. According to the China Merchants Hainan Shareholders Agreement, the registered capital of China Merchants Hainan is RMB3.5 billion, of which Hong Kong Logistics has a capital contribution of RMB350 million, holding 10% of its shares. One director was appointed to participate in financial and operational policy decisions. The Group has a significant influence on China Merchants Hainan, hence it is accounted for using the equity method. As of 30 June 2019, China Merchants Hainan was still in the preparatory stage.

Note 5: Zhejiang Port Changxing Port Co., Ltd. ("Zhejiang Haigang") is an associate of the Group, which was jointly established by Zhejiang Sinotrans Co., Ltd. ("Sinotrans Zhejiang Company"), a subsidiary of the Group, Zhejiang Port Inland Port Development Co., Ltd., Changxing South Taihu Investment Development Co., Ltd. and Changxing Xuyu Investment Co., Ltd. The registered capital of Zhejiang Haigang is RMB187.00 million. Among them, Sinotrans Zhejiang Company subscribed the capital contribution of RMB56.10 million, holding 30% of its shares. In 2018, the first paid-in contribution of Zhejiang Company was RMB20.10 million, and the remaining RMB36.00 million will be paid in full according to the progress of actual fund demand for project development. According to the Zhejiang Haigang Regulations, the Group has a significant influence on Zhejiang Haigang, hence it is accounted for using the equity method. As of 30 June 2019, Zhejiang Haigang was still in the preparatory stage.

Note 6: Ams Global Transportation Co., Ltd. ("Ams Global"), a joint venture of the Group, which was jointly established by Sinotrans Air Transportation Development Co., Ltd. ("Air Transportation Development"), a subsidiary of the Group, Air China Cargo Co., Ltd, Morrison Express Co., Ltd. and Yekol Ltd. on 29 June 1991. On 25 January 2019, Ams Global obtained the approval of the Beijing Administration for Industry and Commerce for cancellation. As of 30 June 2019, Ams Global had completed all cancellation procedures.

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

12. Long-term equity investments (continued)

(3) The changes in the provision for impairment of long-term equity investments are as follows:

Item	Opening balance	Effects of changes in the scope of consolidation	Increase of the period	Decrease of the period		Effects from translation in foreign currency statements	Closing balance
				Decrease	Decrease reason		
Beijing Merchants Science City Red Estate Development Co., Ltd.	5,638,347.00	–	–	–	–	22,522.50	**5,660,869.50**
Sinotrans Hongfeng (Shanghai) International Logistics Co. Ltd	4,020,273.14	–	–	–	–	–	**4,020,273.14**
Beijing Honglian Technology Co. Ltd	1,435,215.60	–	–	–	–	5,733.00	**1,440,948.60**
Ningbo Beilun Donghua Container Service Co., Ltd.	1,341,117.03	–	–	–	–	5,357.12	**1,346,474.15**
Total	12,434,952.77	–	–	–	–	33,612.62	**12,468,565.39**

(4) Investments in joint ventures

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	Voting ratio (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating revenue for the period	Net profit for the period	Net profit of the invested entity attributable to the parent company for the period
Joint ventures	—	—	—	—	—	—	—	—	—	—	—
DHL-Sinotrans International Air Courier Ltd.	Beijing, PRC	Air-freight courier	USD14.5M	50.00	50.00	5,539,005,716.40	1,975,353,648.19	3,563,652,068.21	6,452,578,598.12	966,284,454.77	966,284,454.77
Dongguan Container Terminals Co., Ltd	Dongguan, PRC	Harbour operating	RMB670M	49.00	49.00	1,438,250,487.55	911,711,722.52	526,538,765.03	121,775,104.25	1,860,670.72	1,860,670.72
New Land Bridge (Lianyungang) Dock Co., Ltd.	Lianyungang, PRC	Port development, freight forwarding	RMB395M	42.00	42.00	525,117,202.55	56,427,369.23	468,689,833.32	113,931,157.90	4,984,846.64	4,984,846.64
Chengdu Bonded Logistics Investment Ltd.	Sichuan, PRC	Logistics	RMB175M	54.29	54.29	239,045,028.72	14,821,096.63	224,223,932.09	17,932,959.30	3,924,831.63	3,924,831.63
Total	—	—	—	—	—	7,741,418,435.22	2,958,313,836.57	4,783,104,598.65	6,706,217,819.57	977,054,803.76	977,054,803.76

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

12. Long-term equity investments (continued)

(5) Main financial information of material joint ventures

Items	Closing balance/Amount for the current period				Opening balance/Amount for the previous period			
	DHL-Sinotrans International Air Courier Ltd.	Dongguan Container Terminals Co., Ltd	New Land Bridge (Lianyungang) Dock Co., Ltd.	Chengdu Bonded Logistics Investment Ltd.	DHL-Sinotrans International Air Courier Ltd.	Dongguan Container Terminals Co., Ltd	New Land Bridge (Lianyungang) Dock Co., Ltd.	Chengdu Bonded Logistics Investment Ltd.
Current assets	4,543,143,533.17	167,865,912.97	184,352,317.62	41,420,644.97	3,940,308,666.53	147,123,609.53	174,598,688.76	42,326,369.84
Non-current assets	995,862,183.23	1,270,384,574.58	340,764,884.93	197,624,383.75	730,992,292.24	1,295,454,293.26	355,192,986.95	193,474,974.60
Total assets	5,539,005,716.40	1,438,250,487.55	525,117,202.55	239,045,028.72	4,671,300,958.77	1,442,577,902.79	529,791,675.71	235,801,344.44
Current liabilities	1,684,997,516.17	66,460,881.68	46,160,966.52	14,821,096.63	2,015,939,894.23	185,671,392.90	44,227,833.03	15,502,243.98
Non-current liabilities	290,356,132.02	845,250,840.84	10,266,402.71	-	57,993,451.10	729,822,223.46	10,029,826.02	-
Total liabilities	1,975,353,648.19	911,711,722.52	56,427,369.23	14,821,096.63	2,073,933,345.33	915,493,616.36	54,257,659.05	15,502,243.98
Net assets attributable to the parent company	3,563,652,068.21	526,538,765.03	468,689,833.32	224,223,932.09	2,597,367,613.44	527,084,286.43	475,534,016.66	220,299,100.46
Share of net assets calculated at the shareholding ratio	1,781,826,034.11	258,003,994.86	196,849,729.99	121,731,172.73	1,298,683,806.72	258,271,300.35	199,724,287.00	119,600,381.64
Adjustments	-	-	-	-	-	-	-	-
Carrying amounts of equity investments in joint ventures	1,781,826,034.11	347,090,512.02	201,817,922.60	121,731,172.73	1,298,683,806.72	347,324,792.27	199,724,287.01	119,600,381.64
Fair value of equity investments with public offer	-	-	-	-	-	-	-	-
Operating revenue	6,452,578,598.12	121,775,104.25	113,931,157.90	17,932,959.30	5,889,317,911.86	22,365,144.54	125,175,802.99	20,362,524.61
Finance costs	-7,797,414.34	20,955,116.38	-723,430.84	-174,790.88	-9,318,042.74	3,694,847.25	-723,327.86	-150,860.24
Income tax expenses	301,886,227.16	-	1,661,615.55	1,190,802.12	369,176,630.55	-	4,393,916.77	2,531,963.03
Net profit	966,284,454.77	1,860,670.72	4,984,846.64	3,924,831.63	1,104,091,846.68	826,857.59	13,185,996.21	7,537,591.94
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	966,284,454.77	1,860,670.72	4,984,846.64	3,924,831.63	1,104,091,846.68	826,857.59	13,185,996.21	7,537,591.94
Dividends from joint ventures for the period	-	-	-	-	-	-	-	-

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

12. Long-term equity investments (continued)

(6) Investments in associates

Name of invested entities	Place of registration	Nature of business	Registered capital	Shareholding ratio (%)	Voting ratio (%)	Total assets at the end of the period	Total liabilities at the end of the period	Total net assets at the end of the period	Total operating revenue for the period	Net profit for the period	Net profit of the invested entity attributable to the parent company for the period
Associate	——	——	——	——	——	——	——	——	——	——	——
China Merchants Loscam International Holdings Co., Ltd.*	Hong Kong, PRC	Logistics equipment leasing	US$101	45.00	45.00	6,120,120,144.58	2,992,699,338.21	3,127,420,806.37	766,344,398.61	75,670,293.97	75,670,293.97
Shenzhen Haixing Harbor Development Co., Ltd.	Shenzhen, PRC	Warehouse and port services	RMB530.73M	33.00	33.00	784,047,213.72	128,089,456.11	655,957,757.61	15,560,079.15	-1,460,861.30	-1,460,861.30
China Merchants Logistics Group Nanjing Co. LTD	Nanjing, PRC	Logistic	RMB50M	45.00	45.00	171,591,470.93	61,094,760.66	110,496,710.27	172,483,194.49	20,325,754.46	20,325,754.46
Wuhan Port Container Co., Ltd.	Wuhan, PRC	Containers handling and freight forwarding	RMB400M	30.00	30.00	896,702,049.98	315,204,988.11	581,497,061.87	61,900,603.94	27,980,671.35	27,980,671.35
Total	——	——	——	——	——	7,972,460,879.21	3,497,088,543.09	4,475,372,336.12	1,016,288,276.19	122,515,858.48	122,515,858.48

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

12. Long-term equity investments (continued)

(7) Main financial information of material associates

Item	Closing balance/Amount for the current period				Opening balance/Amount for the previous period		
	China Merchants Loscam International Holdings Co., Ltd.*	Shenzhen Haixing Harbor Development Co., Ltd.	China Merchants Logistics Group Nanjing Co. LTD	Wuhan Port Container Co., Ltd.	Shenzhen Haixing Harbor Development Co., Ltd.	China Merchants Logistics Group Nanjing Co. LTD	Wuhan Port Container Co., Ltd.
Current assets	1,064,986,859.19	85,743,651.39	98,836,206.06	281,687,917.76	155,460,909.10	102,029,861.42	266,940,999.25
Non-current assets	5,055,133,285.39	698,303,562.33	72,755,264.87	615,014,132.22	634,653,860.60	74,155,534.13	633,146,702.52
Total assets	6,120,120,144.58	784,047,213.72	171,591,470.93	896,702,049.98	790,114,769.70	176,185,395.55	900,087,701.77
Current liabilities	594,291,421.92	128,089,456.11	60,434,901.83	74,636,753.44	133,429,898.34	85,516,613.26	48,635,349.82
Non-current liabilities	2,398,407,916.29	-	659,858.83	240,568,234.67	-	703,719.25	304,092,657.71
Total liabilities	2,992,699,338.21	128,089,456.11	61,094,760.66	315,204,988.11	133,429,898.34	86,220,332.51	352,728,007.53
Net assets attributable to the parent company	3,127,420,806.37	655,957,757.61	110,496,710.27	581,497,061.87	656,684,871.36	89,965,063.04	547,359,694.24
Share of net assets calculated at the shareholding ratio	1,407,339,362.87	216,466,060.01	49,723,519.62	174,449,118.56	216,706,007.55	40,484,278.37	164,207,908.27
Adjustments	-	-	-	-	-	-	-
Carrying amounts of equity investments in associates	2,050,737,799.21	390,694,195.45	175,895,848.65	175,357,776.76	393,176,785.13	166,656,607.39	166,963,575.35
Fair value of equity investments with public offer	-	-	-	-	-	-	-
Operating revenue	766,344,398.61	15,560,079.15	172,483,194.49	61,900,603.94	13,425,460.18	182,118,202.63	55,720,992.53
Finance costs	37,526,161.22	-913,290.93	98,761.22	-692,356.54	-1,727,156.41	451,769.51	-511,667.35
Income tax expenses	78,108,915.03	-	3,123,799.11	4,000,159.65	-	4,510,246.70	7,000,000.00
Net profit	75,670,293.97	-1,460,861.30	20,325,754.46	27,980,671.35	-28,761,673.27	13,530,740.09	20,782,401.39
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income	75,670,293.97	-1,460,861.30	20,325,754.46	27,980,671.35	-28,761,673.27	13,530,740.09	20,782,401.39
Dividends from associates for the period	-	-	-	-	-	-	-

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

12. Long-term equity investments (continued)

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

Item	**Amount for the current period**	Amount for the previous period
Joint ventures:	——	——
Total carrying amount of investments	**1,308,690,209.90**	1,298,288,110.47
Total amount of the following items calculated at the shareholding ratio	——	——
Net profit	**31,059,962.45**	27,976,294.38
Other comprehensive income	**–**	210,056.50
Total comprehensive income	**31,059,962.45**	28,186,350.88
Associates:	——	——
Total carrying amounts of investments	**974,079,086.46**	971,082,988.18
Total amount of the following items calculated at the shareholding ratio	——	——
Net profit	**25,694,601.07**	19,215,861.76
Other comprehensive income	**3,128,660.82**	301,852.23
Total comprehensive income	**28,823,261.89**	19,517,713.99

(9) The Group had no restriction of transfer funds from the long-term equity investments.

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

13. 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	——	——	——	——
Including: Air China Limited	Held for strategic purpose and there was no recent disposal plan	**27,605,593.29**	22,038,321.08	297,921.18
BOE Technology Group Co., Ltd	Held for strategic purpose and there was no recent disposal plan	**173,204,000.00**	132,420,500.00	1,510,500.00
Total	——	**200,809,593.29**	154,458,821.08	1,808,421.18

Note: As at 30 June 2019, other equity instrument investments were the listed equity investments of 2,884,597 shares held by the Group in Air China Limited and the listed equity investments of 50,350,000 shares in BOE Technology Group Co., Ltd., and their fair value at the end of the period was RMB27,605,593.29 and RMB173,204,000.00 respectively.

These investments are non-transactional equity instruments and are not expected by the Group to be sold in the foreseeable future, and the Group irrevocably designates the above financial assets as financial assets measured at fair value through other comprehensive income.

14. Other non-current financial assets

Item	**Closing balance**	Opening balance
Financial assets classified as measured at fair value through profit or loss	**511,575,197.25**	493,936,852.61
Including: equity instrument investments (Note)	**511,575,197.25**	493,936,852.61
Total	**511,575,197.25**	493,936,852.61

Note: As at 30 June 2019, other non-current financial assets were equity instrument investments held by the Group. The equity instruments mainly include: the carrying amount of the Group's investment in Nanjing Port Longtan Containers of RMB184,626,449.99, the carrying amount of the investment at China Merchants Logistics Synergy Limited Partnership of RMB159,619,125.00, and the carrying amount of the investment of China United Tally of RMB91,441,143.61. The carrying amount of investment for China-Belarus Industrial Investment Fund was RMB34,415,760.40, and the carrying amount of investment at Shenyang Airport Logistics Co., Ltd. at the end of the period was RMB33,730,000.00.

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

15. Investment properties

(1) Investment properties measured at cost

Item		Buildings	Land use rights	Total
I.	**Original value**	——	——	——
	Opening balance	2,521,327,597.49	40,250,203.67	2,561,577,801.16
	Effects of changes in the scope of consolidation	–	–	–
	Acquisition for the period	–	–	–
	Conversion of inventories to investment properties	–	–	–
	Conversion of fixed assets to investment properties	58,151,451.81	–	58,151,451.81
	Conversion of construction in process to investment properties	10,964,523.36	–	10,964,523.36
	Conversion of intangible assets to investment properties	–	–	–
	Disposal for the period	11,639,375.70	–	11,639,375.70
	Transfer from investment properties to fixed assets	–	–	–
	Other transfer-out	–	–	–
	Effects from translation in foreign currency statements	8,792,747.53	–	8,792,747.53
	Closing balance	2,587,596,944.49	40,250,203.67	2,627,847,148.16
II.	**Accumulated depreciation and accumulated amortisation**	——	——	——
	Opening balance	74,764,340.70	7,200,332.57	81,964,673.27
	Effects of changes in the scope of consolidation	–	–	–
	Accrued amount for the period	39,121,232.17	826,564.00	39,947,796.17
	Conversion of inventories to investment properties	–	–	–
	Conversion of fixed assets to investment properties	20,795,512.08	–	20,795,512.08
	Reclassified from intangible assets	–	–	–
	Conversion of construction in process to investment properties	–	–	–
	Disposal for the period	4,756,297.58	–	4,756,297.58
	Transfer from investment properties to fixed assets	–	–	–
	Other transfer-out	–	–	–
	Effects from translation in foreign currency statements	4,484,055.58	–	4,484,055.58
	Closing balance	134,408,842.95	8,026,896.57	142,435,739.52
III.	**Impairment provision**	——	——	——
	Opening balance	1,606,790.53	–	1,606,790.53
	Provisions for the period	–	–	–
	Increase in exchange fluctuation	–	–	–
	Other additions	–	–	–
	Recover for write-off	–	–	–
	Decrease in exchange fluctuation	–	–	–
	Other deductions	–	–	–
	Ending balance	1,606,790.53	–	1,606,790.53
IV.	**Net amount**	——	——	——
	At the beginning of the period	2,444,956,466.26	33,049,871.10	2,478,006,337.36
	At the end of the period	2,451,581,311.01	32,223,307.10	2,483,804,618.11

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

15. Investment properties (continued)

(2) Closing value of significant investment properties without certificate of title and reasons

Item	Carrying amounts	Reasons for failure to obtain the certificate of title	Expected time of obtaining the certificate of title
Tianzhu Airport Logistics Center	153,996,055.79	under processing	2019
10th floor, 3rd Building, Visioral and Radio Culture Square, Sightseeing Tower Block C, Chengdu 339 Building, Sichuan	29,552,953.53	under processing except fire system	——
Total	183,549,009.32	——	——

16. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	**11,994,484,045.52**	11,938,678,124.66
Clearance of fixed assets	**3,755,625.62**	3,421,608.05
Total	**11,998,239,671.14**	11,942,099,732.71

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IX. NOTES TO THE ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENT (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	10,833,925,602.12	1,307,520,842.34	1,545,552,665.08	5,292,597,274.27	18,979,596,383.81
Effects of changes in the scope of consolidation	–	–	-231,679,285.41	-2,155,549.39	-233,834,834.80
Acquisition for the period	45,105,570.53	2,301,127.64	30,853,485.33	226,015,327.39	304,275,510.89
Increment through revaluation	-21,023,929.01	–	–	–	-21,023,929.01
Transfer of construction in process for the period	365,378,453.65	–	–	7,212,920.53	372,591,374.18
Transfer of inventories for the period	–	–	–	–	–
Transfer of investment properties for the period	–	–	–	–	–
Other increase	–	–	477,141.89	1,478,915.87	1,956,057.76
Disposal for the period	13,845,956.80	2,317,703.01	154,419,798.40	197,337,425.49	367,920,883.70
Reclassification	–	–	–	–	–
Conversion to investment properties for the period	58,151,451.81	–	–	–	58,151,451.81
Effects from translation in foreign currency statements	52,630.47	–	23,549.16	66,593.84	142,773.47
Other decrease	470,090.05	–	391,175.88	953,247.00	1,814,512.93
Closing balance	11,150,970,829.10	1,307,504,266.97	1,190,416,581.77	5,326,924,810.02	18,975,816,487.86
II. Accumulated depreciation					
Opening balance	2,640,770,117.44	522,167,307.34	997,651,862.84	2,760,386,750.62	6,920,976,038.24
Effects of changes in the scope of consolidation	–	–	-72,843,681.61	-1,990,722.48	-74,834,404.09
Accrued amount for the period	181,022,483.53	24,417,868.31	52,555,853.46	181,705,039.62	439,701,244.92
Transfer of construction in process for the period	–	–	–	–	–
Transfer of inventories for the period	–	–	–	–	–
Transfer of investment properties for the period	–	–	–	–	–
Other increase	–	–	390,236.83	709,336.34	1,099,573.17
Disposal for the period	7,503,260.35	1,202,054.84	150,227,800.28	149,496,127.71	308,429,243.18
Reclassification	–	–	–	–	–
Conversion to investment properties for the period	20,795,512.08	–	–	–	20,795,512.08
Effects from translation in foreign currency statements	27,852.98	–	16,547.37	66,204.03	110,604.38
Other decrease	386,742.12	–	171,468.09	279,001.82	837,212.03
Closing balance	2,793,134,939.40	545,383,120.81	827,371,550.52	2,791,101,478.60	6,956,991,089.33
III. Impairment provision					
Opening balance	4,761,674.17	–	111,309,862.07	3,870,684.67	119,942,220.91
Effects of changes in the scope of consolidation	–	–	-92,220,994.67	–	-92,220,994.67
Written-off during the period	3,379,873.23	–	–	–	3,379,873.23
Closing balance	1,381,800.94	–	19,088,867.40	3,870,684.67	24,341,353.01
IV. Net amount					
At the beginning of the period	8,188,393,810.51	785,353,535.00	436,590,940.17	2,528,339,838.98	11,938,678,124.66
At the end of the period	8,356,454,088.76	762,121,146.16	343,956,163.85	2,531,952,646.75	11,994,484,045.52
Net mortgaged assets at the end of the period	312,083,394.34	–	–	–	312,083,394.34

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

16. Fixed assets (continued)

(1) Fixed Assets (continued)

1) *Details of fixed assets classification (continued)*

Note 1: The effects of changes in the scope of consolidation were due to the disposal of Southern China L.P.G's equity during the period.

Note 2: The impairment change for the period was due to the change in scope of the consolidated financial statements for the disposal of Southern China L.P.G, a subsidiary of Sinotrans Logistics.

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

Item	Amount	Remark
1. Original value of fixed assets fully depreciated at the end of the period but still in use	1,180,093,783.34	——
2. Original value of temporarily idle fixed assets at the end of the period	188,779.49	——
3. Disposal and retirement of fixed assets for the period	——	——
(1) Original value of disposal and retirement of fixed assets for the period	367,920,883.70	——
(2) Net value of disposal and retirement of fixed assets for the period	59,491,640.52	——
(3) Gains and losses from disposal and retirement of fixed assets for the period	64,441,524.39	——

3) *There had no fixed assets rented through financial lease as at 30 June 2019.*

4) *Fixed assets rented as lessor of operating lease*

Item	Carrying amount
Buildings	–
Port and terminal facilities	–
Machinery equipment, furniture, appliances and other equipment	620,962,653.31
Motor vehicles and vessels	1,725,000.00
Total	622,687,653.31

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

16. Fixed assets (continued)

(1) Fixed Assets (continued)

5) Fixed assets under the land certificate handling

Company name	Project name	Closing carrying amount	Reasons for under the land certificate handling
Sinotrans Logistics Co., Ltd.	Kunming distribution center (Phase 1)	102,181,742.97	Under final settlement and processing
Sinotrans Logistics Co., Ltd.	Northeast distribution center warehouse	95,479,268.53	Use of land crossed the red line in Phase III affects obtaining property ownership certificate for new warehouse
Sinotrans Logistics Co., Ltd.	Nanchang distribution center	94,668,777.60	The land was levied and the new land certificate is under processing
Sinotrans Logistics Co., Ltd.	Cold warehouse phase II	93,032,862.54	The completion of the land inspection haven't completed due to greening problem.
Sinotrans Logistics Co., Ltd.	Harbin distribution center phase II	83,593,524.66	Relevant construction procedures have not completed yet
Sinotrans Logistics Co., Ltd.	Turnover warehouse phase II	68,695,990.99	The completion of the land inspection haven't completed due to greening problem.
Sinotrans Hubei Company Limited	Caidian Logistics Base	67,147,144.10	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Pudong International Airport warehouse	57,921,917.72	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Sinotrans (Changchun) Logistics Co., Ltd. office center	52,557,284.22	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. office center	42,323,757.29	Not processed due to insufficient procedures
Sinotrans Air Transportation Development Co., Ltd.	Changchun distribution center warehouse no.1	38,118,346.52	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Wuhan supply chain export bases	37,990,103.12	Failure to obtain completion acceptance permit
Sinotrans Logistics Co., Ltd.	Changchun distribution center warehouse no.7	34,935,564.07	Under processing
Sinotrans Logistics Co., Ltd.	Sinotrans (Changchun) Logistics Co., Ltd. warehouse no.1	34,308,560.37	Under processing
Sinotrans Logistics Co., Ltd.	Sinotrans (Changchun) Logistics Co., Ltd. warehouse no.3	32,343,346.46	Lack of documents required to process property certificates
Sinotrans Logistics Co., Ltd.	Changchun distribution center warehouse no.3	32,143,041.23	Under processing

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

16. Fixed assets (continued)

(1) Fixed Assets (continued)

5) Fixed assets under the land certificate handling (continued)

Company name	Project name	Closing carrying amount	Reasons for under the land certificate handling
Sinotrans North China Co., Limited	Stations	32,130,773.35	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Tianzhu Logistics Park	31,831,537.40	Under processing
Sinotrans Chongqing Co., Ltd	Office center 339	28,357,809.90	Fire system has not obtained the certificate
Sinotrans Logistics Co., Ltd.	Changchun distribution center warehouse no.5	28,298,188.95	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Sinotrans (Changchun) Logistics Co., Ltd. warehouse no.2	24,296,814.92	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Warehouse of Nanchang Sanghai Logistics Project	20,988,389.44	Under processing
Sinotrans Logistics Co., Ltd.	Zhangzhou distribution center – warehouse 1	18,912,316.28	Due to some obstacles on completion stage, the construction is under communication with different parties
Sinotrans Air Transportation Development Co., Ltd.	Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. warehouse no.2	14,182,735.56	Not processed due to insufficient procedures
Sinotrans Logistics Co., Ltd.	Zhangzhou distribution center – warehouse 2	13,705,936.50	Due to some obstacles on completion stage, the construction is under communication with different parties
Sinotrans Air Transportation Development Co., Ltd.	Sinotrans (Zhengzhou) Airport Logistics Co., Ltd. warehouse no.3	13,146,016.98	Not processed due to insufficient procedures
Sinotrans Logistics Co., Ltd.	Integration center phase 2	11,664,734.75	The completion of the land inspection haven't completed due to greening problem.
Sinotrans Logistics Co., Ltd.	Integration center	7,611,169.15	Under processing
Sinotrans Air Transportation Development Co., Ltd.	Office of Nanchang Airport Logistics Project	7,250,225.82	The completion and acceptance of the project is still under processing
Total	—	1,219,817,881.39	—

(2) Clearance of fixed assets

Item	Closing balance	Opening balance
Clearance of fixed assets	**3,755,625.62**	3,421,608.05
Total	**3,755,625.62**	3,421,608.05

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

17. Construction in process

(1) Details of construction in process

Item	Closing balance			Opening balance		
	Carrying amount	**Impairment provision**	**Book value**	Carrying amount	Impairment provision	Book value
Jiangmen Distribution High-tech Zone Public Terminal	**628,775,886.86**	**-**	**628,775,886.86**	542,777,025.31	-	542,777,025.31
Shaanxi Company Distribution Center	**256,676,289.62**	**-**	**256,676,289.62**	201,355,419.46	-	201,355,419.46
Anhui Hefei Distribution Center	**189,325,359.95**	**-**	**189,325,359.95**	175,114,467.44	-	175,114,467.44
Guangxi Nanning Distribution Center	**151,320,682.39**	**-**	**151,320,682.39**	115,566,374.08	-	115,566,374.08
Qingdao Logistics Center Project	**120,605,528.67**	**-**	**120,605,528.67**	96,295,676.04	-	96,295,676.04
Sinotrans Changchun Logistics Center Project	**86,975,290.28**	**-**	**86,975,290.28**	76,855,544.14	-	76,855,544.14
Sinotrans Tianjin Airport Integrated Logistics Base Project	**56,119,878.99**	**-**	**56,119,878.99**	43,620,761.25	-	43,620,761.25
Hefei Airport Logistics Center Project	**51,876,630.35**	**-**	**51,876,630.35**	50,107,956.04	-	50,107,956.04
Zhenjiang Distribution Center	**47,580,365.92**	**-**	**47,580,365.92**	37,797,284.32	-	37,797,284.32
Comprehensive Bonded Area Warehousing Project	**47,133,367.79**	**-**	**47,133,367.79**	48,558,637.74	-	48,558,637.74
Meishan Container Transportation Logistics Center Project	**46,130,867.55**	**-**	**46,130,867.55**	646,448.26	-	646,448.26
Logistic Center (Northeast)	**35,124,921.29**	**20,722,000.00**	**14,402,921.29**	35,124,921.29	20,722,000.00	14,402,921.29
Hengxi Warehouse	**30,371,626.44**	**-**	**30,371,626.44**	25,216,841.95	-	25,216,841.95
Zhengzhou Airport Logistics Park Warehouse No.1	**23,483,962.14**	**-**	**23,483,962.14**	23,497,612.62	-	23,497,612.62
Yunnan Company Distribution Center	**22,768,109.45**	**-**	**22,768,109.45**	17,685,474.91	-	17,685,474.91
Fangchenggang Dongwan Phase II	**21,133,540.83**	**-**	**21,133,540.83**	21,032,130.68	-	21,032,130.68
China Merchants Logistics Center 13A office building renovation	**17,710,764.34**	**-**	**17,710,764.34**	17,430,958.07	-	17,430,958.07
Tianjin Weiyi Distribution Center	**15,377,093.99**	**-**	**15,377,093.99**	15,377,093.99	-	15,377,093.99
Warehouse	**15,168,776.47**	**-**	**15,168,776.47**	10,835,582.14	-	10,835,582.14
New office building	**14,002,186.58**	**-**	**14,002,186.58**	7,352,447.44	-	7,352,447.44
Wuhan Supply Chain Logistics Export Processing Base	**13,904,174.42**	**-**	**13,904,174.42**	13,764,899.70	-	13,764,899.70
Xinjiang Ganquanbao Distribution Center	**11,879,019.01**	**-**	**11,879,019.01**	11,682,357.81	-	11,682,357.81
Other projects	**131,384,813.21**	**100,000.00**	**131,284,813.21**	430,475,614.85	100,000.00	430,375,614.85
Total	**2,034,829,136.54**	**20,822,000.00**	**2,014,007,136.54**	2,018,171,529.53	20,822,000.00	1,997,349,529.53

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

17. Construction in process

(2) Construction in process with the top 10 largest carrying amount at the end of the period:

Item	Budget amount	Opening balance	Increase of the period	Effects of changes in the scope of consolidation	Transfer to fixed assets	Other decreases	Closing balance	Proportion of project investment to budget amount (%)	Project progress (%)	Accumulated amount of interest capitalisation	Including: Amount of interest capitalisation for the period	Interest capitalisation rate for the period (%)	Sources of funds
Jiangmen Distribution High-tech Zone Public Terminal	1,189,000,000.00	542,777,025.31	85,998,861.55	-	-	-	**628,775,886.86**	53.00	50.00	1,349,685.03	1,349,685.03	4.90	Self-owned capital, bank loan
Shaanxi Company Distribution Center	460,000,000.00	201,355,419.46	55,320,870.16	-	-	-	**256,676,289.62**	55.00	60.00	9,798,082.85	1,941,410.96	3.92	Self-owned capital, bank loan
Sinotrans Logistics Anhui Hefei Distribution Center Phase II	217,840,000.00	175,114,467.44	14,210,892.51	-	-	-	**189,325,359.95**	87.00	99.00	18,197,241.78	3,339,816.76	3.92	Bank loan
Guangxi Nanning Distribution Center	260,000,000.00	115,566,374.08	35,754,308.31	-	-	-	**151,320,682.39**	78.00	95.00	4,907,455.38	970,705.46	3.92	Bank loan
Qingdao Logistics Center Project	173,750,000.00	96,295,676.04	24,309,852.63	-	-	-	**120,605,528.67**	69.00	69.00	4,902,017.88	970,705.46	3.92	Bank loan
Sinotrans Changchun Logistics Center Project	257,411,056.00	76,855,544.14	10,119,746.14	-	-	-	**86,975,290.28**	53.00	95.00	-	-	-	Self-owned capital
Sinotrans Tianjin Airport Integrated Logistics Base Project	82,137,100.00	43,620,761.25	12,499,117.74	-	-	-	**56,119,878.99**	68.32	68.00	-	-	-	Self-owned capital
Hefei Airport Logistics Center Project	99,430,000.00	50,107,956.04	1,768,674.31	-	-	-	**51,876,630.35**	52.17	52.17	-	-	-	Self-owned capital
Zhenjiang Distribution Center	146,000,000.00	37,797,284.32	9,783,081.60	-	-	-	**47,580,365.92**	86.00	86.00	4,902,017.88	970,705.46	3.92	Bank loan
Beijing Comprehensive Bonded Area Warehouse Center Project	96,623,300.00	48,558,637.74	3,574,730.05	-	-	5,000,000.00	**47,133,367.79**	85.13	90.00	-	-	-	Self-owned capital
Total	2,982,191,456.00	1,388,049,145.82	253,340,135.00	-	-	5,000,000.00	**1,636,389,280.82**	-	-	44,056,500.80	9,543,029.13	-	—

Note: Other decrease in construction in progress was attributable to the adjustments made for the Group's actual payment amount for the current period and reversal of the provisional estimates in 2018.

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

18. Right-of-use assets

(1) Details of right-of-use assets classification

Item	Buildings	Motor vehicles and vessels	Machinery equipment, furniture, appliances and other equipment	Others	Total
I. Costs					
Balance at the end of previous year	–	–	–	–	–
Adjustments for changes in accounting policy	2,301,180,010.61	3,553,543.73	12,332,856.58	34,628,114.45	2,351,694,525.37
Opening balance	2,301,180,010.61	3,553,543.73	12,332,856.58	34,628,114.45	2,351,694,525.37
Effects of changes in the scope of consolidation	–	–	–	–	–
Increase of the period	217,476,886.39	5,665,803.59	951,459.41	105,770.03	224,199,919.42
Decrease of the period	–	–	–	–	–
Closing balance	2,518,656,897.00	9,219,347.32	13,284,315.99	34,733,884.48	2,575,894,444.79
II. Accumulated depreciation					
Balance at the end of previous year	–	–	–	–	–
Adjustments for changes in accounting policy	351,172,112.16	901,487.23	2,886,742.89	18,579,935.83	373,540,278.11
Opening balance	351,172,112.16	901,487.23	2,886,742.89	18,579,935.83	373,540,278.11
Effects of changes in the scope of consolidation	–	–	–	–	–
Increase of the period	229,251,952.08	1,837,656.87	2,194,765.19	2,133,927.54	235,418,301.68
Decrease of the period	–	–	–	–	–
Closing balance	580,424,064.24	2,739,144.10	5,081,508.08	20,713,863.37	608,958,579.79
III. Impairment provision					
Opening balance	–	–	–	–	–
Closing balance	–	–	–	–	–
IV. Net amount					
Balance at the end of previous year	–	–	–	–	–
Adjustments for changes in accounting policy	1,950,007,898.45	2,652,056.50	9,446,113.69	16,048,178.62	1,978,154,247.26
Opening balance	1,950,007,898.45	2,652,056.50	9,446,113.69	16,048,178.62	1,978,154,247.26
Closing balance	1,938,232,832.76	6,480,203.22	8,202,807.91	14,020,021.11	1,966,935,865.00

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

18. Right-of-use assets (continued)

(2) Profit or loss and cash flows in relation to leased assets

Item	Amount for the current period
Depreciation expense of the right-of-use assets	235,418,301.68
Interest expense of lease liabilities	46,261,670.11
Short-term lease expenses and lease expenses of low-value assets included in current profit or loss	207,532,841.78
Revenue from subleasing right-of-use assets	–
Cash paid for the repayment of the principal and interest of the lease liabilities	271,346,042.07
Short-term lease payments and lease payments of low-value assets	27,508,443.61
Variable lease payments not included in the measurement of lease liabilities	–

19. Intangible assets

(1) Intangible Assets

Items	Opening balance	Effects of changes in the scope of consolidation	Increase in the period	Decrease in the period	Re-classification	Effect from translation in foreign currency statements	Closing balance
I. Total original value	6,510,043,327.83	-2,450,914.79	44,601,926.62	27,451,820.10	-	4,489,446.32	**6,529,231,965.88**
Including: Land use rights	5,972,015,656.53	-	9,664,422.11	24,213,471.75	-	4,480,000.00	**5,961,946,606.89**
Trademark rights	10,300,000.00	-	1,165.05	-	-	-	**10,301,165.05**
Software	450,237,130.48	-2,450,914.79	34,828,904.53	3,008,048.35	-	-	**479,607,071.87**
Others	77,490,540.82	-	107,434.93	230,300.00	-	9,446.32	**77,377,122.07**
II. Total accumulated Amortisation	1,222,790,243.38	-2,259,816.35	83,210,655.75	10,293,907.44	-	344,012.05	**1,293,791,187.39**
Including: Land use rights	887,260,373.29	-	57,753,126.94	7,667,599.44	-	338,526.31	**937,684,427.10**
Trademark rights	5,300,000.00	-	19.42	-	-	-	**5,300,019.42**
Software	304,115,463.20	-2,259,816.35	25,291,023.22	2,414,008.00	-	-	**324,732,662.07**
Others	26,114,406.89	-	166,486.17	212,300.00	-	5,485.74	**26,074,078.80**
III. Total impairment provision	58,913,956.77	-	-	-	-	-	**58,913,956.77**
Including: Land use rights	3,887,400.00	-	-	-	-	-	**3,887,400.00**
Trademark rights	5,000,000.00	-	-	-	-	-	**5,000,000.00**
Software	-	-	-	-	-	-	**-**
Others	50,026,556.77	-	-	-	-	-	**50,026,556.77**
IV. Total carrying amounts	5,228,339,127.68	-	-	-	-	-	**5,176,526,821.72**
Including: Land use rights	5,080,867,883.24	-	-	-	-	-	**5,020,374,779.79**
Trademark rights	-	-	-	-	-	-	**1,145.63**
Software	146,121,667.28	-	-	-	-	-	**154,874,409.80**
Others	1,349,577.16	-	-	-	-	-	**1,276,486.50**

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19. Intangible assets (continued)

(2) Land use rights without certificate of title

Entity name	Project name	Closing carrying amounts	Reasons for defective tiles of land use rights
Sinotrans Liaoning Co., Ltd.	Land use rights	3,182,405.06	Under processing
Sinotrans Logistics Co., Ltd.	Hefei Distribution Center Phase II	28,216,664.06	Completion inspection to be completed
Total	——	31,399,069.12	——

20. Development expenditures

Item	Opening balance	Effect of changes in the scope of consolidation	Increase in the period: Internal development expenditures	Increase in the period: Others	Decrease in the period: Transfer to intangible assets	Decrease in the period: Inclusion in current profits and losses	Effect from translation in foreign currency statements	Closing balance
ABCDT digital technology application and research and development projects	10,200,741.88	-	1,726,339.72	7,081,519.65	11,446,042.64	1,196,506.63	-	**6,366,051.98**
Marine system optimisation and operation project	5,731,868.43	-	113,207.55	2,481,480.34	2,716,981.14	718,867.91	-	**4,890,707.27**
Company strategic key customer logistics control tower construction project	2,075,471.70	-	-	1,867,924.53	-	-	-	**3,943,396.23**
Container O2O project	1,644,839.62	-	-	1,358,801.76	-	903,254.72	-	**2,100,386.66**
Master data platform construction and implementation projects	1,320,754.72	-	-	1,808,391.71	-	-	-	**3,129,146.43**
Logistics system optimisation and operation project	1,283,078.86	-	-	251,405.66	-	648,113.21	-	**886,371.31**
Customs cloud construction project	1,148,584.88	-	-	1,817,735.82	-	881,320.75	-	**2,084,999.95**
Unified settlement item	1,037,225.49	-	112,652.80	677,719.79	1,149,878.29	333,380.18	-	**344,339.61**
No-vehicle carrier platform	682,075.47	-	-	130,188.68	766,037.73	20,926.78	-	**25,299.64**
Easy access platform	534,905.66	-	-	744,339.62	594,339.62	-	-	**684,905.66**
Others	4,852,289.45	-	-	4,643,933.88	964,195.92	1,666,960.73	-	**6,865,066.68**
Total	30,511,836.16	-	1,952,200.07	22,863,441.44	17,637,475.34	6,369,330.91	-	**31,320,671.42**

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

21. Goodwill

The details of goodwill are as follows:

Invested entities	Formation	Opening balance	Increase in the period		Decrease in the period		Effect from translation in foreign currency statements	Closing balance
			Business combination	Other increases	Derecognition of disposal of subsidiaries	Other decreases		
Kangxin Logistics (Tianjin) Limited Company	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**
Kangxin 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	—	421,137,058.47	-	-	-	-	-	**421,137,058.47**

The details of the provision for impairment of goodwill are as follows:

Invested entities	Opening balance	Effects of changes in the scope of consolidation	Provision for the period	Effect from translation in foreign currency statements	Other decreases	Closing balance
Kangxin Logistics (Tianjin) Limited Company	104,783,721.31	-	-	-	-	**104,783,721.31**
Shenzhen Henglu Logistics Limited Company	134,843,091.03	-	-	-	-	**134,843,091.03**
Kangxin Logistics (Harbin) Co., Ltd.	11,840,176.35	-	-	-	-	**11,840,176.35**
Total	251,466,988.69	-	-	-	-	**251,466,988.69**

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

22. Long-term prepaid expenses

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

Item	Opening balance	Effects of changes in the scope of consolidation	Transfer of fixed assets	Increase in the period	Amortisation for the period	Effect from translation in foreign currency statements	Other decreases	Closing balance	Reasons for other decreases
Modification of assets	64,693,348.91	-1,757,370.67	-	9,905,017.30	9,834,139.22	-	-	**63,006,856.32**	—
Software expenses	12,105,702.82	-	-	-	1,720,392.35	-	-	**10,385,310.47**	—
Others	82,970,313.62	-	-	6,060,598.31	9,303,541.37	-	-	**79,727,370.56**	—
Total	**159,769,365.35**	**-1,757,370.67**	**-**	**15,965,615.61**	**20,858,072.94**	**-**	**-**	**153,119,537.35**	—

23. Deferred income tax

(1) Deferred tax assets before offsetting

Item	Closing balance		Opening balance	
	Deferred tax assets	**Deductible temporary differences**	Deferred tax assets	Deductible temporary differences
Impairment provision unapproved by tax authorities	**44,072,711.20**	**177,122,924.39**	65,864,871.95	270,810,240.29
Unpaid wages	**56,302,387.96**	**225,209,551.82**	48,998,865.70	196,134,562.70
Provision for litigation under process	**3,574,746.58**	**14,298,986.32**	31,254,426.54	125,017,706.14
Deductible losses	**32,023,545.07**	**128,094,180.27**	14,826,153.08	59,304,612.32
Provision for one-off housing subsidy	**5,648,196.64**	**22,592,786.58**	5,648,196.64	22,592,786.58
Depreciation of fixed assets	**2,216,549.30**	**8,866,197.21**	2,134,947.25	8,539,788.97
Other deductible temporary differences	**58,393,169.02**	**246,215,515.40**	54,079,499.06	229,468,292.01
Total	**202,231,305.77**	**822,400,141.99**	222,806,960.22	911,867,989.01

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

23. Deferred income tax (continued)

(1) Deferred tax assets before offsetting (continued)

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

Items	**Closing balance**	Opening balance
Deductible temporary differences	**515,947,392.33**	641,160,622.03
Deductible losses	**771,378,702.04**	823,665,959.64
Total	**1,287,326,094.37**	1,464,826,581.67

Note: The Group recognises deferred tax assets to the extent of the future taxable income used to deduct deductible temporary differences and deductible losses that is likely to be obtained in the future, and the excess of deductible temporary differences and deductible losses over the future taxable income is not recognised as deferred tax assets.

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

Year	**Closing balance**	Opening balance
2019	**44,032,960.80**	124,157,306.62
2020	**78,350,439.45**	112,324,547.15
2021	**111,097,678.68**	135,946,648.14
2022	**81,067,242.22**	95,376,429.26
2023	**350,605,130.29**	355,861,028.47
2024	**106,225,250.60**	–
Deductible losses without maturity date	**–**	–
Total	**771,378,702.04**	823,665,959.64

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

23. Deferred income tax (continued)

(2) Deferred tax liabilities before offsetting

Item	Closing balance		Opening balance	
	Deferred tax liabilities	**Taxable temporary difference**	Deferred tax liabilities	Taxable temporary difference
Changes in the fair value of held-for-trading financial assets	**–**	**–**	–	–
Depreciation and Amortisation	**8,565,268.90**	**33,302,569.43**	11,417,415.83	45,669,663.29
Adjustment of the fair value of assets acquired by business combination	**7,503,473.90**	**30,013,895.60**	7,639,814.96	30,559,259.84
Temporary differences of other taxes payable	**2,367,703.15**	**9,805,794.84**	2,447,552.77	9,790,211.08
Total	**18,436,445.95**	**73,122,259.87**	21,504,783.56	86,019,134.21

(3) Deferred tax assets or liabilities shown in the net amount after offsetting

Item	**Offset amount of deferred tax assets against deferred tax liabilities at the end of the period**	**Closing balance of deferred tax assets or deferred tax liabilities after offset**	Offset amount of deferred come tax assets against deferred tax liabilities at the beginning of the period	Closing balance of deferred tax assets or deferred tax liabilities after offset
Deferred tax assets	**-7,071,585.84**	**195,159,719.93**	-9,914,324.82	212,892,635.40
Deferred tax liabilities	**7,071,585.84**	**11,364,860.11**	9,914,324.82	11,590,458.74

24. Other non-current assets

Item	**Closing balance**	Opening balance
Prepayments for land use rights	**112,763,050.27**	38,513,050.27
Total	**112,763,050.27**	38,513,050.27

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

25. Assets under restricted ownership or use right

Assets under restricted ownership or use right	**Closing balance**	Opening balance	Remark
I. Assets used for security			
Cash and bank balances	**90,640,517.34**	210,607,844.23	Note 1
Investment properties	**2,135,625,130.17**	2,161,867,835.26	Note 2
Fixed assets	**312,083,394.34**	332,845,933.70	Note 3, Note 4
Intangible assets	**1,169,489,775.12**	1,178,947,976.22	Note 2, Note 3, Note 4
II. Other reasons			
Including: Cash and bank balances	**12,044,318.25**	–	Litigation restriction
Total	**3,719,883,135.22**	3,884,269,589.41	——

Note 1: The cash and bank balances under restricted use right at the end of the period mainly included deposit for letter of guarantee and performance guarantee, as detailed in Note IX.1.

Note 2: In order to meet the financing needs of the construction of the Hong Kong "Tsing Yi 181 Project" logistics center, the Group's subsidiary, Gangrui Logistics Co., Ltd. (hereinafter referred to as "Gangrui Logistics") signed an agreement with the China Development Bank to obtain bank facility of HKD2.9 billion. China Merchants Group (Hong Kong) Co., Ltd., a related party of the Group, provided full guarantees. At the same time, Gangrui Logistics and China Development Bank signed a debenture on 26 June 2015, in which Gangrui Logistics was the charger, who (i) pledged the real estate rights and interests of 181 plots owned by Gangrui Logistics by the first charge; (ii) pledged the existing or future business, property, assets, goodwill, rights and income of Hong Kong Gangrui Logistics with floating charges, (iii) pledged of 181 land parcels by the form of construction mortgage; (iv) secured of the equipment of Gangrui Logistics with the first fixed charge and its rights, interests, ownership and rights and interests under the relevant contract as mortgages for long-term loans.

Note 3: Sinotrans Shanghai Cold Chain Logistics Co., Ltd., a subsidiary of the Group, borrowed from the Construction Bank in accordance with the contract "Shanghai Fangdi Zhenjiazi (2009) No. 018811", the company secured fixed assets of RMB205,153,212.97 and land use rights and other intangible assets of RMB38,808,069.46 with ownership and using rights. At the same time, Shanghai Sinotrans Cold Chain Transportation Co., Ltd., a subsidiary of the Group, provided joint and several liability guarantees.

Note 4: On 30 June 2019, Sinotrans Chemical International Logistics Co., Ltd. (hereinafter referred to as "Chemical Logistics"), a subsidiary of the Group, secured the fixed assets with a carrying amount of RMB54,457,297.18 and intangible assets with a carrying amount of RMB31,924,396.41 as the collateral for the long-term and short-term loans of the Nantong Sinotrans Chemical Logistics Co., Ltd., and secured the fixed assets with a carrying amount of RMB52,472,884.19 and the intangible assets with a carrying amount of RMB17,189,308.56 as the collateral for the short-term loans of Chemical Logistics.

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

26. Asset impairment provision and credit loss provision

Item	Opening balance	Effect from changes in the scope of consolidation	Provision for the period	Reversal for the period	Write-off for the period	Other increases in the period	Other decreases in the period	Effect from translation in foreign currency statements	Closing balance
Bad debt provision for accounts receivable	439,817,856.93	-535,263.92	28,648,168.40	8,373,665.87	-	605,958.77	59,784.01	-7,308.68	**460,095,961.62**
Bad debt provision for other receivables	137,098,633.89	-1,952.07	9,171,287.72	7,172,830.83	-	6,246.95	3,778,175.00	4,523.71	**135,327,734.37**
Provision for decline in value of inventories	8,254,036.43	-	-	-	-	-	-	-	**8,254,036.43**
Provision for impairment of long-term equity investments	12,434,952.77	-	-	-	-	-	-	33,612.62	**12,468,565.39**
Provision for impairment of investment properties	1,606,790.53	-	-	-	-	-	-	-	**1,606,790.53**
Provision for impairment of fixed assets	119,942,220.91	-92,220,994.67	-	-	-	-	3,379,873.23	-	**24,341,353.01**
Provision for impairment of construction in progress	20,822,000.00	-	-	-	-	-	-	-	**20,822,000.00**
Provision for impairment of intangible assets	58,913,956.77	-	-	-	-	-	-	-	**58,913,956.77**
Provision for impairment of goodwill	251,466,988.69	-	-	-	-	-	-	-	**251,466,988.69**
Other impairment provisions	3,458,218.86	-3,458,218.86	-	-	-	-	-	-	**-**
Total	1,053,815,655.78	-96,216,429.52	37,819,456.12	15,546,496.70	-	612,205.72	7,217,832.24	30,827.65	**973,297,386.81**

27. Short-term borrowings

(1) Classification of short-term borrowings

Category	Closing balance	Opening balance
Credit loans	**–**	1,883,436,000.00
Guaranteed loans	**–**	341,879,658.90
Mortgage loans (Note)	**5,000,000.00**	6,427,891.01
Pledged loans	**–**	–
Total	**5,000,000.00**	2,231,743,549.91

Note: Mortgage loans represents the Chemical Logistics, a subsidiary of the Group used fixed assets to obtained a 12 months short-term pledged loan from the Bank of China at the interest rate of 4.53% per annum.

(2) The Group had no overdue but not repaid short-term borrowings as at the end of the period.

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

28. Accounts payable

(1) Analysis of accounts payable based on the transaction date is as follows:

Aging	Closing balance		Opening balance	
	Amount	**Proportion (%)**	Amount	Proportion (%)
Within 1 year	**8,904,022,926.86**	**95.81**	8,533,664,465.68	94.42
1 to 2 years	**154,344,014.39**	**1.66**	259,504,939.56	2.87
2 to 3 years	**96,936,281.04**	**1.04**	122,963,874.49	1.36
Over 3 years	**138,062,429.47**	**1.49**	121,728,467.61	1.35
Total	**9,293,365,651.76**	**100.00**	9,037,861,747.34	100.00

(2) Significant accounts payable with the aging of more than one year

Entity name	**Amount owed**	**Aging**	**Reasons for non-repayment**
Entity 1	21,968,109.77	Over one year	Unsettled
Entity 2	10,308,822.20	Over one year	Unsettled
Entity 3	7,235,617.51	Over two years	Unsettled
Entity 4	6,210,640.63	1-2 years	Unsettled
Entity 5	5,365,040.90	1-2 years	Unsettled
Entity 6	5,093,550.15	Over one year	Unsettled
Total	56,181,781.16	——	——

(3) There had no accounts payable to shareholders holding more than 5% (including 5%) of the voting shares of the Company.

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

29. Contract liabilities

(1) Contract liabilities

Item	**Closing balance**	Opening balance
Freight forward service advanced receipt	**1,868,884,303.16**	1,850,629,087.63
Logistics service advanced receipt	**388,319,621.76**	413,254,631.73
Storage and terminal service advanced receipt	**105,724,412.07**	114,978,275.73
Other services advanced receipt	**183,716,968.75**	197,413,228.92
Subtotal	**2,546,645,305.74**	2,576,275,224.01
Less: contract liabilities included in other non-current liabilities	**–**	–
Total	**2,546,645,305.74**	2,576,275,224.01

(2) Material movements in the carrying amounts of contract liabilities during the period

Item	**Movement**	**Reason for movement**
Logistics service advanced receipt	24,935,009.97	New project undertaken
Total	24,935,009.97	—

On 1 January 2019, the carrying amount of the contract liabilities of the Group is RMB2,576,275,224.01, of which RMB1,892,734,712.65 was transferred to operating income during the period ended 30 June 2019.

30. Employee remuneration payable

(1) Classification of employee remuneration payable

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
I. Short-term compensation	1,299,187,836.00	2,355,021,734.17	2,605,027,982.23	**1,049,181,587.94**
II. Post-employment benefits-defined contribution plans	40,672,909.39	227,444,381.49	235,425,989.05	**32,691,301.83**
III. Termination benefits	81,127,403.30	15,107,570.65	48,397,642.99	**47,837,330.96**
IV. Other benefits due within one year	–	–	–	**–**
V. Others	49,502,998.61	20,084,815.89	18,325,704.62	**51,262,109.88**
Total	1,470,491,147.30	2,617,658,502.20	2,907,177,318.89	**1,180,972,330.61**

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

30. Employee remuneration payable (continued)

(2) Short-term compensation

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
I. Wages, bonuses, allowances and subsidies	1,188,527,792.37	1,712,477,086.35	1,990,699,894.11	**910,304,984.61**
II. Employee welfare benefits	5,079,485.26	142,239,343.83	105,543,166.58	**41,775,662.51**
III. Social insurance premiums	6,153,766.24	128,713,946.53	128,673,914.80	**6,193,797.97**
Including: medical insurance	5,334,497.95	102,034,448.15	102,424,159.92	**4,944,786.18**
Work-related injury insurance	311,796.29	6,029,611.66	6,002,068.75	**339,339.20**
Maternity insurance	507,472.00	9,628,025.16	9,670,358.26	**465,138.90**
Others	–	11,021,861.56	10,577,327.87	**444,533.69**
IV. Housing fund	2,645,008.01	127,920,311.98	127,796,295.89	**2,769,024.10**
V. Trade union funds and staff education funds	52,794,109.07	38,827,332.08	29,799,647.65	**61,821,793.50**
VI. Short-term paid absences	–	–	–	**–**
VII. Short-term profit-sharing scheme	–	–	–	**–**
VIII. Other short-term compensation	43,987,675.05	204,843,713.40	222,515,063.20	**26,316,325.25**
Total	1,299,187,836.00	2,355,021,734.17	2,605,027,982.23	**1,049,181,587.94**

(3) Defined contribution plan

Items	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
1. Basic endowment insurance premiums	9,234,038.38	185,912,098.79	188,899,860.42	**6,246,276.75**
2. Unemployment insurance premiums	526,616.01	6,591,326.53	6,387,775.79	**730,166.75**
3. Enterprise annuity contributions	30,912,255.00	34,940,956.17	40,138,352.84	**25,714,858.33**
Total	40,672,909.39	227,444,381.49	235,425,989.05	**32,691,301.83**

Note 1: According to the pension and unemployment insurance plan set up by the government institutions, the Group pays to such plans a contribution on the basis of 12% to 20% and 0.48% to 2% of the employees' basic wages on a monthly basis. Apart from the above monthly payment, the Group bears no longer further payment obligation. Corresponding expenses are recorded in the profits and losses of 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 previous period, and is distributed to the individual account of employees on the basis of 5% of the individual contribution base of employees. The individual monthly contribution base of employees is the average monthly wage of employees for the previous year (the maximum individual contribution base shall not exceed 5 times the average contribution base of the Group). The rest is included in the enterprise account. The individual contribution of employees accounts for 25% of the Company's contribution for them and is deducted by the Group from the wages of employees.

Note 3: The annuity fund of the Group adopts the mode of legal person entrustment management, and the enterprise annuity fund pooled is entrusted by SINOTRANS & CSC to the trustee for the entrusted management, and a contract for the trusted management of the enterprise annuity fund is signed.

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

31. Taxes and levies payable

Item	Opening balance	Effect of changes in the scope of consolidation	Accrued for the period	Amount paid for the period	Effect from translation in foreign currency statements	Closing balance
Enterprise income tax	375,808,307.00	–	229,218,056.09	295,347,686.50	-51,787.76	**309,626,888.83**
Value-added tax	46,285,000.39	-140,946.91	380,527,065.93	398,806,683.18	–	**27,864,436.23**
Land value-added tax	3,420,020.90	–	37,983,453.59	18,665,370.00	–	**22,738,104.49**
Property tax	11,283,230.18	–	43,337,515.84	36,241,039.06	–	**18,379,706.96**
Land use tax	9,403,631.26	–	21,300,406.24	19,305,571.75	–	**11,398,465.75**
Individual income tax	21,533,093.34	-109,627.81	82,805,747.24	95,892,818.28	–	**8,336,394.49**
Urban maintenance & construction tax	2,980,861.40	-8,260.00	11,975,201.50	12,131,058.34	–	**2,816,744.56**
Education surcharge	2,075,008.66	-5,900.00	9,126,537.97	9,057,887.59	–	**2,137,759.04**
Consumption tax	–	–	402,880.99	402,880.99	–	**–**
Other taxes	9,185,995.52	–	20,950,662.62	21,395,352.40	–	**8,741,305.74**
Total	481,975,148.65	-264,734.72	837,627,528.01	907,246,348.09	-51,787.76	**412,039,806.09**

32. Other payables

Item	Closing balance	Opening balance
Interest payables	**136,027,514.59**	134,333,264.70
Dividend payables	**1,091,823,702.85**	106,507,405.73
Other payables	**1,442,265,989.79**	2,804,897,265.16
Total	**2,670,117,207.23**	3,045,737,935.59

(1) Interest payables

Item	Closing balance	Opening balance
Interest on long-term borrowings paid in installments	**71,567,179.96**	52,871,817.04
Interest on corporate bonds	**58,613,512.24**	69,007,758.83
Interest on short-term borrowings	**4,924,489.06**	9,906,272.77
Others	**922,333.33**	2,547,416.06
Total	**136,027,514.59**	134,333,264.70

The Group had no overdue but not paid interest at the end of the period.

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

32. Other payables (continued)

(2) Dividend payables

Item	Entity name	Closing balance	Opening balance
Ordinary share dividend	Public shares	**434,019,330.68**	–
	Sinotrans & CSC	**417,007,506.00**	97,000,000.00
	China Merchants Group Co., Ltd	**208,077,667.07**	–
	Sinotrans Ningbo International Container Transportation Company Limited Employee Shareholding Society	**13,941,063.98**	–
	Ningbo Transocean Employee Shareholding Society	**9,270,729.39**	–
	Guangdong Nanhai Foodstuffs Company Limited	**5,241,747.61**	5,241,747.61
	Guangdong Foodstuffs Imp & Exp (Group) Corporation	**4,193,398.26**	4,193,398.26
	Sinotrans Jiangxi Co., Ltd	**72,259.86**	72,259.86
Total	——	**1,091,823,702.85**	106,507,405.73

(3) Other payables

1) Other payables by nature

Item	Closing balance	Opening balance
Deposit received	**423,324,730.85**	311,900,248.38
Amount due to related parties	**373,149,676.28**	661,786,404.40
Non-related party capital transactions	**232,165,687.10**	691,789,965.08
Advances and collections for others payable	**166,984,407.30**	804,343,868.96
Payments for project, equipment and land	**113,010,452.85**	228,782,346.82
Others	**133,631,035.41**	106,294,431.52
Total	**1,442,265,989.79**	2,804,897,265.16

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

32. Other payables (continued)

(3) Other payables (continued)

2) Aging analysis of other payables

Aging	Closing balance		Opening balance	
	Amount	**Proportion (%)**	Amount	Proportion (%)
Less than 1 year (including 1 year)	**1,022,105,658.97**	**70.87**	2,364,656,468.75	84.30
1 to 2 years (including 2 years)	**116,830,147.81**	**8.10**	210,170,945.66	7.49
2 to 3 years (including 3 years)	**77,249,714.27**	**5.36**	111,542,175.26	3.98
More than 3 years	**226,080,468.74**	**15.67**	118,527,675.49	4.23
Total	**1,442,265,989.79**	**100.00**	2,804,897,265.16	100.00

3) As at 30 June 2019,significant other payables aged over one year are listed as follows:

Entity name	**Amount owed**	**Aging**	**Reason for non-repayment**
Sinotrans & CSC	43,002,187.77	Within/over 3 years	No fixed term
WINSOR PROPERTIES (CHINA) LIMITED	19,565,201.35	1-2 years	No fixed term
Jilin Construction Engineering Group Co., Ltd.	18,863,342.44	1-2 years	No fixed term
Sinotrans Guangxi Company	11,447,740.80	1-2 years and over 3 years	No fixed term
Nantong Construction Engineering Group Co., Ltd.	9,559,866.44	1-2 years	No fixed term
Anhui Construction Engineering Group Ltd.	7,641,014.22	1-2 years	Not due
China Ocean Shipping Agency Fuzhou	7,560,000.00	2-3 years	No fixed term
Shandong Sinotrans Co.,Ltd	6,104,034.44	Over 3 years	No call on payment from the counterparty
Beijing Sinotrans Auto Service Co., Ltd.	5,535,000.00	1-2 years and over 3 years	No fixed term
Total	129,278,387.46	——	——

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

32. Other payables (continued)

(3) Other payables (continued)

4) Other payables of significance as at the end of the period

Entity name	Amount owed	Aging	Nature or content
RED BRAVES FINANCE LTD.	115,387,245.39	Within 1 year	Current account within the Group
China Overseas Housing Engineering Co., Ltd. (中國海外房屋工程有限公司)	89,031,709.93	Within 1 year	Deposits
Sinotrans & CSC	43,002,187.77	With 3 years and over 3 years	Current account within the Group
Sinotrans Shanghai (Group) Co., Ltd.	41,365,083.84	Within 1 year	Current account within the Group
Sinotrans International Supply Chain Management Co., Limited	34,187,601.68	Within 1 year	Current account out of the Group
Sichuan Sinotrans Storage Service Co., Ltd.	25,724,273.38	Within 1 year	Current account within the Group
Shandong Sinotrans Co., Ltd	19,802,459.25	With 1 year and over 3 years	Current account within the Group
WINSOR PROPERTIES (CHINA) LIMITED	19,643,354.97	Within 2 years	Current account out of the Group
Jilin Construction Engineering Group Co., Ltd.	18,863,342.44	1-2 years	Payments for construction and equipment
Total	407,007,258.65	——	——

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

Entity name	**Closing balance**	Opening balance
Sinotrans & CSC	**43,002,187.77**	45,803,163.87
Total	**43,002,187.77**	45,803,163.87

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

33. Non-current liabilities due within one year

Item	**Closing balance**	Opening balance
Long-term borrowings due within one year	**2,615,584,018.96**	1,166,302,753.40
Including: credit loans	**2,500,000,000.00**	1,050,000,000.00
guaranteed loans	**52,312,496.44**	53,312,496.44
mortgage loans	**63,271,522.52**	62,990,256.96
Lease liabilities due within one year	**445,910,400.24**	387,602,306.48
Bonds payable with 1 year (Note)	**1,499,033,424.66**	–
Total	**4,560,527,843.86**	1,553,905,059.88

Note: On 24 August 2016, with the approval of CSRC, the Company was approved to issue unsecured corporate bonds with a face value of RMB100 and a total amount of RMB1,500 million (the second issue of 1.5 billion corporate bonds in 2016). The term of issue of such bonds is 5 years, with options for the issuer to adjust the coupon rate and for investors to resell at the end of the 3rd year. The fixed nominal interest rate and the effective annual interest rate are 2.94% and 2.98% respectively, and the principal shall be repaid on a lump sum basis, while the interest shall be paid in installments. The bonds may be classified into the non-current liabilities due within one year, due to the exercise of the options to resell by the investors within one year.

34. Other current liabilities

Item	**Closing balance**	Opening balance
Output VAT pending for transferring	**158,587,804.82**	161,493,736.77
Others	**13,864,960.92**	2,235,359.84
Total	**172,452,765.74**	163,729,096.61

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

35. Long-term borrowings

Borrowing category	**Closing balance**	Opening balance	Period-end interest rate range (%)
Pledged loans	**91,192,228.89**	–	4.90
Credit loans	**2,624,000,000.00**	6,297,621,482.00	1.20-4.04
Guaranteed loans	**4,278,802,737.89**	54,276,051.11	2.89-8.30
Mortgage loans	**2,724,114,251.79**	3,287,534,856.82	2.10-5.05
Total	**9,718,109,218.57**	9,639,432,389.93	–
Less: Long-term borrowings due within one year	**2,615,584,018.96**	1,166,302,753.40	——
Including: Credit loans	**2,500,000,000.00**	1,050,000,000.00	——
Guaranteed loans	**52,312,496.44**	53,312,496.44	——
Mortgage loans	**63,271,522.52**	62,990,256.96	——
Long-term borrowings due after one year	**7,102,525,199.61**	8,473,129,636.53	——

(1) Long-term borrowings with the top five amount at the end of the period

Lending entity	Starting date of borrowing	Ending date of borrowing	Currency	Interest rate (%)	Closing balance		Opening balance	
					Foreign currency	**Local currency**	Foreign currency	Local currency
Bank of China	2018-06-27	2021-06-26	HKD	2.95	**2,423,650,000.00**	**2,132,084,905.00**	2,423,650,000.00	2,123,602,130.00
China Development bank	2015-06-30	2030-06-29	HKD	5.05	**1,451,454,689.74**	**1,276,844,690.56**	1,451,454,689.74	1,291,557,005.68
DBS	2017-12-22	2020-12-21	HKD	2.89	**1,427,940,000.00**	**1,256,158,818.00**	1,427,940,000.00	1,251,161,028.00
DBS	2017-12-22	2020-12-21	HKD	2.89	**951,960,000.00**	**837,439,212.00**	951,960,000.00	834,107,352.00
China Merchants Finance Co., Limited	2017-04-01	2019-11-07	RMB	3.03	**700,000,000.00**	**700,000,000.00**	700,000,000.00	700,000,000.00

(2) The maturity date of long-term borrowings is analysed as follows:

Item	**Closing balance**	Opening balance
1 to 2 years	**2,191,126,305.97**	1,170,289,426.11
2 to 5 years	**3,416,386,842.52**	6,160,337,888.57
Over 5 years	**1,495,012,051.12**	1,142,502,321.85
Total	**7,102,525,199.61**	8,473,129,636.53

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

36. Bonds payable

(1) Bonds payable

Item	Closing balance	Opening balance
2016 corporate bonds (phase I) – RMB2,000M	**1,998,663,013.72**	1,998,266,301.39
2016 corporate bonds (phase II) – RMB1,500M	**–**	1,498,810,273.97
Total	**1,998,663,013.72**	3,497,076,575.36

Note: On 2 March 2016, with the approval of CSRC, the Company was approved to issue unsecured corporate bonds with a face value of RMB100 and a total amount of RMB2,000 million (2016 corporate bonds (phase I) of RMB2 billion). The term of issue of such bonds is 5 years, and the fixed nominal interest rate and the effective annual interest rate are 3.20% and 3.24% respectively, and the principal shall be repaid on a lump sum basis, while the interest shall be paid in installments.

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

Item	Closing balance	Opening balance
1 to 2 years	**–**	–
2 to 5 years	**1,998,663,013.72**	3,497,076,575.36
Over 5 years	**–**	–
Total	**1,998,663,013.72**	3,497,076,575.36

(3) Statement of changes in bonds payable

Name of bonds	Face value	Date of issue	Bond term	Amount issued	Opening balance	Effects of changes in the scope of consolidation	Issue for the period	Interest accrued by face value	Premium or discount Amortisation	Repayment for the period	Effects from translation in foreign currency statements	Closing balance
2016 corporate bonds (phase I) – RMB2,000M	2,000,000,000.00	2016-03-02	5 years	2,000,000,000.00	1,998,266,301.39	-	-	-	396,712.33	-	-	**1,998,663,013.72**
2016 corporate bonds (phase II) – RMB1,500M	1,500,000,000.00	2016-08-24	5 years	1,500,000,000.00	1,498,810,273.97	-	-	-	223,150.69	-	-	**1,499,033,424.66**
Total	3,500,000,000.00	—	—	3,500,000,000.00	3,497,076,575.36	-	-	-	619,863.02	-	-	**3,497,696,438.38**
Less: Bonds payable due within one year	1,500,000,000.00	—	—	1,500,000,000.00	-	-	-	-	-	-	-	**1,499,033,424.66**
Bonds payable due after one year	2,000,000,000.00	—	—	2,000,000,000.00	3,497,076,575.36	-	-	-	-	-	-	**1,998,663,013.72**

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

37. Lease liabilities

Item	Minimum lease payments At the end of the period
First year after the end of the reporting period	525,718,427.59
Second year after the end of the reporting period	412,745,807.72
Third year after the end of the reporting period	229,740,183.25
Subsequent years	1,403,135,176.49
Total amount of minimum lease payments	2,571,339,595.05
Less: unrecognised finance charge	609,989,196.12
The present value of the minimum lease payments	1,961,350,398.93
Including: lease liabilities due within one year	445,910,400.24
Lease liabilities due after one year	1,515,439,998.69

38. Long-term payables

Item	Closing balance	Opening balance
Payables to non-controlling interests	**292,104,012.24**	292,104,012.24
Loan from related parties	**361,669,945.29**	360,805,628.79
Others	**3,321,938.76**	3,321,938.76
Total	**657,095,896.29**	656,231,579.79
Less: long-term payables due within one year	**–**	–
Long-term payables due after one year	**657,095,896.29**	656,231,579.79

(1) Top five long-term payables at the end of the period

Item	Closing balance	Opening balance
AMERICOLD LOGISTICS HONG KONG LIMITED. (Note 1)	**292,104,012.24**	292,104,012.24
SINOTRANS SHIPPING INC.(Note 2)	**168,430,150.00**	168,148,400.00
Sinotrans & CSC (Note 3)	**100,718,773.77**	100,718,773.77
Guangdong Sinotrans Co., Ltd (Note 4)	**92,521,021.52**	91,938,455.02
Guangdong Shilong Port Authority	**3,321,938.76**	3,321,938.76

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

38. Long-term payables (continued)

(1) Top five long-term payables at the end of the period (continued)

Note 1: China Merchants Americold, a subsidiary of the Group, obtained an investment loan of RMB292,104,012.24 from the shareholder Americold Logistics Hong Kong Limited. The loan is interest free and has no repayment term.

Note 2: Chengchuang Co., Ltd., a subsidiary of the Group, borrowed US$24.5 million from the related party SINOTRANS SHIPPING INC. in 2013 and 2014, at the interest rate ranging from 3.5% to 4%, and with no fixed date for repayment.

Note 3: Guangxi Sinotrans Logistics Co., Ltd., a subsidiary of the Group, obtained a loan of RMB179.92 million from SINOTRANS & CSC in 2014, at the interest rate of 5.65% and with no fixed date for the repayment. RMB99.2 million was repaid by the Group in 2018, with a remaining balance of RMB80.72 million as at the end of period was extended.

Sinotrans Logistics Investment Holdings Co., Ltd., a subsidiary of the Group, obtained a loan of RMB20 million from SINOTRANS & CSC in 2016, with a term of 18 years. The interest rate for the loan was determined with reference to the bank loan interest rate for the same period.

Note 4: In 2013, the Group obtained a loan of RMB47.03 million from Guangdong Sinotrans Co., Ltd., with a term of 10 years. The interest rate for the loan was determined with reference to the bank loan interest rate for the same period and the principal and interest accrued thereon was RMB92.52 million as at the end of the period.

(2) Analysis on the maturity date of long-term payables

Item	**Closing balance**	Opening balance
1 to 2 years	**–**	–
2 to 5 years	**252,470,862.53**	115,450,255.12
Over 5 years	**404,625,033.76**	540,781,324.67
Total	**657,095,896.29**	656,231,579.79

39. Long-term employee remuneration payable

Item	Opening balance	Accrued for the period	Payment for the period	Actuarial adjustment	Interest adjustment	Currency translation difference	Changes in the scope of consolidation	**Closing balance**
I. Net liabilities of post-employment benefits-defined benefit plans	994,685.14	–	12,500.00	–	–	–	–	**982,185.14**
II. Termination benefits	640,425.88	–	59,398.95	–	–	–	–	**581,026.93**
III. Other long-term benefits	1,407,908.66	–	9,103.50	–	–	–	–	**1,398,805.16**
Total	3,043,019.68	–	81,002.45	–	–	–	–	**2,962,017.23**

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

40. Estimated liabilities

Item	Opening balance	Effect of changes in the scope of consolidation	Increase in the period	Decrease in the period	Effect from translation in foreign currency statements	**Closing balance**
Litigation under process (Note 1)	288,289,871.07	–	8,547,653.00	70,811,713.54	–	**226,025,810.53**
Accidental damage (Note 2)	70,000,000.00	–	–	70,000,000.00	–	**–**
One-off housing subsidy (note 3)	22,592,786.58	–	–	–	–	**22,592,786.58**
Decommissioning liabilities (Note 4)	15,590,920.40	–	–	–	–	**15,590,920.40**
Others	11,452,024.55	–	–	2,602,735.50	–	**8,849,289.05**
Total	407,925,602.60	–	8,547,653.00	143,414,449.04	–	**273,058,806.56**

Note 1: The management of the Group estimates the risk of any action against disputes arising from the Group's daily operations in accordance with the relevant laws and regulations, and the amount of estimated liabilities accrued for such pending action that may result in losses ended 30 June 2019 is RMB226,025,810.53 (31 December 2018: RMB288,289,871.07).

Note 2: The Group's preliminary estimate of accident loss due to accidental safety accident this period is about RMB70,000,000.00.

Note 3: The term "one-off housing subsidy" refers to the estimated liabilities of the Group prior to its restructuring in 2002. The Group is not expected to implement a new one-off housing subsidy scheme in the foreseeable future.

Note 4: The decommissioning liabilities refers to the expense incurred for the renovation of the refrigeration house from the leasees, Kangxin Logistics (Tianjin) Co., Ltd and China Merchants International Cold Chain (China) Co., Ltd. who should be assumed obligation for the restoration of the warehouse to the original condition.

41. Deferred income

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
Government grants	395,905,585.01	6,273,700.00	15,070,558.26	**387,108,726.75**
Total	395,905,585.01	6,273,700.00	15,070,558.26	**387,108,726.75**

(1) Government grants

Type of Government grants	**Amount included in deferred income**	**Amount included in current profits and losses**	**Refund in the period**	**Reason for refund**
Logistics infrastructure subsidy	187,629,493.96	6,035,079.56	–	——
Land repayment	74,245,015.78	2,104,408.60	–	——
Special subsidy for logistics projects	59,560,032.19	700,587.90	–	——
Relocation compensation	32,969,032.35	5,256,150.15	–	——
Others	32,705,152.47	974,332.05	–	——
Total	387,108,726.75	15,070,558.26	–	——

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

42. Share capital

Item	Opening balance Investment amount	Proportion (%)	Increase in the period	Decrease in the period	**Closing balance Investment amount**	**Proportion (%)**
Total share capital	6,049,166,644.00	100.00	1,351,637,231.00	–	**7,400,803,875.00**	**100.00**
Total	6,049,166,644.00	100.00	1,351,637,231.00	–	**7,400,803,875.00**	**100.00**

Note: With the approval of the shareholders' meeting and the CSRC, the Company completed the issuance of 1,351,637,231 RMB-denominated ordinary shares (A shares) on 10 January 2019.

43. Capital reserve

30 June 2019:

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
I. Capital (or share capital) premium	4,122,434,020.57	2,038,565,420.42	111,863,363.67	**6,049,136,077.32**
1. Capital invested by investors (Note 1)	3,103,350,547.94	2,038,565,420.42	–	**5,141,915,968.36**
2. Difference formed by acquisition of non-controlling interests	–	–	–	**–**
3. Others (Note 2)	1,019,083,472.63	–	111,863,363.67	**907,220,108.96**
II. Other capital reserves	2,052,645.11	3,251,132.10	59,078.37	**5,244,698.84**
1. Other changes in owners' equity of invested entities other than net profits and losses, other comprehensive income and profit distribution	2,052,645.11	3,251,132.10	59,078.37	**5,244,698.84**
2. Others	–	–	–	**–**
Total	4,124,486,665.68	2,041,816,552.52	111,922,442.04	**6,054,380,776.16**
Including: state-owned exclusive capital reserve	–	–	–	**–**

Note 1: On 10 January 2019, the Company completed the issuance of 1,351,637,231 RMB-denominated ordinary shares (A shares). The difference between the fair value of the issuance of the shares and the carrying amount of the non-controlling interests of Sinoair, RMB2,038,565,420.42, was included in the capital reserve.

Note 2: The expense relating to the issuance of A shares in the period was RMB77,647,394.06 write-down on the capital reserve. The Group obtained the shares held by minority shareholder with nil consideration in the period pursuant to the performance compensation terms between Sinotrans Logistics and Shenzhen Henglu Investment Co., Ltd. (深圳市恒路投資有限公司), and China Cheng Xin Investment Co., Ltd. (中誠信投資有限公司). As a negative carrying amount was recorded for the assets of the invested entities, the difference between the nil consideration and the negative net assets of the invested entities was RMB34,215,969.61 write-down on the capital reserve.

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

43. Capital reserve (continued)

30 June 2018:

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
I. Capital (or share capital) premium	3,993,586,673.99	3,346,997.32	430,848.82	**3,996,502,822.49**
1. Capital invested by investors (Note)	3,103,350,547.94	3,346,997.32	–	**3,106,697,545.26**
2. Others	890,236,126.05	–	430,848.82	**889,805,277.23**
II. Other capital reserves	–	–	–	
Total	3,993,586,673.99	3,346,997.32	430,848.82	**3,996,502,822.49**
Including: state-owned exclusive capital reserve	–	–	–	**–**

Note: During the period between 1 January to 30 June 2018, there was an increase in the capital reserve of RMB3,346,997.32, due to the capital contribution by the minority shareholders of Sinotrans Chemical International Logistics.

44. Special reserve

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
Safety production costs	41,536,205.81	22,913,983.74	14,618,410.95	**49,831,778.60**
Total	41,536,205.81	22,913,983.74	14,618,410.95	**49,831,778.60**

In accordance with *the Measures for the Withdrawal and Use of Safety Production Costs of Enterprises* Cai Qi [2012] No. 16 issued jointly by the Ministry of Finance and the State Administration of Work Safety on 14 February 2012, the companies that are engaged in ordinary freight transport or special freight transport of dangerous goods shall withdraw safety production costs using the operating revenue as the basis for withdrawal, include them in the cost of related products or current profits and losses and transfer them to the specific reserve.

45. SURPLUS RESERVE

30 June 2019:

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
Statutory reserve fund	811,845,310.51	–	–	**811,845,310.51**
Total	811,845,310.51	–	–	**811,845,310.51**

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

45. Surplus reserves (continued)

30 June 2018:

Item	Opening balance	Increase in the period	Decrease in the period	**Closing balance**
Statutory reserve fund	699,577,957.51	–	–	**699,577,957.51**
Total	699,577,957.51	–	–	**699,577,957.51**

According to the Articles of Association of the Company, the statutory reserve fund shall be withdrawn at 10% of the net profit. Where the cumulative amount of the Company's statutory reserve fund reaches more than 50% of the Company's registered capital, they may no longer be withdrawn.

46. Retained earnings

Item	**Amount for the current period**	Amount for the previous period
Closing balance of the previous period	**12,484,368,855.91**	10,376,503,880.96
Add: adjustments of retained earnings at the beginning of the period (Note 1)	**-67,948,139.86**	–
Opening balance	**12,416,420,716.05**	10,376,503,880.96
Increase in the period	**1,517,484,875.36**	1,295,516,438.92
Including: net profit attributable to the owners of the company during the period	**1,517,484,875.36**	1,295,516,438.92
Decrease in the period	**962,104,503.75**	483,974,076.97
Including: statutory surplus reserves withdrawn during the period	**–**	–
Profit distribution (Note 2)	**962,104,503.75**	483,933,331.52
Other decreases	**–**	40,745.45
Closing balance of the period	**12,971,801,087.66**	11,188,046,242.91

Note 1: Since 1 January 2019, the Group applied New Lease Standard and the cumulative effect on the opening retained earnings amounted to RMB67,948,139.86.

Note 2: On 25 March 2019, the Board of Directors of the Company declared that a final dividend of RMB0.13 per share (2017: RMB0.08 per share), i.e. RMB962,104,503.75 (2017: RMB345,486,240.000) in aggregate, would be distributed for the year ended 31 December 2018 in respect of 7,400,803,875 shares issued as at 25 March 2019. On 5 June 2019, the relevant resolution of the Board of Directors was approved by the general meeting of shareholders for 2018.

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

47. Operating income and operating costs

(1) Operating income and costs classification

Item	Amount for the current period		Amount for the previous period	
	Income	**Cost**	Income	Cost
Principal business	**37,415,783,369.10**	**35,076,150,880.30**	36,175,691,547.17	33,298,141,458.83
Other business	**304,799,713.03**	**254,076,413.12**	318,418,584.10	256,264,132.67
Total	**37,720,583,082.13**	**35,330,227,293.42**	36,494,110,131.27	33,554,405,591.50

(2) Income and cost from principal businesses

Item	Amount for the current period		Amount for the previous period	
	Income	**Cost**	Income	Cost
Freight forwarding	**23,825,687,414.19**	**22,717,624,672.38**	21,788,278,639.42	20,505,481,836.26
Logistics	**9,561,053,295.49**	**8,790,985,009.81**	9,822,932,591.51	9,020,657,061.15
Storage and terminals services	**1,125,308,259.45**	**782,465,784.96**	1,173,743,104.86	834,426,330.54
Other services	**2,903,734,399.97**	**2,785,075,413.15**	3,390,737,211.38	2,937,576,230.88
Total	**37,415,783,369.10**	**35,076,150,880.30**	36,175,691,547.17	33,298,141,458.83

48. Tax and surcharges

Item	**Amount for the current period**	Amount for the previous period
Property tax	**42,859,555.27**	39,622,290.91
Land use tax	**19,706,231.42**	20,782,989.12
City maintenance and construction tax	**11,530,847.13**	12,753,691.63
Stamp duty	**10,536,983.47**	6,666,027.88
Education surcharge	**9,120,735.96**	10,634,533.60
Others	**4,108,150.03**	6,246,025.20
Total	**97,862,503.28**	96,705,558.34

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

49. Selling expenses

Item	**Amount for the current period**	Amount for the previous period
Employee salaries	**314,233,940.27**	336,802,647.76
Business entertainment fees	**17,427,207.92**	21,964,588.23
Traveling expenses	**12,174,974.18**	18,935,126.36
Rental	**9,480,962.28**	21,545,015.05
Depreciation and amortisation for other assets	**9,055,198.29**	9,142,362.82
Communication fees	**6,487,490.56**	7,466,446.17
Motor vehicle expenses	**5,705,143.11**	15,380,296.06
Office expenses	**5,550,506.30**	5,599,165.71
Property, utilities and gas charges	**4,757,805.86**	5,396,765.05
Depreciation of right-of-use assets	**4,402,004.84**	——
Others	**16,075,272.79**	11,042,613.60
Total	**405,350,506.40**	453,275,026.81

50. Administrative expenses

Item	**Amount for the current period**	Amount for the previous period
Employee salaries	**800,845,408.85**	818,399,934.43
Depreciation and Amortisation for other assets	**85,194,614.89**	79,558,037.00
Depreciation of right-of-use assets	**31,995,561.90**	——
Property, utilities and gas charges	**30,331,437.01**	31,675,295.09
Communication fees	**29,531,862.11**	35,789,776.60
Business entertainment fees	**23,262,289.74**	27,450,477.53
Traveling expenses	**21,494,953.41**	26,776,400.91
Comprehensive service fees for consultation of valuation	**20,928,001.53**	57,381,634.05
Motor vehicle expenses	**19,511,160.89**	23,753,352.86
Rental	**17,667,432.19**	65,234,140.48
Office expenses	**12,364,104.76**	11,667,773.01
Repair and maintenance fees	**8,754,690.82**	8,049,571.02
Audit fees	**7,301,743.37**	7,408,779.15
Insurance fees	**6,914,734.99**	8,173,220.69
Advertising fees	**3,446,691.65**	2,938,183.24
Conference and training expenses	**2,785,018.07**	3,380,303.07
Legal and professional fees	**2,753,103.27**	4,018,881.63
Others	**19,106,644.13**	21,162,001.60
Total	**1,144,189,453.58**	1,232,817,762.36

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

51. Research and development expenses

Item	Amount for the current period	Amount for the previous period
Information system development fee	**6,369,330.91**	1,936,606.04
Total	**6,369,330.91**	1,936,606.04

52. Financial costs

Item	Amount for the current period	Amount for the previous period
Interest expenses	**296,507,996.62**	281,729,488.05
Including: bank and other borrowings	**196,020,710.08**	227,503,871.62
bond interests	**54,225,616.43**	54,225,616.43
interest expense on lease liabilities	**46,261,670.11**	——
others	**–**	–
Less: capitalised interest expenses	**11,353,755.76**	49,142,024.04
Less: interest income	**131,911,131.46**	106,959,931.36
Net exchange income	**27,303,864.61**	–
Net exchange losses	**–**	6,019,121.74
Others	**-1,086,582.75**	20,999,842.38
Total	**124,852,662.04**	152,646,496.77

53. Other income

Item	Amount for the current period	Amount for the previous period
Government subsidy for international freight routes	**404,692,717.47**	122,106,473.80
Financial support for the port and shipping industries under the Special Funds for the Development of Modern Logistic Industry	**17,945,273.05**	2,000,000.00
Special subsidy for logistics projects	**16,932,672.26**	12,109,620.00
Container shipping subsidy	**7,909,149.00**	11,998,392.76
Export LCL special subsidy	**6,988,689.36**	571,000.00
Local finance refund	**6,900,707.31**	1,679,844.00
Special funds for supporting enterprise development	**6,020,940.00**	6,800,800.00
Additional deduction for value-added tax	**5,295,870.75**	–
Subsidy for logistics standardisation projects	**4,133,426.21**	10,621,684.57
Subsidy for customs declaration of imported goods	**2,969,650.00**	2,572,853.00
Special subsidy for the Central Treasury for the development of the Service Sector (Cold Chain Logistics)	**1,665,730.00**	1,826,600.52
Financial support for foreign trade and economic cooperation	**1,391,264.45**	7,326,068.00
Subsidy for National Drop and Pull Transport	**999,999.98**	1,000,000.02
Special subsidy for customs inspection	**569,167.26**	1,344,026.92
Others	**8,626,158.74**	3,650,475.84
Total	**493,041,415.84**	185,607,839.43

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

54. Investment income

Item	**Amount for the current period**	Amount for the previous period
Income from long-term equity investments	**619,102,229.57**	608,092,560.41
Including: income from investments recognised under the equity method	**592,996,770.87**	607,586,967.88
Income from disposal of equity (Note)	**26,105,458.70**	505,592.53
Held-for-trading financial assets	**–**	5,482,962.04
Including: income from investments acquired during the holding period	**–**	5,482,962.04
Other non-current financial assets	**5,000,000.00**	–
Including: income from investments acquired during the holding period	**5,000,000.00**	–
Investments in other equity instruments	**1,808,421.18**	2,517,500.00
Including: income from investments acquired during the holding period	**1,808,421.18**	2,517,500.00
Income from derecognisation of financial assets at amortised cost	**-263,435.66**	-3,440,343.15
Others	**–**	642,858.39
Total	**625,647,215.09**	613,295,537.69

Note: On 26 December 2018, Sinotrans Logistics, a subsidiary of the Group, and Nanjing Changjiang Tanker Co., Ltd (南京長江油運有限公司) entered into the Agreement on Transfer of 100% Equity Interest of Shenzhen South China Liquefied Gas Shipping Co., Ltd. (深圳華南液化氣船務有限公司) pursuant to which the 100% equity interest of South China Liquefied Gas was transferred at a consideration of RMB14.79 million. The payment of the consideration and equity transaction were completed in January 2019 by the two parties.

55. Gains (losses) from changes in fair value

Item	**Amount for the current period**	Amount for the previous period
Held-for-trading financial assets (Note)	**–**	236,095,991.60
Total	**–**	236,095,991.60

Note: Gains from changes in fair value are mainly the preference shares of Americold held by the Group, and the shares were disposed in 2018.

56. Impairment of assets

Item	**Amount for the current period**	Amount for the previous period
Impairment loss of fixed assets	**–**	295,929.39
Total	**–**	295,929.39

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

57. Credit loss impairment

Item	**Amount for the current period**	Amount for the previous period
Impairment losses of bills receivable and accounts receivable	**20,274,502.53**	43,762,659.40
Impairment losses of other receivables	**1,998,456.89**	569,048.88
Total	**22,272,959.42**	44,331,708.28

58. Income from assets disposal

Item	**Amount for the current period**	Amount for the previous period	Amount included in the current non-recurring profit or loss
Gain from disposal of non-current assets	**64,070,728.81**	86,135,727.24	64,070,728.81
Including: Gain from disposal of fixed assets	**63,903,122.51**	86,135,727.24	63,903,122.51
Gain from disposal of intangible assets	**10,000.00**	–	10,000.00
Gain from disposal of construction in progress	**18,666.08**	–	18,666.08
Others	**138,940.22**	–	138,940.22
Total	**64,070,728.81**	86,135,727.24	64,070,728.81

59. Non-operating income

Item	**Amount for the current period**	Amount for the previous period	Amount included in the current non-recurring profit or loss
Government grants	**12,485,688.08**	8,308,198.63	12,485,688.08
Income from retirement of non-current assets	**3,674,935.12**	3,170,247.99	3,674,935.12
Liquidated damages and compensations (Note 1)	**12,712,568.98**	1,911,716.86	12,712,568.98
Unpayable accounts payable	**5,062,245.22**	11,909,480.58	5,062,245.22
Others (Note 2)	**20,372,345.22**	4,480,314.86	20,372,345.22
Total	**54,307,782.62**	29,779,958.92	54,307,782.62

Note 1: The liquidated damages and compensations are mainly the compensations that the group obtained from the disputes and accidents incurred in the ordinary course of business.

Note 2: Other non-operating income are mainly the gain of RMB15.10 million arising from the value of the real estate ruled by the court exceeding the carrying amount of the creditor's rights.

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

60. Government grants

Breakdown of government grants:

Item	**Amount for the current period**	Amount for the previous period
Government grants received and recognised that relate to income	——	——
Government grants for international train transportation	**404,692,717.47**	122,106,473.80
Financial support for the port and shipping industries under the Special Funds for the Development	**17,945,273.05**	2,000,000.00
Special subsidy for the logistics project	**16,932,672.26**	12,109,620.00
Container shipping subsidy	**7,909,149.00**	11,998,392.76
Export LCL special subsidy	**6,988,689.36**	571,000.00
Local finance refund	**6,900,707.31**	1,679,844.00
Special funds for supporting enterprise development	**6,020,940.00**	6,800,800.00
Subsidy for the logistics standardisation project	**4,133,426.21**	1,393,325.00
Subsidy for customs clearance of imported goods	**2,969,650.00**	2,572,853.00
Special subsidy for the Central Treasury for the development of the service section (Cold Chain Logistics)	**1,665,730.00**	1,826,600.52
Financial support for foreign trade and economic cooperation	**1,391,264.45**	7,326,068.00
Subsidy for National Drop and Pull Transport	**999,999.98**	1,000,000.02
Special subsidy for custom inspection	**569,167.26**	1,344,026.92
Other government grants (Note)	**27,024,621.52**	3,535,579.18
Sub-total	**506,144,007.87**	176,264,583.20
Government grants received that relate to assets	——	——
Subsidy for infrastructures	**5,000,000.00**	16,074,829.57
Funds for the comprehensive pilot supply-chain system development project	**1,273,700.00**	–
Subsidy for the development of the collorative customs clearance platform	**–**	1,576,625.29
Sub-total	**6,273,700.00**	17,651,454.86
Total	**512,417,707.87**	193,916,038.06
Less: Government grants included in the deferred income	**6,273,700.00**	17,651,454.86
Add: Government grants transferred from the deferred income to the current gain or loss	**15,070,492.26**	23,357,609.62
Less: Government grants offset against relevant costs and expenses	**20,983,266.96**	5,706,154.76
Government grants included in the current gains or losses	**500,231,233.17**	193,916,038.06
Including: Government grants included in other income	**487,745,545.09**	185,607,839.43
Government grants included in the non-operating income	**12,485,688.08**	8,308,198.63

Note: Other items are consisted of several government grant items that are not material and therefore not disclosed separately.

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

61. Non-operating expenses

Item	**Amount for the current period**	Amount for the previous period	Amount included in the current non-recurring gains or losses
Pending litigation losses (Note 1)	**-10,725,676.48**	49,527,786.90	-10,725,676.48
Compensation, liquidated damages and fines (Note 2)	**14,040,071.66**	2,545,850.05	14,040,071.66
Donation expenditures	**555,900.00**	197,370.93	555,900.00
Assets disposal and damage	**3,304,139.54**	4,548,019.77	3,304,139.54
Fines and forfeiture costs	**–**	2,824,960.20	–
Other losses	**1,950,308.93**	2,286,754.14	1,950,308.93
Total	**9,124,743.65**	61,930,741.99	9,124,743.65

Note 1: The negative losses in the pending litigation are the litigation losses incurred in the ordinary course of business of the Group. One of the subsidiaries of the Group has reached an settlement this period, and the write-down on the estimated liabilities is RMB19,273,300.

Note 2: The compensation, liquidated damages and fines are mainly the litigation compensations for the disputes, litigations and accidents occurred in the ordinary of business of the Group.

62. Income tax expenses

(1) Table of income tax expenses

Item	**Amount for the current period**	Amount for the previous period
Current income tax	**235,618,839.88**	365,700,921.07
Deferred income tax adjustment	**-1,260,400.21**	78,625,850.51
Total	**234,358,439.67**	444,326,771.58

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

62. Income tax expenses (contiuned)

(2) Adjustment process of accounting profit and income tax expenses

Item	Amount for the current period
Accounting profit	1,817,400,771.79
Income tax expenses at the tax rate of 25% (last period: 25%)	454,350,192.95
Tax effect of non-deductible expenses	20,331,093.76
Tax effect of tax-exempt income	-169,355,883.30
Tax effect of unrecognised deductible losses and deductible temporary differences	43,626,673.07
Tax effect of utilisation of unrecognised deductible losses and deductible temporary differences in the previous year	-29,670,444.58
Effect of inconsistent tax rates for subsidiaries in other regions and preference tax rates for subsidiaries	-21,862,769.90
Effect of tax deductions of subsidiaries	-1,564,686.15
Tax effect of unrecognised taxable temporary differences	–
Taxes repaid (refunded) for prior years	1,764,123.21
Others	-63,259,859.39
Income tax expenses	234,358,439.67

63. Borrowing costs

Item	Capitalisation rate	Capitalised amount
Construction in progress	1%-5%	11,353,755.76
Sub-total	——	11,353,755.76
Finance costs included in the current gains or losses	——	184,666,954.32
Total interest expenses	——	196,020,710.08

64. Foreign exchange translation

Item	Amount for the current period
Exchange differences included in the current gains or losses	-27,303,864.61
Differences from translation in foreign currency financial statements for the transfer of disposal of overseas business to the current gains or losses	–
Total	-27,303,864.61

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

65. Leases

(1) The Group as lessor

The Group did not carry out any financial leasing business. The financial leasing business operated by the Group was mainly consisted of the leasing of warehouses, office buildings, land and structures as well as containers and other equipment, and the Company reserves the ownership of the assets leases and takes the responsibility of owner of the assets. As of 30 June 2019, the assets of the Group for operating lease are as follows:

Type of assets leased	**Closing balance**	Opening balance
Buildings and structures	**2,451,581,311.01**	2,444,956,466.26
Land	**32,223,307.10**	33,049,871.10
Equipment and vehicles	**622,687,653.31**	594,204,400.49
Others	**–**	–
Total	**3,106,492,271.42**	3,072,210,737.85

The Group recorded rental income of RMB55,238,430.59 in the current period, of which RMB0 related to the variable lease payments was not included.

The undiscounted lease receipts that the Group will receive in the next five years are as follows:

Remaining lease term	**Undiscounted lease receipt**
The first year after the reporting period	176,343,076.33
The second year after the reporting period	131,735,930.90
The third year after the reporting period	96,257,973.64
The fourth year after the reporting period	37,981,800.36
The fifth year after the reporting period	23,474,663.35
Total	465,793,444.58

(2) The Group as lessee

The Group did not lease fixed assets using the financial leasing during the current period. As the lessee of the operating lease, the Group lease warehouses and office related to the logistics-related business. Details of the relevant lease expenses for the current period and the lease payments relating to the future leases are set out Notes IX.18 and IX.37. The Group's lease contracts do not include variable payments and there was no future potential cash outflows not included in the measure of lease liabilities.

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

66. Other comprehensive income attributable to the owners of the company

(1) Items of other comprehensive income and their income tax effects and transfers to gains or losses

Item	Amount for the current period			Amount for the previous period		
	Amount before tax	**Income tax**	**Net amount after tax**	Amount before tax	Income tax	Net amount after tax
I. Other comprehensive income not to be reclassified to profit or losses	**46,350,772.21**	**-**	**46,350,772.21**	-75,079,226.47	-18,769,806.62	- 56,309,419.85
Changes in fair value of other equity instruments investments	**46,350,772.21**	**-**	**46,350,772.21**	-75,079,226.47	-18,769,806.62	-56,309,419.85
II. Other comprehensive income to be reclassified to profit or loss	**-49,535,606.79**	**-**	**-49,535,606.79**	- 186,723,453.41	-	- 186,723,453.41
1. Other comprehensive income to be reclassified to profit or loss under equity method	**7,793,447.85**	**-**	**7,793,447.85**	-2,350,966.49	-	-2,350,966.49
Less: Other comprehensive income included in the previous period to be reclassified to profit or loss in the current period	**-**	**-**	**-**	-	-	-
Sub-total	**7,793,447.85**	**-**	**7,793,447.85**	-2,350,966.49	-	-2,350,966.49
1. Translation difference of the statements in foreign currency	**-57,329,054.64**	**-**	**-57,329,054.64**	-184,372,486.92	-	-184,372,486.92
Less: Other comprehensive income included in the previous period to be reclassified to profit or loss in the current period	**-**	**-**	**-**	-	-	-
Sub-total	**-57,329,054.64**	**-**	**-57,329,054.64**	-184,372,486.92	-	-184,372,486.92
Total other comprehensive income	**-3,184,834.58**	**-**	**-3,184,834.58**	-261,802,679.88	-18,769,806.62	-243,032,873.26

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

66. Other comprehensive income attributable to the owners of the company (continued)

(2) Adjustments to other comprehensive income items

Item	Opening balance	Change in the current period	**Closing balance**
Other comprehensive income not to be reclassified into profit or loss under equity method	1,707,132.75	–	**1,707,132.75**
Changes in fair value of other equity instruments investments	25,339,202.22	46,350,772.21	**71,689,974.43**
Other comprehensive income to be reclassified to profit or loss under equity method	25,088,282.38	7,793,447.85	**32,881,730.23**
Differences from translation of foreign currency financial statements	-327,135,927.64	-57,329,054.64	**-384,464,982.28**
Sub-total	-275,001,310.29	-3,184,834.58	**-278,186,144.87**

67. Items in the consolidated statement of cash flows

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

1) Cash received from other operating activities

Item	**Amount for the current period**
Government grants received relating to the operating activities	**245,393,469.63**
Advances, deposits, margins, etc. received	**111,424,482.47**
Guaratee deposits received	**107,923,008.64**
Income from the lease of non-current assets	**53,742,887.35**
Interest income on demand deposits	**24,014,322.13**
Compensation income from liquidited damages	**13,083,271.99**
Income from technical services	**11,481,534.89**
Income from property management	**6,578,926.45**
Others	**32,984,343.11**
Total	**606,626,246.66**

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

67. Items in the consolidated statement of cash flows (continued)

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

2) Cash paid for other operating activities

Item	Amount for the current period
Agency receipts of the factoring business paid	**634,697,702.76**
Business compensations paid	**152,040,071.66**
Advance deposits, etc. paid	**75,334,751.18**
Rentals and property management fees paid	**50,883,926.05**
Business entertainment expenses paid	**40,689,497.66**
Consultation and audit fee paid	**37,459,975.76**
Travelling expenses paid	**33,669,927.59**
Motor vehicle expenses paid	**25,216,304.00**
Communication network fee paid	**21,880,359.69**
Office expenses paid	**17,069,640.67**
Communication fee paid	**13,028,680.67**
Utilities paid	**11,713,760.43**
Management fee paid	**11,282,904.51**
Decoration and repair costs paid	**10,926,232.39**
Insurance premium paid	**9,296,821.83**
Advertising expenses paid	**4,260,889.73**
Membership fee paid	**3,387,448.57**
Others	**21,577,633.31**
Total	**1,174,416,528.46**

3) Cash received from other investing activities

Item	Amount for the current period
Repayment of borrowings from Loscam Packaging Equipment Lease (Shanghai) Co., Ltd. (路凱包裝設備租賃(上海)有限公司)	**290,000,000.00**
Interest on wealth management products, term deposits, etc	**114,397,178.22**
Repayment from Dongguan Container and Port Co., Ltd (東莞港集裝箱港務有限公司)	**52,492,112.21**
Receipt of the entrusted loan repaid by South China LPG Shipping Co., Ltd. (華南液化氣船務有限公司)	**40,000,000.00**
Repayment from Shanghai Puan Warehouse Co., Ltd. (上海普安倉儲有限公司)	**2,200,000.00**
Others	**2,864,964.00**
Total	**501,954,254.43**

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

67. Items in the consolidated statement of cash flows (continued)

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

4) Cash paid for the investing activities

Item	Amount for the current period
Net proceeds from disposal of subsidiary (disposal price lower than the subsidiary's net book value)	**9,385,006.11**
Total	**9,385,006.11**

5) Cash paid for other financing activities

Item	Amount for the current period
Payment of Tibet Trust and Zhong Qi Yun Lian	**692,604,891.39**
Payment of lease liabilities	**271,346,042.07**
Payment of the lawyers' and brokers' fees in material asset reorganisation	**55,678,386.84**
Payment of the remaining equity interests of Shenzhen Henglu Logistics Company Limited (深圳市恒路物流股份有限公司)	**10,113,662.26**
Total	**1,029,742,982.56**

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

67. Items in the consolidated statement of cash flows (continued)

(2) Supplementary information of the cash flow statement

Item	**Amount for the current period**	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	**1,583,042,332.12**	1,602,352,993.09
Add: Impairment of assets	**–**	295,929.39
Credit loss impairment	**22,272,959.42**	44,331,708.28
Depreciation of fixed assets and investment properties	**479,649,041.09**	593,615,724.28
Amortisation of intangible assets	**83,210,655.75**	77,101,061.43
Amortisation of long-term deferred expenses	**20,858,072.94**	24,509,864.11
Depreciation of the right-of-use assets	**235,418,301.68**	–
Losses from disposal of assets (gains expressed with "-")	**-64,070,728.81**	-86,135,727.24
Losses from damage and scrapping of non-current assets (gains expressed with "-")	**-370,795.58**	1,377,771.78
Losses from changes in fair value (gains expressed with "-")	**–**	-236,095,991.60
Financial expenses (income expressed with "-")	**149,953,566.92**	156,178,532.56
Losses on investments (income expressed with "-")	**-625,647,215.09**	-613,295,537.69
Decrease in deferred income tax assets (increase expressed with "-")	**-1,034,801.58**	-6,690,832.85
Increase in deferred income tax liabilities (decrease expressed with "-")	**-225,598.63**	85,316,683.36
Decrease in inventories (increase expressed with "-")	**127,442,942.37**	58,529,082.80
Decrease in operating receivables (increase expressed with "-")	**-1,828,122,810.73**	-1,698,182,383.90
Increase in operating payables (decrease expressed with "-")	**-661,048,462.21**	-1,064,801,994.03
Net cash flows from operating activities	**-478,672,540.34**	-1,061,593,116.23
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 previous years into national capital	**–**	–
Business combination under the same control	**–**	–
3. Net changes in cash and cash equivalents:	**–**	–
Closing cash balance	**11,115,094,372.16**	8,845,699,417.28
Less: Opening cash balance	**15,317,824,974.56**	9,709,382,226.84
Add: Adjustments of the classification of account settlement reserves at the beginning of the year	**–**	–
Net increase in cash and cash equivalents	**-4,202,730,602.40**	-863,682,809.56

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

67. Items in the consolidated statement of cash flows (continued)

(3) Net cash from acquisition and disposal of subsidiaries for the current period

Item	Amount for the current period
I. Information on acquisition of subsidiaries	
II. Information on disposal of subsidiaries	
1. Prices of disposal of subsidiaries	**14,791,047.00**
2. Cash or cash equivalents received from disposal of subsidiaries for the current period	**14,791,047.00**
Less: Cash and cash equivalents held by the Company on the date of loss of control	**24,176,053.11**
Add: Cash or cash equivalents received in the current period from disposal of subsidiaries in the previous periods	**–**
3. Net cash received from disposal of subsidiaries	**-9,385,006.11**
4. Disposal of net assets of subsidiaries	**-10,982,426.26**
Current assets	**29,713,309.87**
Non-current assets	**87,491,979.30**
Current liabilities	**88,187,715.43**
Non-current liabilities	**40,000,000.00**

(4) Cash paid for distribution of dividends, profits or interest payments

Item	Amount for the current period	Amount for the previous period
Dividends and profits paid by subsidiaries to minority shareholders	**44,740,223.30**	66,310,773.38
Cash paid from repayment of interests	**248,195,649.26**	244,918,087.58
Profits delivered	**–**	115,097,530.26
Total	**292,935,872.56**	426,326,391.22

68. Cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	**11,115,094,372.16**	15,317,824,974.56
Including: Cash on hand	**18,644,856.71**	10,396,081.65
Bank deposits available for payment	**11,096,449,515.45**	15,307,428,892.91
Other cash and cash equivalents available for payment	**–**	–
II. Cash equivalents	**–**	–
III. Balance of cash and cash equivalents at the end of the period	**11,115,094,372.16**	15,317,824,974.56
IV. Restricted cash and cash equivalents	**102,684,835.59**	210,607,844.23
V. Total cash and cash equivalents and provision for settlement funds	**11,217,779,207.75**	15,528,432,818.79

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

69. Foreign currency monetary items

Item	Foreign currency balance at the end of the period	Exchange rate of translation	Translated RMB balance at the end of the period
Cash and cash equivalents	——	——	4,063,655,997.73
Including: USD	332,748,559.06	6.8747	2,287,546,518.97
HKD	1,857,423,781.22	0.8797	1,633,975,700.34
JPY	532,473,981.09	0.0638	33,971,839.99
EURO	3,470,645.20	7.8170	27,130,033.53
AUD	4,208,228.01	4.8156	20,265,142.80
Others	——	——	60,766,762.10
Accounts receivable	——	——	9,511,360,999.10
Including: USD	391,609,398.64	6.8747	2,692,197,132.83
HKD	383,061,790.55	0.8797	336,979,457.15
JPY	1,296,384,695.00	0.0638	82,709,343.54
EURO	4,966,544.86	7.8170	38,823,481.17
AUD	1,478,483.23	4.8156	7,119,783.84
Others	——	——	6,510,460,027.38
Accounts payable	——	——	4,084,670,422.20
Including: USD	236,138,037.59	6.8747	1,623,378,167.02
HKD	316,850,163.58	0.8797	278,733,088.90
JPY	1,416,190,244.49	0.0638	90,352,937.60
EURO	5,804,359.86	7.8170	45,372,681.03
AUD	1,378,046.53	4.8156	6,636,120.87
Others	——	——	2,121,806,975.98
Long-term borrowings	——	——	6,770,125,108.08
Including: USD	87,134,781.52	6.8747	599,025,482.52
HKD	7,015,004,689.74	0.8797	6,171,099,625.56
Long-term payables	——	——	326,285,818.24
Including: USD	43,113,901.61	6.8747	296,395,139.40
HKD	33,978,264.00	0.8797	29,890,678.84

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

70. Segment reporting

(1) Basis for determining reporting segments and accounting policies

In accordance with the Group's internal organisational structure, management requirements and internal reporting system, the Group's operations are divided into five operating segments whose operating results are regularly evaluated by the Group's management to determine the allocation of resources to them and evaluate their performance. On the basis of operating segments, the Group determined four reporting segments, which are freight forwarding, professional logistics, storage terminals, and other services 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:

- Freight forwarding: it mainly includes any delivery of the goods to the designated consignees in other places within the specified time limit in accordance with the instructions and arrangements of customers, including any shipping agency services provided to shipping companies in relation to freight forwarding.

- Logistics: it mainly includes any provision of customised and specialised entire logistics services to customers.

- Storage and terminals services: they mainly include any provision of warehousing, yard, container terminal and terminal services.

- Other services: they mainly include any provision of automotive transport services, shipping services and express delivery services.

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

70. Segment reporting (continued)

(2) Financial Information of reporting segments

Six months ended 30 June 2019

Items	Freight forwarding	Logistics	Storage and terminals services	Other services	Undistributed items	Inter-segment elimination	Total
Operating income	—	—	—	—	—	—	—
Income from external transaction	23,892,935,557.01	9,763,459,733.67	1,152,145,042.90	2,912,042,748.55	-	-	37,720,583,082.13
Income from inter-segment transaction	547,840,922.49	92,284,894.29	104,444,673.90	258,214,537.78	-	-1,002,785,028.46	-
Total operating income from segments	24,440,776,479.49	9,855,744,627.96	1,256,589,716.80	3,170,257,286.34	-	-1,002,785,028.46	37,720,583,082.13
Total operating costs	23,492,258,338.70	9,565,737,964.04	956,823,999.10	2,899,962,289.56	216,342,117.65	-	37,131,124,709.05
Credit loss impairment	22,848,702.41	11,553,163.94	1,582,890.51	-8,492,387.39	-5,219,410.05	-	22,272,959.42
Investment income	9,598,117.65	13,626,096.94	10,714,461.01	523,399,446.13	68,309,093.36	-	625,647,215.09
Including: income from investments in associates and joint ventures	9,598,117.65	13,626,096.94	10,714,461.01	523,399,446.13	35,658,649.14	-	592,996,770.87
Income from disposal of assets	-	-	-	-	64,070,728.81	-	64,070,728.81
Other income	243,244,793.13	211,140,863.38	11,460,956.81	27,194,802.52	-	-	493,041,415.84
Operating profits	653,520,129.09	422,488,729.95	217,496,461.62	562,674,707.64	-83,962,295.48	-	1,772,217,732.82
Non-operating income	13,058,614.02	28,126,465.58	1,498,736.89	3,303,611.96	8,320,354.17	-	54,307,782.62
Non-operating expenses	3,591,118.18	7,913,230.69	140,141.35	1,469,543.89	-3,989,290.46	-	9,124,743.65
Total profit	662,987,624.93	442,701,964.84	218,855,057.16	564,508,775.71	-71,652,650.85	-	1,817,400,771.79
Income tax	187,837,613.58	75,758,510.39	9,657,418.78	24,364,756.32	-63,259,859.40	-	234,358,439.67
Net profit	475,150,011.35	366,943,454.45	209,197,638.38	540,144,019.39	-8,392,791.45	-	1,583,042,332.12
Total assets	21,653,061,497.88	23,596,008,901.86	2,984,404,107.48	10,513,727,608.94	2,362,049,902.98	-	61,109,252,019.14
Total liabilities	8,629,259,296.33	5,125,526,980.35	512,487,109.97	1,264,107,730.01	17,257,958,313.33	-	32,789,339,429.99

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

70. Segment reporting (continued)

(2) Financial Information of reporting segments (continued)

Six months ended 30 June 2018

Items	Freight forwarding	Logistics	Storage and terminals services	Other services	Undistributed items	Inter-segment elimination	Total
Operating income	——	——	——	——	——	——	——
Income from external transaction	21,950,306,432.78	9,945,427,317.22	1,199,767,808.57	3,398,608,572.70	-	-	36,494,110,131.27
Income from inter-segment transaction	518,987,518.34	49,765,857.78	120,272,945.78	291,739,138.98	-	-980,765,460.88	-
Total operating income from segments	22,469,293,951.12	9,995,193,175.00	1,320,040,754.35	3,690,347,711.68	-	-980,765,460.88	36,494,110,131.27
Total operating costs	21,387,571,467.71	9,651,811,942.40	1,004,552,808.29	3,204,821,175.14	291,097,629.08	-	35,539,855,022.62
Impairment losses of assets	34,109,845.08	-154,257.16	844,107.46	9,532,012.63	295,929.39	-	44,627,637.40
Gains (losses) from changes in fair value	-	-	-	-	236,095,991.60	-	236,095,991.60
Investment income	11,662,110.24	1,735,765.57	19,546,495.94	551,885,458.98	31,906,050.09	-	616,735,880.82
Including: income from investments in associates and joint ventures	11,662,110.24	1,735,765.57	19,546,495.94	551,885,458.98	22,497,137.13	-	607,326,967.86
Income from disposal of assets	-	-	-	-	86,135,727.24	-	86,135,727.24
Other income	51,585,237.26	97,208,344.61	17,469,991.91	19,344,265.65	-	-	185,607,839.43
Operating profits	625,982,312.57	392,559,485.00	232,231,488.13	765,017,122.19	63,040,139.85	-	2,078,830,547.74
Non-operating income	18,161,000.79	5,178,167.34	998,344.19	2,272,198.33	3,170,248.27	-	29,779,958.92
Non-operating expenses	4,459,580.80	2,316,998.38	-74,240.38	1,152,596.52	54,075,806.67	-	61,930,741.99
Total profit	639,683,732.56	395,420,653.96	233,304,072.70	766,136,724.00	12,134,581.45	-	2,046,679,764.67
Income tax	208,974,919.40	81,155,161.36	11,276,995.03	72,090,898.31	70,828,797.48	-	444,326,771.58
Net profit	430,708,813.16	314,265,492.60	222,027,077.67	694,045,825.69	-58,694,216.03	-	1,602,352,993.09
Total assets	22,366,513,340.21	22,190,708,083.76	2,183,021,329.39	10,923,047,638.35	5,832,914,009.98	-	63,496,204,401.71
Total liabilities	10,525,702,649.20	7,279,577,873.08	642,099,024.98	2,160,055,713.20	16,474,609,773.31	-	37,082,045,033.77

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

70. Segment reporting (continued)

(2) Financial Information of reporting segments (continued)

Six months ended 30 June 2019

Items	Freight forwarding	Logistics	Storage and terminals services	Other services	Undistributed items	Inter-segment elimination	Total
Supplementary information	—	—	—	—	—	—	—
Depreciation and Amortisation expenses	137,325,334.14	376,010,751.51	178,549,402.96	84,224,392.48	25,403,509.52	-	801,513,390.61
Capital expenditures	142,770,912.02	163,379,349.85	238,990,392.75	86,439,852.81	209,511,310.20	-	841,091,817.63
Non-cash expenses other than depreciation and Amortisation	23,026,770.96	11,553,163.94	1,404,821.96	-8,492,387.39	-5,219,410.05	-	22,272,959.42
Increase in long-term equity investments in associates and joint ventures under the equity method	9,598,117.65	13,626,096.94	10,714,461.01	523,399,446.13	68,309,093.36	-	625,647,215.09

Six months ended 30 June 2018

Items	Freight forwarding	Professional logistics	Storage terminals	Other services	Undistributed items	Inter-segment elimination	Total
Supplementary information	—	—	—	—	—	—	—
Depreciation and Amortisation expenses	80,491,859.92	209,779,185.17	126,424,905.64	213,567,000.51	28,989,032.70	-	659,251,983.94
Capital expenditures	97,410,098.65	428,776,382.78	164,482,424.20	300,636,568.94	40,001,565.74	-	1,031,307,040.31
Non-cash expenses other than depreciation and Amortisation	34,109,845.08	-154,257.16	844,107.46	9,532,012.63	295,929.39	-	44,627,637.40
Increase in long-term equity investments in associates and joint ventures under the equity method	11,662,110.24	1,735,765.57	19,546,495.94	551,885,458.98	22,497,137.13	-	607,326,967.86

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Related parties with control relationship

Name of controlling shareholders and the ultimate controlling party	Place of registration	Business nature	Registered capital (RMB)	Proportion of shareholding (%)	Voting proportion (%)
China Merchants Group Co., Ltd.	Beijing	Transportation business and etc.	RMB16,700 million	—	—

2. The information about the subsidiaries is described in note viii.

3. The company's material joint ventures or associates are described in note ix. 12.

4. The conditions of other major related parties

Name of other related parties	Relationship with the Company
Sinotrans & CSC Group Limited	Another enterprise controlled by the same parent company
Sinotrans Container Lines Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Sunny Express Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shanghai Changhang International Shipping Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Group Finance Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Steamship Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Nanjing Tanker Corporation	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Beijing Sinotrans Land Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Beijing Sinotrans Motor Vehicle Testing Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Beijing Sinotrans Sanjianfang Warehouse Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Beijing Sinotrans Logistics Center Co.,Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Fujian Hexi Warehousing And Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. The conditions of other major related parties (continued)

Name of other related parties	Relationship with the Company
Guangxi Sinotrans Nanning Storage and Transportation Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Guangxi Sinotrans Pingxiang Co.,Ltd	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Hebei Sinotrans Jiuling Storage and Transportation Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Henan Sinotrans Bonded Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Henan Sinotrans Jiuling Storage and Transportation Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Hubei Sinotrans Cangma Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Hunan Sinotrans Jiuling Storage and Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Huangshi Sinotrans International Freight Forwarding Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Jiangsu C.F.S. Co.,Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Jiangsu Logistics Co.,Ltd	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Jiujiang Changwei International Shipping Agency Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Nanjing Jinling Shipyard Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Nanjing YangYang Chemicals Transport & Trade Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Nantong Sinotrans Port Container Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Xiamen Sinotrans Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shanghai Xinyangshan Container Lines Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans & CSC International Merchant & Shipping (Hong Kong) Company Limited	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans & CSC Shanghai Qiantang Co., Ltd	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shanghai Sinotrans Zhanghuabang Storage & Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shekou Container Terminals Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. The conditions of other major related parties (continued)

Name of other related parties	Relationship with the Company
Shenzhen Chiwan Shipping & Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shenzhen Lianda Tug Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shenzhen Shekou New Times Real Estate Management Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shenzhen Investment Promotion Real Estate Management Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Suzhou Storage Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Suifenhe Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Tianjin Sinotrans Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Yantai Anshun Automobile Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Yinchuan Inland Portlogistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Far rise Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Zhangzhou China Merchants Port Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Changjiang International Freight Forwarding Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Bonded Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants International Terminal (Qingdao) Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Holdings (International) Information Technology Company Limited	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Container Services Limited	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Alashankou Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. The conditions of other major related parties (continued)

Name of other related parties	Relationship with the Company
Sinotrans Gansu Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Guangxi Guigang Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Guangxi Wuzhou Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Hainan Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Hebei Tangshan Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Hebei Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Hunan Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Jiangsu Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Nantong Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Neimenggu Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Qinhuangdao Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Shaanxi Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Yangtze River Shipping Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Changjiang Bunker (Sinopec) Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans (Jiaxing) International Freight Forwarding Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans International Trade Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Container Lines (Hong Kong) Company Limited	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Chongqing Changhang Yihua Shipping Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Chongqing Changjinag Shipping Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
CSS RORO Logistics Co., Ltd	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. The conditions of other major related parties (continued)

Name of other related parties	Relationship with the Company
Guangxi Sinotrans Nanning Storage and Transportation Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Guangxi Laibin Sinotrans Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Dongguan Shen Chiwan Terminals Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Manzhouli Sinotrans Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Chartering Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Guangxi Fangcheng Port Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Chongqing Wanqiao Communication-Tech Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Changhang Freight Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shanghai Wusongkou International Cruise Port Development Co., Ltd	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shanghai Changjiang International Shipping Agency Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Securities Asset Management Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
RED BRAVES FINANCE LTD.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shandong Sinotrans Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sichuan Sinotrans Storage Service Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Guangxi Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Guangxi Sinotrans Jiuling Storage and Transportation Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Beijing Sinotrans Auto Service Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Beijing Sinotrans Motor Vehicle Testing Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Anhui Direct Storage and Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Beijing Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Shipping Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. The conditions of other major related parties (continued)

Name of other related parties	Relationship with the Company
China Merchants Zhangzhou Development Zone Trendar Solar Tech Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Jiangxi Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Zhangzhou Development Zone Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Shanghai (Group) Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Guangdong Sinotrans Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
SINOTRANS SHIPPING INC.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Wuhan Changwei International Shipping Industry Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Chongqing CSC Tianyi Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Nanjing Petroleum Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
China Merchants Port Service (Shenzhen) Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shenzhen Xunlong Shipping Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Hebei Sintrans Jiuling Storage and transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Hebei Shijiazhuang Yuanshi Sinotrans Warehousing Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans Ruichi Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Sinotrans American Huayun Company	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Jiangsu Sinotrans Intelligent Logistics Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
OCS-SINOTRANS	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
Shanghai Foreign Trade Warehousing Island Jiefang Storage and Transportation Co., Ltd.	Another enterprise controlled by the same controlling shareholder and the ultimate controlling party
DHL-Sinotrans International Air Courier Ltd.	A joint venture of the Group
Dongguan Port Container Terminals Co., Ltd.	A joint venture of the Group

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. The conditions of other major related parties (continued)

Name of other related parties	Relationship with the Company
Dongguan Humen Port Container Terminals Co., Ltd.	A joint venture of the Group
New Land Bridge (Lianyungang) Dock Co., Ltd.	A joint venture of the Group
Shenyang Jinyun Automobile Logistics Co., Ltd.	A joint venture of the Group
Nissin-Sinotrans International Logistics Co., Ltd.	A joint venture of the Group
MAXX LOGISTICS LTD.	A joint venture of the Group
Beijing Sinotrans Huali Logistics Co., Ltd.	A joint venture of the Group
Dalian Jd Cargo International Co., Ltd.	A joint venture of the Group
Nittsu Sinotrans Logistic Dalian Co., Ltd.	A joint venture of the Group
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	A joint venture of the Group
Sinotrans Djibouti Co., Ltd.	A joint venture of the Group
Sinotrans Turkey Co., Ltd.	A joint venture of the Group
Sinotrans Vietnam Co., Ltd.	A joint venture of the Group
Shenyang Henglu Logistics Co., Ltd.	A joint venture of the Group
Suzhou Sinotrans Zhongli International Freight Co., Ltd.	A joint venture of the Group
Shanghai Xinghan Shipping Agency Co., Ltd.	A joint venture of the Group
Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	A joint venture of the Group
Jiangsu Rixin Sinotrans International Transportation Co., Ltd.	A joint venture of the Group
Ningbo Taiping Int'L Trade Transportation Co., LTD	A joint venture of the Group
Ningbo Sinotrans Alian Ship Agency Co., Ltd.	A joint venture of the Group
Rongyun (Xiamen) Supply Chain Co., Ltd.	A joint venture of the Group
Shanghai Huasing International Container Freight Transportation Co., Ltd.	A joint venture of the Group
Shanghai Lianhe Cold Chain Logistics Co. Ltd.	A joint venture of the Group
Shanghai Pu'An Storage Co., Ltd.	A joint venture of the Group
Shanghai Tongyun International Logistics Co., Ltd.	A joint venture of the Group
Shanghai Sinotrans Alian Ship Agency Co., Ltd.	A joint venture of the Group
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	A joint venture of the Group
Sinotrans (Pakistan) Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Suzhou Logistics Centre Co., Ltd.	A joint venture of the Group
Sinotrans India Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Anmaishi (Shanghai) International Aviation Express Delivery Co., Ltd.	A joint venture of the Group
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	A joint venture of the Group
Sinotrans Air transportation (France) Co., Ltd.	A joint venture of the Group
Sinotrans Pufis Logistics (Shanghai) Co., Ltd.	A joint venture of the Group
Sinotrans Sarens Logistics Co., Ltd.	A joint venture of the Group
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	A joint venture of the Group

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4. The conditions of other major related parties (continued)

Name of other related parties	Relationship with the Company
Wuhan Zhonggang Logistics Co., Ltd.	A joint venture of the Group
Ningbo Dagang Container Co., Ltd.	A joint venture of the Group
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	A joint venture of the Group
China Merchants Logistics Group Nanjing Co., Ltd.	An associate of the Group
Wuhan Port Container Co., Ltd.	An associate of the Group
Weihai Weidong Shipping Co., Ltd.	An associate of the Group
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	An associate of the Group
Loscam Chain Management (Jiaxing) Co., Ltd.	An associate of the Group
Shenzhen Haixing Harbor Development Co., Ltd.	An associate of the Group
Ma'Anshan Tianshun Port Co., Ltd.	An associate of the Group
Guangxi Yunyu Port Service Co., Ltd.	An associate of the Group
AMS Global Transportation Co., Ltd.	An associate of the Group
Yishang E-commerce (Wuhan) Co., Ltd.	An associate of the Group
Zhongxin Southbound Channel (Chongqing) Logistics Development Co., Ltd.	An associate of the Group
Yangzhou Comprehensive Protection Supply Chain Management Co., Ltd.	An associate of the Group
Liaoning Sinotrans Constant Transportation Service Co., Ltd.	An associate of the Group
Nanjing Huaxing Loading and Unloading Service 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
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	An associate of the Group
Tianjin Runfeng Logistics Co., Ltd.	An associate of the Group
Tianjin Shiyun Logistics Co., Ltd.	An associate of the Group
China International Exhibition Transportation Co., Ltd.	An associate of the Group
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	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
Ningbo Daxie Merchants International Terminal Co., Ltd.	An associate of the ultimate controlling party
Ocean Network Express (China) Ltd.	Another related party

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions:

(1) Pricing policy and basis

1) In the process of providing freight forwarding and professional logistics services to customers, the Group has a large number of procurement services such as various types of transportation services and terminal services, but the related parties are domestic large-scale shipping and port operators. The Group is required to purchase related transportation services and terminal services such as shipping, container transportation and special equipment transportation from related parties in the ordinary course of business. At the same time, due to the geographical distribution of the business between the Group and the Sinotrans Changhang's related companies, some of the associate and joint ventures, it is required for the Group to purchase logistics services such as freight forwarders from related parties. As a leading integrated logistics service provider in China, those related parties has the demand for purchasing marine agency services, freight forwarding services, warehousing services and leasing logistics equipment from the Group.

   On 10 November, 2017, the Company and China Merchants Group renewed the integrated logistics service agreement for the related parties to provide and accept the transportation logistics service, and that agreement was valid from 1January 2018 to 31 December 2020. Pursuant to the new agreement, the pricing of the Group's connected transactions with China Merchants and its related companies will be priced with reference to the market prices charged by independent third parties in the ordinary course of business for the provision of equivalent or similar services in the same region on normal commercial terms. The Group's limit for providing transportation logistics services to related parties is not more than RMB2.5 billion, RMB3.25 billion and RMB4.225 billion in 2018, 2019 and 2020 respectively; the Group's limit for accepting related party transportation logistics services is not more than RMB3.5 billion, RMB4.55 billion and RMB5.915 billion in 2018, 2019 and 2020 respectively. On 28 December 2017, the new integrated logistics service agreement was approved by the shareholders' meeting.

2) The Group's daily business operations required office properties, warehouses, yards, container handling stations and real estate continuously and stably that are used for the daily production and office, lease of lands, housing and logistics transportation equipment to related parties. On 10 November 2017, the Company and China Merchants Group renewed the property lease framework agreement that is about to expire. The agreement is valid from 1 January 2018 to 31 December 2020. According to the new agreement, the pricing of related transactions between the Group and China Merchants and its related companies will be based on the market price of similar properties or warehouses in the same period, and could be adjusted each year. The limit for the Group to lease properties to related parties is not more than RMB300 million, RMB330 million and RMB363 million in 2018, 2019, and 2020 respectively.

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions: (continued)

(1) Pricing policy and basis (continued)

3) The Company entered into a financial service agreement with China Merchants Group Finance Co., Ltd. (hereinafter referred to as the Finance Company), a subsidiary of China Merchants Holdings. The finance company provides deposits, loans, notes and other financial services for Sinotrans. The agreement is valid from 1 January 2018 to 31 December 2020. According to the Financial Services Agreement, the balance of the company's end-of day deposits in the financial company in 2018 is no more than RMB4 billion, and the development of foreign transportation is no more than RMB2 billion. The balance of the day-end deposits of the Finance Company from 2019 to 2020 is no more than RMB5 billion, and the Sinoair is no more than exceed RMB2.5 billion.

(2) Related party transactions for the purchase and sale of goods and the provision and acceptance of services

1) Purchase of goods, Acceptance of services

Name of related parties	Content of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
Other enterprises under the control of the same controlling shareholder and the ultimate controlling party	—	**999,626,293.13**	995,250,554.93
Sinotrans Container Lines Co., Ltd.	Transportation and related service	**435,532,941.62**	406,642,274.86
Sinotrans Sunny Express Co., Ltd.	Transportation and related service	**183,506,686.78**	162,383,926.79
China Merchants Nanjing Tanker Corporation	Transportation and related service	**121,857,952.41**	97,387,856.20
Beijing Sinotrans Automobile Transportation Co,. Ltd.	Transportation and related service	**17,605,414.77**	-
Shenzhen Merchants Shekou International Cruise Home Port Co., Ltd.	Transportation and related service	**15,718,279.00**	-
Sinotrans & CSC Shanghai Qiantang Co., Ltd	Transportation and related service	**10,842,308.82**	20,657,232.35
Shenzhen Chiwan Shipping & Transportation Co., Ltd.	Transportation and related service	**9,564,360.38**	12,038,178.63
Shanghai Changhang International Shipping Co., Ltd.	Transportation and related service	**7,749,390.25**	59,040,972.56
Hebei Sinotrans Jiuling Storage and Transportation Company	Transportation and related service	**7,215,411.17**	1,532,812.54
Beijing Sinotrans Logistics Centre Co., Ltd.	Transportation and related service	**6,469,935.91**	-
Guangxi Sinotrans Pingxiang Co., Ltd.	Transportation and related service	**5,215,449.47**	6,777,053.64
Sinotrans Suzhou Storage Co., Ltd.	Transportation and related service	**5,167,396.89**	-
Henan Sinotrans Bonded Logistics Co., Ltd.	Transportation and related service	**5,062,551.03**	6,784,248.21
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	**4,900,552.04**	2,598,638.16
Sinotrans Alashankou Company	Transportation and related service	**4,470,985.48**	1,349,979.27
Sinotrans & CSC International Merchant & Shipping (Hong Kong) Company Limited	Transportation and related service	**4,403,751.35**	-
Guangxi Sinotrans Nanning Storage and Transportation Company	Transportation and related service	**4,245,384.74**	5,392,604.93
Sinotrans Hebei Tangshan Company	Transportation and related service	**3,977,699.42**	5,400,634.77
Yinchuan Sinotrans Inland Port Logistics Co., Ltd	Transportation and related service	**3,976,707.06**	-
China Merchants Bonded Logistics Co., Ltd.	Transportation and related service	**3,912,359.40**	995,957.65
Beijing Sinotrans Land Transportation Co., Ltd.	Transportation and related service	**3,754,560.15**	-
Shenzhen Shekou New Times Real Estate Management Co., Ltd.	Transportation and related service	**3,601,167.62**	-
China Changjiang Bunker (Sinopec) Co., Ltd.	Transportation and related service	**3,468,389.77**	11,458,613.71
Shanghai Sinotrans Zhanghuabang Storage & Transportation Co., Ltd.	Transportation and related service	**3,447,915.61**	-
Sinotrans Nantong Co., Ltd.	Transportation and related service	**2,712,326.63**	-
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related service	**2,261,651.35**	1,529,778.25

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions: (continued)

(2) Related party transactions for the purchase and sale of goods and the provision and acceptance of services (continued)

1) Purchase of goods, Acceptance of services (continued)

Name of related parties	Content of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
Changjiang International Freight Forwarding Co., Ltd.	Transportation and related service	**2,016,694.43**	-
Beijing Sinotrans Sanjianfang Warehouse Co., Ltd.	Transportation and related service	**1,956,597.36**	-
China Merchants Container Services Limited	Transportation and related service	**1,930,953.89**	4,992,460.99
Sinotrans Shaanxi Co., Ltd.	Transportation and related service	**1,867,359.83**	1,697,787.99
Jiangsu Sinotrans Container Terminals Co., Ltd.	Transportation and related service	**1,794,794.17**	-
Huangshi Sinotrans International Freight Forwarding Co., Ltd.	Transportation and related service	**1,789,386.55**	-
Chongqing Changhang Yihua Shipping Co., Ltd.	Transportation and related service	**1,615,507.51**	-
Wuxi Xihui Sinotrans Warehousing Co., Ltd.	Transportation and related service	**1,590,621.60**	-
CSS RORO Logistics Co., Ltd	Transportation and related service	**1,531,544.91**	540,295.08
Sinotrans Neimenggu Co., Ltd.	Transportation and related service	**1,513,585.59**	1,512,375.35
Shenzhen Investment Promotion Real Estate Management Co., Ltd.	Purchase of goods	**1,479,731.63**	-
Yantai Anshun Automobile Transportation Co., Ltd.	Transportation and related service	**1,249,362.20**	-
Sinotrans Gansu Co., Ltd.	Transportation and related service	**1,109,248.84**	2,341,723.49
Shekou Container Terminals Ltd.	Transportation and related service	**1,101,778.38**	-
China Merchants International Terminal (Qingdao) Co., Ltd.	Transportation and related service	**1,053,377.71**	-
Nantong Sinotrans Port Container Logistics Co., Ltd.	Transportation and related service	**1,026,442.11**	-
Guangxi Sinotrans Nanning Storage and Transportation Company	Transportation and related service	**1,018,565.78**	497,285.31
Sinotrans Hunan Co., Ltd.	Transportation and related service	**909,240.90**	1,195,635.29
Sinotrans Guangxi Guigang Company	Transportation and related service	**858,134.06**	1,985,967.56
Guangxi Laibin Sinotrans Logistics Co., Ltd.	Transportation and related service	**551,516.14**	1,597,984.85
China Merchants Holdings (International) Information Technology Company Limited	Transportation and related service	**547,831.55**	1,586,387.01
Shenzhen Lianda Tug Co., Ltd.	Transportation and related service	**370,341.50**	1,877,560.37
Sinotrans Hebei Co., Ltd.	Transportation and related service	**155,324.10**	1,275,875.32
Sinotrans Jiangsu Logistics Co.,Ltd.	Transportation and related service	**135,002.08**	3,346,194.63
Hunan Sinotrans Jiuling Storage and Transportation Co., Ltd.	Transportation and related service	**-**	3,398,509.92
Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	Transportation and related service	**-**	5,897,349.13
Sinotrans Qinhuangdao Company	Transportation and related service	**-**	32,950,498.73
Sinotrans Jiangsu Co., Ltd.	Transportation and related service	**-**	4,417,093.83
Sinotrans Hainan Co., Ltd.	Transportation and related service	**-**	5,147,266.73
China Merchants Group Finance Co., Ltd.	Interest expense	**54,842,763.88**	69,519,373.33
Others	Transportation and related service	**34,969,057.31**	47,502,167.50
Joint venture	—	**214,892,002.12**	67,199,219.94
Sinotrans Air transportation (France) Co., Ltd.	Transportation and related service	**64,216,197.71**	-
Sinotrans Anmaishi (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related service	**42,357,258.63**	4,599,530.58
DHL-Sinotrans International Air Courier Ltd.	Transportation and related service	**40,262,748.11**	13,833,165.48
New Land Bridge (Lianyungang) Dock Co., Ltd.	Transportation and related service	**12,226,857.15**	13,668,249.09
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related service	**10,389,476.67**	4,139,823.70
Sinotrans Sharon Logistics Co., Ltd.	Transportation and related service	**7,857,065.60**	1,829,442.74
Sinotrans (Pakistan) Logistics Co., Ltd.	Transportation and related service	**5,644,229.22**	4,973,970.14

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions: (continued)

(2) Related party transactions for the purchase and sale of goods and the provision and acceptance of services (continued)

1) Purchase of goods, Acceptance of services (continued)

Name of related parties	Content of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
Dongguan Sinotrans Kuasheng E-Commerce Co., Ltd.	Transportation and related service	**4,551,875.20**	2,304,224.58
Shanghai Huasing International Container Freight Transportation Co., Ltd.	Transportation and related service	**4,535,372.69**	5,514,219.95
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Transportation and related service	**3,734,741.85**	-
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related service	**3,438,368.67**	301,195.55
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related service	**2,059,566.19**	-
Sinotrans Suzhou Logistics Centre Co., Ltd.	Transportation and related service	**2,057,057.55**	-
Wuhan Zhonggang Logistics Co., Ltd.	Transportation and related service	**1,913,016.81**	-
Ningbo Taiping Int'L Trade Transportation Co., LTD	Transportation and related service	**1,902,296.80**	-
Sinotrans India Logistics Co., Ltd.	Transportation and related service	**1,488,374.78**	-
Ningbo Dagang Container Co., Ltd.	Transportation and related service	**1,419,859.95**	-
Tangshan Port Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	**1,015,230.33**	-
Others	Transportation and related service	**3,822,408.21**	16,035,398.13
Associate	—	**142,222,348.37**	49,837,065.84
Weihai Weidong Shipping Co., Ltd.	Transportation and related service	**33,074,355.85**	29,070,653.36
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related service	**16,366,182.20**	14,162,799.61
Liaoning Sinotrans Constant Transportation Service Co., Ltd.	Transportation and related service	**15,584,908.42**	-
Nanjing Huaxing Loading and Unloading Service Co., Ltd.	Transportation and related service	**13,174,993.69**	-
China Merchants Logistics Group Nanjing Co., Ltd.	Transportation and related service	**12,454,261.73**	-
Zhongxin Southbound Channel (Chongqing) Logistics Development Co., Ltd.	Transportation and related service	**11,733,945.61**	-
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related service	**10,465,200.37**	-
Ma'Anshan Tianshun Port Co., Ltd.	Transportation and related service	**7,235,406.26**	5,755,442.86
Wuhan Port Container Co., Ltd.	Transportation and related service	**6,114,398.78**	-
Qingdao Huasheng Airport Logistics Co., Ltd.	Transportation and related service	**3,880,857.10**	-
Tianjin Shiyun Logistics Co., Ltd.	Transportation and related service	**3,679,572.13**	-
China International Exhibition Transportation Co., Ltd.	Transportation and related service	**2,991,283.77**	-
Yangzhou Comprehensive Protection Supply Chain Management Co., Ltd.	Transportation and related service	**2,779,322.63**	-
Qingdao Yujiachang Container Storage and Transportation Co., Ltd.	Transportation and related service	**1,414,892.08**	848,170.01
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Transportation and related service	**1,861,195.06**	-
Others	Transportation and related service	**1,272,767.75**	-
An associate of the ultimate controlling party	—	**5,160,409.61**	2,982,294.68
Ningbo Daxie Merchants International Terminal Co., Ltd.	Transportation and related service	**4,683,234.22**	2,982,294.68
China Merchants Bank Co., Ltd.	Interest expenses	**477,175.39**	-
Total services accepted	—	**1,361,901,053.23**	1,115,269,135.39

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions: (continued)

(2) Related party transactions for the purchase and sale of goods and the provision and acceptance of services (continued)

2) Provision of services

Name of related parties	Content of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
Other enterprises under the control of the same controlling shareholder and the ultimate controlling party	——	**522,352,926.08**	457,313,076.06
Sinotrans Container Lines Co., Ltd.	Transportation and related service	**210,014,533.77**	156,969,236.84
Jiaxing Sinotrans Shipping Agency Co., Ltd.	Transportation and related service	**76,234,119.49**	70,457,331.13
Sinotrans Sunny Express Co., Ltd.	Transportation and related service	**50,319,349.70**	51,508,260.13
Sinotrans & CSC Shanghai Qiantang Co., Ltd	Transportation and related service	**37,451,727.86**	13,837,473.75
Sinotrans Container Lines (Hong Kong) Company Limited	Transportation and related service	**13,946,782.29**	7,643,154.77
China Merchants Nanjing Tanker Corporation	Transportation and related service	**11,081,802.04**	7,303,098.90
Sinotrans Gansu Co., Ltd.	Transportation and related service	**10,178,526.02**	12,096,411.05
Henan Sinotrans Bonded Logistics Co., Ltd.	Transportation and related service	**9,337,745.37**	2,991,851.44
Chongqing Changhang Yihua Shipping Co., Ltd.	Transportation and related service	**8,184,858.92**	-
China Merchants Heavy Industry (Jiangsu) Co., Ltd.	Transportation and related service	**7,376,696.34**	-
Wuhan Changwei International Shipping Industry Co., Ltd.	Transportation and related service	**5,542,423.62**	-
Hebei Shijiazhuang Yuanshi Sinotrans Warehousing Logistics Co., Ltd.	Transportation and related service	**4,937,146.15**	-
Beijing Sinotrans Automobile Transportation Co,. Ltd.	Transportation and related service	**4,641,351.24**	-
Tianjin Sinotrans Co., Ltd.	Transportation and related service	**3,835,095.42**	5,993,297.82
Sinotrans & CSC International Merchant & Shipping (Hong Kong) Company Limited	Transportation and related service	**3,507,699.28**	-
Shanghai Changhang International Shipping Co., Ltd.	Transportation and related service	**3,246,739.77**	1,277,228.48
Changjiang International Freight Forwarding Co., Ltd.	Transportation and related service	**3,234,922.78**	-
Beijing Sinotrans Land Transportation Co., Ltd.	Transportation and related service	**2,755,676.33**	-
Nanjing YangYang Chemicals Transport & Trade Co., Ltd.	Transportation and related service	**2,378,983.79**	2,258,004.28
Sinotrans Hebei Co., Ltd.	Transportation and related service	**2,320,899.06**	2,301,386.47
China Merchants International Terminal (Qingdao) Co., Ltd.	Transportation and related service	**2,318,455.39**	-
Nanjing Jinling Shipyard Co., Ltd.	Transportation and related service	**1,897,974.58**	-
Suzhou Sinotrans Storage Co., Ltd.	Transportation and related service	**1,674,355.11**	-
Jiangsu Sinotrans Logistics Co., Ltd.	Transportation and related service	**1,405,374.94**	-
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation and related service	**1,363,377.38**	-
Sinotrans Neimenggu Co., Ltd.	Transportation and related service	**1,212,332.53**	1,394,450.13
Nanjing Petroleum Transportation Co., Ltd.	Transportation and related service	**1,194,552.24**	-
Hubei Sinotrans Cangma Logistics Co., Ltd.	Transportation and related service	**1,187,177.40**	7,119,741.19
Chongqing Wanqiao Communication-Tech Co., Ltd.	Transportation and related service	**1,152,449.21**	-
China Merchants Port Service (Shenzhen) Co., Ltd.	Transportation and related service	**1,140,216.50**	-
Jiujiang Changwei International Shipping Agency Co., Ltd.	Transportation and related service	**1,120,855.66**	5,619,542.09
China Yangtze River Shipping Co., Ltd.	Transportation and related service	**1,101,809.53**	1,159,440.89
Shenzhen Xunlong Shipping Co., Ltd.	Transportation and related service	**1,089,900.00**	-
Sinotrans Shaanxi Co., Ltd.	Transportation and related service	**940,338.70**	1,568,558.33
Sinotrans Hunan Co., Ltd.	Transportation and related service	**378,621.63**	1,739,454.86
Shanghai Xinyangshan Container Lines Co., Ltd.	Transportation and related service	**366,599.64**	1,246,337.43
Sinotrans Alashankou Company	Transportation and related service	**308,652.21**	3,118,240.79

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions: (continued)

(2) Related party transactions for the purchase and sale of goods and the provision and acceptance of services (continued)

2) Provision of services (continued)

Name of related parties	Content of related party transactions	Six months ended 30 June 2019	Six months ended 30 June 2018
Sinotrans Guangxi Wuzhou Co., Ltd.	Transportation and related service	-	8,199,041.11
Sinotrans Hainan Co., Ltd.	Transportation and related service	-	2,989,237.19
China Merchants Group Finance Co., Ltd.	Interest income	**24,942,539.83**	17,343,096.66
Others	Transportation and related service	**7,030,264.36**	71,179,200.33
Joint venture	—	**126,270,202.24**	162,147,719.97
Ningbo Taiping Int'L Trade Transportation Co., LTD	Transportation and related service	**30,706,973.44**	105,068,188.96
Dhl-Sinotrans International Air Courier Ltd.	Transportation and related service	**25,205,715.31**	23,392,963.74
Sinotrans Anmaishi (Shanghai) International Aviation Express Delivery Co., Ltd.	Transportation and related service	**17,159,190.88**	2,213,217.81
Nissin-Sinotrans International Logistics Co., Ltd.	Transportation and related service	**10,944,690.42**	3,238,028.59
Shanghai Tongyun International Logistics Co., Ltd.	Transportation and related service	**8,889,390.96**	4,523,253.54
Sinotrans Air transportation (France) Co., Ltd.	Transportation and related service	**6,222,414.17**	-
Shanghai Lianhe Cold Chain Logistics Co. Ltd.	Transportation and related service	**4,970,651.96**	-
Jiangsu Rixin Sinotrans International Transportation Co., Ltd.	Transportation and related service	**4,861,497.58**	2,679,146.11
Weihai Comprehensive Bonded Zone Hongxin Supply Chain Management Co. Ltd.	Transportation and related service	**3,117,617.72**	-
Sinotrans Hongfeng (Shanghai) International Logistics Co., Ltd.	Transportation and related service	**2,894,903.17**	3,415,820.65
Beijing Sinotrans Huali Logistics Co., Ltd.	Transportation and related service	**2,483,599.56**	551,526.45
Zhangjiagang Bonded Port Area Sinotrans Changjiang International Logistics Co., Ltd.	Transportation and related service	**1,779,449.36**	745,397.50
MAXX LOGISTICS LTD.	Transportation and related service	**1,690,442.46**	-
Sinotrans Sarens Logistics Co., Ltd.	Transportation and related service	**1,559,523.00**	838,630.23
Rongyun (Xiamen) Supply Chain Co., Ltd.	Transportation and related service	**1,510,805.01**	-
Shanghai Huasing International Container Freight Transportation Co., Ltd.	Transportation and related service	**166,137.85**	1,634,670.79
Others	Transportation and related service	**2,107,199.39**	13,846,875.60
Associate	—	**79,132,906.24**	33,047,281.11
Weihai Weidong Shipping Co., Ltd.	Transportation and related service	**44,630,210.43**	7,364,689.04
Tianjin Shiyun Logistics Co., Ltd.	Transportation and related service	**8,788,123.27**	13,284,661.50
Tianjin Runfeng Logistics Co., Ltd.	Transportation and related service	**5,729,576.42**	5,082,721.10
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Transportation and related service	**4,047,619.04**	-
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Interest income	**3,930,254.80**	-
China Merchants Logistics Group Nanjing Co., Ltd.	Transportation and related service	**3,221,851.85**	-
Sinotrans Huajie International Logistics (Beijing) Co., Ltd.	Transportation and related service	**2,841,169.91**	2,372,373.49
Shanghai Pu'An Storage Co., Ltd.	Interest income	**2,308,621.60**	-
China International Exhibition Transportation Co., Ltd.	Transportation and related service	**1,093,742.01**	2,098,420.66
Qingdao Yujiachang Container Storage and Transportation Co., Ltd.	Transportation and related service	**556,132.19**	2,844,415.32
Others	Transportation and related service	**1,985,604.72**	-
Associates of the ultimate controlling party	—	**165,411,592.21**	11,340,550.54
COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	Transportation and related service	**162,712,850.26**	11,340,550.54
China Merchants Bank Co., Ltd.	Interest income	**2,698,741.95**	-
Total services provided	—	**893,167,626.77**	663,848,627.68

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(3) Related and entrusted management

On 1 January 2017, the Company renewed the Custody Agreement with SINOTRANS & CSC, stipulating that SINOTRANS & CSC shall entrust the operation and management of its some subsidiaries to the Company, and that the Company shall, in accordance with the agreement, collect custodian fees from SINOTRANS & CSC according to the custodian costs based on the pricing basis of labor costs, and that the trusteeship period is valid from 1 January 2017 to 31 December 2018 and the custodian fee is RMB10,377,358.50 per year.

In January 2019, the Company renewed the Custody Agreement with SINOTRANS & CSC to continue to be entrusted to manage some companies under SINOTRANS & CSC, with the entrustment term beginning from 1 January 2019 and ending on 31 December 2021. The custody fee is divided into a fixed portion and a floating portion, of which 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.

(4) Related leases

1) The Group as the lessor

Name of lessee	Type of leased assets	Rental income recognised for the current period	Rental income recognised for the previous period
Sinotrans Container Lines Co., Ltd.	Transportation equipments	**19,730,141.89**	35,380,135.23
Sinotrans Sunny Express Co., Ltd.	Buildings, transportation equipments	**11,367,943.38**	14,566,156.14
Sinotrans Container Lines (Hong Kong) Company Limited	Transportation equipments	**13,091,135.81**	–
Shenyang Fuyun Cold Chain Logistics Co., Ltd.	Buildings	**4,047,619.04**	–
Sinotrans Shankuo International Cold Chain Logistics (Shanghai) Co., Ltd.	Buildings	**2,165,487.61**	–
Chongqing CSC Tianyi Logistics Co., Ltd.	Transportation equipments	**1,346,292.08**	–
China Yangtze River Shipping Co., Ltd.	Transportation equipments	**1,133,850.75**	–
SIPG Sinotrans Container Depot Co., Ltd.	Buildings	**597,406.60**	297,053.00
China Merchants Port Service (Shenzhen) Co., Ltd.	Buildings	**500,080.05**	477,689.16
Sinotrans Shanghai (Group) Co., Ltd.	Furnitures	**–**	6,839,085.84
Sinotrans Djibouti Co., Ltd.	Transportation equipments	**–**	1,013,288.52
Others	Buildings, transportation equipment, other assets	**649,549.97**	3,448,633.65
Total	——	**54,629,507.18**	62,022,041.54

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(4) Related leases (continued)

2) The Group as the lessee

Name of lessor	Type of leased assets	Rental fee for the current period (based on the former lease standard)	Rental fee for the previous period
Beijing Aocheng Wuhe Real Estate Co., Ltd.	Lands and buildings	**26,567,577.24**	24,537,682.76
Sinotrans Shanghai (Group) Co., Ltd.	Lands and buildings	**11,477,444.84**	9,339,966.05
Shenzhen Shekou New Times Real Estate Management Co., Ltd.	Lands and buildings	**3,601,167.62**	3,373,440.00
China Merchants Bonded Logistics Co., Ltd.	Lands and buildings	**3,219,796.19**	3,149,424.40
Fujian Sinotrans Majiang Storage and Transportation Co., Ltd.	Lands and buildings	**2,546,300.97**	–
Shandong Sinotrans Co., Ltd.	Lands and buildings	**2,410,862.12**	3,398,896.50
China Merchants International Terminal (Qingdao) Co., Ltd.	Lands and buildings	**1,420,713.58**	–
Liaoning Sinotrans Co., Ltd.	Lands and buildings	**1,359,382.66**	2,341,927.98
Sinotrans Jinling Company	Lands and buildings	**1,117,940.52**	1,181,162.92
Guangdong Sinotrans Huangpu Co., Ltd.	Lands and buildings	**775,763.79**	1,558,911.16
Sinotrans Tianjin Tanggu Co., Ltd.	Lands and buildings	**763,092.87**	716,320.32
Xiamen Sinotrans Co., Ltd.	Lands and buildings	**707,751.33**	–
Tianjin Sinotrans Co., Ltd.	Lands and buildings	**536,588.34**	621,737.71
Sinotrans Lianyungang Co., Ltd.	Lands and buildings	**200,000.00**	545,803.32
Others	Lands and buildings, transportation equipment, other assets	**3,027,690.24**	5,547,138.19
Total	——	**59,732,072.31**	56,312,411.31

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(5) Related guarantees

1) *The Group as the guarantor*

Financing guarantees:

Guaranteed parties	Guaranteed balance in the end of the period	Guaranteed balance at the beginning of the period	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
China Merchants Shipping Enterprise Co., Ltd.	**2,300,000,000.00**	2,300,000,000.00	2018-06-24	2021-06-24	No
CHINA ASSETS INVESTMENT LIMITED	**1,256,101,700.40**	1,251,161,028.00	2017-12-22	2020-12-22	No
China Merchants Shipping Enterprise Co., Ltd.	**837,401,133.60**	834,107,352.00	2017-12-22	2020-12-22	No
China Merchants Zhongbai Trading Logistics Co., Ltd.	**598,863,749.91**	601,568,957.74	2016-05-31	2031-05-30	No
Jiangmen High-tech Port Development Co., Ltd.	**91,192,228.89**	560,000,000.00	2018-12-18	2021-12-17	No
Sinotrans Logistics Co., Ltd.	**130,000,000.00**	130,000,000.00	2017-12-25	2020-12-25	No
Shanghai Sinotrans Cold Chain Logistics Co., Ltd.	**120,740,648.03**	120,740,648.03	2017-03-29	2032-03-26	No
China Merchants Logistics Shenzhen Co., Ltd.	**52,000,000.00**	55,000,000.00	2017-10-20	2019-10-19	No
Sinotrans Luzhou Port Bonded Logistics Co., Ltd.	**14,130,000.00**	19,380,000.00	2017-01-01	2022-01-10	No
Dongguan Humen Port Container Terminals Co., Ltd.	**17,793,520.77**	17,419,500.00	2015-08-27	2023-01-09	No
Sinotrans Sarens Logistics Co., Ltd.	**14,937,055.48**	14,937,055.48	2016-07-01	2021-06-30	No
Sinotrans (Hong Kong) Logistics Co., Ltd.	**-**	343,160,000.00	2017-06-06	2020-06-06	Yes
Hongguang Development Co., Ltd.	**-**	683,436,000.00	2018-06-05	2019-06-06	Yes

Credit guarantees:

The Group provides guarantees for its subsidiaries from the credits of China Merchants Group Finance Co., Ltd. and China Merchants Bank Co., Ltd. The validity period of the credit is generally 1 year, and the credit line can be used in cycle within the validity period. As of 30 June 2019, the Group provided credit guarantees of RMB2,489,600,000.00 for its subsidiaries.

Operating guarantees:

The Group provides operating guarantees for its subsidiaries, associates and joint venture to operate logistics project, loading and unloading operations, tendering operations, maritime booking agents services, warehousing services and other business activities to trade asset. As of 30 June 2019, the outstanding balance of operating guarantees provided to subsidiaries and joint ventures amounted to RMB7,240,802.86.

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Notes to the Financial Statements

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(5) Related guarantees (continued)

2) The Group as the guaranteed party

Guarantor	Guaranteed balance in the end of the period	Guaranteed balance at the beginning of the period	Starting date of the guarantee	Maturity date of the guarantee	Whether the guarantee has been fulfilled
China Merchants Holdings (Hong Kong) Company Limited (Note 1)	**1,276,844,690.57**	1,291,557,005.68	2015-06-25	2030-06-30	No

Note 1: In order to fulfil the financing needs of Hong Kong's "Tsing Yi 181 Project" logistics center, the company's subsidiary, Gangrui Logistics Co., Ltd., signed a facility with China Development Bank to obtain HKD2.9 billion (equivalent to RMB2,424.14 million). China Merchants Group (Hong Kong) Co., Ltd., a related party of the Company, provided full guarantee.

(6) Related party fund lending

Related party	Loan amount	Starting date	Maturity date	Description
Borrowed				
China Merchants Group Finance Co., Ltd.	500,000,000.00	2018-01-02	2020-04-16	Non-current liabilities due within one year
China Merchants Group Finance Co., Ltd.	440,000,000.00	2017-04-18	2020-04-16	Non-current liabilities due within one year
China Merchants Group Finance Co., Ltd.	322,000,000.00	2017-07-03	2020-04-16	Non-current liabilities due within one year
China Merchants Group Finance Co., Ltd.	238,000,000.00	2017-12-29	2020-04-16	Non-current liabilities due within one year
China Merchants Group Finance Co., Ltd.	700,000,000.00	2016-11-08	2019-11-07	Non-current liabilities due within one year
China Merchants Group Finance Co., Ltd.	300,000,000.00	2017-04-01	2019-11-07	Non-current liabilities due within one year
Sinotrans & CSC Group Limited	80,718,773.77	2014-09-28	2020-09-29	Long-term payables
SINOTRANS SHIPPING INC	168,430,150.00	2013-11-01	No specific maturity date	Long-term payables
Sinotrans Guangdong Import & Export Co., Ltd.	92,521,021.52	2013-08-22	2023-08-21	Long-term payables
Sinotrans & CSC Group Limited	20,000,000.00	2016-03-27	2034-03-06	Long-term payables
Lent				
Sinotrans Suzhou Logistics Centre Co., Ltd.	57,000,000.00	2016-08-17	2026-08-17	Long-term receivables
Shanghai Pu'An Storage Co., Ltd.	37,080,000.00	2017-04-18	2024-12-30	Long-term receivables
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	50,000,000.00	2018-12-11	2019-12-10	Other receivables
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	10,000,000.00	2018-12-11	2019-12-10	Other receivables

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(7) Remuneration of directors, supervisors, general managers and senior managers

1) Remuneration of directors, supervisors and general managers

Items	**Amount for the current period**	Amount for the previous period
Directors:	**–**	–
Fee	**294,736.88**	312,499.98
Other remuneration	**110,708.51**	78,784.54
– Wages, allowances and non-cash benefits	**1,270,513.02**	833,844.00
– Discretionary bonuses	**152,963.54**	1,275,181.00
– Contributions under the pension plan	**227,626.21**	311,031.89
Supervisors:	**–**	–
Fee	**95,238.08**	62,078.73
Other remunerations	**58,359.41**	18,169.74
– Wages, allowances and non-cash benefits	**186,249.46**	84,354.00
– Discretionary bonuses	**116,113.97**	71,922.00
– Contributions under the pension plan	**70,503.73**	38,973.72

Note: The directors' fees disclosed above included approximately RMB294,736.88 paid to independent non-executive directors (January to June 2018: RMB312,499.98).

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(7) Remuneration of directors, supervisors, general managers and senior managers (continued)

2) Scope of remuneration of directors, supervisors and general managers

Items	Fee of directors	Wages, allowances and non-cash benefits	Discretionary bonuses	Contributions under the pension plan	Other remunerations	Total
Current period						
Directors:						
– Guan Peng Li	–	484,800.00	–	73,342.08	36,424.32	594,566.40
– De Xing Song	–	–	–	–	–	–
– Rong Song	–	436,200.00	–	68,581.08	36,424.32	541,205.40
– Jian Su	–	–	–	–	–	–
– Xian Liang Xiong	–	–	–	–	–	–
– Jian Jiang	–	–	–	–	–	–
– Ke Wei Xu	–	–	–	–	–	–
– Tai Wen Wang	73,684.22	–	–	–	–	73,684.22
– Yan Meng	73,684.22	–	–	–	–	73,684.22
– Hai Qing Song	73,684.22	–	–	–	–	73,684.22
– Qian Li	73,684.22	–	–	–	–	73,684.22
– Hong Wang (Resignation)	–	–	–	–	–	–
– Lin Wang (Resignation)	–	124,522.96	152,963.54	45,468.52	15,321.06	338,276.08
– Xue Ming Wu (Resignation)	–	224,990.06	–	40,234.53	22,538.81	287,763.40
Supervisors:						
– Ying Jie Liu	–	–	–	–	–	–
– Fang Sheng Zhou	47,619.04	–	–	–	–	47,619.04
– Zhao Ping Fan	47,619.04	–	–	–	–	47,619.04
– Dong Xiao Ren	–	105,354.00	71,922.00	42,784.68	36,424.32	256,485.00
– Zheng Mao	–	80,895.46	44,191.97	27,719.05	21,935.09	174,741.57
The previous period						
Directors:						
– Hong Wang	–	–	–	–	–	–
– De Xing Song	–	–	–	–	–	–
– Guan Peng Li	–	174,300.00	285,696.00	65,604.42	18,169.74	543,770.16
– Rong Song	–	165,300.00	269,310.00	62,094.42	18,169.74	514,874.16
– Lin Wang	–	191,898.00	231,500.00	74,032.43	9,133.87	506,564.30
– Xue Ming Wu	–	164,916.00	266,550.00	55,853.22	18,169.74	505,488.96
– Ke Wei Xu	–	–	–	–	–	–
– Tai Wen Wang	83,088.24	–	–	–	–	83,088.24
– Yan Meng	13,235.29	–	–	–	–	13,235.29
– Hai Qing Song	13,235.29	–	–	–	–	13,235.29
– Qian Li	13,235.29	–	–	–	–	13,235.29
– Hu Xiang Zhao (Resignation)	–	–	–	–	–	–
– Jian Min Yu (Resignation)	–	137,430.00	222,125.00	53,447.40	15,141.45	428,143.85
– Min Jie Guo (Resignation)	63,235.29	–	–	–	–	63,235.29
– Zheng Fei Lu(Resignation)	63,235.29	–	–	–	–	63,235.29
– Jun Hai Liu(Resignation)	63,235.29	–	–	–	–	63,235.29
Supervisors:						
– Fang Sheng Zhou	53,676.47	–	–	–	–	53,676.47
– Zhao Ping Fan	8,402.26	–	–	–	–	8,402.26
– Dong Xiao Ren	–	84,354.00	71,922.00	38,973.72	18,169.74	213,419.46
– Dong Ming Wu(Resignation)	–	–	–	–	–	–

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(7) Remuneration of directors, supervisors, general managers and senior managers (continued)

2) Scope of remuneration of directors, supervisors and general managers (continued)

Note: The director Guanpeng Li is also the general manager of the Company last period, and the above salary includes his remuneration as general manager; he resigned as the general manager in April 2019.

The director Lin Wang is also the deputy general manager of the Company and the chairman of Sinotrans Eastern Company Limited, a wholly-owned subsidiary of the Company, and the above salary includes his remuneration for the above positions; he resigned as the director in April 2019.

The directors Jianmin Yu and Xueming Wu also serve as deputy general manager of the Company, and the above salary includes their remuneration as deputy general manager, and Xueming Wu resigned as the director in April 2019.

Hong Wang resigned as the director in February 2019.

Jian Su, Xianliang Xiong and Jian Jiang served as the director since 5th June 2019.

3) The directors Hong Wang, De Xing Song, Ke Wei Xu, Jian Su, Xian Liang Xiong and Jian Jiang have not received remuneration from the Company during this period.

4) Five highest paid individuals

Of the five highest paid individuals for this period, 2 of them are directors (the previous period: 4) and the detail of their remuneration are set out above. The details of the remuneration of the remaining 3 (the prior year: 1) highest paid individuals who are not directors or supervisors for this period are as follows:

Items	**Amount for the current period**	Amount for the previous period
Salary, allowance and non-cash benefits	**903,838.00**	156,408.00
Discretionary bonuses	**247,200.00**	251,406.00
Contributions to the pension scheme	**201,319.44**	53,216.82
Other emoluments	**97,608.56**	18,169.74

The number of highest paid individuals with remuneration within the following bands who are not directors or supervisors is as follows:

Item	**The number of individuals for the current period**	The number of individuals for the previous period
Less than HK$1,000,000	**3**	1
HK$1,000,001 to HK$1,500,00	**0**	0
HK$1,500,001 to HK$2,000,000	**0**	0
HK$2,000,001 to HK$2,500,000	**0**	0

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(7) Remuneration of directors, supervisors, general managers and senior managers (continued)

5) Other than the directors De Xing Song and Ke Wei Xu who have not received any remuneration from the Company, there is not any director of the Company waiving or agreeing to waive any remuneration during this period. During the track record period, the Company has not paid any remuneration to any of the directors, supervisors or five highest paid individuals as an inducement to join or upon joining the Company or as the leave compensation.

6) ***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:

Items	**Amount for this period**	Amount for the prior period
Salary, allowance and non-cash benefits	**3,438,885.00**	1,598,686.00
Discretionary bonuses	**145,305.00**	2,020,009.00
Contributions to the pension scheme	**600,924.66**	542,073.47
Other emoluments	**372,243.54**	174,449.50
Total	**4,557,358.20**	4,335,217.97

(8) Transfer of assets by related parties

Related party	Content of related party transactions	**Amount for this period**	Amount for the prior period
Changhang Freight Co., Ltd.	Transfer of fixed assets	**–**	52,747,074.11
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Transfer of fixed assets	**–**	7,554,285.85
Nanjing Changjiang Oil Transportation Co., Ltd.	Transfer of equity investments	**14,791,047.00**	–

(9) Deposit of related parties

The difference between the Group's deposits and withdrawals in China Merchants Bank is the net withdrawals of RMB2,837,171.66 from January to June in 2019, and the difference between deposits and withdrawals in the financial company from January to June in 2019 is the net withdrawals of RMB789,021,358.55.

(10) Trademark license

The Group signed a Trademark License Agreement with SINOTRANS & CSC in March 2015, granting the Group a license to use ten trademarks for free such as "SINOTRANS" of SINOTRANS & CSC with the registration number 779072 for a period from 1 March 2015 to 29 February 2025.

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(11) Balances of major claims and debts

Items	Name of related parties	30 June 2019	31 December 2018
Bank deposit	**Other enterprises controlled by the same parent company and ultimate controlling party**	**2,748,144,480.29**	3,537,165,838.84
	China Merchants Group Finance Co., Ltd	**2,748,144,480.29**	3,537,165,838.84
	Associate of the ultimate controlling party	**303,816,473.70**	306,653,645.36
	China Merchants Bank Co., Ltd.	**303,816,473.70**	306,653,645.36
Accounts receivable	**Other enterprises controlled by the same parent company and ultimate controlling party**	**103,021,793.49**	79,348,101.20
	Sinotrans Container Lines Co., Ltd.	**33,022,292.52**	21,148,836.85
	Sinotrans Sunny Express Co., Ltd	**17,378,958.07**	21,140,421.58
	Sinotrans Container Lines (Hong Kong) Company Limited	**6,677,575.88**	6,353,674.71
	Chongqing Wanqiao CommunicationTech Co., Ltd	**5,410,832.20**	5,410,832.20
	Nanjing Tanker Corporation	**4,495,487.35**	1,292,245.55
	Chongqing Changhang Yihua Shipping Co., Ltd.	**3,627,868.17**	–
	Hebei Sinotrans Jiuling Storage and Transportation Co., Ltd.	**3,098,127.12**	3,120,471.05
	Far rise Co., Ltd.	**2,926,662.87**	2,902,664.27
	Henan Sinotrans Bonded Logistics Co., Ltd.	**2,666,326.40**	1,908,992.33
	Shanghai Changhang Shipping Co., Ltd.	**2,605,451.79**	21,856.60
	Beijing Sinotrans Land Transportation Co., Ltd.	**2,421,214.11**	–
	Sinotrans International Trade Co., Ltd.	**1,958,959.21**	1,273,467.30
	Nanjing Yangyang Chemicals Transport&Trade Co., Ltd.	**1,794,245.24**	–
	China Yangtze River Shipping Co., Ltd.	**1,616,503.51**	–
	China Merchants International Terminal (Qingdao) Company Ltd	**1,142,936.87**	–
	Hebei Shijiazhuang Yuanshi Sinotrans Warehouse Logistics Co., Ltd.	**1,105,382.29**	–
	Sinotrans Reach Logistics Co., Ltd.	**1,006,598.24**	–
	Sinotrans & CSC Gansu Company	**522,581.52**	6,640,249.97
	Tianjin Sinotrans Co., Ltd.	**238,331.80**	1,006,068.37
	Others	**9,305,458.33**	7,128,320.42
	Joint ventures and associates	**60,703,341.56**	57,485,228.94
	DHL-Sinotrans International Air Courier Ltd	**8,247,142.38**	9,941,732.43
	Sinotrans Anmaishi (Shanghai) International Aviation Express Delivery Co., Ltd.	**7,490,498.92**	–
	Nissin-Sinotrans International Logistics Co., Ltd.	**5,552,733.00**	4,187,788.38
	Tianjin shiyun logistics co. LTD	**5,226,413.24**	4,784,947.76
	Shenyang Fuyun Cold Chain Logistics Co., Ltd.	**4,250,000.00**	–
	Weihai Weidong Shipping Co., Ltd.	**3,712,365.79**	1,981,779.85
	MAXX LOGISTICS LTD.	**3,522,580.95**	5,301,707.72
	Shenyang Jinyun Automobile Logistics Co. Ltd	**3,219,247.88**	–
	Beijing Sinotrans Huali Logistics Co., Ltd.	**3,026,965.77**	3,988,629.85

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For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is RMB)

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(11) Balances of major claims and debts (continued)

Items	Name of related parties	30 June 2019	31 December 2018
	Jiangsu Sinotrans Nissin International Freight Co., Ltd	**2,273,831.42**	2,475,982.75
	China International Exhibition Transportation Co., Ltd.	**2,102,383.77**	1,299,189.51
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	**1,494,143.60**	–
	Tianjin runfeng logistics co. Ltd	**1,423,330.07**	2,230,057.25
	Sinotrans Sharon Logistics Co. Ltd	**1,375,122.49**	58,630.26
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd	**1,358,919.23**	383,610.74
	Sinotrans Huajie International Logistics (Beijing) Co. Ltd	**1,266,644.45**	1,222,752.08
	Sinotrans Air Transport (France) Co., Ltd.	**1,245,266.53**	3,888,512.88
	Sinotrans Hongfeng (Shanghai) International Logistics Co. Ltd	**473,614.36**	1,373,368.70
	Shanghai Lianhe Cold Chain Logistics Co. Ltd	**136,704.75**	1,729,644.17
	China Merchants Logistics Group Nanjing co. LTD	**79,825.35**	8,915,805.49
	Others	**3,225,607.61**	3,721,089.12
	Associate of the ultimate controlling party	**9,966,189.36**	7,773,949.46
	COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	**9,966,189.36**	7,773,949.46
	Other related parties	**6,859,594.82**	1,539,924.22
	Ocean Network Express Pte. Ltd.	**6,859,594.82**	1,539,924.22
	Total account receivable	**180,550,919.23**	146,147,203.82
Other receivables	**Other enterprises controlled by the same parent company and ultimate controlling party**	**30,569,380.09**	21,804,626.08
	Chang Jiang Shipping Co., Ltd	**18,854,236.74**	18,140,978.54
	Sinotrans &CSC Holdings Co.,Ltd.	**7,671,018.63**	–
	Others	**4,044,124.72**	3,663,647.54
	Joint ventures and associates	**144,266,933.67**	430,244,956.81
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	**50,000,000.00**	340,101,840.13
	Loscam Supply Chain Management (Jiaxing) Co., Ltd.	**20,013,291.62**	20,014,499.97
	Shenyang Jinyun Automobile Logistics Co. Ltd	**19,905,205.04**	–
	MAXX LOGISTICS LTD.	**16,289,740.66**	16,246,197.06
	Sinotrans Hongfeng (Shanghai) International Logistics Co. Ltd	**9,373,691.38**	9,406,544.19
	China Sinotrans Djibouti Co. Ltd	**9,314,149.76**	8,209,463.65
	DHL-Sinotrans International Air Courier Ltd	**4,228,402.32**	3,626,802.32
	Dalian Jingda Cargo International Co., Ltd.	**3,600,000.00**	3,717,450.00
	China sinotrans (Pakistan) logistics co. LTD	**2,904,473.85**	2,234,797.78
	Guangxi Yunyu Port Service Co. Ltd	**2,500,000.00**	2,500,000.00

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(11) Balances of major claims and debts (continued)

Items	Name of related parties	30 June 2019	31 December 2018
	Dongguan Zhongwaiyun Trans-sheng E-Commerce Co., Ltd	**2,000,000.00**	–
	Sinotrans Turkey Co. Ltd	**1,548,607.78**	1,321,351.08
	Dongguan Container Terminals Co., Ltd	**715,752.35**	14,817,206.31
	China Merchants Logistics Group Nanjing co. LTD	**100,000.00**	1,371,105.55
	Others	**1,773,618.91**	6,677,698.77
	Other related parties	**900,000.00**	9,394,958.06
	Ocean Network Express Pte. Ltd.	**900,000.00**	9,394,958.06
	Total other receivables	**175,736,313.76**	461,444,540.95
Interest Receivables	**Other enterprises controlled by the same parent company and ultimate controlling party**	**570,358.43**	4,318,819.15
	China Merchants Group Finance Co,.Ltd	**561,460.31**	4,310,013.86
	Sinotrans Sunny Express Co., Ltd	**8,898.12**	8,805.29
Dividend receivables	**Joint ventures and associates**	**54,419,339.08**	53,826,982.07
	Shenzhen Haixing Harbor Development Co., Ltd.	**25,949,781.00**	25,949,781.00
	New Land Bridge (Lianyungang) Dock Co., Ltd.	**19,482,195.31**	19,718,775.91
	Wuhan Port Container Co., Ltd.	**6,000,000.00**	6,000,000.00
	China International Exhibition Transportation Co., Ltd.	**2,797,362.80**	–
	Ams Global Transportation Co., Ltd.	**189,999.97**	622,425.16
	China sinotrans (Pakistan) logistics co. LTD	**–**	1,536,000.00
Prepayments	**Other enterprises controlled by the same parent company and ultimate controlling party**	**4,955,639.42**	6,707,243.87
	Xiamen Sinotrans Co., Ltd.	**337,605.89**	1,400,000.00
	Sinotrans Hebei Tangshan	**–**	1,631,055.80
	Others	**4,618,033.53**	3,676,188.07
	Joint ventures and associates	**30,570,597.28**	47,587,534.56
	Tangshan Port Sinotrans Shipping Agency Co. Ltd	**18,020,274.90**	30,195,891.63
	E Fashion (Wuhan) Co., Ltd.	**6,875,000.00**	–
	Nanjing Huaxing Loading And Unloading Service Co. Ltd	**2,286,676.08**	2,286,676.08
	MAXX LOGISTICS LTD.	**1,249,873.90**	1,119,310.19
	Sinotrans Liaoning Hj Logistics Co., Ltd	**200,000.00**	8,587,851.98
	Sinotrans Hi_Techlogistcs (Suzhou) Co. Ltd	**–**	1,049,168.76
	Others	**1,938,772.40**	4,348,635.92
	Total prepayments	**35,526,236.70**	54,294,778.43
Non-current assets due within one year	**Joint ventures and associates**	**11,805,000.00**	48,039,215.69
	Dongguan (Humen) Container Terminals Co., Ltd	**–**	48,039,215.69
	Sinotrans Hi_Techlogistcs (Suzhou) Co. Ltd	**7,125,000.00**	–
	Shanghai Pu 'An Storage Co. Ltd	**4,680,000.00**	–

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(11) Balances of major claims and debts (continued)

Items	Name of related parties	30 June 2019	31 December 2018
Long-term receivables	**Joint ventures and associates**	**82,275,000.00**	96,616,296.80
	Sinotrans Hi_Techlogistcs (Suzhou) Co. Ltd	**49,875,000.00**	57,000,000.00
	Shanghai Pu 'An Storage Co. Ltd	**32,400,000.00**	39,280,000.00
	China Sinotrans Vietnam Co. Ltd	**–**	336,296.80
Accounts payable	**Other enterprises controlled by the same parent company and ultimate controlling party**	**261,185,387.77**	241,236,722.46
	Sinotrans Container Lines Co., Ltd.	**123,519,838.19**	146,862,219.06
	Sinotrans Sunny Express Co., Ltd	**26,297,346.34**	20,060,060.09
	Nanjing Tanker Corporation	**20,798,214.53**	18,253,796.77
	Shanghai Wusongkou International Cruise Port Development Co., Ltd	**16,283,292.14**	–
	Sinotrans Beijing Automobile Transportation Co,.Ltd	**9,129,781.39**	6,974,056.23
	Beijing Sinotrans Logistics Center Co., Ltd	**5,919,883.13**	–
	Chongqing Changjiang Shipping Co., Ltd	**5,525,028.90**	5,311,393.38
	Shanghai Changjiang International Shipping Agency Co., Ltd.	**5,500,000.00**	–
	Henan Sinotrans Jiuling Storage and Transportation Company	**5,056,586.61**	4,056,586.60
	Shanghai Changhang Shipping Co., Ltd.	**4,205,913.42**	3,961,603.50
	Hebei Sinotrans Jiuling Storage and Transportation Co., Ltd.	**3,691,634.19**	3,555,875.59
	Sinotrans&Csc Shanghai Qiantang Co., Ltd	**3,296,715.33**	2,534,091.15
	Beijing Sinotrans Land Transportation Co., Ltd.	**3,015,245.19**	–
	Guangxi Sinotrans Nanning Container Motor Transport Company	**2,145,386.02**	–
	Sinotrans Beijing Sanjianfang Warehouse Ltd	**1,733,719.14**	–
	Sinotrans US Huayun Company	**1,574,019.19**	–
	Jiangsu Sinotrans Smart Logistics Co., Ltd.	**1,549,534.14**	–
	Sinotrans Fujian Majiang Storage And Transportation Co., Ltd.	**1,349,976.48**	–
	Shanghai Zhongwaiyunzhanghuabang Storage&Transportation Co., Ltd.	**1,327,641.15**	1,210,355.73
	Guangxi Sinotrans Pingxiang Co., Ltd.	**1,287,470.00**	526,650.00
	Sinotrans-OCS International Express Co., Ltd	**1,225,242.98**	–
	Sinotrans Shaanxi Co., Ltd	**1,212,771.88**	36,100.00
	Sinotrans Yinchuan Inland Portlogistics Co., Ltd	**1,098,586.88**	768,072.60
	Shanghai Foreign Trade Warehouse Jiefangdao Storage and Transportation Co., Ltd.	**1,016,985.00**	–
	Sinotrans Jiangsu container terminals Co., Ltd.	**949,990.74**	1,023,689.96
	Shanghai Xinyangshan Container Lines Co., Ltd.	**821,755.27**	1,027,014.47
	Henan Sinotrans Bonded Logistics Co., Ltd.	**485,956.36**	1,003,948.18

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(11) Balances of major claims and debts (continued)

Items	Name of related parties	30 June 2019	31 December 2018
	Sinotrans Neimenggu Co., Ltd	**472,167.40**	1,540,772.08
	Sinotrans Container Lines (Hong Kong) Company Limited	**45,350.20**	3,397,964.83
	Shenzhen Chiwan Shipping&Transportation Co Ltd	**–**	4,861,669.00
	Scsc International Merchant & Shipping (Hong Kong) Company Limited	**–**	3,351,753.09
	Sinotrans Wuxi Xihui Storage Co., Ltd.	**–**	1,706,971.38
	China Changjiang Bunker (Sinopec) Co., Ltd.	**–**	1,047,706.99
	Others	**10,649,355.58**	8,164,371.78
	Joint ventures and associates	**99,853,539.99**	62,727,527.85
	China Merchants Logistics Group Nanjing co. LTD	**35,005,265.10**	31,710,623.64
	Sinotrans Anmaishi (Shanghai) International Aviation Express Delivery Co., Ltd.	**13,773,339.30**	431,914.03
	Zhongxin Southbound Channel (Chongqing) Logistics Development Co. Ltd	**7,008,867.82**	3,313,551.55
	Weihai Weidong Shipping Co., Ltd.	**6,017,030.96**	4,812,223.76
	Ma'Anshan Tianshun Port Co., Ltd.	**5,776,823.45**	–
	Sinotrans Sharon Logistics Co. Ltd	**4,333,375.05**	2,266,865.51
	Nanjing Huaxing Loading And Unloading Service Co. Ltd	**3,977,148.41**	3,081,247.89
	China sinotrans (Pakistan) logistics co. LTD	**3,472,710.90**	–
	China International Exhibition Transportation Co., Ltd.	**3,237,485.68**	–
	Wuhan Port Container Co., Ltd.	**2,443,267.85**	2,157,474.57
	Yangzhou Comprehensive Protection Supply Chain Management Co. Ltd	**1,647,566.78**	–
	China Sinotrans Vietnam Co. Ltd	**1,630,768.12**	–
	MAXX LOGISTICS LTD.	**1,595,027.02**	–
	Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	**1,238,094.61**	–
	Qingdao Yujiachang Container Storage And Transportation Co. Ltd	**1,157,614.26**	–
	Beijing Sinotrans Huali Logistics Co., Ltd.	**1,090,187.09**	–
	Sinotrans Hongfeng (Shanghai) International Logistics Co. Ltd	**1,058,335.90**	5,535,805.93
	Shanghai Tongyun International Logistics Co., Ltd.	**6,430.19**	1,705,963.00
	Shenyang Henglu Logistics Co. Ltd	**–**	2,123,398.43
	Others	**5,384,201.50**	5,588,459.54
	Other related parties	**37,334,365.92**	–
	Ocean Network Express Pte. Ltd.	**37,323,472.70**	–
	COFCO Merchants (Shenzhen) Grain Electronic Trading Center Co., Ltd.	**10,893.22**	–
	Total accounts payable	**398,373,293.68**	303,964,250.31

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X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(11) Balances of major claims and debts (continued)

Items	Name of related parties	30 June 2019	31 December 2018
Other payables	**Other enterprises controlled by the same parent company and ultimate controller**	**318,513,711.56**	570,738,878.54
	RED BRAVES FINANCE LTD.	**115,387,245.39**	115,193,998.39
	Sinotrans & CSC	**43,002,187.77**	45,803,163.87
	Sinotrans Shanghai (Group) Co., Ltd.	**41,365,083.84**	40,294,278.59
	Sichuan Sinotrans Storage Service Co., Ltd.	**25,724,273.38**	19,940,149.92
	Shandong Sinotrans Co., Ltd	**19,802,459.25**	19,985,761.32
	Hunan Sinotrans Jiuling Storage and Transportation Co., Ltd.	**15,130,880.00**	15,130,880.00
	Sinotrans Guangxi Company	**11,447,740.80**	10,150,385.09
	Guangxi Sinotrans Jiuling Storage and Transportation Co., Ltd.	**8,446,341.15**	7,738,994.03
	Henan Sinotrans Jiuling Storage and Transportation Company	**5,983,459.15**	9,481,229.56
	Beijing Sinotrans Auto Service Co., Ltd.	**5,535,000.00**	5,535,000.00
	Sinotrans Beijing Automobile Transportation Co,. Ltd	**5,000,000.00**	5,000,000.00
	Sinotrans Fujian Majiang Storage And Transportation Co., Ltd.	**4,808,370.41**	–
	Guangdong Sinotrans Co., Ltd.	**4,359,583.05**	4,328,897.98
	Fujian Sinotrans Hexi storage and Transportation Co., Ltd.	**2,809,952.88**	–
	Sinotrans Shipping Ltd.	**2,062,410.00**	–
	Sinotrans Jiangsu Co., Ltd.	**1,547,092.30**	–
	Sinotrans Beijing Automobile Transportation Co,.Ltd	**1,240,000.00**	1,460,000.00
	Sinotrans Container Lines Co., Ltd.	**1,140,877.78**	–
	Hubei Sinotrans Cangma Logistics Co., Ltd.	**851,004.50**	5,860,000.00
	China Merchants Securities Asset Management Co., Ltd.	**–**	260,562,302.79
	Sinotrans Anhui direct storage and Transportation Co., Ltd.	**–**	2,635,923.20
	Others	**2,869,749.91**	1,637,913.80
	Joint ventures and associates	**54,635,964.72**	91,047,525.86
	China Merchants Logistics Group Nanjing co. LTD	**34,187,601.68**	58,655,855.93
	Shanghai Tongyun International Logistics Co., Ltd.	**14,100,000.00**	14,100,000.00
	Xinghan Shipping Agency Co., Ltd.	**2,854,479.15**	5,850,000.00
	Shanghai Wai-Hong Yishida International Logistics Co., Ltd.	**2,296,200.00**	2,296,200.00
	Rongyun (Xiamen) Supply Chain Co. Ltd	**1,000,000.00**	1,000,000.00
	Others	**197,683.89**	9,145,469.93
	Total other payables	**373,149,676.28**	661,786,404.40

X. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(11) Balances of major claims and debts (continued)

Items	Name of related parties	30 June 2019	31 December 2018
Dividend payables	**Other enterprises controlled by the same parent company and ultimate controller**	**625,157,432.93**	97,072,259.86
	Sinotrans&CSC Holdings Co.,Ltd.	**417,007,506.00**	97,000,000.00
	China Merchants Group Co., Limited	**208,077,667.07**	–
	Sinotrans Jiangxi Co., Ltd	**72,259.86**	72,259.86
Interest payables	**Other enterprises controlled by the same parent company and ultimate controller**	**7,639,399.30**	29,463,804.48
	China Merchants Group Finance Co,.Ltd	**7,639,399.30**	29,463,804.48
Long-term payables	**Other enterprises controlled by the same parent company and ultimate controller**	**361,669,945.29**	360,805,628.79
	SINOTRANS SHIPPING INC.	**168,430,150.00**	168,148,400.00
	Sinotrans&CSC Group Limited	**100,718,773.77**	100,718,773.77
	Guangdong Sinotrans Co., Ltd.	**92,521,021.52**	91,938,455.02
Short-term borrowings	**Other enterprises controlled by the same parent company and ultimate controller**	**–**	1,200,000,000.00
	China Merchants Group Finance Co,.Ltd	**–**	1,200,000,000.00
Long-term borrowings	**Other enterprises controlled by the same parent company and ultimate controller**	**–**	1,500,000,000.00
	China Merchants Group Finance Co,.Ltd	**–**	1,500,000,000.00
Non-current liabilities within 1 year	**Other enterprises controlled by the same parent company and ultimate controller**	**2,500,000,000.00**	1,050,000,000.00
	China Merchants Group Finance Co,.Ltd	**2,500,000,000.00**	1,000,000,000.00
	China Merchants Steam Navigation Company Limited	**–**	50,000,000.00

(12) Related party commitments

Items	Closing balance	Opening balance
Related party commitments	**131,686,036.03**	177,108,674.36

Note: the above commitments are related party lease commitments.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's main financial instruments include cash and bank balances, held-for-trading 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's objective in risk management is to strike an appropriate balance between risks and returns, to minimise the negative impact of the risks on the Group's operating performance and to maximise the interests of shareholders and others equity investors. Based on this risk management objective, the Group's basic strategy for risk management is to identify and analyse the risks faced by the Group, establish an appropriate risk tolerance baseline and conduct risk management, and monitor the risks in a timely and reliable manner and control the risks within a limited range.

The Group uses sensitivity analysis techniques to analyse the reasonableness of risk variables and the possible impact of possible changes on current profit or loss or shareholders' equity. Because any risk variable rarely changes in isolation, and the correlation between variables will have significant effect on the ultimate impact of changes in a risk variable, so the following is done on the assumption that the changes in each variable occur independently.

(1) Market risk

1) Foreign exchange risk

Foreign exchange risk refers to the risk of fluctuations in the fair value of financial instruments or future cash flows due to changes in foreign exchange rates. The Group is subject to foreign exchange risk primarily related to USD and HKD. As at 30 June 2019, the assets and liabilities with the USD and HKD balances described in the following table may have an impact on the Group's operating performance due to changes in fair value or future cash flows resulting from exchange rate changes.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (continued)

(1) Market risk (continued)

1) Foreign exchange risk (continued)

Unit: RMB

Items	**30 June 2019**	30 June 2018
Cash and bank balances	**–**	–
Include: – USD	**2,287,546,518.97**	1,866,564,369.49
– HKD	**1,633,975,700.34**	550,001,079.99
Accounts receivable	**–**	–
Include: – USD	**2,692,197,132.83**	2,131,805,566.27
– HKD	**336,979,457.15**	259,569,600.14
Short-term borrowings	**–**	–
Include: – USD	**–**	4,631,620.00
– HKD	**–**	1,155,202,551.95
Non-current assets due within one year	**–**	–
Include: – HKD	**34,109,894.50**	–
Accounts payble	**–**	–
Include: – USD	**1,623,378,167.02**	1,529,320,923.74
– HKD	**278,733,088.90**	187,852,537.05
Long-term borrowings	**–**	–
Include: – USD	**599,025,482.52**	582,916,823.44
– HKD	**6,171,099,625.56**	5,914,350,453.93
Long-term payables	**–**	–
Include: – USD	**296,395,139.40**	427,296,529.30
– HKD	**29,890,678.84**	26,914,182.91
Total	**15,983,330,886.03**	14,636,426,238.21

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.

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (continued)

(1) Market risk (continued)

1) Foreign exchange risk (continued)

Sensitivity analysis of foreign exchange risk

With other variables remaining unchanged, the pre-tax effects of reasonable changes in the exchange rate on current profit or loss and shareholders' equity are as follows:

Unit: RMB

	Current period		Previous period	
Exchange rate changes	**Effects on total profit**	**Pre-tax effects on shareholders' equity**	Effects on total profit	Pre-tax effects on shareholders' equity
USD appreciation by 5% against RMB	**80,993,285.08**	**80,993,285.08**	111,635,248.00	111,635,248.00
USD devaluation by 5% against RMB	**-80,993,285.08**	**-80,993,285.08**	-111,635,248.00	-111,635,248.00
HKD appreciation by 5% against RMB	**71,698,309.13**	**71,698,309.13**	23,920,380.10	23,920,380.10
HKD devaluation by 5% against RMB	**-71,698,309.13**	**-71,698,309.13**	-23,920,380.10	-23,920,380.10

2) Interest rate change risk

The Group's interest rate risks arise mainly from long-term bank borrowings, bonds payable and other long-term interest-bearing debts. The financial liabilities with floating interest rates expose the Group to cash flow interest rate risks, and the financial liabilities with fixed interest rates expose the Group to fair value interest rate risks.

The Group's risk of changes in cash flows of financial instruments arising from changes in interest rates is mainly related to bank loans with floating interest rates (see Items 27 and 35 of Note IX). It is the Group's policy to maintain the floating interest rates of these loans in order to eliminate the risk of changes in fair value of interest rates.

Sensibility analysis of interest rate risks

The sensibility analysis of interest rate risks is based on the following assumptions:

- Any changes in market interest rates affect interest income or expenses of financial instruments with variable interest rates;
- For financial instruments with fixed interest rates that are measured at fair value, any changes in market interest rates only affect their interest income or expenses;
- Any changes in fair value of other financial assets and liabilities that are calculated using the discounted cash flow method at the prevailing market interest rate at the date of statement of financial position.

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 (continued)

On the basis of the above assumptions, and with other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in interest rates on current profit or loss and shareholders' equity are as follows:

Unit: RMB

	Current period		Previous period	
Changes in interest rate	**Effects on total profit**	**Pre-tax effects on shareholders' equity**	Effects on total profit	Pre-tax effects on shareholders' equity
Interest rate rises by 0.5%	**-23,381,826.73**	**-23,381,826.73**	-19,525,147.23	-19,525,147.23
Interest rate is lowered by 0.5%	**23,381,826.73**	**23,381,826.73**	19,525,147.23	19,525,147.23

3) *Other price risks*

Other equity instrument investments held by the Group, investments classified as financial assets available for sale and financial assets measured at fair value through profit or loss are measured at fair value at the date of statement of financial position. As a result, the Group bears the risk of price changes in the securities market. The Company adopts the method of holding multiple equity securities portfolios to reduce the price risk of equity securities investments. With other variables remaining unchanged, the pre-tax effects of the possible reasonable changes in stock prices on shareholders' equity are as follows:

		Current period			Previous period		
Items	Stock price changes	**Effects on total profit**	**Effects on other comprehensive income**	**Pre-tax effects on shareholders' equity**	Effects on total profit	Effects on other comprehensive income	Pre-tax effects on shareholders' equity
Held-for-trading financial assets		**-**	**-**	**-**	-	-	-
Financial assets measured at fair value through profit or loss	Stock price rises	—	—	—	—	—	—
Other equity instrument investments	by 10%	**-**	**19,888,213.12**	**19,888,213.12**	-	15,283,293.72	15,283,293.72
Available-for-sale financial assets		—	—	—		—	—
Held-for-trading financial assets		**-**	**-**	**-**	-	-	-
Financial assets measured at fair value through profit or loss	Stock price falls	—	—	—	—	—	—
Other equity instrument investments	by 10%	**-**	**-19,888,213.12**	**-19,888,213.12**	-	-15,283,293.72	-15,283,293.72
Available-for-sale financial assets		—	—	—	—	—	—

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (continued)

(2) Credit risk

As at 30 June 2019, 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. 40 "estimated liabilities" and the Note X. 5 (5) "related party guarantees".

In order to reduce the credit risk, the Group has set up a group to determine credit lines, conduct credit approvals and implement other monitoring procedures to ensure that any necessary measures are taken to recover overdue claims. In addition, the Group reviews the recovery of each individual receivable at the end of the reporting period to ensure that sufficient bad debt provision is made for amounts that are irrecoverable. As a result, the Group's management considers that the Group's credit risk has been reduced significantly.

Except for the top five in Note IX.3 "bills receivable", "Note IX.4 "accounts receivable" and Note IX.6 "other receivables", the Group has no other significant credit concentration risks.

The Group's cash and cash equivalents is mainly the bank deposits deposited with the state-owned banks with a good reputation and a high credit rating and other large and medium-sized listed banks, and the Group does not consider that it has significant credit risks, and there will be few serious losses resulting from any bank defaults.

As part of the Group's credit risk management, the Group uses the aging of accounts receivable to assess losses on the impairment of receivables arising from the business. This type of business involves a large number of small customers which have the same risk characteristics. The aging information can reflect the solvency of these customers when the receivables fall due. As at 30 June 2019, the credit risk and expected credit losses for the accounts receivable and contract assets of this type of business are as follows:

Items	Expected average loss rate (%)	Carrying amount	Impairment provision
Less than 1 year (including 1 year)	0.86	11,636,515,071.63	99,607,812.58
1 to 2 years (including 2 years)	55.24	168,235,242.79	92,928,447.24
2 to 3 years (including 3 years)	95.05	107,025,993.40	101,728,206.73
More than 3 years	100.00	115,723,883.12	115,723,883.12
Total	——	12,027,500,190.94	409,988,349.67

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

1. Risk management objectives and policies (continued)

(2) Credit risk (continued)

The above expected average loss rate is based on the historical actual bad debt ratio and takes into account current and future economic forecasts. During the period from 1 January 2019 to 30 June 2019, the Group's assessment method and major assumptions did not change.

As at 30 June 2019, the maximum amount of financial guarantee provided by the Group was RMB46,860,576.25, and the details of the financial guarantee contract are set out in Note X. 5 (5). On 1 January 2019, the Group's management assessed the overdue borrowings under the guarantee, the financial position of the borrower concerned and the economic situation of the debtor's industry and concluded that since the initial recognition of such financial guarantee contract, there was no significant increase in relevant credit risk. As a result, the Group has no division into the financial guarantee contract that is required to measure loss provisions on the basis of the amount equivalent to the expected credit loss over the entire life, and measures its impairment provision on the basis of the amount equivalent to the expected credit loss of the above financial guarantee contract within the next 12 months. During the period from 1 January 2019 to 30 June 2019, the Group's assessment method and major assumptions did not change.

(3) Liquidity risk

In managing the liquidity risk, the Group's management believes that sufficient cash and cash equivalents should be maintained and monitored to meet the Group's business needs and to reduce the impact of cash flow fluctuations. The Group's management monitors the use of bank loans and ensures compliance with loan agreements.

At the end of the period, the amount of bank loans that have not been used by the Group was RMB15.342 billion (31 December 2018: RMB15.540 billion).

According to the maturity date of undiscounted contract cash flows, the financial liabilities held by the Group are analysed as follows:

Items	Carrying amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivative financial liabilities:	–	–	–	–	–
Short-term borrowings	5,000,000.00	5,017,995.89	–	–	5,017,995.89
Long-term borrowings	7,102,525,199.61	233,751,585.03	6,126,074,470.03	2,029,389,135.70	8,389,215,190.76
Bills payable and accounts payable	9,293,365,651.76	8,904,022,926.86	389,342,724.90	–	9,293,365,651.76
Other payables	1,442,265,989.79	1,022,105,658.97	420,160,330.82	–	1,442,265,989.79
Non-current liabilities due within one year	4,560,527,843.87	4,863,008,455.44	–	–	4,863,008,455.44
Other current liabilities	172,452,765.74	172,452,765.74	–	–	172,452,765.74
Bonds payable	1,998,663,013.72	64,000,000.00	2,042,666,666.67	–	2,106,666,666.67
Long-term payables	657,095,896.29	16,041,298.59	149,885,920.80	574,048,208.10	739,975,427.49
Lease Liabilities	1,515,439,998.69	–	914,109,875.41	1,131,511,292.05	2,045,621,167.46
Financial guarantees	–	–	46,860,576.25	–	46,860,576.25

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XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

2. Fair value

The fair value of financial assets and financial liabilities is determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and active market is determined by reference to the current offer and current charge in corresponding active market respectively;

The fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined under the general pricing model based on the discounted future cash flow method or is recognised using the observable prevailing market transaction price;

The fair value of derivative instruments is determined by public offers in an active market.

The Group's management considers that the carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements is approximate to the fair value of such assets and liabilities.

(1) Assets measured at fair value on a continuous basis

	Fair value at the end of the period			
Items	Level I measurement at fair value	Level II measurement at fair value	Level III measurement at fair value	Total
I. Continuous measurement at fair value	——	——	——	——
(1) Held-for-trading financial assets	40,337.06	400,000,000.00	100,000.00	400,140,337.06
1. Financial assets measured at fair value through profit or loss	40,337.06	400,000,000.00	100,000.00	400,140,337.06
2. Financial assets designated as measured at fair value through profit or loss	–	–	–	–
(2) Other equity instrument investments	200,809,593.29	–	–	200,809,593.29
(3) Other non-current financial assets	–	–	511,575,197.25	511,575,197.25
Total assets measured at fair value on a continuous basis	200,849,930.35	400,000,000.00	511,675,197.25	1,112,525,127.60

XII. CONTINGENCIES

Contingent liabilities arising from major pending litigation and arbitration, and its financial implications.

Concerned Parties	Litigation/deputy content	Amounts involved (RMB10,000)	Litigation/ deputy status
Taizhou Medical City Huaying Trading Co., Ltd.	The Group purchased drugs from the company and sold the same to third parties in 2016. Third parties did not make payment to drug purchaser due to their default on payment.	8,666.12	First trial
Tianjin Qirun Investment Co., Ltd.	The Group is not liable as a third party in the case concerned, but the company still seeks compensation from the Group after assuming liabilities.	8,180.21	The first trial has not yet begun
Bank of Communications Co., Ltd. Shanghai Baoshan Branch	The Group provided pledge supervision services to both parties of the loan in previous years, and was involved in the case due to quantity and quality of the pledge.	3,478.14	First trial
China Energy Engineering Group Tianjin Electric Power Construction Co., Ltd	The Group undertakes the offshore engineering logistics service of the company, and the goods are damaged when unloading at overseas port, resulting in the company's claim.	1,004.10	Arbitration

For the above pending litigation and arbitration, estimated liabilities were not recognised as management of the Group believes the results cannot be reliably estimated.

For details of contingencies in relation to the guarantees provided by the Group to related parties, please refer to note X. 5 (5).

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XIII. CAPITAL COMMITMENTS

Items	**Closing balance**	Opening balance
Capital expenditures contracted but not recognised in the financial statements	**–**	–
– Purchase and construction of assets	**711,961,369.86**	441,793,934.15
– Port investment projects	**235,610,631.10**	258,814,983.70
– Investments in associates, joint ventures and other invested entities	**68,107,120.51**	90,862,020.28
Total	**1,015,679,121.47**	791,470,938.13

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. The Group's subsidiary, China Merchants Logistics Group Co., Ltd. is a limited partner and has agreed to contribute US$15 million. As of 30 June 2019, it has invested US$5.0765 million, and the amount committed but not funded is approximately RMB68,107,120.51.

XIV. NON-ADJUSTMENTS IN THE EVENTS AFTER THE DATE OF THE BALANCE SHEET

The Group had no non-adjustments after the date of the statement of financial position during the period.

XV. EXCHANGE OF NON-MONETARY ASSETS

The Group had no exchange of non-monetary assets during the period.

XVI. DEBT RESTRUCTURING

The contract dispute between Sinotrans Logistics (a subsidiary of the Group) and Tianjin Metallurgical Group Zhasan Steel Co., Ltd. ("Zhasan Steel") was settled in the current period. According to the enforcement order of the Beijing No. 3 Intermediate People's Court, the property of Zhasan Steel located in Tianjin with a value of RMB33.28 million after revaluation belongs to Sinotrans Logistics, so as to compensate Sinotrans Logistics's claim to Zhasan Steel of RMB26.72 million, representing a gain of RMB15.10 million.

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	**Conversion rate**	**Amount in RMB**	Amount in original currency	Conversion rate	Amount in RMB
Cash on hand	——	——	**34,579.61**	——	——	38,767.91
Include: RMB	**9,408.54**	**1.0000**	**9,408.54**	9,408.54	1.0000	9,408.54
USD	**1,362.74**	**6.8747**	**9,368.43**	2,029.74	6.8632	13,930.51
Others	——	——	**15,802.64**	——	——	15,428.86
Cash at banks	——	——	**3,261,109,023.95**	——	——	2,232,340,868.76
Include: RMB	**2,487,017,044.89**	**1.0000**	**2,487,017,044.89**	2,157,686,652.55	1.0000	2,157,686,652.55
USD	**112,554,293.16**	**6.8747**	**773,776,999.20**	10,856,898.11	6.8632	74,513,063.11
Others	——	——	**314,979.86**	——	——	141,153.10
Other cash and bank balances	——	——	**134,797.50**	——	——	134,797.50
Include: RMB	**134,797.50**	**1.0000**	**134,797.50**	134,797.50	1.0000	134,797.50
Total	——	——	**3,261,278,401.06**	——	——	2,232,514,434.17
Including: total amount deposited abroad	——	——	**4,452,167.06**	——	——	4,493,132.24

(1) Restricted use of cash and bank balances at the end of the period

Items	**Closing balance**	Opening balance	Reasons for restricted use
Credit card deposits	**134,797.50**	134,797.50	Credit card deposits
Total	**134,797.50**	134,797.50	——

2. Bills receivable

(1) Classification of bills receivable

Type	**Closing balance**	Opening balance
Bank acceptance bills	**28,940,227.44**	22,838,736.35
Total	**28,940,227.44**	22,838,736.35

(2) The Company has no bills receivable pledged at the end of the period.

(3) The Company has no bills receivable which were endorsed or discounted at the end of the period but yet undue at the date of the statement of financial position.

(4) As at 30 June 2019, the Company did not convert the notes into accounts receivable due to the inability of the drawer to perform obligation (31 December 2018: Nil)

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

2. Bills receivable (continued)

(5) As at 30 June 2019 and 31 December 2018, the Group considers that there are no significant credit risk in the bank acceptance bills held by it and would not cause significant losses due to default of banks (it is expected that bills receivable can be fully recovered)), thus no provision for bad debts has been made.

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

(7) The aging of the bills receivable above is less than 360 days.

3. Accounts receivable

The terms of service of the Company and its customers are mainly credit transactions, and the new customers are generally required to make advances. The credit period is usually 1 to 6 months. Accounts receivable are interest free.

(1) Accounts receivable classified and presented by method of bad debt provision

	Closing balance				
	Carrying amount		Bad debt provision		Book value
Category	Amounts	Proportion (%)	Amounts	Proportion of the provision (%)	
Bad debt provision made on single basis	-	-	-	-	-
Bad debt provision made by portfolio	686,027,544.47	100.00	68,016,542.99	9.91	618,011,001.48
Including: Portfolio with low recovery risk	36,143,188.42	5.27	-	-	36,143,188.42
Aging combination	649,884,356.05	94.73	68,016,542.99	10.47	581,867,813.06
Total	686,027,544.47	100.00	68,016,542.99	—	618,011,001.48

	Opening balance				
	Carrying amount		Bad debt provision		Book value
Category	Amounts	Proportion (%)	Amounts	Proportion of the provision (%)	
Bad debt provision made on single basis	-	-	-	-	-
Bad debt provision made by portfolio	1,248,776,352.86	100.00	72,836,730.09	5.83	1,175,939,622.77
Including: Portfolio with low recovery risk	36,428,196.73	2.92	-	-	36,428,196.73
Portfolio by aging	1,212,348,156.13	97.08	72,836,730.09	6.01	1,139,511,426.04
Total	1,248,776,352.86	100.00	72,836,730.09	—	1,175,939,622.77

1) The Company has no accounts receivable whose credit loss impairment assessed individually and no provision has been made for bad debts as at 30 June 2019.

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. Accounts receivable (continued)

(1) Accounts receivable classified and presented by method of bad debt provision (continued)

2) Accounts receivable with a bad debt provision made by portfolio as at 30 June 2019 are analysed as follows:

Portfolio 1: Portfolio with low recovery risk

Items	Carrying amount	Expected credit loss rate over the entire life	Bad debt provision
Receivables from related parties	36,143,188.42	0.00%	–
Total	36,143,188.42	0.00%	–

Portfolio 2: Aging combination

Items	Carrying amount	Expected credit loss rate over the entire life (%)	Bad debt provision
Less than 1 year (including 1 year)	564,843,948.51	0.82%	4,631,720.33
1 to 2 years (including 2 years)	46,957,316.88	55.05%	25,850,003.01
2 to 3 years (including 3 years)	11,076,181.84	95.05%	10,527,910.83
More than 3 years	27,006,908.82	100.00%	27,006,908.82
Total	649,884,356.05	——	68,016,542.99

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. Accounts receivable (continued)

(2) Overall aging of accounts receivable

The ageing analysis of accounts receivable based on the transaction date is as follows:

	Closing balance			Opening balance		
Items	Carrying amount	Proportion (%)	Bad debt provision	Carrying amount	Proportion (%)	Bad debt provision
Less than 1 year (including 1 year)	**586,587,611.60**	**85.51**	**4,631,720.33**	1,155,904,307.14	92.56	9,213,086.12
1 to 2 years (including 2 years)	**58,125,489.74**	**8.47**	**25,850,003.01**	56,946,434.35	4.56	30,179,633.23
2 to 3 years (including 3 years)	**13,245,297.66**	**1.93**	**10,527,910.83**	11,729,399.59	0.94	10,269,554.05
More than 3 years	**28,069,145.47**	**4.09**	**27,006,908.82**	24,196,211.78	1.94	23,174,456.69
Total	**686,027,544.47**	**100.00**	**68,016,542.99**	1,248,776,352.86	100.00	72,836,730.09

(3) Bad debt provision

Changes in bad debt provision for accounts receivable are as follows:

			Changes in the period			
Items	Opening balance	Accrual	Recovery or reversal	Carry forward or write-off	Other changes	Closing balance
Current period	72,836,730.09	-435,405.24	4,384,781.86	–	–	**68,016,542.99**
Previous period	72,865,221.55	4,489,220.36	799,954.18	–	–	**76,554,487.73**

(4) The Company has no accounts receivable actually written off during the reporting period.

(5) The Company had no outstanding debts of shareholders holding more than 5% (including 5%) of the voting shares of the Company at the end of the period.

(6) Entities with the top five accounts receivable

Entity name	Relationship with the Company	Amount	Aging	Bad debt provision	Proportion of total account receivable (%)
Entity 1	Third parties	43,235,574.93	Within 1 year	354,531.71	6.30
Entity 2	Third parties	27,045,026.90	Within 2 years	249,380.97	3.94
Entity 3	Third parties	26,600,730.40	Within 2 years	244,193.26	3.88
Entity 4	Third parties	22,827,888.56	Within 2 years	2,963,605.15	3.33
Entity 5	Third parties	19,426,179.84	Within 1 year	159,294.67	2.83
Total	——	139,135,400.63	——	3,971,005.76	20.28

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

3. Accounts receivable (continued)

(7) Receivables from related parties

Entity name	Relationship with the Company	Amount	Proportion of total accounts receivable (%)
Sinotrans Middle East Co., Ltd	Subsidiary	10,414,235.51	1.52
Longyan Sinotrans Logistics Co., Ltd	Subsidiary	9,001,203.82	1.31
Sinotrans (Thailand) Logistics Co., Ltd	Subsidiary	4,601,899.87	0.67
Sinotrans North China Co., Ltd.	Subsidiary	2,917,256.20	0.42
Sinotrans International Trade Co., Ltd.	Controlled by the same ultimate controller	1,958,959.21	0.29
MAXX LOGISTICS LTD.	Joint venture	1,229,467.77	0.18
Sinotrans (Shenzhen) Supply Chain Management Co., Ltd	Subsidiary	1,210,819.84	0.18
Sinotrans Heavy-lift Logistics Co., Ltd, Rugao Branch	Subsidiary	1,070,000.00	0.16
Others	——	3,739,346.20	0.54
Total	——	36,143,188.42	5.27

(8) The Company had no accounts receivable derecognised by transfer of financial assets at the end of the period.

(9) The Company has no amount of assets and liabilities from continued involvement at the end of the period, such as the transfer of accounts receivable.

4. Other receivables

Items	**Closing balance**	Opening balance
Interest receivables	**1,712,595.34**	177,001.57
Dividend receivables	**367,369,926.41**	84,271,356.22
Other receivables	**9,528,626,112.89**	7,685,751,348.29
Total	**9,897,708,634.64**	7,770,199,706.08

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For the Period ended 30 June 2019
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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. Other receivables (continued)

(1) Interest receivables

1) Classification of interest receivables

Item	**Closing balance**	Opening balance
Fixed deposit	**1,712,595.34**	45,494.77
Others	**–**	131,506.80
Total	**1,712,595.34**	177,001.57

2) As of 30 June 2019, the Company has no overdue interest receivables.

3) The management of the Company believes that it is not necessary to make impairment provision for interest receivables at 30 June 2019.

(2) Dividend receivables

Invested Entities	Opening balance	Increase due to changes in the scope of consolidation	Increase of the period	Decrease of the period	Translated difference in foreign currency statements	**Closing balance**	Non-recovery reason	Whether an impairment occurs and its judgment basis
Dividend receivables with the aging of less than 1 year	16,218,447.53	-	317,900,466.95	34,801,896.76	-	**299,317,017.72**	—	—
Including: Sinotrans Eastern Company Limited	-	-	221,479,645.34	-	-	**221,479,645.34**	Announced but not issued yet	No
Sinotrans Logistics Co., Ltd.	-	-	42,309,684.76	17,162,499.23	-	**25,147,185.53**	Announced but not issued yet	No
China United Tally Co., Ltd.	10,000,000.00	-	5,000,000.00	-	-	**15,000,000.00**	Announced but not issued yet	No
Sinotrans Hubei Company Limited	4,682,447.53	-	15,385,990.10	6,682,447.53	-	**13,385,990.10**	Announced but not issued yet	No
Sinotrans Japan Co., Ltd	-	-	11,288,700.00	-	-	**11,288,700.00**	Announced but not issued yet	No
Sinotrans Chongqing Co., Ltd.	-	-	11,557,306.30	6,000,000.00	-	**5,557,306.30**	Announced but not issued yet	No
Sinotrans Korea Shipping Co., Ltd	-	-	4,660,827.65	-	-	**4,660,827.65**	Announced but not issued yet	No
China International Exhibition Transportation Co., Ltd.	-	-	2,797,362.80	-	-	**2,797,362.80**	Announced but not issued yet	No
SINOTRANS ALMAJDOUIE MIDDLE EAST CO. LTD	-	-	3,420,950.00	3,420,950.00	-	**-**	—	--
China sinotrans (Pakistan) logistics co. LTD	1,536,000.00	-	-	1,536,000.00	-	**-**	—	—
Dividend receivables with the aging of more than 1 year	68,052,908.69	-	-	-	-	**68,052,908.69**	—	—
Including: Sinotrans North China Co., Ltd	45,839,160.58	-	-	-	-	**45,839,160.58**	Support for subsidiary development	No
Sinotrans Eastern Company Limited	10,904,887.09	-	-	-	-	**10,904,887.09**	Support for subsidiary development	No
Sinotrans Anhui Co., Ltd.	8,067,261.02	-	-	-	-	**8,067,261.02**	Support for subsidiary development	No
Maoxun International Company Limited	3,241,600.00	-	-	-	-	**3,241,600.00**	Support for subsidiary development	No
Total	84,271,356.22	-	317,900,466.95	34,801,896.76	-	**367,369,926.41**	—	—

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. Other receivables (continued)

(3) Other receivables

1) *Analysis of other receivables by nature*

Nature of other receivables	**Closing balance**	Opening balance
Receivables from related parties	**9,480,994,708.50**	7,663,794,208.14
Deposit receivable	**35,134,612.74**	14,130,339.67
Reserve fund receivable	**9,669,092.11**	5,225,764.68
Advanced payments	**2,131,084.80**	2,102,342.38
Others	**696,614.74**	498,693.42
Total	**9,528,626,112.89**	7,685,751,348.29

2) *Changes in bad debt provision for other receivables based on 12-month and lifetime expected credit losses in the future*

Bad debt provision	**Stage 1 12-month expected credit losses in the future**	**Stage 2 Lifetime expected credit losses (not credit-impaired)**	**Stage 3 Lifetime expected credit losses (credit-impaired)**	**Total**
Opening balance	282,042.90	–	–	282,042.90
– Transfer to stage 2	–	–	–	–
– Transfer to stage 3	–	–	–	–
– Reverse to stage 2	–	–	–	–
– Reverse to stage 1	–	–	–	–
Provision during the period	–	–	–	–
Reversal during the period	–	–	–	–
Carry forward during the period	–	–	–	–
Written-off during the period	–	–	–	–
Other changes	–	–	–	–
Closing balance	282,042.90	–	–	282,042.90

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. Other receivables (continued)

(3) Other receivables (continued)

3) Analysis by aging

	Closing balance			Opening balance		
Items	Carrying amount	Proportion (%)	Bad debt provision	Carrying amount	Proportion (%)	Bad debt provision
Less than 1 year (including 1 year)	**8,666,094,885.38**	**90.95**	**102,647.38**	4,158,872,067.42	54.11	89,414.39
1 to 2 years (including 2 years)	**12,360,573.25**	**0.13**	**143,159.71**	142,129,415.25	1.85	191,607.87
2 to 3 years (including 3 years)	**130,801,473.00**	**1.37**	**-**	-	-	-
More than 3 years	**719,651,224.16**	**7.55**	**36,235.81**	3,385,031,908.52	44.04	1,020.64
Total	**9,528,908,155.79**	**100.00**	**282,042.90**	7,686,033,391.19	100.00	282,042.90

4) Other receivables classified and presented by method of bad debt provision

	Closing balance				
	Carrying amount		Bad debt provision		Book value
Category	Amounts	Proportion (%)	Amounts	Proportion of the provision (%)	
Bad debt provision made on single basis	**-**	**-**	**-**	**-**	**-**
Bad debt provision made by portfolio	**9,528,908,155.79**	**100.00**	**282,042.90**	**-**	**9,528,626,112.89**
Including: Portfolio with low recovery risk	**9,525,798,413.35**	**99.97**	**-**	**-**	**9,525,798,413.35**
Aging combination	**3,109,742.44**	**0.03**	**282,042.90**	**9.07**	**2,827,699.54**
Total	**9,528,908,155.79**	**100.00**	**282,042.90**	——	**9,528,626,112.89**

	Opening balance				
	Carrying amount		Bad debt provision		Book value
Category	Amounts	Proportion (%)	Amounts	Proportion of the provision (%)	
Bad debt provision made on single basis	-	-	-	-	-
Bad debt provision made by portfolio	7,686,033,391.19	100.00	282,042.90	-	7,685,751,348.29
Including: Portfolio with low recovery risk	7,683,150,312.49	99.96	-	-	7,683,150,312.49
Aging combination	2,883,078.70	0.04	282,042.90	9.78	2,601,035.80
Total	7,686,033,391.19	100.00	282,042.90	——	7,685,751,348.29

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. Other receivables (continued)

(3) Other receivables (continued)

4) Other receivables classified and presented by method of bad debt provision (continued)

Other receivables with a bad debt provision made by portfolio as at 30 June 2019 are analysed as follows:

Portfolio 1: Portfolio with low recovery risk

Items	Carrying amount	Expected credit loss rate over the entire life	Bad debt provision
Receivables from related parties	9,480,994,708.50	0.00%	–
Deposit and margin	35,134,612.74	0.00%	–
Reserve funds	9,669,092.11	0.00%	–
Total	9,525,798,413.35	–	–

Portfolio 2: Aging combination

Items	Carrying amount	Expected credit loss rate over the entire life (%)	Bad debt provision
Less than 1 year (including 1 year)	2,633,150.73	3.90%	102,647.38
1 to 2 years (including 2 years)	440,355.90	32.51%	143,159.71
2 to 3 years (including 3 years)	–	–	–
More than 3 years	36,235.81	100.00%	36,235.81
Total	3,109,742.44	——	282,042.90

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. Other receivables (continued)

(3) Other receivables (continued)

5) The Company had no other receivables actually written off during the reporting period.

6) Outstanding debts of shareholders holding more than 5% (including 5%) of the voting shares of the Company

Entity name	Closing balance	Opening balance
Sinotrans&CSC	**7,442,419.97**	–
Total	**7,442,419.97**	–

7) Other receivables with the top five Closing balances pooled by debtor

Entity name	Relationship with the Company	Amount	Aging	Proportion of total other receivables (%)	Bad debt provision	Nature/content
Sinotrans Logistics Co., Ltd.	Subsidiary	4,313,470,000.00	Within 1 year	45.27	–	Loans and advances
Sinotrans (HK) Logistics Limited	Subsidiary	1,604,196,399.01	Within 2 years	16.84	–	Loans and advances
Sinotrans South China Co., Ltd.	Subsidiary	1,216,080,392.92	Within 1 year	12.76	–	Loans and advances
Sinotrans Logistics Development Co., Ltd	Subsidiary	329,016,012.34	Within 1 year	3.45	–	Loans and advances
Sinotrans Eastern Company Limited	Subsidiary	248,966,128.92	Within 1 year	2.61	–	Loans and advances
Total	——	7,711,728,933.19	——	80.93	-	——

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. Other receivables (continued)

(3) Other receivables (continued)

8) Receivables from related parties

Entity name	Relationship with the Company	Amount	Proportion of total other receivables (%)
Sinotrans Logistics Co., Ltd.	Subsidiary	4,313,470,000.00	45.27
Sinotrans (HK) Logistics Limited	Subsidiary	1,604,196,399.01	16.84
Sinotrans South China Co., Ltd.	Subsidiary	1,216,080,392.92	12.76
Sinotrans Logistics Development Co., Ltd	Subsidiary	329,016,012.34	3.45
Sinotrans Eastern Company Limited	Subsidiary	248,966,128.92	2.61
Sinotrans Central China Co., Ltd	Subsidiary	177,972,214.29	1.87
Sinotrans Fujian Co., Ltd.	Subsidiary	173,425,828.94	1.82
Sinotrans Liaoning Co., Ltd.	Subsidiary	170,297,221.88	1.79
Sinotrans Yangtse Co., Ltd.	Subsidiary	165,374,739.15	1.74
Zhejiang Sinotrans Co., Ltd.	Subsidiary	139,849,813.51	1.47
Sinotrans Guangxi Co., Ltd.	Subsidiary	104,955,948.12	1.10
Sinotrans (Ningbo) Meishan International Logistic Co., Ltd.	Subsidiary	89,594,777.47	0.94
Sinotrans Heavy-lift Logistics Co., Ltd	Subsidiary	89,194,293.00	0.94
Sinotrans Shenzhen Logistics Co., Ltd.	Subsidiary	80,137,561.33	0.84
Zhongshan Sinotrans Logistics Co., Ltd.	Subsidiary	56,660,000.00	0.59
Chongqing Sinotrans Logistics Co., Ltd.	Subsidiary	56,290,000.00	0.59
Loscam Packaging Equipment Leasing (Shanghai) Co., Ltd.	Associate of the Group	50,000,000.00	0.52
Dongying Sinotrans Logistics Co., Ltd.	Subsidiary	40,900,000.00	0.43
Sinotrans Hubei Company Limited	Subsidiary	40,413,757.89	0.42
Sinotrans Chemical International Logistics Co., Ltd	Subsidiary	23,601,602.28	0.25
Sinotrans Anhui Company	Subsidiary	23,318,000.00	0.24
Sinotrans Chongqing Co., Ltd.	Subsidiary	20,850,000.00	0.22
Guangdong Sinotrans Huangpu Cangma Co., Ltd	Subsidiary	20,500,000.00	0.22
Shanghai Sinotrans Cold Chain Transportation Co., Ltd.	Subsidiary	20,000,000.00	0.21
Sinotrans Angola Co., Ltd.	Subsidiary	19,676,046.43	0.21
Sinotrans Changjiang Shipping Co., Ltd.	Subsidiary	19,105,730.74	0.20
International Cargo Rental Company Limited	Subsidiary	15,993,804.95	0.17
Sinotrans Land Bridge Transportation Co., Ltd	Subsidiary	15,898,520.00	0.17
Sinotrans Jiuling Storage and Transportation Co., Ltd.	Subsidiary	15,142,452.62	0.16
Sinotrans Weifang International Logistics Co., Ltd.	Subsidiary	14,620,000.00	0.15
Sinotrans Weihai Logistics Development Co., Ltd.	Subsidiary	13,864,500.00	0.15
Sinotrans Jinan International Logistics Co., Ltd.	Subsidiary	12,500,000.00	0.13
Sinotrans Xiamen Logistics Co., Ltd.	Subsidiary	10,537,221.01	0.11
Sinotrans North China Co., Ltd.	Subsidiary	10,119,175.03	0.11
Loscam Supply Chain Management (Jiaxing) Co., Ltd.	Associate of the Group	10,000,000.00	0.10
Others	——	68,472,566.67	0.71
Total	——	9,480,994,708.50	99.50

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XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

4. Other receivables (continued)

(3) Other receivables (continued)

9) The Company has no other receivables derecognised by transfer of financial assets at the end of the period.

10) The Company has no amount of assets and liabilities from continued involvement in transfer of other receivables at the end of the period.

11) The Company has no transfer of prepayments to other receivables at the end of the period.

5. Long-term receivables

Items	Closing balance			Opening balance			Discount rate range at the end of the period
	Carrying amount	Bad debt provision	Book value	Carrying amount	Bad debt provision	Book value	
Related Party Loan (Note)	**1,595,673,211.84**	**-**	**1,595,673,211.84**	1,606,581,598.47	-	1,606,581,598.47	-
Total	**1,595,673,211.84**	**-**	**1,595,673,211.84**	1,606,581,598.47	-	1,606,581,598.47	-

Note: At 30 June 2019, the Company's long-term receivables were RMB1,921,815,036.50, of which long-term receivables due within one year were RMB326,141,824.66. The Company's long-term receivables include RMB1,827,735,036.50 for entrusted loans to subsidiaries and RMB57,000,000.00 for loans to the Company's joint venture Suzhou Logistics Center and RMB37,080,000.00 for Shanghai Pu'an, of which long-term receivables due within one year were RMB7,125,000.00 and RMB4,680,000.00 respectively. For details of the borrowings of the joint ventures, please refer to Note IX.11.

6. Long-term equity investments

(1) Classification of long-term equity investment

Items	Opening balance	Increase during the period	Decrease during the period	Other increase (decrease)	Effects of changes in the scope of consolidation	Effects from translation in foreign currency statements	Closing balance
Investment in subsidiary	10,452,318,079.59	7,182,579,090.44	-	-	-	-	**17,634,897,170.03**
Investment in joint venture	410,669,359.71	9,954,738.30	4,455,484.30	-	-	-	**416,168,613.71**
Investment in associate	256,596,433.76	20,101,192.92	7,184,862.80	-	-	-	**269,512,763.88**
Subtotal	11,119,583,873.06	7,212,635,021.66	11,640,347.10	-	-	-	**18,320,578,547.62**
Less: impairment provision of long-term equity investments	8,821,076.00	-	-	-	-	-	**8,821,076.00**
Total	11,110,762,797.06	-	-	-	-	-	**18,311,757,471.62**

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. Long-term equity investments (continued)

(2) Details of long-term equity investments

				Increase or decrease during the period									
Invested Entities	Investment cost	Opening balance	Additional investment	Reduction in investment	Investment gains and losses recognised under the equity method	Other comprehensive income adjustments	Other equity changes	Cash dividends and profits declared	Impairment provision	Effects from translation in foreign currency statements	Others	**Closing balance**	Including: Closing balance of impairment provision
Subsidiaries	17,634,897,170.03	10,443,497,003.59	7,182,579,090.44	-	-	-	-	-	-	-	-	**17,626,076,094.03**	8,821,076.00
Sinotrans Air Transportation Development Co., Ltd.	8,297,884,810.19	1,215,305,719.75	7,082,579,090.44	-	-	-	-	-	-	-	-	**8,297,884,810.19**	-
Sinotrans Logistics Co., Ltd.	3,846,989,443.38	3,846,989,443.38	-	-	-	-	-	-	-	-	-	**3,846,989,443.38**	-
Sinotrans South China Co., Ltd.	1,272,219,038.71	1,272,219,038.71	-	-	-	-	-	-	-	-	-	**1,272,219,038.71**	-
Sinotrans Eastern Company Limited	1,079,345,218.38	1,079,345,218.38	-	-	-	-	-	-	-	-	-	**1,079,345,218.38**	-
Sinotrans Yangtse Co., Ltd.	791,516,900.00	791,516,900.00	-	-	-	-	-	-	-	-	-	**791,516,900.00**	-
Sinotrans Central China Co., Ltd	629,117,947.59	629,117,947.59	-	-	-	-	-	-	-	-	-	**629,117,947.59**	-
Wide Shine Development Limited	430,372,292.05	430,372,292.05	-	-	-	-	-	-	-	-	-	**430,372,292.05**	-
Trade Sky International Limited	341,057,315.76	341,057,315.76	-	-	-	-	-	-	-	-	-	**341,057,315.76**	-
Sinotrans Fujian Co., Ltd.	200,932,169.33	200,932,169.33	-	-	-	-	-	-	-	-	-	**200,932,169.33**	-
Sinotrans North Company Limited	134,456,656.87	134,456,656.87	-	-	-	-	-	-	-	-	-	**134,456,656.87**	-
Sinotrans Heavy-lift Logistics Co., Ltd	134,428,500.00	134,428,500.00	-	-	-	-	-	-	-	-	-	**134,428,500.00**	-
Sinotrans Logistics Development Co., Ltd	132,490,787.54	123,669,711.54	-	-	-	-	-	-	-	-	-	**123,669,711.54**	8,821,076.00
Sinotrans Hubei Company Limited	121,144,778.00	121,144,778.00	-	-	-	-	-	-	-	-	-	**121,144,778.00**	-
Sinotrans Innovation & technology Co., Ltd.	100,000,000.00	-	100,000,000.00	-	-	-	-	-	-	-	-	**100,000,000.00**	-
Sinotrans Liaoning Co., Ltd.	44,070,246.26	44,070,246.26	-	-	-	-	-	-	-	-	-	**44,070,246.26**	-
Sinotrans Chongqing Co., Ltd.	27,925,641.63	37,925,641.63	-	-	-	-	-	-	-	-	-	**37,925,641.63**	-
Sinotrans Korea Shipping Co., Ltd	28,906,758.99	28,906,758.99	-	-	-	-	-	-	-	-	-	**28,906,758.99**	-
Others	22,038,665.35	12,038,665.35	-	-	-	-	-	-	-	-	-	**12,038,665.35**	-

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. Long-term equity investments (continued)

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

			Increase or decrease during the period										
Invested Entities	Investment cost	Opening balance	Additional investment	Reduction in investment	Investment gains and losses recognised under the equity method	Other comprehensive income adjustments	Other equity changes	Cash dividends and profits declared	Impairment provision	Effects from translation in foreign currency statements	Others	**Closing balance**	Including: Closing balance of impairment provision
Joint ventures	431,211,227.30	410,669,359.71	-	-	9,954,738.30	-	-	-4,455,484.30	-	-	-	**416,168,613.71**	-
Wuhu Sanshan Port Co. Ltd	140,000,000.00	129,663,051.86	-	-	546,143.42	-	-	-	-	-	-	**130,209,195.28**	-
Sinotrans Hi_Techlogistcs (Suzhou) Co. Ltd	97,898,300.00	87,962,554.22	-	-	2,825,628.60	-	-	-	-	-	-	**90,788,182.82**	-
Nissin-Sinotrans International Logistics Co., Ltd.	55,518,961.25	79,086,857.03	-	-	4,593,884.95	-	-	-	-	-	-	**83,680,741.98**	-
Sinotrans PFS Company Limited	90,000,000.00	48,237,574.45	-	-	-110,632.81	-	-	-	-	-	-	**48,126,941.64**	-
Shanghai Tongyun International Logistics Co., Ltd.	16,058,835.00	32,265,064.45	-	-	776,222.97	-	-	-1,034,534.30	-	-	-	**32,006,753.12**	-
Shanghai United Cold Chain Logistics Co., Ltd.	15,000,000.00	14,997,945.43	-	-	171,053.44	-	-	-	-	-	-	**15,168,998.87**	-
SINOTRANS ALMAJDOUIE MIDDLE EAST CO. LTD	3,895,600.00	13,502,682.47	-	-	-1,182,015.21	-	-	-3,420,950.00	-	-	-	**8,899,717.26**	-
Others	13,039,531.05	4,953,629.80	-	-	2,334,452.94	-	-	-	-	-	-	**7,288,082.74**	-
Associates	111,903,683.00	256,596,433.76	-	-	20,101,192.92	-	-	-7,184,862.80	-	-	-	**269,512,763.88**	-
Jiangsu Jiangyin Port Group Co., Ltd	59,319,000.00	141,171,292.36	-	-	19,002,949.47	-	-	-4,387,500.00	-	-	-	**155,786,741.83**	-
Shanghai Pu 'An Storage Co. Ltd	31,269,456.00	76,542,805.94	-	-	-158,058.55	-	-	-	-	-	-	**76,384,747.39**	-
Ma'Anshan Tianshun Port Co., Ltd.	21,000,000.00	28,908,429.10	-	-	276,573.94	-	-	-	-	-	-	**29,185,003.04**	-
China International Exhibition Transportation Co., Ltd.	315,227.00	9,973,906.36	-	-	979,728.06	-	-	-2,797,362.80	-	-	-	**8,156,271.62**	-
Total	18,178,012,080.33	11,110,762,797.06	7,182,579,090.44	-	30,055,931.22	-	-	-11,640,347.10	-	-	-	**18,311,757,471.62**	-

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

6. Long-term equity investments (continued)

(3) Investments in subsidiaries

Name of invested entity	Initial cost of investment	Opening balance	Effects of changes in the scope of consolidation	Increase during the period	Decrease during the period	Effects from translation in foreign currency statements	**Closing balance**
Sinotrans Logistics Co., Ltd.	3,846,989,443.38	3,846,989,443.38	-	-	-	-	**3,846,989,443.38**
Sinotrans South China Co., Ltd.	1,272,219,038.71	1,272,219,038.71	-	-	-	-	**1,272,219,038.71**
Sinotrans Air Transportation Development Co., Ltd.	1,215,305,719.75	1,215,305,719.75	-	7,082,579,090.44	-	-	**8,297,884,810.19**
Sinotrans Eastern Company Limited	1,079,345,218.38	1,079,345,218.38	-	-	-	-	**1,079,345,218.38**
Sinotrans Yangtse Co., Ltd.	791,516,900.00	791,516,900.00	-	-	-	-	**791,516,900.00**
Sinotrans Central China Co., Ltd	629,117,947.59	629,117,947.59	-	-	-	-	**629,117,947.59**
Wide Shine Development Limited	430,372,292.05	430,372,292.05	-	-	-	-	**430,372,292.05**
Trade Sky International Limited	341,057,315.76	341,057,315.76	-	-	-	-	**341,057,315.76**
Sinotrans Fujian Co., Ltd.	200,932,169.33	200,932,169.33	-	-	-	-	**200,932,169.33**
Sinotrans Eastern Company Limited	134,456,656.87	134,456,656.87	-	-	-	-	**134,456,656.87**
Sinotrans Heavy-lift Logistics Co., Ltd	134,428,500.00	134,428,500.00	-	-	-	-	**134,428,500.00**
Sinotrans Logistics Development Co., Ltd	123,669,711.54	123,669,711.54	-	-	-	-	**123,669,711.54**
Sinotrans Hubei Company Limited	121,144,778.00	121,144,778.00	-	-	-	-	**121,144,778.00**
Sinotrans Innovation & Technology Co., Ltd.	-	-	-	100,000,000.00	-	-	**100,000,000.00**
Sinotrans Liaoning Co., Ltd.	44,070,246.26	44,070,246.26	-	-	-	-	**44,070,246.26**
Sinotrans Chongqing Co., Ltd.	37,925,641.63	37,925,641.63	-	-	-	-	**37,925,641.63**
Sinotrans Korea Shipping Co., Ltd	28,906,758.99	28,906,758.99	-	-	-	-	**28,906,758.99**
Others	12,038,665.35	12,038,665.35	-	-	-	-	**12,038,665.35**
Total	10,443,497,003.59	10,443,497,003.59	-	7,182,579,090.44	-	-	**17,626,076,094.03**

(4) The Company's long-term equity investment has no restrictions on transfer of funds.

7. Long-term borrowings

Borrowing category	**Closing balance**	Opening balance	Period-end interest rate range (%)
Credit loans	**2,624,000,000.00**	2,624,000,000.00	1.20-4.04
Total	**2,624,000,000.00**	2,624,000,000.00	——
Less: long-term loans due within one year	**2,500,000,000.00**	1,000,000,000.00	3.03-4.04
Include: credit loans	**2,500,000,000.00**	1,000,000,000.00	3.03-4.04
Long-term borrowings due more than one year	**124,000,000.00**	1,624,000,000.00	——

Chapter 10
Notes to the Financial Statements

For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

7. Long-term borrowings (continued)

(1) The top five highest long-term borrowings at the end of the period

Name of entity	Start date of the loan	Termination of loan	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	**-**	**57,000,000.00**	-	57,000,000.00
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

8. Capital reserve

30 June 2019:

Items	**Opening balance**	**Increase of the period**	**Decrease of the period**	**Closing balance**
I. Capital (or share capital) premium	**5,114,068,361.96**	**5,730,941,859.44**	**77,647,394.06**	**10,767,362,827.34**
1. Capital invested by investors	**5,114,068,361.96**	**5,730,941,859.44**	**–**	**10,845,010,221.40**
2. Others	**–**	**–**	**77,647,394.06**	**-77,647,394.06**
II. Other capital reserve	**-544,469.65**	**–**	**–**	**-544,469.65**
Others	**-544,469.65**	**–**	**–**	**-544,469.65**
Total	**5,113,523,892.31**	**5,730,941,859.44**	**77,647,394.06**	**10,766,818,357.69**
Including: state-owned exclusive capital reserve	**–**	**–**	**–**	**–**

30 June 2018:

Items	Opening balance	Increase of the period	Decrease of the period	Closing balance
I. Capital (or share capital) premium	5,114,068,361.96	–	–	5,114,068,361.96
1. Capital invested by investors (Note)	5,114,068,361.96	–	–	5,114,068,361.96
2. Others	–	–	–	–
II. Other capital reserve	-544,469.65	–	–	-544,469.65
Others	-544,469.65	–	–	-544,469.65
Total	5,113,523,892.31	–	–	5,113,523,892.31
Including: state-owned exclusive capital reserve	–	–	–	–

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

9. Retained earnings

Items	**Amount for the current period**	Amount for the previous period
Closing balance of the previous period	**1,920,223,092.41**	1,393,750,246.98
Add: Adjustments of retained earnings at the beginning of the period	**-23,003,108.98**	–
Opening balance	**1,897,219,983.43**	1,393,750,246.98
Increase in the period	**928,188,676.37**	1,271,200,391.16
Including: net profit attributable to the owners of the Company during the period	**928,188,676.37**	1,271,200,391.16
Decrease of the period	**962,104,503.75**	483,933,331.52
Including: Withdrawn of the statutory reserve funds during the period	**–**	–
Profits distribution	**962,104,503.75**	483,933,331.52
Closing balance of the period	**1,863,304,156.05**	2,181,017,306.62

10. Operating revenue and operating cost

Items	**Amount for the current period**		Amount for the previous period	
	Revenue	**Cost**	Revenue	Cost
Principal business	**789,878,122.73**	**653,973,419.87**	1,012,018,242.23	887,399,044.41
Other business	**36,658,490.57**	**–**	29,484,447.63	–
Total	**826,536,613.30**	**653,973,419.87**	1,041,502,689.86	887,399,044.41

Chapter 10
Notes to the Financial Statements

For the Period ended 30 June 2019
(Unless otherwise indicated, the unit of amount is RMB)

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

11. Finance costs

Items	**Amount for the current period**	Amount for the previous period
Interest expenses	**141,876,998.00**	114,493,719.78
Including: bank and other borrowings	**72,578,182.25**	60,268,103.35
Bond interests	**54,225,616.43**	54,225,616.43
Interest expense of lease liabilities	**15,073,199.32**	——
Less: interest income	**131,061,252.84**	85,342,623.54
Net foreign exchange gains	**3,825,013.64**	14,556,331.23
Net foreign exchange losses	**–**	–
Others	**1,714,725.91**	392,139.72
Total	**8,705,457.43**	14,986,904.73

12. Income from investments

Items	**Amount for the current period**	Amount for the previous period
Income from long-term equity investments	**923,592,809.93**	1,323,425,812.48
Including: income from investments recognised under the equity method	**30,055,931.22**	31,020,168.10
Income from disposal of equity	**–**	–
Other non-current financial assets	**5,000,000.00**	–
Including: Investment income earned during the holding period	**5,000,000.00**	–
Held-for-trading financial assets	**118,290.30**	–
Including: income from investments acquired during the holding period	**118,290.30**	–
Total	**928,711,100.23**	1,323,425,812.48

XVII. NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE COMPANY (CONTINUED)

13. Supplementary information of the parent company in the cash flow statement

Items	**Amount for the current period**	Amount for the previous period
1. Reconciliation of net profit to cash flows from operating activities:	**–**	–
Net profit	**928,188,676.37**	1,271,200,391.16
Add: Impairment of assets	**–**	–
Credit loss impairment	**-4,820,187.10**	3,689,266.18
Depreciation of fixed assets and investment properties	**5,690,965.74**	4,846,854.58
Amortisation of intangible assets	**11,501,232.99**	7,840,012.40
Amortisation of long-term prepaid expenses	**255,499.24**	248,758.83
Depreciation of right-of-use assets	**12,874,335.96**	——
Losses from disposal of assets (gains expressed with "-")	**-10,000.00**	-280.00
Losses from damage and scrapping of non-current assets (gains expressed with "-")	**686.55**	11,191.26
Losses from changes in fair value (gains expressed with "-")	**–**	–
Financial costs (income expressed with "-")	**6,990,731.52**	16,061,176.61
Losses on investments (income expressed with "-")	**-928,711,100.23**	-1,323,425,812.48
Decrease in deferred tax assets (increase expressed with "-")	**–**	–
Increase in deferred tax liabilities (decrease expressed with "-")	**–**	–
Decrease in inventories (increase expressed with "-")	**–**	–
Decrease in operating receivables (increase expressed with "-")	**-92,785,854.25**	136,908,026.15
Increase in operating payables (decrease expressed with "-")	**-98,360,823.87**	-32,967,803.13
Net cash flows from operating activities	**-159,185,837.08**	84,411,781.56
2. Major investing and financing activities not involving cash receipts and payments:		
Conversion of debts into capital	**–**	–
Convertible corporate bonds due within one year	**–**	–
Fixed assets under finance lease	**–**	–
Transfer of the balance of prior annual wage differentials to the national capital	**–**	–
3. Net changes in cash and cash equivalents:	**–**	–
Closing balance of cash	**3,261,143,603.56**	1,038,342,120.54
Less: Opening balance of cash	**2,232,379,636.67**	326,727,167.08
Net increase in cash and cash equivalents	**1,028,763,966.89**	711,614,953.46

XVIII. OTHER SIGNIFICANT EVENTS

As of 30 June 2019, the Group had no other significant events to disclose.

XIX. APPROVAL OF THE FINANCIAL STATEMENTS

The Group's financial statements for the period ended 30 June 2019 were approved for issuance by the Board of Directors of the Company on 27 August 2019.

Chapter 10
Supplementary Information

1. NON-RECURRING STATEMENT OF PROFIT OR LOSS FOR THE PERIOD

In accordance with the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Securities to the Public – Non-recurring Profit or Loss (2008) issued by China Securities Regulatory Commission, the Company's non-recurring profit or loss for six months ended 30 June 2019 are as follows:

Unit: Yuan *Currency: RMB*

Non-recurring profit or loss items	Amount	Note (if applicable)
Gains and losses from disposal of non-current assets	90,176,187.51	
Tax returns and abatement that are examined and approved beyond authority, or without official approval documents or occasional		
Government subsidies recognized in profit or loss	108,612,633.66	
Capital occupation fees charged from the non-financial enterprises and counted into the current profits or losses of the Company	6,823,270.94	
Gains arising from the differences between the investment cost and the portion of fair value of identifiable net assets in subsidiaries, associates and joint ventures		
Gains and losses from exchange of non-monetary assets		
Gains and losses from entrusting others to invest or manage assets		
Asset impairment provisions due to force majeure factors such as natural disasters		
Gains and losses from debt restructuring		
Enterprise restructuring costs		
Gains and losses that exceeds the fair value in transaction 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		
Gains and losses arising from contingencies irrelevant to the Company normal business operations		
Gains and losses from changes in fair value arising from held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities, and investment income arising from disposal of held-for-trading financial assets, derivative financial assets, held-for-trading financial liabilities, derivative financial liabilities and other debt investment other than effective hedging business related to the Company's normal business operations	6,808,421.18	
Reversal of impairment of accounts receivables and contract assets that had impairment test separately	15,546,496.70	
Gains and losses from external entrusted loans		
Gains and losses from changes in fair value of investment properties subsequently measured in the fair value model		
Impact on the current profits and losses by one-off adjustment according to laws and regulations related to tax and accounting		
Trusteeship fee income from entrusted operations	7,500,000.00	
Other non-operating income and expenses other than the above items	32,697,350.89	
Other gains and losses classified to non-recurring profits or losses	5,295,870.75	Super deduction of value-added tax
Impact on non-controlling interests	-1,471,807.97	
Impact on income tax	-62,776,328.44	
Total	209,212,095.22	

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 Company for six months ended 30 June 2019 are as follows:

Unit: RMB per share

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	5.69	0.21	0.21
Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss	4.91	0.18	0.18

Sinotrans Limited
27 August 2019

Chapter 11
Documents Available for Inspection

Documents Available for Inspection	Financial statements signed and sealed by legal representative, chief financial officer and head of the financial department Original copies of all documents and announcements of the Company which had been disclosed to the public on the newspapers designated by the China Securities Regulatory Commission during the Reporting Period

Chairman: Li Guanpeng
Submission Date as Approved by the Board: 27 August 2019

Revision History

☐Applicable ✓Not applicable

中國外運股份有限公司
SINOTRANS LIMITED

www.sinotrans.com

By order of the Board
Sinotrans Limited
Li Shichu
Joint Company Secretary

Beijing, 27 August 2019

As at the date of this announcement, the board of directors of the Company comprises Li Guanpeng (Chairman), Song Dexing (Vice Chairman), Song Rong (executive director), Su Jian (non-executive director), Xiong Xianliang (non-executive director), Jiang Jian (non-executive director), Jerry Hsu (non-executive director), and four independent non-executive directors, namely Wang Taiwen, Meng Yan, Song Haiqing and Li Qian.